



BOB Financial
— Credit reimaged —



The year
we **ENHANCED** our **VISION**

Annual Report 2020-21

Board of Directors (as on 31.03.2021)



Shri Sanjiv Chadha
Non-Executive Directors



Shri Vikramaditya Singh Khichi
Non-Executive Director



Shri Purshotam
Non-Executive Director



Ms. Archana Pandey
Non-Executive Director



Prof Sharad Sarin
Independent Director



Shri Atul Malik
Independent Director



Shri Shailendra Singh
Managing Director

ANNUAL REPORT 2020-21

Board of Directors (as on 31.03.2021)

Non-Executive Directors

Shri Sanjiv Chadha
Shri Vikramaditya Singh Khichi
Shri Purshotam
Ms Archana Pandey

Independent Directors

Prof Sharad Sarin
Shri Atul Malik

Managing Director

Shri Shailendra Singh

Company Secretary

Ms. Deepashri Cornelius

Chief Financial Officer

Ms. Pooja Karnani

Statutory Auditors

M/s ASL & CO.
Chartered Accountants
Mumbai

Bankers

Bank of Baroda
Bank of India
Bank of America

Registrar and Transfer Agent

KFin Technologies Private Limited (Formerly known as Karvy Computershare Private Limited) (For Equity)
NSDL Database Management Limited (For Commercial Papers & NCD)



BOB Financial
— Credit reimagined —

BOB Financial Solutions Limited

CIN: U65990MH1994GOI081616

Registered Office

2nd Floor, "Baroda House", Behind Dewan
Shopping Centre, S V Road, Jogeshwari (W),
Mumbai - 400 102, India

Corporate Office

15th Floor, 1502/1503/1504, DLH Park, S.V.
Road, Goregaon(West),
Mumbai - 400 104, India

www.bobfinancial.com
CIN: U65990MH1994GOI081616

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NOTICE

Notice is hereby given that the 27th Annual General Meeting of the Shareholders of BOB Financial Solutions Limited will be held on Tuesday, 28th September 2021 at 11.00 A.M. at Jeevan Meeting Room, Ground Floor, Baroda Corporate Centre, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051, to transact the following business.

ORDINARY BUSINESS

1. To receive, adopt and consider the Annual Financial Statements for the financial year ended 31st March 2021 and Report of the Board of Directors, Auditors and Comments of the Comptroller and Auditor General of India thereon.
2. To appoint a Director in place of Ms. Archana Pandey (DIN 08089545), who is retiring by rotation and being eligible, offers herself for reappointment.
3. To consider and if thought fit, to pass with or without modifications, the following resolution as ORDINARY RESOLUTION:-

"RESOLVED THAT pursuant to Section 142 r/w 139(5) of the Companies Act, 2013, the Board of Directors of the Company be and is hereby authorized to fix the remuneration of such Auditors of the Company, as may be appointed/ re-appointed by the Comptroller and Auditor General of India (C&AG) for the financial year 2021-2022."

BY ORDER OF THE BOARD
For BOB Financial Solutions Limited

Place: Mumbai
Date: 10.08.2021

[Sanjiv Chadha]
Chairperson
(DIN: 08388448)

Registered Office :

2nd Floor 'Baroda House'
Behind Dewan Shopping Centre
S.V. Road Jogeshwari (W)
Mumbai – 400 102.

NOTES

A MEMBER ENTITLED TO ATTEND AND VOTE IN THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

A Proxy form, in order to be effective, must be deposited at the registered office of the Company not less than forty eight hours before the commencement of the aforesaid meeting.

Members are requested to intimate to the Company, changes, if any, in their registered addresses, nomination, power of attorney etc. at an early date, in case of shares held in physical form.

Relevant documents referred to in the accompanying Notice are open for inspection by the Members at the Registered Office of the Company on all working days, between 11.00 a.m. and 1.00 p.m. up to the date of the Meeting.



DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting their 27th Annual Report of the Company along with the Audited Financial Statements for the Financial Year ended March 31, 2021.

CORPORATE OVERVIEW:

The Company is a Systemically Important Non Deposit taking Non-Banking Financial Company ('NBFC') as defined under section 45-IA of the Reserve Bank of India ('RBI') Act, 1934. Its core business is Credit Card issuance. It also provided support to Bank of Baroda by carrying out its Merchant Acquiring Operations.

During FY 20-21, the Company's performance was resilient amidst the challenges posed by the pandemic. The Company focused on offering digital solutions to customers helped it to serve customers digitally. The Company continued its various operations from 100+ locations.

The commercial papers issued by your Company had received rating of CRISIL A1+ from CRISIL and IND A1+ from India Ratings. During FY 2020-21, the Company also issued unsecured debentures which have been rated 'AAA Stable Outlook' and 'ICRA AAA with Stable Outlook' by India Ratings and ICRA Limited and listed on BSE. The Company also adopted Ind-AS post listing of its commercial papers and NCDs in compliance with applicable regulations.

FINANCIAL HIGHLIGHTS FOR F.Y.2020-21:

Following was the Financial Performance of your Company for the year ended 31st March 2021:

(Amount in Rs. Cr.)

Particulars	2020-21	2019-20
Total Revenue	366.27	325.67
Total Expenses (including exceptional and prior period items)	388.80	376.88
Profit / (loss) before Tax	(22.53)	(51.21)
Tax expenses	(12.93)	(8.16)
Profit / (loss) after Tax	(9.46)	(43.54)
CRAR	19.61%	31.50%
EPS (Rs.)	(0.54)	(2.49)

FINANCIAL PERFORMANCE [FY 2020-21]:

- Total revenue for the F.Y. 2020-21 increased by 12.47% to Rs.366Cr as against Rs.326 Cr in the preceding F.Y. 2019-20 primarily driven by Increase in Credit Card Business on account of increase in card base.
- Total expenses at Rs.388.80 Cr marginally increased by 3.16% as compared to Rs. 376.88Cr in the preceding F.Y. 2019-20. This increase in cost is less than the increase in total income in the same period.
- Loss before Tax (LBT) for the F.Y. 2020-21 (Rs. 22.53 Cr) has shown a 56% progress as against (Rs. 51.21Cr) in the preceding F.Y. 2019-20, on the back of improved revenues.

PERFORMANCE OVERVIEW [FY 2020-21]:

Credit Card Business:

Increase in revenue in Credit card business by Rs. 63.25Cr (42.0%) mainly driven by higher income on the back of higher card base. Despite the increase in revenues, the Loss before Tax increased by Rs. 3.53Cr due to increase in provision for receivables largely due to moratorium availed accounts.

Merchant Acquiring Operations:

Decrease in revenue in Merchant acquiring business by Rs. 20.61Cr (13.3%) mainly on account of decrease in MDR income, POS rental income due to lockdown partially setting off by increase in Service charges from BOB based on agreed SLA resulted into an increase in Profit by Rs. 34.89Cr during FY 20-21.

Debit Card Operations:

Reduction in revenue Debit card operations by Rs. 1.67Cr (20.0%) and PBT by Rs. 1.38Cr (41.1%) compared to FY 19-20 driven by reduction in card issuance and also, BFSL has handed over the complete Debit card operations comprising of international and RRB portion back to the bank on 31 Dec 2020.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the year ended 31st March 2021, as prescribed under the extant Master Directions-Non Banking Financial Company – Systemically Important Non-Deposit taking company and Deposit taking company (Reserve Bank) Directions, 2016 read with SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 is presented in a separate section forming part of the annual report.

SHARE CAPITAL:

During FY 2020-21, the Company has increased its authorized share capital from Rs.200 crores to Rs.400 crores. There was no change in the Company's issued, subscribed, and paid-up equity share capital during the year.

RESERVES:

Due to loss, the Company has not transferred any sum to Statutory Reserve in compliance with the Section 45-IC of the Reserve Bank of India Act, 1934 for F.Y. 2020-21.

DIVIDEND:

With a view to conserve internal resources and meet the growth & transformation initiatives, your Directors do not propose to recommend any dividend during the year under review.

DEPOSIT:

The Company has neither invited nor accepted any deposits from the public during the F.Y.2020-21 and has no plans in near future. Prior approval of Reserve Bank of India will be obtained for acceptance of deposits, if any, in future.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013:

During F.Y.2020-21, the Company has not given any loans or guarantees to any other body corporate.

CHANGE IN THE NATURE OF BUSINESS:

There has been no change in the nature of business of the Company during F.Y.2020-21.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY:

No adverse material changes have occurred or commitments made after 31st March, 2021 which may affect the financial position of the Company or require disclosure.

DETAILS OF APPLICATION UNDER INSOLVENCY AND BANKRUPTCY CODE, 2016

No application was made under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year.

MAJOR INITIATIVES TAKEN :

Key Business Highlights

1. The Company issued a total of 2.56 lakh new credit cards in FY2020-21; which was 2.59% higher than FY 2019-20 despite the impact of the COVID-19 pandemic.
2. The Company issued more than 1.16 lakh new credit cards in Q4FY2020-21, almost 17 times more than the 7,000 cards issued in Q1FY2020-21, underscoring the resolve to beat the negative economic impact of COVID19 pandemic through technology, integration with BoB and proper planning.
3. The Company was among the Top 5 Credit Card issuers for March 2021 by issuing more than 55,000 new cards
4. The Company launched 3 cobranded credit cards with esteemed professional institutions namely The Institute of Chartered Accountants of India (ICAI), The Institute of Cost & Management Accountants of India (ICMAI) and The Institute of Company Secretaries of India (ICSI). The Company had a very good engagement with all these institutes and also sourced quality cards.
5. The Company launched its super premium credit card, Eterna, for Baroda Radiance and other high net worth customers. This card has added a new dimension towards engagement with HNI segments.
6. The Company launched Swavlamban, an invitation only credit card for first-time cardholders for employees of corporate and SME clients of Bank of Baroda.
7. The Company saw an increase of 51% in BoB credit cards spends amounting to Rs. 3,400 cr. in FY2020-21 as compared to previous year. This increase in spends was facilitated by relevant merchant offers depending on the COVID related restrictions. As customers preferred to shop online, the Company focussed on e-commerce offers and included categories like Healthcare, Education and OTT Platforms in addition to others.

8. The Company offered new partnership with brands like CRED, JioMart along with Amazon, Flipkart, Myntra and focussed on pre-purchase as well as post-purchase EMI's which helped to create unique value propositions for its customers.
9. The Company enhanced its Social Media presence by way of Facebook and Instagram pages and YouTube channel, for customer education and continuous engagement on its products and services.

Technology

The Company had made significant progress in its technology initiatives to strengthen its technology and data security capabilities and emerge as a leading digital player among the various credit card issuers. Some of the key enablers are enumerated below:

1. The Company has selected First Data India Pvt. Ltd. as its technology partner for its Core Credit Card Platform Refresh.
2. The Vision Plus implementation project was kicked-off during FY 2020-21
3. The Company chose Enterprise Service Bus (ESB), an IBM product, to build an Enterprise wide robust Integration layer.
4. The Company had rolled out Jocata Grid, with all existing Business Rule Engine (BREs) in production and started using the new platform and aiming to sunset existing Card Origination System (COS) provided by TransUnion
7. The Company digitized the Customer DIY journey with revised flow integrated with E-sign
6. The Company introduced SMS Banking Service with self-serve options like Balance Inquiry, Card Blocking, Reward points, Last Statement Inquiry, open domestic e-commerce limit to enhance service level.
7. The Company became the 1st Card Issuer to offer Credit Card Bill Payment facility for its credit cardholders through BBPS (Bharat Bill Pay) provided by NPCI.

The Company continued to work with Bank of Baroda to integrate with their various channels such as:

- UPI
 - Bank of Baroda Mobile Banking – MConnect
 - Bank of Baroda Net Banking and WhatsApp Banking
8. The Company had gone live with Central KYC project in compliance with applicable regulations.
 9. The Company implemented a Full Fledged Contact centre along with IVR with CRM Dept. to provide a better customer experience.
 10. The Company implemented the following tools as part of its InfoSec initiatives:
 - **Managed Detection and Response (MDR)** - an advanced managed security service that provides

threat intelligence, threat hunting, security monitoring, incident analysis, and incident response.

- **Endpoint Detection & Response (EDR)** - a proactive approach to security that monitors endpoints in real time and hunts threats that have infiltrated a company's defences.
- **Email Security** - different procedures and techniques for protecting email accounts, content, and communication against unauthorized access, loss or compromise. Email is often used to spread malware, spam and phishing attacks.
- **Mobile Device Management (MDM)** - tool for visibility and control required to secure, manage and monitor any corporate-owned or employee-owned devices that access corporate data .
- **Data Loss Protection (DLP)** – to provide a centralized management framework designed to detect and prevent the unauthorized use and transmission of BFSL confidential information. DLP protects against mistakes that lead to data leaks and intentional misuse by insiders, as well as external attacks to BFSL information

11. The Company had set-up full-fledged IT Infra setup in the month of December 2020 for its new back office at Goregaon.
12. The Company had upgraded Production environment to manage increasing load of new issuances, transactions. This helped the Company in reducing its overall processing time significantly.

Recovery Management

The Company created strategies for repayment at various stages from when customer has missed the payment due date. The Company created further segments using the collections scorecards and other variables and the output was passed on to the collections team for on tele calling/field activities. The frequency, mode and verbiage of communication was decided based on the segmentations.

The Company deployed the following measures for optimum collections strategies deploying rational cost based approaches:

- IVR based pre-recorded calling in multiple languages
- Dialer based calling for high risk cases right from the due date
- Portfolio segmentation based collection allocation and payouts
- ChatBot to help customers get flexibility on repayment plans
- Bureau Amnesty schemes for old NPA cases willing for clearing their dues

Operations & Risk Management

The Company implemented various portfolio management activities based on the Risk and Credit Quality Management tools in view of the impending COVID pandemic and the loss of economic activity caused by the same. These activities and programs heavily leveraged the Credit Bureau information in addition to the behavioural data on our own system:

- a) The Company segmented Portfolio Segmentation and Management Using scorecards and other account behavior metrics, portfolio. These segments offered a better risk grading compared to individual scorecards since it had an overlay of non-score parameters. The Company created more granular microsegments and took a number of portfolio actions on higher risk segments such as credit limit reductions, authorisation blocks as well as declining potentially higher risk transactions.
- b) The Company undertook cross-sell & authorization credit expanding activities on the portfolio based on portfolio segments. In addition to permanent increase in exposure, temporary increase in exposure, the Company also took by means of risk based over limit authorization to allow customer convenience and generate fee-based revenue.
- c) The Company created Account Management Detailed policies and processes for end to end management of the account by means of a comprehensive services policy. The primary objective of these policies was to respond to queries in a timely and accurate manner and resolve disputes expediently. These policies covered security checks at call center/website, account modification activities (address/contact detail change), customer-initiated requests, card renewals, add-on card, card upgrade, reversal of charges, bureau reporting, dispute/fraud chargeback among others.
- (d) The Company leveraged heavily on technology wherein bulk of the policies and processes were automated with self-service channels for customers. These processes had been created to simplify the customer journey for fulfilment of customer requests. The Company also ensured that all account management policies adhere to regulatory guidelines with respect to KYC norms, customer consent etc.

Customer Service:

The Company provided prompt and courteous service to customers as a major focus area for not only emerging as a consumer friendly organization, but also helping in retaining quality customers. Quick grievance redressal approach had resulted in high level of customer satisfaction and response.

The Company offered a full-fledged Contact Centre with an intelligent interactive IVR & and a customer self-service portal (<https://online.bobfinancial.com>) (<https://merchant.bobfinancial.com>), to facilitate credit cardholder/merchants with the following facilities through a one-time self-registration process:

Credit Card Section

- profile view
- download card statements
- payment of card dues online
- view unbilled / unsettled transactions
- view payment history and many more
- EMI Conversion
- Reward Point Redemption

Merchant Section

- profile view
- download payment report
- view payment hold and release summary

- Card Blocking
- Card Replacement

The Company also provided facility of 'Insta Pay' feature in Company's website in order to offer easy payment mode to the customers without registration/login at portal.

During FY 2020-21, the Company continued its efforts for KYC upgradation process for better customer reach.

The Company continued to review all processes and procedures as well as policies that impacts customer satisfaction, to improve the efficiency and productivity of the available resources available/ improve the response time to customer queries/requests/complaints.

During FY 2020-21, the Company undertook various initiatives to enhance customer experience (e.g. IVR, E-Mandate, EMI on cards, green PIN, Chatbot, SMS based services, revamped website & customer service portal) and to reduce customer service turnaround time(Robotics based solution, customer originations platform).

Marketing:

The Company's 'Year-in-Review' barometer for FY 2020-21 showed some unprecedented record breakings, digital transformation at greater heights, better choices that led to new growth levels and refreshed confidence that successfully held all of us stronger against harsh COVID waves.

We all were given an unimaginable life in 2020. No parts of it were in the pipeline that's a reality now, the #NewNormal. And at BOB Financial, this #NewNormal wasn't normal at all. We continued to be mindful of our Ethos: Listening, Innovating and Transforming. Our social media channels with festive communication campaign, "Khushiyon Ki Unmasking" were launched during the year. We remained connected through various visually appealing content and drove customer engagement by offering an amazing bouquet of deals on aspirational and innovative products to our customers,.

2020 Big Moments

- ❑ Launched Social media channels to make delightful customer engagements
- ❑ 5 new products helped us to foray into new markets
- ❑ Instant SMS service gave us happy customers
- ❑ Alliances with leading brands in different categories gave more reasons to celebrate

With the above accomplishments, calling 2020 a year of transformation is an understatement! And with this new perspective, the evolved habit of introspection and this new enthusiasm, we are having ambitious targets for the growth of the Company.



DIRECTORS /KEY MANAGERIAL PERSONNEL (KMPs):

At the last Annual General Meeting of the Company, held on 28th September, 2020, the members had approved the appointment of Shri Rajneesh Sharma (DIN 07170440) who was retiring by rotation and offered himself for reappointment.

Following changes in the office of Directorship of the Company have taken place during FY 2020-21:

- Shri O.K. Kaul (DIN 07285258) resigned as Director of the Company w.e.f from 1st April, 2020 due to his superannuation from the services of Bank of Baroda. The Board noted and confirmed the cessation of Shri O.K. Kaul from the post of Director of the Company w.e.f closing hours of 31st March, 2020 (effective 01.04.2020) in its meeting held on 20th May, 2020. The Board recorded its appreciation for the valuable services rendered by Shri O.K. Kaul during his tenure as Director of the Company and expressed its gratitude for the same.
- Shri Sanjiv Chadha (DIN 08607009) had been appointed as Chairperson and Nominee Director (Non Executive) of the Company w.e.f 1st May 2020 by the Board of Directors vide circular resolution dated 24th April 2020.
- Shri Manish Banerjee ceased to act as the Managing Director & CEO of the Company post completion of his tenure w.e.f. from the closing hours of 5th June, 2020. The Board in its meeting held on 4th June, 2020 recorded its appreciation for the valuable services rendered by Shri Manish Banerjee during his tenure as Managing Director & CEO of the Company and expressed its gratitude for the same.

- Shri Shailendra Singh (DIN 08751442), was appointed as an Additional Director and subsequently appointed as Managing Director & Chief Executive Officer (Key Managerial Person) with effect from 6th June, 2020 by the Board of Directors in their meeting dated 4th June, 2020 for a period of 3 years w.e.f 6th June 2020.
- Shri Rajneesh Sharma (DIN 07170440) resigned as a Director (Non Executive) of the Company with effect from 10th November, 2021.
- Shri Purshotam (DIN 08504005), was appointed as an Additional Director and subsequently appointed as Director with effect from 11th November, 2020 by the Board of Directors in their meeting dated 10th November, 2020.
- Shri K. Satyanarayana Raju (DIN 08607009) resigned as a Director (Non Executive) of the Company with effect from 9th March, 2021.

Chairperson

On the basis of declarations given by the independent directors to the Company that they meet the criteria of "Independence" as per the provisions of Section 149(6) of the Companies Act, 2013, the Board is of the opinion that the independent directors possess integrity, expertise and experience (including proficiency).

KEY MANGERIAL PERSONNEL (KMPs):

In terms of Sec 203 of the Companies Act 2013, the details of KMPs as on 31/03/2021 are as under:-

Name	Designation
Shri Shailendra H. Singh	Managing Director & CEO
Ms. Pooja Karnani	Chief Financial Officer
Ms. Deepashri Cornelius	Company Secretary

CORPORATE GOVERNANCE:

The Company maintained its commitment to achieve high standard of corporate governance. The Company is in compliance with all applicable norms as are in force from time to time.

BOARD OF DIRECTORS:

a. Board Meetings

The Board met at least once in every quarter. Notices of the meetings were sent well in advance along with a detailed agenda and supporting documents. Five Board Meetings were held during F.Y. 2020-21.

Sr. No.	Quarter	Date of Meeting
1	April – June	May 20, 2020 & June 4, 2020
2	July – September	September 1, 2020
3	October – December	November 10, 2020
4	January – March	February 16, 2021

b. Directors attendance record

Attendance record of the Directors for the Board Meetings held during F.Y.2020-21 is as under:

Directors	No. of Board Meetings held/attended during his/her tenure	Last AGM Attendance (28/09/2020)
Shri Sanjiv Chadha	5/4	Present
Shri Vikramaditya Singh Khichi	5/5	Present
Shri Rajneesh Sharma	3/2	Present
Shri Atul Malik	5/5	Absent
Prof. Sharad Sarin	5/5	Absent
Ms Archana Pandey	5/4	Absent
Shri Purshotam	2/2	Not applicable
Shri Manish Banerjea	2/2	Not applicable
Shri K.S. Raju	5/5	Absent
Shri Shailendra Singh	3/3	Present

The Composition and other required details of the Board of Directors as on March 31, 2021 are given below:

Names	Category	Designation	With Effect From
Shri Sanjiv Chadha	Nominee Director (Non Executive Director)	Chairperson	01.05.2020
Shri Vikramaditya Singh Khichi	Nominee Director (Non Executive Director)	Director	14.03.2019
Shri Atul Malik	Independent Non-Executive Director	Director	21.07.2017
Prof. Sharad Sarin	Independent Non-Executive Director	Director	19.09.2017
Ms. Archana Pandey	Non-Executive Director	Director	22.03.2018
Shri Purshotam	Non-Executive Director	Director	11.11.2020
Shri Shailendra Singh	Executive Director	Managing Director & CEO	06.06.2020

COMMITTEES OF THE BOARD

Currently, there are 3 Board Committees – the Audit & Risk Management Committee, the Human Resources and Nomination & Remuneration Committee and the Corporate Social Responsibility (CSR) Committee. The terms of reference of the Board Committees are determined by the Board from time to time. Meetings of

each Board Committee are convened by the respective Committee Chairperson. Matters requiring the Board's attention/approval, as emanating from the Board Committee Meetings, are placed before the Board by the respective Committee's Chairperson. The role and composition of these Committees, including the number of meetings held during the F.Y. and the related attendance, are provided below.

A. Audit and Risk Management Committee:

The Audit & Risk Management Committee of the Board is interalia responsible for (including terms in consonance with Section 177 of the Companies Act, 2013):

1. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
2. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
3. Examination of the financial statements and the auditors' report thereon;
4. Approval or any subsequent modification of transactions of the Company with related parties;
5. Scrutiny of inter-corporate loans and investments;
6. Valuation of undertakings or assets of the Company, wherever it is necessary;
7. Evaluation of internal financial controls and risk management systems;
8. Monitoring the end use of funds raised through public offers and related matters.
9. Evaluation of potential external/internal threats/risks (existing or likely) to the Company.
10. Review and Monitor the implementation of various risk measures
11. Review of the functions of Risk Management Department.
12. Take decisions on matters as may be referred to it from time to time by the Board.

The existing constitution of Audit & Risk Management Committee is as under:-

Sr. No.	Name	Designation
1.	Shri Atul Malik	Chairperson
2.	Prof. Sharad Sarin	Member
3.	Shri Purshotam	Member

4 meetings of the said Committee were held during F.Y.2020-21. Audit & Risk Management Committee meetings are usually attended by the Managing Director, Company Secretary, Chief Financial Officer, Chief Risk Officer, Internal Auditors and representatives of the Statutory Auditors. Senior Executives of the Company are invited to participate in deliberations as appropriate.

The recommendations made by the Audit and Risk Management Committee of the Board during F.Y.2020-21 were mostly accepted by the Board. The details of meetings attended by the members of the said Committee during the FY 2020-21 are given below:

Directors	Designation	No. of Meeting held during his/her tenure	No. of Meetings attended
Shri Atul Malik	Chairperson	4	4
Prof. Sharad Sarin	Member	4	3
Shri Rajneesh Sharma*	Member	3	3
Shri Purshotam [#]	Member	1	1

* Shri Rajneesh Sharma ceased to be a Director of the Company w.e.f 10/11/2020 and consequently as a member of the ARMC

[#]Shri Purshotam was appointed as a member of the ARMC w.e.f 07/12/2020 vide circular resolution dated 03/12/2020 passed by the Board.

B. Human Resources and Nomination & Remuneration Committee (HR & NRC):

The HR & NR Committee is, inter alia, responsible:

1. To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with this set criteria.
2. To recommend Board appointment and removal of such persons.
3. To specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out and review its implementation and compliance .
4. To formulate criteria for qualifications, positive attributes and independence of Directors.
5. To recommend to the Board policy relating to remuneration for Directors, KMP and other employees.
6. To review and provide recommendations on, including but not limited to, Designations, Organisation & Grade Structure, Compensation Benchmarking with Annual Increment & Variables, Performance Management System, LTI/ ESOP.
7. To review, monitor and make recommendations to the Board on human resource strategies/policies that pertain to staffing, compensation, benefits, and related issues of strategic importance.
8. To review and provide recommendations to the Board concerning the approval or amendments to the Human Resource policy.
9. To report its actions and recommendations, if any to the Board after each Committee meeting.

The existing constitution of HR & NRC is as under:-

Sr. No.	Name	Designation
1.	Prof. Sharad Sarin	Chairperson
2.	Shri Atul Malik	Member
3.	Ms. Archana Pandey	Member
4.	Shri K.S. Raju [#]	Member

* Shri K.S. Raju ceased to be a Director of the Company w.e.f 10/03/2021 and consequently as a member of the HR&NRC

5 HR & NRC Meetings was held during F.Y.2020-21. The details of the meetings attended by the members during F.Y. 2020-21 are given below:

Directors	Designation	No. of Meeting held during his/her tenure	No. of Meetings attended
Prof.Sharad Sarin	Chairperson	5	5
Shri Atul Malik	Member	5	5
Ms. Archana Pandey	Member	5	5
Shri K.S. Raju	Member	5	4

All the recommendations (including circular resolutions), made by the Human Resources and Nomination & Remuneration Committee were duly accepted by the Board during the year.

C. Corporate Social Responsibility (CSR) Committee:

The CSR Committee is, inter alia, responsible for formulating and monitoring the CSR Policy of the Company. The Committee also has the responsibility to recommend annual CSR plan and budget of the Company to the Board of Directors.

The existing constitution of CSR Committee is as under:-

Sr. No.	Name	Designation
1.	Shri Rajneesh Sharma [§]	Chairperson
2.	Prof. Sharad Sarin	Member
3.	Shri K.S. Raju [#]	Member / Chairperson
4.	Shri Shailendra H. Singh ^{&}	Member

§ Shri Rajneesh Sharma was designated as Chairperson vide resolution passed by the Board of Directors in its meeting dated 20/05/2020 and ceased to be a Director of the Company w.e.f 10/11/2020 and consequently as Chairperson / member of the CSRC

Shri K.S. Raju was appointed as a member of the CSR Committee vide resolution passed by the Board of Directors in its meeting dated 20/05/2020 and subsequently as Chairperson vide circular resolution dated 03/12/2020. He ceased to be a Director of the Company w.e.f 10/03/2021 and consequently as a member of the CSRC

& Shri Shailendra Singh was appointed as a member of the CSRC vide circular resolution dated 03/12/2020 passed by the Board.

The CSR policy adopted by the Company is placed on the Company's website at

<https://www.bobfinancial.com/public-disclosures.jsp>.

1 meeting of the CSR Committee was held during F.Y.2020-21. The details of this meeting attended by the members during F.Y.2020-21 are given below:

Directors	Designation	No. of Meeting held during his/her tenure	No. of Meetings attended
Prof.Sharad Sarin	Member	1	1
Shri Shailendra Singh	Member	1	1
Shri K.S. Raju	Chairperson	1	-

For F.Y. 2020-21, your Company had carried forward from previous FY 2019-20 Rs.38.97 Lacs to various activities/projects towards CSR. During FY 2020-21, your Company spent Rs.20.02 Lacs out of Rs. 38.97 Lacs. Majority part of unspent amount consisted of ongoing projects. Considering the long lasting Covid effects/restrictions in FY 2020-21, basis the recommendations of CSR Committee, the Board of Directors has approved a carry forward and disbursement of committed CSR funds (deposited in to a separate Bank Account" Unspent CSR Account – BOB Financial Solutions Limited) amounting Rs.18.95 Lac to next FY 2021-22. All the recommendations/ approvals (including circular resolutions), made by the CSR Committee were duly accepted/noted by the Board during the year.

As per statutory requirement, the Annual Report on CSR Activities for the year ended 31st March, 2021 is enclosed as Annexure "A"

SHAREHOLDERS MEETINGS:

Annual General Meetings:-

Financial Year	Date	Time	Venue	Special Resolutions Passed, if any
2019-20	28.09.2020	10.30 A.M.	Jeevan Meeting Room , Ground Floor , Bank of Baroda , Baroda Corporate Centre , Bandra Kurla Complex, Bandra (E), Mumbai - 400051	Appointment of Shri Shailendra Singh as MD & CEO of the Company and payment of remuneration
2018-19	27.09.2019	2.30 P.M.	Jeevan Meeting Room , Ground Floor , Bank of Baroda , Baroda Corporate Centre , Bandra Kurla Complex, Bandra (E), Mumbai - 400051	(i) Alteration in AOA by substituting clause pertaining to tenure of appointment of independent directors (ii) Reappointment of independent directors for a further period of 3 years
2017-18	31.08.2018	5.00 P.M.	Meeting Room , 8-A, 8th Floor, Bank of Baroda, Baroda Corporate Centre, Bandra Kurla Complex, Bandra (E), Mumbai - 400051	NIL.

Extra-Ordinary General Meetings:-

Financial Year	Date	Time	Venue	Special Resolution(s) Passed
2020-21	18.11.2020	11.00 A.M.	Jeevan Meeting Room , Ground Floor, Bank of Baroda , Baroda Corporate Centre , Bandra Kurla Complex, Bandra (E), Mumbai – 400051	(i) Increase in authorised share capital from Rs.200 crores to Rs.400 crores (ii) Alternation of Cl. V of the Memorandum of Association (Capital clause)

Financial Year	Date	Time	Venue	Special Resolution(s) Passed
2019-20	28.02.2020	10.30 A.M.	Jeevan Meeting Room , Ground Floor, Bank of Baroda , Baroda Corporate Centre , Bandra Kurla Complex, Bandra (E), Mumbai – 400051	-
	17.06.2019	2.30 P.M.	8A Meeting Room , 8th Floor, Bank of Baroda , Baroda Corporate Centre , Bandra Kurla Complex, Bandra (E), Mumbai – 400051	To consider borrowing approval up to Rs.1150 Crores.
2018-19	14.03.2019	2.30 P.M.	Meeting Room , 8-A, 8th Floor , Bank of Baroda , Baroda Corporate Centre , Bandra Kurla Complex, Bandra (E), Mumbai – 400051	To consider and approve remuneration paid/ payable to Shri Manish A Shah, Managing Director and Chief Executive Officer of the Company for FY 2018-19 in view of inadequate profit /loss as per Schedule V of the Companies Act, 2013.
	21.04.2018	10.00 A.M.	5th Floor , Baroda Sun Tower , Bank of Baroda , Bandra Kurla Complex , Bandra (East), Mumbai- 400051	To consider and approve remuneration paid/ payable to Shri Manoj Piplani, Managing Director and Chief Executive Officer of the Company for FY 2017-18 in view of inadequate profit /loss as per Schedule V of the Companies Act, 2013.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 134(3)(c) and 134(5) of the Companies Act, 2013, the Directors, to the best of their knowledge and ability, confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed and proper explanations provided relating to material departures, if any;
- such accounting policies have been selected and applied consistently and judgments and estimates made that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit of the Company for that period;
- proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, have been taken for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the annual accounts for the financial year ended 31/03/2021 have been prepared on a going concern basis;

- (v) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

BOARD EVALUATION:

As per the provisions of Section 134(p) r/w section 178 of the Companies Act 2013 a formal evaluation by the Board of its own performance and that of its Committees and Individual Directors have been carried out for FY 2020-21.

For FY 2020-21, a separate Independent Director's Meeting was also held on 11th February, 2021.

The Board believes that all Directors upheld highest standards of integrity, adhered to Company's code of conduct, made constructive and effective contribution at meetings and generally carried out their responsibilities well in the interest of the Company and its stakeholders.

INFORMATION PURSUANT SECTION 197 OF THE COMPANIES ACT, 2013 R/W RULES 4 & 5 OF THE COMPANIES (APPOINTMENT & REMUNERATION OF MANAGERIAL PERSONNEL) RULES 2014:

a. MANAGERIAL REMUNERATION:

The total managerial remuneration (including sitting fees) paid to the Managing Director and other Directors during F.Y.2020-21 exceeded the prescribed limit as per the applicable provisions of the Companies Act, 2013. However, the Members have accorded their approval for remuneration paid/payable to Shri Manish Banerjee (DIN 08623335) and Shri Shailendra Singh (DIN 08751442), holding the position of Managing Director & Chief Executive Officer of the Company during FY 2020-21 in the Annual General Meeting dated 28.09.2020.

b. PARTICULARS OF EMPLOYEES:

None of the employees draws salary more than the prescribed limit requiring disclosure in this report. None of the employees holds any equity share of the Company.

INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY :

In terms of section 134 of the Companies Act, 2013, the Company has an internal control system, commensurate with the size, scale and complexity of its operations. The internal controls ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and the transactions are authorized, recorded and reported correctly.

The key elements of internal control systems of the Company are as follows:

- Clearly defined organization structure and limits of authority.
- Well defined key responsibility areas and key performance indicators at various levels.
- Appropriate information flow to facilitate effective monitoring.
- Corporate policies for financial reporting, accounting, information security and corporate governance.

To maintain objectivity and independence, the adherence to internal controls and their adequacy is reviewed by the Internal Auditors who report to the Audit & Risk Management Committee. For F.Y.2020-21, M/s Borkar & Muzumdar, Chartered Accountants were appointed as Internal Auditors of the Company. The Internal Auditors monitor and evaluate the efficacy and adequacy of internal control system, its compliance with operating systems, accounting procedures and policies in the Company. Based on the report of internal auditors, process owners undertake corrective action in their respective areas and thereby further strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit and Risk Management Committee from time to time. During the year under review, the suggestions/observations of the Internal Auditors in this regard were duly discussed at Audit & Risk Management Committee and appropriately implemented by the Company.

A qualified and independent Audit & Risk Management Committee of the Board of Directors reviewed the Internal Audit reports and the adequacy of internal control systems at quarterly intervals. The Company was not required to maintain the cost records as per Section 148(1) of the Companies Act, 2013,

INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS:

Based on the work performed by the internal, statutory and secretarial auditors and the relevant Board Committees, the Directors are of the opinion that the Company has in place, adequate internal financial controls with reference to financial statements, commensurate with the size and nature of the business of the Company. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

RISK MANAGEMENT:

As per Section 134(3) of the Companies Act, 2013, the Company undertakes regular review of its risk profile and keeps the Board of Directors adequately informed about the risk profile and the measures identified to mitigate such risks.

The Company originally had a "Risk Management Committee" constituted by the Board in its meeting dated 29th September, 2009, comprising of senior executives of the Company. However, basis the opinion of the Audit Committee the said "Risk Management Committee" was discontinued and accordingly, the Audit Committee was retitled as "Audit and Risk Management Committee" in September- 2017 and entrusted additional areas to oversee potential external or internal threats to the Company and to review the functions of Risk Management Department. The Company had constituted the Assets Liability Management Company (ALCO) consisting of senior management personnel primarily for ALM processes in the Company. The Company had also constituted a Product and Process Approval Committee (PPAC) to evaluate proposed products and processes in pre-launch phase post initial risk evaluation.

SIGNIFICANT ORDERS PASSED BY REGULATORS, COURTS OR TRIBUNALS IMPACTING GOING CONCERN AND COMPANY'S OPERATIONS:

To the best of our knowledge, the Company has not received any such orders from regulators, courts or tribunals during the year which may impact the going concern status of the Company or its operations in future.

ANNUAL RETURN:

Pursuant to Section 92 (3) and 134(3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014, the Annual Return of the Company can be accessed on the Company's website www.bobfinancial.com

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREX EARNINGS, AND OUTGO:

The particulars relating to Conservation of Energy, technology absorption, foreign exchange earnings and outgo required to be disclosed under Section 134 (3) (m) of the Companies Act, 2013 r/w Rule 8 (3) of the Companies (Account) Rules 2014, are given below:

A. Conversation of energy:

- i. Steps taken or impact on conservation of energy :

The Company is in the business of Card Issuance, Operations & Transaction Settlement Services. The nature of business is purely service oriented.

The Company's activities do not require substantial energy consumption. However the Company continues to lay emphasis on reducing energy consumption by constantly monitoring the consumption and taking steps to reduce wasteful use of energy.

As a measure of energy conservation, the Company had taken the following steps:

- Replaced legacy IT equipment with low energy consuming devices.
- Made necessary arrangement to work from home using Laptops instead of Desktops during pandemic and helped conserve electricity

B. Technology absorption:

- i. Efforts made towards technology absorption:

The Company offered a customer self-service portal in order to facilitate credit card holders/ merchants to make payment and track/review their transaction details online. An 'Insta-pay' feature on the Company's website facilitated easy payment mode to the customer.

The Company introduced SMS Banking Service with self-serve options like Balance Inquiry, Card Blocking, Reward points, Last Statement Inquiry, open domestic e-commerce limit to facilitate effective contactless service.

The Company also introduced various alternative and easy modes of Payment channels like BBPS, Pay using SMS link to promote contactless payments through online modes. The hard copy statements had been reduced significantly following a 'GO GREEN' drive.

The Company also promoted "GREEN PIN" (online generation of PIN through self-service portal) functionality, under which, the customers are requested to generate online PIN through self-service portal instead of sending the physical PIN mailer.

- ii. Benefits derived like product improvement, cost reduction, product development or impact substitution:

The above technology initiatives helped the Company in:

- reducing cardholder complaints pertaining to bills not received
- saving time & energy of customers in making payment
- reduction of dispatch cost of hard copies of the bills and PIN mailers

- iii. The expenditure incurred on Research and Development : Nil

C. Foreign exchange Receipts and outgo:*

The Foreign Exchange receipts represented actual inflows during F.Y.2020-21 and the Foreign Currency expenditure represented outgo during the year in terms of actual outflows.

Activities in foreign currency :

The Company receives funds in foreign currency for settlement of international transactions. The Company gets debited towards settlement agency charges in foreign currency.

(Amount in Rs. millions)

Particulars	F.Y. 2020-21	F.Y. 2019-20
Foreign Exchange Income:	29.72	45.92
(Income from Debit Card International Operation, currency)		
Expenditure in foreign currency (Scheme Charges)	263.96	181.92

*The information on Foreign Exchange receipts and outgo is also furnished in the Note No.42 in the Notes to Accounts under the heading "Expenditure in Foreign Exchange".

RELATED PARTY TRANSACTIONS:

There have been no material transactions with Directors or the Key Management Personnel and their relatives during F.Y.2020-21 that could have potential conflict with the interest of the Company.

To the best of our knowledge, all related party transactions, with Bank of Baroda (holding company) and/or its other subsidiaries/associates during F.Y.2020-21 were on an arm's length basis and in the ordinary course of business. The particulars of contracts/arrangements entered into with related parties are disclosed in AOC-2, appended as an **Annexure B** to this Report.

All related party transactions are placed before the Audit and Risk Management Committee and the Board for their approval. Transactions with related parties, as per the requirements of Ind-AS, are disclosed to the notes to accounts annexed to the financial statements.. The latest policy on related party transactions is available on our website at <https://www.bobfinancial.com/public-disclosures.jsp>

STATUTORY AUDITORS:

Statutory Auditors' Report dated 11th May, 2021 on the financial statements of the Company for the financial year ended March 31, 2021 is enclosed with the Financial Statements of the Company.

There was no observation, qualification, reservation or adverse remark made by Statutory Auditors under provisions of Section 143 of the Companies Act, 2013.

For F.Y. 2020-21, the C&AG has issued a clean report, with no comments on the financial statements of the Company (Copy of the same is forming the part of Annual Report).

AUDITORS' REMUNERATION:

In accordance with Section 142 r/w section 139(5) of the Companies Act, 2013, the remuneration of Statutory Auditors is required to be fixed by the Company in its Annual General Meeting. Accordingly, an Ordinary Resolution will be proposed at the forthcoming Annual General Meeting seeking approval for the remuneration recommended by the Board and further authority for the Board to finalize with the Statutory Auditors re-appointed by the Comptroller and Auditor General of India (C&AG) for the F.Y.2021-22

COMPLIANCE WITH SECRETARIAL STANDARDS:

The Company has duly complied with applicable Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI).

SECRETARIAL AUDIT:

Pursuant to the provisions of section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Management Personnel) Rules, 2014, the Board had appointed M/s. Hemanshu Kapadia & Associates, a firm of Company Secretaries in practice, to undertake the Secretarial Audit of the Company for F.Y.2020-21.

There was no observation, qualification or reservation made by the Secretarial Auditors of the Company. The detailed report of the Secretarial Auditors is appended as an **Annexure C** to this Report.

VIGILANCE MECHANISM/ WHISTLE BLOWER POLICY:

The Company has a Whistle Blower Policy. and a Vigilance Policy. The mechanism under these Policies has been communicated within the organisation. The objective of this mechanism is to eliminate and help to prevent malpractices, to investigate and resolve complaints, take appropriate action to safeguard the interests of the Company and to ensure that whistleblower is protected. The Company has appointed a Chief Vigilance Officer (Chief Manager from BOB) for the purpose of reporting, enforcing and monitoring the Vigilance Policy and Whistle Blower Policy. No complaints were received by the Company during FY 2020-21.

POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS

The Company follows the fit and proper criteria as laid down by RBI Directions and the Nomination and Remuneration Policy of the Company laid down under Section 178(2)&(3) of the Companies Act, 2013 and RBI Directions / circulars for appointment of Directors. The Human Resources & Nomination and Remuneration Committee of the Board recommends the appointment / re-appointment of a Director on the basis of satisfactory compliance of fit and proper criteria.

INFORMATION PURSUANT RULE 14 OF THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) RULES, 2013:

The Company has duly constituted Internal Committee in compliance with the provisions of section 4 of the "Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013" and the Rules there under. The Committee is inter alia responsible to inquire into sexual harassment complaints by aggrieved women and recommend appropriate action.

During the year, under review, the Company had received 1 complaint of sexual harassment in March 2021 which was disposed off within the prescribed timelines.

ACKNOWLEDGMENT:

The Board of Directors acknowledge with gratitude the utmost co-operation and support extended by Bank of Baroda, Visa / Master Card International/NPCI, Service Providers, Merchant Establishments, Statutory & Internal Auditors, Comptroller and Auditor General of India, Reserve Bank of India, BSE and all the valued customers and expect their continued support and patronage in future too.

Your Directors wish to place on record their deep appreciation for the dedicated service rendered by employees at all levels, enabling the Company to help achieve its growth plan during the year.

FOR AND ON BEHALF OF THE
BOARD OF DIRECTORS OF
BOB FINANCIAL SOLUTIONS LIMITED

Date: 10.08.2021
Place: Mumbai.

[Sanjiv Chadha]
Chairperson
(DIN 08368448)

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE & DEVELOPMENTS

The number of Credit Card issuers in India reduced from 32 (March 2020) to 31 (March 2021).

- 5 issuers as of March 2020 were not part of the March 2021 list due to zero cards issuance from December 2020 onwards and amalgamation with other banks, thus not part of the March 2021 list
- 4 new credit card issuers were added during FY 20-21

The number of credit cards grew approximately 7.5% from 5.77 cr. as of March 2020 to 6.20 cr. as of March 2021. The growth was muted due to the ongoing COVID19 pandemic as well as the regulatory restriction on certain issuer for new credit card acquisition (in force from November 2020).

The Company grew at a rate of 38% (from 4.68 lakhs to 6.45 lakhs in comparison to industry. The Company ranked 14th in terms of number of cards as of March 2021 the market share increased to 1.04% as of March 2021 from 0.81% as of March 2020. The Company was among the Top 5 issuers of new credit cards in March 2021.

In terms of spends, there was a decrease of 14% in the overall industry from Rs. 7.4 lakh cr during to Rs. 6.3 lakh cr during FY 2020-21 compared to FY 2019-20. The credit card spends were significantly impacted due to the nationwide lockdown to contain the COVID19 pandemic.

In contrast, there was a growth of 29% in the credit card spends of the Company from Rs.2,609 cr. to Rs.3,376 cr during the same period. The Company ranked 13th (out of 31 Credit Card issuers) as of March 2021, in terms of credit card spends; and the market share of the Company stood at 0.64%, up from 0.42% as of March 2020

The Company exhibited significant growth from FY 17-18 to FY 20-21 across the following key business metrics:

- Number of credit cards of more than 5x (from 1.25 lakhs to 6.45 lakhs)
- New acquisition in a Financial Year of more than 18x (from 14K to 256K)
- Spends in a Financial Year of 3.4x (from approx. Rs. 1,000 cr. to Rs. 3,400 cr.)

The challenges brought about by the pandemic also fast-tracked product and process innovations, 100% digital origination and Fintech activity around product innovations like Buy Now Pay Later (BNPL) being among the most noticeable ones.

OPPORTUNITIES & THREATS

The Company had identified the following business opportunities and threats:

Opportunities :

- Lower Penetration of Credit cards vs other developing economies
- Massive evolution in digital payment ecosystem
- E-com symbiosis on instant gratification through subvention

Threats:

- Regulatory caps on interchange/ MDR
- Unsecured lending portfolio post pandemic
- Competition from BNPL/ UPI as insta payment products
- SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

Please refer Note 38 of the audited financial statements for segment-wise performance.

OUTLOOK & RISKS AND CONCERNS

The Company had offered its customers moratorium on their credit card payable dues, in wake of RBI directions. The Company had tracked on these customers post moratorium, and can see green shoots of repayments emerging from locations which are going through Unlock.

In view of the COVID-19 pandemic, the Company had strengthened its Risk Management framework. The Company attuned its risk management strategies and policies in line with the risks emanating out of unsecured lending. The Company focussed on building its customer base through internal acquisitions, staff referrals and targeting less vulnerable segments.

The Company revised its risk policies on credit line management with detailed individual/sector/ card limits, covering multiple risk dimensions. The Company continued to offer digital payment methods in line with the evolution in the payment systems across the industry in addition to the conventional methods of repayment.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Please refer “Internal Control Systems and their adequacy” section of the Board Report.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Please refer “Performance Overview (FY 2020-21)” section of the Board Report.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT INCLUDING NUMBER OF PEOPLE EMPLOYED

SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

The human resources function of the Company played an important role in the ‘Transformation Journey’ of BFSI, by efficient deployment of human resources, consistent engagement and talent management. The Company also introduced a hybrid work model to cope with the challenges of pandemic and focussed on connection of all team members across India digitally on various platforms to keep everyone engaged and informed. To align with the Company’s sourcing strategy of focus on Banca channel, a new organisation structure was rolled out called “Unified Sales” which aimed at mirroring the Company’s sales presence in all 18 Zones & 148 regions of the parent bank. The approach will go a long way in building synergy with Bank of Baroda and enable to enhance the sales productivity. The Company added new human resources in Digital/IT/Product verticals to bring suitable talent on board for upcoming software platform and ongoing digital initiatives of the Company.

The Company reinvented the learning & development model in order to provide thrust on knowledge dissemination training, and virtual learning. This also helped the Company to scale up its learning offerings to multiple team members across branches by overcoming challenges associated with traditional classroom learning. The Company's Learning team also got tremendous support from parent bank's learning academy and were able to do Banca training together to impart product knowledge to Bank officials across country.

FOR AND ON BEHALF OF THE
BOARD OF DIRECTORS OF
BOB FINANCIAL SOLUTIONS LIMITED

Date: 10.08.2021
Place: Mumbai.

[Sanjiv Chadha]
Chairperson
(DIN 08368448)

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2020-21

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. A brief outline on CSR Policy of the Company

In adherence to Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors, upon the recommendations of its CSR Committee, has adopted a Company policy on CSR.

The thrust areas of the policy are – promoting empowerment of woman and other weaker sections of society, supporting education of under privileged children / girl child, sponsoring vocational education for women, financial literacy, Disaster relief, conservation of environment, health care programs, contribution to the prime minister national relief fund or any other funds of the government of India.

2. Composition of CSR Committee

The constitution of CSR Committee during FY 2020-21 was as under:-

Sr. No.	Name	Designation
1.	Shri Rajneesh Sharma [§]	Chairman
2.	Prof. Sharad Sarin	Member
3.	Shri K.S. Raju [#]	Member / Chairman
4.	Shri Shailendra H. Singh ^{&}	Member

§ Shri Rajneesh Sharma was designated as Chairman vide resolution passed by the Board of Directors in its meeting dated 20/05/2020 and ceased to be a Director of the Company w.e.f 10/11/2020 and consequently as Chairman / member of the CSRC

Shri K.S. Raju was appointed as a member of the CSR Committee vide resolution passed by the Board of Directors in its meeting dated 20/05/2020 and subsequently as Chairman vide circular resolution dated 03/12/2020. He ceased to be a Director of the Company w.e.f 10/03/2021 and consequently as a member of the CSRC & Shri Shailendra Singh was appointed as a member of the CSRC vide circular resolution dated 03/12/2020 passed by the Board.

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

The CSR policy has been uploaded on the website of the Company under web-link: <https://www.bobfinancial.com/public-disclosures.jsp>

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 since the Company is having average CSR obligation less than Rs.10 crores in pursuant to section 135(5) of the Act, in the three immediately preceding financial years.

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 since the Company had not spent amount in excess of requirement provided under sub-section (5) of section 135 during FY 2020-21

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be setoff for the financial year, if any (in Rs)
Not applicable			

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

	F.Y.2017-18 (A)	F.Y.2018-19 (B)	Rs. in Lacs F.Y.2019-20 (C)
Profit before Tax	2095	605	(3494.85)
Add: Capital Expenses and loss on sale of Fixed Assets	-	0.45	7.40
	2095	605.45	(3487.45)
Average Net Profit(A+B+C/3)			(787)/3 = 262.33

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

NIL

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

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

(d) Total CSR obligation for the financial year (7a+7b-7c). NIL

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

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

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

(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): NIL

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

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

Sr. No.	Preceding financial year	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years (in Rs.)
				Name of the Fund	Amount (in Rs)	Amount (in Rs)	
1	2019-20	-	6,78,000	-	-	-	38,97,000
2	2020-21	38,97,000	20,01,520	--	--	--	18,95,780

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sr. No.	Project ID	Name of the Project.	Financial Year in which the project was commenced	Project duration.	Total amount allocated for the project (in Rs.).	Amount spent on the project in the reporting Financial Year (in Rs.).	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed /Ongoing.
1.	GWA	Medical Camps and Health awareness sessions	2019-20	Ongoing	5,35,000	85,000	195,000	Ongoing
2.	AF	(A) Cyber Sakhi (B) Building Digital Guardian	2019-20	Ongoing	4,00,000 4,50,000	1,28,,700 1,22,500	1,36,700 1,31,500	Ongoing
3.	SAC	SAC (special coaching for 8th/9th and 10th Grade Students).	2020-21	Ongoing	7,92,300	5,63,320	5,63,320	ongoing
4.	Swacch Bharat Kosh	Measures for sanitation	2020-21	one time	5,51,000	5,51,000	5,51,000	Completed
5.	Clean Ganga Fund	Measures for conservation of natural resources and maintaining quality of water	2020-21	one time	5,51,000	5,51,000	5,51,000	Completed
	TOTAL				32,79,300	20,01,520	21,28,520	

Note: In addition to above Bharat ke Veer (One time) amounting Rs.7,45,000/- is pending for disbursement.

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

(a) Date of creation or acquisition of the capital asset(s). NOT APPLICABLE

(b) Amount of CSR spent for creation or acquisition of capital asset. NOT APPLICABLE

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

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). NOT APPLICABLE

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5)

Considering the long lasting Covid effects/restrictions in FY 2020-21, basis the recommendations of CSR Committee, the Board of Directors had approved a carry forward and disbursement of committed CSR funds (deposited in to a separate Bank Account "Unspent CSR Account – BOB Financial Solutions Limited) amounting Rs.18.95 Lac to next FY 2021-22.

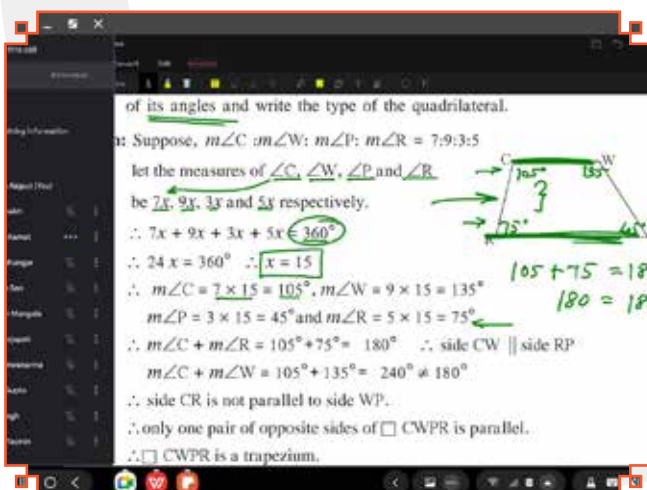
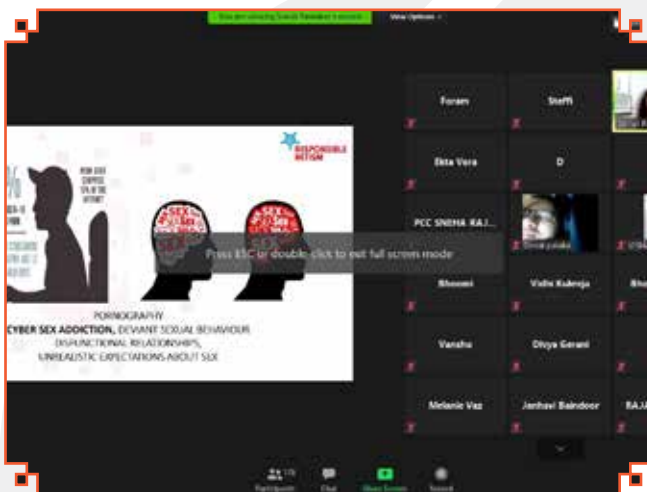
Shailendra H. Singh
Managing Director & CEO
DIN: 08751442

Purshotam
Chairperson – CSR Committee
DIN: 08504005

Corporate Social Responsibility Activities



Corporate Social Responsibility Activities



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 arms length transaction under third proviso thereto.

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

----- NIL -----

2. Details of contracts or arrangements or transactions at Arm's length basis (for the Financial Year 2020-21).

Sl. No.	Name (s) of the related party & nature of relationship	Nature of contracts/ arrangements/ transaction	Duration of the contracts/ arrangements/ transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	Amount paid as advances, if any
1	Bank Of Baroda (Holding Company)	Merchant Operations	3 years	Management of merchant acquiring business by the Company for the Bank. Arrangement is for 3 years from the date of agreement unless terminated earlier in accordance with the terms of the executed agreement.	No
2	Bank Of Baroda (Holding Company)	Advertisement	Ongoing	Income from Bank of Baroda for Advertising Arrangement	No
3	Bank Of Baroda (Holding Company)	Fixed Deposits	Ongoing	Fixed Deposits	No
4	Bank Of Baroda (Holding Company)	Rent	5 years	Rent Paid to Bank of Baroda for using its premises.	No
5	Bank Of Baroda (Holding Company)	Short Term Borrowings	Ongoing	Regular arrangements of Credit Facility	No

Sl. No.	Name (s) of the related party & nature of relationship	Nature of contracts/ arrangements/ transaction	Duration of the contracts/ arrangements/ transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	Amount paid as advances, if any
6	Bank Of Baroda(Holding Company)	Income from Consultancy services	Ongoing	Income from Bank of Baroda for providing professional manpower services.	No
	Bank Of Baroda(Holding Company)	Royalty	3 years	Royalty paid for usage of logo	No
	Bank Of Baroda(Holding Company)	Direct Sales services	Ongoing	Direct sales services to be provided by Company's personnel to promote Bank's asset products, solicit customers and maximize for the Bank in various territories.	No
7	IndiaFirst life Insurance limited (Associate-Bank of Baroda)	Gratuity fund	Ongoing	Contributions towards gratuity fund.	
8	Baroda Asset Management Company (Subsidiary-Bank of Baroda)	Investment in Mutual Funds	Ongoing	Investments in Units of Mutual Funds as per Investment Policy of the Company.	No
	Baroda Global Shared Services Limited (Subsidiary-Bank of Baroda)	Issuance & back-office operations	Ongoing	Processing of credit card issuance and Customer service back office operations	No

For BOB Financial Solutions Limited

Sanjiv Chadha
[Chairperson]
(DIN : 08368448)



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,
BOB Financial Solutions Limited
 CIN: U65990MH1994GOI081616
 2nd Floor, Baroda House
 Behind Dewan Shopping Centre,
 Jogeswari – West,
 Mumbai- 400102

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

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

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

- (i) The Companies Act, 2013 ("the Act") and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;

(Not Applicable to the Company)

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

(Not Applicable to the Company)

- (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. **(Not Applicable to the Company as it doesn't have FDI or ODI)**

(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)**
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; **(Not Applicable to the Company)**
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(Not Applicable to the Company)**
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulation, 2014; **(Not Applicable to the Company)**
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993;
- (g) 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)**
- (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not Applicable to the Company)** and
- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not Applicable to the Company)**

(vi) The Company has identified the following as industry specific law applicable to the Company:

RBI Circulars on Non-Banking Financial Companies (non-deposit accepting, systematically important) including Master Direction - Non-Banking Financial Company - Systemically Important Non Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India and as notified by the Central Government, and
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

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

Adequate notice is given to all directors to schedule the Board Meetings, Committee 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.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were

carried through with requisite majority and no dissenting views have been recorded.

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

We further report that during the financial year ended 31st March, 2021, the Company at the Extraordinary General Meeting held on 18th November, 2020, has obtained the approval of its members to:

1. To increase the authorised capital from Rs. 200 crores to Rs. 400 crores.
2. To alter the Capital Clause in Memorandum of Association of the Company.

We further report that during the financial year ended 31st March, 2021, the Company has issued and allotted 500 unsecured, rated, listed, subordinated redeemable non-convertible tier-2 Debentures of face value of Rs. 10,00,000/- aggregating upto Rs. 50,00,00,000/-

We further report that during the Audit Period, there were no instances of:

- (i) Public/Rights/Preferential issue of shares/sweat equity.
- (ii) Redemption / buy-back of securities.
- (iii) Merger /amalgamation /reconstruction, etc.
- (iv) Foreign technical collaborations.

**For Hemanshu Kapadia & Associates
Practicing Company Secretaries**

Hemanshu Kapadia
Proprietor
C.P. No.: 2285
Membership No.: 3477
UDIN:F003477C000369326

Date: 25th May, 2021

Place: Mumbai

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

To,
The Members,
BOB Financial Solutions Limited
CIN: U65990MH1994GOI081616
2nd Floor, Baroda House
Behind Dewan Shopping Centre,
Jogeswari – West,
Mumbai- 400102

Our report of even date is to be read along with the 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. Further, due to COVID-19 restrictions, we had limited physical access to the documents and have relied on the documents provided by the Company through electronic mode.
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 happenings 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.

For Hemanshu Kapadia & Associates
Practicing Company Secretaries

Hemanshu Kapadia
Proprietor
C.P. No.: 2285
Membership No.: 3477

Date: 25th May, 2021
Place: Mumbai



Independent Auditor's Report

To,

The members of **BOB FINANCIAL SOLUTIONS LIMITED**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **BOB FINANCIAL SOLUTIONS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the 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 accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at March 31, 2021, and its Loss (financial performance including other comprehensive income), the 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 Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's 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 37 to the financial statement which explains that the extent to which COVID-19 pandemic will impact the Company's operations and financial results is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, but does not include the financial statements and our auditor's report thereon. The Board's Report including Annexures to Board's Report is expected to be made available to us after this auditor's report.

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

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

If, based on the work we have performed, 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.

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

The Company's management and Board of Directors is responsible for the matters stated in section 134(5) of the Act, with respect to the preparation of these financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management and 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence

that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and Board of Directors.
- Conclude on the appropriateness of management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 Companies Act, 2013, we give in the Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. The Comptroller and Auditor General of India has issued directions indicating the areas to be examined in terms of sub-section (5) of Section 143 of the Act, the compliances of which is set out in the Annexure "B".
3. As required by Section 143(3) of the Act, we report that:
 - (a). We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b). In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

- (c). The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d). In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e). On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
- (f). With respect to the adequacy of the internal financial controls with reference to financial statement of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure "C".
- (g). With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 34 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

FOR ASL & CO.
Chartered Accountants
(Regn. No. 101921 W)

(Kapil Kumar Joshi)
PARTNER
Membership No.: 137334
UDIN: 21137334AAAABJ1843

PLACE:- MUMBAI
DATED:- May 11, 2021



Annexure “A” referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of the Independent Auditors’ report of even date on the Financial Statements of BOB Financial Solutions Limited for the Year Ended 31st March 2021.

On the basis of such checks as considered appropriate and in terms of the information and explanations given to us, we state as under. Matters specified in clauses (i)(c),(iii)(a)(b)(c),(vi),(ix),(xi),(xii) & (xv) of paragraph 3 of the Companies (Auditor’s Report) Order, 2016 do not apply to the Company. Accordingly no comments have been made on the matters not applicable to the company.

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed Assets.
- (b) As per the information and explanations given to us, fixed assets have been physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification and the same have been properly dealt with in the books of account.
- (ii) As per the information and explanations given to us, the inventory has been physically verified by the management during the year at reasonable intervals. In our opinion and according to the information and explanations given to us, the discrepancies noticed on verification between the physical stock and the book records were not material and the same have been properly dealt with in the books of account.
- (iii) As per information and explanations given to us, the Company has not granted any secured or unsecured loans to the companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, in respect of Investments made during the year under review, the company has complied with the provisions of Section 186 of the Companies Act, 2013.
- (v) As per information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of section 73 of the Companies Act 2013 and Rules made there under.
- (vi) (a) As per the records of the Company and according to the information and explanations given to us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employee’s state insurance, income tax, sales tax, service tax, custom duty, excise duty, value added tax, cess and other statutory dues, to the extent applicable to it.
According to the information and explanations given to us, there are no undisputed amounts payable in respect of provident fund, employee’s state insurance, income tax, sales tax, service tax, custom duty, excise duty, value added tax, cess and other material statutory dues were outstanding as at 31st March, 2021 for a period of more than 6 months from the date they became payable.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, sales tax, service tax, duty of customs and duty of excise duty, value added tax as at March 31, 2021 which have not been deposited on account of a dispute.
- (vii) Based on our audit procedures and on the basis of information and explanations given to us, we are of the opinion that the Company has not defaulted in payment of dues to its bank.

- (viii) As per information and explanations given by the management, no fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year under review.
- (ix) In our opinion and according to the information and explanations given to us and based on our examination of the records, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (x) According to the information and explanations give 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. However, during the year company has issued following Fixed Rate, Unsecured, Rated, Taxable, Redeemable Listed Non- Convertible Debentures having face value of ` . 10 Lakhs for each debenture and based on our examination of the records of the company, requirement of Section 42 of Companies Act, 2013 has been complied with and the amount raised has been used for the purpose for which the funds were raised.

Date of Issue of Offer letter	Rate of interest	Nature	Amount of debentures (In `.)
09-03-2021	7.65%	Subordinate Tier II	50,00,00,000/-

- (xi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained certificate of registration dated 23rd October 1999.

FOR ASL & CO.
Chartered Accountants
(Regn. No. 101921 W)

(Kapil Kumar Joshi)
PARTNER
Membership No.: 137334
UDIN: 21137334AAAABJ1843

PLACE:- MUMBAI
DATED:- May 11, 2021

Annexure “B” to the Independent Auditors’ report of even date on the Financial Statements of BOB Financial Solutions Limited for the Year Ended 31st March 2021.

Directions under section 143 (5) of the Companies Act, 2013

We have examined the books of accounts of the **BOB Financial Solutions Limited** for the year ended March 31, 2021 and we are submitting our comments and answers to the questions asked in the directions issued by the Comptroller & Auditor General of India, according to the best of our information and explanations given to us by the management and as appears from the examination of the books of accounts and records produced before us by the Company, which are as under.

S. No.	Directions	Reply
1.	Whether the company has system in place to process all the accounting transactions through IT system? If no, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	As per the information and explanation given to us and based on the examination of records on the test check basis, the Company has system in place to process all the accounting transaction through IT system.
2.	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts /loans/ interest etc. made by a lender to the company due to the company’s inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is Government company, then its direction is also applicable for statutory auditor of lender company).	Based on our audit procedures and on the basis of information and explanations given to us, no restructuring of any existing loan facility and no case waiver/write off from the Company’s lender in respect of loan facility during the year under review reported.
3.	Whether funds (grant/subsidy etc.) received/ receivable for specific schemes from Central/ State Government or its agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.	As per information & explanation given to us and the records produced before us, no funds (grant/subsidy etc.) received/ receivable for specific schemes from Central/ State Government or its agencies during the year under review. Reimbursement received under the “Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts (1.3.2020 to 31.8.2020)” is not considered as Grant / subsidy for this purpose not considered as Grant / subsidy for this purpose.

FOR ASL & CO.
Chartered Accountants
(Regn. No. 101921 W)

Sd/-
(Kapil Kumar Joshi)
PARTNER

Membership No.: 137334
UDIN: 21137334AAAABJ1843

PLACE:- MUMBAI
DATED:- May 11, 2021



Annexure “C” to the Independent Auditor’s Report Of Even Date on the Financial Statements of BOB Financial Solutions Limited.

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 over financial reporting of **BOB Financial Solutions Limited** (“the Company”) as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to the 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 Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls with reference to financial statements and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the financial statements were established and maintained and whether such controls operated effectively in all material respects.

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

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

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

Meaning of Internal Financial Controls with reference to the Financial Statements

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

Inherent Limitations of Internal Financial Controls with reference to the Financial Statements

Because of the inherent limitations of internal financial controls with reference to the 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 to with reference the financial statements to future periods are subject to the risk that the internal financial control with reference to the 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, to the best of our information and according to the explanations given to us and matter described in Emphasis of Matter paragraph above, the company has, in all material respects, an adequate internal financial controls with reference to the financial statements and such internal financial controls with reference to the financial statements were operating effectively as at March 31, 2021, based on the internal control with reference to the financial statements criteria established by the company considering the essential components of internal control stated in the "Guidance Note on Audit of Internal Financial Controls Over Financial Reporting" issued by the Institute of Chartered Accountants of India.

FOR ASL & CO.
Chartered Accountants
(Regn. No. 101921 W)

Sd/-
(Kapil Kumar Joshi)
PARTNER
Membership No.: 137334
UDIN: 21137334AAAABJ1843

PLACE:- MUMBAI
DATED:- May 11, 2021

To,
The Principal Director of Audit (Shipping)
Plot No. C-2, G.N. Block,
6 & 7 Floor, Near Asian HeartInst.,
Bandra- Kurla Complex, Bandra (E),
Mumbai - 400 001

COMPLIANCE CERTIFICATE

We have conducted the audit accounts of **BOB FINANCIAL SOLUTIONS LIMITED** for the year ended as on 31st March 2021 in accordance with the directions/sub-directions issued by the C&AG of India under Section 143(5) of the Companies Act, 2013 and certify that all the directions/sub-directions, as applicable to the Company, have been complied with.

FOR ASL & CO.
Chartered Accountants
(Regn. No 101921 W)

PLACE:- MUMBAI.
DATED:- May 11, 2021

Kapil Kumar Joshi
PARTNER
Membership No: 137334
UDIN: 21137334AAAABJ1843

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF BOB FINANCIAL SOLUTIONS LIMITED FOR THE YEAR ENDED 31 MARCH 2021

The preparation of financial statements of BOB Financial Solutions Limited for the year ended 31 March 2021 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139 (5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 11 May 2021.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of BOB Financial Solutions Limited for the year ended 31 March 2020 under section 143(6)(a) of the Act.

For and on behalf of the Comptroller and Auditor General of India

Place : Mumbai
Date : 26.07.2021

(PV Hari Krishna)
Principal Director of Audit (Shipping),
Mumbai

BOB FINANCIAL SOLUTIONS LIMITED

CIN: U65990MH1994GOI081616

Balance Sheet as at 31st March 2021

(Figure in Rupees in millions, unless otherwise stated)

Particulars	Notes	"As at 31 March 2021"	"As at 31 March 2020"	"As at 1 April 2019"
I ASSETS				
1 Financial assets				
Cash and cash equivalents	4	158.84	132.59	260.64
Trade receivables	5	363.91	446.13	637.75
Loans	6	7,430.30	3,982.16	2,579.57
Investments	7	-	-	-
Other financial assets	8	142.51	65.99	169.53
2 Non-financial assets				
Inventories		1.00	10.08	10.81
Deferred tax assets (net)	9	441.86	238.43	154.85
Property, plant and equipment	10	127.00	247.75	380.47
Right-of-use assets	11	81.28	65.44	105.64
Other intangible assets	12	29.37	10.66	12.11
Intangible assets under development		19.91	-	0.93
Other non-financial assets	13	675.52	416.92	183.43
Total assets		9,471.49	5,616.15	4,495.74
II LIABILITIES AND EQUITY				
Liabilities				
1 Financial liabilities				
Payables				
Trade Payables	14			
(i) total outstanding dues of micro enterprises and small enterprises		1.69	0.44	0.83
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		70.54	152.77	67.03
Debt securities	15	4,064.28	-	-
Borrowings (other than debt securities)	16	2,584.65	2,803.53	1,099.36
Other financial liabilities	17	170.58	201.84	587.08
2 Non-financial liabilities				
Provisions	18	438.27	334.60	219.27
Other non-financial liabilities	19	230.97	117.84	81.67
Total liabilities		7,560.98	3,611.02	2,055.24
Equity				
Equity share capital	20	1,750.00	1,750.00	1,750.00
Other equity	21	160.51	255.14	690.50
Total equity		1,910.51	2,005.14	2,440.50
Total liabilities and equity		9,471.49	5,616.15	4,495.74

As per our report of even date
For **ASL & Co.**
Chartered Accountants
[Firm Registration No. 101921W]

For and on behalf of the Board of Directors
BOB Financial Solutions Limited

[Kapil Kumar Joshi]
Partner
(Membership No. 137334)

Sanjiv Chadha
Chairman
(DIN:08368448)

Vikramaditya S. Khichi
Director
(DIN:08317894)

Shailendra Singh
Managing Director & CEO
(DIN: 08751442)

Place: Mumbai
Date: 11th May 2021

Place: Mumbai
Date: 11th May 2021

Pooja Karnani
Chief Financial Officer
(PAN:AHEPB7049P)

Deepashri Cornelius
Company Secretary
(PAN:BVLPS3134E)



BOB FINANCIAL SOLUTIONS LIMITED

CIN: U65990MH1994GOI081616

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

(Figure in Rupees in millions, unless otherwise stated)

Particulars		Notes	"For the year ended 31 March 2021"	"For the year ended 31 March 2020"
	Revenue from operations			
(i)	Interest income	22	1,101.39	839.66
(ii)	Income from fees and services	23	2,284.82	2,172.32
(iii)	Income from Consultancy		114.48	117.51
(iv)	Business development incentives		28.19	15.09
(I)	Total revenue from operations		3,528.87	3,144.56
	Other income	24	133.82	112.15
(III)	Total income (I + II)		3,662.69	3,256.71
	Expenses			
(i)	Finance cost	25	279.80	161.83
(ii)	Impairment on financial instruments	26	852.83	482.63
(iii)	Employee benefit expenses	27	585.00	506.41
(iv)	Depreciation, amortization and impairment	10 11 & 12	169.76	194.08
(v)	Other expenses	28	2,000.63	2,419.29
(vi)	Corporate social responsibility expenses		-	4.58
(IV)	Total expenses (IV)		3,888.03	3,768.81
(V)	Profit/(loss) for the period (III-IV)		(225.34)	(512.09)
	Tax Expense:	30		
	(a) Current tax		74.68	-
	(b) Deferred tax (credit)		(204.00)	(81.58)
	(c) Income tax for earlier year		-	-
(VI)	Total Tax expense		(129.32)	(81.58)
(VII)	Profit/(loss) for the year (V - VI)		(96.01)	(430.51)
	Other comprehensive income			
A	Items that will not be reclassified to profit or loss			
	Remeasurement gain/(loss) on defined benefit plan		1.96	(6.84)
	Income tax impact		(0.57)	1.99
	Total (A)		1.39	(4.85)
B	Items that will be classified to profit or loss			
	Reclassification adjustments to statement of profit and loss		-	-
	Income tax impact		-	-
	Total (B)		-	-
	Other comprehensive income (A + B)		1.39	(4.85)
(VIII)	Total comprehensive income for the year		(94.62)	(435.36)
(IX)	Earnings per equity share			
	Basic (Rs.)	29	(0.54)	(2.49)
	Diluted (Rs.)		(0.54)	(2.49)
The accompanying notes are an integral part of the financial statements		1-52		

As per our report of even date
For **ASL & Co.**
Chartered Accountants
[Firm Registration No. 101921W]

For and on behalf of the Board of Directors
BOB Financial Solutions Limited

[Kapil Kumar Joshi]
Partner
(Membership No. 137334)

Sanjiv Chadha
Chairman
(DIN:08368448)

Vikramaditya S. Khichi
Director
(DIN:08317894)

Shailendra Singh
Managing Director & CEO
(DIN: 08751442)

Place: Mumbai
Date: 11th May 2021

Place: Mumbai
Date: 11th May 2021

Pooja Karnani
Chief Financial Officer
(PAN:AHEPB7049P)

Deepashri Cornelius
Company Secretary
(PAN:BVLPS3134E)



BOB FINANCIAL SOLUTIONS LIMITED

CIN: U65990MH1994GOI081616

CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2021

(Figure in Rupees in millions, unless otherwise stated)

Particulars	"For the year ended 31 March 2021"	"For the year ended 31 March 2020"
Operating activities		
Profit before tax	(225.34)	(512.09)
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Depreciation & amortisation	169.76	194.08
Impairment on financial instruments	852.83	482.63
Profit on sale of fixed assets	(0.77)	(0.22)
Write off of fixed assets	2.74	0.74
Interest on lease liabilities	7.34	7.49
Income from mutual fund	(4.47)	(0.79)
Finance cost	272.46	154.33
Operating Profit Before Working Capital Changes	1,074.55	326.17
Working capital changes		
(Decrease)/ Increase in trade payables	(80.97)	85.34
(Decrease)/ Increase in other financial liabilities	(31.26)	(385.24)
(Decrease)/ Increase in other non financial liabilities	113.13	36.17
(Decrease)/ Increase in provisions	105.63	108.49
(Increase)/ Decrease in Financial assets loans	(4,300.97)	(1,885.22)
(Increase)/ Decrease in Other financial assets	(76.53)	103.54
(Increase)/ Decrease in Inventory	9.08	0.73
(Increase)/ Decrease in other non financial assets	(242.88)	(233.49)
(Increase)/ Decrease in trade receivables	82.22	191.62
Income tax paid	(134.70)	-
Net cash flows from/(used in) operating activities	(4,557.25)	(1,978.06)
Investing activities		
Purchase of property, plant & equipment ('PPE') including intangible assets	(62.07)	(19.86)
Sale proceeds from PPE	0.96	0.55
Purchase of Investments	(7,449.63)	(3,480.00)
Sale Proceed from Investments	7,454.10	3,480.79
Net cash flows from/(used in) investing activities	(56.65)	(18.51)
Financing activities		
Proceeds from debt securities	4,064.28	-
Proceeds from borrowings other than debt securities	-	1,704.17
Repayment of borrowings other than debt securities	(218.88)	-
Interest on lease liabilities	(7.34)	(7.49)
Interest paid	(272.46)	(154.33)
Net cash generated/(used in) financing activities	3,565.60	1,542.35
Net increase in cash and cash equivalents	26.25	(128.05)
Cash and cash equivalents as at the beginning of the year	132.59	260.64
Cash and cash equivalents as at the end of the year	158.84	132.59
Cash and cash equivalents as at the end of the year	158.84	132.59

Notes:

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Indian accounting standard (Ind AS) - 7 - 'Cash Flow Statements' notified under Section 133 of the Companies Act, 2013, read together with the Companies (Accounting Standards) Amendment Rules, 2016.
- Component of cash and cash equivalents disclosed in 'Note 4: Cash and cash equivalent'

As per our report of even date
For **ASL & Co.**
Chartered Accountants
[Firm Registration No. 101921W]

For and on behalf of the Board of Directors
BOB Financial Solutions Limited

[Kapil Kumar Joshi]
Partner
(Membership No. 137334)

Sanjiv Chadha
Chairman
(DIN:08368448)

Vikramaditya S. Khichi
Director
(DIN:08317894)

Shailendra Singh
Managing Director & CEO
(DIN: 08751442)

Place: Mumbai
Date: 11th May 2021

Place: Mumbai
Date: 11th May 2021

Pooja Karnani
Chief Financial Officer
(PAN:AHEPB7049P)

Deepashri Cornelius
Company Secretary
(PAN:BVLP53134E)



BOB FINANCIAL SOLUTIONS LIMITED

CIN: U65990MH1994GOI081616

STATEMENT OF CHANGES IN EQUITY

(Figure in Rupees in millions, unless otherwise stated)

A. Equity Share capital

Particular	Number of shares	Amount
Balance as at 1 April 2019	175,000,000	1,750.00
Chages in equity share capital during the year	-	-
Balance as at 31 March 2020	175,000,000	1,750.00
Chages in equity share capital during the year	-	-
Balance as at 31 March 2021	175,000,000	1,750.00

B. Other Equity

Particular	Reserves and Surplus		Total
	Statutory Reserve	Retained Earnings	
Balance as at 1 April 2019	352.17	338.32	690.50
Add: Loss for the year	-	-	-
Add: Other comprehensive income	-	(4.85)	(4.85)
Transfer to/from retained earnings	-	(430.51)	(430.51)
Balance as at 31 March 2020	352.17	(97.04)	255.14
Add: Loss for the year	-	-	-
Add: Other comprehensive income	-	1.39	1.39
Transfer to/from retained earnings	-	(96.01)	(96.01)
Balance as at 31 March 2021	352.17	(191.66)	160.51

As per our report of even date
For **ASL & Co.**
Chartered Accountants
[Firm Registration No. 101921W]

For and on behalf of the Board of Directors
BOB Financial Solutions Limited

[Kapil Kumar Joshi]
Partner
(Membership No. 137334)

Sanjiv Chadha
Chairman
(DIN:08368448)

Vikramaditya S. Khichi
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Managing Director & CEO
(DIN: 08751442)

Place: Mumbai
Date: 11th May 2021

Place: Mumbai
Date: 11th May 2021

Pooja Karnani
Chief Financial Officer
(PAN:AHEPB7049P)

Deepashri Cornelius
Company Secretary
(PAN:BVLP53134E)



ACCOUNTING POLICIES

Note 1: Corporate Information

BOB Financial Solutions Limited is a wholly owned subsidiary of Bank of Baroda and a Non-Deposit accepting Systemically Important Non-Banking Finance Company ("NBFC-ND-SI"), holding a Certificate of Registration from the Reserve Bank of India ("RBI"). The Company is engaged in the business of issuing credit cards to consumers in India. It also provides support to Bank of Baroda by carrying out its merchant acquiring operations and manpower/consultancy services. Until December 2020, the Company was also supporting Bank of Baroda's overseas territory subsidiaries/sponsored RRB's for their Debit Cards operation, however all activities relating to these have been now transferred to respective overseas territory subsidiaries/ sponsored RRB's.

During the year ended March 2021, Company has issued 11 tranches of listed Commercial Papers which are listed on Bombay Stock Exchange (BSE). This was first ever listed issuance by the Company.

Note 2: Basis of preparation and presentation**a. Basis of preparation**

The accompanying financial statements of the Company for the year ended March 31, 2021 have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified by the Ministry of Corporate Affairs, Government of India under the Companies (Indian Accounting Standards) (amendments) Rules, 2016 and as amended from time to time. Any application guidance/ clarifications/ directions issued by RBI or other regulators are implemented as and when they are issued/ applicable.

The financial statements for the year ended 31st March 2021 are the first the Company has prepared under Ind AS. For all periods up to and including the year ended 31st March, 2020, the Company prepared its financial statements in accordance with generally accepted accounting principles in India ("Indian GAAP"), in compliance with all material aspects of the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP), the provisions of the RBI as applicable to a NBFC-ND and accounting principles generally accepted in India. The financial statements for the year ended 31st March 2020 and the opening Balance Sheet as at 1st April, 2019 have been restated in accordance with Ind AS for comparative information. Reconciliations and explanations of the effect of the transition from Previous GAAP to Ind AS on the Company's Balance Sheet, Statement of Profit and Loss and Statement of Cash Flows are provided in note 43.

The preparation of financial statements in conformity with the Ind AS requires the management to make judgements, accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Company are discussed in Note 3 - Significant accounting judgements, estimates and assumptions.

b. Basis of measurement

The financial statements have been prepared in accordance with Indian Accounting standards (Ind AS) on the basis of Going Concern concept and under the historical cost convention on the accrual basis except for certain financial instruments that are measured at fair value at the end of each reporting period, and in accordance with the accounting policies set out below which are in conformity with Ind As. These policies

have been consistently applied throughout the year.

c. Functional and presentation currency

The financial statements are presented in Indian Rupees (INR), which is the Company's functional and presentation currency. All amounts have been denominated in millions and rounded off to the nearest two decimals, except when otherwise indicated.

d. Presentation of financial statements

The financial statements of the Company are presented in order of liquidity and as per Division III of the Schedule III to of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA). An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 32- Maturity analysis of assets and liabilities. Financial assets and financial liabilities are generally reported on a gross basis except when, there is an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event and the parties intend to settle on a net basis in the following circumstances:

- i. The normal course of business
- ii. The event of default
- iii. The event of insolvency or bankruptcy of the Company and/or its counterparties

e. Statement of Compliance

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 and the other relevant provisions of the Act.

Note 3: Significant accounting policies

3.1. Revenue from operations

The Company's operating revenues are comprised principally of service revenues such as interest income on financial assets i.e. Overdue credit card outstanding/EMI balances, fee earned, target incentive offered by network partner, service charges from merchant establishment, rental income from machines deployed, income from consultancy services etc. Other fee and charges include cheque bounce charge, late fees, over limit fees etc.

Revenue is measured at fair value of the consideration received or receivable, taking into account contractually defined terms of payments and excluding taxes or duties collected on behalf of the Government. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue includes the following:

a) Interest Income

Interest income includes interest income on overdues from credit card holders and on EMI based advances.

Interest income and expense for all financial instruments, excluding those classified as held for trading or designated at fair value are recognised in 'Interest income' and 'Finance expense' in the statement of profit and loss using the effective interest rate method. In view of uncertainty of realization of income in case of credit impaired assets, such income is accounted for only on receipt basis. Recovery from impaired debts written off is recognised as income based on actual realisations from customers

b) Income from fees and services

The Company sells credit card membership to card holders, income earned from the provision of membership services is recognised as revenue over the period for which services are provided, net of reversals/ cancellations.

Revenue from interchange income is recognised when related transaction occurs, or service is rendered. Other service revenue consists of value-add services provided to the card holders. These other service revenues are recognised in the same period in which related transactions occur or services are rendered as revenue is accrued at the point of sale for these services.

c) Service charges from merchant establishment

All service charges in the form of commissions (MDR), support fee and POS rental related to merchant operations are recognised in the same period in which related transactions occur or services are rendered as revenue is accrued at the point of sale for these services.

d) Other Income

All other income including income from debit card, consultancy services are recognised in the same period in which related transactions occur or services rendered at fair value of consideration net off expected reversals/ cancellations as revenue is accrued at the point of sale. Income from debit card operations consist of income from overseas territory subsidiaries/sponsored RRB's of parent Company for supporting their debit Cards operations.

e) Business Development Incentive

The Company enters into long-term contracts with network partners for various programs designed to build payments volume, increase product acceptance. Revenue recognition is based on estimated performance and the terms of the business arrangements.

f) Unidentified receipts/ old balances & Stale cheques

The total unidentified receipts which could not be credited or adjusted in the customers' accounts for lack of complete & correct information is considered as liability in balance sheet. The estimated unidentified receipts/ old balances aged up to 3 years is written back as income on balance sheet date. The liability for stale cheques aged for more than three years is written back as income.

g) Income from Investments

Excess of sale price over purchase price of mutual fund units is recognised as income at the time of sale.

3.2 Expenditure

Expenses are recognised on accrual basis.

- a) The incremental cost of acquiring a customer is recognised in the profit and loss statement over the behavioural life of the customer
- b) Borrowing cost consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Any expenditure which is directly attributable to borrowing is capitalized and amortised over the life of borrowing loan.

3.2.1 Retirement and other employee benefits

Short term employee benefit

All employee benefits including short term compensated absences and statutory bonus/ performance bonus/incentives payable wholly within twelve months of the end of the period in which the employees

render the related services are recognised in respect of employee service upto the end of the reporting period and are measured at the amount expected to be paid when the liabilities are settled.

Other long-term employee benefit obligations

a) Defined contribution schemes

Retirement/ Employee benefits in the form of Provident Fund is considered as defined contribution plan. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. The Company's contributions to the above Plan are charged to the Statement of Profit and Loss.

b) Defined Benefit schemes

Gratuity

The Company provides for gratuity to all employees. The benefit is in the form of lump sum payments to vested employees on resignation, retirement, or death while in employment or on termination of employment of an amount equivalent to 15 days basic salary payable for each completed year of service as required under 'The Payment of Gratuity Act, 1972'. Vesting occurs upon completion of five years of service.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields of Government bonds as on the valuation date.

The liabilities with respect to Gratuity Plan are determined by actuarial valuation on projected unit credit method on the balance sheet date. The difference, if any, between the actuarial valuation of the gratuity of employees at the year end and the balance of funds is provided for as assets/ (liability) in the books. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation under Employee benefit expense in statement of profit or loss:

Service costs comprising current service costs, past-service costs, gains and losses on curtailments and nonroutine settlements

Net interest expense or income remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability 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 debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods."

Leave encashment

The employees of the Company are entitled to compensated absence and deferred compensation as per the policy of the Company, the liability in respect of which is provided, based on an actuarial valuation carried out by an independent actuary as at the year end. The actuarial valuation method used by the independent actuary for measuring the liability is the Projected Unit Credit Method.

Actuarial gains and losses comprise experience adjustments and the effects of changes in the actuarial assumptions are recognized immediately in the Statement of Profit and Loss in the year in which they arise.

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. Unutilised leave balance that accrues to employees as at the year-end is charged to the Statement of Profit and Loss on an undiscounted basis.

National pension scheme (NPS) The Company makes contributions to National Pension System (NPS), for qualifying employees. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to NPS. The contributions payable to NPS by the Company are at rates specified in the rules of the schemes. The share of Companies contribution is charged to profit and loss account.

3.2.2 Other expenses

All Other expenses are recognized in the period they occur.

3.2.3 Taxes

Income tax expense comprises of current and deferred income tax. Current / Deferred tax is recognized in the Statement of Profit and Loss except to the extent it relates to a business combination or to an item which is recognized directly in equity or in other comprehensive income in which case the related income tax is also recognised accordingly. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority. The Company only off-sets its deferred tax assets against liabilities when there is both a legal right to offset and it is the Company's intention to settle on a net basis.

i) Current Taxes

Current tax is the amount of income taxes payable/ receivable in respect of taxable profit/ loss for a period. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible in accordance with applicable tax laws. Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. Interest income / expenses and penalties, if any, related to income tax are included in current tax expense. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the end of reporting date in India where the Company operates and generates taxable income.

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

ii) Deferred Taxes

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

1. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
2. In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

A deferred tax liability is recognised based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted, or substantively enacted, by the end of the reporting period. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits. Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

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 relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly 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.

Current and deferred taxes are recognised as income tax benefits or expenses in the Statement of profit and loss except for tax related to the fair value re-measurement of financial assets classified through other comprehensive income, foreign exchange differences and the net movement on cash flow hedges, which are charged or credited to Other Comprehensive Income (OCI). These exceptions are subsequently reclassified from OCI to the statement of profit and loss together with the respective deferred loss or gain. The Company also recognises the tax consequences of payments and issuing costs, related to financial instruments that are classified as equity, directly in equity.

3.3. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instruments.

3.3.1 Initial recognition

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

3.3.2 Initial measurement

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial

liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in the statement of profit and loss.

A financial asset and a financial liability are offset and presented on net basis in the balance sheet when there is a current legally enforceable right to set-off the recognised amounts and it is intended to either settle on net basis or to realise the asset and settle the liability simultaneously.

3.3.3 Classification and Subsequent measurement of financial instruments

1. Financial assets

The Company classifies its financial assets into the following measurement categories:

1. Financial assets to be measured at amortised cost
2. Financial assets to be measured at fair value through other comprehensive income
3. Financial assets to be measured at fair value through profit or loss account

i) Financial assets measured at amortised cost:

These financial assets comprise of bank balances, overdue credit card outstanding/EMI balances, trade receivables, and other financial assets.

Financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Financial assets measured at fair value through other comprehensive income:

Financial assets are measured at fair value through other comprehensive income where they have:

- a) contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest (SPPI) on the principal amount outstanding; and
- b) Are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest revenue and foreign exchange gains and losses are recognised in profit and loss. Upon disposal, the cumulative gain or loss previously recognised in other comprehensive income (except for investment in equity shares) is reclassified from equity to the income statement.

iii) Financial assets measured at fair value through profit and loss:

Financial assets that do not meet the criteria for categorisation as at amortised cost or as FVOCI, are measured at FVTPL. Subsequent changes in fair value are recognised in the statement of profit and loss.

Items at fair value through profit or loss comprise:

- a) Investments (including equity shares) and stock in trade held for trading;

- b) Items specifically designated as fair value through profit or loss on initial recognition; and
- c) Debt instruments with contractual terms that do not represent solely payments of principal and interest.

Financial instruments held at fair value through profit or loss are initially recognised at fair value, with transaction costs recognised in the statement of profit and loss as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the statement of profit and loss as they arise.

2. Financial Liabilities and Equity Instruments

Financial instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.1 Financial Liabilities

- i) Debt securities and other borrowed funds

After initial measurement, debt issued, and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and transaction costs that are an integral part of the EIR. (Effective Interest Rate)

- ii) Undrawn credit limits on cards:

Undrawn credit limits on cards are commitments which the Company is required to pay on behalf of the customer based on pre-specified terms with the customer. Undrawn credit limits on cards commitments are in the scope of the ECL requirements.

2.2. Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company is recognised at the proceeds received, net of directly attributable transaction costs.

3.3.4 Reclassification of financial assets and liabilities

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

3.3.5 Derecognition of financial assets and financial liabilities

1. 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 derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Company transfers the financial asset if, and only if, either:

- i) The Company has transferred its contractual rights to receive cash flows from the financial asset, or
- ii) It retains the rights to the cash flows but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

A transfer only qualifies for derecognition if either:

- i) The Company has transferred substantially all the risks and rewards of the asset, or
- ii) The Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

2. Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

3.3.6 Impairment of financial assets

1. Overview of the ECL principles

In accordance with Ind AS 109, the Company applies expected credit losses (ECL) model for measurement and recognition of impairment loss on the following financial asset and credit risk exposure,

- Financial assets measured at amortised cost
- Financial assets measured at fair value through other comprehensive income
- Undrawn credit limits

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

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss. Lifetime ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Company's policy for grouping financial assets measured on a collective basis is explained in Note 41.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above, the Company categorises its loans & advances into Stage 1, Stage 2 and Stage 3 as described below by comparing the credit risk of the financial instrument as at the reporting date, with its

credit risk as at the date of initial recognition.

Stage 1: 12-months ECL

All exposures that are not credit impaired and where there has not been a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. Exposures with days past due (DPD) less than or equal to 30 days are classified as stage 1.

For these assets, 12-month ECL is recognized and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance).

Stage 2: Lifetime ECL – not credit impaired

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, are classified under this stage.

Exposures with DPD greater than 30 days but less than or equal to 89 days are classified as stage 2. For these assets, lifetime ECL are recognized, but interest revenue is still calculated on the gross carrying amount of the asset.

Stage 3: Lifetime ECL – credit impaired

Financial asset is assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred.

For financial assets that have become credit impaired, a lifetime ECL is recognised on principal outstanding as at period end. Exposures with DPD equal to or more than 90 days are classified as stage 3.

2. The calculation of ECL

The Company calculates ECL based on a probability weighted approach to measure the expected cash shortfalls. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

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

Probability of Default (PD) - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The concept of PD is further explained in Note 41: Risk Management.

Exposure at Default (EAD) - The Exposure at Default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest, expected drawdowns, and accrued interest from missed payments. The concept of EAD is further explained in Note 41: Risk Management.

Loss Given Default (LGD) - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The concept of LGD is further explained in Note 41: Risk Management.

Undrawn Credit limits

When estimating ECL for undrawn Credit limits, the Company estimates the expected portion of the credit card limits that will be drawn down over its expected life. The ECL is then based on the expected shortfalls in cash flows if the limit is drawn down.

Forward Looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, unemployment rates, benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by the Company based on its internal data. While the internal estimates of PD, LGD rates by the Company may not be always reflective of such relationships, temporary overlays, if any, are embedded in the methodology to reflect such macro-economic trends reasonably.

Write-offs

Company is following the write off policy to undertake annual NPAs. The accounts, which have been classified as NPA for 180 days or more and for which no payment is received for one year, are written off as Bad Debts.

Presentation of allowance for ECL in the balance sheet

Loss allowances for ECL are presented in the balance sheet as follows:

- a) Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- b) Where a financial instrument includes both a drawn and an undrawn component, the company presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision;

3.4. Determination of Fair Value

On initial recognition, all the financial instruments are measured at fair value. For subsequent measurement, the Company measures certain categories of financial instruments (as explained in note 40) at fair value on each balance sheet date.

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

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

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

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

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

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

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

Level 1 financial instruments - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

Level 2 financial instruments - Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.

Level 3 financial instruments - Those that include one or more unobservable input that is significant to the measurement as whole.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3.5 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.6 Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of non-cash future, any deferrals or accruals of past or future operating cash receipts or payments and item of expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

3.7 Property, plant and equipment

Tangible Assets

Under the previous GAAP (Indian GAAP), all assets were carried in the balance sheet at cost, less accumulated depreciation and accumulated impairment losses, if any. The Company has considered the carrying amount as per previous GAAP as deemed cost in accordance with Ind AS 101 First Time adoption.

An item is recognised as an asset, if and only if, it is probable that the future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. PPE are initially recognised at cost. The initial cost of PPE comprises its purchase price (including non-refundable duties and taxes but excluding any trade discounts and rebates), and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Subsequent to initial recognition, PPE are stated at cost less accumulated depreciation and any impairment losses. When an item of PPE is replaced, then its carrying amount is de-recognised from the balance sheet and cost of the new item of PPE is recognised. The expenditures that are incurred after the item of PPE has been put to use, such as repairs and maintenance,

are normally charged to the statement of profit and loss in the period in which such costs are incurred. However, in situations where the said expenditure can be measured reliably and is probable that future economic benefits associated with it will flow to the Company, it is included in the asset's carrying value or as a separate asset, as appropriate.

Depreciation is calculated on a straight-line basis & written down value basis using the rates arrived at based on the useful lives estimated by the management.

The estimated useful lives are, as follows:

Particulars	Useful lives estimated by the Management (Same as specified in Schedule II of the Companies Act, 2013)	Method of Depreciation
EDC	5 years	SLM
Computer Hardware	3 years	SLM
Computer Hardware SE	6 years	SLM
Computer Software	5 years	SLM
Furniture & Fixtures	10 years	WDV
Vehicles	8 years	WDV
Office Equipment	5 years	WDV
Plant & Machinery	15 years	SLM

Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Intangible Assets

An intangible asset is recognised only when its cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the Company. The Company has considered the carrying amount as per previous GAAP as deemed cost in accordance with Ind AS 101 First Time adoption.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

The Costs of Intangible assets are amortized over the period of 5 years, on Straight Line Method

Intangible assets under development:

Projects under which intangible assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses.

Derecognition

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

3.8 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, an estimate of the recoverable amount of the asset / cash generating unit (CGU) is made. Recoverable amount is the higher of an asset's or cash generating unit's fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit (CGU).

Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

An asset or CGU whose carrying value exceeds its recoverable amount is considered impaired and is written down to its recoverable amount. Assessment is also done at each balance sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting years may no longer exist or may have decreased.

Impairment losses of continuing operations are recognised in the statement of profit and loss.

3.9 Leases (As a lessee)

Identifying a lease

At the inception of the contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether:

- The contract involves the use of an identified asset, this may be specified explicitly or implicitly.
- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use, and
- The Company has right to direct the use of the asset.

Recognition of right of use asset

The Company recognises a right of use asset at the lease commencement date of lease and comprises of the initial lease liability amount, plus any indirect costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received. The Company has adopted approach 2B as per Ind AS 116 where the right to use asset is recognised at same value at which liability is recognised.

Subsequent measurement of right of use asset

The right of use asset is subsequently amortized using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term, whichever is lesser. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurement of the lease liability.

Recognition of lease liability

The lease liability is initially measured at the present value of the lease payments net of cash lease incentives that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Subsequent measurement of lease liability

Lease liability is measured at amortised cost using the effective interest method. The lease payments are apportioned between the finance charges and reduction of the lease liability using the incremental borrowing rate implicit in the lease to achieve a constant rate of interest on the remaining balance of the liability.

Short-term leases and leases of low-value assets

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

3.10 Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of 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. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance cost.

A contract is considered as onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract.

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

Provision for Bonus points redemption

The Company has a reward point program which allows card members to earn points based on spends through the cards that can be redeemed for cash. The liability for reward points outstanding as at the year-end and expected to be redeemed in the future is estimated based on an actuarial valuation.

3.11 Inventories: Inventory, if any, is valued at cost (arrived on FIFO basis) or net realizable value, whichever is lower.

The cost for inventory valuation includes the amount of tax or other such amount (other than those subsequently recoverable from the taxing authorities such as Input Tax Credit) incurred to bring the goods to the place of its location and condition as at the year end.

3.12 Goods and services tax paid on acquisition of assets or on incurring expenses:

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

- a) When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- b) When receivables and payables are stated with the amount of tax included.

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

3.13 Earning Per Share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

3.14 Contingencies and events occurring after the Balance Sheet date

Events occurring after the date of the Balance Sheet, which provide further evidence of conditions that existed at the Balance Sheet date or that arose subsequently, are considered up to the date of approval of accounts by the Board of Directors, where material.

3.15 Foreign currency transaction

Foreign currency transactions are accounted for at the rates prevailing on the date of the transaction. Exchange differences, if any arising out of transactions settled during the year are recognised in the Statement of Profit and Loss.

Monetary assets and liabilities denoted in foreign currencies as at the Balance Sheet date are translated at the closing exchange rates. Resultant exchange differences, if any, are recognised in the Statement of Profit and Loss and related assets and liabilities are accordingly restated in the Balance Sheet. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency at the Balance Sheet date are reported using exchange rates at the date of the transaction.

3.16 Statutory Reserve

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

3.17 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates

are revised, and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

3.18 Critical judgements and key source of estimation

3.18.1 Critical judgements in applying accounting policies:

3.18.1.1 Business model assessment

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

3.18.2 Key source of estimation uncertainty:

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

3.18.2.1 Effective Interest Rate (EIR) Method

The Company's EIR methodology, as explained in Note 4.1, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle including prepayments and penalty interest and charges.

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

3.18.2.2 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the company estimates the asset's recoverable amount. An asset's recoverable amount is higher of an asset's fair value less cost of disposal and its value in use. Where the carrying amount exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

3.18.2.3 Provision and contingent liabilities

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

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

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

3.18.2.4 Leases- Estimating the Incremental Borrowing Rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

3.18.2.5 Defined employee benefit assets and liabilities

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

3.18.2.6. Card life

Estimation of card life relies on behavioural life trend established basis past customer behaviour/ observed life cycle

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

(Figure in Rupees in millions, unless otherwise stated)

Note 4: Cash and cash equivalents

Particulars	"As at 31 March 2021"	"As at 31 March 2020"	"As at 1 April 2019"
Cash on hand	0.02	0.02	0.01
Balances with bank*	158.82	132.57	260.63
Total	158.84	132.59	260.64

The Company has taken bank overdraft, however, the same is not considered as a part of cash and cash equivalent for cash flow statement.

*includes unspent amount of CSR of Rs. 2.18 mn lying in current account.

Note 5: Trade Receivables

Particulars	"As at 31 March 2021"	"As at 31 March 2020"	"As at 1 April 2019"
Receivable considered good			
- Unsecured			
To be realised within twelve months after reporting date:	309.32	379.21	484.69
To be realised after twelve months after reporting date:	54.59	66.92	153.06
Total	363.91	446.13	637.75
Trade receivable from related party	"As at 31 March 2021"	"As at 31 March 2020"	"As at 1 April 2019"
Bank of Baroda	326.14	381.21	512.31
Subsidiary of Bank of Baroda	0.26	0.50	4.87

Trade receivables are non-interest bearing and are generally on terms of 0 to 90 days.

Trade receivable includes majority receivables from holding company (i.e. Bank of Baroda) and the Company do not perceive any credit risk on that

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person.

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

(Figure in Rupees in millions, unless otherwise stated)

Note 6: Loans and advances

Loans	As At 31st March 2021	As At 31st March 2020	As At 1st April 2019
At Amortised Cost			
A)			
Loan and advance to customer			
To be realised within twelve months after reporting date	7,901.15	4,281.91	2,636.79
To be realised after twelve months after reporting date	873.70	372.49	300.70
Total (A) -Gross	8,774.84	4,654.40	2,937.49
Less: Impairment loss allowance	(1,344.55)	(672.24)	(357.92)
Total (A) - Net	7,430.30	3,982.16	2,579.57
B)			
Secured by lien on Fixed Deposits	247.96	114.54	36.03
Unsecured	8,526.89	4,539.86	2,901.46
Total (B)-Gross	8,774.84	4,654.40	2,937.49
Less: Impairment loss allowance	(1,344.55)	(672.24)	(357.92)
Total (B)-Net	7,430.30	3,982.16	2,579.57
C) Loans in India			
Public Sector	-	-	-
Others	8,774.84	4,654.40	2,937.49
Total (C)- Gross	8,774.84	4,654.40	2,937.49
Less: Impairment loss allowance	(1,344.55)	(672.24)	(357.92)
Total (C) -Net	7,430.30	3,982.16	2,579.57
D)			
standard Advances	8,121.32	4,369.91	2,679.25
Less: Impairment loss allowance	(691.02)	(387.75)	(99.68)
Total	7,430.30	3,982.16	2,579.57
Sub- standard Advances	653.53	284.49	258.24
Less: Impairment loss allowance	(653.53)	(284.49)	(258.24)
Total	-	-	-
Total (D) Gross	8,774.84	4,654.40	2,937.49
Less: Impairment loss allowance	(1,344.55)	(672.24)	(357.92)
Total (D) Net	7,430.30	3,982.16	2,579.57

Note 7: Investments

Particulars	"As at 31 March 2021"	"As at 31 March 2020"	"As at 1 April 2019"
At Amortised Cost	-	-	-
Total	-	-	-

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

(Figure in Rupees in millions, unless otherwise stated)

During the year ending 31st March, 2021 the Company has purchased and sold units of Mutual funds, the details of which are as follows.

Fund Name	Units	Purchased amount	Sales amount
Baroda liquid fund	5,224,640.3580	6,404.15	7,454.10
Baroda overnight plant	988,308.4130	1,049.95	1,050.27
Total	6,212,948.7710	7,454.10	8,504.37

During the year ending 31st March, 2020 the Company has purchased and sold units of Mutual funds, the details of which are as follows.

Fund Name	Units	Purchased amount	Sales amount
Baroda Liquid Fund- Direct Plan Growth	3,268,825.1590	3,480.00	3,480.79
Total	3,268,825.1590	3,480.00	3,480.79

Note 8: Other financial assets

Particulars	"As at 31 March 2021"	"As at 31 March 2020"	"As at 1 April 2019"
To be realised within twelve months after reporting date:			
Unsecured considered good			
Advance to employees	1.46	2.16	2.90
Advance Others	0.18	0.06	0.04
Advance towards Gratuity fund	0.13	-	4.12
Advance to Vendor	2.88	0.75	0.26
Unrecovered Merchant Payment	24.11	6.19	0.91
Recoverable towards Settlement Agency	79.12	31.09	118.89
Recoverable from Oil Marketing Company	4.91	14.06	27.04
Receivable from Government	10.58	-	-
Insurance receivable	0.02	-	-
Chargeback recoverable	7.60	19.20	25.82
Less: Impairment allowance	(1.13)	(11.64)	(14.14)
To be realised after twelve months after reporting date:			
Unsecured considered good			
Security deposits	12.66	4.13	3.70
Total	142.51	65.99	169.53

Note 9: Deferred Tax Assets

Particulars	"As at 31 March 2021"	"As at 31 March 2020"	"As at 1 April 2019"
Deferred tax assets	441.86	238.43	154.85
Total	441.86	238.43	154.85

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

(Figure in Rupees in millions, unless otherwise stated)

The following table shows deferred tax recorded in the balancesheet and charges recorded in the income tax expense for the year ended 31st March 2021.

Deferred tax assets (liabilities)	opening balance	Recongnised in profit and loss (expense)/ Income	Recongnised in other comprehensive income	Closing balance as on 31st March 2021
Property plant and equipment	70.14	16.09	-	86.22
Provision for expenses	22.15	9.46	(0.57)	31.04
ECL provision	182.84	185.33	-	368.17
Deferred revenue	7.03	11.19	-	18.22
Amortisation of Card acquisition cost	(44.29)	(18.99)	-	(63.28)
Processing fees	0.55	1.19	-	1.74
Debt issue expenses	-	(0.26)	-	(0.26)
Total	238.43	204.00	-0.57	441.86

The following table shows deferred tax recorded in the balancesheet and charges recorded in the income tax expense for the year ended 31st March 2020.

Deferred tax assets (liabilities)	opening balance	Recongnised in profit and loss (expense)/ Income	Recongnised in other comprehensive income	Closing balance as on 31st March 2020
Property plant and equipment	53.39	16.75	-	70.14
Provision for expenses	20.11	0.04	1.99	22.15
ECL provision	92.09	90.75	-	182.84
Deferred revenue	3.39	3.65	-	7.03
Amortisation of Card acquisition cost	(14.33)	(29.96)	-	(44.29)
Processing fees	0.20	0.35	-	0.55
Total	154.85	81.58	1.99	238.43

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

(Figure in Rupees in millions, unless otherwise stated)

Note 10: Property, plant and equipment

Particulars	Computers & Printers	EDC Machines	Office Equipments	Furniture & Fixtures	Plant & Machinery	Vehicles	Total
Gross block							
Deemed cost as at April 01, 2019	10.57	360.54	2.14	4.41	2.05	0.76	380.47
Additions	16.63	-	1.60	0.51	0.54	-	19.29
Disposals	(0.97)	(0.14)	(0.07)	(0.02)	-	-	(1.21)
At March 31, 2020	26.23	360.40	3.68	4.90	2.59	0.76	398.55
Additions	7.97	-	7.25	1.73	1.00	-	17.95
Disposals	(0.06)	(0.66)	(0.07)	(0.04)	-	-	(0.83)
At March 31, 2021	34.14	359.74	10.86	6.59	3.59	0.76	415.67
Depreciation and impairment:							
At April 01, 2019	(0.08)	(0.03)	(0.01)	(0.00)	-	-	(0.13)
Disposals	6.70	141.22	1.32	1.23	0.16	0.31	150.94
Depreciation charge for the year	6.62	141.19	1.31	1.22	0.16	0.31	150.81
At March 31, 2020	(0.02)	(0.49)	(0.04)	(0.02)	-	-	(0.57)
Disposals	9.07	125.95	2.05	1.02	0.20	0.14	138.43
Depreciation charge for the year	15.67	266.65	3.32	2.23	0.36	0.45	288.67
At March 31, 2021	10.57	360.54	2.14	4.41	2.05	0.76	380.47
Net book value:							
At April 01, 2019	19.61	219.21	2.37	3.67	2.43	0.45	247.75
At March 31, 2020	18.47	93.09	7.53	4.36	3.23	0.31	127.00
At March 31, 2021							

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

(Figure in Rupees in millions, unless otherwise stated)

Note 11: Right-of-use assets

Particulars	Right-of-use Building
Gross block	
At April 01, 2019	105.34
Additions	-
Disposals	-
At March 31, 2020	105.34
Additions	93.51
Disposals	(49.20)
At March 31, 2021	149.65
Depreciation and impairment:	
At April 01, 2019	-
Disposals	-
Depreciation charge for the year	39.90
At March 31, 2020	39.90
Disposals	-
Depreciation charge for the year	28.47
At March 31, 2021	68.37
Net book value:	
At April 01, 2019	105.34
At March 31, 2020	65.44
At March 31, 2021	81.28

Note 12: Other intangible assets

Particulars	Computer Software
Gross block	
Deemed cost as at April 01, 2019	12.11
Additions	1.50
Disposals	-
At March 31, 2020	13.61
Additions	24.22
Disposals	(3.71)
At March 31, 2021	34.12
Accumulative amortisation and impairment:	
At April 01, 2019	-
Disposals	-
Amortisation for the year	2.95
At March 31, 2020	2.95
Disposals	(1.05)
Amortisation for the year	2.86
At March 31, 2021	4.76
Net book value:	
At April 01, 2019	12.11
At March 31, 2020	10.66
At March 31, 2021	29.37

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

(Figure in Rupees in millions, unless otherwise stated)

Note 13: Other non-financial assets

Particulars	"As at 31 March 2021"	"As at 31 March 2020"	"As at 1 April 2019"
To be realised within twelve months after reporting date:			
Unsecured considered good			
Goods & service tax credit (input) receivable	148.59	40.11	32.35
Prepaid expenses			
Unamortised card acquisition cost (contract asset)	58.62	36.33	12.01
Unamortised borrowing cost (OD processing charges)	-	0.75	-
Deferred lease expenses	2.26	-	-
Deferred employee cost	-	0.98	1.66
Prepaid expenses	13.93	11.73	6.61
To be realised after twelve months after reporting date:			
Unsecured considered good			
Unamortised card acquisition cost (contract asset)	158.68	115.76	37.18
Advance tax (net of Provisions for taxation and tax deducted at source)	291.71	211.01	93.23
Prepaid expenses	1.73	0.25	0.38
Total	675.52	416.92	183.43

Note 14: Payables

Particulars	"As at 31 March 2021"	"As at 31 March 2020"	"As at 1 April 2019"
Payable within twelve months after reporting date:			
Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises	1.69	0.44	0.83
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	70.54	152.77	67.03
Total	72.23	153.20	67.86

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

(Figure in Rupees in millions, unless otherwise stated)

Disclosures under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	"As at 31 March 2021"	"As at 31 March 2020"	"As at 1 April 2019"
i) Principal amount remaining unpaid	1.69	0.44	0.83
ii) Interest due thereon remaining unpaid	Nil	Nil	Nil
iii) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	Nil	Nil	Nil
iv) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	Nil	Nil	Nil
v) Interest accrued and remaining unpaid	Nil	Nil	Nil
vi) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	Nil	Nil	Nil

The above information has been compiled in respect of parties to the extent to which they could be identified as Micro, Small and Medium Enterprises, on the basis of information available with the Company. This has been relied upon by the auditors.

Note 15: Debt securities

particulars	As At 31st March 2021	As At 31st March 2020	As At 1st April 2019
At Amortised cost			
Unsecured:			
- To be settled within twelve months after reporting date;			
Commercial paper	3,565.17	-	-
- To be settled after twelve months after reporting date;			
Debentures	499.11	-	-
Total (A)	4,064.28	-	-
Debt securities in India	4,064.28	-	-
Debt securities outside India	-	-	-
Total (B) to tally with (A)	4,064.28	-	-

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

(Figure in Rupees in millions, unless otherwise stated)

Particulars of Unsecured Redeemable Non Convertible Debentures

Particulars	"As at 31 March 2021"	"As at 31 March 2020"	"As at 1 April 2019"
Unsecured Redeemable Non Convertible Debentures			
7.65 % Unsecured Tier II NCD of Rs.10,00,000 each INE027208011 (Redeemable at par in March'2031)	500.00		
Total	500.00	-	-
Less: Unamortized Expense	0.89	-	-
Total	499.11	-	-

Particulars of Commercial paper

Particulars	Rate of interest	Date of maturity	"As at 31 March 2021"	"As at 31 March 2020"	"As at 1 April 2019"
Commercial Papers					
Commercial Paper-INE027214100	3.80	5/28/2021	1,250.00	-	-
Commercial Paper-INE027214118	3.78	6/29/2021	1,250.00	-	-
Commercial Paper-INE027214050	6.15	7/2/2021	1,100.00	-	-
Total			3,600.00	-	-
Less: Unamortized discount			34.83	-	-
Total			3,565.17	-	-

Note 16: Borrowings other than debt securities & Leased liabilities

Particulars	As At 31st March 2021	As At 31st March 2020	As At 1st April 2019
At Amortised Cost			
Unsecured			
To be settled within twelve months after reporting date;			
Working capital loan			
(a) From banks (Related party)	903.45	179.88	995.19
(b) From Bank (other than Related Party)	1,600.00	2,555.69	-
(c) Leased liabilities	14.68	20.44	36.70
To be settled after twelve months after reporting date;			
(a) Leased liabilities	66.52	47.53	67.47
Total (A)	2,584.65	2,803.53	1,099.36
Borrowings in India	2,584.65	2,803.53	1,099.36
Total (B) to tally with (A)	2,584.65	2,803.53	1,099.36

The Company has been regular with repayment of interest and principal on all its borrowings and there is no overdue on the reporting date.

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

(Figure in Rupees in millions, unless otherwise stated)

Terms of repayment:

Term loans from Banks : Unsecured

Lender Name	Tenure (months)	"As at 31 March 2021"	"As at 31 March 2020"	"As at 1 April 2019"
HDFC Bank	12 months	1,000.00	555.69	-
Hongkong & shanghai Banking Corporation	12 months	600.00	2,000.00	-
Bank of Baroda	12 months	903.45	179.88	995.19
Total Borrowings other than debt securities, above		2,503.45	2,735.57	995.19

Net Debt Reconciliation for the year ended 31st March 2021

Particulars	Opening bal	Cash flow	Non Cash changes		Closing balance
			Interest / amortisation	others	
Commercial paper	-	3,565.17	-	-	3,565.17
Debenture	-	499.11	-	-	499.11
working capital loan	2,735.57	(232.11)	-	-	2,503.45
leased liabilities	67.97	-	7.34	5.89	81.20
Total	2,803.53	3,832.17	7.34	5.89	6,648.93

Net Debt Reconciliation for the year ended 31st March 2020

Particulars	Opening bal	Cash flow	Non Cash changes		Closing balance
			Interest / amortisation	others	
Working capital loan	995.19	1,740.37	-	-	2,735.57
Leased liabilities	104.17	-	7.49	43.69	67.97
Total	1,099.36	1,740.37	7.49	43.69	2,803.53

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

(Figure in Rupees in millions, unless otherwise stated)

Note 17: Other financial liabilities

Particulars	"As at 31 March 2021"	"As at 31 March 2020"	"As at 1 April 2019"
Liabilities to be settled within twelve months after reporting date			
Credit Balance In Cancelled Cards	1.62	1.31	1.62
Insurance Claim Payable	0.28	0.35	1.71
Charge back hold	11.07	17.96	23.11
Merchant payment on hold	20.79	75.90	225.51
Payable to merchant	-	-	215.88
Onus Chargeback	6.72	8.46	3.12
Other Payable	12.15	2.43	36.44
Payable to employees	0.25	0.41	0.78
Advance from customers	104.47	63.09	-
Liabilities to be settled after twelve months after reporting date			
Refundable Deposit	6.30	6.63	3.75
Merchant payment on hold	6.93	25.30	75.17
Total	170.58	201.84	587.08

Note 18: Provisions

Particulars	"As at 31 March 2021"	"As at 31 March 2020"	"As at 1 April 2019"
Provision for employee benefits			
Liabilities to be settled within twelve months after reporting date			
Gratuity	-	0.20	-
Staff incentive	0.44	21.54	24.50
Liabilities to be settled after twelve months after reporting date			
Provision for compensated absences	17.67	21.59	33.62
Others			
Liabilities to be settled within twelve months after reporting date			
Provision for Reward Point Expenses	81.33	35.91	24.65
Provision for CSR activities	1.91	3.90	-
Provision For Expenses	336.92	245.13	132.14
Liabilities to be settled after twelve months after reporting date			
Provision for Reward Point Expenses	-	6.34	4.35
Total	438.27	334.60	219.27

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

(Figure in Rupees in millions, unless otherwise stated)

Note 19: Other Non-financial liabilities

Particulars	"As at 31 March 2021"	"As at 31 March 2020"	"As at 1 April 2019"
Liabilities to be settled within twelve months after reporting date			
Statutory dues payable	166.54	93.68	70.03
Unearned Income	1.86	-	-
Contract liability (deferment of annual fees)	62.57	24.16	11.64
Total	230.97	117.84	81.67

Note 20: Equity Share Capital**The reconciliation of equity shares outstanding at the beginning and at the end of the period**

Authorised Share capital	"As at 31 March 2021"	"As at 31 March 2020"	"As at 1 April 2019"
40,00,00,000 (P.Y. 20,00,00,000) Equity Shares of Rs 10/- Each	4,000.00	2,000.00	2,000.00
	4,000.00	2,000.00	2,000.00
Issued and fully paid up			
17,50,00,000 (P.Y. 17,50,00,000) Equity Shares of Rs 10/- each fully paid up	1,750.00	1,750.00	1,750.00
Total	1,750.00	1,750.00	1,750.00

Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the year

Particulars	" As at 31 March 2021 "		As at March 31, 2020		As at April 01, 2019	
	Number of shares	Rs. In million	Number of shares	Rs. In million	Number of shares	Rs. In million
At the beginning of the reporting year	175,000,000	1,750.00	175,000,000	1,750.00	175,000,000	1,750.00
Add: Issued during the year- Preferential allotment	-	-	-	-	-	-
At the close of the reporting year	175,000,000	1,750.00	175,000,000	1,750.00	175,000,000	1,750.00

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

(Figure in Rupees in millions, unless otherwise stated)

Equity Shares

The Company has only one class of equity shares having a par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend, if any, is proposed by the Board of Directors and is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Details of shareholders holding more than 5% shares in the Company**Equity Shares**

Particulars	31 March 2021		31 March 2020		01 April 2019	
	Number in million	% holding in the class	Number in million	% holding in the class	Number in million	% holding in the class
Bank of Baroda	175	100.00%	175	100.00%	175	100.00%

* The Bank holds 17,49,99,300 shares in its own name and the balance shares through its -7- nominee shareholders holding 100 shares each.

Note 21: Other Equity

Particulars	"As at 31 March 2021"	"As at 31 March 2020"	"As at 1 April 2019"
Statutory Reserve pursuant to Section 45-IC of the RBI Act, 1934	352.17	352.17	352.17
Retained Earning	(191.66)	(97.04)	338.32
Total	160.51	255.14	690.50

a) Statutory Reserve pursuant to Section 45-IC of the RBI Act, 1934

Particulars	"As at 31 March 2021"	"As at 31 March 2020"	"As at 1 April 2019"
Opening Balance	352.17	352.17	352.17
Add: Transfer from Surplus in the Statement of Profit and Loss	-	-	-
Closing Balance	352.17	352.17	352.17

b) Retained earning

Particulars	"As at 31 March 2021"	"As at 31 March 2020"	"As at 1 April 2019"
Opening Balance	(97.04)	338.32	374.42
Less : Loss during the year	(96.01)	(430.51)	(36.10)
Add: Adjustment for Other Comprehensive income	1.39	(4.85)	-
Closing Balance	(191.66)	(97.04)	338.32

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

(Figure in Rupees in millions, unless otherwise stated)

Nature and purpose of Reserves**Statutory reserve**

The Company created a reserve pursuant to section 45 IC the Reserve Bank of India Act, 1934 by transferring amount not less than twenty per cent of its net profit every year as disclosed in the Statement of Profit and Loss and before any dividend.

Note 22: Interest income

Particulars	March 31, 2021	March 31, 2020
On financial assets measured at amortised cost		
Interest on credit card loans	1,100.96	839.31
Other interest	0.42	0.35
Total	1,101.39	839.66

Note 23: Income from fees and services

Particulars	March 31, 2021	March 31, 2020
Income from Fees	982.65	624.62
Income from Merchant Operations	1,237.36	1,464.53
Income from Debit Card Operations	64.81	83.17
Total	2,284.82	2,172.32

Note 24: Other income

Particulars	March 31, 2021	March 31, 2020
Income from mutual fund	4.47	0.79
Provision for standard assets written back	-	10.42
Liability no longer required written back	108.82	78.87
Reversal of Provision for loss due to fraud	2.33	-
Profit on derecognition of lease assets	5.56	-
Profit on sale of fixed assets	0.77	0.22
Miscellaneous income	0.15	11.03
Bad Debts Recovered	11.71	10.81
Total	133.82	112.15

Note 25: Finance Cost

Particulars	March 31, 2021	March 31, 2020
At Amortised Cost		
Interest on lease liability	7.34	7.49
Interest on borrowings	180.50	122.67
Interest on Commercial Paper and Bonds	89.55	31.66
Interest on Debentures	2.41	-
Total	279.80	161.83

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

(Figure in Rupees in millions, unless otherwise stated)

Note 26: Impairment on financial instruments

Particulars	March 31, 2021	March 31, 2020
(i) Loans	672.31	314.32
(ii) Others receivable	(10.51)	7.92
(iii) Bad debts written off	174.86	149.93
(iv) Balance written off	16.17	10.46
Total	852.83	482.63

Note 27: Employee benefit expenses

Particulars	March 31, 2021	March 31, 2020
Salaries and wages	537.30	462.22
Contribution to provident and other funds	39.39	34.67
Staff welfare expenses	8.31	9.52
Total	585.00	506.41

Note 28: Other expenses

Particulars	March 31, 2021	March 31, 2020
Wages & Salaries to Substaff -Contractor	379.92	449.02
Business Promotion expenses	239.48	163.51
Postage & Courier	20.76	41.15
Software/ I.T. Expenses	57.34	50.53
Travelling Expenses	10.06	13.39
Legal and Professional	19.87	29.58
Share Issue Expenses	10.87	-
Printing & Stationery	7.39	14.41
Bank Charges	26.07	14.16
Fixed Asset Written Off	2.74	0.74
Repairs & Maintenance	5.97	13.38
Communication Expenses	48.69	33.58
Insurance Expenses	10.91	13.96
Electricity Expenses	4.58	5.44
Advertisement Expenses	0.27	1.05
Other Administrative Expenses	10.26	23.84
Foreign Exchange Fluctuation Loss	0.59	0.54
Rate& Taxes	0.61	0.09
Rent	35.18	19.55
"Auditors Remuneration"		
- as auditor	0.79	0.37
- tax audit fees	0.18	0.17
- for certification	0.40	0.07
Miscellaneous Expenses	0.03	0.06
Director's sitting fees	0.39	0.29
Losses due to frauds	-	3.74
Interchange fees	364.03	940.41
EDC Processing Charges	124.42	132.03
GPRS Connectivity Charges (POS)	16.58	18.22

Particulars	March 31, 2021	March 31, 2020
Scheme charges	263.96	181.92
Card Verification Charges	40.79	67.86
Card issuance cost	23.79	27.67
Documents verification charges debited (net)	(3.25)	5.25
Consumption of Credit Card Plastic	3.73	2.84
Card embossing charges	1.24	0.93
Bonus Point expenses	139.76	59.15
Recovery Agent Charges	91.73	48.48
Data Processing Charges	5.71	0.97
Consumption of Debit Card Plastic	18.76	15.74
Debit card Operation expenses	16.05	25.22
Total	2,000.63	2,419.29

Details of CSR expenditure:

- a. Gross amount required to be spent by the Company during the year 2020-21 -Nil (Previous year - Rs. 4.58 mn)
b. Amount spent during the year ending

Particulars	2020-21		2019-20	
	In cash*	Yet to be paid in cash	In cash*	Yet to be paid in cash
i Construction/Acquisition of any assets	Nil	Nil	Nil	Nil
ii Purposes other than (i) above	Nil	Nil	0.68	Nil

c. Related party transactions in relation to Corporate Social Responsibility : N.A.

d. Provision movement during the year

Particulars	March 31, 2021	March 31, 2020
Opening provision	3.90	Nil
Addition during the year	-	4.58
Utilised during the year*	(2.00)	(0.68)
Closing provision	1.90	3.90

* Represents actual outflow during the year.

Note 29: Earnings per share

Basic earnings per share (EPS) is calculated by dividing the net profit for the year attributable to equity holders of Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the net profit attributable to equity holders of Company (after adjusting for interest on the convertible preference shares and interest on the convertible bond, in each case, net of tax) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Particulars	March 31, 2021	March 31, 2020
Following reflects the profit and share data used in EPS computations:		
Basic/ Diluted		
Weighted average number of equity shares for computation of Basic EPS	175,000,000.00	175,000,000.00
Net profit for calculation of basic EPS	(94.62)	(435.36)
Basic earning per share (In Rs.)	(0.54)	(2.49)

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

(Figure in Rupees in millions, unless otherwise stated)

Diluted

Weighted average number of equity shares for computation of Diluted EPS	175,000,000.00	175,000,000.00
Net profit for calculation of Diluted EPS	(94.62)	(435.36)
Diluted earning per share (In Rs.)	(0.54)	(2.49)

Nominal / Face Value of equity shares (In Rs.)	10.00	10.00
--	-------	-------

Note 30: Income tax

The components of income tax expense for the year ended March 31, 2021 and March 31, 2020 are:

Profit or loss section	March 31, 2021	March 31, 2020
Current income tax:		
Income tax - Current year	74.68	-
Deferred tax- Current year	(204.00)	(81.58)
Income tax expense reported in the statement of profit or loss	(129.32)	(81.58)
Other Comprehensive Income section	March 31, 2021	March 31, 2020
Deferred tax expense recognised in Other comprehensive income	(0.57)	1.99
Income tax expense reported in the Other Comprehensive section	(0.57)	1.99
Reconciliation of tax expense and the accounting profit	March 31, 2021	March 31, 2020
Profit/(loss) before tax from a continuing operations	(225.34)	(512.09)
Income tax rate (as on March 31, 2021)	29.12%	29.12%
Income tax expenses	(65.62)	-
Tax effect of:		
Others adjustments	140.29	-
deferred tax on timing difference	(204.00)	(81.58)
Income tax expense recognised in the statement of profit and loss	(129.33)	(81.58)

* The Company may adopt taxation regime under section 115BAA under Income tax Act for year under review. The tax rate under 115BAA is at 25.168%

Note 31: Retirement benefit plan**i) Defined contribution plan**

The Company makes Contribution which are defined contributions plans, for qualifying employees. Under the schemes, the company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the Company are at rates specified in the rules of scheme. During the year, the Company has recognised the following amounts in the Statement of profit and loss:

Particulars	" Year ended 31 March 2021 "	" Year ended 31 March 2020 "
Employers' Contribution to Employee's Provident Fund ¹	29.81	28.25
Employee State Insurance Corporations (ESIC)	0.70	0.60
Contribution to National Pension Scheme	2.27	1.03
Labour Welfare Fund	0.02	0.02
Total	32.80	29.90

¹ Provident fund is a defined contribution plan. The contribution towards provident fund has been deposited with Regional Provident Fund Commissioner and is charged to Statement of Profit and Loss.

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

(Figure in Rupees in millions, unless otherwise stated)

ii) Defined benefit plan

The Company has a defined benefit gratuity plan (unfunded). The company's defined benefit gratuity plan is a final salary plan for employees, which requires contributions to be made to a separately administered fund. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and last drawn salary.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

a) Change in bond yields -

A decrease in government bond yields will increase plan liabilities.

b) Inflation risk -

The present value of some of the defined benefit plan obligations are calculated with reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

c) Life expectancy -

The present value of defined benefit plan obligation is calculated by reference to the best estimate of the mortality of plan participants, both during and after the employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

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

Table showing change in the present value of projected benefit obligation

Particulars	" As at March 31, 2021 "	" As at March 31, 2020 "
Change in benefit obligations		
Present value of benefit obligation at the beginning of the year	36.93	23.71
Interest on defined benefit obligation	2.11	1.79
Current Service cost	6.79	5.29
Liability Transferred In/Acquisition	-	-
(Benefit Paid From the Fund)	-	(0.32)
Actuarial (Gains) on Obligations - Due to Change in Demographic Assumptions	-	3.82
Actuarial (Gains) on Obligations - Due to Change in Financial Assumptions	0.33	2.17
Actuarial Losses on Obligations - Due to Experience	(1.84)	0.47
Liability at the end of the year	44.32	36.93

Table Showing Change in the Fair Value of Plan Assets

Particulars	" As at March 31, 2021 "	" As at March 31, 2020 "
Fair Value of Plan Assets at the Beginning of the Period	36.73	27.83
Interest income	2.30	2.32
Contributions by the Employer	4.96	7.29
Benefit Paid From the Fund	-	(0.32)
Return on Plan Assets, Excluding Interest Income	0.45	(0.39)
Fair Value of Plan Assets at the End of the Period	44.45	36.73

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

(Figure in Rupees in millions, unless otherwise stated)

Amount recognized in the Balance Sheet

Particulars	"As at March 31, 2021"	"As at March 31, 2020"	"As at April 01, 2019"
Present value of unfunded defined benefit obligation	44.32	36.93	23.71
Amount not recognized due to asset limit	(44.45)	(36.73)	(27.83)
Net defined benefit liability / (asset) recognized in balance sheet	(0.13)	0.20	(4.12)
Current	(0.13)	0.20	(4.12)
Non-current	-	-	-

Expenses recognized in the Statement of Profit and Loss

Particulars	"As at March 31, 2021"	"As at March 31, 2020"
Current service cost	6.79	5.29
Interest on net defined benefit liability / (asset)	(0.20)	(0.52)
Total expense charged to profit and loss account	6.59	4.77

Expenses recognized in the Other comprehensive income (OCI)

Particulars	"As at March 31, 2021"	"As at March 31, 2020"	"As at April 01, 2019"
Opening amount recognized in OCI outside profit and loss account			
Remeasurements during the period due to			
Changes in financial assumptions	0.33	2.17	-
Changes in demographic assumptions	-	3.82	-
Return on plan assets excluding amounts included in interest income	(0.45)	0.39	(1.02)
Experience adjustments	(1.84)	0.47	(2.69)
Closing amount recognized in OCI outside profit and loss account	(1.96)	6.84	(3.71)

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

(Figure in Rupees in millions, unless otherwise stated)

The actuarial assumptions used to determine benefit obligations as at March 31, 2021, March 31, 2020 and April 01, 2019 are as follows:

Particulars	" As at March 31, 2021"	" As at March 31, 2020"	" As at April 01, 2019"
Discount Rate	6.05% p.a.	6.20% p.a.	7.75% p.a.
Expected return on plan assets	6.05% p.a.	6.20% p.a.	7.75% p.a.
Retirement Age (years):	60 years	60 years	60 years
Mortality tables	2012-14	2012-14	2006-08
withdrawal rates per annum			
25 & below	18%	18%	15%
25 to 35	18%	18%	15%
35 to 45	18%	18%	3%
45 to 55	18%	18%	2%
55 and above	18%	18%	1%
Salary escalation rate	8.00% p.a for next 1 years & 6.00% p.a thereafter	8.00% p.a for next 2 years & 6.00% p.a thereafter	9.00% p.a for next 3 years & 6.00% p.a thereafter

Balance sheet reconciliation

Particulars	" As at March 31, 2021"	" As at March 31, 2020"	" As at April 01, 2019"
Opening net liability	0.20	(4.12)	2.18
Expenses recognized in Statement of Profit and Loss	6.59	4.77	3.23
Expenses recognized in OCI	(1.96)	6.84	(3.71)
Employer's Contribution	(4.96)	(7.29)	(5.82)
Net liability recognized in the Balance Sheet	(0.13)	0.20	(4.12)

Cash Flow Projection

Expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date

Particulars	" As at March 31, 2021"	" As at March 31, 2020"	" As at April 01, 2019"
Expected benefits for year 1	6.44	5.90	1.11
Expected benefits for year 2	5.95	5.22	1.13
Expected benefits for year 3	5.67	4.87	1.03
Expected benefits for year 4	5.99	5.02	1.03
Expected benefits for year 5	5.46	4.36	1.60
Expected benefits for year 6 to 10 years cash flow	18.44	14.91	6.59

Sensitivity analysis

Particulars	" As at March 31, 2021"	" As at March 31, 2020"	" As at April 01, 2019"
Projected benefit obligation on current assumptions			
Delta effect of +0.5% change in rate of discounting	43.24	36.06	22.32
Delta effect of -0.5% change in rate of discounting	45.45	37.85	25.22
Delta effect of +0.5% change in rate of salary increase	45.36	37.78	24.55
Delta effect of -0.5% change in rate of salary increase	43.27	36.09	22.76

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

(Figure in Rupees in millions, unless otherwise stated)

Note 32: Maturity analysis of assets and liabilities

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

Particulars	31-Mar-21		31-Mar-20		1-Apr-19	
	Within 12 months	After 12 months	Within 12 months	After 12 months	Within 12 months	After 12 months
Assets						
Financial assets						
Cash and cash equivalents	158.84	-	132.59	-	260.64	-
Bank Balance other than above	-	-	-	-	-	-
Trade Receivables	309.32	54.59	379.21	66.92	484.69	153.06
Loans	7,225.75	204.55	3,894.16	88.00	2,537.11	42.46
Other financial assets	129.85	12.66	61.86	4.13	165.83	3.70
Non-financial Assets						
Inventory	-	1.00	-	10.08	-	10.81
Current tax assets (net)	-	441.86	-	238.43	-	154.85
Property, plant and equipment	-	127.00	-	247.75	-	380.47
Right-of-use assets	17.73	63.55	21.03	44.41	-	105.64
Intangible assets under development	-	19.91	-	-	-	0.93
Other intangible assets	-	29.37	-	10.66	-	12.11
Other non financial assets	223.40	452.12	89.91	327.02	52.63	130.80
Total assets	8,064.89	1,406.61	4,578.76	1,037.39	3,500.90	994.84
Liabilities						
Financial Liabilities						
Payables						
Trade Payables						
(i) total outstanding dues of micro enterprises and small enterprises	1.69	-	0.44	-	0.83	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	70.54	-	152.77	-	67.03	-
Debt Securities	3,565.17	499.11	-	-	-	-
Borrowings (other than debt securities)	2,518.13	66.52	2,756.00	47.53	1,031.89	67.47
Other Financial liabilities	157.36	13.22	169.92	31.93	508.17	78.92
Non-financial Liabilities						
Provisions	420.60	17.67	306.68	27.92	181.30	37.97
Other non-financial liabilities	230.97	-	117.84	-	81.67	-
Total Liabilities	6,964.46	596.52	3,503.64	107.38	1,870.88	184.36
Net	1,100.42	810.09	1,075.12	930.01	1,630.02	810.48
						2,440.49

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

(Figure in Rupees in millions, unless otherwise stated)

Note 33: Revenue from Contract with Customer

The Company derives revenue from a variety of service contract with customers which are governed by IND AS 115 such as interchange income, annual fees, business development incentives and other fees etc. Below table shows revenue from contract with customer.

Revenue from services	March 31, 2021	March 31, 2020
Income from fees and services	2,284.82	2,172.32
Income from Consultancy	114.48	117.51
Business development incentives	28.19	15.09
Total	2,427.49	2,304.91

Disaggregation of Revenue:

The Company is engaged in the business of issuing credit cards to consumers in India. It also provides support to Bank of Baroda by carrying out its merchant acquiring operations and manpower/consultancy services. The segment wise bifurcation is provided in note no 38.

Receivable from contract with customers and contract balance

Particulars	March 31, 2021	March 31, 2020
Trade receivables	363.91	446.13
Total	363.91	446.13
To be realised within twelve months after reporting date:	309.32	379.21
To be realised after twelve months after reporting date:	54.59	66.92
Trade receivables include unbilled revenue	79.69	310.27

Contract Cost

Cost of acquiring a customer is the incremental cost of obtaining the contract with customer, which is recognised in the profit and loss statement over the behavioural life of the customer i.e 5 years.

Particulars	March 31, 2021	March 31, 2020
Opening Balance	152.09	49.19
Capitalised during the year	114.10	130.95
Amortised during the year	48.88	28.06
Closing balance	217.30	152.09
To be realised within twelve months after reporting date:	58.62	36.33
To be realised after twelve months after reporting date:	158.68	115.76

The unamortised contract cost are disclosed in note:13 to financial statements.

Contract liabilities

The company sell credit card to card holders, income earned from customer as card fees is recognised as revenue over the period of 12 months.

Particulars	March 31, 2021	March 31, 2020
Opening Balance	24.16	11.64
Capitalised during the year	116.14	49.68
Amortised during the year	77.72	37.17
Closing balance	62.57	24.16
To be realised within twelve months after reporting date:	62.57	24.16
To be realised after twelve months after reporting date:	Nil	Nil

The Contract Liabilities are disclosed in note:19 to financial statements.

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

(Figure in Rupees in millions, unless otherwise stated)

Note 34: Contingent liabilities, commitments

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

Contingent Liabilities not provided for in respect of:

Particulars	March 31, 2021	March 31, 2020	April 1, 2019
Income tax matters - appeals by Company	Nil	0.77	6.03
Claim filed against the Company in consumer court	3.63	0.23	0.88
Total	3.63	0.99	6.91

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

(Figure in Rupees in millions, unless otherwise stated)

Note 35: Related party disclosures

Relationship

Holding Company
Subsidiary company
Other Group Companies

Name of the party

Bank of Baroda
Nil
i) Subsidiaries of holding company
The Nainital Bank Limited
Bank of Baroda (Kenya) Limited
Bank of Baroda (Uganda) Limited
Bank of Baroda (Guyana) Inc
Bank of Baroda (UK) Limited
Bank of Baroda (Tanzania) Limited
Bank of Baroda (Trinidad & Tobago) Ltd.
Bank of Baroda (New Zealand) Ltd.
Bank of Baroda (Botswana) Limited
BOB Capital Markets Limited
Baroda Global Shared Services Ltd
Baroda Asset Management India Limited
Baroda Trustee India Private Limited
BOB (UK) Ltd.

ii) Associates company of holding company
Baroda Uttar Pradesh Gramin Bank
Baroda Rajasthan Kshetriya Gramin Bank
"Baroda Gujarat Gramin Bank"
Indo- Zambia Bank Ltd (Lusaka)
India International Bank Malaysia Berhad

iii) Joint venture of holding company
India First Life Insurance Company Limited
India Infra debt Limited

Name
Key Management Personnel
Shri Sanjiv Chadha
Shri Vikramaditya S Khichi
Shri Rajneesh Sharma
Shri Purshotam
Ms. Archana Pandey
Shri Kalidindi Satyanarayana Raju
Shri Atul Malik
Shri Sharad Sarin
Shri Manish Banerjee
Shri Shailendra Singh
Ms. Pooja Karnani
Ms. Deepashri Cornelius

Designation

(Chairman) (w.e.f 01st May 2020)
(Executive Director)
(Non-executive Director) (upto 10th November 2020)
(Non-executive Director) (w.e.f 11th November 2020)
(Non-executive Director)
(Non-executive Director) (upto 09th March 2021)
(Independent Director)
(Independent Director)
Managing Director & CEO (upto 05th June 2020)
(Managing Director & CEO) (w.e.f 06th June 2020)
(Chief Financial Officer)
Company Secretary

Related Party transactions during the year:

Particulars	Holding Company		Associates / Enterprises owned or significantly influenced by Key Management Personnel or their relatives		Key Management Personnel	
	" 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"
Transactions						
1. MDR Subvention	61.74	247.83	-	-	-	-
2. Revenue From Debit Card Operations	55.50	77.97	9.31	5.20	-	-
3. Service Charges	411.52	163.15	-	-	-	-
4. Income from Consultancy service	114.48	117.51	-	-	-	-
5. POS Charges	68.06	133.05	-	-	-	-
6. Income from mutual fund investments	-	-	4.47	0.79	-	-
7. DST Expenses paid / (recovered)	(0.28)	-	-	-	-	-
8. Rent	15.64	20.40	-	-	-	-
9. Interest on Short term borrowings	11.86	68.83	-	-	-	-
10. Bank Charges	25.26	13.74	-	-	-	-
11. Insurance Expenses	-	-	0.27	1.49	-	-
12. Card issuance cost	-	-	52.31	48.24	-	-
13. Director's - Employee Benefit Expenses	-	-	-	-	5.35	4.79
14. Director's - sitting fees	-	-	-	-	0.39	0.29
15. Key Managerial Persons - Employee Benefit Expenses	-	-	-	-	7.71	8.24
16. Visa Other Charges	90.50	-	-	-	-	-
17. Gratuity premium paid	-	-	4.96	7.29	-	-
18. Royalty for Logo	0.50	0.50	-	-	-	-
B. Balance Receivables at year end						
1. Trade Receivables	326.14	381.21	0.26	0.50	-	-
2. Loan and advance to customer	-	-	-	-	0.33	0.14
3. Advance to vendor	-	-	0.02	0.01	-	-
4. Cash and cash equivalents	123.09	123.28	-	-	-	-
5. Gratuity (Life Insurance Fund)	-	-	44.45	36.73	-	-
C. Balance Payables at year end						
1. Borrowings (other than debt securities)	903.45	179.88	-	-	-	-
2. Trade Payables	-	34.69	19.90	15.57	-	-
3. Provisions	92.62	25.29	12.57	-	-	-
4. Other financial liabilities	12.15	2.43	-	-	-	-

Note:

- Related parties have been identified on the basis of the declaration received by the management and other records available.
- Provisions for gratuity, compensated absences and other long term service benefits are made for the Company as a whole and the amounts pertaining to the key managerial personnel are not specifically identified and hence are not included above.
- The Company enters into transactions, arrangements and agreements involving related parties in the ordinary course of business under the same commercial and market terms, interest and commission rates that apply to non-related parties.

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

(Figure in Rupees in millions, unless otherwise stated)

Note 36: Capital

"The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local banking supervisor, Reserve Bank of India (RBI) of India. The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI. Company has complied in full with all its externally imposed capital requirements over the reported period."

Capital Management

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

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

Particulars	"As at 31 March 2021"	"As at 31 March 2020"	"As at 1 April 2019 "
Regulatory capital			
Common Equity Tier1 (CET1) capital	1,150.70	1,590.24	2,258.55
Other Tier 2 capital instruments	611.44	65.72	50.92
Total capital	1,762.14	1,655.97	2,309.47
Risk weighted assets			
i) CRAR (%) / CET1 capital ratio	19.61%	31.50%	56.69%
ii) CRAR - Tier I capital (%)	12.80%	30.25%	55.44%
iii) CRAR - Tier II Capital (%)	6.80%	1.25%	1.25%

Regulatory capital consists of CET 1 capital, which comprises share capital, share premium, retained earnings including current year profit less accrued dividends. Certain adjustments are made to Ind AS-based results and reserves, as prescribed by the Reserve Bank of India. The other component of regulatory capital is other Tier 2 Capital Instruments.

Note 37 : Events after reporting date

The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, has led to volatility in Indian financial markets and a decrease in local economic activities. The slowdown during the year led to a decrease in the use of credit cards by customers and the efficiency in collection efforts. This may lead to a rise in the number of customer defaults and consequently an increase in provisions there against. The extent to which the COVID- 19 pandemic, including the current "second wave" that has significantly increased the number of cases in India, will continue to impact the Company's results will depend on ongoing as well as future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by us.

In anticipation of the expected economic fallout, we have brought our provision more in line with expected impact of the macro-economic situation relevant to our customers and business. We are closely monitoring our asset quality. We are also identifying segments of potential stress and taking suitable actions to manage our exposures. These segments and strategies are being actively monitored and will be refined as more data becomes available. We believe that our current provisions taken against the impacted portfolio are reasonable

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

(Figure in Rupees in millions, unless otherwise stated)

and sufficient to absorb any additional COVID related stress at this point in time. Given the dynamic nature of the pandemic situation, these estimates are subject to uncertainty and may be affected by the severity and duration of the pandemic. In the event the impacts are more severe or prolonged than anticipated, this will have a corresponding impact on the carrying value of financial assets, the financial position and performance of the Company and we may be required to hold additional provisions under such scenario

Note 38: Segment reporting

The Management has reviewed and reconsidered the requirements of presenting segment information and accordingly identified Business segment as the Primary segment for disclosure for the current year. The Company operations are in India and hence there is no segment reporting by geographical segment. Segment Information has been prepared in conformity with the Ind AS 108 on 'segment reporting'.

Business Segment	"Merchant (acquiring)"		"Credit Card (issuing)"		Debit Card		Other		Total	
Particulars	"F.Y. 2020-21"	"F.Y. 2019-20"	"F.Y. 2020-21"	"F.Y. 2019-20"	"F.Y. 2020-21"	"F.Y. 2019-20"	"F.Y. 2020-21"	"F.Y. 2019-20"	"F.Y. 2020-21"	"F.Y. 2019-20"
Revenue	1,343.76	1,549.88	2,137.34	1,504.84	66.87	83.58	114.72	118.40	3,662.69	3,256.71
Result	377.36	28.49	(631.98)	(596.66)	19.73	33.50	9.56	22.58	(225.33)	(512.09)
Unallocated Expense									-	-
Operating Profit	377.36	28.49	(631.98)	(596.66)	19.73	33.50	9.56	22.58	(225.33)	(512.09)
Interest Income + PPI									-	-
Profit/(Loss) before tax	377.36	28.49	(631.98)	(596.66)	19.73	33.50	9.56	22.58	(225.33)	(512.09)
Income Taxes									(129.32)	(81.58)
Extra-ordinary Profit/Loss									-	-
Net Profit before OCI adjustment									(96.01)	(430.51)
Other Information										
Segment Assets	440.88	657.97	7,923.60	4,299.94	200.25	47.38	306.06	239.85	8,870.80	5,245.13
Unallocated Assets									600.70	371.02
Total Assets									9,471.50	5,616.15
Segment Liabilities	208.64	277.30	651.13	487.96	36.06	17.05	16.23	25.17	912.05	807.48
Unallocated Liabilities									8,559.44	4,808.67
Total Liabilities									9,471.49	5,616.15
Capital Expenditure	8.54	5.06	33.64	15.52	0.38	0.20	-	-	42.56	20.78
Unallocated									-	-
Depreciation/Amortisation	136.28	155.48	33.17	37.27	0.10	0.49	0.21	0.84	169.76	194.08
Unallocated									-	-
Non cash expenses other than depreciation	90.66	72.18	1.17	(3.30)	-	(0.01)	-	-	91.83	68.88
Unallocated									-	-

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(Figure in Rupees in millions, unless otherwise stated)

Note 39: Leases

The Company's lease asset class primarily consist of leases for office premises. Generally, the Company is restricted from assigning and subleasing the leased assets. The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

Office premises	March 31, 2021	March 31, 2020
Opening net carrying balance	65.44	105.34
Additions	88.67	-
Deletion	(44.36)	-
Depreciation	(28.47)	(39.90)
Closing net carrying balance	81.28	65.44

Set out below are the carrying amounts of lease liabilities (included under Other financial liability) and the movements during the year:

Particulars	March 31, 2021	March 31, 2020
Opening Balance	67.97	104.17
Additions	88.67	-
Deletions	(48.97)	-
Accretion of interest	7.34	7.49
Payments	(33.81)	(43.69)
Closing Balance	81.20	67.97

Maturity analysis of undiscounted lease liability

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2021 on an undiscounted basis:

Particulars	March 31, 2021	March 31, 2020	April 1, 2019
Not later than one year	14.68	20.44	36.70
later than one year not later than five year	66.52	47.53	67.47
Later than five year	-	-	-
Total undiscounted lease liabilities	81.20	67.97	104.17

Amounts recognized in the Statement of Profit and Loss	March 31, 2021	March 31, 2020
Depreciation expense		
Depreciation on right of use assets	28.47	39.90
Other expenses		
Short-term lease rent expense	35.18	19.55
Finance cost		
Interest expense on lease liability	7.34	7.49

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(Figure in Rupees in millions, unless otherwise stated)

Note 40: Fair value measurement

The following table combines comparable information about :

- classes of financial instruments based on their financial nature and characteristics.
- carrying amount of financial instruments.
- The financial assets / liabilities are recorded at amortised cost
- All the financial assets and financial liabilities carryin value which is at amortised cost reflects fair value for these assets and liabilities.

Accounting classification and fair values.

As at March 31, 2021

Particulars	Carrying value			Fair Value			
	FVTPL	Amortised cost	Total	Level I	Level II	Level III	Total
Financial assets							
Cash and cash equivalents	-	158.84	158.84	-	-	-	-
Bank balance other than above	-	-	-	-	-	-	-
Receivables	-	363.91	363.91	-	-	-	-
Loans	-	7,430.30	7,430.30	-	-	-	-
Investments	-	-	-	-	-	-	-
Other financial assets	-	142.51	142.51	-	-	-	-
Total	-	8,095.56	8,095.56	-	-	-	-
Financial liabilities							
Trade Payables	-	72.23	72.23	-	-	-	-
Debt securities	-	4,064.28	4,064.28	-	-	-	-
Borrowings (other than debt securities)	-	2,584.65	2,584.65	-	-	-	-
Other financial liabilities	-	170.58	170.58	-	-	-	-
Total	-	6,891.74	6,891.74	-	-	-	-

As at March 31, 2020

Particulars	Carrying value			Fair Value			
	FVTPL	Amortised cost	Total	Level I	Level II	Level III	Total
Financial assets							
Cash and cash equivalents	-	132.59	132.59	-	-	-	-
Bank balance other than above	-	-	-	-	-	-	-
Trade receivables	-	446.13	446.13	-	-	-	-
Loans	-	3,982.16	3,982.16	-	-	-	-
Investments	-	-	-	-	-	-	-
Other financial assets	-	65.99	65.99	-	-	-	-
Total	-	4,626.87	4,626.87	-	-	-	-
Financial liabilities							
Trade Payables	-	153.20	153.20	-	-	-	-
Debt securities	-	-	-	-	-	-	-
Borrowings (other than debt securities)	-	2,803.53	2,803.53	-	-	-	-
Other financial liabilities	-	201.84	201.84	-	-	-	-
Total	-	3,158.58	3,158.58	-	-	-	-

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(Figure in Rupees in millions, unless otherwise stated)

As at April 1, 2019

Particulars	Carrying value			Fair Value			
	FVTPL	Amortised cost	Total	Level I	Level II	Level III	Total
Financial assets							
Cash and cash equivalents	-	260.64	260.64	-	-	-	-
Bank balance other than above	-	-	-	-	-	-	-
Trade receivables	-	637.75	637.75	-	-	-	-
Loans	-	2,579.57	2,579.57	-	-	-	-
Investments	-	-	-	-	-	-	-
Other financial assets	-	169.53	169.53	-	-	-	-
Total	-	3,647.50	3,647.50	-	-	-	-
Financial liabilities							
Trade Payables	-	67.86	67.86	-	-	-	-
Debt securities	-	-	-	-	-	-	-
Borrowings (other than debt securities)	-	1,099.36	1,099.36	-	-	-	-
Other financial liabilities	-	587.08	587.08	-	-	-	-
Total	-	1,754.30	1,754.30	-	-	-	-

Note 41: Risk Management**Introduction and Risk Profile**

Company started its operations in 1994 with Credit card issuance. This process of risk management is critical to company's vision, and holds very high importance in the board governance. The company is exposed to credit risk, liquidity risk and market risk. It is also subject to various operating and business risks.

(a) Risk management structure

"Credit risk is the risk of incurring financial loss to the company due to the default of company's customers in fulfilling their contractual obligations to the company. The credit risk management team reports to Chief Risk Officer. The Chief Risk Officer meets with the Audit and Risk Management Committee (ARMC) independently every quarter. Credit risk arises mainly from loans and advances to retail customers arising on account of facilitating credit card loans to customers"

Credit risk management approach

Managing credit risk is the most important part of total risk management exercise. The Company's credit risk subfunction headed by Chief Risk Officer (CRO) is responsible for the key policies and processes for managing credit risk, which include formulating credit policies and risk rating frameworks, guiding the Company's appetite for credit risk exposures, undertaking independent reviews and objective assessment of credit risk, and monitoring performance and management of portfolios. The principal objectives being maintaining a strong culture of responsible lending across the Company, and robust risk policies and control frameworks, implementing and continually re-evaluating our risk appetite and ensuring there is adequate monitoring of credit risks, their costs and their mitigation. The basic credit risk management would cover two key areas, viz., (a) customer selection & (b) customer management. These are governed by Board Approved Credit Policy and Collections Policy which is reviewed on a regular basis. Organization has worked on strengthening the credit decision process with pre-qualification of the probable customers and scientific selection based on liability score model developed internally for appropriate customer selection and targeting. We have made

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

(Figure in Rupees in millions, unless otherwise stated)

multiple interventions throughout the year to strengthen the acquisition quality. This has led to improvement in approval rates in the current financial year. The changes include discontinuation of programs, revision in MCP, scorecard level changes etc. Credit limit assignment is a function of income capacity and risk assessment done for the individual applicant. Risk assessment is done based on internal scorecards that are based on applicant bureau history, application profile and demographic variables. Further, we assess the credit history indicators as determined by independent 3rd party agencies – external rating, bureau reporting, RBI negative list and asset classification letters from bankers."

"Post acquisition portfolio delinquency management is carried out through Account Management System, which includes:

- Fraud detection
- Portfolio quality review
- Credit line increase
- Cross sell on cards
- Behavior scorecard; and
- Collection score card etc.

The Company deploys right technology and resources to ensure the same. The Company has deployed practices/analytics such as the following to monitor and mitigate credit Delinquency metrics have been developed and constantly evaluated & portfolio interventions leading to better quality of incoming new accounts Strong collection practices driving consistent improvements in collection metrics & leveraging the latest credit bureau information to improve recoveries from older pools Strong use of analytics in measuring and monitoring credit risk are used such as; Scorecards assessing default risk & payment propensity Predictive Business Analytics Models.

The key elements in calculation of ECL are as follows:

Stage 1: 12-months ECL

All exposures that are not credit impaired and where there has not been a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. Exposures with days past due (DPD) less than or equal to 30 days are classified as stage 1.

For these assets, 12-month ECL is recognized and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance).

Stage 2: Lifetime ECL – not credit impaired

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, are classified under this stage.

Exposures with DPD greater than 30 days but less than or equal to 89 days are classified as stage 2. For these assets, lifetime ECL are recognized, but interest revenue is still calculated on the gross carrying amount of the asset.

Stage 3: Lifetime ECL – credit impaired

Financial asset is assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred.

For financial assets that have become credit impaired, a lifetime ECL is recognised on principal outstanding as at

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

(Figure in Rupees in millions, unless otherwise stated)

period end. Exposures with DPD equal to or more than 90 days are classified as stage 3.

The table below shows the credit quality and the exposure to credit risk based on the year-end stage classification. The amounts presented are gross of impairment allowances.

As on 31st March 2021.

Category	Assets category	"Gross Carrying Amount"	"Expected Credit Loss"	"Net Carrying Amount"	PD
Stage 1	Credit card	7,693.81	596.97	7,096.85	0.50% to 6.77%
Stage 2	Credit card	427.50	94.05	333.45	2.45% to 29.56%
Stage 3	Credit card	653.53	653.53	-	100%
Total		8,774.84	1,344.55	7,430.30	

As on 31st March 2020.

Category	Assets category	"Gross Carrying Amount"	"Expected Credit Loss"	"Net Carrying Amount"	PD
Stage 1	Credit card	3,987.73	300.12	3,687.61	0.42% to 7.67%
Stage 2	Credit card	382.28	87.63	294.65	0.58% to 32.89%
Stage 3	Credit card	284.39	284.49	(0.10)	100%
Total		4,654.40	672.24	3,982.17	

As on 1st April 2019.

Category	Assets category	"Gross Carrying Amount"	"Expected Credit Loss"	"Net Carrying Amount"	PD
Stage 1	Credit card	2,512.90	81.10	2,431.67	0.44% to 4.38%
Stage 2	Credit card	166.48	18.59	147.90	0.97% to 20.05%
Stage 3	Credit card	258.11	258.24	-	100%
Total		2,937.49	357.92	2,579.57	

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans:

As at March 31, 2021

Risk categorisation	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Performing				
High grade (0 DPD)	7,083.51	-	-	7,083.51
Standard grade (1-30 DPD)	610.31	-	-	610.31
Sub-standard grade (31-60 DPD)	-	227.76	-	227.76
Past due but not impaired (61-89 DPD)	-	199.74	-	199.74
Non- performing				
Individually impaired (90 DPD and above, restructured assets)	-	-	653.53	653.53
Total	7,693.81	427.50	653.53	8,774.84

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(Figure in Rupees in millions, unless otherwise stated)

As at March 31, 2020

Risk categorisation	Stage 1	Stage 2	Stage 3	Total
Performing				
High grade (0 DPD)	3,986.89	-	-	3,986.89
Standard grade (1-30 DPD)	0.74	-	-	0.74
Sub-standard grade (31-60 DPD)	-	214.45	-	214.45
Past due but not impaired (61-89 DPD)	-	167.83	-	167.83
Non- performing				
Individually impaired (90 DPD and above, restructured assets)	-	-	284.48	284.48
Total	3,987.63	382.28	284.48	4,654.40

As at April 1, 2019

Risk categorisation	Stage 1	Stage 2	Stage 3	Total
Performing				
High grade (0 DPD)	2,132.33	-	-	2,132.33
Standard grade (1-30 DPD)	380.56	-	-	380.56
Sub-standard grade (31-60 DPD)	-	107.85	-	107.85
Past due but not impaired (61-89 DPD)	-	58.63	-	58.63
Non- performing				
Individually impaired (90 DPD and above, restructured assets)	-	-	258.11	258.11
Total	2,512.89	166.48	258.11	2,937.49

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loan

As at March 31, 2021

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at March 31, 2020	4,035.88	382.28	284.39	4,702.55
New assets originated or purchased*	4,183.15	222.50	(9.47)	4,396.18
Assets derecognised or repaid (excluding write offs)	(127.57)	(3.28)	(18.01)	(148.85)
Transfers to Stage 1	123.60	(123.58)	(0.03)	0.00
Transfers to Stage 2	(168.12)	168.12	-	-
Transfers to Stage 3	(352.93)	(218.55)	571.48	(0.00)
Changes to contractual cash flows due to modifications not resulting in derecognition				-
Amounts written off	(0.21)	-	(174.83)	(175.03)
Gross carrying amount as at March 31, 2021	7,693.81	427.50	653.53	8,774.84

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(Figure in Rupees in millions, unless otherwise stated)

As at March 31, 2020

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at April 1, 2019	2,512.90	166.48	258.11	2,937.49
New assets originated or purchased*	1,719.01	212.04	40.07	1,971.11
Assets derecognised or repaid (excluding write offs)	(50.11)	(9.24)	(24.19)	(83.53)
Transfers to Stage 1	72.05	(68.04)	(4.01)	-
Transfers to Stage 2	(137.59)	140.03	(2.44)	0.00
Transfers to Stage 3	(106.57)	(58.55)	165.11	-
Changes to contractual cash flows due to modifications not resulting in derecognition				
Amounts written off	(22.06)	(0.45)	(148.17)	(170.67)
Gross carrying amount as at March 31, 2020	3,987.63	382.28	284.48	4,654.40

Reconciliation of ECL balance

As at March 31, 2021

Particulars	Stage 1	Stage 2	Stage 3	Total
Impairment allowance for loans to customers as at March 31, 2020	300.12	87.63	284.49	672.24
Assets derecognised or repaid	(6.99)	(0.37)	(18.01)	(25.37)
New assets originated	327.03	72.76	493.65	893.43
Reversal of COVID overlay	(10.72)	(10.13)	-	(20.84)
Impact on year end ECL of Exposures transferred between stages during the year				-
Transfers to Stage 1	22.71	(22.68)	(0.03)	(0.00)
Transfers to Stage 2	(9.97)	9.97	-	-
Transfers to Stage 3	(25.13)	(43.13)	68.26	(0.00)
Changes to models and inputs used for ECL calculations				-
Amounts written off	(0.08)	-	(174.83)	(174.91)
Impairment allowance for loans to customers as at March 31, 2021	596.97	94.05	653.53	1,344.55

As at March 31, 2020

Particulars	Stage 1	Stage 2	Stage 3	Total
Impairment allowance for loans to customers as at April 1, 2019	81.10	18.59	258.24	357.92
Assets derecognised or repaid	(3.78)	(1.08)	(24.19)	(29.05)
New assets originated	179.21	63.06	195.85	438.12
COVID overlay	39.18	14.61	-	53.79
Impact on year end ECL of Exposures transferred between stages during the year				-
Transfers to Stage 1	11.55	(7.54)	(4.01)	-
Transfers to Stage 2	(3.94)	6.38	(2.44)	0.00
Transfers to Stage 3	(2.85)	(6.36)	9.21	-
Changes to models and inputs used for ECL calculations				-
Amounts written off	(0.35)	(0.02)	(148.17)	(148.54)
Impairment allowance for loans to customers as at March 31, 2020	300.12	87.63	284.49	672.24

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(b) Liquidity risk and funding management

Liquidity risk is the current and prospective risk arising out of an inability to meet financial commitments as they fall due, through available cash flows or through the sale of assets at fair market value. It includes both, the risk of unexpected increases in the cost of funding an asset portfolio at appropriate maturities and the risk of being unable to liquidate a position in a timely manner at a reasonable price.

The Company manages liquidity risk by maintaining sufficient cash and marketable securities and by having access to funding through an adequate amount of committed credit lines. Given the need to fund diverse products, the Company maintains flexibility in funding by maintaining availability under committed credit lines to meet obligations when due. Management regularly monitors the position of cash and cash equivalents vis-à-vis projections. Assessment of maturity profiles of financial assets and financial liabilities including debt financing plans and maintenance of Balance Sheet liquidity ratios are considered while reviewing the liquidity position.

"We manage liquidity risk in accordance with our Asset Liability Management Policy. This policy is framed as per the current regulatory guidelines and is approved by the Board of Directors. The Asset Liability Management Policy is reviewed periodically to incorporate changes as required by regulatory stipulation or to realign the policy with changes in the economic landscape. The Asset Liability Committee (ALCO) of the Company formulates and reviews strategies and provides guidance for management of liquidity risk within the framework laid out in the Asset Liability Management Policy.

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at:

Wednesday, March 31, 2021

Particulars	On demand	"Upto one Month"	One month to 2 months	2 months to 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	more than 5 years	Total
Financial assets										
Cash and cash equivalents	158.84	-	-	-	-	-	-	-	-	158.84
Bank balance other than above	-	-	-	-	-	-	-	-	-	-
Receivables	-	40.03	54.59	54.59	127.37	32.75	54.59	-	-	363.91
Loans	-	4,225.36	1,490.95	593.95	583.46	332.03	204.55	-	-	7,430.30
Investments	-	-	-	-	-	-	-	-	-	-
Other financial assets	-	39.57	-	-	4.91	85.37	12.66	-	-	142.51
Total undiscounted financial assets	158.84	4,304.96	1,545.54	648.54	715.74	450.15	271.80	-	-	8,095.56
Financial liabilities										
Trade Payables	-	23.82	24.20	16.13	8.07	-	-	-	-	72.23
Debt securities	-	-	1,242.68	1,238.60	1,083.90	-	-	-	499.10	4,064.28
Borrowings (other than debt securities)	-	805.55	400.00	-	-	600.00	697.90	-	-	2,503.45
Other financial liabilities	-	125.99	7.16	10.17	7.94	6.10	13.22	-	-	170.58
Total undiscounted financial liabilities	-	955.36	1,674.04	1,264.90	1,099.91	606.10	711.12	-	499.10	6,810.54

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(Figure in Rupees in millions, unless otherwise stated)

Tuesday, March 31, 2020

Particulars	On demand	"Upto one Month"	One month to 2 months	2 months to 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	more than 5 years	Total
Financial assets										
Cash and cash equivalents	132.59	-	-	-	-	-	-	-	-	132.59
Bank balance other than above	-	-	-	-	-	-	-	-	-	-
Receivables	-	49.07	66.92	66.92	156.15	40.15	66.92	-	-	446.13
Loans	-	-	-	3,284.86	402.10	207.20	88.00	-	-	3,982.16
Investments	-	-	-	-	-	-	-	-	-	-
Other financial assets	15.55	-	-	-	14.06	32.26	4.12	-	-	65.99
Total undiscounted financial assets	148.14	49.07	66.92	3,351.78	572.31	279.61	159.04	-	-	4,626.87
Financial liabilities										
Trade Payables	30.64	76.60	30.64	15.32	-	-	-	-	-	153.20
Debt securities	-	-	-	-	-	-	-	-	-	-
Borrowings (other than debt securities)	-	1,647.17	-	-	-	500.00	-	588.40	-	2,735.57
Other financial liabilities	-	87.23	19.57	23.95	18.03	21.14	31.92	-	-	201.84
Total undiscounted financial liabilities	30.64	1,811.00	50.21	39.27	18.03	521.14	31.92	588.40	-	3,090.61

Monday, April 01, 2019

Particulars	On demand	"Upto one Month"	One month to 2 months	2 months to 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	more than 5 years	Total
Financial assets										
Cash and cash equivalents	260.64	-	-	-	-	-	-	-	-	260.64
Bank balance other than above	-	-	-	-	-	-	-	-	-	-
Receivables	-	6.38	63.78	95.66	95.66	223.21	57.40	95.66	-	637.75
Loans	-	2,536.46	-	-	0.44	0.20	41.05	1.41	-	2,579.57
Investments	-	-	-	-	-	-	-	-	-	-
Other financial assets	59.44	-	-	-	27.04	79.35	3.70	-	-	169.53
Total undiscounted financial assets	320.09	2,542.84	63.78	95.66	123.14	302.77	102.15	97.07	-	3,647.49
Financial liabilities										
Trade Payables	-	47.50	13.57	6.79	-	-	-	-	-	67.86
Debt securities	-	-	-	-	-	-	-	-	-	-
Borrowings (other than debt securities)	-	995.19	-	-	-	-	-	-	-	995.19
Other financial liabilities	-	88.18	49.19	53.28	40.34	277.17	78.92	-	-	587.08
Total undiscounted financial liabilities	-	1,130.87	62.76	60.07	40.34	277.17	78.92	-	-	1,650.13

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(Figure in Rupees in millions, unless otherwise stated)

(c) Market risk

The Company is exposed to interest rate risk as it has assets and liabilities based on floating interest rates as well. The Company has an approved Assets and Liability Management policy which empowers the Assets and Liability Management Committee (ALCO) to assess the interest rate risk run by it and provide appropriate guidelines to the Treasury to manage the risk. The ALCO reviews the interest risk on periodic basis and decides on the assets profile and the appropriate funding mix. The ALCO reviews the interest rate gap statement and the interest rate sensitivity analysis.

Financial Assets	As March 31, 2021	As March 31, 2020	As April 1, 2019
Fixed- rate instruments	7,430.30	3,982.16	2,579.57
Floating-rate instruments	-	-	-
Total	7,430.30	3,982.16	2,579.57
Financial Liabilities	As March 31, 2021	As March 31, 2020	As April 1, 2019
Fixed- rate instruments	499.11	-	-
Floating-rate instruments	6,068.63	2,735.57	995.19
total	6,567.73	2,735.57	995.19

Fair value sensitivity analysis for floating- rate instruments.

The sensitivity analysis below have been determined based on exposure to the interest rates for financial instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant through out the reporting period in case of instruments that have floating rates. If the interest rate had been 100 basis points higher or lower and all other variables were constant, the Company profit before tax would have changed by the following.

Particulars	As March 31, 2021		As March 31, 2020	
	100 bps higher	100 bps lower	100 bps higher	100 bps lower
impact on profit	(19.70)	19.70	(45.10)	45.10

(d) Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. The Company's focuses on management and control of operational risks through a comprehensive system of internal controls and monitoring performance of each function against defined thresholds.

Operational risk management comprises identification and assessment of risk and controls, new products and process approval framework, measurement through operational risk incidents, monitoring through key risk indicators and mitigation through process and control enhancement.

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

(Figure in Rupees in millions, unless otherwise stated)

Note 42: Expenditure in foreign currency

Particulars	March 31, 2021	March 31, 2020
Income in Foreign currency		
Income from Debit card international operation, Currency conversion charges, Business Development incentive income	29.72	45.92
Total	29.72	45.92
Expenditure in foreign currency		
Scheme charges	263.96	181.92
Total	263.96	181.92

Note 43: First-time adoption of Ind AS**43.1 Overall Principle:**

"These financial statements, for the year ended March 31, 2021, are the first annual financial statements the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2020, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2021, together with the comparative period data as at and for the year ended March 31, 2020, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 01, 2019, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 01, 2019 and the financial statements as at and for the year ended March 31, 2020. "

43.2 Mandatory exceptions and optional exemptions availed

Set out below are the applicable Ind AS 101 mandatory exceptions and optional exemptions applied in the transition from previous GAAP to Ind AS, which were considered to be material or significant by the Company:

Mandatory Exceptions:**1) Use of Estimates**

Ind AS 101 prescribes that an entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. The estimates at April 01, 2019 and March 31, 2020 are consistent with those made for the same dates in accordance with Indian GAAP apart from the following adjustments, where application of Indian GAAP did not require estimation:

- Fair valuation of financial instruments carried at FVTPL
- Impairment of financial assets based on the Expected Credit Loss (ECL) model
- Determination of present value for financial instruments carried at amortised cost

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 01, 2019 the date of transition to Ind AS, and as of March 31, 2020.

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

(Figure in Rupees in millions, unless otherwise stated)

2) Classification and measurement of financial assets

The Company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

3) Impairment of financial assets

The Company has applied the exception related impairment of financial assets given in Ind AS 101. It has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial assets were initially recognized and compared that to the credit risk as at April 01, 2019.

Optional Exemptions availed:**1) Deemed cost for property, plant and equipment and intangible assets**

The Company has elected to measure property, plant and equipment, and intangible assets at its Previous GAAP carrying amount and use that Previous GAAP carrying amount as its deemed cost at the date of transition to Ind AS.

2) Leases

"Ind AS 116 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 116, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be material. The Company has elected to apply this exemption for such contracts / arrangements."

43.3 Reconciliations between Ind AS and previous GAAP:

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for previous periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

Particulars	Notes	"As at March 31, 2020"	"As at April 01, 2019"
Share Capital		1,750.00	1,750.00
Reserves & Surplus:		-	-
Statutory reserve		352.17	352.17
Retained Earnings		59.17	374.43
Equity as per Indian GAAP		2,161.34	2,476.60
Impact Due to Ind AS Adjustments divided in following categories:			
Impact of processing fee on term loan	1	(1.90)	(0.70)
Fresh Provision on loans and advances as per Expected Credit Loss Model	2	(341.67)	(87.38)
Fair valuation of security deposits	5	(0.05)	(0.00)
Fair valuation of Staff loans	7	(0.99)	(0.41)
Deferral of annual fees	9	(24.16)	(11.64)
Amortisation of cost of fulfillment and incremental cost as per Ind AS 115	8	152.09	49.19
Impact of lease accounting	6	(3.70)	-
Tax impact of above adjustment			
Deferred Tax Liability on above adjustments	10	64.18	14.83
Total effect of transition to Ind AS		(156.21)	(36.10)
Equity as per Ind AS		2,005.14	2,440.50

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

(Figure in Rupees in millions, unless otherwise stated)

Profit reconciliation for the year ended 31 March 2020

Particulars	Notes	"For the year ended March 31, 2020"
Net profit/ (Loss) after tax as reported under Ind GAAP		(315.25)
Impact Due to Ind AS Adjustments divided in following categories:		
EIR impact on loans and advances	1 & 10	(1.21)
Impairment of financial assets as per IND AS 109	2 & 3	(254.29)
Fair valuation of Staff loans	7	(0.58)
Fair valuation of security deposits	4	(0.05)
Impact of lease accounting	6	(3.70)
Actuarial gain / (Loss) Reclassified to OCI	5	6.84
Deferral of annual fees	9	(12.52)
Amortisation of cost of fulfillment and incremental cost as per Ind AS 115	8	102.89
Deferred Tax impact on above adjustments	10	47.35
Profit and loss for the year as per IND AS		(430.51)
Other comprehensive income/(loss) for the period		(4.85)
Total comprehensive income/ (loss) as reported under IND AS		(435.36)

Footnotes to the reconciliation of equity as at April 01, 2019 and March 31, 2020 and profit or loss for the year ended March 31, 2020.

1) Effective interest rate (EIR) method -

a) EIR on Loans: Under previous GAAP, transaction costs on loan origination and the processing fees charged to customers were recognised upfront while under Ind AS, such fees and costs are included in the initial recognition amount of financial asset and recognised as interest income using the effective interest method. The unamortised portion is adjusted in retained earnings as at the date of transition and subsequently in the Statement of Profit and Loss for the year ended 31 March 2020.

b) EIR on Borrowings: Under previous GAAP, transaction costs incurred on borrowings was charged to statement of profit and loss upfront while under Ind AS, such costs are included in the initial recognition amount of financial asset and recognised as interest income using the effective interest method. The unamortised portion is adjusted in retained earnings as at the date of transition and subsequently in the Statement of Profit and Loss for the year ended 31 March 2020."

2) Expected credit loss (ECL) -

a) Funded Exposure - Under previous GAAP, loan losses and provisions were computed basis RBI guidelines and Management estimations. Under Ind AS, the same is required to be computed as per the impairment principles laid out in Ind AS 109 which prescribes the expected credit loss model (ECL model) for the same. Accordingly, the difference between loan losses and provisions as computed under previous GAAP and as computed under Ind AS is adjusted in retained earnings as at the date of transition and subsequently in the Statement of Profit and Loss for the year ended 31 March 2020."

b) Non funded exposure - Under previous GAAP, no provision is recognised on loans commitments and financial guarantees. However, under Ind AS impairment provision is recognised on undrawn commitment based on expected credit loss model prescribed under Ind AS 109. The differential impact has been adjusted in retained earning as at date of transition and subsequently in the statement of Profit and loss.

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

(Figure in Rupees in millions, unless otherwise stated)

3) Trade and other receivables- Under previous GAAP, the Company has created provision for impairment of receivables in respect of specific amount for incurred losses. Under Ind AS, impairment allowance for trade and other receivables also has been determined based on Expected Loss model (ECL).

4) Security deposits - Under Indian GAAP, interest free security deposits given to landlords for premises rented, was recorded as an asset, while rent was booked as an expense as per the rental agreement. Under Ind AS, interest free security deposit is required to be measured at fair value on initial recognition. The difference between the discounted present value of the security deposit and the actual security deposit given to the landlords is required to be recorded as prepaid rent. This prepaid rent is added to the ROU asset in line with Ind AS 116. The interest income representing the differential between the security deposit given and the present value of the security deposit given is recorded in such a manner that the difference between rental expense and interest income nullifies itself at the end of tenure of the security deposit, as per Ind AS 109."

5) Remeasurement of defined benefit plan obligations - Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the Statement of Profit and Loss for the year.

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

7) Fair valuation of staff loans: Under previous GAAP, loans given to staff were recorded at carrying value. Under Ind AS, staff loans are fair valued using market rate of interest and accordingly deferred employee cost is recognised on date of initial recognition. Deferred employee cost is amortised over the contractual period of loan as an employee benefit expenses and interest income is recognised on fair value of loans.

8) Under previous GAAP, all incremental costs are charged off to statement of profit and loss when incurred. Under IND AS, the incremental cost of obtaining contract with customer are recognised as an assets if the entity expects to recover those costs from future revenue.

9) Under previous GAAP, Company follows the annual fees was recognised as an income at inception of contract. Under IND AS, the card fees have been deferred and amortised over the one year.

10) Consequential deferred tax on all the above adjustment are taken into consideration.

44 Un-redeemed Reward Points :

The Company has a reward point program which allows card members to earn points based on spends through the cards that can be redeemed for cash. In addition, Company has designed a Reward & Recognition program for sourcing credit card through branches of the Holding Company. Accordingly the eligible employees of the Holding Company is rewarded with bonus points through a credit in their card accounts. The liability for rewards points outstanding as at the year end and expected to be redeemed in the future is accounted for on the basis of actuarial valuation.

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

(Figure in Rupees in millions, unless otherwise stated)

Movement of provision for rewards points expenses.

Particulars	As At 31.03.2021	As At 31.03.2020
Provision at the beginning of the year	42.25	29.00
Add: Addition made during the year	139.66	59.15
Less:- Amount used during the year	100.59	45.90
Less:- Unused amounts reversed during the year	-	-
Amount at the end of the year	81.33	42.25

- 45 Interchange fees paid during the year is net of Rs. 78.68 mn on account of the input tax credit pertaining to financial year 2019-20 claimed during the year under review as per GST rules and regulations.
- 46 In respect of accounts receivables, the Company is regularly generating and dispatching customer statements on periodic interval wherever transactions or outstanding are there. In case of disputes with regard to billing, there is a process of resolution and adjustments are carried out on regular basis. Moreover, in respect of accounts payable, the Company has a process of receiving regular balance confirmation from its vendors. The balances are reconciled with the balance confirmation received and discrepancies, if any are accounted on regular basis. For the year end balances of Account Receivables, Account Payables and Loans & Advances, the management is of the opinion that adjustments, if any required through the above-mentioned process, will not have any material impact on the financials of the Company.
- 47 Previous Year's figures have been regrouped, and/ or rearranged and/ or reclassified wherever necessary to make them comparable with current year's figures.
- 48 Schedule of Balance sheet of Systemically Important Non-deposit taking Non-Banking Financial Company as required in terms of Paragraph 19 of Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

Sr. NO.	Particulars	As at 31st March 2021		As at 31st March 2020	
	Liabilities side				
1	Loans and Advances availed by the NBFC's inclusive of interest accrued thereon but not paid.	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
	a) Debenture: Secured	Nil	Nil	Nil	Nil
	Unsecured	499.11	Nil	Nil	Nil
	(other than falling within the meaning of public deposit)				
	b) Deferred credits	Nil	Nil	Nil	Nil
	c) Terms Loans	Nil	Nil	Nil	Nil
	d) Inter-corporate loans & borrowing	Nil	Nil	Nil	Nil
	e) Commercial paper	Nil	Nil	Nil	Nil
	f) Public Deposit				
	g) Other loans				
	-Cash Credit facility & Working capital term loan	2,584.65	Nil	2,803.53	Nil

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

(Figure in Rupees in millions, unless otherwise stated)

2	Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :				
	a) In the form of Unsecured debentures	Nil	Nil	Nil	Nil
	b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	Nil	Nil	Nil	Nil
	c) Other public deposits	Nil	Nil	Nil	Nil
	b) Unsecured	Nil	Nil	Nil	Nil
	Particulars			As at 31st March 2021	As at 31st March 2020
	Assets side				
3	Break-up of Loans & Advances including bills receivables (other than those included in (4) below:			Amount outstanding	Amount outstanding
	a) Secured			247.96	114.54
	b) Unsecured		Nil	8,526.89	4,539.86
4	Break-up of Leased Assets & Stock on Hire and other assets counting towards AFC activities				
	a) Lease assets including lease rentals under sundry debtors:				
	i) Finance Lease	Nil	Nil	Nil	Nil
	ii) Operating Lease	Nil	Nil	Nil	Nil
	b) Stock on hire including hire charges under sundry debtors:				
	i) Assets on hire	Nil	Nil	Nil	Nil
	ii) Repossessed Assets	Nil	Nil	Nil	Nil
	c) Other loans counting towards AFC activities				
	i) Loans where assets have been repossessed "	Nil	Nil	Nil	Nil
	ii) Loans other than (a) above	Nil	Nil	Nil	Nil
5	Break-up of Investments			As at 31st March 2021	As at 31st March 2020
	Current Investment				
	Quoted				
	i) Shares : Equity			Nil	Nil
	: Preference			Nil	Nil
	ii) Debentures and bonds			Nil	Nil
	iii) Unit of mutual funds			Nil	Nil
	iv) Government securities			Nil	Nil
	v) others (please specify)			Nil	Nil
	Unquoted				
	i) Shares : Equity			Nil	Nil
	: Preference			Nil	Nil
	ii) Debentures and bonds			Nil	Nil
	iii) Unit of mutual funds			Nil	Nil
	iv) Government securities			Nil	Nil
	v) others (please specify)			Nil	Nil
	Long Term Investment				
	Quoted				
	i) Shares : Equity			Nil	Nil
	: Preference			Nil	Nil
	ii) Debentures and bonds			Nil	Nil
	iii) Unit of mutual funds			Nil	Nil
	iv) Government securities			Nil	Nil
	v) others (please specify)			Nil	Nil

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

(Figure in Rupees in millions, unless otherwise stated)

	Unquoted				
	i) Shares : Equity			Nil	Nil
	: Preference			Nil	Nil
	ii) Debentures and bonds			Nil	Nil
	iii) Unit of mutual funds			Nil	Nil
	iv) Government securities			Nil	Nil
	v) others (please specify)			Nil	Nil
	iii) Other related party	Nil	Nil	Nil	Nil
	2) Other than related parties	247.96	8,526.76	114.54	4,534.21
7	Investor group-wise classification of all investments (current and long term) in share and securities (both quoted and unquoted)				
	Category	As at 31st March 2021		As at 31st March 2020	
		Market value/ Breakup or fair value or NAV	Book value (Net of provision)	Market value/ Breakup or fair value or NAV	Book value (Net of provision)
	1) Related parties				
	i) Subsidiaries	Nil	Nil	Nil	Nil
	ii) Companies in the same group	Nil	Nil	Nil	Nil
	iii) Other related party	Nil	Nil	Nil	Nil
	2) Other than related parties	Nil	Nil	Nil	Nil
8	Other Information				
	Particulars			31st March 2021	31st March 2020
	Gross Non-performing Assets				
	i) Related Parties			Nil	Nil
	ii) Other than related parties	Nil	Nil	653.53	284.63
	Net Non-performing Assets (net of provision made)				
	i) Related Parties			Nil	Nil
	ii) Other than related parties	Nil	Nil	Nil	Nil
	Assets acquired on satisfaction of Debt			Nil	Nil

49 In accordance with RBI circular dated April 07, 2021, the Company shall refund/ adjust 'interest on interest' to all categories of eligible 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 and IBA notification bearing reference No. CIB/ADV/MBR/9833 dated April 19, 2021 on methodology for calculation of the amount of such 'interest on interest', Company has recognised a charge of Rs. 0.90 mn in its Statement of Profit and Loss for the year ended March 31, 2021.

50 Disclosure of Restructured Accounts : Not applicable

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

(Figure in Rupees in millions, unless otherwise stated)

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Assets classification as per RBI norms	Assets classification as per IND AS	Gross carrying amount as per Ind AS	loss allowances (provisions) as required under IND As 109	Net carrying amount	Provision required as per IRACP norms	Difference between Ind AS 109 provision and IRACP norms
Performing Assets						
Standard	Stage 1	7,617.30	368.01	7,249.30	32.17	335.84
	Stage 2	427.50	89.57	337.93		89.57
Subtotal		8,044.80	457.58	7,587.22	32.17	425.41
Non-Performing Assets (NPA)						
Loss	Stage 3	653.53	653.53	-	653.53	-
Sub total of NPA		653.53	653.53	-	653.53	-
Other item such as guarantees, loan commitments, etc which are in the scope of Ind AS 109 but not covered under current Income Recognition, Assets classification and provisioning norms,	Stage 1	5,411.32	233.44	5,177.89	-	233.44
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		5,411.32	233.44	5,177.89	-	233.44
Total	Stage 1	13,028.63	601.44	12,427.19	32.17	569.27
	Stage 2	427.50	89.57	337.93	-	89.57
	Stage 3	653.53	653.53	-	653.53	-

52 The disclosures as required under RBI Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 Additional disclosure

1 Capital

Particulars	March 31, 2021	March 31, 2020
CRAR (%)	19.61%	31.50%
CRAR - Tier I Capital (%)	12.80%	30.25%
CRAR - Tier II Capital (%)	6.80%	1.25%
Amount of subordinated debt raised as Tier-II capital	500.00	Nil
Amount raised by issue of Perpetual Debt Instruments	Nil	Nil

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

(Figure in Rupees in millions, unless otherwise stated)

2 Investments

Particulars	March 31, 2021	March 31, 2020
1) Value of Investments		
i) Gross Value of Investments		
In India	Nil	Nil
Outside India	Nil	Nil
ii) Provisions for Depreciation		
In India	Nil	Nil
Outside India	Nil	Nil
iii) Net Value of Investments		
In India	Nil	Nil
Outside India	Nil	Nil
2) Movement of provisions held towards depreciation on investments		
Opening balance	Nil	Nil
Add : Provisions made during the year	Nil	Nil
Less : Write-off / write-back of excess provisions during the year	Nil	Nil
Closing balance	Nil	Nil

3 Derivatives

There is no derivatives transaction during the year.

Currency options / currency future : Not applicable

Forward Rate Agreement / Interest Rate Swap :- Not Applicable

Exchange Traded Interest Rate (IR) Derivatives:- Not Applicable

Disclosures on Risk Exposure in Derivatives:- Not Applicable

4 Disclosures relating to Securitisation:- No such transaction during the year.

Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction:- Not Applicable

Details of Assignment transactions undertaken by applicable NBFCs:- Not Applicable

5 Details of non-performing financial assets purchased / sold: No such transaction during the year.**6 Asset Liability Management :-**

Maturity pattern of certain items of Assets and Liabilities as at 31st March 2021

	upto 30 /31 days	Over 1 month upto 2 Month	Over 2 month upto 3 Month*	Over 3 month & up to 6 month**	Over 6 month to 1 year**	Over 1 year to 3years**	Over 3 year to 5 years	Over 5 years	Total
Borrowing from banks	780.69	400.00	-	-	600.00	722.76	-	-	2,503.45
Market borrowings	-	1242.65	1238.59	1083.95	-	-	-	499.10	4,064.28
Receivables#	4,225.36	1,490.95	593.95	583.46	332.03	204.55	-	-	7,430.30
Investments	-	-	-	-	-	-	-	-	-

** Credit Receivables are based on average collections in last 6 months.

Receivables include Long term & short term loans and advances related to Credit card & EMI to customer. (net of NPA)

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

(Figure in Rupees in millions, unless otherwise stated)

Maturity pattern of certain items of Assets and Liabilities as at 31st March 2020

	upto 30 /31 days	Over 1 month upto 2 Month	Over 2 month upto 3 Month*	Over 3 month & up to 6 month**	Over 6 month to 1 year**	Over 1 year to 3years**	Over 3 year to 5 years	Over 5 years	Total
Borrowing from banks	1,647.17	--	--	--	500.00	--	588.40	--	2,735.57
Market borrowings	--	--	--	--	--	--	--	--	--
Receivables#	--	--	3,609.38	402.10	207.20	88.00	--	--	4,306.68
investments	--	--	--	--	--	--	--	--	--

* Receivables in period 2-3 months also includes receivables for period 0-30 days & 1-2 months which are being collected as such, however the same will become due after 2 months as we have given moratorium to our customer as per recent guidelines issued by RBI.

** Credit Receivables are based on average collections in last 6 months.

Receivables include Long term & short term loans and advances related to Credit card, personal loan & EMI to customer. (net of NPA and advance received from credit card holder)

7 i) Exposures To Real Estate Sector

Direct Exposure		
Residential Mortgages -	March 31, 2021	March 31, 2020
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented: (Individual housing loans up to Rs. 15 lakhs may be shown separately)	Nil	Nil
Commercial Real Estates -		
Lending secured by mortgage 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 (NFD) limits:	Nil	Nil
Investments in Mortgage Backed Securities (MBS) and other secured exposures -		
a. Residential	Nil	Nil
b. Commercial Real Estates	Nil	Nil
Indirect exposure		
Fund based and non – fund based exposures on National Housing Bank (NHB) and housing bank Companies (HFCs)	Nil	Nil

ii) Exposure to Capital Market

Particulars	March 31, 2021	March 31, 2020
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;	Nil	Nil
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;	Nil	Nil
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;	Nil	Nil

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

(Figure in Rupees in millions, unless otherwise stated)

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;	Nil	Nil
secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	Nil	Nil
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;	Nil	Nil
bridge loans to companies against expected equity flows / issues;	Nil	Nil
all exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil
Total Exposure to Capital Market	Nil	Nil

8 Details of financing of parent company products

The company has not financed any of the product of its parent company during the financial year 2020-21.

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

The company has not exceeded the prudential exposure limits during the financial year 2020-21.

10 Company has not sanctioned any loan against the intangible security during the financial year 2020-21.**11 (i) The company has obtained registration from following regulator apart from RBI**

Particulars	Registration number.
Certificate of incorporation under Companies Act 1956.	U65990MH1994GOI081616
NBFC registration	13.01305

(ii) No penalty have been imposed by any regulator during the financial year 2020-21.

(iii) Related Party Transaction:-

For related party transaction please refer note no. 35

(iv) Remuneration to Directors

For remuneration to Directors please refer note no. 35.

(v) Net profit or loss for the period, prior period items and changes in accounting policies.

Please refer note no 36.

(vi) The short term debt rating of the company is A1+ by CRISIL and India Rating & Research Pvt. Ltd. The long term debt rating is AAA/stable by India Rating & Research Pvt. Ltd and ICRA. There is no change in the rating during FY 2020-21.

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

(Figure in Rupees in millions, unless otherwise stated)

vii) Revenue Recognition:-

For Revenue Recognition please refer note no. 1(f).

12 i) Provisions and Contingencies

Break up of Provisions	March 31, 2021	March 31, 2020
Provisions for depreciation on Investment	Nil	Nil
Provision towards stage 3 assets	653.53	284.49
Provision for stage 1 and stage 2 assets	691.02	387.75
Provision made towards Income tax	657.57	507.07
Other Provision and Contingencies (with details)	-	-
Provision for reward points	81.33	35.91
Provision for Gratuity	-	0.20
Provision for fraud	5.15	7.48
Provision for Leave encashment	17.67	21.59
Provision for Staff Incentive	0.44	21.54
Provision for Expenses	336.92	245.13
Provision for CSR Expenses	1.91	3.90

Note: No provision has been made for contingencies. Refer note no 34.

ii) There is no draw down from the reserve during the financial year 2020-21.

iii) a) Concentration of Advances

Particulars	March 31, 2021	March 31, 2020
Total advance of largest twenty borrowers*	29.63	26.00
percentage of Advance to largest twenty borrowers to total advances of NBFC	0.34%	0.59%

*The Advances denotes the outstanding balances of standard twenty borrower.

iii) b) Concentration of Exposure

Particulars	March 31, 2021	March 31, 2020
Total Exposure to largest twenty borrowers *	102.55	99.35
percentage of exposure to twenty largest borrowers to total advances of NBFC	1.17%	2.27%

*The exposures denotes the total credit card limit against the top twenty borrower.

iii) c) Concentration of NPAs

Particulars	March 31, 2021	March 31, 2020
Total Exposure to top four NPA accounts*	5.90	2.76

* The exposure to NPA is only principal outstanding. The income is fully de-recognised and limit is already blocked from these customer.

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

(Figure in Rupees in millions, unless otherwise stated)

iii) d) Sector-wise NPAs

Particulars	% of NPAs to Total Advances in that sector	March 31, 2021	March 31, 2020
Agriculture & allied activities	Nil	Nil	Nil
MSME	Nil	Nil	Nil
Corporate borrowers credit cards	Nil	Nil	Nil
Services	Nil	Nil	Nil
Unsecured personal loans	Nil	Nil	0.15
Auto loans	Nil	Nil	Nil
Other personal loans credit cards	7.45%	653.53	284.48

iv) Movement of NPAs

Particulars	March 31, 2021	March 31, 2020
i) Net NPAs to Net Advances (%)	Nil	Nil
ii) Movement of NPAs (Gross)		
Opening balance	284.49	258.13
Add:- Additions during the year	588.06	311.88
Less:- Written off as Bad Debts	174.86	149.93
Less:- Reductions during the year	44.16	135.60
Closing balance	653.53	284.49
iii) Movement of Net NPAs		
Opening balance	Nil	Nil
Add:- Additions during the year	Nil	Nil
Less:- Reductions during the year	Nil	Nil
Closing balance	Nil	Nil
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
Opening balance	284.49	258.13
Add:- Provisions made during the year	588.06	311.88
Less:- Written off as Bad Debts	174.86	149.93
Less:- write-back of excess provisions	44.16	135.60
Closing balance	653.53	284.49

13 The company does not have any joint venture or overseas subsidiaries.

14 Off-balance Sheet SPVs sponsored:-

There is no off-balance sheet SPVs sponsored by the Company during the year ended 31st March 2021.

15 Disclosure of customer Complaints

Particulars	March 31, 2021	March 31, 2020
No. of complaints pending at the beginning of the year	2,076	57
No. of complaints received during the year	61,459	40,651
No. of complaints redressed during the year	63,241	38,632
No. of complaints pending at the end of the year	294	2,076

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

(Figure in Rupees in millions, unless otherwise stated)

16 Public disclosure on liquidity risk

i) funding Concentration based on significant counterparty (Both Deposits and Borrowings)

Name of significant counterparty	Amount in Crs	% of Total Deposit	% of Total Liability
5 (five) refer point 3 below for name of the counterparty.	6,103.45	N.A.	80.72%

Note: Total liability does not include equity share capital and other equity.

ii) Top 20 large deposits :- Not Applicable

iii) Top 10 borrowings

Name of the bank	Amount	% to total borrowing
ICICI prudential mutual fund	2,500.00	37.68%
Indian Bank	1,100.00	16.58%
HDFC Bank	1,000.00	15.07%
Bank of Baroda	903.45	13.62%
Hongkong & shanghai Banking Corporation	600.00	9.04%
Total	6,103.45	92.00%

iv) funding Concentration based on significant counterparty

Name of Instrument / product	Amount	% of Total Liability
Bank lines	2,503.45	33.11%
Commercial paper	3,600.00	47.61%
NCD	500.00	6.61%

(v) Stock Ratios:

Sr, no	Name of the instrument / product	% of total public fund	% of total Assets	% of total Liabilities
1	Commercial paper	N.A.	38.01%	47.61%
2	Non- Convertible Debentures (original maturity <1 years)	N.A.	N.A.	N.A.
3	Other Short term liabilities	N.A.	26.43%	33.11%

Note: Total liability does not include equity share capital and other equity.

(vi) Institutional set-up for liquidity risk management:- Liquidity represent the ability of the company to generate sufficient cash flow to meet financial obligation, both under normal and stressed conditions, without liquidating assets or raising funds at unfavorable terms. the operations of the company give rise to Assets Liability mismatches and liquidity risks. In order to manage these risks the Company has a Board approved Assets Liability Management policy in place prepared on the basis of RBI guidelines and internal factors specific to our business. The policy is reviewed on annual basis.

As per our report of even date
For **ASL & Co.**
Chartered Accountants
[Firm Registration No. 101921W]

[**Kapil Kumar Joshi**]
Partner
(Membership No. 137334)

Place: Mumbai
Date: 11th May 2021

For and on behalf of the Board of Directors
BOB Financial Solutions Limited

Sanjiv Chadha
Chairman
(DIN:08368448)

Place: Mumbai
Date: 11th May 2021

Vikramaditya S. Khichi
Director
(DIN:08317894)

Pooja Karnani
Chief Financial Officer
(PAN:AHEPB7049P)

Shailendra Singh
Managing Director & CEO
(DIN: 08751442)

Deepashri Cornelius
Company Secretary
(PAN:BVLP53134E)



ANNUAL REPORT 2020-21

BOB Financial Solutions Limited

(formerly known as Bobcards Limited)

CIN: U65990MH1994GOI081616



BOB Financial
Credit reimagined

Registered Office: 2nd floor, Baroda House, Behind Dewan Shopping Centre, Jogeshwari (West), Mumbai- 400102.

ATTENDANCE SLIP

Share Ledger Folio No. _____

Member's Name _____

Member's / Proxy Signature _____

Annual General Meeting on Tuesday

28th September, 2021 At 11.00 a.m.

At the Jeevan Meeting Room Ground Floor, Baroda Corporate Centre, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051

1. A member/proxy wishing to attend the Meeting must complete this Attendance Slip before coming to the Meeting and hand it over at the entrance.
2. If you intend to appoint a proxy, please complete the Proxy Form and deposit it at the Company's Registered Office, at least 48 hours before the Meeting.

I record my presence at the
Annual General Meeting

Name of Proxy in BLOCK LETTERS
(If the Proxy attends instead of the Member)

Signature of Member/Proxy

BOB Financial Solutions Limited

(formerly known as Bobcards Limited)

CIN: U65990MH1994GOI081616

Registered Office: 2nd floor, Baroda House, Behind Dewan Shopping Centre, Jogeshwari (West), Mumbai- 400102.

Form No. MGT-11

Proxy Form

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

CIN: U65990MH1994GOI081616

Name of the Company: **BOB Financial Solutions Limited** (formerly known as Bobcards Limited)

Registered Office: 2nd floor, Baroda House, behind Dewan Shopping Centre, S.V.Road, Jogeshwari (West), Mumbai -400102

Name of the Member(s) :

Registered address :

E-mail Id :

Folio No. :

I/We, being the Member(s) ofshares of BOB Financial Solutions Limited, hereby appoint

1. Name :

Address :

E-mail Id : Signature:, or failing him

2. Name :

Address :

E-mail Id : Signature:, or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at 27th Annual General Meeting of the Company, to be held on Monday, the 28th day of September, 2021 the Jeevan Meeting Room Ground Floor, Baroda Corporate Centre, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 and at any adjournment thereof in respect of such resolutions as are indicated below:



BOB Financial
Credit reimagined

Resolutions.		Optional	
Ordinary Business		For	Against
1	To receive, adopt and consider the Annual Financial Statements for the financial year ended 31st March 2021 and Report of the Board of Directors, Auditors and Comments of the Comptroller and Auditor General of India thereon.		
2	To appoint a Director in place of Ms. Archana Pandey (DIN 08089545), who is retiring by rotation and being eligible, offers herself for reappointment.		
3	Board Authority to fix the remuneration of Statutory Auditors appointed by C & AG for FY 2021-22		

Signed this.....day of2021.

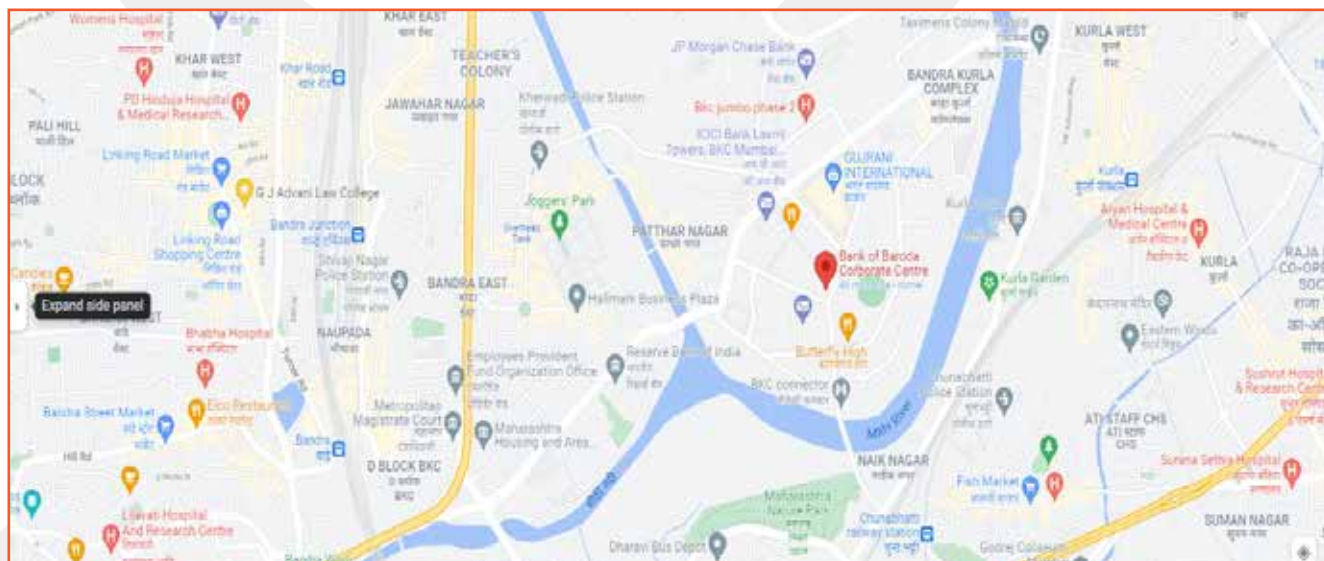
Signature of shareholder(s)

Signature of Proxy holder(s)

Notes:

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. A Proxy need not be a Member of the Company
3. For the resolutions, Explanatory Statement and Notes, please refer to the Notice of 27th Annual General Meeting.
4. It is optional to put "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.
5. Please complete all details including details of member(s) in the above box before submission.

The Route Map of the AGM Venue is given below



Venue: Jeevan Meeting Room Ground Floor, Baroda Corporate Centre, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.

A map is not to scale

Employees Engagement Activities



Employees Engagement Activities

Ernakulam Office Inauguration Pictures



Independence Day Celebrations



26th Foundation Day



Launch of Co-branded Credit Cards

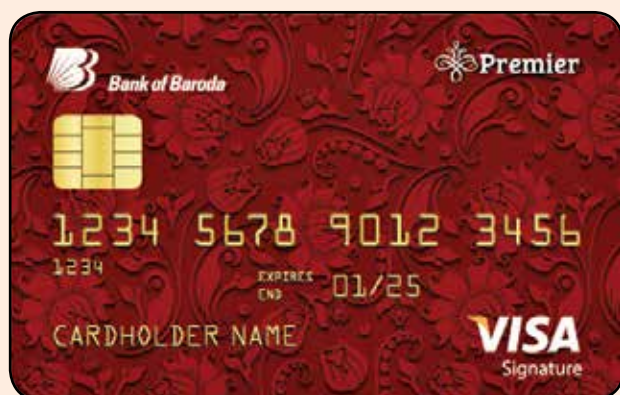
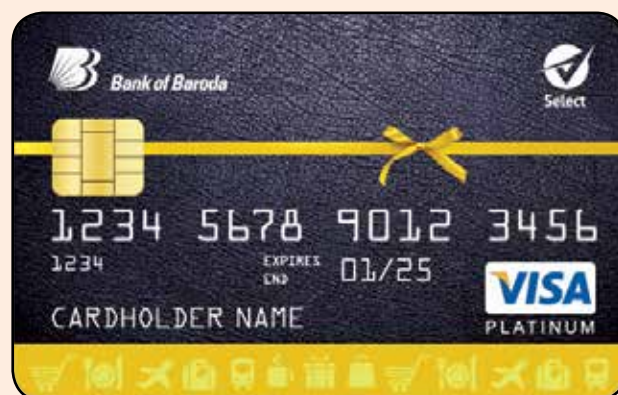


Choose Your Bank of Baroda Credit Card



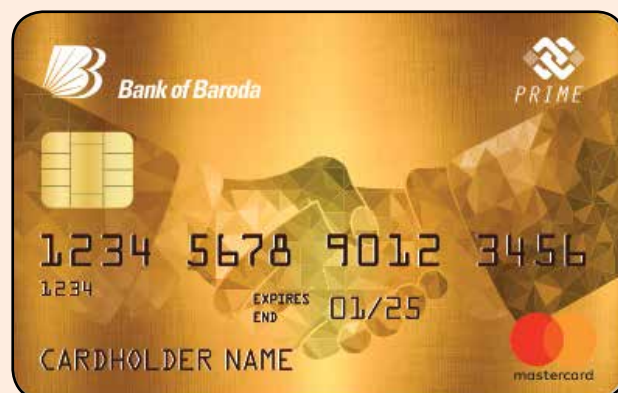
EASY

SELECT



PREMIER

PRIME





BOB Financial
— Credit reimagined —

BOB Financial Solutions Limited

CIN: U65990MH1994GOI081616

Registered Office

2nd Floor, "Baroda House",
Behind Dewan Shopping Centre, S V Road,
Jogeshwari (W), Mumbai - 400 102. India

Corporate Office

1502/1503/1504, 15th Floor, DLH Park, S.V. Road,
Goregaon West, Mumbai – 400104, India

www.bobfinancial.com