LENDINGKA₹T

Think cash, Think Lendingkart Group!

Annual Report

FOR THE YEAR ENDED MARCH 31, 2020

LENDINGKART FINANCE LIMITED

Chairman's Letter

Dear Shareholders & fellow Lendingkart-ians,

We are fortunate in this decade to be part of a fast-paced economy and the new generation of entrepreneurs from 'Bharat' who are currently executing the businesses with flexibility and simplicity that comes with digital technology.

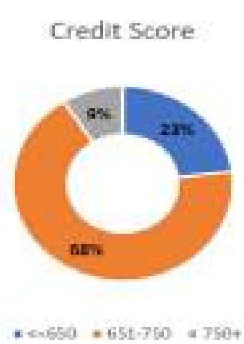
Penetration of data connectivity and hardware at affordable prices is helping more and more MSMEs move from traditional to digital methodologies. Today the rural population is at similar footing as city suburbs in terms of business visibility, sourcing and competitive product pricing. As a result, these businesses have seen a surge in their product/ services demands, giving rise to working capital requirements. However, majority of businesses are from the unorganised sector, barely possessing any recorded financial history, which affects their credit taking capability. They have to resort to informal sources to address their financial requirements and end up paying higher rates on loans borrowed, clogging their business growth, even keeping high collateral for their loans.

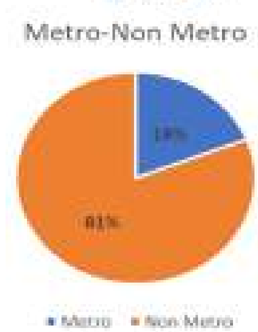
Against this backdrop, we decided to change the paradigm and address the credit gap of USD 400 Bn in this segment. We have built the right kind of origination platform to provide them easy and convenient access, we have tied up with right kind of data sources to evaluate their cash flows and then digitised the delivery and collections of loans.

As of Mar 2020, Lendingkart has evaluated more than 750,000 loan applications. The customer can conveniently reach to us either on our i) Mobile app ii) mobile web or iii) regular web, which all have a seamless experience. He just needs to provide us his banking data as information for evaluating his cash flows. He can either upload them on system or give us access to his data through verified sources. Once his data is collected our system automatically translates it into machine readable format which then goes into our proprietary decision engine to evaluate the borrower. The credit models deployed by us are self-learning. A champion model is in continuous production while newer and more effective challenger models are being continuously worked by the in-house team.

Lendingkart Customer Profile:

Our focus has been young and educated digitally savvy entrpreneures who are based in non-metro cities and have growing micro enterprises, across wide range of industries. Our customer base is comrpised of young enterpreneurs with 60% under 35 years of age and ~88% under 45 years. 81% of these businesses are based in non-metro cities and their primary driectors are graduates and above using smart phones and business revenue less than Rs 25 Lacs. These businesses employ <=10 employees and have been opertaional for less than 3 years at time of loan applications. 20% customers are new to credit and hence now included in the formal economy.





Technological improvements:

We have strived for a strong IT infrastructure to support the new age sourcing, information gathering and processing, delivery & risk control and reporting for the lending business.

- In FY 20, we streamlined internal processes and re-designed frameworks to strengthen our end to end funnel starting with origination by improving prioritization logics and extending the same to our omnichannel partners for right reach.
- Based on our past learnings, a pilot straight through journey with zero touch points and 100% transparency of the loan process to our customers and partners has been developed and implemented. In the coming year, we have taken a self-goal to extend this platform capability for the 75 percentile of our customers, for a loan to be offered to them within 24 hours of their application.
- For an effective and successful digitization of the customer journey, we have digitized our risk framework by integrating our platform with best in class fraud check to identify any kind of potential fraud in real time.
- One of the major achievements this year has been revamping our loan delivery method by adopting optimized phygital approach and turnaround time being reduced by ~45% by leveraging technology at every stage possible with emphasis to highlight and resolve any pendency.
- We have been at the forefront of implementing video Kyc, participating with India stack, e-NACH, e-sign, which has tremendously enhanced our capability to deliver our offering to remotest locations and hinterlands in the country. We have currently delivered our loans to more than 1300+ locations pan India, with almost '0' branches.

Boosting growth through innovation in distribution and partnerships:

Our aim has been to make finance solutions available to our customers either through us or through our partners. In this effort we have taken multiple steps in FY'20.

- During the year we started making gold loan available to our customers in our distribution funnel who either due to lack of information, different need or credit quality we could not serve.
- We have partnered in co-lending relationships with Banks & NBFCs. With these relationships we are able to offer better loan terms to our borrowers. Further we have been able to give our partners a chance to serve MSMEs as well through our platform and thereby increase our reach overall. These relationships have been smoothly functioning via an inhouse developed platform that enables seamless real-time information flow between Lendingkart and its partners for minimum turnaround time. We aim to collaborate with them to increase our portfolio exposure to 50% with our co-lenders.
- While serving our customers we realized that a lot of their families did not have access to rightful insurance products. We then worked with newer insur-tech startups like Digit & Acko and established brands like HFDC Ergo, Max Life & Tata AIG to design affordable and relevant products for them.
- While working with our partners on our distribution/origination platform we realized how they faced regular problems in registering themselves with multiple institutions, providing data and accessing accounting and payments from them. We have taken a target to build a platform for our omnichannel partners where they can easily access us and serve MSMEs. Also in future they get seamless access to other partners as well who work with us in our eco-system. We currently have more than 100 active partners working with us on our platform.

Best in class MSME portfolio:

We closely monitor the NPAs and develop model based on learnings, industry and policy changes, LendingKart's Machine Learning Algorithm and Models works on close to 10,000 variables, and has proven to perform better for New to Credit MSMEs than 651-700 CIBIL score @ 6MoB-30+ rate. Lendingkart has always been proactive in evaluating the early warning triggers and formulating mitigation strategies to address the probable risks.

Business Performance:
In context of credit growth, Lendingkart has maintained its performance and the key figures are:

- New loans booked during FY2020 were 52,835, an increase of 45% over last FY
- Assets under management (AUM) grew by 77.2% to Rs 2428.8 Crores as of 31 March 2020
- Total income in FY20 increased by 112.94% to Rs 464.3 Crores from last FY
- Lendingkart has maintained the profitability of its NBFC arm, which only a few fin-techs have achieved in the country.
- With the continuous hard work from team, Lendingkart has secured an upgrade in Credit rating to A-/ Stable Outlook from credit agencies.
- Lendingkart is only one of the few lenders in MSME space which has more than 80 % of its portfolio insured under Credit Guarantee Scheme (CGTSME) of Central government. This scheme provides almost 75 % cover on the cost of default of the company.

Business Continuity Plan in times of Crisis:

In the ongoing year, the world is seeing the COVID -19 pandemic and its impact on all sectors of the world economy. MSMEs in India have been impacted severely by pandemic induced lockdown and RBI has announced credit reliefs and credit guarantee schemes to push more liquidity towards MSMEs. There has been a wide opportunity segment foreseen for MSMEs due to the disruption in global demand & supply, and supply chain as well, especially China, leading to an enforced rigor on making Bharat Atmanirbhar.

At the start of the lockdown period, we simulated various scenarios based on industry, geographical areas, businesses segment and their impacts for planning the business for the coming year. The fundamental idea was to help our existing customers and be empathetic towards them since they were going through one of the most struggling times. We spoke to all our customers during the lockdown enquiring about their and family's wellness and how we could help them. This approach and internal efforts have gone a long way for us in managing our collections during these times and allowing us to achieve numbers which are again best in class. We as a firm have come out stronger with our employees having outperformed expectations while working from home, enabling us to deliver a resilient performance during this time.

I am confident that the series of actions being taken by the governments and companies will succeed and show an improved performance in the MSME segment in. Lendingkart hopes to be at the forefront to support the sector in bringing this change.

For each of the functions this year, the focus shall be on driving cost efficiencies, enhancing product delivery, leveraging the tech infrastructure, and building a more scalable and sustainable business.

I would like to thank fellow Lendingkart-ians, our partners and lenders and all other stakeholders for their support, belief and commitment to us during last year. Hope to continue to build Lendingkart to be a company we are all proud of.

Wishing all of you a safe year ahead.

Hashvardhan Lunia
Chairman & Managing Director
Lendingkart Finance Limited

DIRECTORS' REPORT

To the Members,
Lendingkart Finance Limited.

The Directors are pleased to present their 23rd Report along with the financial results of the Company for the financial year ended 31st March, 2020.

FINANCIAL PERFORMANCE

(Amount - ₹ in Lakh)

Particulars	31st March, 2020	31st March, 2019 [1]
Total income	46,430.28	21,804.76
Less: Expenditure	30,287.77	14,816.73
Less: Impairment of financial instruments	11,948.23	5,068.36
Profit/ (Loss) before Tax	4,194.28	1,919.67
Tax [2]	1,225.19	(852.32)
Net Profit/ (Loss) after Tax	2,969.09	2,771.99
Add: Balance brought forward from previous year	(3,041.11)	(5,125.66)
Transfer to Reserve Fund under Section 45-IC of the RBI Act, 1934	(593.06)	(687.43)
Balance carried to Balance Sheet	(665.05)	(3,041.11)
Paid up capital	4,418.79	3,898.59

Notes:

[1] Previous year's figures have been regrouped based on the current year's classification.

[2] Net of deferred tax.

PERFORMANCE OVERVIEW

During the period under review, the Company had disbursed loans amounting to ₹ 2,36,474 Lakh. Gross Income increased by 112.94% from ₹ 21,804.76 Lakh in the previous year to ₹ 46,430.28 Lakh in FY 2019-20.

MANAGEMENT DISCUSSION AND ANALYSIS

A detailed review of the operations, financial performance, risk management, outlook, among others, is provided in the 'Management Discussion and Analysis' enclosed as **Annexure-A** to this Report.

CHANGE IN THE NATURE OF BUSINESS

During the year under review, there has been no change in the nature of business of the Company.

On 11th March, 2020, the World health Organization (WHO) declared the Novel Corona Virus (COVID-19) outbreak as pandemic. On 25th March, 2020, India went on to initiate the largest nation-wide lockdown in the world.

The Company took immediate steps to contain the impact of COVID-19 on the business of the Company. Some of the steps taken were:

- activating business continuity plans, with the emergency response team monitoring the situation and implementing actions in real time. As a result of this, the Company continued operating under a well-defined 'Work-from-Home' protocol.
- employee safety remained the topmost priority, and the Company ensured that all employees immediately moved to work from home and ensured requisite support to cater business requirements.
- swiftly moving the IT infrastructure, making laptops available where needed and creating multiple platforms for collaboration and team meetings through use of technology.
- continuously engaging with customers to cater their requirements and providing requisite support.

The situation is evolving at slow pace but based on known facts, businesses worldwide are learning to live with this new normal. Similarly, Lendingkart has also taken necessary steps to resume the business operations. Lendingkart remains focused on profitable operations, seeking to conserve cash, borrowing long-term, strengthening collections, rationalizing expenditure and preserving capital.

SHARE CAPITAL

The Company is a wholly-owned subsidiary of Lendingkart Technologies Private Limited ("**Holding Company**"). The Company does not have any subsidiary, joint venture, or associate company.

As on 31st March, 2020, the paid-up equity share capital of the Company stood at ₹ 44,18,79,310 (Rupees forty four crore eighteen lakh seventy nine thousand three hundred and ten) consisting of 4,41,87,931 (four core forty one lakh eighty seven thousand nine hundred and thirty one) equity shares of ₹ 10 (Rupees ten) each.

During the period under review, the Company allotted 52,02,011 (fifty two lakh two thousand and eleven) equity shares of ₹ 10 (Rupees ten) each at a price of ₹ 403.69

(Rupees four hundred three and sixty nine paisa) per share by way of a rights issue to the Holding Company of the Company.

CAPITAL ADEQUACY

As on 31st March, 2020, the overall capital adequacy stood at 36.19%, which is way higher than the RBI's requirement of 15% reflecting its confidence in investing and growing the business. Similarly, the Tier 1 Capital is comfortable at 33.81%, compared to the requirement of 10% as laid by RBI.

CREDIT RATINGS

The overall long term rating of the Company by Infomerics, ICRA, India Ratings and CRISIL is IVR A- (Outlook: Stable), ICRA BBB+ (Outlook: Stable), India Ratings BBB+ (Outlook: Positive) and CRISIL BBB+ (Outlook: Stable). The short-term rating of the Company by Infomerics, ICRA Limited and India Ratings is A2. Furthermore, the Company has obtained rating in respect of line of credit/bank lines, outstanding securitisation/ assignment transactions, Non-Convertible Debentures and Commercial Paper. The ratings obtained for the said transactions are provided hereunder:

Instrument	As on the date of this Report			
	Date of Rating	**Rating Agency**	**Current Rating Assigned**	**Valid up to**
Line of Credit/ Bank lines	03-Dec-2019	ICRA	[ICRA] BBB+ /A2 (Stable)	One Year
	01-Jun-2019	India Ratings	[IND] BBB+ /A2 (Positive)	One Year
	01-May-2019	CRISIL	[CRISIL] BBB+ (Stable)	One Year
	13-Jun-2020	Infomerics	[IVR] A-/Stable	One Year
Non-Convertible Debentures /CP	03-Dec-2019	ICRA	[ICRA] BBB+ /A2 (Stable)	One Year
	01-Jun-2019	India Ratings	IND BBB+ /A2 (Positive)	One Year
	01-Oct-2019	India Ratings	IND PP-MLD BBB+ (Positive)	One Year
	13-Mar-2020	CRISIL	CRISIL PP-MLD BBB+ (Stable)	One Year
	13-Jun-2020	Infomerics	[IVR] A-/Stable/ A2 Plus	One Year

Securitization/Assignment	22-Apr-19	ICRA	ICRA A+(SO)/ICRA A-(SO)	One Year
	14-Aug-19	India Ratings	IND A (SO)/ IND BBB+ (SO)	One Year
	30-Aug-19	ICRA	ICRA BBB+(SO)	One Year
	04-Sep-19	India Ratings	IND A+ (SO)/ IND BBB+ (SO)	One Year
	30-Sep-19	ICRA	ICRA A+ (SO)	One Year
	28-Nov-19	CRISIL	CRISIL A+(SO) [Series A1], BBB+(SO) [Series 2]	One Year
	01-Feb-20	India Ratings	Provisional IND A(SO)/Provisional IND BBB+(SO)	One Year
	17-Feb-20	ICRA	ICRA A+ (SO)/ICRA A-(SO)	One Year
	19-Feb-20	CRISIL	CRISIL A (SO)	One Year
	27-Feb-20	CRISIL	CRISIL A(SO)/ CRISIL A-(SO)	One Year

Note: Ratings are valid up to Maturity subject to the annual surveillance

KEY AWARDS AND RECOGNITIONS

During the year under review, Lendingkart Group has been awarded the following awards and recognitions:

- **'SIDBI ET India 'MSE Award – 2019'** under the Fintech Lender's category 2019;
- Lendingkart was featured as the top Fintech lending startup with the potential to become **'Unicorn' by NASSCOM** in its annual report on the 'startup ecosystem';
- Lendingkart is the only Fintech lending company to be included in the **KPMG H2 Ventures' fifth annual 'Fintech100' list**, the fourth time in a row. While Lendingkart topped the lending category in India, it **ranked no. 23 on the global list**;
- ABP News BFSI Award for **'Best Lending Tech of the Year' 2019** and Mr. Harshvardhan Lunia, Managing Director was awarded the **'Fintech Personality of the Year' 2019**;

- **World BFSI Dream Company to work for 2020**;
- **World BFSI most influential Business leader 2020**; and
- **BLOY "Digital Technology Award" 2020**.

DIVIDEND

The Directors have not recommended any dividend for the FY 2019-20.

RESERVES

During the year under review, the Company has earned a total comprehensive income of ₹ 2,965.28 Lakh. Accordingly, the Company has transferred ₹ 593.06 Lakh to the statutory Reserve Fund in terms of Section 45-IC of the Reserve Bank of India Act, 1934.

DEBT POSITION

During the year under review, ₹ 30,397.50 Lakh had been raised through issuance of non-convertible secured debentures on a private placement basis.

As on 31st March, 2020, the total borrowings stood at ₹ 1,57,497.05 Lakh; bank borrowings stood at ₹ 53,652.34 Lakh; borrowings from financial institutions and others stood at ₹ 59,935.97 Lakh; and non-convertible debentures were at ₹ 43,908.74 Lakh.

DETAILS OF DEBENTURE TRUSTEES

The details of the entities which acted as the debenture trustees for the debenture holders of the Company during the year are as under:

Sr. No.	Trustee	Contact details
1.	Catalyst Trusteeship Limited	Address: Windsor, 6th Floor, Office No - 604, C.S.T. Road, Kalina, Santacruz (East), Mumbai – 400 098 Phone No.: +91 22 4922 0555 Fax No.: +91 22 4922 0505 Email: dt.mumbai@ctltrustee.com Website: www.catalysttrustee.com
2.	Milestone Trusteeship Services Private Limited	Address: CoWorksWorli, PS56, 3rd Floor, Birla Centurion, Pandurang Budhkar Marg, Worli, Mumbai – 400030. Phone: 020 – 62886119

		Fax: 020 – 67167077 Email:investorgrievances@milestonetrustee.in, compliance@milestonetrustee.in Website: www.milestonetrustee.in
3.	IDBI Trusteeship Services Private Limited	Address: Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Fort, Mumbai – 400001. Phone: 022–40807000 Fax: 022 – 66311776 Email: itsl@idbitrustee.com Website: www. idbitrustee.com

PUBLIC DEPOSITS

The Company being a registered 'non-deposit taking NBFC' under the regulations of RBI had not accepted any public deposits during the year under review.

ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT-9, in accordance with Section 92(3) of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, are set out herewith as **Annexure-B** to this Report and has also been placed at the website of the Company at https://www.lendingkartfinance.com.

PARTICULARS OF LOANS, GUARANTEES, OR INVESTMENTS

As the Company is registered as a non-banking financial company with Reserve Bank of India, the provisions of Section 186, except sub-section (1) of the Companies Act, 2013 are not applicable to the Company.

BOARD OF DIRECTORS AND BOARD COMMITTEES

Meetings of the Board of Directors

During the period under review, the Board of Directors met six (6) times.

Constitution of the Board Committees

I. Audit Committee

Mr. Gaurav Mittal - Chairman
Mr. Thallapaka Venkateswara Rao - Member *(appointed on 13th November, 2019)*
Mr. Anindo Mukherjee - Member

- *Ms. Divya Himanshu Jain ceased to be the Member of the Committee with effect from 28th June, 2019.*

II. Nomination and Remuneration Committee

Mr. Hong Ping Yeo	- Chairman *(appointed on 13th November, 2019)*
Ms. Pankaj Makkar	- Member *(appointed on 13th November, 2019)*
Mr. Gaurav Mittal	- Member
Mr. Thallapaka Venkateswara Rao	- Member *(appointed on 13th November, 2019)*

- *Ms. Divya Himanshu Jain ceased to be Member of the Committee with effect from 28th June, 2019.*
- *The Board of Directors reconstituted the Committee on 13th November, 2019 and Mr. Anand Pande ceased to be the Member of the Committee.*

The Company has laid guidelines approved by the Nomination and Remuneration Committee (NRC) for Fit and Proper Criteria for appointment of Directors in accordance with the guidelines issued by the Reserve Bank of India.

The Nomination & Remuneration Policy as approved by the Board on recommendation of the Nomination & Remuneration Committee is available on website of the Company www.lendingkartfinance.com. The Policy, inter alia, provides for:

- Guiding principles for remuneration and other terms of employment
- Criteria for determining qualifications and positive attributes of a director, key managerial personnel, and senior management personnel.
- Compensation structure; and
- Performance evaluation process

III. Risk Oversight Committee

Mr. Anindo Mukherjee	Chairman
Mr. Kiranbir Nag	Member*
Mr. Harshvardhan Lunia	Member

**Mr. Kiranbir Nag ceased to be the Member of the Committee w.e.f. 6th July, 2020.*

IV. IT Strategy Committee

Mr. Gaurav Mittal	Chairman
Mr. Anand Pande	Member
Mr. Kiranbir Nag	Member*
Mr. Mukesh Singh	Invitee

**Mr. Kiranbir Nag ceased to be the Member of the Committee w.e.f. 6th July, 2020.*

V. Corporate Social Responsibility Committee

Mr. Gaurav Mittal	Chairman
Mr. Harshvardhan Lunia	Member
Mr. Anand Pande	Member

The Company's Corporate Social Responsibility Policy ("**CSR Policy**") is available on website of the Company www.lendingkartfinance.com. The CSR Policy gives an overview of the projects or programs that could be undertaken by the Company from time to time.

The CSR Policy, *inter alia,* covers the following:
- CSR Vision
- CSR Objectives
- Focus Areas
- Scope of the Policy
- Responsibility of the CSR Committee
- Governance Structure
- CSR budget and expenditure
- CSR implementation process
- CSR activities through external specialized agencies
- Monitoring & reporting

During the year under review, the Company was not required to incur any CSR expenditure.

TERMS OF REFERENCE OF THE BOARD COMMITTEES

The terms of references of the Audit Committee, Nomination and Remuneration Committee, Risk Oversight Committee, IT Strategy Committee, and Corporate Social Responsibility Committee are provided in the Corporate Governance Guidelines. The Corporate Governance Guidelines are available on website of the Company www.lendingkartfinance.com.

INTERNAL FINANCIAL CONTROLS

The Company's Internal Financial Control systems are commensurate with the nature of its business and the size and complexity of its operations.

The Company has put in place adequate internal financial controls with reference to financial statements. Such a system has been designed to provide for:

• Adoption of accounting policies in line with applicable accounting standards;
• Proper recording of transactions with internal checks and reporting mechanism; and

• Compliance with applicable statutes, policies, management policies, and procedures.

The management of the Company periodically reviews the financial performance against the approved plans across various parameters and takes action, wherever necessary.

APPOINTMENTS, RE-APPOINTMENTS AND RESIGNATION OF DIRECTORS & KEY MANAGERIAL PERSONNEL

During the year under review:

(i) The Board of Directors vide resolution dated 21st April, 2019, appointed Mr. Hong Ping Yeo (DIN: 08401270) as an additional non-executive director of the Company. The members of the Company appointed Mr. Hong Ping Yeo as a non-executive director at the extraordinary general meeting held on 30th April 2019;

(ii) The members of the Company at the extraordinary general meeting held on 28th June, 2019, re-appointed Mr. Gaurav Mittal (DIN: 01037873) as a non-executive independent director of the Company for the second term of 2 (two) years;

(iii) Mr. Harshvardhan Lunia, Director, was appointed as the Managing Director of the Company for a period of 3 (three) with effect from 1st July, 2019;

(iv) The Board of Directors at their meeting held on 13th November, 2019, appointed Mr. Thallapaka Venkateswara Rao (DIN: 05273533) as an additional non-executive independent director of the Company for a period of 3 (three) years with effect from 13th November, 2019 subject to confirmation by members at the ensuing annual general meeting;

(v) Pursuant to Section 152 of the Companies Act, 2013, Mr. Anindo Mukherjee (DIN: 00019375) and Mr. Vikram Godse (DIN: 00230548), Directors of the Company, retire by rotation and being eligible, offers themselves for re-appointment at the forthcoming annual general meeting;

(vi) Mr. Mukul Sachan (DIN: 07237991), Whole-time Director, designated as Director & CEO, tendered his resignation effective from close of working hours of 31st May, 2019;

(vii) Ms. Divya Himanshu Jain (DIN:07864477) ceased to be a non-executive independent director of the Company, due to expiry of her second term of appointment as an independent director, with effect from 28th June, 2019;

(viii) Mr. Piyush Kabra, Chief Financial Officer of the Company tendered his resignation effective from close of working hours of 29th November, 2019;

(ix) Mr. Mithun Sundar (PAN: AWUPS8371C) was appointed as the Chief Executive Officer of the Company with effect from 11th February, 2020; and

(x) Mr. Mohit Bajaj (PAN: AHCPB6056E) was appointed as the Chief Financial Officer of the Company with effect from 11th February, 2020.

INDEPENDENT DIRECTORS

Declaration of independence

The Independent Directors have tendered declaration that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

Statement on Integrity, expertise, and experience of independent directors

Mr. Thallapaka Venkateswara Rao

Mr. Thallapaka Venkateswara Rao has an overall experience of 35 (thirty-five) years in the field of Banking, Foreign Trade and Housing Finance Sectors with specialization in Management of Treasury, Investment and Corporate Finance Operations, Securitization and Structured Finance, product development (Reverse Mortgage, etc.), Training, Research, Capacity Building and Regulation and Supervision of Housing Finance Institutions.

Mr. Rao is registered as an independent director in the data bank of independent directors as required under the Companies Act, 2013, and has passed the online proficiency self-assessment test conducted by the Indian Institute of Corporate Affairs.

Mr. Gaurav Mittal

Mr. Gaurav Mittal has an overall experience of more than 15 (fifteen) years as an educational entrepreneur having floated JEE coaching venture Quest Tutorials in the year 2002 and also worked as head of marketing with Meritnation.com, an online portal which provides study material and solutions for educational purposes. He has been serving as an Independent Director on the Board of the Company since 30th June, 2018.

In terms of the Companies Act, 2013, Mr. Gaurav Mittal shall enroll his name to the data bank of independent directors and appear the online proficiency self-assessment test by the Indian Institute of Corporate Affairs, within the timelines prescribed under the Companies Act, 2013.

In terms of the RBI Regulations, the Chairman of the Nomination and Remuneration Committee has confirmed the fit and proper status of Mr. Gaurav Mittal and Mr. T.V. Rao to continue to act as the independent directors of the Company.

Furthermore, the Board of Directors at their meeting held on 20th August, 2020 evaluated the performance of the Independent Directors. The Board is of the opinion that Mr. Gaurav Mittal and Mr. Thallapaka Venkateswara Rao, Independent Directors, possess requisite integrity, expertise, and experience to act as independent directors of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c)and 134(5) of the Companies Act, 2013, the Directors hereby state and confirm that:

(a) in the preparation of the annual accounts, the applicable Indian Accounting Standards and Schedule III of the Companies Act, 2013 have been followed along with proper explanation relating to material departures;

(b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for the financial year ended 31st March, 2020;

(c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the annual accounts have been prepared on a going concern basis; and

(e) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

COMPLIANCE OF APPLICABLE SECRETARIAL STANDARDS

The Company complies with all the applicable secretarial standards.

PARTICULARS OF REMUNERATION

The details as required to be disclosed under Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable for the FY 2019-2020.

INTERNAL COMPLAINTS COMMITTEE

The Company has in place a Policy on Prevention of Sexual Harassment at Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules framed thereunder. During the period under review, no complaints were received by the Internal Complaints Committee established under the Policy for Prohibition, Prevention and Redressal of Sexual Harassment of Women at Workplace of the Company.

RELATED PARTY TRANSACTION

All contracts/arrangements/transactions entered into/by the Company during the year under review with related parties were on arms' length basis and in the ordinary course of business of the Company. The Company has formulated a policy on Related Party Transactions which is available on website of the Company www.lendingkartfinance.com.

There were no material contracts which are required to be disclosed pursuant to Section 134(3)(h) of the Companies Act and rule 8(2) of the Companies (Accounts) Rules, 2014.

The details of other related party transactions entered during the year under review are provided in Note No. 35 of the accompanying financial statements.

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

(a) Conservation of Energy

(i) The Steps Taken or impact on the conservation of Energy

The Company continues to make all efforts to conserve and optimize the use of energy including efficient use of office equipment, and like manners.

(ii) The steps taken by the Company for utilizing alternate sources of energy

The Company already uses minimal energy, there is no cost-effective way to use any alternate source of energy.

(iii) The Capital investment in energy conservation equipment

There was no capital investment made in energy conservation equipment.

(b) Technology Absorption

The Company uses the latest technology and equipment in the business.

The expenditure incurred on Research and Development: Nil

(c) Foreign exchange earnings and outgo

During the year under review, the Company had no foreign exchange earnings. The foreign exchange outgo was ₹ 97.92 Lakhs towards professional fees and software expenses.

AUDITORS AND THEIR REPORT

Statutory Auditors

The report of M/s. S.R. Batliboi & Co. LLP, Chartered Accountants, forms part of the Annual Report. The observations of the Auditors in the Auditors' Report are explained, wherever necessary in the appropriate Notes to the accounts. No frauds were reported by the Auditors during the period under review under sub-section (12) of Section 143 of the Companies Act, 2013.

M/s. S.R. Batliboi & Co. LLP (Firm Registration No. 301003E/E300005), Chartered Accountants, were appointed as Statutory Auditors of the Company, for a term of 5 (five) consecutive years from conclusion of 18th annual general meeting till the conclusion of the 23rd annual general meeting.

The term of appointment of M/s. S.R. Batliboi & Co. LLP, Chartered Accountants, shall end at the conclusion of the forthcoming 23rd annual general meeting of the Company.

The Board of Directors recommend re-appointment of M/s. S.R. Batliboi & Co. LLP, Chartered Accountants, as the Statutory Auditors of the Company for a period of 5 (five) years at the forthcoming 23rd annual general meeting i.e. to hold office from the conclusion of the 23rd annual general meeting till the conclusion of the 28th annual general meeting.

M/s. S.R. Batliboi & Co. LLP are eligible for re-appointment as the Statutory Auditors for a period of five years under Section 139 and 141 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014. The resolution seeking approval of the Members for reappointment of M/s. S.R. Batliboi & Co. LLP, Chartered Accountants, forms the part of the notice of the 23rd annual general meeting.

Secretarial Auditors

In accordance with the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed Ms. Maneesha Priyani, Company Secretary in Practice and proprietor of M/s. Maneesha Priyani & Associates, Company Secretaries, to conduct the Secretarial Audit of the Company for FY 2019-20. The Secretarial Audit Report for FY 2019-20 is annexed herewith as "**Annexure-C**" to this Report.

MAINTENANCE OF COST RECORDS

During the period under review, the Company was not required to maintain cost records as specified by the central government under sub-section (1) of Section 148 of the Companies Act, 2013.

STATEMENT INDICATING THE MANNER IN WHICH FORMAL ANNUAL EVALUATION HAS BEEN DONE

The Board completed the annual evaluation of its own performance as well as an evaluation of the working of all the Board Committees, and the Independent Directors. The Independent Directors evaluated the performance of the Chairman, the non-independent directors, and the Board. The Nomination and Remuneration Committee evaluated the performance of all individual Directors (excluding independent directors).

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

During the year under review, no significant and material orders passed by any regulator or court or tribunal, which may impact the going concern status of the Company and its operations in future.

RISK MANAGEMENT

In line with the RBI regulations, the Company has the board committee known as the Risk Oversight Committee. The Risk Oversight Committee of the Company, inter alia, oversees the processes of risk assessment and minimization, monitors risk management plans, and carries out such other functions as may be directed by the Board.

The Board of Directors of the Company approved the Risk Management Framework at their meeting held on 11th February, 2020 pursuant to the recommendation of the Risk Oversight Committee. The Framework, inter alia, provides for a sound and well-defined framework to address all material risks of the Company and the governance structure.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Company has established a Vigil Mechanism/ Whistle Blower Policy. The purpose of this mechanism is to provide a framework to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct and provide adequate safeguards against victimization of the person availing this mechanism. The Policy is placed on website of the Company www.lendingkartfinance.com. The Policy has been appropriately communicated within the organization and is effectively operational.

The whistle-blower policy comprehensively covers processes for receiving, analyzing, investigating, inquiring, taking corrective action, and reporting of the issues raised.

ACKNOWLEDGMENT

The Directors acknowledge with gratitude, the encouragement, assistance, support, and co-operation extended by its investors, customers, bankers, and employees, and all the stakeholders of the Company.

For and on behalf of the Board of Directors of
Lendingkart Finance Limited

Harshvardhan Lunia
Chairman & Managing Director
DIN: 01189114

LENDINGKART FINANCE LIMITED (INDIA)

Date: 20th August, 2020
Place: Ahmedabad

Annexure-A

Management Discussion and Analysis - Lendingkart Finance Limited

Macroeconomic Scenario

India is fast becoming a digital economy with over a billion mobile phones, 330 million internet users (c.94% on wireless devices), and 240 million smartphones. The unprecedented growth in the fintech sector in India is a direct result of rapidly changing demographics and consumer behavior, underpinned by the need for convenience. An added positive is the regulatory thrust to the adoption of technology in solving long-standing issues of financial inclusion and transparency in financial dealings. Relaxation of KYC norms for smaller ticket transactions, exemption from two-factor authentication for each digital wallet transaction, NPCI initiatives have all played a role in making fintech more ubiquitous. Digital alternatives to lending have emerged from the need to address multiple pain points for the customer. These lenders also seek to provide credit to a vast section of the population that is underserved by the traditional banks/non-banking finance companies, given that borrowing from banks is contingent on the availability of collateral and credit history. Fintech & new age NBFCs seek to fill this gap with innovative use of technology to construct alternative credit scores based on social profiles. Fintech or 'Financial Technology' has become a well-established word in financial circles. Fintech players the world over are challenging the status quo of the financial services industry by bringing in a fresh take on problems faced by customers, as seen through the lens of technology.

[1]Global headwinds and challenges in the domestic financial sector moderated the growth of Indian economy in 2019-20. The real GDP growth moderated to 5.0 percent in 2019-20 as compared to 6.8 percent in 2018-19. Despite a temporary moderation in the GDP growth in 2019-20, the fundamentals of Indian economy remain strong. Fiscal situation remained close to the consolidation path and consumer price inflation was within the targeted limits set by the Monetary Policy Committee of the Reserve Bank of India (RBI). Despite continuing sluggishness in global demand, the Current Account Deficit (CAD) narrowed to 1.5 percent of GDP in first half (H1) of 2019-20 from 2.1 percent in 2018-19. Global confidence in the Indian economy improved as reflected in growing inflows of net Foreign Direct Investment (FDI) and an all-time high accumulation of foreign exchange reserves of US$ 457.5 billion as at the end December 2019. India moving up by 14 positions to 63rd rank in 2019. World Bank's Ease of Doing Business 2020 Report has, among others, contributed to the increase in global confidence in Indian economy. India has emerged as an important player in the world on the back of high GDP growth and announcement/implementation of critical measures in the current year and last few years.

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[1] Macro-economic framework statement India Budget 20-21

The measures announced/implemented in 2019-20 include- reduction in corporate tax rate; outreach program for growth, expansion and facilitation of micro, small and medium enterprises; incentives for start-ups in India; scheme to provide a one-time partial credit guarantee to public sector banks (PSBs) for purchase of pooled assets of financially sound NBFCs;. Apart from this, various steps were taken to boost manufacturing; employment generation; financial inclusion; digital payments; improving ease of doing business via schemes such as Make in India, Skill India and Direct Benefit Transfer. Government has also announced the National Infrastructure Pipeline (NIP) of projects worth 102 lakh crore, which will commence in phases from 2020-21 to 2024-25.

India is the largest consumer market in the world. It is among the fastest-growing Fintech industry markets in the world. Point of advantages in favor of Fintech operating in India is a rapid internet penetration, the largest population of unbanked category, and the highest Fintech adoption rate in the world.

Moreover, it is estimated that the Indian Fintech market will be growing at a CAGR of 22% in the next five years as per NASSCOM. Hence, India possesses unexplored revenue potential for Fintech players. The opportunities are not just limited to retail consumers but also exist to include the 57.7 million small businesses registered in the country. The growth potential of Indian startups is supplemented by the growth of startup infrastructure in India. The Government of India is running various schemes for the growth and development of startups in India.

Opportunity Landscape

[2]The MSME sector, often considered the bulwark of the economy as it contributes 29 per cent to the GDP and 48 per cent to exports, for which timely availability of low-cost credit remains a challenge. India has more than 50 million small and medium enterprises which face the problem of liquidity crunch. Out of these, only 15 per cent get access to formal credit due to the trust deficit that exists, and they lack collateral, which serve as a requirement for the PSBs to lend funds. As of 2019, most of the credit demand for $600 billion is being met through informal sources. Majority of these businesses lack access to formal credit sources and thus rely on informal credit sources. It poses a huge growth potential.

Lendingkart Finance Limited (LFL) provides working capital finance to Micro and Small enterprises. Use of data analytics and alternate data for credit evaluation is being done for the credit worthiness of these sectors, by understanding their business models, payment cycles which are different from the traditional sectors. These data points facilitate in making quick decisions on lending to self-employed businessmen.

This year has witnessed the competition between Banks & NBFCs giving way to collaboration. LFL has taken the lead in partnering with private banks in the form of

[2] Confederation of Indian Industry Research

commercial partnership and innovative initiatives to serve the segment. LFL has used a bouquet of innovative credit models and services on the strong backbone of the banking and payments infrastructure in the country. Banks, on the other hand, have relied on innovative solutions developed by fintech players to better address the needs of their existing customer base. The next step is to initiate such long-term partnerships with public sector banks as well.

[3]Digital MSME lending is projected to increase between 10 and 15 times by 2023, scaling up to ₹ 6-7 Lakh Crore ($80-100 billion) in annual disbursements. Digitization and formalization of MSME lending will help propel India into a higher growth trajectory. Easier and cheaper credit through digital lending has the potential to increase formalization up to 85% of MSMEs by 2023.

As more and more MSMEs are getting connected digitally, the majority of them are ready to share the data. It will generate more data for digital lenders to make appropriate underwriting decisions. Along with extensive usage for underwriting, data analytics should also help formulating policies like enabling access to alternate data and incentive to increase geographical credit expansion and inclusion would help the industry grow.

Business Overview

Lendingkart Finance Limited provides quick, easy and hassle-free working capital loans to MSMEs for their business needs. LFL aims to be central to providing the financing to India's 63 million MSMEs by leveraging technology, data analytics, machine learning and artificial intelligence.

LFL has disbursed 52,835 loans to MSMEs in FY20 (28,936 in FY19) amounting to ₹ 2364.74 Crore (₹ 1680.05 Crore in FY19), and out of loans of ₹ 2364.7 Crore, 19.3% loans were disbursed to the existing customers of the Company. Though the Company has offices at only five locations, it has disbursed loans in more than 1300 cities and towns in India. The Company has cumulatively touched and improved lives of more than 80,000 small businessmen and have touched gross disbursal of ₹ 5,320 Crore to these customers.

Company's Assets Under Management (AUM) grew by 77.2% in FY 20 on a year on year basis to ₹ 2428.8 Crore from ₹ 1370.6 Crore in FY19. AUM is well diversified between industries with the largest industry contributing to 13% of the Outstanding and top 5 from the total of 25 industries contributing to 45% of the Outstanding.

Gross income in FY20 increased by 112.94% to ₹ 464.3 Crore from ₹ 218.0 Crore. Profit margins were at 6.39% in FY20.

3 Report from Omidyar Network and BCG

Human Capital

LFL has been focused on attracting and retaining the right talent in an increasingly competitive market, by providing the right opportunities to employees to realize their potential. The focus has been on an enhanced training program to address the present and upcoming challenges in the industry so that the employees are equipped with functional & domain knowledge. Adequate talent pipeline has been developed to meet the present and future business needs, especially for critical positions, by leveraging the discussion forums and organized debates to crowdsource ideas from the internal community.

Lendingkart has been awarded as "Dream Company to work for" in World BFSI congress awards organized by ET NOW. This has been possible due to continuous effort for improving the employee experience and their journey with Lendingkart a learning and enjoyable experience by continuous one on one discussions, various rewards & recognition programs. personalized coordination, awareness & use of technology. Lendingkart community has stayed connected and stronger to remain together for the challenges. Various events, festivals, celebrations are organized for all the teams to get together and celebrate their efforts, contribution and being part of Lendingkart.

Lendingkart also developed a succession plan for the leaders and critical resources, to identify the successors internally or if to be hired. The robust Performance Management Program helps in fostering high performance and building capability, to help them perform next level with quarterly review and the promotion process lets the best performers shine through and helps to keep a young workforce engaged and motivated for more opportunities.

Internal Control Systems

LFL has an independent internal management assurance function which is commensurate with its size and scale. It evaluates the adequacy of all internal controls and processes and ensures strict adherence to clearly laid down processes and procedures as well as to the prescribed regulatory and legal framework. The Internal control system comprising policies and procedures is designed to ensure sound management of the Company's operations, safekeeping of its assets, optimal utilization of resources, reliability of its financial information and compliance. Clearly defined roles and responsibilities have been institutionalized. Systems and procedures are periodically reviewed to keep pace with the growing size and complexity of the Company's operations. LFL has further strengthened its internal audit function by investing in domain specialists to increase effectiveness of controls. The Audit Committee of the Board of Directors reviews the internal audit reports and the adequacy and effectiveness of internal controls. During the financial year under review, no material observation has been received from the Statutory Auditors and the Internal Auditors of the Company on such controls.

Risk Management

The company has built a strong culture of managing risk in a structured manner. The risk management framework focuses attention on the key areas of risks facing the organization such as credit, liquidity, operational and IT security risks.

Credit Risk

LFL has devised guidelines and established detailed procedures and policies to undertake credit assessment and underwriting of the applicants. Process automations covering business & eligibility frameworks through rule engines with minimal human intervention ensures a consistent, transparent and efficient underwriting mechanism. The guidelines cover various parameters including Background Verification, Management Profile, Business Profile, Financial Performance and discipline with detailed emphasis on cash flows of the borrowers thereby ensuring each loan application goes through a rigorous assessment and approval process. The assessment also encompasses other credit evaluation tools, including inputs from credit bureau information reports, other third parties as required. These policies are regularly monitored against desired outcomes for the organization and are reviewed and revised as required.

Operational Risk

Operational risk is inherent to processes and systems and a dedicated team monitors operational risks and incidents, including the robustness of various processes, systems and information security related matters. The Company has put in place a process to identify / mitigate various risks across all entities and document standard operating procedures. These are periodically reviewed to ensure that the key risks and controls across the Company are well identified. Operational processes have been streamlined with critical processes being centralized to ensure consistency, control and oversight.

IT Security Risk

Cyber security is integrated in the IT security policies and procedures to mitigate the risk. The IT Infrastructure has multiple layers of security within depth defense by design. The Company has perimeter security devices like firewalls, intrusion prevention systems to detect and stop the threats stemming from the internet. The Company proactively monitors the critical applications and systems for any suspicious activity and anomaly. Employee security awareness training and regular security audits are also conducted to check the effectiveness of security controls.

Asset Liability Management

Borrowing & asset liability management function is a centralized activity carried out by the finance team of the Company in consultation with the management. The team focuses on minimizing the cost of borrowings, liquidity management and control, diversifying fundraising sources, managing interest rate risk and investing funds in accordance with the criteria set forth in investment policy.

Our borrowing sources include public/private & small finance Banks, NBFCs, DFI, AMCs. Borrowing tenure is usually longer than the maturity of company assets to maintain positive cash flow. Short term liquidity is monitored on a dynamic basis to maintain adequate liquidity.

Company reviews its policy periodically to factor in macro and micro events. The company thus follows a prudent strategy to ensure a solid foundation for its asset liability management.

Information Technology Infrastructure

LFL has been leading technology adoption among industry peers and has continuously leveraged existing and emerging technologies to launch new partnerships, enhance customer acquisition and servicing processes along with simplifying the back-office. The Company is also actively focusing in leveraging Artificial Intelligence (AI) and Machine Learning (ML) to enable best in class customer experience at various touch points along with focusing in cloud and data infrastructure. Lendingkart won the "Digital Technology Award" this year and it continues to strive for excellence and leveraging an IT infrastructure that best serves SMEs in India.

LFL uses a variety of technologies for lending use cases right from customer on-boarding to credit evaluation till collections. The new age technology solutions from Lendingkart Technologies Private Limited, its holding company, have enabled the Company to deliver cost effective and state of the art efficient solutions for our customers. It has helped us in strategic cost management for our entire operations.

By using systems to automate processes and decisioning, LFL seeks to offer unified customer experience, reduce turnaround time, minimize operational risk and minimize scope for human error. LFL have embraced mobile and web digital platforms for customer acquisition and servicing. The company have adopted cloud-based solutions leveraging open source technologies to deliver long term business value and to provide agility, scalability and cost effectiveness. LFL have focused several key strategic programs to strengthen use of technology stack to deliver efficient value and customer experience which includes Mobile application, Loan Origination System, Automated Credit Evaluation System, Loan Delivery System, and Accounts & Collections System.

LFL has always kept continued focus on delivering innovative products and maximizing our reach to SME customers and has become a benchmark in the lending fintech domain. As we move ahead, continued investments in technology and digital products will be maintained to solve the problem of the MSME segment in terms of enhanced data availability and lending product delivery. Our models have increasing capabilities to evaluate customers from across industry domains and credit profiles which remains the core strength for us to pave the way and shape digital lending evolution.

For and on behalf of the Board of Directors of
Lendingkart Finance Limited

Harshvardhan Lunia
Chairman & Managing Director
DIN: 01189114

LENDINGKART FINANCE LIMITED (INDIA)

Date: 20th August, 2020
Place: Ahmedabad

Annexure – B

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
(as on the financial year ended on March 31, 2020)

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i.	CIN	U65910MH1996PLC258722
ii.	Registration Date	December 26, 1996
iii.	Name of the Company	Lendingkart Finance Limited
iv.	Category / Sub-Category of the Company	Company Limited by Shares Non-government Company
v.	Address of the Registered office and contact details	A-303/304, Citi Point, Andheri-Kurla Road, Andheri (East) Mumbai – 400059, Maharashtra. Phone: 022-6697 8727
vi.	Whether listed company	No (The Company became debt listed on 7th July, 2020)
vii.	Name, Address, and Contact details of Registrar and Transfer Agent, if any.	Registrar & Transfer Agent for Debenture Holders: KFIN Technologies Private Limited Selenium, Tower B, Plot No. 31-32, Gachibowli Financial District, Hyderabad-500 032.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Non-banking financial services- Lending working capital loan to micro, small and medium enterprises	64990	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No	Name and address of the company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
1.	Lendingkart Technologies Private Limited Address: 14th Floor, D Block, The First, The First Avenue Road, Behind Keshavbaugh Party Plot, Vastrapur Ahmedabad-380015.	U72900GJ2014PTC081539	Holding	100%	2(46)

IV. SHAREHOLDING PATTERN AS ON MARCH 31, 2020
(Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/ HUF	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
b) Central Govt.	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
c) State Govt(s)	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
d) Bodies Corp	NIL	3,89,85,920	3,89,85,920	100	4,41,87,925	6	4,41,87,931	100	13.34
e) Banks / FI	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
f) Any Other	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
Subtotal(A)(1):-	NIL	3,89,85,920	3,89,85,920	100	4,41,87,925	6	4,41,87,931	100	13.34
2) Foreign									
NRIs- Individuals	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
b) Other- Individuals	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
c) Bodies Corp.	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
d) Banks / FI	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
e) Any Other….	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
Sub-total(A)(2):-	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	NIL	3,89,85,920	3,89,85,920	100	4,41,87,925	6	4,41,87,931	100	13.34
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
b) Banks / FI	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
c) Central Govt	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
d) State Govt(s)	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
e) Venture Capital Funds	NIL	NIL	NIL	0	NIL	NIL	NIL		0
f) Insurance Companies	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
g) FIIs	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
h) Foreign Venture	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Capital Funds									
i) Others (specify)	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
Sub-total (B)(1):-	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
2. Non Institutions									
a) Bodies Corp.									
(i) Indian	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
(ii) Overseas	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
b) Individuals									
(i) Individual shareholders holding nominal share capital uptoRs. 1 lakh	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Others(Specify)	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
Sub-total(B)(2)	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
Total Public Shareholding (B)=(B)(1)+ (B)(2)	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
GrandTotal (A+B+C)	**NIL**	**3,89,85,920**	**3,89,85,920**	**100**	**4,41,87,925**	**6**	**4,41,87,931**	**100**	**13.34**

ii. Shareholding of Promoters

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	% change in shareholding during the year
1.	Lendingkart Technologies Private Limited	3,89,85,920	100	0	4,41,87,931	100	0	13.34
	Total	**3,89,85,920**	**100**	**0**	**4,41,87,931**	100	0	**13.34**

iii. Change in Promoters' Shareholding

Sr. no		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
1	Lendingkart Technologies Private Limited	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	**3,89,85,920**	100.00		

Sr. no		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
1	Lendingkart Technologies Private Limited	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer /bonus/ sweat equity etc): 11/09/2019: Allotment of shares to Lendingkart Technologies Private Limited (Right Issue)	52,02,011	13.34	4,41,87,931	100.00
	At the End of the year	-	-	**4,41,87,931**	**100.00**

iv. ***Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and holders of GDRs and ADRs):***

Not Applicable

v. ***Shareholding of Directors and Key Managerial Personnel:***

None of the Directors and Key Managerial Personnel hold any share of the Company as a beneficial owner.

V. INDEBTEDNESS

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

(Amount: INR in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
Gross Principal Amount	99,471	6,800	-	1,06,271
Less: Unmatured discounting charges	-	(77)	-	(77)
i) Net Principal Amount	99,471	6,723	-	1,06,194
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	950	30	-	980
iv) Amortisation	(665)	(5)	-	(670)
Total (i+ii+iii+iv)	**99,756**	**6,748**	**-**	**1,06,504**
Change in Indebtedness during the financial year				-
- Addition	1,46,664	5,000	-	1,51,664
- Reduction	(93,147)	(8,175)	-	(1,01,322)
- Amortisation	571	80	-	651
Net Change	**54,088**	**(3,095)**	**-**	**50,993**
Indebtedness at the end of the financial year				-
Principal Amount	1,52,989	3,625	-	1,56,614
Less: Unmatured discounting charges	-	(1)	-	(1)
i) Net Principal Amount	1,52,989	3,624	-	1,56,613
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1,858	31	-	1,889
iv) Amortisation	(1,002)	(3)	-	(1,005)
Total (i+ii+iii+iv)	**1,53,845**	**3,652**	**-**	**1,57,497**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

Not Applicable*

* The remuneration to the following KMPs were paid by Lendingkart Technologies Private Limited, holding company of the Company:

(i) Mr. Mukul Sachan, Whole-time Director for the period from 1st April, 2019 to 31st May, 2019; and

(ii) Mr. Harshvardhan Lunia, Managing Director, for the period from 1st July, 2019 to 31st March, 2020

B. Remuneration to other directors:

(Amount: INR in Lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. Thallapaka Venkateswara Rao *	Mr. Gaurav Mittal	Ms. Divya Himanshu Jain **	
1.	Independent Directors - Fee for attending board / committee meetings - Commission - Others, please specify	 1.50 - -	 0.90 - -	 - - -	 2.40 - -
	Total (1)	**1.50**	**0.90**	**-**	**2.40**
2.	Other Non-Executive Directors - Fee for attending board / committee meetings - Commission - Others, please specify	 - - -	 - - -	 - - -	 - - -
	Total (2)	-	-	-	-
3.	**Total (1)+(2)**	**1.50**	**0.90**	-	**2.40**
4.	**Overall Ceiling as per the Act**				**461.37**

** Mr. Thallapaka Venkateswara Rao appointed as an Independent Director of the Company w.e.f 13th November, 2019.*

*** Ms. Divya Himanshu Jain ceased to be Independent Director w.e.f. 28th June, 2019.*

C. Remuneration to key managerial personnel other than MD /Manager /WTD

(Amount: in INR)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel				
		Mithun Sundar (CEO) *	Mohit Bajaj (CFO) **	Piyush Kabra (CFO) ***	Umesh Navani (CS)	Total
1.	Gross salary (INR)					
	(a) Salary as per provisions contained in 17(1) of the Income-tax Act, 1961	24,82,759	7,58,620	43,32,910	8,19,199	**83,93,488**
	(b) Value of perquisites u/s17(2) Income tax Act, 1961	-	-	-	-	-
	(c) Profits in lieu of salary u/s 17(3) Income-tax Act, 1961	-	-	-	-	-
2.	Stock Options	-	-	69****	14	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission - as % of profit - others, specify…	-	-	-	-	-
5.	Others, please specify	-	-		-	-
	Variable Pay (Performance Bonus)			14,26,878	71,747	**14,98,625**
	Leave Encashment			10,43,018		**10,43,018**
6.	**Total**	**24,82,759**	**7,58,620**	**68,02,806**	**8,90,946**	**1,09,35,131**

* *Mr. Mithun Sundar was appointed as the Chief Executive Officer, Key Managerial Personnel, w.e.f. 11th February, 2020.*

** *Mr. Mohit Bajaj was appointed as the Chief Financial Officer, Key Managerial Personnel, w.e.f. 11th February, 2020.*

*** *Mr. Piyush Kabra, Chief Financial Officer, Key Managerial Personnel, tendered resignation effective from close of business hours of 29th November, 2019.*

**** *69 Vested options held by Mr. Piyush Kabra*

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There was no penalty, punishment, or compounding of offence during the financial year ended March 31, 2020.

For and on behalf of the Board of Directors of
Lendingkart Finance Limited

Harshvardhan Lunia
Chairman & Managing Director
DIN: 01189114

Date: 20th August, 2020
Place: Ahmedabad

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31st MARCH 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
LENDINGKART FINANCE LIMITED
CIN: U65910MH1996PLC258722
A-303/304, Citi Point, Andheri-Kurla Road,
Andheri (East) Mumbai, Mumbai City MH 400059

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

Based on our verification of the 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 ended on 31st March 2020 (1st April 2019 to 31st March 2020), complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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 2020 (1st April 2019 to 31st March 2020) and verified the provisions of the following acts and regulations and also their applicability as far as the Company is concerned during the period under audit:

i. The Companies Act, 2013 (the Act) and the Rules made thereunder;
ii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
iii. The 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 to the extent of their applicability to the Company;
iv. Rules, regulations and guidelines issued by the Reserve Bank of India as are applicable to Systemically Important Non-Deposit taking Non – Banking Financial Company with classification as 'NBFC-Investment and Credit Company (NBFC-ICC).

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

i. Secretarial Standards issued by The Institute of Companies Secretaries of India.

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

The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 were not applicable to the Company during the period under review:

i. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
ii. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
iii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
iv. The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998;
v. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
vi. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 2015;
vii. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
viii. The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients.

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 the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, except wherever a meeting was duly called on shorter notice as per the prescribed procedure, 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.

All decisions at Board Meetings & Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or the Committees of the Board, as the case may be.

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, standards and guidelines.

We further report that during the audit period:

i. The Company has altered the Clause V of the Memorandum of Association of the Company by increasing the Authorised Share Capital from Rs. 39,34,50,000/- (Rupees Thirty-Nine Crore Thirty-Four Lakh Fifty Thousand only) divided in to 3,93,45,000 (Three Crore Ninety-Three Lakh Forty-Five Thousand) equity shares of Rs. 10/- (Rupees Ten only) each to Rs. 44,54,75,000/- (Rupees Forty-Four Crore Fifty-Four Lakh Seventy-Five Thousand only) divided into 4,45,47,500/- (Four Crore Forty-Five Lakh Forty-Seven Thousand Five Hundred) equity shares of Rs. 10/- (Rupees Ten only) each by passing an Ordinary Resolution at the Extra-Ordinary General Meeting of the Members of the Company held on 7th August, 2019;

ii. The Company has revised the borrowing powers of the Company from Rs. 2000,00,00,000/- (Rupees Two Thousand Crore) to Rs. 30,00,00,00,000/- (Rupees Three Thousand Crore) under section 180(1)(C) of the Companies Act, 2013 and disposal of assets by, inter alia, creation of charge/security on Company's assets with respect to borrowings up to Rs. 30,00,00,00,000/- (Rupees Three Thousand Crore) by passing a Special Resolution at the Extra-Ordinary General Meeting of the Members of the Company held on 13th February, 2020;

iii. The Company has allotted 52,02,011 (fifty-two lakh two thousand and eleven) equity shares of Rs. 10/- each at a premium of Rs. 393.69 (Rupees three hundred and ninety-three and sixty-nine paisa) aggregating Rs. 2,09,99,99,820.59 (Rupees two hundred and nine crore ninety-nine lakh ninety-nine thousand eight hundred twenty and fifty-nine paisa) to Lendingkart Technologies Private Limited on 11th September, 2019, on right basis;

iv. The Company has allotted, from time to time, 20,623 (twenty thousand six hundred twenty-three) secured non-convertible debentures on private placement basis aggregating to Rs. 303,97,50,000/- (three hundred three crores ninety-seven lakh fifty thousand) and complied with the rules and regulations under various Acts.

For Maneesha Priyani & Associates
Company Secretaries

(CS Maneesha Priyani)
M. No.: A41620
C.P. No.: 19731

Date: 20.08.2020
Place: Ahmedabad

S.R. BATLIBOI & CO. LLP
Chartered Accountants

12th Floor, The Ruby
29 Senapati Bapat Marg
Dadar (West)
Mumbai-400028, India
Tel: +91 22 6819 8000

INDEPENDENT AUDITOR'S REPORT

To the Members of Lendingkart Finance Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Lendingkart Finance Limited ("the Company"), which comprise the Balance sheet as at March 31 2020, the Statement of Profit and Loss, including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS 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 Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to note 2.2 to the Ind AS financial statements, which describes the uncertainty caused by Novel Coronavirus (COVID-19) pandemic with respect to the Company's estimates of impairment of loans to customers and that such estimates may be affected by the severity and duration of the pandemic.

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 of director's report but does not include the Ind AS financial statements and our auditor's report thereon.

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

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such 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.

Responsibility of Management for the Ind AS Financial Statements

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant 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 Act we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:

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

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

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

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

   (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

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

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

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

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

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Jayesh Gandhi
Partner
Membership Number: 037924
UDIN: 20037924AAAAEC1140

Place of Signature: Mumbai
Date: June 30, 2020

Annexure 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Lendingkart Finance Limited

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

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

(c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment of the company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.

(ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.

(iii) According to the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the services of the Company.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, cess and other statutory dues applicable to it.

As informed, the provisions of sales-tax, duty of custom, duty of excise and value added taxes are currently not applicable to the Company.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

As informed, the provisions of sales-tax, duty of custom, duty of excise and value added taxes are currently not applicable to the Company.

(c) According to the information and explanations given to us, there are no dues of income tax, goods and service tax and cess which have not been deposited on account of any dispute.

As informed, the provisions of sales-tax, duty of custom, duty of excise and value added taxes are currently not applicable to the Company.

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or dues to debenture holders.

As informed, the provisions of repayment of loans or borrowing to government are currently not applicable to the Company.

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer and hence not commented upon.

Further, monies raised by the Company by way of debt instrument and term loans were applied for the purpose for which those were raised, though idle/surplus funds which were not required for immediate utilization were gainfully invested in liquid assets payable on demand.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers, and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the cost sharing arrangement with the holding Company. Accordingly, no specific reporting under clause 3(xi) has been made.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Jayesh Gandhi
Partner
Membership Number: 037924
UDIN: 20037924AAAAEC1140

Place of Signature: Mumbai
Date: June 30, 2020

Annexure 2 referred to in paragraph 2 (f) under the heading "Report on other legal and regulatory requirements" of our report of even date

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

We have audited the internal financial controls over financial reporting of Lendingkart Finance Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Financial Statements

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

Opinion

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

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Jayesh Gandhi
Partner
Membership Number: 037924
UDIN: 20037924AAAAEC1140

Place of Signature: Mumbai
Date: June 30, 2020

Lendingkart Finance Limited

Balance Sheet as at 31 March 2020

(₹ in lakhs unless otherwise stated)

Particulars	Notes	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Assets				
Financial assets				
Cash and cash equivalents	6	5,049.52	16,550.74	3,692.50
Bank balances other than cash and cash equivalents	7	11,296.78	7,303.59	5,617.05
Loans	8	2,12,688.51	1,31,262.70	42,850.40
Other financial assets	9	2,868.74	458.63	230.04
		2,31,903.55	**1,55,575.66**	**52,389.99**
Non-financial assets				
Tax assets (Net)	10	162.08	250.93	161.44
Deferred tax asset (Net)	11	1,858.65	1,671.82	-
Property, plant and equipment	12	307.92	226.15	130.39
Intangible assets	13	119.58	60.35	26.03
Intangible assets under development		45.45	14.76	-
Right-of-use assets	12	3,213.65	1,672.67	866.15
Other non-financial assets	14	588.50	159.09	124.79
		6,295.83	**4,055.77**	**1,308.80**
Total assets		**2,38,199.38**	**1,59,631.43**	**53,698.79**
Liabilities and Equity				
Liabilities				
Financial liabilities				
Debt Securities	15	44,407.37	38,795.35	3,320.18
Borrowings (Other than debt securities)	16	1,10,561.24	65,180.24	33,419.19
Subordinated Debt	17	2,528.44	2,528.14	1,008.90
Other financial liabilities	18	7,374.86	4,001.50	2,436.76
		1,64,871.91	**1,10,505.23**	**40,185.03**
Non-financial liabilities				
Provisions	19	378.47	334.59	202.07
Other non-financial liabilities	20	661.75	442.76	238.29
		1,040.22	**777.35**	**440.36**
Equity				
Equity share capital	21	4,418.79	3,898.59	2,939.13
Other equity	22	67,868.46	44,450.26	10,134.27
		72,287.25	**48,348.85**	**13,073.40**
Total liabilities and equity		**2,38,199.38**	**1,59,631.43**	**53,698.79**

Summary of significant accounting policies **3**

The accompanying notes are an integral part of the financial statements

For S. R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm Registration number : 301003E/E300005

per Jayesh Gandhi
Partner
Membership No. 037924

Place : Mumbai
Date : 30 June 2020

For and on behalf of the Board of Directors of
Lendingkart Finance Limited

Harshvardhan Lunia
Chairman & Managing Director
DIN No. 01189114

Mithun Sundar
Chief Executive Officer

Mohit Bajaj
Chief Financial officer
Membership No. 401316

Umesh Navani
Company Secretary
Membership No. A40899

Place : Mumbai
Date : 30 June 2020

Lendingkart Finance Limited
Statement of Profit & Loss for the year ended 31 March 2020 *(₹ in lakhs unless otherwise stated)*

Particulars	Notes	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue from operations			
Interest income	23	44,267.85	21,254.32
Gain on assignment of loans	24	1,721.87	525.37
Total revenue from operations		**45,989.72**	**21,779.69**
Other income	25	440.56	25.07
Total income		**46,430.28**	**21,804.76**
Expenses			
Finance costs	26	17,716.50	8,114.33
Fees and commission expenses	27	729.80	329.98
Impairment of financial instruments	28	11,948.23	5,068.36
Employee benefit expenses	29	4,943.77	3,083.23
Depreciation and amortisation expenses	30	629.99	249.89
Other expenses	31	6,267.71	3,039.30
Total expenses		**42,236.00**	**19,885.09**
Profit before tax		**4,194.28**	**1,919.67**
Tax Expense :	32		
- Current tax		1,407.18	820.93
- Prior period tax adjustments		3.28	-
- Deferred tax charge / (credit)		(185.27)	(1,673.25)
		1,225.19	**(852.32)**
Profit after tax		**2,969.09**	**2,771.99**
Other comprehensive income			
(a) Items that will not be reclassified to profit or loss			
- Remeasurement gain / (losses) on defined benefit plans		(5.37)	4.91
- Tax impact on above	32	1.56	(1.43)
Other comprehensive income (net of tax)		**(3.81)**	**3.48**
Total comprehensive income		**2,965.28**	**2,775.47**
Earning per equity share (₹):			
Basic	33	7.09	8.07
Diluted	33	7.09	8.07

Summary of significant accounting policies **3**
The accompanying notes are an integral part of the financial statements

For S. R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm Registration number : 301003E/E300005

per Jayesh Gandhi
Partner
Membership No. 037924

Place : Mumbai
Date : 30 June 2020

For and on behalf of the Board of Directors of
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Umesh Navani
Company Secretary
Membership No. A40899

Place : Mumbai
Date : 30 June 2020

Lendingkart Finance Limited
Statement of changes in equity for the year ended 31st March 2020 *(₹ in lakhs unless otherwise stated)*

Equity share capital

Particulars	No of shares	Amount
Balance as at 01 April 2018	2,93,91,259	2,939.13
Changes in equity share capital during the year	95,94,661	959.46
Balance at 31 March 2019	**3,89,85,920**	**3,898.59**
Changes in equity share capital during the year	52,02,011	520.20
Balance at 31 March 2020	**4,41,87,931**	**4,418.79**

Other equity

Particulars	Reserves and Surplus			Other Comprehensive Income	Total other equity
	Securities premium	Retained earnings	Statutory Reserve as per RBI Act		
Balance as at 01 April 2018	**15,259.28**	**(5,125.66)**	**0.65**	**-**	**10,134.27**
Profit after tax	-	2,775.46	-	-	2,775.46
Other comprehensive income (net of tax)	-	(3.48)	-	3.48	-
Transferred to Statutory Reserve u/s section 45-IC of RBI Act, 1934	-	(687.43)	687.43	-	-
Premium on issue of Equity Shares	31,540.53	-	-	-	31,540.53
Balance at 31 March 2019	**46,799.81**	**(3,041.11)**	**688.08**	**3.48**	**44,450.26**
Profit after tax	-	2,965.30	-	-	2,965.30
Other comprehensive income (net of tax)	-	3.81	-	(3.81)	-
Transferred to Statutory Reserve u/s section 45-IC of RBI Act, 1934	-	(593.06)	593.06	-	-
Premium on issue of Equity Shares	20,479.80	-	-	-	20,479.80
Share issue expense	(26.89)	-	-	-	(26.89)
Balance at 31 March 2020	**67,252.72**	**(665.05)**	**1,281.14**	**(0.33)**	**67,868.46**

Summary of significant accounting policies **3**
The accompanying notes are an integral part of the financial statements

For S. R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm Registration number : 301003E/E300005

per Jayesh Gandhi
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Umesh Navani
Company Secretary
Membership No. A40899

Place : Mumbai
Date : 30 June 2020

Lendingkart Finance Limited
Cash flow statement for the year ended 31 March 2020 *(₹ in lakhs unless otherwise stated)*

Particulars	31 March 2020	31 March 2019
Operating activities		
Profit before tax	4,194.28	1,919.67
Adjusted for:		
Impact of EIR accounting of financial assets	668.19	382.72
Impact of EIR accounting of financial liabilities	(242.50)	(280.12)
Upfront gain on direct assignment	(1,721.87)	(525.37)
Guarantee fees	1,119.08	-
Provision for gratuity	76.78	37.78
Provision for leave benefit	(32.89)	94.74
Impairment of loans	1,925.10	2,397.17
Impairment of other financial assets	24.54	18.07
Bad debt written offs	10,004.49	2,653.12
Discount on commercial paper	176.97	264.21
Depreciation and amortisation	629.99	249.89
Share issue expenses	-	41.62
Interest on bank deposits	(1,380.87)	(829.99)
Interest on borrowings and debt securities	15,904.34	7,027.49
Interest on financial lease liability	378.32	154.94
Reversal of Lease equalisation reserve	(71.30)	(30.46)
Loss/(profit) on sale of property, plant and equipment	3.11	15.36
Actuarial gain / (loss) recognised in other comprehensive income	(5.37)	4.91
Cash from operations before working capital changes	**31,650.38**	**13,595.75**
Changes in working capital:		
- (Increase) / decrease in loans	(1,02,934.76)	(94,560.59)
- (Increase) / decrease in other financial assets	(994.74)	(61.89)
- (Increase) / decrease in other non financial assets	(1,239.20)	3.37
- Increase / (decrease) in other financial liabilities	2,570.61	1,679.33
- Increase / (decrease) in other non financial liabilities	218.98	204.47
Cash generated from / (used in) operating activities	**(70,728.75)**	**(79,139.56)**
Income tax paid (net)	(1,321.61)	(910.42)
Net cash flows from / (used in) operating activities (I)	**(72,050.36)**	**(80,049.98)**
Investing activities:		
Purchase of property, plant and equipment and intangible assets	(437.64)	(288.35)
Proceeds from sale of property, plant and equipment	0.10	2.44
Fixed deposit matured	(3,971.16)	(1,667.24)
Interest received on bank deposit	1,358.85	810.68
Net cash generated from / (used in) investing activities (II)	**(3,049.85)**	**(1,142.47)**
Financing activities:		
Issue of equity share capital (including securities premium)	21,000.00	27,500.00
Share issue expenses	(26.89)	(41.62)
Proceeds from inter-corporate loan*	1,000.00	5,000.00
Repayment of inter-corporate loan	(1,000.00)	(0.00)
Proceeds from debt securities	30,897.50	37,000.00
Repayment of debt securities	(21,908.18)	(5,944.13)
Proceeds from other than debt securities	85,598.66	65,408.79
Repayment of other than debt securities	(60,929.27)	(38,384.24)
Proceeds from subordinated debt	-	1,500.00
Change in Cash Credit / Overdraft	1,889.97	529.68
Repayment of lease liabilities	(530.73)	(201.02)
Proceeds from securitisation liability	22,660.56	8,021.88
Repayment of finance cost	(15,052.63)	(6,338.67)
Net cash generated from financing activities (III)	**63,598.99**	**94,050.69**

Cash flow statement for the year ended 31 March 2020 (₹ in lakhs unless otherwise stated)

Particulars	31 March 2020	31 March 2019
Net increase / (decrease) in cash and cash equivalents (I+II+III)	**(11,501.22)**	**12,858.24**
Cash and cash equivalents as at the beginning of the year	16,550.74	3,692.50
Cash and cash equivalents as at the end of the year	**5,049.52**	**16,550.74**
Components of cash and cash equivalents		
Cash in hand	-	0.28
Balances with banks		
- With banks in current accounts	5,049.52	3,058.93
- In deposit accounts with original maturity of less than 3 months.	-	13,491.53
Cash and cash equivalents	**5,049.52**	**16,550.74**

*During the financial year ended 31 March 2019, Inter-corporate loan from the Holding Company was converted into 14,76,101 number of equity shares of ₹ 10 each fully paid-up at a premium of ₹ 328.73 each, aggregating to ₹ 4,999.99. These items being non cash in nature, are not reflected in the above cash flow statement.

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

Summary of significant accounting policies **3**
The accompanying notes are an integral part of the financial statements

For S. R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm Registration number : 301003E/E300005

per Jayesh Gandhi
Partner
Membership No. 037924

Place : Mumbai
Date : 30 June 2020

For and on behalf of the Board of Directors of
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Chief Financial officer
Membership No. 401316

Umesh Navani
Company Secretary
Membership No. A40899

Place : Mumbai
Date : 30 June 2020

1. Corporate information

Lendingkart Finance Limited ("the Company") is a public limited company domiciled in India. The Company is a "Non-Banking Financial Company" as defined under section 45-IA of the Reserve Bank of India ("RBI") Act, 1934 and engaged in the business of providing working capital loan to the Small and medium sized enterprises and others. The Company is non deposit taking non-banking financial company (NBFC) registered with the Reserve Bank of India (RBI) with effect from 15 April 2014, with Registration No. B-13.02085 (Issued in lieu of CoR No. B-09.00363). RBI, vide the circular – 'Harmonisation of different categories of NBFCs' issued on 22 February 2019, with a view to provide NBFCs with greater operational flexibility and harmonisation of different categories of NBFCs into fewer categories based on the principle of regulation by activity, merged the three categories of NBFCs viz. Asset Finance Companies (AFC), Loan Companies (LCs) and Investment Companies (ICs) into a new category called NBFC – Investment and Credit Company (NBFC-ICC). Accordingly, the Company has been reclassified as NBFC Investment and Credit Company (NBFC-ICC).

The Company has its registered office at A-303/304, Citi Point, Andheri-Kurla Road, Andheri (East), Mumbai, India. As at 31 March 2020, Lendingkart Technologies Private Limited ("Holding Company") owned 100% of the Company's equity share capital and has the ability to control its operating and financial policies.

2. Basis of preparation

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act and the Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('the NBFC Master Directions') issued by RBI. The financial statements have been prepared on a going concern basis. The Company uses accrual basis of accounting except in case of significant uncertainties.

For all periods up to and including the year ended 31 March 2019, the company prepared its financial statements in accordance with 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 financial statements for the year ended 31 March 2020 are the first financial statements, the Company has prepared in accordance with Ind AS.

The Company has applied Ind AS 101 'First-time Adoption of Indian Accounting Standards', for transition from previous GAAP to Ind AS. An explanation of how transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in note no 50.

2.1 Presentation of financial statements

The Company presents its Balance Sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in Note 48.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event.

2.2 Estimation of uncertainties relating to the global health pandemic from COVID-19

The Company has considered all the possible effects that may result from the pandemic relating to COVID-19 on its estimates and associated assumptions applied in preparing these financial statements, especially for determining the impairment allowance for the company's financial assets (Loans). Estimates and assumptions are based on historical experience and other emerging/ forward looking factors on account of the pandemic. The Company believes that the factors considered are reasonable under the current circumstances. The Company has used early indicators of moratorium and delayed payment metrics observed along with an estimation of potential stress on probability of default and exposure at default due to Covid-19 situation in developing the estimates and assumptions to assess the impairment loss allowance on Loans. 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 may have a corresponding impact on the carrying value of financial assets of the company. The Company will continue to closely monitor material changes in markets and future economic conditions. Based on facts and circumstances up to the date of adoption of these accounts by the Board of Directors, the Company does not anticipate any material changes to the carrying value of assets and liabilities existing as on the Balance Sheet date.

3. Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements.

(i) Recognition of interest income

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

a. Interest income

a. The Company calculates interest income by using the effective interest rate (EIR) method to gross carrying amount of financial asset other than credit impaired assets.
b. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the company reverts to calculating interest income on a gross basis.
c. Interest income on financial assets classified as FVTPL is recognised at contractual interest rate of financial instruments.
d. Penal/additional charges on default in payment of dues by customer is recognised on realisation basis.

The effective interest rate method

Interest income/ expense is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost and debt instruments designated at FVTPL. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial instrument.

The EIR (and therefore, the amortised cost of the asset/ liability) is calculated by taking into account any discount or premium on acquisition, commission, fees and costs incremental and directly attributable to the specific lending arrangement.

The Company recognises interest income/ expense using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial asset/ liability. The future cash flows are estimated taking into account all the contractual terms of the asset/ liability. If expectations regarding the cash flows on the financial asset/ liability are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset/ liability in the balance sheet. The adjustment is subsequently amortised through Interest income/ expense in the statement of profit and loss.

b. Net gain on fair value changes

The realised gain from financial instruments at FVTPL represents the difference between the carrying amount of a financial instrument at the beginning of the reporting period, or the transaction price if it was purchased in the current reporting period, and its settlement price.

The unrealised gain represents the difference between the carrying amount of a financial instrument at the beginning of the period, or the transaction price if it was purchased in the current reporting period, and its carrying amount at the end of the reporting period.

(ii) Recognition of other income

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

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

- **Step 1: Identify contract(s) with a customer:** A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- **Step 2: Identify performance obligations in the contract:** A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- **Step 3: Determine the transaction price:** The transaction price is the amount of consideration to which the company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- **Step 4: Allocate the transaction price to the performance obligations in the contract:** For a contract that has more than one performance obligation, the company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the company expects to be entitled in exchange for satisfying each performance obligation.
- **Step 5:** Recognise revenue when (or as) the Company satisfies a performance obligation

(iii) Recognition of expenditures

a. Finance costs
Borrowing costs on financial liabilities are recognised using the EIR.

b. Fees and commission expenses
Fees and commission expenses which are not directly linked to the sourcing of financial assets/ liabilities, such as commission/incentive incurred on value added services and products distribution, recovery charges and fees payable for management of portfolio etc., are recognised in the Statement of Profit and Loss on an accrual basis.

c. Taxes
Expensed are recognized net of the Goods and Services Tax/Service Tax, except where credit for the input tax is not statutorily permitted.

(iv) Financial Instruments

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

a. Date of recognition
Financial assets and liabilities, with the exception of loans, debt securities and borrowings are initially recognised on the trade date, i.e., the date that the company becomes a party to the contractual provisions of the instrument. Loans are recognised when funds are transferred to the customers' account. The company recognises debt securities and borrowings when funds are received by the company.

b. Initial measurement of financial instruments
The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. When the fair value of financial instruments at initial recognition differs from the transaction price, the company accounts for the Day 1 profit or loss, as described below.

c. Day one profit or loss
When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the company recognises the difference between the transaction price and fair value in net gain on fair value changes.

d. Measurement categories of financial assets and liabilities

The company classifies all of its financial instruments based on the business model for managing the assets and the assets contractual terms, measured at either:
- Amortised cost
- FVOCI
- FVTPL

(v) Financial assets and liabilities

a. Bank balances, Loans, Trade receivables and financial assets at amortised cost

The company measures Bank balances, Loans and other financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

- **Business model assessment**

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument by instrument basis, but at a higher level of aggregated portfolios.

If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated financial assets going forward. The business model of the Company for assets subsequently measured at amortised cost category is to hold and collect contractual cash flows.

- **The SPPI test**

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

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

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

b. 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 costs that are an integral part of the EIR.

c. Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under Ind AS 109. Management only designates an instrument at FVTPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis; Or
- The liabilities are part of a group of financial liabilities, which are managed, and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; Or
- The liabilities containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited

d. Financial assets at FVOCI

The Company classifies its financial assets as FVOCI, only if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and

- Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding

e. Financial guarantees and undrawn loan commitments
Financial guarantees are initially recognised in the financial statements (within Provisions) at fair value, being the premium/deemed premium received. Subsequent to initial recognition, the company's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit and loss.

- The premium/deemed premium is recognised in the statement of profit and loss on a straight line basis over the life of the guarantee.

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Company is required to provide a loan with pre-specified terms to the customer. Undrawn loan commitments are in the scope of the ECL requirements.

The nominal contractual value of undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the balance sheet.

(vi) 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.

(vii) Derecognition of financial assets and liabilities

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

When assessing whether or not to derecognise a loan to a customer, amongst others, the company considers the following factors:
- Change in the currency of loan
- Introduction of an equity feature
- Change in counterparty

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

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

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 has transferred the financial asset if, and only if, either:
- The company has transferred its contractual rights to receive cash flows from the financial asset; Or
- 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

The Company transfers its financial assets through the partial assignment route and accordingly derecognises the transferred portion as it neither has any continuing involvement in the same nor does it retain any control. If the Company retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. A service liability in respect of a service is recognised at fair value if the fee to be received is not expected to compensate the Company adequately for performing the service. If the fees to be received is expected to be more than adequate compensation for the servicing, a service asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

On derecognition of a financial asset in its entirety, the difference between:
- the carrying amount (measured at the date of derecognition) and
- the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Pass-through arrangements are transactions whereby the company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The company cannot sell or pledge the original asset other than as security to the eventual recipients. The company has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:
- The company has transferred substantially all the risks and rewards of the asset; Or
- 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.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the company could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the company would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

c. Financial liabilities

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

(viii) Impairment of financial assets

a. Overview of the ECL principles

The company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. 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 or LTECL), 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 (12mECL).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

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 process, the company categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

The Company classifies its financial assets in three stages having the following characteristics:

- **Stage 1:** unimpaired and without significant increase in credit risk since initial recognition on which a 12-month allowance for ECL is recognised. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2.
- **Stage 2:** a significant increase in credit risk since initial recognition on which a lifetime ECL is recognised. Stage 2 loans also include facilities, where the credit risk has improved, and the loan has been reclassified from Stage 3.
- **Stage 3:** objective evidence of impairment and are therefore considered to be in default or otherwise credit impaired on which a lifetime ECL is recognised.

For financial assets for which the company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

b. The calculation of ECLs

The company calculates ECLs to measure the expected cash shortfalls, discounted at an approximation to the EIR. 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.

- **Exposure at Default (EAD)**
  The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

- **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.

When estimating the ECLs, the company considers three scenarios (a base case, an upside, a downside). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the company has the legal right to call it earlier.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarised below:

- **Stage-1:**
  The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD. This calculation is made for each of the three scenarios, as explained above.

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

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

- **Loan commitments:**
  When estimating LTECLs for undrawn loan commitments, the company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the three scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

- **Financial guarantee contracts:**
  The company's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit and loss, and the ECL provision. For this purpose, the company estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the four scenarios. The ECLs related to financial guarantee contracts are recognised within Provisions.

c. Contract assets

The company follows 'simplified approach' for recognition of impairment loss allowance on contract assets. The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The company uses a provision matrix to determine impairment loss allowance on portfolio of its assets. The provision matrix is based on its historically observed default rates over the expected life of the assets and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated for changes in the forward-looking estimates.

(ix) Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)

CGTMSE has been set up jointly by Ministry of MSME, Government of India and SIDBI to catalyse flow of institutional credit to Micro & Small Enterprises (MSEs). Over the past 18 years, CGTMSE has been instrumental in providing guarantee cover on credit extended by eligible Member Lending Institutions [MLIs] to MSEs.
The Company has also become the MLI in the same scheme and obtained sovereign guarantee cover of its portfolio. Accordingly, the company has incorporated the benefit of this sovereign guarantee cover in calculation of impairment of assets.

(x) Write-offs

Financial assets are written off either partially or in their entirety only when the company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instrument on statement of profit and loss.

(xi) Determination of fair value

The company measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- 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.

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

(xii) Foreign Currency translation

a. **Functional and presentational currency**
The company financial statements are presented in Indian Rupees (₹) which is also the functional currency of the company.

b. **Transactions and balances**
Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange at the reporting date. All differences arising on non–trading activities are taken to other income/expense in the statement of profit and loss.

Non–monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

(xiii) Leases

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

a. **Company as a lessee**
The company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

- **Right-of-use assets**
  The company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

  If ownership of the leased asset transfers to the company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

- **Lease liabilities**
  At the commencement date of the lease, the company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the company and payments of penalties for terminating the lease, if the lease term reflects the company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

➢ **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 of office equipment that are considered to be 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.

b. Company as a lessor
Leases in which the company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(xiv) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, highly liquid securities with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

(xv) Property, plant and equipment

Property plant and equipment is stated at cost excluding the costs of day–to–day servicing, less accumulated depreciation and accumulated impairment in value. 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.

Depreciation on property, plant and equipment is provided on the written down value method using the rates arrived at based on useful life of the assets prescribed under Schedule II of the Act which is also as per the useful life of the assets estimated by the management.

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

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

(xvi) Intangible assets

The company’s other intangible assets mainly include the value of computer software and assets under development.

An intangible asset is recognised only when its cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the company.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets are amortised using the straight-line method over a period of three years, which is the Management's estimate of its useful life. The useful lives of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate

(xvii) 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, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset'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 exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(xviii) Financial guarantees

Financial guarantees are initially recognised in the financial statements (within 'other liabilities') at fair value, being the premium received. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Any increase in the liability relating to financial guarantees is recorded in the statement of profit and loss in credit loss expense. The premium received is recognised in the statement of profit and loss in net fees and commission income on a straight-line basis over the life of the guarantee.

(xix) Retirement and other employee benefits

a. Provident fund

Retirement benefit in the form of provident fund is a defined contribution scheme. 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 expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

b. Gratuity liability

Gratuity liability is a defined benefit plan and the costs of providing benefits under the defined benefit plan is determined using the projected unit credit method.

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.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The company recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and nonroutine settlements; and
- Net interest expense or income

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or past service gain') or the gain or loss on curtailment is recognised immediately in the statement of profit and loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs

c. Compensated absences

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

(xx) Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

(xxi) Taxes

a. Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities, in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) prescribed therein.. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the jurisdiction 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.

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

b. Deferred tax

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:

- 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
- 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

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is 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 re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits 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.

c. Goods and services tax /value added taxes 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:

- 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
- 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.

(xxii) Contingent liabilities, contingent assets and commitments

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. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made

Contingent assets are neither recognised nor disclosed in the financial statements. However, it is disclosed only when an inflow of economic benefits is highly probable.

Commitments include the amount of purchase order (net of advances) issued to the counterparties for supplying/development of asset and amount of undisbursed portfolio loans.

Contingent assets, contingent liabilities and commitments are reviewed at each reporting date.

(xxiii) Share issue expenses

Direct expenses in connection with issue of shares are adjusted from securities premium account, to the extent available.

(xxiv) Earnings per share

Basic earnings per share is computed by dividing profit after tax (excluding other comprehensive income) attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

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

4. Critical accounting estimates and judgments

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

Accounting estimates and judgments are used in various line items in the financial statements for e.g.:

- Business model assessment
- Fair value of financial instruments
- Effective Interest Rate (EIR)
- Impairment on financial assets
- Provisions and other contingent liabilities
- Provision for tax expenses
- Residual value and useful life of property, plant and equipment

5. Change in accounting Policy

During the year ended March 31, 2020, the Company has adjusted share issue expenses aggregating to ₹ 26.89 against securities premium account, which was hitherto charged to statement of profit and loss. Had the Company followed the accounting policy applicable in the year ended March 31, 2019, the profit would have been lower by ₹ 26.89.

Notes to financial statements for the period ended 31 March 2020 (₹ in lakhs unless otherwise stated)

6 Cash and cash equivalents

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Cash on hand	-	0.28	0.13
Balances with banks			
- in current accounts	5,049.52	3,058.93	690.60
- in deposit accounts with maturity upto 3 months	-	13,491.53	3,001.77
Total	**5,049.52**	**16,550.74**	**3,692.50**

Balances with banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the company, and earn interest at the respective short-term deposit rates. Fixed deposits are pledged against credit facilities of ₹ NIL (31 March 2019: ₹ 13,486.55 and 01 April 2018: ₹ NIL)

7 Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Fixed deposits with bank*			
Deposits - maturity less than 12 months	8,620.43	5,592.67	3,577.10
Deposits - maturity more than 12 months	2,676.35	1,710.92	2,039.95
Interest accrued but not due on deposits placed with banks	-	(0.00)	-
Total	**11,296.78**	**7,303.59**	**5,617.05**

*Fixed deposit and other balances with banks earns interest at fixed rate or floating rates based on daily bank deposit rates. Fixed deposits are pledged against credit facilities of ₹ 11,296.78 (31 March 2019: ₹ 5,467.64 and 01 April 2018: ₹ 3,574.16)

8 Loans

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Term loans	2,19,624.47	1,36,075.75	45,266.28
Less: Impairment loss allowance	(6,935.96)	(4,813.05)	(2,415.88)
Total	**2,12,688.51**	**1,31,262.70**	**42,850.40**
(Refer note 48(C) for Credit risk)			
(A) Out of Above			
(i) Secured	-	-	-
Less: Impairment loss allowance	-	-	-
Total (i)	**-**	**-**	**-**
(ii) Unsecured	2,19,624.47	1,36,075.75	45,266.28
Less: Impairment loss allowance	(6,935.96)	(4,813.05)	(2,415.88)
Total (ii)	**2,12,688.51**	**1,31,262.70**	**42,850.40**
Total (A) = (i) + (ii)	**2,12,688.51**	**1,31,262.70**	**42,850.40**
(B) Out of Above			
(i) Public Sector	-	-	-
Less: Impairment loss allowance	-	-	-
Total (i)	**-**	**-**	**-**
(ii) Others	2,19,624.47	1,36,075.75	45,266.28
Less: Impairment loss allowance	(6,935.96)	(4,813.05)	(2,415.88)
Total (ii)	**2,12,688.51**	**1,31,262.70**	**42,850.40**
Total (B) = (i) + (ii)	**2,12,688.51**	**1,31,262.70**	**42,850.40**

Notes to financial statements for the period ended 31 March 2020 (₹ in lakhs unless otherwise stated)

On March 11, 2020, the World Health Organization declared COVID 19 a pandemic, which has impacted almost all countries around the world, including India. As a control measure, the Indian Government announced a lock down across India to restrict the spread of the virus. Consequently, on 27th March, 2020, the RBI announced various regulatory measures to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic and to ensure continuity of viable businesses (Reference RBI Circular no RBI/2019-20/186 DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020, RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 and RBI/2019-20/244 DOR.No.BP.BC.71/21.04.048/2019-20 dated May 22, 2020). The RBI has given certain waivers to the borrowers which include moratorium to pay principal and interest with relaxation on their classification as a non-performing asset. The moratorium is essentially granted to help the borrowers to tide over a liquidity crisis caused by the corona disruption.

The company has also provided moratorium facility to its customer based on a board approved policy with effect from 27th March 2020 to all loans classified as standard as on 29th February 2020. Therefore, the original tenure of loans is extended. Also, the moratorium period, wherever granted, is excluded by the company from the number of days past-due for the purpose of asset classification under the IRAC norms.

9 Other financial assets

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Interest receivable on assignment of loans	780.12	260.39	-
Security deposits	581.69	182.66	210.93
Receivable from co-lenders	1,311.20	-	-
Others	226.28	33.65	19.10
Total	**2,899.30**	**476.71**	**230.04**
(Less) : Impairment allowance on other financial assets	(30.56)	(18.07)	-
Total	**2,868.74**	**458.63**	**230.04**

10 Tax assets (net)

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Advance income tax*	162.08	250.93	161.44
Total	**162.08**	**250.93**	**161.44**

***(net of provision for tax ₹ 1,902.50 (31 March 2019: ₹ 820.93 ; 01 April 2018: Nil))**

11 Deferred tax asset (Net)

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Deferred tax asset on account of:			
Carry forward of unabsorbed losses	-	-	978.56
Provision for expenses allowed for tax purposes on payment basis under Section 43B of Income tax Act, 1961	110.21	97.43	62.44
Provision for expected credit losses	1,750.18	1,332.08	(313.52)
EIR accounting of loan assets	221.01	103.48	14.39
Deferred tax on account of Ind AS 116	23.90	(8.19)	(16.59)
Deferred tax on account of Guarantee fees	325.88	-	-
Deferred tax on account of unwinding discount of Security Deposit	51.44	24.13	13.07
Impact of difference between tax depreciation and depreciation charged for the financial reporting	27.84	13.27	10.53
Interest on market linked debentures	111.26	-	-
MAT credit entitlement	42.10	537.42	-
	2,663.82	**2,099.62**	**748.88**
Deferred tax liability on account of:			
Impact of accrued interest on non performing assets	-	-	-
Deferred tax on account of securitisation and direct assignment	562.39	249.88	(120.30)
EIR accounting of borrowings	242.78	177.93	(81.95)
	805.17	427.81	(202.25)
Deferred tax assets (Net)	**1,858.65**	**1,671.82**	**951.13**
Deferred tax asset recognized	**1,858.65**	**1,671.82**	**-**

Notes to financial statements for the year ended 31 March 2020 (₹ in lakhs unless otherwise stated)

12 Property, plant and equipment

Particulars	Property, plant and equipment					Right-of-use assets
	Computers and Networks	Furniture and fixtures	Office equipments	Leasehold improvements	Total	
Cost						
As at 01 April 2018	**61.77**	**42.63**	**13.85**	**12.13**	**130.39**	**866.15**
Additions	191.00	6.71	19.94	-	**217.65**	930.70
Disposals	1.09	16.25	3.79	12.13	**33.25**	-
As at 31 March 2019	**251.69**	**33.09**	**30.01**	**-**	**314.79**	**1,796.85**
Additions	215.73	9.55	71.13	-	**296.40**	1,908.21
Disposals	3.42	1.29	1.95	-	**6.66**	-
As at 31 March 2020	**464.00**	**41.35**	**99.18**	**-**	**604.53**	**3,705.07**
Accumulated depreciation						
As at 01 April 2018	-	-	-	-	**-**	**-**
Charge for the year	75.27	10.90	8.35	9.56	**104.09**	124.18
Disposals	0.52	3.84	1.53	9.56	**15.45**	-
As at 31 March 2019	**74.75**	**7.06**	**6.82**	**-**	**88.64**	**124.18**
Charge for the year	179.05	8.00	24.37	-	**211.42**	**367.24**
Disposals	1.91	0.46	1.08	-	**3.45**	**-**
As at 31 March 2020	**251.89**	**14.61**	**30.11**	**-**	**296.61**	**491.42**
Net book value						
As at 01 April 2018	**61.77**	**42.63**	**13.85**	**12.13**	**130.39**	**866.15**
As at 31 March 2019	**176.93**	**26.03**	**23.19**	**-**	**226.15**	**1,672.67**
As at 31 March 2020	**212.11**	**26.74**	**69.07**	**-**	**307.92**	**3,213.65**

13 Intangible assets

Particulars	Computer softwares
Cost	
As at 01 April 2018	26.03
Additions	55.93
Disposals	-
As at 31 March 2019	**81.96**
Additions	110.55
Disposals	-
As at 31 March 2020	**192.51**
Accumulated amortisation	
As at 01 April 2018	-
Charge for the year	21.61
Disposals	-
As at 31 March 2019	**21.61**
Charge for the year	51.32
Disposals	-
As at 31 March 2020	**72.93**
Net book value	
As at 01 April 2018	**26.03**
As at 31 March 2019	**60.35**
As at 31 March 2020	**119.58**

Notes to financial statements for the period ended 31 March 2020 (₹ in lakhs unless otherwise stated)

14 Other non-financial assets

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Indirect tax credits available for utilisation	115.65	33.18	10.38
Prepaid expenses	222.26	96.57	64.36
Other advances	250.59	29.33	50.05
Total	**588.50**	**159.09**	**124.79**

15 Debt Securities

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
(A) At amortised cost			
(i) Secured*			
Privately placed redeemable non-convertible debentures	38,785.80	31,834.90	3,320.18
(ii) Unsecured			
Borrowings by issue of commercial papers	498.63	4,219.60	-
Total	**39,284.43**	**36,054.50**	**3,320.18**
(B) At FVTPL			
(i) Secured*			
Privately placed redeemable non-convertible debentures	5,122.94	2,740.85	-
Total	**5,122.94**	**2,740.85**	**-**
(C) Out of above			
In India	36,080.13	35,739.94	280.39
Outside India	8,327.23	3,055.40	3,039.79
Total	**44,407.37**	**38,795.35**	**3,320.18**

***The debenture are secured by:**

i) A charges by way of hypothecation of all book debts and receivables, present and future of the Company (To the extent of 1 to 1.10 times of outstanding amount of debentures).

ii) Corporate guarantee of the Holding Company for 31 March 2020 is ₹ 38,136.36, 31 Mar 2019 is ₹ 34,337.12 and 01 April 2018 is ₹ 3,281.25.

Terms of Repayment - Debentures as at 31 March 2020

Original Maturity / Repayment frequency	Monthly/Quarterly repayment		Total
Rate of interest	**12%-15%**	**15%-18%**	
Due within 1 year			
No. of instalments	57	-	**57**
Amount	14,640.49	-	**14,640.49**
Due 1 to 2 years			
No. of instalments	33	1	**34**
Amount	14,495.87	1,000.00	**15,495.87**
Due 2 to 3 years			
No. of instalments	3	4	**7**
Amount	7,147.24	4,000.00	**11,147.24**
Due 3 to 4 years			
No. of instalments	-	1	**1**
Amount	-	2,000.00	**2,000.00**
Due 4 to 5 years			
No. of instalments	1	-	**1**
Amount	0.26	-	**0.26**
Interest accrued and impact of EIR			**624.87**
Total	**36,283.86**	**7,000.00**	**43,908.73**

Notes to financial statements for the period ended 31 March 2020 (₹ in lakhs unless otherwise stated)

Terms of Repayment - Debentures as at 31 March 2019

Original Maturity / Repayment frequency	Monthly/Quarterly repayment	
Rate of interest	**12%-15%**	**Total**
Due within 1 year		
No. of instalments	55	**55**
Amount	17,467.42	**17,467.42**
Due 1 to 2 years		
No. of instalments	29	**29**
Amount	7,975.76	**7,975.76**
Due 2 to 3 years		
No. of instalments	9	**9**
Amount	6,893.94	**6,893.94**
Due 3 to 4 years		
No. of instalments	1	**1**
Amount	2,000.00	**2,000.00**
Interest accrued and impact of EIR		**283.63**
Total	**34,337.12**	**34,620.75**

Terms of Repayment - Debentures as at 01 April 2018

Original Maturity / Repayment frequency	Monthly/Quarterly repayment	
Rate of interest	**12%-15%**	**Total**
Due within 1 year		
No. of instalments	10	**10**
Amount	281.25	**281.25**
Due 1 to 2 years		
No. of instalments	-	-
Amount	-	-
Due 2 to 3 years		
No. of instalments	-	-
Amount	-	-
Due 3 to 4 years		
No. of instalments	2	**2**
Amount	3,000.00	**3,000.00**
Interest accrued and impact of EIR		**38.93**
Total	**3,281.25**	**3,320.18**

Terms of Repayment - Commercial papers as at 31 March 2020

Original Maturity / Repayment frequency	Bullet repayment	
Rate of interest	**12.90%**	**Total**
Due within 1 year		
No. of instalments	1	1
Amount	500.00	**500.00**
Impact of undiscounted maturity charges and EIR		**(1.37)**
Total		**498.63**

Terms of Repayment - Commercial papers as at 31 March 2019

Original Maturity / Repayment frequency	Bullet repayment	
Rate of interest	**11.25 to 13%**	**Total**
Due within 1 year		
No. of instalments	3	3
Amount	4,300.00	**4,300.00**
Impact of undiscounted maturity charges and EIR		**(80.40)**
Total		**4,219.60**

Notes to financial statements for the period ended 31 March 2020 (₹ in lakhs unless otherwise stated)

16 Borrowings (Other than debt securities)

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
(A) At amortised cost			
(i) Secured*			
Term loans			
from banks	46,233.94	26,707.72	7,004.09
from other than banks	34,639.77	25,919.44	22,389.72
Loans repayable on demand			
Overdraft from bank	948.38	-	465.06
Cash credit from banks	3,941.58	3,020.14	2,005.25
Cash credit from other than banks	1,511.54	1,511.06	1,504.79
Securitisation liabilities	22,660.56	8,021.88	-
	1,09,935.77	**65,180.24**	**33,368.92**
(ii) Unsecured			
Term loans			
from other than banks	625.46	-	50.27
	625.46	**-**	**50.27**
Total	**1,10,561.24**	**65,180.24**	**33,419.19**
(B) Out of above			
In India	1,10,561.24	65,180.24	33,419.19
Outside India	-	-	-
Total	**1,10,561.24**	**65,180.24**	**33,419.19**

***The term loans/ working capital demand loans/ cash credit/ overdraft are secured by:**

i) A charges by way of hypothecation of all book debts and receivables, present and future of the Company (to the extent of 1 to 1.33 times of outstanding loan amount).

ii) Corporate guarantee of the Holding Company as at 31 March 2020 is ₹ 82,223.03, 31 Mar 2019 is ₹ 52,957.08 and 01 April 2018 is ₹ 27,817.44

iii) Guarantee by third party (15% of initial value of term loans, capped at 35% due to amortization).

iv) First loss default guarantee (FLDG) in the form of fixed deposits as at 31 March 2020 is ₹ 4,422.32, 31 Mar 2019 is ₹ 2,373.00 and 01 April 2018 is ₹ 1,820.06

v) First loss default guarantee (FLDG) in the form of security deposits as at 31 March 2020 is ₹ 250.00, 31 Mar 2019 is ₹ 125.00 and 01 April 2018 is ₹ 150.00

vi) Overdraft and cash credit availed from banks secured by pledge fixed deposits as at 31 March 2020 is ₹ 3,587.97, 31 Mar 2019 is ₹ 2,244.63 and 01 April 2018 is ₹ 1,754.10

Terms of Repayment - Term Loans & working capital demand loans as at 31 March 2020

Original Maturity / Repayment frequency	Monthly/Quarterly repayment		Total
Rate of interest	**9%-12%**	**12%-15%**	
Due within 1 year			
No. of instalments	139	641	**780**
Amount	14,271.15	31,344.46	**45,615.61**
Due 1 to 2 years			
No. of instalments	40	388	**428**
Amount	3,681.39	19,207.66	**22,889.05**
Due 2 to 3 years			
No. of instalments	3	152	**155**
Amount	208.33	10,529.86	**10,738.19**
Due 3 to 4 years			
No. of instalments	-	33	**33**
Amount	-	1,951.39	**1,951.39**
Due 4 to 5 years			
No. of instalments	-	-	**-**
Amount	-	-	**-**
Above 5 years			
No. of instalments	-	-	**-**
Amount	-	-	**-**
Interest accrued and impact of EIR			**304.93**
Total	**18,160.87**	**63,033.37**	**81,499.17**

Notes to financial statements for the period ended 31 March 2020 (₹ in lakhs unless otherwise stated)

17 Subordinated Debt

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
(A) At amortised cost			
(i) Unsecured			
Term loans			
from banks	2,528.44	2,528.14	1,008.90
Total	**2,528.44**	**2,528.14**	**1,008.90**

Terms of Repayment - Subordinated Debt as at 31 March 2020

Original Maturity / Repayment frequency	Monthly/Quarterly repayment	
Rate of interest	**12%-15%**	**Total**
Due 4 to 5 years		
No. of instalments	1	**1**
Amount	1,000	**1,000.00**
Due Above 5 years		
No. of instalments	1	**1**
Amount	1,500	**1,500.00**
Interest accrued and impact of EIR		**28.44**
Total	**2,500.00**	**2,528.44**

Terms of Repayment - Subordinated Debt as at 31 March 2019

Original Maturity / Repayment frequency	Monthly/Quarterly repayment	
Rate of interest	**12%-15%**	**Total**
Due Above 5 years		
No. of instalments	2	**2**
Amount	2,500.00	**2,500.00**
Interest accrued and impact of EIR		**28.14**
Total	**2,500.00**	**2,528.14**

Terms of Repayment - Subordinated Debt as at 01 April 2018

Original Maturity / Repayment frequency	Monthly/Quarterly repayment	
Rate of interest	**12%-15%**	**Total**
Due Above 5 years		
No. of instalments	1	**1**
Amount	1,000.00	**1,000.00**
Interest accrued and impact of EIR		**8.90**
Total	**1,000.00**	**1,008.90**

18 Other financial liabilities

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Expense and other payables	1,388.00	1,366.25	680.79
Payable towards Co-lending	179.29	-	-
Payable towards direct assignment of loans	1,383.33	406.59	512.56
Payables to employees	111.70	213.69	140.91
Payables to holding company	66.02	327.93	257.04
Lease obligation	3,336.70	1,685.52	843.86
Guarantee Liability	900.66	-	-
Service obligation on account of securitisation	9.17	1.52	1.60
Total	**7,374.86**	**4,001.50**	**2,436.76**

Notes to financial statements for the period ended 31 March 2020 (₹ in lakhs unless otherwise stated)

19 Provisions

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Provision for employee benefits			
Provision for gratuity benefits	159.27	82.50	44.72
Provision for leave benefits	219.20	252.10	157.36
Total	**378.47**	**334.59**	**202.07**

20 Other non-financial liabilities

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Advances from customers	340.74	202.41	66.66
Statutory dues	321.00	240.34	171.63
Total	**661.75**	**442.76**	**238.29**

21 Equity share capital

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Authorized			
Equity shares of ₹10 each	4,454.75	3,934.50	2,975.00
Total	**4,454.75**	**3,934.50**	**2,975.00**
Issued, subscribed and fully paid up			
Equity shares of ₹10 each			
At the beginning of the year	3,898.59	2,939.13	2,549.52
Add: Issued during the year	520.20	959.47	389.61
Total	**4,418.79**	**3,898.59**	**2,939.13**

Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed, if any, by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting. In the event of liquidation of the 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.

Shares held by holding / ultimate holding company and / or their subsidiaries / associates

Out of equity shares issued by the Company, shares held by its holding company i.e. Lendingkart Technologies Private Limited, are as below:

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
No. of shares held	4,41,87,931	3,89,85,920	2,93,91,259
% of share holding	100%	100%	100%

Details of each Shareholder holding more than 5% shares and the number of share held

Holding company i.e. Lendingkart Technologies Private Limited has 100% shares of the Company

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
No. of shares held	4,41,87,931	3,89,85,920	2,93,91,259
% of share holding	100%	100%	100%

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

Notes to financial statements for the period ended 31 March 2020 (₹ in lakhs unless otherwise stated)

22 Other equity

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Securities Premium			
Balance at the beginning of the year	46,799.81	15,259.28	9,648.89
Add: Premium on issue of Equity Shares	20,479.80	31,540.53	5,610.39
(Less): Expenses on issue of shares	(26.89)	-	-
Balance at the end of the year	**67,252.72**	**46,799.81**	**15,259.28**
Surplus in the statement of profit and loss			
Balance at the beginning of the year	(3,041.11)	(5,125.66)	(5,125.66)
Add: Profit for the year	2,965.30	2,775.46	-
GAAP Adjustments (P/L)	-	-	-
Item of other comprehensive income	-	-	-
- Remeasurement gains / (losses) on defined benefit plan (net of tax)	3.81	(3.48)	-
Less : Transferred to Statutory Reserve u/s section 45-IC of Reserve Bank of India Act, 1934	(593.06)	(687.43)	-
Balance at the end of the year	**(665.06)**	**(3,041.11)**	**(5,125.66)**
Other Comprehensive Income			
Balance at the beginning of the year	3.48	-	-
Items of other comprehensive income			
- Remeasurement gains / (losses) on defined benefit plan (net of tax)	(3.81)	3.48	-
Balance at the end of the year	**(0.33)**	**3.48**	**-**
Statutory Reserve u/s section 45-IC of Reserve Bank of India Act, 1934			
Balance at the beginning of the year	688.08	0.65	0.65
Add: Transferred during the year	593.06	687.43	-
Balance at the end of the year	**1,281.14**	**688.08**	**0.65**
Total other equity	**67,868.47**	**44,450.27**	**10,134.27**

(₹ in lakhs unless otherwise stated)

23 Interest income

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
On financial assets measured at Amortised Cost		
Interest on term loans	42,499.50	20,118.78
Guarantee revenue from colending	122.34	-
Interest on fixed deposits with banks	1,380.87	829.99
Interest on Inter-corporate loan	-	123.46
Other charges	242.06	175.20
Other interest income	23.08	6.87
Total	**44,267.85**	**21,254.32**

24 Gain on assignment of loans

Gain on assignment of loans for the year ended 31 March 2020 is ₹ 1,941.16 (31 March 2019: ₹ 632.95) and loss on modification of loans is ₹ 219.30 (31 March 2019: ₹ 107.58) which is presented as net in Gain on assignment of loans in the Statement of Profit and Loss.

25 Other income

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Commission Income from Insurance	331.21	-
Unwinding discount of security deposit	44.92	5.04
Other Income	64.43	20.03
Total	**440.56**	**25.07**

26 Finance costs

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
On financial liabilities measured at amortised cost		
On debt securities	5,302.32	2,151.28
On borrowings (other than debt securities)	11,466.65	5,254.82
On commercial papers	180.37	281.26
On lease obligation	307.03	124.48
Others	78.05	61.64
On financial liabilities measured at fair value		
On debt securities	382.09	240.85
Total	**17,716.50**	**8,114.33**

27 Fees and commission expenses

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Comission and Brokerage	729.80	329.98
Total	**729.80**	**329.98**

28 Impairment on financial instruments at amortised cost

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Loans	2,148.15	2,397.17
Other financial assets	24.54	18.07
Write offs	9,775.54	2,653.12
Total	**11,948.23**	**5,068.36**

(₹ in lakhs unless otherwise stated)

29 Employee benefit expenses

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries and wages	4,459.99	2,584.56
Contribution to provident and other funds	152.65	85.94
Reimbursement of ESOP expenses	58.82	118.40
Leave benefit expense	17.20	127.98
Gratuity	72.06	42.69
Staff welfare expenses	183.05	123.66
Total	**4,943.77**	**3,083.23**

30 Depreciation and amortisation expenses

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation and amortisation expenses	629.99	249.89
Total	**629.99**	**249.89**

31 Other expenses

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Power and fuel	78.47	50.96
Rent	47.03	56.25
Repairs and maintenance	46.86	22.86
Insurance	17.58	38.79
Telephone and communication expense	171.25	66.10
Office administrative expenses	515.84	308.98
Marketing and sales promotion expense	57.00	41.18
Auditor's fees and expenses (Refer note 31.1 below)	30.90	24.76
Share issue expenses	-	41.62
Legal and professional charges	1,211.01	557.46
Service charges of outsourced employees	1,028.36	621.14
Guarantee fees	1,266.56	-
License fees	498.33	325.69
Business support services	218.20	339.92
Printing and stationery	10.51	14.05
Travelling expenses	92.74	52.71
Bank charges	118.08	65.09
Courier expenses	58.10	33.00
Software license fees	710.60	304.95
Rates & taxes	19.54	14.23
Security expenses	12.73	7.37
Loss on sale of property, plant and equipment	3.11	15.36
Director sitting fees	2.64	1.83
Housekeeping expenses	16.17	12.26
Miscellaneous expenses	36.11	22.72
Total	**6,267.71**	**3,039.30**

31.1 Auditor's Remuneration

Audit fee	22.89	18.74
Tax audit fee	3.27	3.27
In other capacity :		
Certification services	3.76	1.85
Reimbursement of expenses	0.98	0.90
Total	**30.90**	**24.76**

(₹ in lakhs unless otherwise stated)

32 Tax expense

Particulars	31 March 2020	31 March 2019
Current tax expense		
Current tax for the year	1,407.18	820.93
Prior period Tax adjustments	3.28	-
Total current tax expense	**1,410.46**	**820.93**
Deferred taxes		
Change in deferred tax assets	562.63	2,101.05
Change in deferred tax liabilities	(377.36)	(427.81)
Net deferred tax expense / (income)	**(185.27)**	**(1,673.25)**
Total income tax expense	**1,225.19**	**(852.31)**

32.1 Tax reconciliation

Particulars	31 March 2020	31 March 2019
Profit before income tax expense	4,194.28	1,919.67
Effective tax rate	29.12%	29.12%
Tax at statutory income tax rate @ 29.12%	1,221.37	559.01
Tax effect of amounts which are not deductible / not taxable in calculating taxable income		
Expenses disallowed	0.53	30.44
Utilisation of previously b/f business losses and unabsorbed depreciation	-	(1,140.61)
Deferred tax assets not recognised for previous years on virtual certainity	-	(301.15)
Prior period adjustments	3.28	-
Income tax expense	**1,225.18**	**(852.31)**

(₹ in lakhs unless otherwise stated)

32.2 Deferred tax movement related to the following:

Deferred tax assets (net)	**As at 31 March 2020**	**Recognised in Statement of Profit or loss**	**Recognised in Other comprehensive income**	**As at 31 March 2019**
Deferred tax asset on account of:				
Provision for expenses allowed for tax purposes on payment basis under Section 43B of Income tax Act, 1961	110.21	(11.22)	(1.56)	97.43
Expected credit loss	1,750.18	(418.10)	-	1,332.08
Unamortised processing fee	221.01	(117.53)	-	103.48
Deferred tax on account of Ind AS 116	23.90	(32.09)	-	(8.19)
Deferred tax on account of guarantee fees	325.88	(325.88)	-	-
Deferred tax on account of unwinding discount of Security Deposit	51.44	(27.31)	-	24.13
Difference between tax depreciation and depreciation charged for the financial reporting	27.84	(14.57)	-	13.27
Interest on market linked debentures	111.26	(111.26)	-	-
MAT credit entitlement	42.10	495.32	-	537.42
Total deferred tax asset	**2,663.82**	**(562.63)**	**(1.56)**	**2,099.62**
Deferred tax liability on account of:				
Unamortised borrowing cost	242.78	64.85	-	177.93
On account of securitisation and direct assignment	562.39	312.51	-	249.88
Total deferred tax liability	**805.17**	**377.36**	**-**	**427.81**
Deferred tax charge/(credit) for the year	**1,858.65**	**(185.27)**	**(1.56)**	**1,671.82**

(₹ in lakhs unless otherwise stated)

Deferred tax assets (net)	**As at 31 March 2019**	**Recognised in Statement of Profit or loss**	**Recognised in Other comprehensive income**	**As at 01 April 2018**
Deferred tax asset on account of:				
Carry forward of unabsorbed losses	-	-	-	978.56
Provision for expenses allowed for tax purposes on payment basis under Section 43B of Income tax Act, 1961	97.43	(98.86)	1.43	62.44
Expected credit loss	1,332.08	(1,332.08)	-	(313.52)
Unamortised processing fee	103.48	(103.48)	-	14.39
Deferred tax on account of Ind AS 116	(8.19)	8.19	-	(16.59)
Deferred tax on account of unwinding discount of Security Deposit	24.13	(24.13)	-	13.07
Difference between tax depreciation and depreciation charged for the financial reporting	13.27	(13.27)	-	10.53
MAT credit entitlement	537.42	(537.42)	-	-
Total deferred tax asset	**2,099.62**	**(2,101.05)**	**1.43**	**748.88**
Deferred tax liability on account of:				
Unamortised borrowing cost	177.93	177.93	-	(81.95)
On account of securitisation and direct assignment	249.88	249.88	-	(120.30)
Total deferred tax liability	**427.81**	**427.81**	**-**	**(202.25)**
Deferred tax charge/(credit) for the year	**1,671.82**	**(1,673.25)**	**1.43**	**-**

33 Earning Per Share

Particulars	**For the year ended 31 March 2020**	**For the year ended 31 March 2019**
(A) Net profit after tax for the year	2,969.09	2,771.99
(B) Weighted average number of equity shares for basic earnings per share	4,18,71,188	3,43,59,453
(C) Weighted average number of equity shares for diluted earnings per share	4,18,71,188	3,43,59,453
Basic earning per share in ₹(A/B)	7.09	8.07
Diluted earning per share in ₹ (A/C)	7.09	8.07
[Nominal value of shares ₹ 10 each (Previous Year : ₹ 10)]		

(₹ in Lakhs unless otherwise stated)

34. Segment Information

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The Company operates in a single reportable segment i.e. financing, since the nature of the loans are exposed to similar risk and return profiles. No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Company's total revenue in year ended 31 March 2020 and 31 March 2019. The Company operates in a single geographical segment i.e. domestic.

35. Related party transactions

Related party disclosures as required under Indian Accounting standard 24, " Related party disclosure" are given below.

(a) List of Related parties

Nature of Relationship	Name of Related Parties
Holding company	Lendingkart Technologies Private Limited
Entity having significant influence in holding company	Fullerton Finanical Private Limited
Independent director	Mr. Gaurav Mittal
Independent director	Mr. T. V. Rao
Independent director	Ms. Divya Himanshu Jain
Independent director	Mr. G. S. Sundararajan
Relative of chairman and managing director	Anand Raichand Lunia

(b) Transactions during the year with related parties

Sr. No.	Nature of transactions	31 March 2020	31 March 2019
1	**Lendingkart Technologies Private Limited**		
	Unsecured inter-corporate loan taken	1,000.00	5,000.00
	Unsecured inter-corporate loan repaid	1,000.00	-
	Interest paid on inter-corporate loans	3.54	15.27
	Conversion of unsecured inter corporate loan into equity share capital (refer note 1 below)	-	5,000.00
	Issue of equity share capital (including share premium on issue of equity shares) (refer note 2 below)	21,000.00	27,500.00
	Unsecured inter-corporate loans given	-	2,300.00
	Interest income on inter-corporate loans	-	123.46
	License fee paid for use of software (Excludes 50% reversal of goods and services tax input credit) (refer note 3 below)	457.18	292.55
	Business support charges paid (Excludes 50% reversal of goods and services tax input credit)	200.18	294.52
	Reimbursement of ESOP expenses (Excludes 50% reversal of goods and services tax input credit)	53.96	118.40
	Transfer of advance given to Omnifin against customization and implementation of the Omnifin Software	-	6.50
	Reimbursement of expenses incurred on behalf of the Holding Company	-	0.13
2	**Mr. Gaurav Mittal**		
	Director sitting fee (Excludes 50% reversal of goods and services tax input credit)	0.90	0.88
3	**Mr. T V Rao**		
	Director sitting fee (Excludes 50% reversal of goods and services tax input credit)	1.50	-

(₹ in Lakhs unless otherwise stated)

Sr. No.	Nature of transactions	31 March 2020	31 March 2019
4	**Ms. Divya Himanshu Jain**		
	Director sitting fee (Excludes 50% reversal of goods and services tax input credit)	-	0.81

(c) Balance receivable/(payable) to Related parties

Sr. No.	Nature of transactions	31 March 2020	31 March 2019	01 April 2018
1	Lendingkart Technologies Private Limited	(66.02)	(327.93)	(257.04)
2	Mr. Gaurav Mittal	-	(0.13)	-
3	Ms. Divya Himanshu Jain	-	(0.13)	(0.13)

(d) Guarantees given by holding company*

Sr. No.	Nature of transactions	31 March 2020	31 March 2019	01 April 2018
1	Loans borrowed from financial institutions and Banks guaranteed by the Holding Company (including CC facility)	82,223.03	52,957.08	27,817.44
2	Non-Convertible debentures issued to financial institutions, banks and other company guaranteed by the Holding Company	38,136.36	34,337.12	3,281.25

* In respect of Guarantee fees- no payment is required to be made to Holding Company, as allowed under ITFG issue 2 bulletin 13, no guarantee commission is recognised in books of the company

* Total sanction amount of Loans borrowed from financial institutions and banks against which guarantee is given by holding company is ₹ 1,09,450.00 and sanction amount of Non-Convertible debentures issued to financial institutions, banks and other company is ₹ 47,750.00

Note 1: During the financial year ended 31 March 2019, Inter-corporate loan from the Holding Company was converted into 14,76,101 number of equity shares of ₹ 10 each fully paid-up at a premium of ₹ 328.73 each, aggregating to ₹ 5,000.00.

Note 2: During the year ended 31 March 2020, the company issued 52,02,011 equity shares of ₹ 10 each fully paid-up at a premium of ₹ 393.69 per share to Holding Company. For detailed terms of the equity shares, please refer note 21 to the Financial Statements.

During the year ended 31 March 2019, the company issued 81,18,560 equity shares of ₹ 10 each fully paid-up at a premium of ₹ 328.73 per share to Holding Company. For detailed terms of the equity shares, please refer note 21 to the Financial Statements.

Note 3: The Company has entered into License Agreement with Holding Company dated 19 June 2015 for a term of 5 years for use of the licensed software to digitally lend money to its customers.

The services provided by the Holding Company to the Company are of a specialised nature and hence difficult to benchmark with other external sources. The Company has engaged the services of an expert to assess the arm's length price for this inter-company transaction. Based on the assessment of such expert license fees are revised from 01 April 2018 and are charged by the Holding Company to the Company and are considered at arm's length. Until the year ended 31 March 2018, the Company paid license fees to the Holding Company as a percentage of the interest income earned by the Company.

(₹ in Lakhs unless otherwise stated)

36. Employee stock option plans

The Holding Company has Employee Stock Option Plans ("ESOP") scheme in force. As per the ESOP scheme, Holding Company has granted ESOP options to acquire its equity shares that would vest in a graded manner to Company's employees. Based on the group policy/ arrangement, Holding Company has cross charged the fair value of such ESOP. The Company has recognised the same under the employee cost amounting to ₹ 58.82 for the year ended 31 March 2020 (31 March 2019: ₹ 118.40).

37. Leases

Where the company is lessee:

The Company's significant leasing arrangements are in respect of operating leases for premises which are renewable on mutual consent at agreed terms. These leases have an average life of between one and nine years. Lease rentals have an escalation ranging between 5% to 15%. Some of the leases for which the lease term is less than twelve months has been accounted as short term leases.

i. Set out below are the carrying amount of right-of-use assets recognized and movement during the year:

Particulars	Amount
Land & Building as at 01 April 2018 (restated)	**866.15**
Additions	930.70
Depreciation expense	124.18
Balance as at 31 March 2019	**1,672.67**
Additions	1,908.21
Closure	-
Depreciation expense	367.24
Balance as at 31 March 2020	**3,213.65**

ii. Set out are the carrying amount of lease liabilities and movement during the year:

Particulars	31 March 2020	31 March 2019
Opening Balance	**1,685.52**	**843.86**
Additions	1,803.59	887.74
Accretion of interest	307.03	124.48
Closure	-	-
Payments	(459.43)	(170.56)
Closing Balance	**3,336.70**	**1,685.52**

iii. The expense relating to payments not included in the measurement of the lease liability is as follows:

Particulars	31 March 2020	31 March 2019
Short-term leases	47.03	56.25

iv. The undiscounted maturity analysis of lease liabilities at 31 March 2020 is as follows:

Lease Liability	31 March 2020	31 March 2019	01 April 2018
Not later than one year	681.08	316.05	147.90
Later than one year and not later than five years	3,309.99	1,643.79	811.35
Later than five years	1,407.48	816.42	515.28
Total undiscounted lease liabilities	**5,398.55**	**2,776.27**	**1,474.54**

v. The effective interest rate of lease liabilities for the year ended 31 March 2020 is 13.24% (31 March 2019: 12.64% and 01 April 2018: 13.55%).

(₹ in Lakhs unless otherwise stated)

vi. The following are the amount recognized in statement of profit or loss.

Particulars	31 March 2020	31 March 2019
Depreciation expense right of use of assets	367.24	124.18
Interest expense on lease liabilities	307.03	124.48
Expense relating to short term leases (included in other expenses)	47.03	56.25
Total Amount recognized in statement of profit and loss account	**721.30**	**304.91**

38. Expenditure in foreign currency (on accrual basis)

Particulars	31 March 2020	31 March 2019
Professional Fees	80.77	3.57
Software Expenses	17.15	10.75
Total	**97.92**	**14.32**

39. Contingent liability and Commitments

a) Contingent Liability

Description of the contingent liability	31 March 2020	31 March 2019	01 April 2018
Credit enhancements provided by the company towards securitisation (including corporate guarantee, cash collateral and loan assets retained as Minimum retention Requirement (MRR)	7,282.41	2,443.06	613.26

b) Capital and other commitments

Description of the capital and other commitments	31 March 2020	31 March 2019	01 April 2018
Loan sanctioned not yet disbursed*	-	3,675.27	2,378.03
Corporate guarantee in case of co-lending transactions	6,283.15	-	-
A S Software Services Private Limited (Omnifin Software) (Excludes 50% reversal of goods and service tax input credit)	98.55	-	-

*The company has sanctioned loans amounting to ₹ 90.50 but not disbursed as on 31st March 2020, due to expiry of agreements during lockdown declared by Government of India.

40. Retirement benefit plans

A. Defined benefit obligation

Contribution to Gratuity fund:

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Gratuity Act, an employee who has completed five years of service is entitled to specific benefits. The level of benefits provided depends on the member's length of service, managerial grade and salary at retirement age.

In accordance with Indian Accounting Standard 19, actuarial valuation was done in respect of the aforesaid defined benefit plan of gratuity based on the following assumptions:

(₹ in Lakhs unless otherwise stated)

i. **Key actuarial assumptions:**

Particulars	31 March 2020	31 March 2019
Discount rate (per annum)	6.60%	7.50%
Rate of salary increase	12%	12%
Rate of employee turnover	18% p.a. at younger ages reducing to 6% p.a. at older ages	

ii. **Movement in defined benefit obligation:**

Particulars	31 March 2020	31 March 2019
Defined benefit obligation at the beginning of the year	82.50	44.72
Interest on defined benefit obligation	6.17	3.37
Current service cost	65.89	39.32
Benefits paid	(0.66)	-
(Benefit Paid From the Fund)	-	-
Remeasurements due to :		
Actuarial loss/(gain) arising from change in demographic assumptions	(0.03)	-
Actuarial loss/(gain) arising from change in financial assumptions	11.71	0.35
Actuarial loss/(gain) arising on account of experience changes	(6.31)	(5.26)
Present Value of obligation at the end of the year	**159.27**	**82.50**

iii. **Assets and liabilities recognised in the balance sheet:**

Particulars	31 March 2020	31 March 2019
Present value of the defined benefit obligation at the end of the year	159.27	82.50
Fair Value of Plan Assets at the end of the year	-	-
Funded Status (Surplus/ (Deficit))	159.27	82.50
Net liability recognised in the balance sheet	**159.27**	**82.50**

iv. **Expenses recognised in the Statement of Profit and Loss:**

Particulars	31 March 2020	31 March 2019
Current Service Cost	65.89	39.32
Interest cost	6.17	3.37
Net gratuity cost recognised in the current year	**72.06**	**42.69**

v. **Expenses recognised in the statement of Other comprehensive income (OCI):**

Particulars	31 March 2020	31 March 2019
Actuarial gain/ loss on post-employment benefit obligation	5.37	(4.91)
Total remeasurement cost / (credit) for the year recognised in OCI	**5.37**	**(4.91)**

vi. **Reconciliation of net asset/(liability) recognised:**

Particulars	31 March 2020	31 March 2019
Net defined benefit liability/(asset) as at the beginning of the year	82.50	44.72
Expense charged to Statement of Profit and Loss	72.06	42.69
(Benefit paid directly by the employer)	(0.66)	-
Amount recognised in other comprehensive income	5.37	(4.91)
Net Liability/(Asset) Recognized in the Balance Sheet	**159.27**	**82.50**

(₹ in Lakhs unless otherwise stated)

vii. Sensitivity analysis:

Particulars	31 March 2020	31 March 2019
Impact of increase in 0.5% on rate of discounting	152.59	79.11
Impact of decrease in 0.5% on rate of discounting	166.44	86.11
Impact of increase in 0.5% on rate of salary increase	163.61	84.88
Impact of decrease in 0.5% on rate of salary increase	154.92	80.24
Impact of increase in 10% on rate of employee turnover	153.76	79.46
Impact of decrease in 10% on rate of employee turnover	164.80	85.48

viii. Maturity analysis of projected benefit obligation:

Year	31 March 2020	31 March 2019
Expected benefits for year 1	3.75	0.53
Expected benefits for year 2	9.66	3.61
Expected benefits for year 3	13.08	7.15
Expected benefits for year 4	15.20	10.02
Expected benefits for year 5	18.62	11.01
Expected benefits for years 6 to 10	81.80	48.09

ix. The Experience adjustment on plan assets:

Particulars	31 March 2020	31 March 2019	31 March 2018	31 March 2017	31 March 2016
Defined benefit obligation	159.27	82.50	44.72	21.38	3.77
Plan assets	-	-	-	-	-
Surplus/ (deficit)	(159.27)	(82.50)	(44.72)	(21.38)	(3.77)
Experience adjustment of plan assets	-	-	-	-	-
Experience adjustment of plan liabilities	(6.31)	(5.26)	(10.45)	8.52	0.58

B. Compensated absences:

Maturity profile

Particulars	31 March 2020	31 March 2019
Present value of unfunded obligations	219.20	223.36
Expense recognised in the Statement of Profit and Loss	17.20	127.98
Discount rate (p.a.)	6.60%	7.50%
Salary escalation rate (p.a)	12.00%	12.00%

C. Provident Fund:

The Company contributes in Provident Fund towards employees which is the defined contribution plan for qualifying employees. Under this Scheme, the Company is required to contribute specified percentage of the payroll cost to fund the benefits. The Company recognised ₹ 145.88 (31 March 2019: ₹ 79.72) for provident fund contributions in the Statement of profit and loss.

41. Based on the information available with the Company, there are no micro, small and medium enterprises to whom the Company has paid interest or any interest payable on outstanding (under the provisions of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006) during the year ended 31 March 2020.

42. The Company does not have any outstanding loans against gold jewellery as at 31 March 2020 (31 March 2019: NIL).

(₹ in Lakhs unless otherwise stated)

43. Capital:

The Company actively manages its capital base to cover risks inherent to its business and meet the capital adequacy requirement of RBI. The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

i. Capital management

Objective:

The Company's objective is to maintain appropriate levels of capital to support its business strategy taking into account the regulatory, economic and commercial environment. The Company aims to maintain a strong capital base to support the risks inherent to its business and growth strategies. The Company endeavours to maintain a higher capital base than the mandated regulatory capital at all times.

Planning:

The Company's assessment of capital requirement is aligned to its planned growth which forms part of an annual operating plan which is approved by the Board and also a long-range strategy. These growth plans are aligned to assessment of risks– which include credit, liquidity and interest rate.

The management monitors its capital to risk-weighted assets ratio (CRAR) on a monthly basis and the same is also monitored in Assets Liability Management Committee (ALCO).

The Company endeavours to maintain its CRAR higher than the mandated regulatory norm. Accordingly, increase in capital is planned well in advance to ensure adequate funding for its growth.

ii. Regulatory capital

Particulars	31 March 2020	31 March 2019	01 April 2018
Tier I capital	68,381.91	45,918.09	12,832.26
Tier II capital	4,823.82	5,636.08	2,570.70
	73,205.73	51,554.17	15,402.96
Risk weighted assets (RWA)	2,02,276.70	1,32,319.12	47,738.36
Tier I CRAR	33.81%	34.70%	26.88%
Tier II CRAR	2.38%	4.26%	5.38%
CRAR	**36.19%**	**38.96%**	**32.26%**

44. Transfers of assets:

i. Transferred of financial assets that are not derecognised in their entirety

(a) Securitisation
The company has Securitised certain loans, however the company has not transferred substantially all risks and rewards, hence these assets have not been de-recognised in its entirety.

Particulars	31 March 2020	31 March 2019
Carrying amount of transferred assets measured at amortised cost (including loans placed as collateral)	33,915.58	8,603.73
Carrying amount of associated liabilities (Debt securities- measured at amortised cost)	22,660.56	8,021.88
Fair value of assets	33,915.58	8,603.73
Fair value of associated liabilities	22,660.56	8,021.88
Net position at Fair Value	11,255.02	581.85

(₹ in Lakhs unless otherwise stated)

(b) Assignment deal
The Company has sold some loans and advances measured at amortised cost as per assignment deals, as a source of finance. As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the buyer, the assets have been derecognised from the Company's Balance Sheet.

As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the extent of 80-90% of the assets transferred to the buyer, the assets have been de-recognised from the Company's balance sheet. The table below summarises the carrying amount of the derecognised financial assets measured at amortised cost and the gain on derecognition, per type of asset.

Loans and advances measured at amortised cost	31 March 2020	31 March 2019
Carrying amount of derecognised financial assets	4,508.28	2,166.50
Gain from derecognition	1,721.87	525.37

ii. Transferred of financial assets that are derecognised in their entirety
The Company has not transferred any assets that are derecognised in their entirety where the Company continues to have continuing involvement.

45. Events after reporting date:
There have been no events after the reporting date that require adjustment/disclosure in these financial statements.

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

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

Valuation framework

The Company has an internal fair value assessment team which assesses the fair values for assets qualifying for fair valuation.

The Company's valuation framework includes:
- Benchmarking prices against observable market prices or other independent sources;
- Development and validation of fair valuation models using model logic, inputs, outputs and adjustments.

These valuation models are subject to a process of due diligence and validation before they become operational and are continuously calibrated. These models are subject to approvals by various functions including risk, treasury and finance functions. Finance function is responsible for establishing procedures, governing valuation and ensuring fair values are in compliance with accounting standards. Company has an internal fair value assessment team which assesses the fair values for assets qualifying for fair valuation.

Valuation methodologies adopted

- Fair values of financial assets and financial liabilities are measured at amortised cost except for market linked debentures which are measured at fair value through profit and loss.

- Fair value of market linked debentures is measured at fair value through profit and loss. Fair value of Market linked debentures is derived from independent valuer. The valuation is done based on discounted cashflow method. The option portion is projected using Monte Carlo simulations and Geometric Brownian Motion is used to project the Index levels into the future. The Index levels are projected based on certain assumptions and the value of debenture is then arrived at by discounting the respective cashflows.

(₹ in Lakhs unless otherwise stated)

- The Company has determined that the carrying values of cash and cash equivalents, bank balances, expenses payables, bank overdrafts and other current liabilities are a reasonable approximation of their fair value and hence their carrying value are deemed to be fair value.

47. Fair value hierarchy:

The Company determines fair values of its financial instruments according to the following hierarchy:

Level 1: valuation based on quoted market price: financial instruments with quoted prices for identical instruments in active markets that the Company can access at the measurement date.

Level 2: valuation based on using observable inputs: financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Level 3: valuation technique with significant unobservable inputs: – financial instruments valued using valuation techniques where one or more significant inputs are unobservable. This is the case for contingent consideration and indemnification assets.

Financial instruments by category

Financial instruments by category	31 March 2020		31 March 2019		01 April 2018	
	Amortised Cost	Fair value	Amortised Cost	Fair value	Amortised Cost	Fair value
Financial assets:						
Cash and cash equivalent	5,049.52	-	16,550.74	-	3,692.50	-
Other bank balances	11,296.78	-	7,303.59	-	5,617.05	-
Loans	2,12,688.51	-	1,31,262.70	-	42,850.40	-
Other financial assets	2,868.74	-	458.63	-	230.04	-
Total financial assets	**2,31,903.54**	**-**	**1,55,575.67**	**-**	**52,389.98**	**-**
Financial liabilities:						
Debt Securities	39,284.43	5,122.94	36,054.50	2,740.85	3,320.18	-
Borrowings (other than debt securities)	1,10,561.24	-	65,180.24	-	33,419.19	-
Subordinated Debt	2,528.44	-	2,528.14	-	1,008.90	-
Other financial liabilities	7,374.86	-	4,001.50	-	2,436.76	-
Total financial liabilities	**1,59,748.96**	**5,122.94**	**1,07,764.37**	**2,740.85**	**40,185.04**	**-**

Valuation techniques

The carrying value of cash and cash equivalents, other bank balances, other financial asset, trade payables, other payables and other financial liabilities are considered to be approximately equal to the fair value due to their short-term maturities.

The fair value of the financial assets and liabilities is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Loans - The fair value of floating rate loans are deemed to be equivalent to the carrying value. The fair value of certain fixed rate loans is determined by discounting expected future contractual cash flows using current market interest rates charged for similar new loans.

Borrowings - The fair value of certain fixed rate borrowings is determined by discounting expected future contractual cash flows using current market interest rates charged for similar new loans. The fair value of floating rate borrowings is deemed to be equivalent to the carrying value.

(₹ in Lakhs unless otherwise stated)

Fair value of Market linked debentures is derived from independent valuer. The valuation is done based on discounted cashflow method. The option portion is projected using Monte Carlo simulations and Geometric Brownian Motion is used to project the Index levels into the future. The Index levels are projected based on certain assumptions and the value of debenture is then arrived at by discounting the respective cashflows.

Fair value of financial instruments measured at amortised cost:

Particulars	Level of hierarchy	31 March 2020	31 March 2019	01 April 2018
Financial assets:				
Cash and cash equivalent	Level 1	5,049.52	16,550.74	3,692.50
Other bank balances	Level 1	11,296.78	7,303.59	5,617.05
Loans	Level 2	2,12,688.51	1,31,262.70	42,850.40
Other financial assets	Level 2	2,868.74	458.63	230.04
Total financial assets		**2,31,903.54**	**1,55,575.67**	**52,389.98**
Financial liabilities:				
Debt Securities	Level 2	39,284.43	36,054.50	3,320.18
Borrowings (other than debt securities)	Level 2	1,10,561.24	65,180.24	33,419.19
Subordinated Debt	Level 2	2,528.44	2,528.14	1,008.90
Other financial liabilities	Level 2	7,374.86	4,001.50	2,436.76
Total financial liabilities		**1,59,748.96**	**1,07,764.37**	**40,185.04**

Fair value of financial instruments designated at FVTPL:

Particulars	Level of hierarchy	31 March 2020	31 March 2019	01 April 2018
Financial assets:				
Debt Securities	Level 2	5,122.94	2,740.85	-

48. Financial risk management:

The Company is exposed to certain financial risks namely credit risk, liquidity risk and market risk i.e. interest risk and foreign currency risk. The Company's primary focus is to achieve better predictability of financial markets and minimize potential adverse effects on its financial performance by effectively managing the risks on its financial assets and liabilities.

The Principal objective in Company 's risk management processes is to measure and monitor the various risks associated with the Company and to follow policies and procedures to address such risks. The Company's risk management framework is driven by its Board and its subcommittees including the Audit Committee, the Asset Liability Management Committee and the Risk Management Committee. The Company gives due importance to prudent lending practices and have implemented suitable measures for risk mitigation, which include verification of credit history from credit information bureaus, personal verification of a customer's business and residence, technical and legal verifications. For credit risk refer note 48(c).

A. Liquidity Risk:

The Company's ALCO monitors asset liability mismatches to ensure that there are no imbalances or excessive concentrations on either side of the Balance Sheet.

The Company continuously monitors liquidity in the market; and as a part of its ALCO strategy, the Company maintains a liquidity buffer managed by an active investment desk to reduce this risk.

The Company maintains a judicious mix of borrowings from banks, money markets and public and other deposits. The Company continues to diversify its sources of borrowings with an emphasis on longer tenor borrowings. This strategy of balancing varied sources of funds and long tenor borrowings has helped the Company to maintain a healthy asset liability position. The Company continues to evaluate new sources of borrowing by way of new routes of funding like rupee denominated External Commercial Borrowings (ECB) – masala bonds and Foreign currency denominated bonds.

(₹ in Lakhs unless otherwise stated)

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

Financial liabilities	31 March 2020		31 March 2019		01 April 2018	
	Within 12 months	After 12 months	Within 12 months	After 12 months	Within 12 months	After 12 months
Debt Securities	15,630.37	29,266.31	22,283.03	16,869.70	392.91	3,000.00
Borrowings (other than debt securities)	68,324.75	42,090.36	39,521.58	25,969.94	12,373.68	8,529.71
Subordinated Debt	-	2,500.00	30.45	2,500.00	30.45	1,000.00
Other financial liabilities	3,809.41	4,717.47	2,630.51	2,460.21	1,739.20	1,326.63
Total	**87,764.54**	**78,574.13**	**64,465.57**	**47,799.84**	**14,536.24**	**13,856.34**

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

As at 31 March 2020	Within 1 year	After 1 year	Total
Assets			
Financial assets			
Cash and cash equivalents	5,049.52	-	5,049.52
Bank balances other than cash and cash equivalents	8,620.43	2,676.35	11,296.78
Loans	99,730.34	1,12,958.17	2,12,688.51
Other financial assets	1,696.01	1,172.73	2,868.74
Non-financial assets			
Tax assets (net)	-	162.08	162.08
Deferred tax asset (Net)	-	1,858.65	1,858.65
Property, plant and equipment	-	307.92	307.92
Other Intangible assets	-	119.58	119.58
Intangible assets under development	-	45.45	45.45
Right-of-use assets	-	3,213.65	3,213.65
Other non-financial assets	533.46	55.04	588.50
Total assets	**1,15,629.75**	**1,22,569.62**	**2,38,199.37**
Liabilities			
Financial liabilities			
Debt Securities	15,357.79	29,049.58	44,407.37
Borrowings (Other than debt securities)	68,596.58	41,964.65	1,10,561.24
Subordinated Debt	30.10	2,498.34	2,528.44
Other financial liabilities	3,801.36	3,573.50	7,374.86
Non-financial liabilities			
Current tax liabilities (net)	-	-	-
Provisions	27.09	351.39	378.48
Other non-financial liabilities	661.75	-	661.75
Total liabilities	**88,474.68**	**77,437.45**	**1,65,912.13**

(₹ in Lakhs unless otherwise stated)

As at 31 March 2019	Within 1 year	After 1 year	Total
Assets			
Financial assets			
Cash and cash equivalents	16,550.74	-	16,550.74
Bank balances other than cash and cash equivalents	5,592.67	1,710.92	7,303.59
Loans	64,599.49	66,663.21	1,31,262.70
Other financial assets	284.71	173.93	458.63
Non-financial assets			
Tax assets (net)	-	250.93	250.93
Deferred tax asset (Net)	-	1,671.82	1,671.82
Property, plant and equipment	-	226.15	226.15
Other Intangible assets	-	60.35	60.35
Intangible assets under development	-	14.76	14.76
Right-of-use assets	-	1,672.67	1,672.67
Other non-financial assets	152.44	6.65	159.09
Total assets	**87,180.04**	**72,451.39**	**1,59,631.43**
Liabilities			
Financial liabilities			
Debt Securities	22,020.71	16,774.64	38,795.35
Borrowings (Other than debt securities)	39,284.67	25,895.57	65,180.24
Subordinated Debt	(0.30)	2,528.44	2,528.14
Other financial liabilities	2,420.19	1,581.31	4,001.50
Non-financial liabilities			
Current tax liabilities (net)	-	-	-
Provisions	54.38	280.22	334.59
Other non-financial liabilities	442.77	-	442.77
Total liabilities	**64,222.41**	**47,060.18**	**1,11,282.59**

(₹ in Lakhs unless otherwise stated)

As at 01 April 2018	Within 1 year	After 1 year	Total
Assets			
Financial assets			
Cash and cash equivalents	3,692.50	-	3,692.50
Bank balances other than cash and cash equivalents	3,577.10	2,039.95	5,617.05
Loans	29,702.14	13,148.26	42,850.40
Other financial assets	199.98	30.06	230.04
Non-financial assets			
Tax assets (net)	-	161.44	161.44
Deferred tax asset (Net)	-	-	-
Property, plant and equipment	-	130.39	130.39
Other Intangible assets	-	26.03	26.03
Intangible assets under development	-	-	-
Right-of-use assets	-	866.15	866.15
Other non-financial assets	124.80	-	124.80
Total assets	**37,296.52**	**16,402.28**	**53,698.80**
Liabilities			
Financial liabilities			
Debt Securities	390.80	2,929.38	3,320.18
Borrowings (Other than debt securities)	24,929.64	8,489.56	33,419.19
Subordinated Debt	(0.26)	1,009.16	1,008.90
Other financial liabilities	1,630.09	806.67	2,436.76
Non-financial liabilities			
Current tax liabilities (net)	-	-	-
Provisions	24.70	177.38	202.07
Other non-financial liabilities	238.29	-	238.29
Total liabilities	**27,213.27**	**13,412.13**	**40,625.40**

B. Market Risk:

Market risk is the risk that the fair value of future cash flow of financial instruments will fluctuate due to changes in the market variables such as interest rates, foreign exchange rates and equity prices. The Company do not have any exposure to equity price risk.

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency rates. The Company's exposure to the risk of changes in foreign exchange rates relates primary to certain vendors in trade payables.

Foreign currency exposure risk

The Company's exposure for foreign currency risk at the end of reporting period are as follows:

Particulars	31 March 2020		31 March 2019		01 April 2018	
	US $	₹	US $	₹	US $	₹
Expenses payable	-	-	560.00	0.39	-	-

Note: There were no foreign currency exposure as at 31 March 2020 & 01 April 2018.

(₹ in Lakhs unless otherwise stated)

Foreign currency sensitivity
The Company's exposure to the risk of changes in foreign exchange rates is immaterial, and therefore the sensitivity analysis of the risk in not disclosed.

(ii) Interest rate risk
The Company is subject to interest rate risk, since the rates of loans and borrowing might fluctuate over the tenure of instrument. Interest rates are highly sensitive to many factors beyond control, including the monetary policies of the Reserve Bank of India, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. In order to manage interest rate risk, the Company seek to optimize borrowing profile between short-term and long-term loans. The liabilities are categorized into various time buckets based on their maturities and Asset Liability Management Committee supervise an interest rate sensitivity report periodically for assessment of interest rate risks.

Carrying value of borrowings:

Particulars	31 March 2020	31 March 2019	01 April 2018
Debt Securities (variable)	9,500.00	2,496.60	-
Debt Securities (fixed)	34,907.37	36,298.75	3,320.18
Borrowings (other than debt securities) (variable)	42,076.05	30,602.49	17,422.83
Borrowings (other than debt securities) (fixed)	68,485.19	34,577.75	15,996.36
Subordinated debts (variable)	-	-	-
Subordinated debts (fixed)	2,528.44	2,528.14	1,008.90
Total Borrowings	**1,57,497.04**	**1,06,503.72**	**37,748.27**

Sensitivity analysis:

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the Company's Statement of profit and loss:

Interest rate	Impact on profit before tax	
	31 March 2020	31 March 2019
Borrowings, debt securities & subordinate debt		
Increase by 50 basis points	(257.88)	(165.50)
Decrease by 50 basis points	257.88	165.50

C. Credit Risk:

Credit risk is the risk of financial loss arising out of a customer or counterparty failing to meet their repayment obligations to the Company. The lending model focuses on SME Lending. The nature of the product is unsecured.

The Company assesses the credit quality of all financial instruments that are subject to credit risk.

Classification of financial assets under various stages

The Company classifies its financial assets in three stages having the following characteristics:

- **Stage 1:** unimpaired and without significant increase in credit risk since initial recognition on which a 12 month allowance for ECL is recognised.
- **Stage 2:** a significant increase in credit risk since initial recognition on which a lifetime ECL is recognised.
- **Stage 3:** objective evidence of impairment, and are therefore considered to be in default or otherwise credit impaired on which a lifetime ECL is recognised.

Unless identified at an earlier stage, all financial assets are deemed to have suffered a significant increase in credit risk when they are 30 days past due (DPD) and are accordingly transferred from stage 1 to stage 2. For stage 1 an ECL allowance is calculated based on a 12 month Point in Time (PIT) probability weighted probability of default (PD). For stage 2 and 3 assets a life time ECL is calculated based on a lifetime PD.

The Company has calculated ECL using three main components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD) along with an adjustment considering forward macro-economic conditions.

Financial instruments other than loans were subjected to simplified ECL approach under Ind AS 109 'Financial Instruments' and accordingly were not subject to sensitivity of future economic conditions.

Below is the summary for the approach adopted by the Company for various components of ECL viz. PD, EAD and LGD using empirical data where relevant:

- **Probability of Default (PD)**

  The Company's operates with its internal rating models in which its customers are rate from "A" to "F" using internal grades. The models incorporate both qualitative and quantitative information and, in addition to information specific to the borrower, utilise supplemental external information that could affect the borrower's behaviour. PDs are then adjusted for Ind AS 109 ECL calculations to incorporate forward looking information and the Ind AS 109 Stage classification of the exposure.

  PD is based on a internal rating model, days past due and various historical, current and forward-looking information.

  Stage 1: based on internal rating model
  Stage 2: based on days past due
  Stage 3: 100%

- **Exposure at Default (EAD)**

  The exposure at default represents the gross carrying amount of the financial instruments subject to the impairment calculation.

- **Loss given Default (LGD)**

  LGD values are assessed based on key characteristics that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics as well as borrower characteristics.

  Further recent data and forward-looking economic scenarios are used in order to determine the Ind AS 109 LGD rate for each group of financial instruments. When assessing forward-looking information, the expectation is based on multiple scenarios. Examples of key inputs involve changes in payment status, geographical location, industrial sector or other factors that are indicative of losses in the company.

(₹ in Lakhs unless otherwise stated)

Analysis of changes in the gross carrying amount and corresponding ECL allowances in relation to loans is as follows:

Particulars	31 March 2020				31 March 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance of gross carrying amount	1,31,103.53	3,205.55	1,766.67	**1,36,075.75**	42,423.39	1,407.00	1,435.89	**45,266.28**
Transfers during the year								
Transfers to Stage 1	133.97	(133.97)	-	-	7.06	(7.06)	-	-
Transfers to Stage 2	(5,399.83)	5,399.83	-	-	(1,890.52)	1,890.52	-	-
Transfers to Stage 3	(3,914.53)	(284.47)	4,199.00	-	(1,273.33)	(15.67)	1,289.00	-
Changes in opening credit exposures (additional disbursement net of repayments)	(82,140.95)	(4,784.76)	(3,080.19)	**(90,005.90)**	(30,573.20)	(2,317.30)	(1,912.57)	**(34,803.08)**
New credit exposures during the year, net of repayments	1,68,110.87	3,535.86	1,907.89	**1,73,554.62**	1,22,410.14	2,248.06	954.35	**1,25,612.55**
Closing balance of gross carrying amount	**2,07,893.06**	**6,938.04**	**4,793.37**	**2,19,624.47**	**1,31,103.53**	**3,205.55**	**1,766.67**	**1,36,075.75**

Particulars	31 March 2020				31 March 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance of ECL allowance	3,155.42	664.49	993.15	**4,813.05**	1,480.29	305.52	630.07	**2,415.88**
Transfers during the year								
Transfers to Stage 1	26.22	(26.22)	-	-	1.08	(1.08)	-	-
Transfers to Stage 2	(155.17)	155.17	-	-	(79.07)	79.07	-	-
Transfers to Stage 3	(109.83)	56.49	53.34	-	(74.87)	(2.69)	77.57	-
Changes in opening credit exposures (additional disbursement net of repayments)	(1,946.32)	(42.48)	600.18	**(1,388.63)**	(1,144.54)	(175.48)	(241.08)	**(1,561.09)**
New credit exposures during the year, net of repayments	1,746.55	722.07	1,042.91	**3,511.53**	2,972.54	459.14	526.59	**3,958.26**
Closing balance of ECL allowance	**2,716.87**	**1,529.51**	**2,689.58**	**6,935.96**	**3,155.42**	**664.49**	**993.15**	**4,813.05**

The table below summarises the gross carrying values and the associated allowances for expected credit loss (ECL) stage wise for loan portfolio:

As at 31 March 2020

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	2,07,893.06	6,938.04	4,793.37	**2,19,624.47**
Allowance for ECL	2,716.87	1,416.53	2,802.56	**6,935.96**
ECL Coverage ratio	1.31%	20.42%	58.47%	**3.16%**

As at 31 March 2019

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	1,31,103.53	3,205.55	1,766.67	**1,36,075.75**
Allowance for ECL	3,155.42	664.49	993.15	**4,813.05**
ECL Coverage ratio	2.41%	20.73%	56.22%	**3.54%**

As at 01 April 2018

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	42,423.39	1,407.00	1,435.89	**45,266.28**
Allowance for ECL	1,480.29	305.52	630.07	**2,415.88**
ECL Coverage ratio	3.49%	21.71%	43.88%	**5.34%**

(₹ in Lakhs unless otherwise stated)

Measurement uncertainty and sensitivity analysis of ECL estimates:

Expected credit loss impairment loss allowances recognised in the financial statements reflect the effect of a range of possible economic outcomes, calculated on a probability-weighted basis, based on the economic scenarios described below.

The recognition and measurement of ECL involves the use of estimation. It is necessary to formulate multiple forward looking economic forecasts and its impact as an integral part of ECL model.

Methodology

The Company has adopted the use of three scenarios, representative of its view of forecast economic conditions, required to calculate unbiased expected loss. They represent a most likely outcome i.e. central scenario and two less likely outer scenarios referred to as the upside and downside scenarios. The Company has assigned a 10% probability to the two outer scenarios, while the central scenario has been assigned an 80% probability. These weights are deemed appropriate for the unbiased estimation of impact of macro factors on ECL. The key scenario assumptions are used keeping in mind external forecasts and Management estimates which ensure that the scenarios are unbiased.

The Company has used multiple economic factors and tested their correlations with past loss trends witnessed. The economic factors tested were GDP growth rates, growth of bank credit, wholesale price index (WPI), consumer price index (CPI), industrial production index, crude oil prices, exchange rate and policy interest rates. Based on past correlation trends, CPI and policy interest rates were the two factors with acceptable correlation with past loss trends which were in line with Management views on the drivers of portfolio trends. These factors were assigned appropriate weights to measure ECL in forecast economic conditions.

ECL sensitivity to future economic conditions

ECL coverage of financial instruments under forecast economic conditions:

Particulars	31 March 2020	31 March 2019	01 April 2018
Gross carrying amount of loans	2,19,624.47	1,36,075.75	45,266.28
Reported ECL	6,935.96	4,813.05	2,415.88
Reported ECL coverage	3.16%	3.54%	5.34%
ECL amounts for alternate scenario			
Central scenario (80%)	5,548.77	3,850.44	1,932.70
Downside scenario (10%)	6,242.36	4,331.75	2,174.29
Upside scenario (10%)	7,629.56	5,294.36	2,657.47
ECL coverage ratios by scenario			
Central scenario (80%)	2.53%	2.83%	4.27%
Downside scenario (10%)	2.84%	3.18%	4.80%
Upside scenario (10%)	3.47%	3.89%	5.87%

(₹ in Lakhs unless otherwise stated)

49. Disclosure as per RBI Master Direction DNBR. PD. 008/03.10.119/2016-17, dated September 01, 2016, as amended from time to time ('RBI Directions').

As per the RBI directions the Company was classified as a Systemically Important Non-Deposit taking Company during the previous financial year based on its assets size. Accordingly, disclosures applicable to Systemically Important Non-Deposit taking Company as per RBI directions are given.

A. Capital Risk Asset Ratio

Sr. No.	Items	31 March 2020	31 March 2019	01 April 2018
(a)	Capital Risk Asset Ratio (%)	36.19%	38.96%	32.26%
(b)	Capital Risk Asset Ratio (%) - Tier I Capital (%)	33.81%	34.70%	26.88%
(c)	Capital Risk Asset Ratio (%) - Tier II Capital (%)	2.38%	4.26%	5.38%
(d)	Amount of subordinated debt raised as Tier-II capital	2,500.00	2,500.00	1,000.00

B. Details of investments

Particulars	31 March 2020	31 March 2019	01 April 2018
Current Investments:			
1. Quoted:	NIL	NIL	NIL
i. Shares:			
a. Equity			
b. Preference			
ii. Debentures and Bonds			
iii. Units of mutual funds			
iv. Government Securities			
v. Others (please specify)			
2. Unquoted:	NIL	NIL	NIL
i. Shares:			
a. Equity			
b. Preference			
ii. Debentures and Bonds			
iii. Units of mutual funds			
iv. Government Securities			
v. Others (please specify)			
Long Term investments:			
1. Quoted:	NIL	NIL	NIL
i. Shares:			
a. Equity			
b. Preference			
ii. Debentures and Bonds			
iii. Units of mutual funds			
iv. Government Securities			
v. Others (please specify)			

Particulars	31 March 2020	31 March 2019	01 April 2018
2. Unquoted:	NIL	NIL	NIL
i. Shares:			
a. Equity			
b. Preference			
ii. Debentures and Bonds			
iii. Units of mutual funds			
iv. Government Securities			
v. Others (please specify)			

C. Disclosure for securitisation*

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

Sr. No.	Particulars	31 March 2020	31 March 2019	01 April 2018
1	No. of SPVs sponsored by the NBFC for securitisation transactions	11	4	2
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	25,016.49	9,117.84	3,464.75
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of Balance Sheet			
	a. Off balance sheet exposure			
	First Loss	110.53	216.35	384.58
	Others	-	-	-
	b. On balance sheet exposure			
	First Loss	3,243.67	804.37	-
	Others (Overcollateralization)	3,928.21	1,422.34	-
4	Amount of exposures to securitisation transactions other than MRR			
	a. Off balance sheet exposure			
	I. Exposure to own securitisations			
	First Loss	-	-	-
	Others	-	-	-
	II. Exposure to third party securitisations			
	First Loss	-	-	-
	Others	-	-	-
	b. On balance sheet exposure			
	I. Exposure to own securitisations			
	First Loss	-	-	-
	Others	-	-	-
	II. Exposure to third party securitisations			
	First Loss	-	-	-
	Others	-	-	-

(*The above figures are based on the information duly certified by the SPV's auditors).

(₹ in Lakhs unless otherwise stated)

b. During the year, the Company has transferred loans through securitisation. The information on securitisation activity of the Company as an originator is given below:

Particulars	31 March 2020	31 March 2019	01 April 2018
Total number of loans securitised	6,311	2,209	1,454
Total book value of the loans securitised	34,064.42	12,793.84	4,573.62
Total book value of the loans securitised including loans placed as collateral	34,064.42	12,793.84	4,573.62
Sale consideration received for the loan asset securitised	31,016.86	11,506.72	4,344.94
Overcollateralization of the loans securitised	3,047.55	1,287.12	228.68
Excess interest spread recognised in the statement of profit and loss	584.38	349.32	138.12

Particulars	31 March 2020	31 March 2019	01 April 2018
Credit enhancements provided and outstanding (Gross):			
Cash Collateral	2,710.27	804.37	-
Corporate Guarantee	110.53	-	384.58
Loan assets retained as MRR	3,047.55	1,287.12	228.68

D. Disclosure for direct assignment

Details of assignment transactions undertaken by the Company during the year

Particulars	31 March 2020	31 March 2019	01 April 2018
No. of accounts	6,211	2,122	-
Aggregate value (net of provisions) of accounts sold	23,322.06	4,508.28	-
Aggregate consideration	23,322.06	4,508.28	-
Additional consideration realised in respect of accounts transferred in earlier years	-	-	-
Aggregate gain / loss over net book value	-	-	-

E. Details of non-performing financial assets sold

Sr. No.	Particulars	31 March 2020	31 March 2019	01 April 2018
1	No. of accounts sold	1,456	940	-
2	Aggregate outstanding	-	-	-
3	Aggregate consideration received	157.42	177.12	-

(₹ in Lakhs unless otherwise stated)

F. Maturity pattern of certain items of assets and liabilities

Particulars	Year ended 31 March 2020		
	Advances	Investments	Borrowings
0 day to 7 days	3,779.00	-	1,588.22
8 day to 14 days	1,483.51	-	2,388.40
15 days to 1 month	6,471.04	-	4,299.62
Over 1 month to 2 months	7,233.95	-	12,130.69
Over 2 months upto 3 months	8,500.12	-	7,634.38
Over 3 months to 6 months	25,254.42	-	23,943.64
Over 6 months to 1 year	50,237.01	-	31,999.53
Over 1 year to 3 years	1,11,592.95	-	67,045.06
Over 3 years to 5 years	253.77	-	4,967.51
Over 5 years	4,818.70	-	1,500.00
Total	**2,19,624.47**	**-**	**1,57,497.04**

Particulars	Year ended 31 March 2019		
	Advances	Investments	Borrowings
0 day to 7 days	2,359.35	-	3,360.54
8 day to 14 days	1,116.92	-	69.67
15 days to 1 month	5,345.31	-	5,491.18
Over 1 month to 2 months	5,763.14	-	11,114.63
Over 2 months upto 3 months	5,423.59	-	5,375.42
Over 3 months to 6 months	16,413.77	-	14,544.27
Over 6 months to 1 year	32,052.76	-	21,379.81
Over 1 year to 3 years	65,999.90	-	36,297.42
Over 3 years to 5 years	-	-	6,370.78
Over 5 years	1,601.02	-	2,500.00
Total	**1,36,075.75**	**-**	**1,06,503.72**

Particulars	Year ended 01 April 2018		
	Advances	Investments	Borrowings
0 day to 7 days	1,679.32	-	467.99
8 day to 14 days	1,008.17	-	69.25
15 days to 1 month	3,128.57	-	5,242.77
Over 1 month to 2 months	3,769.81	-	2,719.94
Over 2 months upto 3 months	3,192.82	-	2,390.49
Over 3 months to 6 months	8,130.30	-	6,220.98
Over 6 months to 1 year	10,306.33	-	8,220.22
Over 1 year to 3 years	12,991.67	-	8,277.74
Over 3 years to 5 years	-	-	3,138.89
Over 5 years	1,059.30	-	1,000.00
Total	**45,266.28**	**-**	**37,748.27**

(₹ in Lakhs unless otherwise stated)

G. Exposures

(a) Exposure to capital market
The Company has no exposure to the capital markets directly or indirectly in the current and previous year.

(b) Exposure to Real Estate Sector
The Company has no exposure to the real estate sector directly or indirectly in the current and previous year.

H. Registration with other financial sector regulator
The company has obtained registration as a Corporate Agent (Composite) in **February-2019** with Insurance Regulatory and Department Authority of India (IRDAI). The Registration no. is **CA0641** and is valid till **27-February-2022**.

I. No penalties imposed on the Company by the Reserve Bank of India or any other regulator during the year ended 31 March 2020 (31 March 2019: NIL).

J. Ratings assigned by credit rating agencies and migration of ratings during the year
The overall rating of the Company by India Ratings & research and CRISIL is BBB+/A2 positive. Further, the Company has obtained rating from ICRA Limited, India Ratings & research and CRISIL in respect of outstanding securitisation/ assignment transactions, Non-Convertible Debentures and Commercial Paper. The ratings obtained for the said transactions are provided below.

Instrument	Year ended 31 March 2020			
	Rating Date	Rating Agency	Current rating assigned	Valid upto
Line of Credit/ Bank lines	12-Mar-20	ICRA	[ICRA]BBB+(Stable)/ [ICRA]A2 assigned	12-Mar-21
	30-Sep-19	India Ratings & Research	IND BBB+/Positive	29-Sep-20
	14-May-19	ICRA	CRISIL BBB+/Positive	13-May-20
Non-Convertible Debentures/ CP	30-Sep-19	India Ratings & Research	IND A2 (Commercial Paper)	30-Sep-20
	13-Mar-20	CRISIL	CRISIL PP-MLD BBB+/Positive	13-Mar-21
	12-Mar-20	ICRA	[ICRA]BBB+(Stable); outstanding	12-Mar-21
	30-Sep-19	India Ratings & Research	IND PP-MLD BBB+EMR/Positive	30-Sep-20
Securitisation/ Assignments	17-Feb-20	ICRA	ICRA A+ (SO)/ICRA A-(SO)	NA
	28-Jun-19	India Ratings & Research	IND A (SO)/IND BBB+(SO)	NA
	30-Aug-19	India Ratings & Research	Provisional IND A+ (SO)/Provisional IND BBB+ (SO)	NA
	17-Feb-20	ICRA	ICRA BBB+(SO)	NA
	14-Aug-19	India Ratings & Research	Provisional IND A (SO)/Provisional IND BBB+ (SO)	NA
	17-Feb-20	ICRA	ICRA A (SO)	NA
	04-Feb-19	ICRA	Pool Loss Estimate 4.7%-5.7%	NA
	30-Apr-19	ICRA	Pool Loss Estimate 5%-6%	NA
	23-Jul-19	India Ratings & Research	Pool Loss Estimate 5%-5.5% PL2	NA
	25-Oct-19	ICRA	Pool loss estimate 4.2%-5%	NA

(₹ in Lakhs unless otherwise stated)

Instrument	Year ended 31 March 2020			
	Rating Date	Rating Agency	Current rating assigned	Valid upto
	28-Nov-19	CRISIL	Provisional A+(SO)[Series A1],BBB+(SO)[Series 2]	NA
	27-Dec-19	India Ratings & Research	Pool loss estimate 5.25%-5.75%-PL2	NA
	01-Nov-19	ICRA	Pool loss estimate 4.65%-5.25%	NA
	04-Feb-20	India Ratings & Research	Provisional IND A(SO)/Provisional IND BBB+(SO)	NA
	19-Feb-20	CRISIL	Provisional A (SO)(CRISIL)	NA
	27-Feb-20	CRISIL	Provisional CRISIL A(SO)/Provisional CRISIL A-(SO)	NA
	17-Feb-20	ICRA	ICRA A (SO)/ICRA BBB+ (SO)	NA

Instrument	Year ended 31 March 2019			
	Date of rating	Rating Agency	Current rating assigned	Valid upto
Line of Credit/ Bank lines	03-Dec-18	ICRA	[ICRA] BBB+/ A2	Till next rating
	12-Jun-18	India Ratings & Research	IND BBB+/Stable	Till next rating
Non-Convertible Debentures / CP	03-Dec-18	ICRA	[ICRA] BBB+	Till next rating
	12-Jun-18	India Ratings & Research	IND A2	Till next rating
Securitisation/ Assignments	13-Jul-18	ICRA	[ICRA] A- (SO)	NA
	30-Jan-19	ICRA	Provisional [ICRA] A (SO)	NA
	30-Jan-19	ICRA	Provisional [ICRA] BBB+ (SO)	NA
	06-Sep-18	India Ratings & Research	IND A- (SO)	NA
	06-Sep-18	India Ratings & Research	IND BBB+ (SO)	NA
	15-Jun-18	India Ratings & Research	IND A- (SO)	NA
	08-Jun-18	ICRA	[ICRA] BBB- (SO)	NA

Instrument	Year ended 01 April 2018			
	Date of rating	Rating Agency	Current rating assigned	Valid upto
Line of Credit/ Bank lines	09-Oct-17	ICRA	[ICRA] BBB-	30-Jun-18
Term Loans	28-Nov-17	India Ratings & Research	IND A- (SO)	27-Nov-19
	26-Mar-18	ICRA	[ICRA] A- (SO)	31-Mar-21
Non-Convertible Debentures	11-Dec-17	ICRA	[ICRA] BBB-	21-Dec-21
	16-Mar-18	ICRA	[ICRA] A (SO)	26-Jun-18
	12-Mar-18	ICRA	[ICRA] A (SO)	09-Oct-18
Securitisation	19-Mar-18	ICRA	Provisional [ICRA] BBB- (SO)	17-Dec-19
	13-Feb-18	ICRA	[ICRA] BBB- (SO)	17-Dec-18

(₹ in Lakhs unless otherwise stated)

K. Break up of 'Impairment on financial instruments at amortised cost' shown under the head Expenditure in the statement of profit and loss

Break up of 'Impairment and allowance' shown under the head Expenditure in Profit and Loss Account	31 March 2020	31 March 2019
Loans	2,148.15	2,397.17
Other financial assets	24.54	18.07
Write offs	9,775.54	2,653.12

L. Concentration of Deposits, Advances, Exposures and NPAs

i. Concentration of Advances

Particulars	31 March 2020	31 March 2019	01 April 2018
Total Advances to twenty largest borrowers	891.38	3,052.47	3,864.64
Percentage of Advances to twenty largest borrowers to Total Advances of the applicable NBFC	0.41%	2.24%	8.54%

ii. Concentration of Exposures

Particulars	31 March 2020	31 March 2019	01 April 2018
Total Exposure to twenty largest borrowers	891.38	3,052.47	3,864.64
Percentage of Exposure to twenty largest borrowers to Total Advances of the applicable NBFC	0.41%	2.24%	8.54%

iii. Concentration of NPAs

Particulars	31 March 2020	31 March 2019	01 April 2018
Total Exposure to top four NPA accounts	114.69	124.91	79.70

M. Sector-wise NPAs

Sr. No.	Sector	Percentage of NPAs to Total Advances in that sector		
		31 March 2020	31 March 2019	01 April 2018
1	Agriculture & allied activities	-	-	-
2	MSME*	0.44%	-	-
3	Corporate borrowers	2.39%	0.88%	1.10%
4	Services	1.76%	1.26%	2.65%
5	Unsecured personal loans	-	-	-
6	Auto loans	-	-	-
7	Other personal loans	-	-	-
8	Other retail loans	2.96%	1.45%	2.28%

*The Company does not obtain MSME certificate from its customers, and therefore cases for which MSME certificates are obtained for internal requirements has been presented over here.

(₹ in Lakhs unless otherwise stated)

N. Movement of NPAs*

Sr. No.	Particulars	31 March 2020	31 March 2019	01 April 2018
i	**Net NPAs to net advances (%)**	0.83%	0.49%	1.03%
ii	**Movement of NPAs (Gross)**			
	i) Opening balance	1,319.20	929.36	612.49
	ii) Additions during the year	13,662.19	4,071.93	3,290.71
	iii) Reductions during the year	11,320.38	3,682.08	2,973.84
	iv) Closing balance	3,661.01	1,319.20	929.36
iii	**Movement of net NPAs**			
	i) Opening balance	659.60	464.68	306.25
	ii) Additions during the year	6,831.10	2,035.96	1,645.35
	iii) Reductions during the year	5,660.19	1,841.04	1,486.92
	iv) Closing balance	1,830.51	659.60	464.68
iv	**Movement of provisions for NPAs (excluding provision on standard assets)**			
	i) Opening balance	659.60	464.68	306.25
	ii) Provisions made during the year	6,831.10	2,035.96	1,645.35
	iii) Write-off/Write-back	5,660.19	1,841.04	1,486.92
	iv) Closing balance	1,830.51	659.60	464.68

*Represents stage 3 loans

O. Classification and provisions for loan portfolio

Asset classification	31 March 2020	31 March 2019	01 April 2018
Loan outstanding			
Standard assets	2,14,830.82	1,34,309.08	43,830.40
Non-performing assets	4,793.65	1,766.67	1,435.88
Loss assets	9,775.54	2,653.12	2,312.71
Less: Provision			
Standard assets	4,133.40	3,820.96	1,785.81
Non-performing assets	2,802.56	992.10	630.07
Loss assets	9,775.54	2,653.12	2,312.71
Loan outstanding (net)			
Standard assets	2,10,697.42	1,30,488.12	42,044.59
Non-performing assets	1,991.09	774.57	805.81
Loss assets	-	-	-

P. Customer Complaints

Sr. No.	Particulars	31 March 2020	31 March 2019	01 April 2018
i	No. of complaints pending at the beginning of the year	12	3	-
ii	No. of complaints received during the year	30	62	33
iii	No. of complaints redressed during the year	41	53	30
iv	No. of complaints pending at the end of the year	1	12	3

(₹ in Lakhs unless otherwise stated)

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

Particulars	31 March 2020	31 March 2019	01 April 2018
Amount involved	-	72.64	142.69
Amount recovered	-	-	6.59
Amount written off / provided	-	72.64	136.10
Balance	-	-	-

R. Comparison between provisions required under IRACP and impairment allowances made under Ind AS 109:

Asset classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS 109	Loss Allocation (Provisions) as required under Ind AS 109	Net Carrying Amount	Provision required as per IRACP norms	Difference as per Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Performing Assets						
Standard	**Stage 1**	2,07,893.06	2,716.87	2,05,176.19	831.57	1,885.12
	Stage 2	6,938.04	1,416.53	5,521.51	160.46	1,256.02
Subtotal		**2,14,831.10**	**4,133.40**	**2,10,697.70**	**992.03**	**3,141.37**
Non-performing Assets (NPA)						
Substandard	**Stage 3**	4,793.37	2,802.56	1,990.81	819.05	1,983.51
Doubtful - up to 1 year						
1 to 3 years	**Stage 3**	-	-	-	-	-
More than 3 Years	**Stage 3**	-	-	-	-	-
Subtotal of Doubtful	**Stage 3**	-	-	-	-	-
Loss	**Stage 3**	9,775.54	9,775.54	-	9,775.54	-
Subtotal of NPA		**14,568.91**	**12,578.10**	**1,990.81**	**10,594.59**	**1,983.51**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	**Stage 1**	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**-**	**-**	**-**	**-**	**-**
Total	**Stage 1**	2,07,893.06	2,716.87	2,05,176.19	831.75	1,885.30
	Stage 2	6,938.04	1,416.53	5,521.51	160.46	1,256.08
	Stage 3	14,568.91	12,578.10	1,990.81	10,594.59	1,983.51
	Total	**2,29,400.01**	**16,711.50**	**2,12,688.51**	**11,586.62**	**5,124.88**

50. First-time Adoption of Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The Company has prepared its Ind AS compliant financial statements for year ended on 31 March 2020, the comparative year ended on 31 March 2019 and an opening Ind AS Balance Sheet as at 01 April 2018, as described in the summary of significant accounting policies. This note explains the principal adjustments made by the Company in restating its previous GAAP financial statements, including the Balance Sheet as at 01 April 2018 and the financial statements as at and for the year ended 31 March 2019.

For year ended up to the year ended 31 March 2019, the Company had prepared its financial statements in accordance with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP).

A. 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

The Company has adopted all relevant mandatory exceptions set out in Ind AS 101 which are as below:

(i) 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 Company's Ind AS estimates as at the transition date are consistent with the estimates as at the same date made in conformity with previous GAAP.

(ii) Derecognition of financial assets and financial liabilities

The Company has applied the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

(iii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

(iv) Impairment of financial assets

As set out in Ind AS 101, an entity shall apply the impairment requirements of Ind AS 109 retrospectively if it does not entail any undue cost or effort. The Company has assessed impairment of financial assets in conformity with Ind AS 109.

Optional exemptions availed

(i) Property, plant and equipment (PPE) and intangible assets

The Company has elected to measure all the items of PPE and intangible assets at its previous GAAP carrying values which shall be the deemed cost as at the date of transition. As per FAQs issued by Accounting Standards Board (ASB) of ICAI, deemed cost, is the amount used as a surrogate for the cost or depreciated cost. Accordingly, from the date of transition the deemed cost becomes the starting point for the purpose of subsequent depreciation or amortisation. Any accumulated depreciation and provision for impairment under previous GAAP have no relevance. Accordingly, provision for impairment provided before the date of transition as per previous GAAP cannot be reversed in later years.

(ii) Leases

Under Ind AS 116, lessees have to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for almost all lease contracts. Ind AS 116 gives lessees optional exemptions for certain short-term leases and leases of low-value assets. The Company has recognised lease liability and 'a right-of-use asset' for all lease contracts. Accordingly, interest expense on the lease liability and depreciation on the right-of-use asset portion is adjusted in retained earnings (net of related deferred taxes) as at the date of transition and subsequently in the statement of profit and loss for the year ended 31 March 2019.

B. Reconciliation between Ind AS and previous GAAP are given below

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

(₹ in Lakhs unless otherwise stated)

(i) Reconciliation of equity as at date of transition 01 April 2018 and as at 31 March 2019

Particulars	Notes	31 March 2019			01 April 2018		
		Previous GAAP	Adjustments	Ind AS	Previous GAAP	Adjustments	Ind AS
Assets							
Financial assets							
Cash and cash equivalents		16,550.74	-	16,550.74	3,692.50	-	3,692.50
Bank balances other than cash and cash equivalents		7,303.59	-	7,303.59	5,617.05	-	5,617.05
Loans	(i) to (iii)	1,27,356.21	3,906.49	1,31,262.70	44,152.31	(1,301.91)	42,850.40
Other financial assets	(iii) & (iv)	319.48	139.15	458.63	274.93	(44.89)	230.04
		1,51,530.02	**4,045.64**	**1,55,575.67**	**53,736.78**	**(1,346.80)**	**52,389.98**
Non-financial assets							
Tax assets (net)		250.93	-	250.93	161.44	-	161.44
Deferred tax asset (Net)	(vii)	975.09	696.73	1,671.82	-	-	-
Property, plant and equipment		226.15	-	226.15	130.39	-	130.39
Other Intangible assets		60.35	-	60.35	26.03	-	26.03
Intangible assets under development		14.76	-	14.76	-	-	-
Right-of-use of assets	(v)	-	1,672.67	1,672.67	-	866.15	866.15
Other non-financial assets	(iv)	138.77	20.32	159.09	124.80	-	124.80
		1,666.05	**2,389.72**	**4,055.77**	**442.66**	**866.15**	**1,308.81**
Total		**1,53,196.07**	**6,435.36**	**1,59,631.43**	**54,179.44**	**(480.65)**	**53,698.80**
Liabilities and Equity							
Liabilities							
Financial liabilities							
Debt Securities	(i)	39,152.73	(357.38)	38,795.35	3,392.91	(72.73)	3,320.18
Borrowings (Other than debt securities)	(i) & (iii)	57,409.67	7,770.56	65,180.24	33,625.33	(206.13)	33,419.19
Subordinated Debt	(i)	2,530.45	(2.31)	2,528.14	1,011.47	(2.56)	1,008.90
Other financial liabilities	(iii) & (v)	3,281.13	720.37	4,001.50	1,601.80	834.96	2,436.76
		1,02,373.98	**8,131.24**	**1,10,505.22**	**39,631.51**	**553.53**	**40,185.04**
Non-Financial liabilities							
Provisions		334.59	-	334.59	202.07	-	202.07
Other non-financial liabilities		442.77	-	442.77	238.29	-	238.29
		777.36	**-**	**777.36**	**440.37**	**-**	**440.37**
Equity							
Equity Share capital		3,898.59	-	3,898.59	2,939.13	-	2,939.13
Other equity	(i) to (vii)	46,146.14	(1,695.88)	44,450.26	11,168.44	(1,034.17)	10,134.27
		50,044.73	**(1,695.88)**	**48,348.85**	**14,107.57**	**(1,034.17)**	**13,073.39**
Total		**1,53,196.07**	**6,435.36**	**1,59,631.43**	**54,179.44**	**(480.65)**	**53,698.80**

(₹ in Lakhs unless otherwise stated)

(ii) Reconciliation of equity as at 01 April 2018 and as at 31 March 2019 summarised in below table :

Particulars	Notes	31 March 2019	01 April 2018
Equity as per Indian GAAP (A)		46,146.14	11,168.44
Ind AS Adjustments			
Impact of EIR of borrowings measured at amortised cost	(i)	611.01	281.43
Impact of EIR of loans measured at amortised cost	(i)	(355.37)	49.42
Impact of Securitisation of loans	(iii)	617.20	413.11
Impact of assignment of loans	(iii)	258.98	-
Impact of impairment of loans	(ii)	(3,451.62)	(1,766.04)
Impact of impairment of other financial assets	(ii)	(18.07)	-
Impact of fair valuation of security deposits	(iv)	(2.70)	-
Impact on account of lease accounting as per Ind AS 116	(v)	(52.04)	(12.09)
Deferred tax on above adjustments	(vii)	696.73	-
Total adjustments		**(1,695.88)**	**(1,034.17)**
Equity as per Ind AS (A)		**44,450.26**	**10,134.27**

(₹ in Lakhs unless otherwise stated)

(iii) Reconciliation of total comprehensive income for the year ended 31 March 2019

Particulars	Notes	Previous GAAP	Adjustments	Ind AS
Revenue from operations				
Interest Income	(i) & (iii)	24,562.66	(3,308.34)	21,254.32
Net gain on derecognition of financial instruments under amortised cost category	(iii)	-	525.37	525.37
Total Revenue from operations		**24,562.66**	**(2,782.97)**	**21,779.69**
Other Income	(iii) & (iv)	17.11	7.96	25.07
Total income		**24,579.77**	**(2,775.01)**	**21,804.76**
Expenses				
Finance Costs	(i), (iii), (iv) & (v)	8,269.98	(155.65)	8,114.33
Fees and commission expenses	(i)	3,240.54	(2,910.56)	329.98
Impairment of financial instruments	(ii)	3,334.81	1,733.56	5,068.36
Employee Benefit Expense	(vi)	3,078.32	4.91	3,083.23
Depreciation, amortisation and impairment	(v)	125.70	124.18	249.89
Other Expenses	(i), (iii) & (v)	3,247.41	(208.11)	3,039.30
Total Expense		**21,296.76**	**(1,411.67)**	**19,885.10**
Profit Before Tax		**3,283.01**	**(1,363.34)**	**1,919.67**
Tax Expense :				
- Current tax		820.93	-	820.93
- Deferred tax (income) / expense	(vii)	(975.09)	(698.16)	(1,673.25)
		(154.16)	**(698.16)**	**(852.31)**
Profit after tax		**3,437.17**	**(665.19)**	**2,771.98**
Other comprehensive income				
(a) Items that will not be reclassified to profit or loss				
- Remeasurements of the defined benefit plans	(vi)	-	4.91	4.91
(b) Income tax relating to items that will not be reclassified to profit or loss	(vii)	-	(1.43)	(1.43)
Other comprehensive income, net of tax		**-**	**3.48**	**3.48**
Total Comprehensive Income		**3,437.17**	**(661.71)**	**2,775.46**

(₹ in Lakhs unless otherwise stated)

(iv) Reconciliation of total comprehensive income for the year ended 31 March 2019 summarised in below table:

Particulars	Notes	31 March 2019
Total net profit after tax as per Indian GAAP		3,437.17
Ind AS Adjustments		
Impact of EIR of borrowings measured at amortised cost	(i)	329.58
Impact of EIR of loans measured at amortised cost	(i)	(404.79)
Impact of impairment of loans	(ii)	(1,685.57)
Impact of impairment of other financial assets	(ii)	(18.07)
Impact of security deposit	(iv)	(2.70)
Impact of direct assignment	(iii)	258.98
Impact of securitisation	(iii)	204.09
Impact on account of lease accounting as per Ind AS 116	(v)	(39.95)
Remeasurement of gains/ (losses) on defined benefit plans	(vi)	(4.91)
Deferred tax on above adjustments	(vii)	698.16
Total adjustments		**(665.19)**
Profit after tax as per Ind AS		**2,771.98**
Other Comprehensive income		
Remeasurement of gains/ (losses) on defined benefit plans	(vi)	4.91
Deferred tax on above adjustment	(vii)	(1.43)
Total		**3.48**
Total comprehensive income under Ind AS		**2,775.46**

Explanations to reconciliation

(i) EIR adjustment of transaction costs/incomes integral to the sourcing of loans/borrowings
Under previous GAAP, all the transaction costs/incomes integral to sourcing of loans/borrowings were recognised upfront on an accrual basis. Under Ind AS, these transaction costs/incomes related to sourcing of loans/borrowings are amortised using the effective interest rate (EIR) and the unamortised portion is adjusted in retained earnings (net of related deferred taxes) as at the date of transition and subsequently in the statement of profit and loss for the year ended 31 March 2019.

(ii) Impairment of financial assets
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 – 'Financial Instruments' 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 (net of related deferred taxes) as at the date of transition and subsequently in the statement of profit and loss for the year ended 31 March 2019.

(iii) Service asset
Under Ind AS 109, an entity on transfer of a financial asset that qualifies for derecognition in its entirely and retains the right to service the financial asset for a fee, shall on the date of derecognition recognise a servicing asset at fair value of fees to be received over the contractual life in excess of its cost of the servicing obligation. The impact of fair value change is recognised in statement of profit and loss. Under previous GAAP such revenues were recognised in statement of profit and loss over servicing period. Accordingly, the fair value of service asset is adjusted in retained earnings (net of related deferred taxes) as at the date of transition and subsequently in the statement of profit and loss for the year ended 31 March 2019.

(iv) Interest free deposits:
Under Indian GAAP, interest free security deposits (that are refundable on completion of the contract) are recorded at their transaction value. Under Ind AS, all financial assets are to be recorded at fair value. Accordingly, the company has fair valued these security deposits under Ind AS. Difference between the fair value and the transaction value of the security deposits has been recognised in prepaid expenses.

(v) Leases:
Under the Indian GAAP, lease rentals related to operating lease were accounted as expense in statement of profit and loss. Under Ind AS, lease liability and right of use is recorded at present value of future contractual rent payment on initial date of lease. Subsequently, finance cost is accrued on lease liability and lease payments are recorded by way of reduction in lease liability. ROU is depreciated over lease term.

(vi) Components of other comprehensive income (OCI)
Under Ind AS, re-measurement gains/(losses) on defined benefit plans has been recognised in other comprehensive income reserve (net of related deferred taxes) as at the date of transition and for the year ended 31 March 2019 and subsequently in the OCI section in the Statement of Profit and Loss for the year ended 31 March 2019. There is no impact on the total equity

(vii) Deferred taxes
Under the Indian GAAP, deferred tax was accounted as per the income statement approach which required creation of deferred tax asset/ liability on timing differences between taxable income and accounting income. Under Ind AS, deferred tax is accounted as per the balance sheet approach which requires creation of deferred tax asset/ liability on temporary differences between the carrying amount of an asset/ liability in the Balance Sheet and its corresponding tax base. The adjustments in equity and net profit, as discussed above, resulted in additional temporary differences on which deferred taxes are calculated.

Impact of Ind AS adoption on the Statement of Cash Flows for the year ended 31 March 2019
There are no material adjustments on transition to Ind AS in the Statement of Cash Flows for the year ended 31 March 2019.

51. The Company has reclassified/regrouped previous year figures to conform to current year's classification, where applicable.

For S. R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm Registration number: 301003E/E300005

per Jayesh Gandhi
Partner
Membership No. 037924

Place: Mumbai
Date: 30 June 2020

For and on behalf of the Board of Directors of
Lendingkart Finance Limited

Harshvardhan Lunia
Chairman & Managing Director
DIN No. 01189114

Mithun Sundar
Chief Executive Officer

Mohit Bajaj
Chief Financial officer
Membership No. 401316

Umesh Navani
Company Secretary
Membership No. A40899

Place: Mumbai
Date: 30 June 2020

NOTICE

Notice is hereby given that the 23rd Annual General Meeting of the members of Lendingkart Finance Limited (the "**Company**") will be held on Wednesday, 30th September, 2020 at 11:30 a.m. through two way video conferencing, to consider and transact the following businesses:

Ordinary Business:

1. To receive, consider and adopt the audited Financial Statement of the Company for the financial year ended 31st March, 2020 together with Report of the Auditors and the Board of Directors thereon.

2. To appoint Mr. Vikram Suhas Godse, Director (DIN: 00230548), who retires by rotation and being eligible, offers himself for re-appointment.

3. To appoint Mr. Arindo Mukherjee, Director (DIN: 00019375), who retires by rotation and being eligible, offers himself for re-appointment.

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

   "**RESOLVED THAT** pursuant to the provisions of Section(s) 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors Rules) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s. S.R. Batliboi & Co. LLP, Chartered Accountants, (Registration No. 301003E/E300005), be and are hereby re-appointed as the Statutory Auditors of the Company to hold office for a second term of 5 (five) years from the conclusion of this Annual General Meeting until the conclusion of 28th Annual General Meeting, on such remuneration and terms and conditions as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors."

Special Business:

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

"**RESOLVED THAT** pursuant to provisions of Section(s) 149, 152, 161 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and the Articles of Association of the Company Mr. Thallapaka Venkateswara Rao (DIN: 05273533), who was appointed as an additional non-executive independent director of the Company with effect from 13th November, 2019 by the Board of Directors ("**Board**"), and who pursuant to the provisions of Section 161 of the Companies Act, 2013 and Article 73 of the Articles of Association of the Company holds office up to the date of this annual general meeting, and who has submitted a declaration that he meets the criteria of Independence as provided in the Act, rules & regulations made thereunder be and is hereby appointed as a Non-executive Independent Director of the Company to hold office for a term of 3 (three) years with effect from 13th November, 2019.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all acts and deeds and things as may be necessary to give effect to the aforesaid resolution."

By order of the Board of Directors
Lendingkart Finance Limited

Umesh Navani
Company Secretary &
Compliance Officer

LENDINGKART FINANCE LIMITED (INDIA)

Date: 20th August, 2020
Place: Ahmedabad

NOTES:

1. Considering the present Covid-19 pandemic and in view of the continuing restrictions on the movement of persons at several places in the country, the Ministry of Corporate Affairs ("**MCA**") has vide its circular dated 5th May, 2020 read together with circulars dated 8th April, 2020 and 13th April, 2020 (collectively referred to as "**MCA Circulars**") permitted convening the Annual General Meeting ("**AGM**" / "**Meeting**") through Video Conferencing ("**VC**") or Other Audio Visual Means ("**OAVM**"), without the physical presence of the members at a common venue. In accordance with the MCA Circulars, provisions of the Companies Act, 2013 ('the Act'), the AGM of the Company is being held through VC / OAVM. The deemed venue for the AGM shall be the Registered Office of the Company.
2. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
3. Generally, a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. Since this AGM is being held through VC / OAVM pursuant to the MCA Circulars, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed hereto.
4. Pursuant to the Secretarial Standard-2 issued by the Institute of Company Secretaries of India, the details/information pertaining to the Directors proposed to be re-appointed at Item Nos. 2 and 3 of Ordinary Business, is annexed hereto as **Annexure - 1**. A statement pursuant to Section 102(1) of the Act, relating to the Special Business at Item Nos. 5 to be transacted at the AGM is annexed hereto as **Annexure - 2**.
5. The resolutions in the meeting will be passed by show of hands, unless a poll is validly demanded either before the meeting or during the meeting. The voting, in case of a poll, shall be done by sending an email to umesh.navani@lendingkart.com ("**Designated E-mail Address**") in the format annexed hereto as **Annexure – 3** and forming part of this Notice.
6. Since the AGM will be held through VC/ OAVM, the route map of the venue of the Meeting is not annexed hereto.
7. Queries, if any, on the Annual Report and operations of the Company, may please be sent at the Designated E-mail Address at least seven days prior to the date of the AGM, so that relevant query may be replied by the company suitably at the meeting.
8. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, and the relevant documents referred to in the Notice will be available in electronic form for inspection by the Members during the AGM. All documents referred to in the Notice will also be available in electronic form for inspection without any fee by the Members from the date of circulation of this Notice up to the date of AGM. Members seeking to inspect such documents can send an email to the Designated E-mail Address.

9. Corporate members are also required to send legible scanned certified true copy (in PDF Format) of the Board Resolution authorizing their representative to attend and vote at the annual general meeting to the Designated E-mail Address.

10. **Instruction to access and participate in the meeting:**

    i The Members may attend the meeting from their mobile phone / desktop / tablet / laptop supporting high speed internet, video camera, speaker and microphone facilities.

    ii The Members may download Bluejeans Video Conferencing App from the Google Play Store (in case of android phone) and Apple App Store (in case of iphone). Alternatively, the Members may login directly through the browser, by clicking on the link and entering the credentials mentioned below.

    Meeting URL
    https://bluejeans.com/329526474?src=join_info

    Meeting ID
    329 526 474

    iii The facility for joining the meeting will open at least 15 minutes before the time scheduled for the meeting and shall remain open till the expiry of 15 minutes after such scheduled time.

    iv The Members may contact the following designated official in case of any query/technical problem:
    Mr. Umesh Navani
    Company Secretary & Compliance Officer
    Email: umesh.navani@lendingkart.com
    Phone: +91 8347112207

Annexure – 1

Details of Directors seeking appointment/ re-appointment at the Annual General Meeting

[Pursuant to Secretarial Standard-2 issued by the Institute of Company Secretaries of India]

Name of the Director	Mr. Vikram Suhas Godse	Mr. Anindo Mukherjee
Director Identification Number	00230548	00019375
Date of first appointment on the Board	03/10/2018	05/09/2018
Age (in years)	47	52
Qualification	Bachelor's degree in Commerce and Master's degree in Management Studies from Mumbai University.	Bachelor of Commerce (Hons), FCA, ACMA
Experience	Mr. Vikram Suhas Godse is a Managing Partner of MF Advisors LLP, which advises Mayfield, a venture capital fund. He is an active venture investor in India over the last 18 years. He has successfully invested in and had taken exits from his early and growth stage investments in logistics, wireless, education, financial services, and media. Prior to joining MF Advisors, he was a founding member of JM Financial Investment Managers Limited, a broad-based, multi-sector private equity fund. While there, he helped raise the fund and led some of the key investments and served on several boards. Prior to joining JM Financial Investment Managers	Mr. Anindo Mukherjee has more than 25 years of experience in risk management for Retails and SME segments in the banking industry. He has more than 8 years of experience in banks and non-banking finance companies across Asia. His overall work experience includes working for Fullerton India where he was responsible for Risk Management, Legal and Compliance functions. Prior to Fullerton India, he worked for six years in Standard Chartered Bank as a Regional Credit Officer for the Consumer Business in India & South Asia, Head of Retail Credit and Risk at HDFC Bank and 9 years in various Foreign Banks.

Name of the Director	Mr. Vikram Suhas Godse	Mr. Anindo Mukherjee
	Limited, he worked for Cisco's investment arm, where he led the investment in Bharti Telesoft. Prior to that, he was involved in one of the earliest venture capital funds in India, Infinity Venture Fund. His prior experience includes working at Chase and Barclays Capital as part of their investment banking practices in Mumbai for four years.	
Terms and conditions of re-appointment	Re-appointment as a non-executive director (nominee of Mayfield India II, Ltd.)	Re-appointment as a non-executive director (nominee of Fullerton Financial Private Limited)
Remuneration details	Not applicable	Not applicable
Chairmanships/Directorships of other companies	Directorship in other companies: 1. Chetak Farms & Agro Activities Private Limited 2. Knowlarity Communications Private limited 3. Lendingkart Technologies Private Limited 4. Nehat Tech Solutions Private Limited 5. Amagi Media Labs Private Limited 6. Mynd Solutions Private Limited 7. Leap India Private Limited 8. Simplilearn Solutions Private Limited 9. Clover Ventures Private Limited	Directorship in other companies: 1. Fullerton India Credit Company Limited 2. Fullerton India Home Finance Company Limited 3. Lendingkart Technologies Private Limited Chairmanship in other companies: 1. Fullerton India Home Finance Company Limited
Chairmanships/Memberships of Committees of other companies	<table><tr><th>Company Name</th><th>Committee Details</th></tr><tr><td>Leap India Pvt. Ltd.</td><td>1. Business Advisory</td></tr></table>	<table><tr><th>Company Name</th><th>Committee Details</th></tr><tr><td>Lendingkart Technologies</td><td>1. Audit & Risk Management</td></tr></table>

Name of the Director	Mr. Vikram Suhas Godse	Mr. Anindo Mukherjee
	(continued) Committee: Member	Private Limited — Committee: Chairman 2. Nomination & Remuneration Committee: Member Fullerton India Credit Company Limited — 1. IT Strategy Committee: Member 2. Audit Committee: Member Fullerton India Home Finance Company Limited — 1. Audit Committee: Chairman 2. Nomination & Remuneration Committee: Member 3. IT Strategy Committee: Member 4. Risk Oversight Committee: Member
Remuneration last drawn in the Company	Not applicable	Not applicable
Shareholding in the company	Nil	Nil
Relationship with other Directors, Manager and other Key Managerial Personnel of the company	None	None
Number of meetings of the Board attended during the year ended 31st March, 2020	4 (Four)	6 (Six)
Number of meetings of the Board attended during the period from 01st April, 2020 till date	1	2

Annexure - 2

EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 5:

The Board of Directors ("**Board**") of the Company at their meeting held on 13th November, 2019 appointed Mr. Thallapaka Venkateswara Rao (DIN: 05273533), in the capacity of additional non-executive independent director to the Board of the Company, not liable to retire by rotation, for a term of 3 (three) years in accordance with the provisions of Section 149, 152, 161 and Schedule IV of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 and Article 73 of the Articles of Association of the Company. Mr. Thallapaka Venkateswara Rao holds office up to the date of this annual general meeting of the Company.

The Company has received a notice in writing under Section 160 of the Act from a member proposing candidature of Mr. Thallapaka Venkateswara Rao for the office of the Independent Director. Mr. Thallapaka Venkateswara Rao is not disqualified from being appointed as a non-executive independent director of the Company and fulfils the conditions specified under Sections 164 and 149(6) of the Companies Act, 2013 for such appointment and has consented to act as a Director of the Company.

Save and except Mr. Thallapaka Venkateswara Rao, none of the other directors, key managerial personnel or their relatives are concerned or interested in the said Resolution.

The details/information pursuant to Secretarial Standard-2 with respect to appointment of director is detailed below.

Name of the Director	Mr. Thallapaka Venkateswara Rao
Director Identification Number	05273533
Date of birth	01/07/1952
Date of joining the Board	13th November, 2019
Profile of director (to include age and qualification of the director)	Mr. Thallapaka Venkateswara Rao, aged 67 years, holds following qualifications: Qualification: • Graduate in Commerce, S.V. University, Tirupati (A.P) • CAIIB (Indian Institute of Bankers, Mumbai)
Experience	Mr. Thallapaka Venkateswara Rao has over 40 years' experience in Banking, Foreign Trade and Housing Finance Sectors with specialization in Management of Treasury, Investment and Corporate Finance

<table>
<tr><td></td><td>Operations, Securitization and Structured Finance, product development (Reverse Mortgage etc.), Training, Research, Capacity Building and Regulation and Supervision of Housing Finance Institutions. He is also serving as Director on the Boards of corporates in NBFC, HFC and Manufacturing sectors.</td></tr>
<tr><td>Terms and conditions of appointment</td><td>Appointed as a non-executive independent director of a Company for a period of 3 (three) years with effect from 13th November, 2019.</td></tr>
<tr><td>Remuneration details</td><td>Apart from the sitting fees for attending the meeting of the Board of Directors and Committees of the Board, no other remuneration is being paid to Mr. Thallapaka Venkateswara Rao.</td></tr>
<tr><td>Justification for choosing the appointee for appointment as Independent Director</td><td>The Board based on the experience and expertise of Mr. Thallapaka Venkateswara Rao is of the opinion that Mr. Rao has the requisite qualification to continue to act as the Director.</td></tr>
<tr><td>Chairmanships/Directorships of other companies (excluding Foreign Companies and Section 8 Companies)</td><td>Mr. Thallapaka Venkateswara Rao holds directorship in following companies:
1. BGSE Financials Limited
2. Easy Home Finance Limited
3. Electronica Finance Limited
4. Fidas Tech Private Limited
5. Ladderup Finance Limited
6. Natco Pharma Limited
7. Sanvira Industries Limited
8. STCI Primary Dealer Limited
9. PNB MetLife India Insurance Company Limited
10. Canara Bank Securities Limited
11. Fidas Tech Private Limited</td></tr>
<tr><td>Chairmanships/Memberships of Committees of other companies</td><td><table>
<tr><th>Company Name</th><th>Committee Details</th></tr>
<tr><td>Canara Bank Securities Ltd.</td><td>1. Audit Committee: Member
2. Nomination & Remuneration Committee: Member
3. Risk Management Committee: Chairman
4. CSR Committee: Member</td></tr>
</table></td></tr>
</table>

	Easy Home Finance Limited	1. Audit Committee: Chairman 2. Nomination & Remuneration Committee: Member 3. Risk Management Committee: Member 4. IT Committee: Member
	Electronica Finance Limited	1. Audit Committee: Chairman 2. Nomination & Remuneration Committee: Member 3. CSR Committee: Chairman
	Ladderup Finance Limited	1. Audit Committee: Member 2. Nomination & Remuneration Committee: Member
	Natco Pharma Limited	1. Audit Committee: Member
	Sanvira Industries	1. Audit Committee: Chairman 2. Nomination & Remuneration Committee: Member
	PNB MetLife India Insurance Co. Ltd.	1. Audit Committee: Member
	STCI Primary Dealer Limited	1. Audit Committee: Member 2. Risk Management Committee: Member
Remuneration last drawn in the Company	Apart from sitting fees, Mr. Thallapaka Venkateswara Rao was not paid any remuneration.	
Shareholding in the company	Nil	
Relationship with other Directors, Manager and other Key Managerial Personnel of the company	None.	

Number of meetings of the Board attended during the year ended 31st March, 2020	2
Number of meetings of the Board attended during the period from 01st April, 2020 till date	2

In view of the above, the Board recommends the passing of the resolutions set out at Item No. 5 as an Ordinary Resolution

By order of the Board of Directors
Lendingkart Finance Limited

Date: 20th August, 2020
Place: Ahmedabad

Umesh Navani
Company Secretary &
Compliance Officer

LENDINGKART FINANCE (INDIA) LIMITED

Annexure – 3

Subject: Voting by Poll at the 23rd Annual General Meeting of Lendingkart Finance Limited.

Item no. 1

I/We, <<*Name of the Member*>> being the Member of Lendingkart Finance Limited ("**Company**"), hereby give my/our **[assent/ dissent]**[1] on the Resolution for adoption of audited Financial Statement for the financial year ended 31st March, 2020.

Item no. 2

I/We, <<*Name of the Member*>> being the Member of Lendingkart Finance Limited ("**Company**"), hereby give my/our **[assent/ dissent]**[1] on the Resolution for appointment of Mr. Vikram Suhas Godse, Director (DIN: 00230548), who retires by rotation and being eligible, offers himself for re-appointment.

Item no. 3

I/We, <<*Name of the Member*>> being the Member of Lendingkart Finance Limited ("**Company**"), hereby give my/our **[assent/ dissent]**[1] on the Resolution for appointment of Mr. Anindo Mukherjee, Director (DIN: 00019375), who retires by rotation and being eligible, offers himself for re-appointment.

Item no. 4

I/We, <<*Name of the Member*>> being the Member of Lendingkart Finance Limited ("**Company**"), hereby give my/our **[assent/ dissent]**[1] on the Resolution for re-appointment of M/s S.R. Batliboi & Co. LLP, Chartered Accountants, (Registration No. 301003E/E300005) as the statutory auditors of the Company for the second term of 5 years.

Item no. 5

I/We, <<*Name of the Member*>> being the Member of Lendingkart Finance Limited ("**Company**"), hereby give my/our **[assent/ dissent]**[1] on the Resolution for re-appointing Mr. Thallapaka Venkateswara Rao (DIN: 05273533) as a Non-executive Independent Director of the Company to hold office for a term of 3 (three) years with effect from 13th November, 2019.

Note:

[1] Please strikethrough the option wherever required and e-mail your poll at the umesh.navani@lendingkart.com .