LENDINGKART

Think cash, Think Lendingkart Group!

Annual Report

FOR THE YEAR ENDED MARCH 31, 2022

LENDINGKART FINANCE LIMITED

MESSAGE FROM THE CHAIRMAN

Dear Stakeholders,

The year 2021-22 was yet another challenging year for all of us. The severe second wave of the Covid-19 pandemic had a significant humanitarian and economic impact. We also witnessed socio-political unrest in several parts of the world, resulting in the disruption of global supply chains and impacting businesses in India. Against this challenging backdrop, Lendingkart Group's (Lendingkart) operating performance for the financial year 2021-22 demonstrates strategic clarity, our execution prowess and agility.

MSME Lending – Data & technology to unlock huge opportunity

I believe MSME lending in India is following the path of transformation akin to consumer lending. The new age-lenders, armed with data analytics and technology, can assess MSMEs at origination point with cash flow based underwriting models (instead of traditional collateral based), leading to much faster assessments and credit dissemination. Further, a digital stack is being developed for MSMEs which consists of three layers – Udyog Aadhaar Memorandum (UAM), Account Aggregator (AA) and Open Credit Enablement Network (OCEN). Once the STACK reaches a scale in terms of adoption, it will become easier for the lenders to lend to MSME. Sourcing and execution cost is expected to reduce and turnaround time for loan sanction is expected to improve.

Digital Assets we have built

Lendingkart has emerged as pioneer in digital lending platform serving MSME segment. So far, we have processed 1.5 Mn applications through our proprietary automated credit underwriting platform using machine learning model and extracted more than 5.6+ billion data points which make us one of the largest MSME data repository in the country.

We are one of the largest digital distribution network in country with 2300+ DSA, 110+ channel partners, 10+ internet companies and 5 lakh monthly organic impressions at website, enabled us to serve ~1,50,000+ customers across 12,000+ pincodes (total 19,000 pincodes in India) in 4100+ Towns & cities across 28 States & 6 UT.

Business Performance

Looking back at FY21-22, Lendingkart made a decisive transition into a digital lending platform enabling co-origination/ Co-lending of MSME loans by leveraging the technology architecture built over the last 7 years. As pioneer of co-lending, Lendingkart built sizable AUM through off-balance sheet approach. Key business highlights for the year-

- **Technology, product, and DS capabilities**

  At our core, we are a technology driven institution built on data. It has helped us reach out and personalize digital experiences for our customers.

  a. Lendingkart was one of the early adopters of Sahamati's Account Aggregator - solving problem of exchange of financial information among institutions in a single click. About 25+% of our applications data are accessed through account aggregator which is roughly the 50+% of total AA ecosystem, that makes us single largest user of AA ecosystem.

  b. 100% of our applications are digital, and 30% application are self-serve where applicant complete the entire applications along with documents uploading without any assistance.

  c. Through our Cred8 platform, we are giving real-time sanctions of loan applications via proprietary algorithm compared to industry average of 96 hours. Further we have capabilities to serve New to Credit (NTC) and Thin File customers which are not being served by traditional lending market.

  d. Zero-Touch - we are proud to state that we have built this product to apply for a loan that is end to end digital and the loan journey can be completed in less than 5 minutes.

- **Disbursement and AUM**

  Lendingkart has consistently leveraged its digital infrastructure to support Y-o-Y disbursement growth of 150% from INR 1,098 crore for FY 21 to INR 2,750 crore for FY22. Further, Lendingkart has recorded lifetime disbursement of INR 9,000+ Crore. The AUM has reached INR 3,284 Crore as at the end of FY22 as compared to INR 2,465 crore at the end of FY21, witnessing ~33% growth in the AUM. Significant portion of the AUM has grown on Lendingkart's proprietary platform "2gthr" with an outstanding AUM of INR 1,383 crore as on 31-Mar-22, a Y-on-Y increase of ~288%. The steady increase in partnerships (from 6 in FY-21 to 16 as on Mar-22), makes us one of the first and the fastest growing platform partner for unsecured business loans in the financial industry.

- **Gross revenue and Net Interest Income (NII)**

  Lendingkart has recorded highest ever gross revenue of INR 643 crores with YoY growth of ~24% and Net Interest Income (NII) of INR 404 crores with YoY growth of 28%. Further, we have exited the year on a strong foot with an annual revenue run rate of INR 845 crores, growth majorly driven by platform business.

Long term focus

Lendingkart has a digital core, built with a strong conviction that technology will play a central role in solving for the credit gap to MSMEs. Lendingkart's digital platforms help partners build their MSME loan portfolio in a digital environment with minimum physical touchpoints with customers. As next step to our strategy, we are moving further towards making Lendingkart a lending marketplace by productizing the technology. I invite you to read more about our platforms in 'Management Discussion and Analysis'.

I feel Lendingkart is right in the middle of a technology-led revolution that would unfold and transform the MSME lending space over the next decade. I strongly believe that we have the momentum, business plans and tech capabilities to ride the revolution and deliver to the overall growth potential of the MSME sector.

Business Loans Bole Toh Sirf Lendingkart!!!

Yours sincerely,

Harshvardhan Lunia
Chairman & Managing Director

DIRECTORS' REPORT

To the Members,
Lendingkart Finance Limited.

The Directors are pleased to present their 25th Report along with the financial statement of the Company for the financial year ended 31st March, 2022.

FINANCIAL PERFORMANCE

(Amount - ₹ in Lakh)

Particulars	31st March, 2022	31st March, 2021 [1]
Total income	63,854.37	51,040.71
Less: Expenditure	40,780.88	30,456.39
Less: Impairment of financial instruments		
Impairment on restructured portfolio	27,490.47	5,785.04
Impairment on other than restructured portfolio	13,980.73	11,893.48
Profit/ (Loss) before Tax (Before restructuring)	9,092.76	8,690.84
Profit/ (Loss) before Tax (After restructuring)	(18,397.71)	2,815.80
Tax [2]	(4,253.74)	983.86
Net Profit/ (Loss) after Tax	(14,143.97)	1,831.94
Other comprehensive income, net of tax	24.44	48.05
Total comprehensive income	(14,119.53)	1,879.99

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 ₹ 2,74,966.62 Lakh. Revenue from operations increased by 24.34% from ₹ 50,347.13 Lakh in the financial year 2020-21 to ₹ 62,601.59 Lakh in financial year 2021-22.

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.

During the year under review, the Company received the Certificate of Renewal Registration from Insurance Regulatory and Development Authority of India to act as the Corporate Agent (Composite).

MATERIAL CHANGES AND COMMITMENTS

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company and the date of the Report.

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, 2022, the paid-up equity share capital of the Company stood at ₹ 44,18,79,310 consisting of 4,41,87,931 equity shares of ₹ 10 each.

CAPITAL ADEQUACY

As on 31st March, 2022, the overall capital adequacy stood at 25.93%, 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 25.93%, compared to the requirement of 10% as laid by RBI.

CREDIT RATINGS

The overall long-term/ Bank Loan rating of the Company by Infomerics Valuation & Rating Pvt. Ltd., ICRA Limited, India Ratings & Research Private Limited and CRISIL Limited is IVR A- (Outlook: Stable), ICRA BBB+ (Outlook: Stable), India Ratings BBB+

(Outlook: Stable) and CRISIL BBB+ (Outlook: Stable) respectively. The short-term rating of the Company by Infomerics Valuation & Rating Pvt. Ltd, ICRA Limited and India Ratings & Research Private Limited is IVR A2+, ICRA A2 and IND A2 respectively. Furthermore, the Company has obtained rating in respect of securitization/ PTC transactions, Non-Convertible Debentures, Market Linked Debentures, Covered Bonds and Commercial Papers. The ratings obtained for the said transactions are provided hereunder:

Instrument	Year ended 31st March, 2022			
	Rating Date	Rating Agency	Current rating assigned	Valid up to
Line of Credit/ Bank lines	12-07-2021	Infomerics	IVR A-[Stable]; IVR A2+ (Short Term rating)	11-07-2022
	29-06-2021	ICRA	ICRA BBB+ [Stable]; ICRA A2 (Short Term rating)	28-06-2022
Non-Convertible Debentures/ CP	12-07-2021	Infomerics	IVR A-[Stable]	11-07-2022
	29-06-2021	ICRA	[ICRA]BBB+(Stable)	28-06-2022
	17-12-2021	India Rating	IND PP-MLD BBB+emr/Stable; IND A2 (Short Term Rating for CP)	16-12-2022
	23-11-2021	CRISIL	CRISIL PP-MLD BBB+r/Stable	22-11-2022

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

KEY AWARD AND RECOGNITION

During the year under review, Lendingkart has received an award for the 'Best Fintech Company of the year' & Mr. Harshvardhan Lunia, Managing Director, was felicitated with the 'Most Admired BFSI Professionals' award at the World BFSI Congress Awards.

DIVIDEND

The Directors have not recommended any dividend for the financial year 2021-22.

RESERVES

During the year under review, the Company has incurred a loss of ₹ 14,143.97 Lakh. Accordingly, the Company was not required to transfer any amount to the statutory

Reserve Fund in terms of Section 45-IC of the Reserve Bank of India Act, 1934. Accordingly, no amount was transferred to the reserve.

DEBT POSITION

During the year under review, the Company raised ₹ 28,900 Lakh through issuance of non-convertible secured debentures, on private placement basis; out of which the non-convertible secured debentures amounting to ₹ 23,900 Lakh are Listed on the Wholesale Debt Market segment of BSE Limited and the non-convertible secured debentures amounting to ₹ 5,000 Lakh are unlisted.

As on 31st March, 2022, the total borrowings stood at ₹ 1,79,670.28 Lakh; bank borrowings stood at ₹ 32,549.14 Lakh; borrowings from financial institutions and others stood at ₹ 27,094.95 Lakh; non-convertible debentures stood at ₹ 65,634.80 Lakh; commercial papers stood at ₹ 1,611.90 Lakh and pass through certificates stood at ₹ 52,779.49 Lakh.

DETAILS OF DEBENTURE TRUSTEES

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

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.	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

A copy of the annual return as provided under section 92(3) of the Act, in the prescribed form, which will be filed with the Registrar of Companies, Mumbai, shall be uploaded on Company's website https://www.lendingkartfinance.com once the same is finalized.

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 four (4) times.

Constitution of the Board Committees

I. Audit Committee*

Mr. Venkateswara Rao Thallapaka	-	Chairman
Ms. Uma Subramaniam	-	Member
Mr. Anand Pande	-	Member

Changes during the year:

* *Mr. Gaurav Mittal ceased to be the Chairman of the Committee w.e.f. 27th June, 2021*
* *Mr. Venkateswara Rao Thallapaka re-designated as the Chairman of the Committee w.e.f. 5th August, 2021*
* *Ms. Uma Subramaniam appointed as the Member of the Committee w.e.f. 5th August, 2021*
* *Mr. Anindo Mukherjee ceased to be the Member of the Committee and appointed as Permanent Invitee w.e.f. 10th February, 2022*
* *Mr. Anand Pande appointed as the Member of the Committee w.e.f. 10th February, 2022*

II. Nomination and Remuneration Committee*

Mr. Pankaj Makkar	- Chairman
Mr. Hong Ping Yeo	- Member
Mr. Venkateswara Rao Thallapaka	- Member

Changes during the year:

* *Mr. Gaurav Mittal ceased to be the Member of the Committee w.e.f. 27th June, 2021.*

* *Mr. Pankaj Makkar re-designated as Chairman of the Committee w.e.f. 10th February, 2022 in place of Mr. Hong Ping Yeo.*

The Company has laid guidelines approved by the Nomination and Remuneration Committee (NRC) and the Board of Directors 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

During the year, there was no change in the Nomination & Remuneration Policy of the Company.

III. Risk Oversight Committee*

Mr. Venkateswara Rao Thallapaka	- Chairman
Mr. Harshvardhan Lunia	- Member
Ms. Uma Subramaniam	- Member
Mr. Anindo Mukherjee	- Member

Changes during the year:

* *Mr. Anand Pande ceased to be the Member of the Committee w.e.f. 10th February, 2022.*

* *Mr. Venkateswara Rao Thallapaka appointed as the Chairman of the Committee w.e.f. 10th February, 2022.*

* *Ms. Uma Subramaniam appointed as the Member of the Committee w.e.f. 10th February, 2022.*

* *Mr. Anindo Mukherjee ceased to be the Chairman of the Committee w.e.f. 10th February, 2022.*

IV. IT Strategy Committee

Mr. Venkateswara Rao Thallapaka	- Chairman
Mr. Anand Pande	- Member
Mr. Harshvardhan Lunia	- Member
Ms. Uma Subramaniam	- Member
Mr. Manish Bhatia	- Member
Mr. Giridhar Yasa	- Permanent Invitee

Changes during the year:

* *Mr. Gaurav Mittal ceased to be the Chairman of the Committee w.e.f. 27th June, 2021.*

* *Mr. Venkateswara Rao Thallapaka appointed as the Chairman of the Committee w.e.f. 5th August, 2021.*

* *Mr. Manish Bhatia appointed as the Member of the Committee w.e.f. 5th August, 2021.*

* *Ms. Uma Subramaniam appointed as the Member of the Committee w.e.f. 10th February, 2022.*

V. Corporate Social Responsibility Committee

Ms. Uma Subramaniam	- Chairperson
Mr. Venkateswara Rao Thallapaka	- Member
Mr. Anand Pande	- Member
Mr. Harshvardhan Lunia	- Member

Changes during the year:

* *Mr. Gaurav Mittal ceased to be the Chairman of the Committee w.e.f. 27th June, 2021.*

* *Mr. Venkateswara Rao Thallapaka appointed as the Chairman of the Committee w.e.f. 5th August, 2021.*

* *Ms. Uma Subramaniam was appointed as the Chairperson of the Committee w.e.f. 10th February, 2022 in place of Mr. Venkateswara Rao Thallapaka.*

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, the following changes were made in the CSR Policy of the Company:

- Incorporated/ expanded the provisions pertaining to:
  - monitoring the CSR Project and Impact Assessment;
  - convening of the CSR Committee meetings; and
  - parameters for evaluating the external specialized agencies.

The Annual Report on CSR activities as per Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed to this report as **Annexure-B**.

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

(i) Pursuant to Section 152 of the Companies Act, 2013, Mr. Pankaj Makkar (DIN: 03442209) and Mr. Hong Ping Yeo (DIN: 08401270), Directors of the

Company, retire by rotation and being eligible, offers themselves for re-appointment at the forthcoming annual general meeting.

(ii) The Board of Directors re-appointed Mr. Harshvardhan Lunia (DIN: 01189114) as the Managing Director, a key managerial person of the Company, for a period of 3 (three) years with effect from June 30, 2022 subject to confirmation by members at the ensuing annual general meeting.

The matters seeking approval of the Members mentioned at point number (i) and (ii) above, forms part of the Notice of the 25th Annual General Meeting.

During the year under review:

(iii) Mr. Gaurav Mittal (DIN: 01037873) ceased to be as Independent Director of the Company, due to expiry of his second term of appointment as the Independent Director, with effect from 27th June, 2021; and

(iv) The members of the Company at the 24th Annual General Meeting held on 30th September, 2021, appointed Ms. Uma Subramaniam (DIN: 07434953) as an Independent Director of the Company for a period of 3 (three) years with effect from 27th March, 2021.

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 the independent directors.

Mr. Venkateswara Rao Thallapaka

Mr. Venkateswara Rao Thallapaka has an extensive experience of about 42 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.

Ms. Uma Subramaniam

Ms. Uma Subramaniam has an overall experience of over two decades in Department of Financial Supervision, RBI, where she has gained fair knowledge of finance, risk management and accounting working at different capacities across the department.

Ms. Subramaniam 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.

In terms of the RBI Regulations, the Chairman of the Nomination and Remuneration Committee has confirmed the fit and proper status of Ms. Uma Subramaniam, and Mr. Venkateswara Rao Thallapaka.

Furthermore, the Board of Directors at their meeting held on 4th August, 2022 evaluated the performance of the Independent Directors. The Board of Directors are of the opinion that the Independent Directors fulfill the conditions specified under the Companies Act, 2013.

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, 2022;

(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 financial year 2021-2022.

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. 37 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 ₹ 7.97 Lakh towards professional fees and software expenses.

AUDITORS AND THEIR REPORT

Statutory Auditors

The Reserve Bank of India, vide its circular dated April 27, 2021, issued Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) (the "**RBI Guidelines**"). The Guidelines, inter alia, provides that the statutory auditors who have completed a period of 3 years (counted as one tenure) as on the date of the RBI Guidelines shall not be eligible for re-appointment in the same entity for six years (two tenures) after completion of a tenure of 3 years.

In compliance with the aforementioned requirement, M/s. S.R. Batliboi & Co. LLP, Chartered Accountants, (Registration No. (Firm Registration No. 301003E/E300005), the Statutory Auditors, tendered the resignation vide letter dated 1st November, 2021, effective from 13th November, 2021.

To fill the vacancy in office of the Statutory Auditors, the Board of Directors recommended to appointment of M/s. Batliboi & Purohit, Chartered Accountants, (Firm Registration No. 101048W) as Statutory Auditors for a period of 3 years, as mentioned hereunder:

First Term – From the conclusion of the extraordinary general meeting scheduled on December 11, 2021 till the conclusion of the 25th Annual General Meeting, to conduct audit of the accounts of the Company for the financial year ending 31st March, 2022.

Second Term – From the conclusion of the 25th Annual General Meeting till the conclusion of the 26th Annual General Meeting to conduct audit of the accounts of the Company for the financial year ending 31st March, 2023.

Third Term – From the conclusion of the 26th Annual General Meeting till the conclusion of the 27th Annual General Meeting to conduct audit of the accounts of the Company for the financial year ending 31st March, 2024.

Accordingly, M/s. Batliboi & Purohit, Chartered Accountants, (Firm Registration No. 101048W), were appointed as Statutory Auditors by the members at the Extraordinary General Meeting held on 11th December, 2021, to hold office from the conclusion of the Extraordinary General Meeting till conclusion of the forthcoming 25th Annual General Meeting of the Company.

Since, the Statutory Auditors would vacate the office at the conclusion of the forthcoming 25th Annual General Meeting, in terms of Section 139(8) of the Act, accordingly, as per the recommendation made by the Board at its meeting held on November 02, 2021, approval of the members is being sought for the re-appointment of M/s. Batliboi & Purohit, Chartered Accountants, as Statutory Auditors at the forthcoming 25th annual general meeting, for the Second Term and the Third Term.

Furthermore, the Auditors Report for the financial year 2021-22 do not contain any qualification or reservation or adverse remark. Further, no fraud was reported by the auditors of the Company under Section 143(12) of the Companies Act, 2013.

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 M/s. SKP & Co, Company Secretaries, to conduct the Secretarial Audit of the Company for financial year 2021-22. The Secretarial Audit Report for financial year 2021-22 is annexed herewith as "**Annexure-C**" to this Report. The Secretarial Audit Report for the financial year 2021-22 do not contain any qualification or reservation or adverse remark.

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 Company has a Board approved Risk Management Framework in place. The Framework, inter alia, provides for a sound and well-defined framework to address all material risks of the Company and the governance structure.

The Board of Directors have not come across any risk which in the opinion of the Board may threaten the existence of the Company.

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, employees and all other stakeholders of the Company.

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

LENDINGKART FINANCE LIMITED (INDIA)

Harshvardhan Lunia
Chairman & Managing Director
DIN: 01189114
Date: 4th August, 2022
Place: Bengaluru

Annexure – A

Management Discussions & Analysis

The Financial Year 2021-22 was fairly a year of recovery from the COVID-19 pandemic. India witnessed a severe second wave of Covid-19 during the June quarter with a prolonged humanitarian and economic impact. In the latter half of the year, though, the economy bounced back exhibiting strong resilience. Most of the economic indicators such as GST collection, IIP, Exports and UPI transactions saw an uptick, indicating a steady recovery from the subdued first quarter of FY 2021-22. This was also reflected in the credit growth for both Banks and NBFCs witnessing a swift recovery on the back of ebbing third wave of COVID-19 and easing of restrictions.

At Lendingkart, we earnestly believe the 2 years of pandemic made us a stronger, better business which is much more resilient and responsive than ever.

1. ECONOMY & INDUSTRY OUTLOOK

With revival of the overall economic conditions, business developments, newer jobs in market, newer businesses, increased purchasing power and other macro-economic indicators suggest that the Indian economy is well on its way to achieve its pre-pandemic growth levels in the new Financial Year. As per RBI's projections, the economy is slated to grow at 7.2% in the current fiscal year.

While the outlook is buoyant, the risks remain. The biggest emerging risk is inflation which can curtail discretionary consumption and unfavourably affect the recovering domestic demand. The ongoing geopolitical crisis has caused supply chain disruptions which has led to higher commodity prices; The depreciating Rupee can become another issue as India is one of the biggest importers of crude oil leading to likely rise in trade deficit in FY 2022-23. India's retail inflation soared to an 18-month high of 7.5% in April 2022 driven by inflationary pressures, after which the RBI announced a 40-bps repo rate hike in May 2022, followed by another 50bps hike in June 2022. While RBI's stance remains accommodative in order to support growth, ensuring that inflation remains within the target going forward shall be key for a sustainable growth environment. However, a downside to this is any further increase in the rates may force Banks and NBFCs to further increase their lending rates, and thus affecting consumption and capital expenditure.

MSME

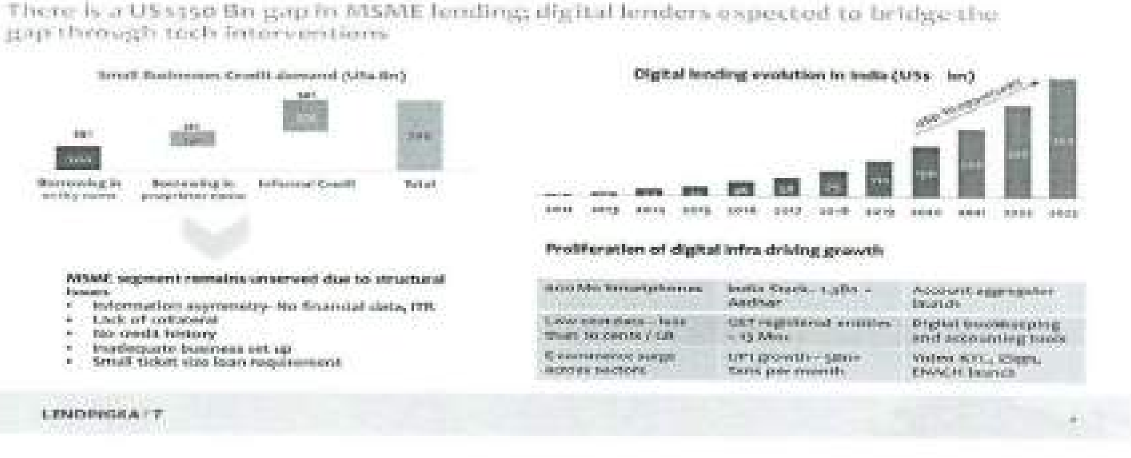
India currently is one of the largest growing economies in the world with the GDP of USD 3 Trillion. Much of this comes from the often overlooked small-medium sectors like enterprises, shop owners, traders, business owners, vendors, Individual contributors etc putting forth their contribution in this growing economy.

As a sector that is responsible for around 45 percent of the country's total manufacturing output, 40 percent exports, almost 30 percent of the national GDP and employing more than 110 million people, the overall share of the sector in total bank credit is 16.5%, reflecting under penetration of the credit. Given gross under penetration & credit gap, we expect MSME credit to compound at 15% over FY 22-25. This would be fuelled by an increase in formalisation of the MSME segment, information symmetry, evolving digital public infrastructure, launch & growth of account aggregator and a supportive regulatory landscape.

2. OPPORTUNITIES & CHALLENGES IN MSME SECTOR

The Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. MSMEs not only play a crucial role in providing large employment opportunities at comparatively lower capital cost than large industries but also help in industrialization of rural & backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth. The estimated number of MSMEs in India is 65 million. Indian MSMEs produce more than 6,000 products for local and global consumption. The Ministry of MSME is taking various steps towards making the MSMEs global and improving the overall business environment.

A massive untapped Lending opportunity: As referred above, Lending to micro, small and medium sized enterprises (MSMEs) has traditionally been an underserved area in India. We think that's about to change. It's already on the move with MSME credit growth picking up to 13% y-o-y in FY22 vs 10% CAGR in FY18-21 to reach USD260bn. We see plenty more growth ahead, especially as the under penetration in traditional MSME lending is estimated at USD335bn (IFC, 2018). Much of the expansion will be driven by new lending products like invoice discounting (ID), commercial credit cards (CCC) and unsecured business loans. These, in our view, provide an additional USD570bn lending and payments opportunity. Cumulatively, this opportunity amounts to 3.4x the current outstanding amount of MSME loans.



Enablers of credit penetration: Regulatory policies and creation of a public digital infrastructure are two key pillars of increasing formalisation of the MSME sector in India. Government of India and the RBI have undertaken several reforms (UDYAM registration, GST, e-invoicing, GeM) and floated several schemes (ECLGS, PMMY, CGTMSE, CGFMU) to increase formalisation and also improve the health of the MSMEs. Similarly, a digital stack is being developed for MSMEs which consists of three layers – Udyog Aadhaar Memorandum (UAM), Account Aggregator (AA) and Open Credit Enablement Network (OCEN). Once the STACK reaches a scale in terms of adoption, it will become easier for the lenders to lend to MSME. Sourcing cost is expected to reduce and turnaround time for loan sanction is expected to improve.

3. LENDINGKART'S DIGITAL PLATFORM

Lendingkart has solved all aspects of lending i.e. distribution, underwriting, collections and capital during the last 7 years of the journey and we are now moving towards making Lendingkart a lending marketplace by productizing the technology we have developed into the platforms. Our vision is to become THE DESTINATION for all credit and financial needs for our 65+ Mn MSME customers of the India.

The platform helps partners build their MSME loan portfolio in a digital environment with minimum physical touchpoints with customers. The platform not only brings the lender and borrower together, but also plays the central role at every stage of the lending process. The platform has following four components-

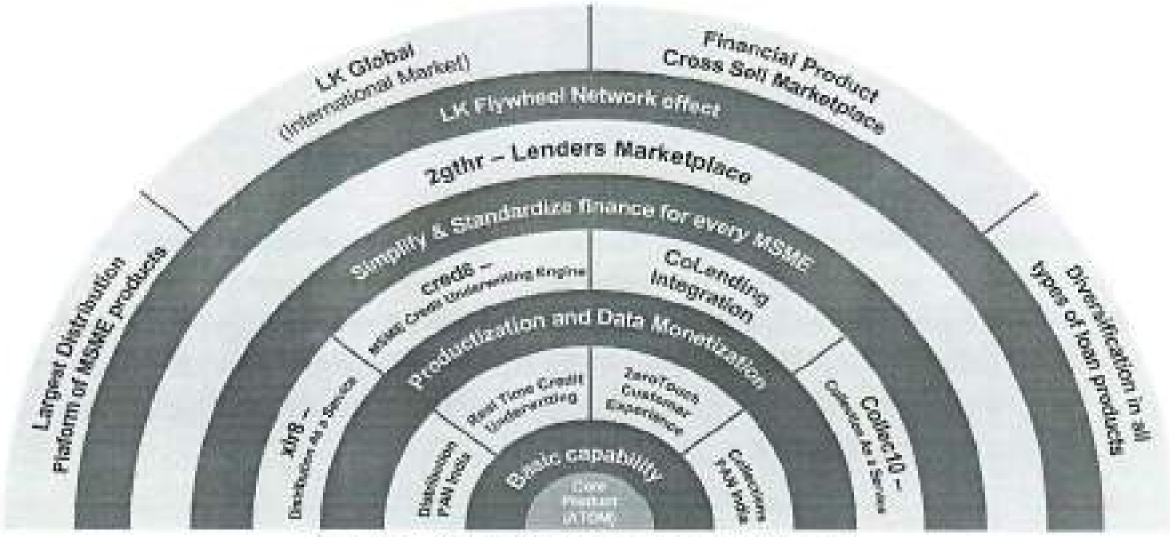
Capital (2gthr): An e2e co-lending SaaS model which helps Banks and NBFCs in origination and disbursal of collateral-free loans to MSMEs. The 2gthr platform is a customizable solution that offers clients to both discover origination as well as allows the end customers in taking a faster digital lending journey. Lendingkart 2gthr, will connect different financial institutions – NBFCs, DSAs, PSUs, lenders, originators, borrowers to each other and provide access to robust data-driven platforms in the loan disbursal process. We currently are having 16 live partners with line sanctioned worth $500 Mn & 7 partners are in the pipeline.

Distribution (Xlr8): An omnichannel platform providing real-time loan journey with an API tool for online partners and a SaaS solution for offline companies. With the API and SaaS platform one can initiate applications with details, documents and all necessary KYC details with any flags being auto triggered for notice of the partners so they can act promptly to resolve the same. Using the xlr8 platform, Lendingkart has sourced 9 million leads and disbursed 1.5+ lac loans across India covering 29 states (100%), 10,000 towns (60%), 4000+cities (60%), and 11000+ (60%). Even the best in the industry were able to reach 3000 cities only.

Underwriting (Cred8): A proprietary underwriting engine which considers 5000+ data points to evaluate businesses based on cash flow rather than only credit rating. Cred8 enables segmentation of profile into different risk buckets, provides probability of default, suggest amount to lend and serves the NTC. Lendingkart Cred8 uses AI-ML tools to analyse the bank statements in a very advanced way to get trends around credit, debits, balances, and cheque returns. Access to non-traditional data sources such as SMS data, location information, platform interaction information along with bureau variables enables better profiling of the customer. Using the Cred8 platform, we are able to:

- Segment customers into risk buckets
- Predict default (with 40% lesser default rate)
- Risk based pricing
- Suggest the amount
- Extend credit access 'thin file customers' i.e. new to Credit
- Real time score in <1 min

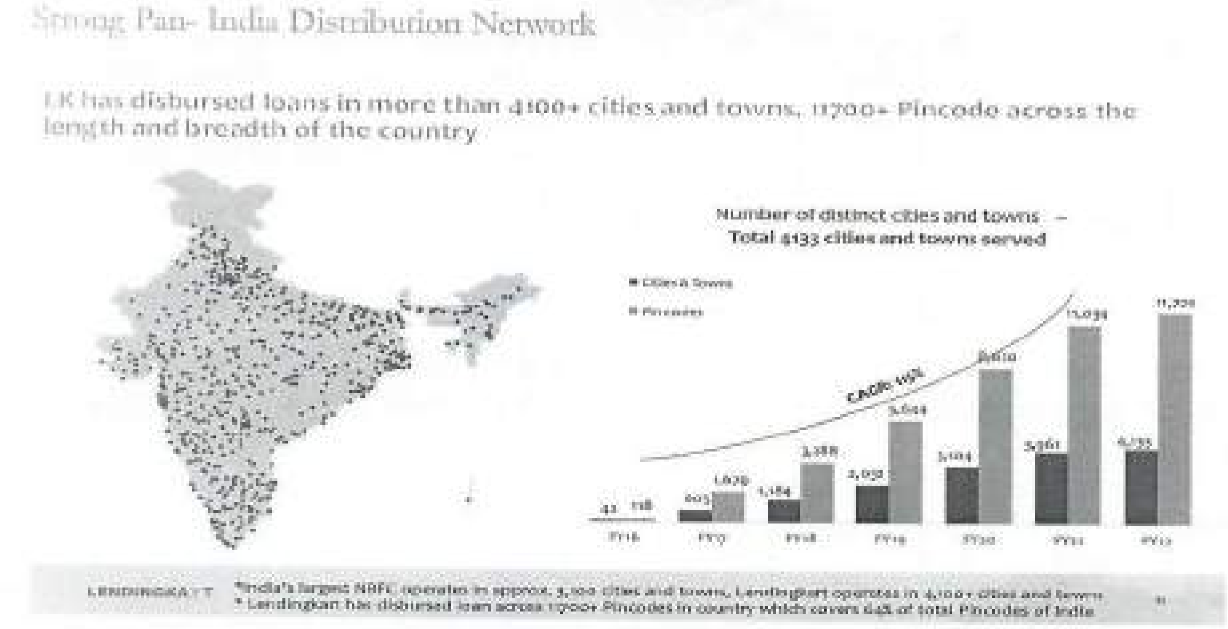
Collections (Collec10): A comprehensive collection platform to empower banks and NBFCs to collect dues from their customers (individual or business) for their loans. Collect 10 Provides its customers the ability to enable their field collections by organizing field collections agents and tele-calling agents to smartly locate, communicate & collect from the borrower.



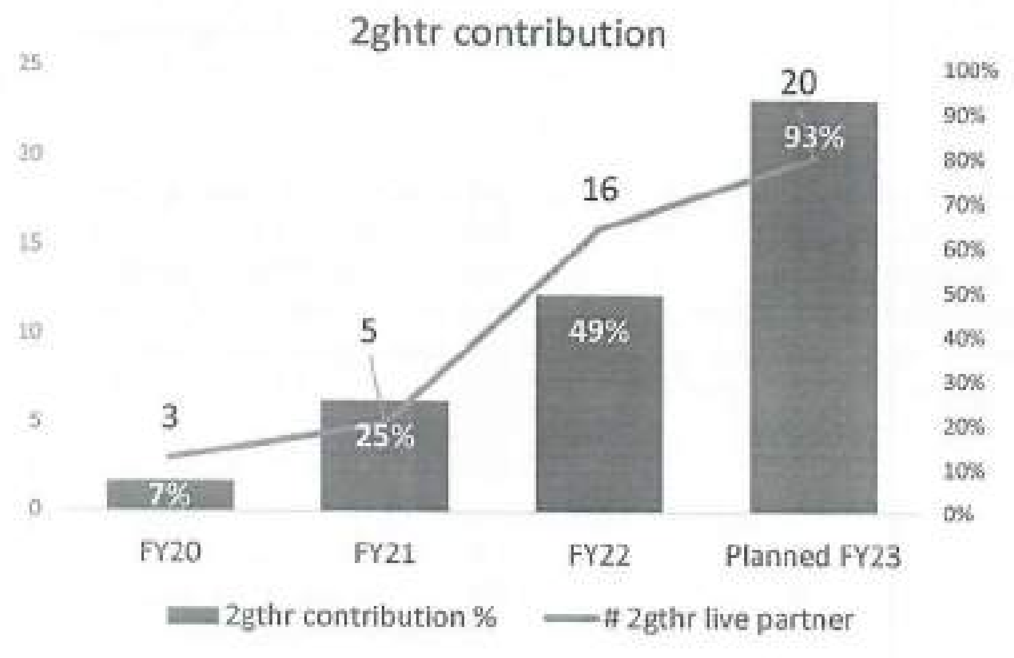
Lendingkart Ecosystem at a Glance

4. BUSINESS OUTLOOK & PERFORMANCE

It gives us immense pride to state that we have touched a gross disbursal of Rs 9200+ crores since inception. In the FY 21-22 itself, Lendingkart disbursed 42,091 loans to MSMEs amounting to INR ~2,750 crores out of which ~80% were disbursed to the new customers. Though the company has offices at only four cities, it has disbursed loans in more than 4100+ cities and towns in India & has cumulatively touched and improved lives of more than 1.64 lacs small/medium businessmen and enabled them to grow their businesses.



Platform contribution to total disbursement has seen a steady growth up during the year. For FY 21-22, almost half of the disbursements were through platform and for March we had almost 84% contributions from platform.



Assets Liability Management

The Asset Liability Committee is the key decision-making unit responsible for balance sheet planning from risk return perspective including the strategic management of interest rate and liquidity risks. Our Capital Markets 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.

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. Stress testing shall form an integral part of the overall governance and liquidity risk management culture in LFL. The company thus follows a prudent strategy to ensure a solid foundation for its asset liability management.

Risks Management

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

Credit Risk

With advance risk assessment capabilities and evolved models for early warning triggers, phasing out manual interventions which is subjective and prone to errors; LK has pioneered an algorithm driven cash-flow based u/w models for MSME segment and launched a robust "Cred8" platform that provides SME score as output, which includes Lendingkart Score (300-900), Risk Bucket (A to F), Loan amount for 1/ 2/ 3 yr. loan duration, Expected bad amount rate and Key ratios such as EMI/ADB. These models 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 invested in automating the customer journey and the associated operational funnel by developing robust "Atom/ Zero Touch" platform. The customer journey has been modularized via micro-processes, built in a product and industry agnostic fashion scalable across a wide array of services.

IT Security Risk

Cybersecurity and InfoSec policies are continuously monitored to mitigate the risk. Vulnerability assessment and penetration testing is performed on a regular basis to identify any anomaly.

- The company follows the RBI master direction for IT framework applicable to NBFC sector which includes, IT Operations, IS Audit, Business Continuity Planning, IT Service Outsourcing.
- It takes the best practices guidelines references from ISO/IEC 27001 - Information security management systems and ISO 22301 - Business continuity management systems.
- IT ensures that Employee security awareness training and regular security audits are also conducted to check the effectiveness of security controls.

Internal Controls & their adequacy

Lendingkart 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. Lendingkart 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.

Our people

At Lendingkart, we believe that our employees are our most valuable resources and it's our endeavour to provide a conducive workplace environment where they are enriching to work, & feel free to express themselves, discover innovative ideas & solutions to ever challenging workspace where we are in. The company's 7 core values as part of the organisation value system.

- Customer obsession
- Speed matters
- Ownership Mindset
- One Team
- Think Big
- First Time Right
- Frugal Innovation

The value cascade involved an intensive framework where CXOs were actively involved to disseminate the information within their teams. The core values were tied up with our reward and recognition framework to drive the right set of behaviours amongst employees. To make this a part of the organisation's DNA, it was decided that it will be incorporated in the performance appraisal as well. That is when the performance appraisal process underwent a transformation. The company introduced 360-degree feedback for mid and senior management which was linked to the 7 core values of the organisation. This was followed by a calibration process wherein feedback was gathered from CXOs as part of the development process for every individual. The robust Performance Management Program has given an additional edge in developing the next generation and build future leaders in the organisation.

Management team at Lendingkart also plays a crucial role in induction, training & development, to help them realize their full potential and thus contributing to our overall business growth. Also, our HR function plays an important role in acquiring the right talent, recruitment, on-boarding and training for performance management, compensation and benefits, and organizational development.

5. AWARDS & RECOGNITIONS

Lendingkart Group have been awarded with the following recognitions and awards in past 2 years

1) Innovation and Emerging Tech award from Business Leader of the year	2021
2) Fintech Personality of the year - Harshvardhan Lunia from Business Leader of the Year	2021
3) Best fintech company of the year - 2022 March - ET BSFI	2022
4) Most Admired BFSO Professional - Harshvardhan Lunia - 2022 March - ETBFSI	2022

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

LENDINGKART FINANCE LIMITED (INDIA)

Harshvardhan Lunia
Chairman & Managing Director
DIN: 01189114
Date: 4th August, 2022
Place: Bengaluru

Annexure - B

Annual Report on CSR Activities for the Financial Year 2021-22

1. Brief outline on CSR Policy of the Company.

Corporate Social Responsibility (CSR) initiative aims at having a long term sustainable impact on the community. The CSR Policy of the Company 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

2. Composition of CSR Committee:

Sl. No.	Name of Director *	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Ms. Uma Subramaniam	Chairperson	3	0
2	Mr. Venkateswara Rao Thallapaka	Member	3	2
3	Mr. Anand Pande	Member	3	3
4	Mr. Harshvardhan Lunia	Member	3	3

Changes during the year:

** Mr. Gaurav Mittal ceased to be the Chairman of the Committee w.e.f. 27th June, 2021.*

** Mr. Venkateswara Rao Thallapaka appointed as the Chairman of the Committee w.e.f. 5th August, 2021.*

** Ms. Uma Subramaniam was appointed as the Chairperson of the Committee w.e.f. 10th February, 2022 in place of Mr. Venkateswara Rao Thallapaka.*

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

Composition of CSR Committee	Lendingkart Composition of CSR Committee https://www.lendingkartfinance.com/committee-members
CSR Policy	Lendingkart CSR Policy https://www.lendingkartfinance.com/wp-content/uploads/2022/03/Corporate-Social-Responsibility-Policy.pdf
CSR projects approved by the board	Lendingkart CSR projects approved by the board https://www.lendingkartfinance.com/csr-activities-of-lendingkart%EF%BF%BC?

4. **Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).**

Not applicable for the financial year under review.

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

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set-off for the financial year, if any (in Rs)
Nil			

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

₹ 34,31,03,195/-

7. (a) **Two percent of average net profit of the company as per section 135(5)**
₹ 68,62,064/-

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

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

(d) **Total CSR obligation for the financial year (7a+7b-7c).**
₹ 68,62,064/-

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

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
₹ 27,18,300/-	₹ 41,44,700/-	30th April, 2022	NA	NA	NA

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Project duration.	Amount allocated for the project (in Rs.).	Amount spent in the current financial Year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State.	District.						Name	CSR Registration number.
1.	Good School Project	Clause (ii) Promoting education	Yes	Karnataka,	Bengaluru	18 months	48,63,000	7,18,300	41,44,700	No	One Good Step, A public charitable trust registered under section 12A and 80G of the Income Tax Act, 1961.	CSR00015787
	Total						**48,63,000**	**7,18,300**	**41,44,700**			

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	**Name of the Project**	**Item from the list of activities in schedule VII to the Act.**	**Local area (Yes/ No).**	**Location of the project.**		**Amount spent for the project (in Rs.).**	**Mode of implementation - Direct (Yes/No).**	**Mode of implementation - Through implementing agency.**	
				State.	**District.**			**Name.**	**CSR registration number.**
1.	Sustained Menstrual Protection for Unprivileged and Adolescent Girls	Clause (i) Promoting menstrual health practices sanitation and healthy dietary practices	Yes	Gujarat, Ahmedabad		20,00,000	No	Ahmedabad Women's Action Group. A public charitable trust registered under section 12A and 80G of the Income Tax Act, 1961.	CSR00000709
	Total					**20,00,000**			

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

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs).	Date of transfer.	
1.	2020-21	33,60,000	0	-	-	-	33,60,000

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in Rs.).	Amount spent on the project in the reporting Financial Year (in Rs).	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed /Ongoing.
1.	FY31.03.2021_1	Construction of building premises by Shree Jain Shwetambar Terapanthi Sabha, Ahmedabad, a public charitable trust for CSR activities	2020-21	3 years	33,60,000	Nil	Nil	Ongoing

(d) **Amount spent in Administrative Overheads:** Nil

(e) **Amount spent on Impact Assessment, if applicable:** Not applicable

(f) **Total amount spent for the Financial Year (8b+8c+8d+8e):** ₹ 27,18,300

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

Sl. No.	Particular	Amount
(i)	Two percent of average net profit of the company as per section 135(5)	₹ 68,62,064
(ii)	Total amount spent for the Financial Year	₹ 27,18,300
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

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

~~(a) Date of creation or acquisition of the capital asset(s).~~
~~(b) Amount of CSR spent for creation or acquisition of capital asset.~~
~~(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.~~
~~(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).~~

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). As above in point 8(b)

Harshvardhan Lunia	Uma Subramaniam
Chairman & Managing Director	Chairperson - CSR Committee
DIN: 01189114	DIN: 07434953

Date: August 4, 2022

SECRETARIAL AUDIT REPORT

***

LENDINGKART FINANCE LIMITED

(CIN: U65910MH1996PLC258722)

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2022

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

To,

The Members,

Lendingkart Finance Limited

CIN: U65910MH1996PLC258722

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate governance 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 Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2022, 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:

SKP & CO. Vaishali NCR Delhi Company Secretaries

2F CS 03, Ansal Corporate Suites, Ansal Plaza, Sector -1, Vaishali, Gzb. 201010, NCR Delhi. Telefax : +91 120 4119510
Mobile : +91 9310238404, +91 9868038505, +91 9310238303, +91 9310238202, +91 9871510805, +91 9871533606
E-mail : skp@skpco.in website : www.skpco.in

We have examined the books, papers, minute books, forms and returns filed and other records, as applicable, maintained by the Company for the financial year ended on March 31, 2022 according to the provisions of:

1. The Companies Act, 2013 ("the Act") and the rules made there under, as applicable;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. 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;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), wherever applicable :-
   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
   d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
   e) The Securities and Exchange Board of India (Issue and Listing of Non Convertible Securities) Regulations, 2021;
   f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
   g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 ;

SKP & CO. Vaishali NCR-Delhi Company Secretaries

Regulations, 2018;

i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and;

j) The Securities and Exchange Board of India (Depositories and Participants) Regulations,2018

6. The Reserve Bank of India Act, 1934, Rules and Regulations made and Directions, Circulars and Notifications issued hereunder.

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

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

(ii) The Listing Agreement entered into by the Company with BSE Limited.

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

We further report that:

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

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

Majority decision is carried through while the dissenting members', if any, views are captured and recorded as the part of the minutes.

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

SKP & CO. Vaishali NCR Delhi Company Secretaries

We further report that during the audit period, The Company has issued and allotted Non convertible debentures of Rs. 239 Crores (Rupees Two Hundred and Thirty Nine Crores Only) in several tranches which have been listed on Bombay Stock Exchange (BSE) whereas the Company has issued and allotted Unlisted Non Convertible Debentures of Rs. 50 Crores (Rupees Fifty Crores Only) in two tranches. The Company has repaid principal amount of Rs 313.01 Crores (Rupees Three Hundred Thirteen Thousand point Zero One Crores Only) in respect of the Debentures during the financial year. However, the Company has not undertaken such events as public, rights or preferential issue of shares, or sweat equity; buy-back of securities; major decision by the Members in pursuance to Section 180 of the Companies Act, 2013; merger, amalgamation or reconstruction; Foreign Technical Collaboration or any other like event(s)/action(s) having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, et cetera.

For **SKP & Co.**
Company Secretaries

SKP & CO. Vaishali NCR Delhi Company Secretaries

(CS Sundeep K. Parashar)
M. No. : F6136
C.P. No. : 6575
PR No. :1323/2021
UDIN : F006136D000737306

Place : Vaishali
Date : 04.08.2022

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

Annexure-A

Our Secretarial Audit Report of even date issued to M/s Lendingkart Finance Limited (CIN: U65910MH1996PLC258722) is to be read along with this letter:

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

For **SKP & Co.**
Company Secretaries

SKP & CO. Vaishali NCR Delhi Company Secretaries

(CS Sundeep K. Parashar)
M. No. : F 6136
PR No. : 1323/2021
C.P. No. : 6575
UDIN : F006136D000737306

Date : 04.08.2022

Place : Vaishali

INDEPENDENT AUDITOR'S REPORT

To the Members of LENDINGKART FINANCE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Lendingkart Finance Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, the loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

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National Insurance Building, 2nd Floor, 204, Dr. D. N. Road, Fort, Mumbai - 400 001.
Tel.: +91-22-2207 7942 / 2201 4930 • Email: auditteam@bnpindia.in

Key audit matter	How our audit addressed the key audit matter
1. Computation of Expected Credit Loss on Loan Assets	
Ind AS 109 requires the Company to provide for impairment of its loan assets (financial instruments) using the Excepted Credit Losses (ECL) approach. ECL involves an estimation of probability-weighted loss on financials instruments over their life, considering reasonable and supporting information about past events, current conditions and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances. In the process, a significant degree of judgement has been applied by the management for: a) unbiased, probability weighted outcome under various scenarios; b) time value of money; c) impact arising from forward looking macro-economic factors and; d) availability of reasonable and supportable information without undue costs. Applying these principle involves significant estimation in various aspects, such as: a) grouping of borrowers based on homogeneity by using appropriate statistical techniques; b) staging of loans and estimation of behaviroral life; c) determining macro-economic factors impacting credit quality of receivables; d) estimation of losses for loan products with no/minimal historical defaults. In view of the high degree of management's judgement involved in estimation of ECL, it is a key audit matter.	• We read and assessed the Company's accounting policies for impairment of financial assets and their compliance with Ind AS 109 and the governance framework approved by the board of directors pursuant to Reserve Bank of India ("RBI") guidelines issued on March 13, 2020. • Tested the assumptions used by the Company for staging of loan portfolio into various categories and default buckets for determining the Probability of Default (PD) and Loss Given Default (LGD) rates. • Assessed the criteria for staging of loans based on their past-due status. Tested samples of performing (Stage 1) loans to assess whether any loss indicators were present requiring them to be classified under stage 2 or 3 as per Ind AS 109. • Performed inquiries with the Company's management to assess the impact of COVID-19 on the business activities of the Company. • Tested the arithmetical accuracy of computation of ECL provision performed by the Company. • Assessed the disclosures included in the Ind AS financial statements in respect of expected credit losses with the requirements of Ind AS 107 and 109.

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

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

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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our 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.

Management's Responsibility for the Financial Statements

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

In preparing the financial statements, management 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

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

Other Matter

The audit of the figures for the year ended March 31, 2021, was conducted by the predecessor auditors who had expressed an unmodified opinion in their report dated May 12, 2021.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, based on our audit 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.

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

d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

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

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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

In our opinion and to the best of our information and according to the explanations given to us, there is no remuneration paid by the Company to its directors during the year under the provision of section 197(16) of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 litigation which would impact its financial position as at March 31, 2022.

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 during the year ended March 31, 2022.

iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

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Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. The Company has not declared or paid any dividend during the year.

For BATLIBOI & PUROHIT
Chartered Accountants
ICAI Firm Reg. No.101048W

Janak Mehta
Partner
Membership No. 116976

Place : Mumbai
Date : May 11, 2022
ICAI UDIN : 22116976AIUWVP2147

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Annexure - A to the Independent Auditors' Report
(Referred to under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of **Lendingkart Finance Limited** of even date)

i In respect of the Company's Property, Plant and Equipment and Intangible Assets:

(a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The property, plant and equipment were physically verified during the year by the management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the property, plant and equipment at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not have ownership of any immovable property.

(d) The Company has not revalued any of its Property, Plant and Equipment (including Right of Use assets) or intangible assets during the year. Accordingly, paragraph 3(i)(d) of the Order is not applicable.

(e) According to the information and explanations given to us, no proceedings have been initiated, or were pending, during the year against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

ii (a) The Company does not have any inventory and hence reporting under clause 3(ii)(a) of the Order is not applicable.

(b) During the year, the Company had existing sanctioned working capital limits in excess of five crore rupees, in aggregate, from various banks on the basis of security of its current assets. The quarterly statements filed by the Company with such banks were in agreement with unaudited books of account of the Company as at the respective quarters ended June 30, 2021, September 30, 2021, December 31, 2021 and March 31, 2022.

iii The Company has granted unsecured loans to other parties, during the year, in respect of which:

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(a) The Company's principal business is to give loans therefore reporting under Clause 3(iii)(a) of the Order is not applicable.

(b) In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of loans, during the year are, prima facie, not prejudicial to the Company's interest.

(c) In respect of the loans/advances in the nature of loan, the schedule of repayment of principal and payment of interest has been stipulated by the Company. Considering that the Company is a Non-Banking Financial Company engaged in the business of granting loans, the entity-wise details of the amount, due date for payment and extent of delay (that has been suggested in the Guidance Note on CARO 2020 issued by the Institute of Chartered Accountants of India for reporting under this clause) have not been reported since it is not practicable to furnish such details owing to the voluminous nature of the data generated in the normal course of Company's business. Further except for the instances where there are delays or defaults in repayment of principal and/or interest and in respect of which the Company has recognised necessary provisions in accordance with the principles of Ind AS and the guidelines issued by the RBI for Income Recognition and Asset Classification (which has been disclosed by the Company in Note 61.O. to the financial statements), the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest, as applicable.

(d) In respect of loans/advances in nature of loans, the total amount overdue for more than 90 days as at March 31, 2022 is Rs 7,836.49 Lakhs In such instances, in our opinion, based on information and explanation provided to us, reasonable steps have been taken by the Company for the recovery of the principal amounts and the interest thereon. Refer Note 55.C. in the financial statements for details of number of cases and the amount of principal and interest overdue as at March 31, 2022.

(e) The Company's principal business is to give Loans therefore reporting under Clause 3(iii)(e) of the Order is not applicable.

(f) The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause 3(iii)(f) is not applicable.

Further, the Company has not made any investments in, provided any guarantee or security to companies, firms, Limited Liability Partnerships or any other parties.

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

v According to information and explanations given to us, the Company has not accepted any deposits from the public in accordance with the provisions of section 73 to 76 or any relevant provisions of the Act and rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable.

vi The maintenance of cost records has not been specified by the Central Government under subsection (1) of section 148 of the Companies Act, 2013 for the business activities carried out by the Company. Hence, reporting under clause (vi) of the Order is not applicable to the Company.

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vii In Respect of Statutory Dues:

(a) According to the information and explanations given to us and on the basis of our examination of the records, the Company has generally been regular in depositing undisputed statutory dues, including Goods and Services tax, income tax and other material statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, goods and service tax, cess and other material statutory dues were in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.

(b) According to information and explanations given to us, there are no dues of income tax, sales-tax, wealth tax, goods and service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.

viii According to the information and explanations given to us, no transactions have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which was not recorded in the books of account. Accordingly, paragraph 3(viii) of the Order is not applicable.

ix (a) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of loans to banks or financial institutions. There were no outstanding loans from government during the year.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) In our opinion and according to the information and explanations given to us, the Company has utilized the money obtained by way of term loans during the year for the purposes for which they were obtained.

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

(e) According to the information and explanations given to us and based on the audit procedures performed by us, the Company does not have any subsidiaries, joint ventures or associate companies. Accordingly, paragraph 3(ix)(e) of the Order is not applicable.

(f) According to the information and explanations given to us and based on the audit procedures performed by us, the Company does not have any subsidiaries, joint ventures or associate companies. Accordingly, paragraph 3(ix)(f) of the Order is not applicable.

x (a) According to the information and explanations given to us and based on the audit procedures performed by us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, paragraph 3(x)(a) of the Order is not applicable.

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

xi (a) According to the information and explanations given to us, certain borrowers had availed loans from the Company based on submission of forged bank statements. The fraud was identified by the Company and the amount involved was Rs. 371.46 lakhs. The amount has been fully provided for in the books of account.

(b) According to the information and explanations given to us, in our opinion and based on the audit procedures performed by us, no report under sub-section (12) of section 143 of the Companies Act in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was filed with the Central Government during the year or up to the date of the Report.

(c) As represented to us by the management, no whistle blower complaints were received by the Company during the year.

xii In our opinion and according to the information and explanations given to us, the Company is not a 'nidhi' company and it has not accepted any deposits. Accordingly, paragraph 3(xii)(a), paragraph 3(xii)(b) and paragraph 3(xii)(c) of the Order is not applicable.

xiii According to the information and explanations given to us and based on the audit procedures performed by us, the Company is in compliance with sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the Company issued upto the date of this Report, for the period under audit.

xv According to the information and explanations given to us and based on the audit procedures performed by us, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, provisions of section 192 of the Act and paragraph 3(xv) of the Order is not applicable.

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

(b) According to the information and explanations given to us and based on audit procedures performed by us, the Company has not conducted any Non-Banking Financial activities during the year without a valid certificate of registration (CoR) from the RBI. Further as represented by the Management, the Company has not engaged in Housing Finance Activities.

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

(c) In our opinion and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, paragraph 3(xvi)(c) of the Order is not applicable.

(d) According to the information and explanations given to us, the Group (as defined in the Core Investment Companies (Reserve Bank) Direction 2016) does not have any Core Investment Companies (CICs).

xvii According to the information and explanations given to us and based on the audit procedures performed by us, the Company has incurred cash losses of Rs.35,245.89 lakhs in the current financial year. The Company had not incurred cash losses in the preceding year.

xviii There has been resignation of the statutory auditors during the year pursuant to RBI Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021. According to the information and explanations given to us, there were no issues, objections or concerns raised by the outgoing auditors.

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

xx (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.

BATLIBOI & PUROHIT
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(b) In respect of ongoing projects, the Company has transferred unspent CSR amount as at the end of the financial year, to a Special Account within a period of 30 days from the end of the said financial year in compliance with the provision of section 135(6) of the Act.

For BATLIBOI & PUROHIT
Chartered Accountants
ICAI Firm Reg. No.101048W

Janak Mehta
Partner
Membership No. 116976

Place: Mumbai
Date: May 11, 2022
ICAI UDIN: 22116976AIUWVP2147

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Annexure - B to the Auditors' Report

(referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of the Company of even date)

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

We have audited the Internal Financial Controls over financial reporting of **Lendingkart Finance Limited** ("the Company") as of March 31, 2022 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 ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's Internal Financial Controls over Financial Reporting 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an Audit of Internal Financial Controls, both applicable to an Audit of Internal Financial Controls 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 was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the Internal Financial Controls system over Financial Reporting and their operating effectiveness. Our audit of Internal Financial Controls over Financial Reporting included obtaining an understanding of Internal Financial Controls over Financial Reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of Internal Control based on the assessed risk. The procedures selected depend on the Auditor's Judgment, including the assessment of the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's Internal Financial Controls system over Financial Reporting.

BATLIBOI & PUROHIT * Mumbai * CHARTERED ACCOUNTANTS

Meaning of Internal Financial Controls over Financial Reporting

A company's Internal Financial Control over Financial Reporting is a process designed to provide reasonable assurance regarding the reliability of Financial Reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted Accounting Principles. A company's Internal Financial Control over Financial Reporting includes those policies and procedures that (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

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

Opinion

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

For BATLIBOI & PUROHIT
Chartered Accountants
ICAI Firm Reg. No.101048W

Janak Mehta
Partner
Membership No. 116976

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

Place: Mumbai
Date: May 11, 2022
ICAI UDIN : 22116976AIUWVP2147

REPORT TO THE BOARD OF DIRECTORS FOR THE YEAR ENDED MARCH 31, 2022 PURSUANT TO THE REQUIREMENTS OF MASTER DIRECTION – NON-BANKING FINANCIAL COMPANIES AUDITOR'S REPORT (RESERVE BANK) DIRECTIONS, 2016 ISSUED BY THE RESERVE BANK OF INDIA

The Board of Directors
Lendingkart Finance Limited
A-303/304, Citi Point
Andheri-Kurla Road, Andheri East
Mumbai - 400059

1. This report for **Lendingkart Finance Limited** (the 'Company') is issued in accordance with the requirements of the Master Direction – Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016 ('the Auditor's Report Directions') issued by the Reserve Bank of India ('the RBI').

2. We have audited the financial statements of the Company for the year ended March 31, 2022, which comprise the Balance Sheet as at March 31, 2022, 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 a summary of significant accounting policies and other explanatory information and have issued our audit opinion vide our report dated May 11, 2022.

3. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of the financial statements that give a true and fair view of the state of affairs (financial position), profit (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

4. The management of the Company is also responsible for compliance with the Reserve Bank of India Act, 1934 ('the RBI Act'), Master Direction - Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('the NBFC Directions'), and other circulars and directions issued by the RBI thereunder and for providing all the required information to the RBI.

5. Based on our audit of the financial statements for the year ended March 31, 2022 and based on the information and explanations and representations given to us, we report hereunder on the matters specified in paragraphs 3 and 4 of the Auditor's Report Directions:

   a. The Company is engaged in the business of Non-Banking Financial Institution (not accepting or holding public deposits) as defined in section 45-I(a) of the RBI Act, which requires it to hold a Certificate of Registration ('CoR') under section 45-IA of the RBI Act. The Company has obtained CoR No. B-13.02085 dated January 9, 2017 issued by the Mumbai Regional Office of the RBI (Original CoR No. B-13.02085 dated January 14, 2015).

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

b. The Company is entitled to continue to hold such CoR in terms of its principal business criteria (financial asset/income pattern) as on March 31, 2022 and for the year then ended.

c. The Company has complied with the required net owned fund requirements as laid down in the NBFC Directions as on March 31, 2022.

d. The Board of Directors of the Company in their meeting held on May 12, 2021 has passed a resolution for non-acceptance of any public deposits for the financial year April 1, 2021 to March 31, 2022.

e. The Company has not accepted any public deposits during the year ended March 31, 2022.

f. The Company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it in terms of the RBI notification RBI/2019-20/170 DOR (NBFC). CC.PD.No.109/22.10.106/2019-20 on Implementation of Indian Accounting Standards dated March 13, 2020.

g. The capital risk adequacy ratio ("CRAR") as disclosed in Note 61.A. of the financial statements, has been correctly computed by the Company based on the audited financial statements and is in compliance with minimum CRAR prescribed in the NBFC Directions.

h. The Company has furnished to the RBI, a provisional Annual Statement of Capital Funds, risk assets/exposures and risk assets ratio (DNBS03) for the year ended March 31, 2022 within the stipulated period.

i. The Company is not a Non-Banking Financial Company–Micro Finance Institution ('NBFC-MFI') as specified under paragraph 3(xix) of the NBFC Directions.

6. We have no responsibility to update this report for events and circumstances occurring after the date of our audit opinion i.e. audit report dated May 11, 2022.

7. This report is issued solely for reporting on the matters specified in paragraphs 3 and 4 of the Auditor's Report Directions and is not intended to be used or distributed for any other purpose.

For BATLIBOI & PUROHIT
Chartered Accountants
ICAI Firm Reg. No.101048W

Janak Mehta
Partner
Membership No. 116976

BATLIBOI & PUROHIT
Mumbai
CHARTERED ACCOUNTANTS

Place: Mumbai
Date: June 9, 2022
ICAI UDIN: 22116976AKOZFR2840

Lendingkart Finance Limited
Balance Sheet as at 31 March 2022

(₹ in lakhs unless otherwise stated)

Particulars	Notes	As at 31 March 2022	As at 31 March 2021
Assets			
Financial assets			
Cash and cash equivalents	6	21,158.06	28,786.04
Bank balances other than Cash and Cash equivalents	7	13,957.32	14,096.80
Loans	8	1,91,592.90	1,93,869.25
Other financial assets	9	24,013.63	7,667.62
		2,50,721.91	**2,44,419.71**
Non-financial assets			
Current tax assets (Net)	10	1,660.32	24.55
Deferred tax asset (Net)	11	8,575.16	3,986.68
Property, plant and equipment	12	135.40	160.55
Intangible assets	13	76.54	67.12
Intangible assets under development	14	-	145.41
Right-of-use assets	12	1,947.83	2,339.07
Other non-financial assets	15	451.51	455.27
		12,846.76	**7,178.65**
Total assets		**2,63,568.67**	**2,51,598.36**
Liabilities and Equity			
Liabilities			
Financial liabilities			
Debt Securities	16	1,20,026.19	88,678.55
Borrowings (Other than debt securities)	17	57,114.59	71,964.66
Subordinated Debt	18	2,529.50	2,529.12
Other financial liabilities	19	21,619.58	11,112.93
		2,01,289.86	**1,74,285.26**
Non Financial liabilities			
Current tax liabilities (net)	20	-	1,189.18
Provisions	21	345.18	383.52
Other non-financial liabilities	22	1,891.79	1,579.03
		2,236.97	**3,151.73**
Equity			
Equity share capital	23	4,418.79	4,418.79
Other equity	24	55,623.05	69,742.58
		60,041.84	**74,161.37**
Total liabilities and equity		**2,63,568.67**	**2,51,598.36**

Summary of significant accounting policies 3

For Batliboi & Purohit
Chartered Accountants
Firm Registration No. 101048W

Janak Mehta
Partner
Membership No. 116976

Place: Mumbai
Date: 11 May 2022

BATLIBOI & PUROHIT ★ Mumbai ★ CHARTERED ACCOUNTANTS

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

Harshvardhan Lunia
Chairman and Managing Director
DIN No. 01189114

LENDINGKART FINANCE LIMITED

Sudeep Bhatia
Chief Financial Officer
Membership No. 098112

Umesh Navani
Company Secretary
Membership No. A40899

Place: Ahmedabad
Date: 11 May 2022

Lendingkart Finance Limited

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

(₹ in lakhs unless otherwise stated)

Particulars	Notes	For the year ended 31 March 2022		For the year ended 31 March 2021	
Revenue from operations					
Interest income	25		61,184.47		50,082.39
Gain/(Loss) on assignment of loans	26		1,417.12		264.74
Total Revenue from operations			**62,601.59**		**50,347.13**
Other Income	27		1,252.78		693.58
Total income			**63,854.37**		**51,040.71**
Expenses					
Finance Costs	28		23,750.51		20,243.54
Fees and commission expenses	29		5,916.44		1,237.71
Impairment of financial instruments	30				
Impairment on other than restructured portfolio		13,980.73		*11,893.48*	
Impairment on restructured portfolio		27,490.47	*41,471.20*	*5,875.04*	*17,768.52*
Employee Benefit expenses	31		4,411.14		3,638.58
Depreciation and amortisation expenses	32		569.57		684.00
Other Expenses	33		6,133.22		4,652.56
Total Expenses			**82,252.08**		**48,224.91**
Profit/(loss) before Tax			**(18,397.71)**		**2,815.80**
Tax Expense :					
- Current tax	34		-		3,128.07
- Tax of earlier years	34		342.96		-
- Deferred tax (income) / expense	34		(4,596.70)		(2,144.21)
Total Tax Expenses			**(4,253.74)**		**983.86**
Profit / (Loss) after tax			**(14,143.97)**		**1,831.94**
Other comprehensive income					
(a) Items that will not be reclassified to profit or loss					
Remeasurement gain / (losses) on defined benefit plans			32.66		64.24
Tax impact on above			(8.22)		(16.19)
Other comprehensive income, net of tax			**24.44**		**48.05**
Total Comprehensive Income			**(14,119.53)**		**1,879.99**
Earning per equity share: [in absolute ₹]	35				
Basic [Face value ₹ 10]			(32.01)		4.15
Diluted [Face value ₹ 10]			(32.01)		4.15

Summary of significant accounting policies 3

For Batliboi & Purohit
Chartered Accountants
Firm Registration No. 101048W

Janak Mehta
Partner
Membership No. 116976

Place: Mumbai
Date: 11 May 2022

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

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

Harshvardhan Lunia
Chairman and Managing Director
DIN No. 01189114

Sudeep Bhatia
Chief Financial Officer
Membership No. 098112

Umesh Navani
Company Secretary
Membership No. A40899

LENDINGKART FINANCE LIMITED

Place: Ahmedabad
Date: 11 May 2022

Lendingkart Finance Limited

Cash flow statement for the year ended 31 March 2022

(₹ in lakhs unless otherwise stated)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Operating activities		
Profit/(loss) before tax	(18,397.71)	2,815.80
Adjusted for:		
Impact of EIR accounting of financial assets	(2,264.91)	648.67
Impact of EIR accounting of financial liabilities	21.75	(131.90)
Upfront gain on direct assignment	(1,417.12)	(264.74)
Guarantee fees	(331.12)	(134.30)
Interest on financial lease liability	320.84	385.79
Provision for gratuity	51.74	(1.98)
Provision for leave benefit	(57.42)	7.03
Impairment of loans	(6,591.63)	9,174.38
Impairment of other financial assets	310.46	648.27
Bad debt written offs	47,752.37	7,945.88
Discount on Commercial Paper	1.95	2.35
Depreciation and amortisation	569.57	684.01
Interest on bank deposits	(1,066.46)	(918.11)
Interest on borrowings and debt securities	23,405.96	17,730.24
PPE & Intangible assets under development written off	150.29	3.02
Actuarial gain / (loss) recognised in other comprehensive income	32.66	64.24
Cash from operations before working capital changes	42,491.22	38,658.65
Changes in working capital:		
- (Increase) / decrease in loans	(36,619.49)	1,050.34
- (Increase) / decrease in other financial Assets	(15,239.34)	(5,182.41)
- (Increase) / decrease in other non financial Assets	334.94	267.53
- Increase / (decrease) in other financial liabilities	10,707.13	3,738.07
- Increase / (decrease) in other non financial liabilities	312.72	917.32
Cash generated from operating activities	1,987.18	39,449.50
Income tax paid (net)	(3,167.91)	(1,801.36)
Net cash flows from / (used in) operating activities	(1,180.73)	37,648.14
Investing activities:		
Purchase of property, plant and equipment and intangible assets	(157.07)	287.44
Movement in bank balances other than cash and cash equivalents	139.48	(2,800.02)
Interest received on bank deposit	1,066.46	918.11
Net cash generated from / (used in) investing activities	1,048.87	(1,594.47)
Financing activities:		
Share issue expenses	-	(5.88)
Proceeds from debt securities	28,900.00	40,750.00
Repayment of debt securities	(31,009.15)	(19,272.80)
Proceeds from other than debt securities	34,886.84	37,510.00
Repayment of other than debt securities	(49,658.38)	(51,487.61)
Proceeds from issue of commercial paper	1,611.90	-
Change in Cash Credit / Overdraft	82.57	3,228.72
Repayment of lease liabilities	(531.77)	(385.79)
Proceeds/(Repayment) from securitisation liability	31,651.53	(1,532.60)
Repayment of finance cost	(23,429.66)	(21,121.19)
Net cash generated / (used in) from financing activities	(7,496.12)	(12,317.15)

BATLIBOI & PUROHIT ★ Mumbai ★ CHARTERED ACCOUNTANTS

LENDINGKART FINANCE LIMITED ★ BANGALORE

Lendingkart Finance Limited
Cash flow statement for the year ended 31 March 2022

(₹ in lakhs unless otherwise stated)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Net increase / (decrease) in cash and cash equivalents	(7,627.98)	23,736.52
Cash and cash equivalents as at the beginning of the year	28,786.04	5,049.52
Cash and cash equivalents as at the end of the year	21,158.06	28,786.04
Components of cash and cash equivalents		
Cash in hand	-	-
Balances with banks		
- With banks in current accounts	8,156.86	6,585.32
- In deposit accounts with original maturity of less than 3 months	13,001.20	22,200.72
Cash and cash equivalents	21,158.06	28,786.04

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

For Batliboi & Purohit
Chartered Accountants
Firm Registration No. 101048W

Janak Mehta
Partner
Membership No. 116976

Place: Mumbai
Date: 11 May 2022

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

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

Harshvardhan Lunia
Chairman and Managing Director
DIN No. 01189114

LENDINGKART FINANCE LIMITED

Sudeep Bhatia
Chief Financial Officer
Membership No. 098112

Umesh Navani
Company Secretary
Membership No. A40899

Place: Ahmedabad
Date: 11 May 2022

Lendingkart Finance Limited

Statement of changes in equity for the year ended 31 March 2022 *(₹ in lakhs unless otherwise stated)*

Equity share capital

Particulars	No of shares	Amount
Balance as at 01 April 2020	4,41,87,931	4,418.79
Changes in Equity Share Capital due to prior period errors	-	-
Restated balance as at 01 April 2020	**4,41,87,931**	**4,418.79**
Changes in equity share capital during the year	-	-
Balance at 31 March 2021	**4,41,87,931**	**4,418.79**
Changes in Equity Share Capital due to prior period errors	-	-
Restated balance as at 31 March 2021	4,41,87,931	4,418.79
Changes in equity share capital during the year	-	-
Balance at 31 March 2022	**4,41,87,931**	**4,418.79**

Other equity

Particulars	Reserves and Surplus			OCI Reserves	Total other equity
	Securities premium	Retained earnings	Statutory Reserve as per RBI Act		
Balance as at 01 April 2020	**67,252.72**	**(665.06)**	**1,281.14**	**(0.33)**	**67,868.47**
Changes in accounting policy/prior period errors	-	-	-	-	-
Restated balance at 01 April 2020	**67,252.72**	**(665.06)**	**1,281.14**	**(0.33)**	**67,868.47**
Total comprehensive income	-	1,879.99	-	-	1,879.99
Other comprehensive income (net of tax)	-	(48.05)	-	48.05	-
Transferred to Statutory Reserve u/s section 45-IC of RBI Act, 1934	-	(376.00)	376.00	-	-
Share issue expense	(5.88)	-	-	-	(5.88)
Balance at 31 March 2021	**67,246.84**	**790.88**	**1,657.14**	**47.72**	**69,742.58**
Changes in accounting policy/prior period errors	-	-	-	-	-
Restated balance at the beginning of the year	**67,246.84**	**790.88**	**1,657.14**	**47.72**	**69,742.58**
Total comprehensive income	-	(14,119.53)	-	-	(14,119.53)
Other comprehensive income (net of tax)	-	(24.44)	-	24.44	-
Balance at 31 March 2022	**67,246.84**	**(13,353.09)**	**1,657.14**	**72.16**	**55,623.05**

Summary of significant accounting policies 3

For Batliboi & Purohit
Chartered Accountants
Firm Registration No. 101048W

Janak Mehta
Partner
Membership No. 116976

Place: Mumbai
Date: 11 May 2022

BATLIBOI & PUROHIT
Mumbai
CHARTERED ACCOUNTANTS

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

Harshvardhan Lunia
Chairman and Managing Director
DIN No. 01189114

Sudeep Bhatia
Chief Financial Officer
Membership No. 098112

Umesh Navani
Company Secretary
Membership No. A40859

LENDINGKART FINANCE LIMITED
INDIA

Place: Ahmedabad
Date: 11 May 2022

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 2022, 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.

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 55.

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 Use of estimates and judgments

The preparation of financial statements in conformity with Ind AS requires management to make estimates, assumptions and exercise judgments in applying the accounting policies that affect the reported amount of assets, liabilities and disclosure of contingent liabilities at the date of financial statements and the reported amounts of income and expenses during the year.

The Management believes that these estimates are prudent and reasonable and are based upon the Management's best knowledge of current events and actions. Actual results could differ from these estimates and differences between actual results and estimates are recognized in the periods in which the results are known or materialized. Revisions to accounting estimates are recognised prospectively.

3. Significant accounting policies

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

(i) Revenue recognition

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.

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

LENDINGKART FINANCE LIMITED

a. Interest income

(i) 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.

(ii) 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

(iii) Loan processing fee/document fees/stamp fees which are an integral part of financials assets are recognized through effective interest rate over the term of the loan. For the agreements foreclosed or transferred through assignment, the unamortized portion of the fee is recognized as income to the Statement of profit and loss at the time of such foreclosure/transfer through the assignment.

(iv) Additional charges such as penal, dishonour, foreclosure charges, delayed payment charges etc. are recognized on realization 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. 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.

c. Rendering of services

The Company recognises revenue from contracts with customers based on a five-step model as set out in Ind AS 115 to determine when to recognize revenue and at what amount.

Revenue is measured based on the consideration specified in the contract with a customer and excludes amounts collected on behalf of third parties. Revenue from contracts with customers is recognized when services are provided and it is highly probable that a significant reversal of revenue is not expected to occur.

If the consideration promised in a contract includes a variable amount, an entity estimates the amount of consideration to which it will be entitled in exchange for rendering the promised services to a customer. An

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

LENDINGKART FINANCE LIMITED

amount of consideration can vary because of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, or other similar items. The promised consideration can also vary if an entitlement to the consideration is contingent on the occurrence or non-occurrence of a future event.

(ii) 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.

(iii) 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 one 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
- fair value through other comprehensive income (FVOCI)
- fair value through profit or loss (FVTPL)

(iv) 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:

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

LENDINGKART FINANCE LIMITED

- 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

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- 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.

(v) 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.

(vi) Derecognition of financial assets and liabilities

a. **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.

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

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.

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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.

b. 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.

(vii) Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets at amortized cost along with related undrawn commitments and loans sanctioned but not disbursed (collectively known as exposure at default).

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:

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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.

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- **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.

(viii) Sovereign Credit Guarantee Schemes

Credit Guarantee Fund Trust for Micro and Small Enterprises (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).

Credit Guarantee Fund for Micro Units (CGFMU) is the Credit Guarantee Trust under the management of National Credit Guarantee Trustee Company Limited (NCGTC), established by the Department of Financial Services, Ministry of Finance.

CGTMSE and CGFMU have been instrumental in providing guarantee cover on credit extended by eligible Member Lending Institutions [MLIs] to MSEs. The Company is a MLI in these schemes and has obtained sovereign guarantee cover on its portfolio. Accordingly, the company has incorporated the benefit of this sovereign guarantee cover in calculation of impairment of loan assets.

(ix) Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of 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. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due. Any subsequent recoveries are credited to impairment on financial instrument on statement of profit and loss.

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(x) 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.

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(xi) 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.

(xii) 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

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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.

(xiii) 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.

(xiv) 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.

Cost of an item of property, plant and equipment comprises its purchase price (after deducting trade discounts and rebates) including import duties and non-refundable taxes, any directly attributable cost of bringing the item to its working condition for its intended use.

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. 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.

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.

(xv) 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.

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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

(xvi) 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.

(xvii) 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 under impairment of financial instruments. The premium received is recognised in the statement of profit and loss under interest income on a straight-line basis over the life of the guarantee.

(xviii) 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.

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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.

(xix) **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.

(xx) 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

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- 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 non-financial assets or liabilities in the balance sheet.

(xxi) 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.

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

(xxii) **Share issue expenses**
Direct expenses in connection with issue of shares are adjusted from securities premium account to the extent available.

(xxiii) **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. On 23 March 2022, Ministry of Corporate Affairs ('MCA') amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from 01 April 2022, as below:

(i) **Ind AS 103 – Business Combinations**
The amendment clarifies that while applying the acquisition method for recognition, the assets and liabilities taken over, in a business combination, must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. The Company does not expect the amendment to have any impact in its financial statements.

(ii) **Ind AS 16 – Property, Plant and Equipment**
The amendment requires that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The Company does not expect the amendment to have any significant impact in its financial statements.

(iii) **Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets**
The amendment clarifies in relation to onerous contracts that the cost of fulfilling a contract comprises the costs that relate directly to the contract which consist of incremental costs of fulfilling that contract (examples would be direct labour, materials) and an allocation of other costs that relate directly to fulfilling contracts. The Company does not expect the amendment to have any significant impact in its financial statements.

(iv) **Ind AS 109 – Financial Instruments**
The amendment clarifies that while determining the fees paid (net of fees received) when a borrower applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability, the borrower to include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Company does not expect the amendment to have any significant impact in its financial statements.

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(₹ in lakhs unless otherwise stated)

6 Cash and Cash equivalents

Particulars	31 March 2022	31 March 2021
Cash on hand	-	-
Balances with banks		
- in current accounts	8,156.86	6,585.32
- in deposit accounts with original maturity upto 3 months	13,001.20	22,200.72
Total	**21,158.06**	**28,786.04**

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. As at 31 March 2022, fixed deposits of ₹ Nil are pledged against credit facilities (31 March 2021: ₹ 362.49).

7 Bank balances other than Cash and Cash equivalents

Particulars	31 March 2022	31 March 2021
Fixed deposits with bank		
Deposits - original maturity less than 12 months	8,294.51	12,902.87
Deposits - original maturity more than 12 months	5,662.81	1,193.93
Total	**13,957.32**	**14,096.80**

As at 31 March 2022, fixed deposits of ₹ 12,791.40 (31 March 2021: ₹ 12,244.76) are pledged against working capital requirements, pass-through certificates and other business purpose.

8 Loans

Particulars	31 March 2022	31 March 2021
Term loans	2,01,177.79	2,10,045.78
Less: Impairment loss allowance	(9,584.89)	(16,176.53)
	1,91,592.90	**1,93,869.25**
(Refer note 55 (C) for Credit risk)		
(A) Out of Above		
(i) Secured	-	-
Less: Impairment loss allowance	-	-
Total (i)	-	-
(ii) Unsecured	2,01,177.79	2,10,045.78
Less: Impairment loss allowance	(9,584.89)	(16,176.53)
Total (ii)	**1,91,592.90**	**1,93,869.25**
Total (A) = (i) + (ii)	**1,91,592.90**	**1,93,869.25**
(B) Out of Above		
(I) Loans in India		
(i) Public Sector	-	-
Less: Impairment loss allowance	-	-
Total (i)	-	-
(ii) Others	2,01,177.79	2,10,045.78
Less: Impairment loss allowance	(9,584.89)	(16,176.53)
Total (ii)	**1,91,592.90**	**1,93,869.25**
Total (I) = (i)+(ii)	**1,91,592.90**	**1,93,869.25**
(II) Loans outside India	-	-
Total (B) = (I) + (II)	**1,91,592.90**	**1,93,869.25**

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9 **Other financial assets**

Particulars	31 March 2022	31 March 2021
Interest receivable on assignment of loans	1,839.95	1,092.60
Security deposits	2,064.42	674.49
Receivable from co-lenders	18,710.76	4,866.34
Others	4,326.26	1,750.79
Total	**26,941.39**	**8,384.22**
(Less) : Impairment allowance on other financial assets	(2,927.76)	(716.60)
Total	**24,013.63**	**7,667.62**

10 **Current tax assets (net)**

Particulars	31 March 2022	31 March 2021
Advance income tax (net of provision	1,660.32	24.55
Total	**1,660.32**	**24.55**

11 **Deferred tax asset (Net)**

Particulars	31 March 2022	31 March 2021
Deferred tax asset on account of:		
Carry forward of unabsorbed losses	6,863.04	-
Provision for expenses allowed for tax purposes on payment basis	89.03	112.71
Expected credit loss	2,000.43	3,787.61
Unamortised processing fee	281.25	318.42
Lease transactions	98.59	50.24
Guarantee fees	164.51	247.85
Unwinding discount of Security Deposit	27.69	32.99
Difference between tax depreciation and depreciation charged for the financial reporting	62.81	36.83
Interest on market linked debentures	380.13	285.10
Gross Deferred Tax Assets	**9,967.48**	**4,871.75**
Deferred tax liability on account of:		
On account of securitisation and direct assignment	1,267.31	683.70
Unamortised borrowing cost	125.01	201.37
Gross Deferred Tax Liabilities	**1,392.32**	**885.07**
Deferred Tax Assets (Net)	**8,575.16**	**3,986.68**
Deferred tax asset recognized	**8,575.16**	**3,986.68**

(₹ 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	Total	
Gross block					
As at 01 April 2020	**464.00**	41.35	**99.18**	**604.53**	**3,705.07**
Additions	15.98	1.98	-	17.96	298.86
Disposals	3.94	-	0.17	4.11	811.76
As at 31 March 2021	**476.04**	**43.33**	**99.01**	**618.38**	**3,192.17**
Additions	72.88	0.95	3.07	76.90	9.42
Disposals	3.21	-	0.09	3.30	4.27
As at 31 March 2022	**545.71**	**44.28**	**101.99**	**691.98**	**3,197.32**
Accumulated depreciation					
As at 01 April 2020	251.89	14.61	30.11	296.61	491.42
Charge for the period	123.84	6.98	31.04	161.86	463.75
Disposals	0.53	-	0.11	0.64	102.07
As at 31 March 2021	**375.20**	**21.59**	**61.04**	**457.83**	**853.10**
Charge for the period	78.11	5.65	17.82	101.58	397.26
Disposals	2.76	-	0.07	2.83	0.87
As at 31 March 2022	**450.55**	**27.24**	**78.79**	**556.58**	**1,249.49**
Net book value					
As at 31 March 2021	**100.84**	**21.74**	**37.97**	**160.55**	**2,339.07**
As at 31 March 2022	**95.16**	**17.04**	**23.20**	**135.40**	**1,947.83**

(i) There are no contractual commitments for the acquisition of property, plant and equipment.
(ii) There is no borrowing costs capitalised during the year ended 31 March 2022 (31 March 2021: Nil).
(iii) There have been no revaluation during the year ended 31 March 2022 (31 March 2021: Nil).

13 Intangible assets

Particulars	Computer softwares
Cost	
As at 01 April 2020	192.51
Additions	5.93
Disposals	-
As at 31 March 2021	**198.44**
Additions	80.16
Disposals	-
As at 31 March 2022	**278.60**
Accumulated amortisation	
As at 01 April 2020	72.93
Charge for the period	58.39
Disposals	-
As at 31 March 2021	**131.32**
Charge for the period	70.74
Disposals	-
As at 31 March 2022	**202.06**
Net book value	
As at 31 March 2021	**67.12**
As at 31 March 2022	**76.54**

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14 Intangible assets under development

Particulars	31 March 2022	31 March 2021
Intangible assets under development	-	145.41
Total	-	**145.41**

Intangible assets under development ageing schedule for projects in progress	31 March 2022	31 March 2021
Less than 1 year	-	99.96
1-2 years	-	30.69
2-3 years	-	14.76
Total	-	**145.41**

15 Other non financial assets

Particulars	31 March 2022	31 March 2021
Indirect tax credits available for utilisation	6.53	50.60
Prepaid expenses	111.42	213.37
Capital advances	11.16	32.43
Other advances	322.40	158.87
Total	**451.51**	**455.27**

16 Debt Securities

Particulars	31 March 2022	31 March 2021
(A) At amortised cost		
(i) Secured		
Privately placed redeemable non-convertible debentures	47,383.58	58,676.97
Issue of Pass Through Certificates	52,779.49	21,127.96
(ii) Unsecured		
Borrowings by issue of commercial papers	1,611.90	-
Total	**1,01,774.97**	**79,804.93**
(B) At FVTPL		
(i) Secured		
Privately placed redeemable non-convertible debentures	18,251.22	8,873.62
Total	**18,251.22**	**8,873.62**
(C) Out of above		
In India	97,220.36	67,401.27
Outside India	22,805.83	21,277.28
Total	**1,20,026.19**	**88,678.55**

(i) Proceeds from issue of Debt securities are utilised for the purpose for which the securities are issued and is in line with the Debenture Trust Deed entered by the Company.

(ii) The quarterly returns filed by the Company with banks and financial institutions are in agreement with the books of accounts of the company.

(iii) There has been no default in repayment of Principal and Interest on borrowings.

(iv) No borrowings are guaranteed by the directors of the Company.

(v) Funds raised on short term basis have not been used for long term purpose.

(vi) The debenture are secured by:

a) A charge by way of hypothecation of all book debts and receivables, present and future of the Company (To the extent of 1 to 1.27 times of outstanding amount of debentures).

b) Corporate guarantee of the Holding Company for 31 March 2022 is ₹ 43,228.92, 31 March 2021 is ₹ 44,823.77

c) Guarantee by third party as at 31 March 2022: ₹ 5,670.04 (31 March 2021: Nil).

d) First loss default guarantee (FLDG) in the form of fixed deposits as at 31 March 2022 is ₹ 135.45 (31 March 2021: ₹ 1,451.00)

vii) First loss default guarantee (FLDG) in the form of fixed deposits for securitisation transactions as at 31 March 2022 is ₹ 3,898.69 (31 March 2021: ₹ 4,348.62)

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Terms of Repayment - Debentures as at 31 March 2022

Original Maturity / Repayment frequency	Monthly/Quarterly repayment			Total
Rate of interest	9%-12%	12%-15%	15%-16%	
Due within 1 year				
No. of instalments	200	41	-	241
Amount	48,968.52	21,753.32	-	70,721.84
Due 1 to 2 years				
No. of instalments	70	25	1	96
Amount	12,525.20	15,381.12	2,000.00	29,906.32
Due 2 to 3 years				
No. of instalments	-	6	-	6
Amount	-	9,371.57	-	9,371.57
Due 3 to 4 years				
No. of instalments	-	1.00	-	1
Amount	-	2,000.00	-	2,000.00
Due 4 to 5 years				
No. of instalments	-	2.00	-	2
Amount	-	4,400.00	-	4,400.00
Interest accrued and impact of EIR				2,014.56
Total	61,493.72	52,906.01	2,000.00	1,18,414.29

Terms of Repayment - Debentures as at 31 March 2021

Original Maturity / Repayment frequency	Monthly/Quarterly repayment			Total
Rate of interest	9%-12%	12%-15%	15%-16%	
Due within 1 year				
No. of instalments	126	69	10	205
Amount	26,991.28	18,549.94	366.04	45,907.26
Due 1 to 2 years				
No. of instalments	54	5	-	59
Amount	13,415.29	9,415.41	-	22,830.70
Due 2 to 3 years				
No. of instalments	1	3	1	5
Amount	128.00	7,700.00	2,000.00	9,828.00
Due 3 to 4 years				
No. of instalments	-	4.00	-	4
Amount	-	8,100.48	-	8,100.48
Interest accrued and impact of EIR				2,012.11
Total	40,534.57	43,765.83	2,366.04	88,678.55

Terms of Repayment - Commercial papers as at 31 March 2022

Original Maturity / Repayment frequency	Bullet repayment	
Rate of interest	11.95%	Total
Due within 1 year		
No. of instalments	1	1
Amount	1,700.00	1,700.00
Impact of undiscounted maturity charges and EIR		(88.10)
Total	1,700.00	1,611.90

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17 Borrowings (Other than debt securities)

Particulars	31 March 2022	31 March 2021
(A) At amortised cost		
(i) Secured		
Term loans		
from banks	26,742.87	42,601.78
from other than banks	25,584.53	24,492.04
Loans repayable on demand		
Overdraft from bank	946.69	1,035.76
Cash credit from banks	2,330.08	2,698.59
Cash credit from other than banks	1,510.42	1,136.49
	57,114.59	**71,964.66**
(ii) Unsecured		
Term loans		
from other than banks	-	-
	-	-
Total	**57,114.59**	**71,964.66**
(B) Out of above		
In India	57,114.59	71,964.66
Outside India	-	-
Total	**57,114.59**	**71,964.66**

(i) The Company has used funds for the specific purpose for which the funds are raised from Banks and Financial Institutions.

(ii) The quarterly returns filed by the Company with banks and financial institutions are in agreement with the books of accounts of the company.

(iii) There has been no default in repayment of Principal and interest on borrowings.

(iv) No borrowings are guaranteed by the directors of the Company.

(v) Funds raised on short term basis have not been used for long term purpose.

(vi) The term loans/ working capital demand loans/ cash credit/ overdraft are secured by:

a) 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).

b) Corporate guarantee of the Holding Company as at 31 March 2022 is ₹ 60,960.50 (31 March 2021: ₹ 69,762.42)

c) First loss default guarantee (FLDG) in the form of security deposits as at 31 March 2022 is ₹ 315.26 (31 March 2021: ₹ 125.00)

d) Overdraft and cash credit availed from banks secured by pledge fixed deposits as at 31 March 2022 is ₹ 5,707.21 (31 March 2021: ₹ 6,231.62)

Terms of Repayment - Term Loans & working capital demand loans as at 31 March 2022

Original Maturity / Repayment frequency	Monthly/Quarterly repayment			Total
Rate of Interest	9%-12%	12%-15%	15%-16%	
Due within 1 year				
No. of instalments	79	193	63	335
Amount	14,128.84	24,401.53	2,036.30	40,566.67
Due 1 to 2 years				
No. of instalments	36	76	4	116
Amount	1,744.55	8,217.92	242.60	10,205.07
Due 2 to 3 years				
No. of instalments	12	13	-	25
Amount	349.94	776.79	-	1,126.73
Due 3 to 4 years				
No. of instalments	-	5	-	5
Amount	-	297.61	-	297.61
Interest accrued and impact of EIR				131.32
Total	**16,223.33**	**33,693.85**	**2,278.90**	**52,327.40**

(₹ in lakhs unless otherwise stated)

Terms of Repayment - Term Loans & working capital demand loans as at 31 March 2021

Original Maturity / Repayment frequency	Monthly/Quarterly repayment			Total
Rate of interest	9%-12%	12%-15%	15%-16%	
Due within 1 year				
No. of instalments	74	297	88	459
Amount	12,800.47	26,187.25	2,574.46	41,562.18
Due 1 to 2 years				
No. of instalments	27	115	51	193
Amount	3,016.67	16,608.32	1,378.95	21,003.94
Due 2 to 3 years				
No. of instalments	11	27	-	38
Amount	675.33	3,725.17	-	4,400.50
Due 3 to 4 years				
Interest accrued and impact of EIR				127.20
Total	16,492.47	46,520.74	3,953.41	67,093.82

18 **Subordinated Debt**

Particulars	31 March 2022	31 March 2021
(A) At amortised cost		
(i) Unsecured		
Term loans		
from banks	2,529.50	2,529.12
Total	2,529.50	2,529.12
(B) Out of above		
In India	2,529.50	2,529.12
Outside India	-	-
Total	2,529.50	2,529.12

(i) The Company has used funds for the specific purpose for which the funds are raised from Banks and Financial institutions.

(ii) The quarterly returns filed by the Company with banks and financial institutions are in agreement with the books of accounts of the company.

(iii) There has been no default in repayment of Principal and Interest on borrowings.

(iv) No borrowings are guaranteed by the directors of the Company.

Terms of Repayment - Subordinated Debt as at 31 March 2022

Original Maturity / Repayment frequency	Bullet repayment	Total
Rate of interest	12%-15%	
Due 2 to 3 years		
No. of instalments	1.00	1.00
Amount	1,000.00	1,000.00
Due 3 to 4 years		
No. of instalments	1.00	1.00
Amount	1,500.00	1,500.00
Interest accrued and impact of EIR		29.50
Total	2,500.00	2,529.50

Terms of Repayment - Subordinated Debt as at 31 March 2021

Original Maturity / Repayment frequency	Bullet repayment	Total
Rate of interest	12%-15%	
Due 3 to 4 years		
No. of instalments	1.00	1.00
Amount	1,000.00	1,000.00
Due 4 to 5 years		
No. of instalments	1.00	1.00
Amount	1,500.00	1,500.00
Interest accrued and impact of EIR		29.12
Total	2,500.00	2,529.12

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19 Other financial liabilities

Particulars	31 March 2022	31 March 2021
Expense and other payables	2,756.16	1,619.51
Payable towards Co-lending	3,608.85	2,278.07
Payable towards direct assignment of loans	939.92	1,124.63
Payables to employees	350.49	214.39
Payables to holding company	115.65	71.98
Lease obligation	2,339.57	2,540.05
Guarantee Liability	11,493.24	3,260.65
Service obligation on account of securitisation	15.70	3.65
Total	**21,619.58**	**11,112.93**

20 Current Tax Liability

Particulars	31 March 2022	31 March 2021
Provision for tax (Net of advance tax and TDS)*	-	1,189.18
Total	-	**1,189.18**

*(net of Advance tax and TDS 31 March 2022: Nil (31 March 2021: ₹ 1,917.69))

21 Provisions

Particulars	31 March 2022	31 March 2021
Provision for employee benefits		
Provision for gratuity benefits	176.37	157.29
Provision for leave benefits	168.81	226.23
Total	**345.18**	**383.52**

22 Other non financial liabilities

Particulars	31 March 2022	31 March 2021
Advances from customers	1,314.54	1,324.28
Statutory dues	577.25	254.75
Total	**1,891.79**	**1,579.03**

23 Equity share capital

Particulars	31 March 2022	31 March 2021
Authorized Shares		
50,72,76,000 Equity shares of ₹ 10 each	5,072.76	5,072.76
Total	**5,072.76**	**5,072.76**
Issued, subscribed and fully paid up		
4,41,87,931 Equity shares of ₹ 10 each		
At the beginning of the year	4,418.79	4,418.79
Changes due to prior period errors	-	-
Restated balance at the beginning of the year	**4,418.79**	**4,418.79**
Add: Issued during the year	-	-
Total	**4,418.79**	**4,418.79**

Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 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.

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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	31 March 2022	31 March 2021
No. of shares held	4,41,87,931	4,41,87,931
% of share holding	100%	100%
% change during the year	-	-

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	31 March 2022	31 March 2021
No. of shares held	4,41,87,931	4,41,87,931
% of share holding	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.

The Company has not allotted any bonus shares in the five years immediately preceding 31 March 2022.

The Company has not bought back equity shares during five years immediately preceding 31 March 2022, nor has it issued any share for consideration other than cash.

24 **Other equity**

Particulars	31 March 2022	31 March 2021
Reserves and Surplus		
(i) Securities Premium		
Balance at the beginning of the year	67,246.84	67,252.72
Add: Premium on issue of Equity Shares	-	-
(Less): Expenses on issue of shares	-	(5.88)
Balance at the end of the year	**67,246.84**	**67,246.84**
(ii) Retained Earnings		
Balance at the beginning of the year	790.88	(665.06)
Add: Total comprehensive income	(14,119.53)	1,879.99
Less: Item of other comprehensive income		
Remeasurement gains / (losses) on defined benefit plan (net of tax)	(24.44)	(48.05)
Less : Transferred to Statutory Reserve u/s section 45-IC of Reserve Bank of India Act, 1934	-	(376.00)
Balance at the end of the year	**(13,353.09)**	**790.88**
(iii) Statutory Reserve u/s section 45-IC of Reserve Bank of India Act, 1934		
Balance at the beginning of the year	1,657.14	1,281.14
Add : Amount transferred during the year	-	376.00
Balance at the end of the year	**1,657.14**	**1,657.14**
Other Reserves		
(i) Other Comprehensive Income		
Balance at the beginning of the year	47.72	(0.33)
Remeasurement gains / (losses) on defined benefit plan (net of tax)	24.44	48.05
Balance at the end of the year	**72.16**	**47.72**
Total of other equity	**55,623.05**	**69,742.58**

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(₹ in lakhs unless otherwise stated)

25 **Interest Income**

Particulars	31 March 2022	31 March 2021
On financial assets measured at Amortised Cost		
Interest on term loans	56,982.81	48,210.04
Guarantee revenue from colending	2,769.90	663.21
Interest on fixed deposits with banks	1,066.46	918.11
Other charges	281.53	233.85
Other interest income	83.77	57.18
Total	**61,184.47**	**50,082.39**

26 **Gain on assignment of loans**

Particulars	31 March 2022	31 March 2021
Gain on assignment of loans	1,575.94	278.25
Loss on modificaion of loans	(158.82)	(13.51)
Total	**1,417.12**	**264.74**

27 **Other Income**

Particulars	31 March 2022	31 March 2021
Commission Income from Insurance	633.48	229.96
Other Commission Income	416.58	158.62
Gain on derecognition of Asset	-	166.60
Unwinding discount of security deposit	(72.09)	102.85
Other Income	274.81	35.55
Total	**1,252.78**	**693.58**

28 **Finance Costs**

Particulars	31 March 2022	31 March 2021
On Financial liabilities measured at amortised cost		
On debt securities	7,650.75	6,376.85
On borrowings (other than debt securities)	8,200.82	10,379.23
On securitisation liabilities	5,357.91	2,116.80
On commercial papers	1.95	2.35
On lease obligation	320.84	385.79
Others	422.58	231.84
On Financial liabilities measured at fair value		
On debt securities	1,795.66	750.68
Total	**23,750.51**	**20,243.54**

29 **Fees and commission expenses**

Particulars	31 March 2022	31 March 2021
Commission and Brokerage	5,916.44	1,237.71
Total	**5,916.44**	**1,237.71**

30 **Impairment on financial instruments at amortised cost**

Particulars	31 March 2022	31 March 2021
Provisions	(6,591.63)	9,174.37
Other financial assets	310.46	648.27
Write offs		
On other than restructured portfolio	14,670.23	7,699.72
On restructured portfolio	33,082.14	246.16
Total	**41,471.20**	**17,768.52**

During the year ended 31 March 2022, as a matter of prudence, the Company has made an additional impairment of ₹ 27,490.48 lakhs (net off provisions) on the restructured portfolio based on Company's assessment. (31 March 2021: ₹ 5,875.04 Lakhs).

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31 **Employee Benefit Expenses**

Particulars	31 March 2022	31 March 2021
Salaries and wages	3,992.25	3,197.10
Contribution to provident and other funds	127.90	111.59
Reimbursement of ESOP expenses	28.89	37.44
Leave benefit expense	(3.17)	86.36
Gratuity	70.84	81.44
Staff welfare expenses	194.43	124.65
Total	**4,411.14**	**3,638.58**

32 **Depreciation and amortisation expenses**

Particulars	31 March 2022	31 March 2021
Depreciation and amortisation expenses	569.57	684.00
Total	**569.57**	**684.00**

33 **Other Expenses**

Particulars	31 March 2022	31 March 2021
Power and fuel	65.21	55.75
Rent	43.74	48.99
Repairs and maintenance	42.41	32.66
Insurance	15.25	19.87
Telephone and communication expense	119.36	139.55
Franking and stamping expenses	149.21	66.50
Marketing and sales promotion expense	124.83	50.21
Auditor's fees and expenses (Refer note 33.1 below)	21.26	36.89
Legal and Professional charges	975.16	637.18
Service charges of outsourced employees	865.22	702.48
Guarantee fees	1,431.12	1,371.55
License fees	479.62	356.55
Business support services	39.66	82.21
Printing and stationery	7.94	8.34
Travelling expenses	62.48	14.45
Bank charges	35.54	82.61
Courier expenses	119.17	61.12
Software license fees	1,218.46	745.48
Rates & taxes	16.42	32.55
Security expenses	11.07	15.16
PPE & Intangible assets under development written off	150.29	3.02
Director sitting fees	9.59	6.54
Housekeeping expenses	25.78	25.49
CSR Expenditure	68.62	34.45
Miscellaneous expenses	35.81	22.96
Total	**6,133.22**	**4,652.56**

33.1 **Auditor's Remuneration**

Particulars	31 March 2022	31 March 2021
Audit fee	11.99	23.98
Tax audit fee	2.18	2.18
In other capacity :		
Certification services	7.09	10.36
Reimbursement of expenses	-	0.37
Total	**21.26**	**36.89**

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34 Tax expense

Particulars	31 March 2022	31 March 2021
Current tax expense		
Current tax for the year	-	3,128.07
Tax of earlier years	342.96	-
	342.96	**3,128.07**
Deferred taxes		
Change in deferred tax assets	5,103.95	2,224.11
Change in deferred tax liabilities	(507.25)	(79.90)
Net deferred tax expense / (income)	**(4,596.70)**	**(2,144.21)**
Total income tax expense	**(4,253.74)**	**983.86**

34.1 Tax reconciliation

Particulars	31 March 2022	31 March 2021
Profit before income tax expense	(18,397.71)	2,815.80
Effective Tax Rate	25.17%	25.17%
Tax at statutory income tax rate	(4,630.34)	708.68
Tax effect of amounts which are not deductible / not taxable in calculating taxable income		
Expenses disallowed	360.41	44.86
Impact of change in tax rate	-	246.51
Deferred tax expense on account of OCI	16.19	(16.19)
Income tax expense	**(4,253.74)**	**983.86**

34.2 Deferred tax movement from 31 March 2021 to 31 March 2022:

Deferred tax assets (net)	31 March 2022	Recognised in Statement of Profit or loss	Recognised in OCI	31 March 2021
Deferred tax asset on account of:				
Carry forward of unabsorbed losses	6,863.04	(6,863.04)	-	-
Provision for expenses allowed for tax purposes on payment basis	89.03	15.46	8.22	112.71
Expected credit loss	2,000.43	1,787.18	-	3,787.61
Unamortised processing fee	281.25	37.17	-	318.42
Lease transactions	98.59	(48.35)	-	50.24
Guarantee fees	164.51	83.34	-	247.85
Unwinding discount of Security Deposit	27.69	5.30	-	32.99
Difference between tax depreciation and depreciation charged for the financial reporting	62.81	(25.98)	-	36.83
Interest on market linked debentures	380.13	(95.03)	-	285.10
	9,967.48	**(5,103.95)**	**8.22**	**4,871.75**
Deferred tax liability on account of:				
On account of securitisation and direct assignment	1,267.31	583.61	-	683.70
Unamortised borrowing cost	125.01	(76.36)	-	201.37
	1,392.32	**507.25**	-	**885.07**
Deferred tax charge/(credit) for the year	**8,575.16**	**(4,596.70)**	**8.22**	**3,986.68**

35 Earning Per Share

Particulars	31 March 2022	31 March 2021
(A) Net profit/(loss) after tax for the year	(14,143.97)	1,831.94
(B) Weighted average number of equity shares for basic earnings per share	4,41,87,931	4,41,87,931
(C) Weighted average number of equity shares for diluted earnings per share	4,41,87,931	4,41,87,931
Basic earning per share in ₹ (A/B)	(32.01)	4.15
Diluted earning per share in ₹ (A/C)	(32.01)	4.15
[Nominal value of shares ₹ 10 each (Previous Year : ₹ 10)]		

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36. Segment Information

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 2022 and 31 March 2021. The Company operates in a single geographical segment i.e. domestic, and accordingly, there are no separate reportable segments as per Ind AS 108 dealing with operating segments.

37. Related party transactions

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

(a) Name of Related parties with whom the Company had transactions

Nature of Relationship	Name of Related Parties
Holding company	Lendingkart Technologies Private Limited
Entity having significant influence in Holding company	Fullerton Financial Private Limited

(b) Name of Key Managerial Persons

Nature of Relationship	Name of Related Parties
Independent director	Mr. Thallapaka Venakateswara Rao
Independent director	Mrs. Uma Subramaniam
Independent director (Resigned on 17 June 2021)	Mr. Gaurav Mittal

(c) Transactions during the year with related parties

Sr. No.	Nature of transactions	31 March 2022	31 March 2021
1	**Lendingkart Technologies Private Limited**		
	License fee paid for use of software (Excludes 50% reversal of goods and services tax input credit) (refer note 1 below)	440.02	327.11
	Business support charges paid (Excludes 50% reversal of goods and services tax input credit)	36.39	75.42
	Reimbursement of ESOP expenses (Excludes 50% reversal of goods and services tax input credit)	26.51	34.35
	Reimbursement of collection on behalf of holding company (refer note 2 below)	72.10	-
2	**Mr. Gaurav Mittal**		
	Director sitting fee (Excludes 50% reversal of goods and services tax input credit)	0.30	1.25
3	**Mr. Thallapaka Venakateswara Rao**		
	Director sitting fee (Excludes 50% reversal of goods and services tax input credit)	5.50	4.75
4	**Mrs. Uma Subramaniam**		
	Director sitting fee (Excludes 50% reversal of goods and services tax input credit)	3.00	-

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

Sr. No.	Nature of transactions	31 March 2022	31 March 2021
1	Lendingkart Technologies Private Limited	(115.65)	(71.98)
2	Mr. Gaurav Mittal	-	(0.09)

(e) Guarantees given by holding Company*

Sr. No.	Nature of transactions	31 March 2022	31 March 2021
1	Loans borrowed from financial institutions and Banks guaranteed by the Holding Company (including CC facility)		
	Sanctioned amount	1,22,029.80	1,61,660.53
	Outstanding amount	60,960.50	69,762.42
2	Non-Convertible debentures issued to financial institutions, banks and other company guaranteed by the Holding Company		
	Sanctioned amount	46,900.00	63,750.00
	Outstanding amount	43,228.92	44,823.77
3	Co-lending transactions with banks guaranteed by Holding company	764.96	-

* 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

Note 1: The Company has entered into License Agreement with Holding Company dated 19 June 2015 for a term of 5 years, which was further renewed on 03 September 2020 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.

Note 2: During the year ended 31 March 2022, the Holding Company has started issuing financial health report to the borrowers of Lendingkart Finance Limited, consideration of which is received by the Company and later remitted to the Holding Company.

38. Transactions with Struck off companies

Sr. No.	Name of struck-off Company	Nature of transactions	Balance outstanding	Relationship with Company
1	Enfros India Solutions Private Limited	Loan to borrowers	16.69	Borrower
2	Mirzapur Electrical Industries Private Limited		15.94	Borrower
3	Professional Web Tech Private Limited		8.63	Borrower
4	Vats Electrodes Private Limited		7.70	Borrower
5	CPL Media Private Limited		7.15	Borrower
6	Getwell Nutraceuticals India Private Limited		3.95	Borrower
7	Karyana99 Marketing Private Limited		2.36	Borrower
8	Powertherm Systems Private Limited		2.04	Borrower
9	Zusammen Private Limited		0.56	Borrower
10	Trueblue Tours And Taxi Private Limited		0.50	Borrower
11	Wagnor Lighting Private Limited		0.20	Borrower

39. 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 is payable on outstanding amounts (under the provisions of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006) during the year ended 31 March 2022.

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40. The Company has incurred cash losses during the year ended 31 March 2022 of ₹ 35,245.89 (including loan write-offs ₹ 47,735.24) against profit for the year ended 31 March 2021: ₹ 21,232.08 (including loan write-offs ₹ 7,945.88).

41. As per SEBI Operational Circular SEBI/HO/DDHS/P/CIR/2021/613 dated 10 August 2021, the Company is not a Large Corporate.

42. **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 ₹ 28.89 for the year ended 31 March 2022 (31 March 2021: ₹ 37.44).

43. **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%. 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	31 March 2022	31 March 2021
Balance at the beginning of the year	**2,339.07**	**3,213.65**
Additions	9.42	298.86
Closure	3.40	709.69
Depreciation expense	397.26	463.75
Change due to revaluation	-	-
Balance at the end of the year	**1,947.83**	**2,339.07**

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

Particulars	31 March 2022	31 March 2021
Opening Balance	**2,540.05**	**3,336.70**
Additions	9.42	163.64
Accretion of interest	320.84	385.79
Closure	(2.33)	(741.06)
Payments	(528.41)	(605.02)
Closing Balance	**2339.57**	**2,540.05**

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

Particulars	31 March 2022	31 March 2021
Short-term leases	43.74	48.99

iv. The undiscounted maturity analysis of lease liabilities at 31 March 2022 is as follows:

Lease Liability	31 March 2022	31 March 2021
Not later than one year	539.26	541.68
Later than one year and not later than five years	2,633.77	2,134.76
Later than five years	231.24	1,263.07
Total undiscounted lease liabilities	3,404.27	3,939.51

v. The effective interest rate of lease liabilities for the year ended 31 March 2022 is 13.14% (31 March 2021: 13.95%).

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

Particulars	31 March 2022	31 March 2021
Depreciation expense right of use of assets	397.26	463.75
Interest expense on lease liabilities	320.84	385.79
Expense relating to short term leases (included in other expenses)	43.74	48.99
Loss/ (Gain) on derecognition of assets	-	(166.60)
Total Amount recognized in statement of profit and loss account	**761.84**	**731.93**

44. **Expenditure in foreign currency (on accrual basis)**

Particulars	31 March 2022	31 March 2021
Professional Fees	4.16	117.27
Software Expenses	3.81	1.53
Total	**7.97**	**118.80**

45. **Contingent liability and Commitments**

a) **Contingent Liability**

Description of the contingent liability	31 March 2022	31 March 2021
Guarantees excluding financial guarantees		
Credit enhancements provided by the Company towards securitisation (including corporate guarantee, cash collateral and loan assets retained as Minimum retention Requirement (MRR)	8,805.26	9,108.00
Corporate guarantee in case of co-lending transactions	27,557.86	10,533.59

b) **Capital and other commitments**

Description of the capital and other commitments	31 March 2022	31 March 2021
Loan sanctioned not yet disbursed	2,862.32	3,130.30
Other capital advances (Excludes 50% reversal of goods and service tax input credit)	11.16	13.60

46. **Retirement benefit plans**

A. **Defined benefit obligation**

Contribution to Gratuity fund (Unfunded):

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:

i. **Key actuarial assumptions:**

Particulars	31 March 2022	31 March 2021
Discount rate (per annum)	6.10%	6.50%
Rate of salary increase	12.00%	12.00%
Rate of employee turnover (per annum)		
Age band		
25 & Below	28.00%	18.00%
25 to 35	26.00%	15.00%
35 to 45	24.00%	12.00%
45 to 55	22.00%	9.00%
55 & Above	20.00%	6.00%

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

Particulars	31 March 2022	31 March 2021
Defined benefit obligation at the beginning of the year	157.29	159.27
Interest on defined benefit obligation	9.90	10.39
Current service cost	60.94	71.05
Benefits paid	(19.10)	(19.18)
Remeasurements due to :		
Actuarial loss/(gain) arising from change in demographic assumptions	(32.89)	-
Actuarial loss/(gain) arising from change in financial assumptions	3.14	1.32
Actuarial loss/(gain) arising on account of experience changes	(2.91)	(65.56)
Present Value of obligation at the end of the year	**176.37**	**157.29**

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

Particulars	31 March 2022	31 March 2021
Present value of the defined benefit obligation at the end of the year	176.37	157.29
Fair Value of Plan Assets at the end of the year	-	-
Funded Status (Surplus/ (Deficit))	-	-
Net liability recognised in the balance sheet	**176.37**	**157.29**

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

Particulars	31 March 2022	31 March 2021
Current Service Cost	60.94	71.05
Interest cost	9.90	10.39
Net gratuity cost recognised in the current year	**70.84**	**81.44**

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

Particulars	31 March 2022	31 March 2021
Actuarial loss / (gain) on post-employment benefit obligation	(32.66)	(64.24)
Total remeasurement cost / (credit) for the year recognised in OCI	**(32.66)**	**(64.24)**

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

Particulars	31 March 2022	31 March 2021
Net defined benefit liability/(asset) as at the beginning of the year	157.29	159.27
Expense charged to Statement of Profit and Loss	70.84	81.44
(Benefit paid directly by the employer)	(19.10)	(19.18)
Amount recognised in other comprehensive income	(32.66)	(64.24)
Net Liability/(Asset) Recognized in the Balance Sheet	**176.37**	**157.29**

vii. **Sensitivity analysis:**

Particulars	31 March 2022	31 March 2021
Impact of increase in 0.5% on rate of discounting	172.46	150.86
Impact of decrease in 0.5% on rate of discounting	180.44	164.19
Impact of increase in 0.5% on rate of salary increase	179.49	161.57
Impact of decrease in 0.5% on rate of salary increase	173.09	152.99
Impact of increase in 10% on rate of employee turnover	169.58	152.70
Impact of decrease in 10% on rate of employee turnover	183.72	161.89

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viii. **Maturity analysis of projected benefit obligation:**

Particulars	31 March 2022	31 March 2021
Expected benefits for year 1	25.52	6.98
Expected benefits for year 2	25.15	10.42
Expected benefits for year 3	26.72	12.31
Expected benefits for year 4	24.91	16.67
Expected benefits for year 5	23.69	16.88
Expected benefits for years 6 to 10	74.01	77.18

ix. **The Experience adjustment on plan assets:**

Particulars	31 March 2022	31 March 2021	31 March 2020	31 March 2019	31 March 2018
Defined benefit obligation	176.37	157.29	159.27	82.50	44.72
Plan assets	-	-	-	-	-
Surplus/ (deficit)	(176.37)	(157.29)	(159.27)	(82.50)	(44.72)
Experience adjustment of plan assets	-	-	-	-	-
Experience adjustment of plan liabilities	(2.91)	(65.56)	(6.31)	(5.26)	(10.45)

B. **Compensated absences:**

Maturity Profile

Particulars	31 March 2022	31 March 2021
Present value of unfunded obligations	168.81	226.23
Expense recognised in the Statement of Profit and Loss	(3.17)	86.36
Discount rate (p.a.)	6.10%	6.50%
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 ₹ 126.63 (31 March 2021: ₹ 108.90) for provident fund contributions in the Statement of profit and loss.

47. The Indian Parliament has approved the Code on Social Security, 2020 which subsumes the Provident Fund and the Gratuity Act and rules thereunder. The Ministry of Labour and Employment has also released draft rules thereunder on 13 November 2020 and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will evaluate the rules, assess the impact, if any and account for the same once the rules are notified and become effective.

48. **Corporate Social Responsibility Expenses**

Details as per Section 135 of the Companies Act, 2013 is as under:

Particulars	31 March 2022	31 March 2021
Amount required to be spent by the Company during the year	68.62	34.45
Amount of expenditure incurred	27.18	0.85
Transferred to CSR unspent account for ongoing projects*	41.44	33.60
Shortfall at the end of the year	-	-
Total of previous years shortfall	-	-
Details of related party transactions	N.A	N.A

*The Company has transferred unspent amount in a separate CSR account as per section 135(6) of the Companies Act, 2013.

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Nature of CSR Activities:

For Financial Year 2021-22

(i) Sustained Menstrual Protection for Unprivileged and Adolescent Girls

Implementing Agency: Ahmedabad Women's Action Group, a public charitable trust.

Project Details: The Company, through Ahmedabad Women's Action Group (AWAG), a public charitable trust, had undertaken the various activities for improving healthcare and creating awareness about and inculcating sustained menstrual protection and healthy diet practices for unprivileged and adolescent girls in Ahmedabad.

(ii) Good School Project

Implementing Agency: One Good Step, a public charitable trust.

Project Details: The Good School Project – For development of government schools in Bengaluru. The duration of the project is 18 months, commencing from March 2022.

For Financial Year 2020-21

(i) Distribution of sewing machines to a group of women.

Implementing Agency: Ahmedabad Women's Action Group, a public charitable trust.

Project Details: The Company made contribution to Ahmedabad Women's Action Group (AWAG), a public charitable trust, for distribution the sewing machines to a group of needy women on International Women's Day, i.e. 8 March, 2021, in order to facilitate them for earning their livelihood, and to make them self-reliant.

(ii) Construction of building premises for undertaking CSR activities

Implementing Agency: Shree Jain Shwetambar Terapanthi Sabha, Ahmedabad, a public charitable trust.

Project Details: Construction of the building premises for carrying out primarily the CSR activities, i.e. promoting healthcare, promoting education and empowering women. The duration of the project is 3 years.

49. The Company does not have any outstanding loans against gold jewellery as at 31 March 2022 (31 March 2021: Nil).

50. **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.

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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 2022	31 March 2021
Tier I capital	46,028.06	67,847.88
Tier II capital	-	8,525.29
Total capital	**46,028.02**	**76,373.17**
Risk weighted assets (RWA)	**1,77,526.13**	**1,97,127.66**
Tier I CRAR	25.93%	34.42%
Tier II CRAR	-	4.32%
CRAR	25.93%	38.74%

51. **Transfers of assets:**

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

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 2022	31 March 2021
Carrying amount of transferred assets measured at amortised cost (including loans placed as collateral)	59,200.40	26,638.84
Carrying amount of associated liabilities (Debt securities - measured at amortised cost)	52,779.49	21,127.96
Fair value of assets	59,200.40	26,638.84
Fair value of associated liabilities	52,779.49	21,127.96
Net position at Fair Value	6,420.91	5,510.88

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.

52. **Events after reporting date:**

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

53. **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'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.

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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.

Valuation methodologies adopted

- Fair values of financial assets and financial liabilities are measured at amortised cost except for market linked debentures and cash and bank balances which are 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.
- The Company has determined that the carrying values of 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.

54. 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 2022		31 March 2021	
	At Amortised cost	At FVTPL	At Amortised cost	At FVTPL
Financial assets:				
Cash and Cash equivalent	21,158.06	-	28,786.04	-
Bank balances other than Cash and Cash equivalents	13,957.32	-	14,096.80	-
Loans	1,91,592.90	-	1,93,869.25	-
Other financial assets	24,013.63	-	7,667.62	-
Total financial assets	**2,50,721.91**	-	**2,44,419.71**	-
Financial liabilities:				
Debt Securities	1,01,774.97	18,251.22	79,804.93	8,873.62
Borrowings (other than debt securities)	57,114.59	-	71,964.66	-
Subordinated Debt	2,529.50	-	2,529.12	-
Other financial liabilities	21,619.58	-	11,112.93	-
Total financial liabilities	**1,83,038.64**	**18,251.22**	**1,65,411.64**	**8,873.62**

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Fair value of financial instruments measured at amortized cost:

Particulars	Level of hierarchy	31 March 2022	31 March 2021
Financial assets:			
Cash and Cash equivalent	Level 1	21,158.06	28,786.04
Bank balances other than Cash and Cash equivalents	Level 1	13,957.32	14,096.80
Loans	Level 3	1,91,592.90	1,93,869.25
Other financial assets	Level 3	24,013.63	7,667.62
Total financial assets		**2,50,721.91**	**2,44,419.71**
Financial liabilities:			
Debt Securities	Level 3	1,01,774.97	79,804.93
Borrowings (other than debt securities)	Level 3	57,114.59	71,964.66
Subordinated Debt	Level 3	2,529.50	2,529.12
Other financial liabilities	Level 3	21,619.58	11,112.93
Total financial liabilities		**1,83,038.64**	**1,65,411.64**

Fair value of financial instruments designated at FVTPL:

Particulars	Level of hierarchy	31 March 2022	31 March 2021
Financial liabilities:			
Debt Securities	Level 2	18,251.22	8,873.62

55. 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 55 (C).

A. Liquidity Risk:

The Company's Board of Directors has overall responsibility of management of liquidity risk. The Board decides the strategic policies and procedures of the Company to manage liquidity risk in accordance with approved risk tolerance limits.

The Asset Liability Committee of the Company consisting of the Company's senior management, is responsible for ensuring adherence to the risk tolerance limits as well as implementing the liquidity risk management strategy of the Company. 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 also has a Risk Oversight Committee reporting to the Board and responsible for evaluating overall risks faced by the Company including liquidity 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.

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

Financial assets	31 March 2022		31 March 2021	
	Within 1 year	After 1 year	Within 1 year	After 1 year
Financial Assets				
Cash and Cash equivalents	21,158.06	-	28,786.04	-
Bank balances other than Cash and Cash equivalents	8,294.51	5,662.81	12,902.87	1,193.93
Loans	1,14,942.79	1,36,776.86	1,26,914.82	1,53,015.83
Other financial assets	16,173.97	7,839.66	4,104.78	3,562.84
Total Financial Assets	**1,60,569.32**	**1,50,279.33**	**1,72,708.51**	**1,57,772.60**
Financial Liabilities				
Debt Securities (Other than securitisation liabilities)	41,177.69	38,916.26	35,633.77	43,040.19
Securitisation liabilities	38,260.48	14,519.01	16,855.28	4,272.68
Borrowings (other than debt securities)	49,388.38	12,437.01	52,398.77	27,551.79
Subordinated Debt	358.50	3,196.97	358.50	3,555.47
Other financial liabilities	4,871.73	6,303.62	4,331.55	4,916.54
Total Financial Liabilities	**1,34,056.78**	**75,372.87**	**1,09,577.87**	**83,336.67**

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

As at 31 March 2022	Within 1 year	After 1 year	Total
Assets			
Financial assets			
Cash and Cash equivalents	21,158.06	-	21,158.06
Bank balances other than Cash and Cash equivalents	9,302.60	4,654.72	13,957.32
Loans	81,026.11	1,10,566.79	1,91,592.90
Other financial assets	16,173.97	7,839.66	24,013.63
Non-financial assets			
Current tax assets (Net)	-	1,660.32	1,660.32
Deferred tax asset (Net)	-	8,575.16	8,575.16
Property, plant and equipment	-	135.40	135.40
Other Intangible assets	-	76.54	76.54
Intangible assets under development	-	-	-
Right-of-use assets	-	1,947.83	1,947.83
Other non-financial assets	440.35	11.16	451.51
Total assets	**1,28,101.08**	**1,35,467.58**	**2,63,568.67**
Liabilities			
Financial liabilities			
Debt Securities	74,078.53	45,947.66	1,20,026.19
Borrowings (Other than debt securities)	45,606.67	11,507.92	57,114.59
Subordinated Debt	30.45	2,499.05	2,529.50
Other financial liabilities	9,861.41	11,758.17	21,619.58
Non-Financial liabilities			
Current tax liabilities (net)	-	-	-
Provisions	108.20	236.98	345.18
Other non-financial liabilities	1,561.66	330.13	1,891.79
Total liabilities	**1,31,246.92**	**72,279.91**	**2,03,526.83**

*For any ALM mismatches, the Company holds adequate liquid assets and sanction lines.

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As at 31 March 2021	Within 1 year	After 1 year	Total
Assets			
Financial assets			
Cash and cash equivalents	28,786.04	-	28,786.04
Bank balances other than cash and cash equivalents	12,902.88	1,193.92	14,096.80
Loans	79,443.40	1,14,425.85	1,93,869.25
Other financial assets	4,104.79	3,562.83	7,667.62
Non-financial assets			
Current tax assets (net)	-	24.55	24.55
Deferred tax asset (Net)	-	3,986.68	3,986.68
Property, plant and equipment	-	160.55	160.55
Other Intangible assets	-	67.12	67.12
Intangible assets under development	-	145.41	145.41
Right-of-use assets	-	2,339.07	2,339.07
Other non-financial assets	422.84	32.43	455.27
Total assets	**1,25,659.95**	**1,25,938.41**	**2,51,598.36**
Liabilities			
Financial liabilities			
Debt Securities	47,753.48	40,925.07	88,678.55
Borrowings (Other than debt securities)	46,617.18	25,347.48	71,964.66
Subordinated Debt	30.45	2,498.67	2,529.12
Other financial liabilities	5,216.42	5,896.51	11,112.93
Non-Financial liabilities			
Current tax liabilities (net)	1,189.18	-	1,189.18
Provisions	29.21	354.31	383.52
Other non-financial liabilities	254.75	1,324.28	1,579.03
Total liabilities	**1,01,090.67**	**76,346.32**	**1,77,436.99**

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 2022		31 March 2021	
	USD	₹ in Lakhs	USD	₹ in Lakhs
Expenses payable	675.00	0.52	1,43,646.00	105.93

Foreign currency sensitivity

Foreign current rate	Impact on profit before tax	
	31 March 2022	31 March 2021
Foreign currency exposure risk		
Increase by 5%	0.03	5.30
Decrease by 5%	(0.03)	(5.30)

(₹ in Lakhs unless otherwise stated)

(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 2022	31 March 2021
Debt Securities (variable)	18,251.22	8,873.62
Debt Securities (fixed)	1,01,774.97	58,676.97
Borrowings (other than debt securities) (variable)	24,913.14	24,489.69
Borrowings (other than debt securities) (fixed)	32,201.45	68,602.93
Subordinated debts (variable)	-	-
Subordinated debts (fixed)	2,529.50	2,529.12
Total Borrowings	**1,79,670.28**	**1,63,172.33**

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 2022	31 March 2021
Borrowings, debt securities & subordinate debt		
Increase by 50 basis points	(215.82)	(166.82)
Decrease by 50 basis points	215.82	166.82

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, Interest receivable on assignment of loans and Receivable from co-lenders were subjected to simplified ECL approach under Ind AS 109 'Financial Instruments' and accordingly were not subject to sensitivity of future economic conditions.

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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 outstanding and interest accrued 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.

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

Particulars	31 March 2022				31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance of gross carrying amount	1,50,299.58	54,554.02	5,192.18	**2,10,045.78**	2,07,893.06	5,938.04	4,793.37	**2,19,624.47**
Transfers during the year								
Transfers to Stage 1	4,442.01	(4,414.18)	(27.83)	-	136.34	(135.37)	(0.97)	**(0.00)**
Transfers to Stage 2	(4,095.99)	4,095.99	-	-	(41,860.07)	41,868.71	(5.64)	**(0.00)**
Transfers to Stage 3	(10,672.34)	(38,976.28)	49,648.62	-	(7,179.66)	(826.95)	8,006.61	-
Changes to contractual cash flows due to modifications not resulting in derecognition	372.00	96.90	2,288.17	**2,757.07**	3,424.10	10,857.42	936.67	**15,218.19**
Changes in opening credit exposures (additional disbursement net of repayments)	(87,358.09)	(6,420.99)	(2,423.52)	**(96,202.60)**	(86,089.91)	(5,606.44)	(898.98)	**(92,595.33)**
New credit exposures during the year, net of repayments	1,30,221.66	1,197.01	911.24	**1,32,329.91**	74,975.72	461.61	307.00	**75,744.33**
Amounts written off	-	-	(47,752.37)	**(47,752.37)**			(7,945.88)	**(7,945.88)**
Closing balance of gross carrying amount	**1,83,208.83**	**10,132.47**	**7,836.49**	**2,01,177.79**	**1,50,299.58**	**54,554.02**	**5,192.18**	**2,10,045.78**

* Number of loans in Stage -3 for the year ended 31 March 2022 is 3,730 (31 March 2021: 2,732)

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Particulars	31 March 2022				31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance of ECL allowance	4,023.11	8,825.99	3,326.43	**16,176.53**	2,716.87	1,529.51	2,689.58	**6,935.56**
Transfers during the year								
Transfers to Stage 1	675.06	(659.42)	(15.64)	-	26.15	(25.62)	(0.53)	-
Transfers to Stage 2	(125.55)	125.55	-	-	(694.64)	697.75	(3.11)	-
Transfers to Stage 3	(327.74)	(6,404.29)	6,732.03	-	(134.17)	(283.07)	417.24	-
Changes to contractual cash flows due to modifications not resulting in derecognition	0.05	-	540.61	**540.66**	112.65	1,738.15	298.92	**2,149.72**
Changes in opening credit exposures (additional disbursement net of repayments)	(2,783.04)	(1,120.43)	41,309.87	**37,405.40**	(0.05)	5,027.28	7,668.19	**12,695.42**
New credit exposures during the year, net of repayments	2,419.03	303.12	491.52	**3,213.67**	1,996.30	142.99	202.02	**2,341.31**
Amounts written off	-	-	(47,752.37)	**(47,752.37)**	-	-	(7,945.88)	**(7,945.88)**
Closing balance of ECL allowance	**3,880.92**	**1,071.52**	**4,632.45**	**9,584.89**	**4,023.11**	**8,826.99**	**3,326.43**	**16,176.53**

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 2022:

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	1,83,208.83	10,132.47	7,836.49	**2,01,177.79**
Allowance for ECL	3,880.92	1,071.52	4,632.45	**9,584.89**
ECL Coverage ratio	2.12%	10.58%	59.11%	**4.76%**

As at 31 March 2021:

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	1,50,299.58	54,554.02	5,192.18	**2,10,045.78**
Allowance for ECL	4,023.11	8,826.99	3,326.43	**16,176.53**
ECL Coverage ratio	2.68%	16.18%	64.07%	**7.70%**

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.

ECL sensitivity to future economic conditions

ECL coverage of financial instruments under forecast economic conditions:

Particulars	31 March 2022	31 March 2021
Gross carrying amount of loans	2,01,177.79	2,10,045.78
Reported ECL	9,584.89	16,176.53
Reported ECL coverage	4.76%	7.70%
ECL amounts for alternate scenario*		
Downside scenario (10%)	10,543.38	10,332.25
Upside scenario (10%)	8,626.40	8,453.66
ECL coverage ratios by scenario		
Downside scenario (10%)	5.24%	4.92%
Upside scenario (10%)	4.29%	4.02%

*During the previous year ended 31 March 2021, the Company has not considered Management overlay for alternate scenario.

56. Other statutory information:

i. The Company does not have any Benami property, and no proceeding has been initiated or pending against the Company for holding any Benami property.

ii. The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

iii. The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

iv. The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
  (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

v. The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
  (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
  (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

vi. The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

vii. The Company has not been declared as a wilful defaulter by any bank, financial institution or any other lender.

57. Disclosures pursuant to RBI Notification - RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated 06 August 2020 and RBI/2021-22/31/DOR.STR.REC.11/21.04.048/2021-22 dated 05 May 2021:

As at 31 March, 2022, the Company had exposure to accounts classified as Standard consequent to implementation of resolution plan of ₹ 48,139.85 Lakhs, of which during the year ended 31 March 2022, addition to exposure is of ₹ 3,783.36 Lakhs, the aggregate debt that slipped into NPA is ₹ 1,210.81 Lakhs, amount written off is ₹ 37,263.68 Lakhs, amount paid by the borrowers is ₹ 7,050.63 Lakhs and Exposure to accounts classified as Standard consequent to implementation of resolution plan as at 31 March 2022 is ₹ 6,398.08 Lakhs.

58. Pursuant to RBI circular DOR.STR.REC.68/21.04.048/2021-22 dated 12 November 2021 on "Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances - Clarification" the Company has aligned its definition of default from number of installments outstanding approach to Days Past Due approach. On 15 February 2022, RBI allowed deferment till 30 September 2022 of Para 10 of this circular pertaining to upgrade of Non-performing accounts. However, the Company has not opted for this deferment.

59. Disclosure for liquidity coverage ratio as per RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated 04 November 2019 is not applicable as the Company is NBFC-NDSI with an asset size of less than ₹ 5,00,000 Lakhs.

60. Disclosures pursuant to RBI Notification - RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated 24 September 2021:

(a) Details of transfer through assignment in respect of loans not in default during the financial year ended 31 March 2022: (Excluding transactions entered with respect to circular - RBI/2020-21/63 FIDD.CO.Plan. BC.No.8/ 04.09.01/2020-21).

Particulars	Details
Amount of loans transferred through assignment	4,953.40
Retention of beneficial economic interest	20.00%
Weighted average residual maturity (in months)	19.01
Weighted average holding period (in months)	13.52
Coverage of tangible security coverage	N.A
Rating-wise distribution of rated loans	Unrated

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(b) The Company has not acquired loans through assignment during the financial year ended 31 March 2022.

(c) The Company has not acquired / transferred any stressed loans during the financial year ended 31 March 2022.

61. **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.	Particulars	31 March 2022	31 March 2021
(a)	Capital Risk Asset Ratio (%)	25.93%	38.74%
(b)	Capital Risk Asset Ratio (%) - Tier I Capital (%)	25.93%	34.42%
(c)	Capital Risk Asset Ratio (%) - Tier II Capital (%)	-	4.32%
(d)	Amount of subordinated debt raised as Tier-II capital (Raised during the year ₹ Nil, previous year ₹ Nil)	2,500.00	2,500.00

B. Details of investments

Particulars	31 March 2022	31 March 2021
Current Investments:		
1. Quoted:	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
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
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
i. Shares:		
a. Equity		
b. Preference		
ii. Debentures and Bonds		
iii. Units of mutual funds		
iv. Government Securities		
v. Others (please specify)		

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(₹ in Lakhs unless otherwise stated)

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 2022	31 March 2021
1	No. of SPVs sponsored by the NBFC for securitisation transactions	22	15
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	62,776.94	26,939.96
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	4,629.80	110.53
	Others	-	-
	b. On balance sheet exposure		
	First Loss	4,200.92	3,904.20
	Others (Overcollateralization)	8,543.99	5,093.27
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	-	-
5	Sale consideration received for the securitised assets and gain/loss on sale on account of securitisation	83,839.36	48,635.90
6	Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc.	62,776.94	26,939.96
7	Performance of facility provided. Please provide separately for each facility viz. Credit enhancement, liquidity support, servicing agent etc. Mention percent in bracket as of total value of facility provided. (a) Amount paid (b) Repayment received (c) Outstanding amount	5,607.63	3,243.44
8	Average default rate of portfolios observed in the past. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans etc	2.40%	2.18%
9	Amount and number of additional/top up loan given on same underlying asset. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans etc	N.A.	N.A.
10	Investor complaints (a) Directly/Indirectly received and; (b) Complaints outstanding	N.A.	N.A.

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

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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 2022	31 March 2021
Total number of loans securitised	15,813	4,025
Total book value of the loans securitised	72,718.60	19,664.75
Total book value of the loans securitised including loans placed as collateral	72,718.60	19,664.75
Sale consideration received for the loan asset securitised	66,220.81	17,619.03
Overcollateralization of the loans securitised	6,497.79	2,045.72
Excess interest spread recognised in the statement of profit and loss	2,180.86	203.94

Particulars	31 March 2022	31 March 2021
Credit enhancements provided and outstanding (Gross):		
Cash Collateral	3,006.99	1,193.93
Corporate Guarantee	4,629.80	-
Loan assets retained as MRR	6,498.27	2,045.72

D. Disclosure for direct assignment

Details of assignment transactions undertaken by the Company during the year

Particulars	31 March 2022	31 March 2021
No. of accounts	3,655	406
Aggregate value (net of provisions) of accounts sold	14,423.88	1,775.91
Aggregate consideration	14,423.88	1,775.91
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 2022	31 March 2021
1	No. of accounts sold	-	2,337
2	Aggregate outstanding	-	4,912.31
3	Aggregate consideration received	-	147.37

F. Maturity pattern of certain items of assets and liabilities

Particulars	31 March 2022		
	Advances	Investments	Borrowings
0 day to 7 days	5,763.58	-	1,468.04
8 day to 14 days	1,846.77	-	1,010.25
15 days to 1 month	2,634.49	-	8,494.40
Over 1 month to 2 months	7,098.07	-	16,660.99
Over 2 months to 3 months	7,102.95	-	8,796.41
Over 3 months to 6 months	21,164.86	-	30,512.26
Over 6 months to 1 year	39,769.49	-	52,773.30
Over 1 year to 3 years	1,07,818.67	-	41,501.88
Over 3 years to 5 years	142.41	-	11,790.75
Over 5 years	7,836.50	-	6,662.00
Total	**2,01,177.79**	-	**1,79,670.28**

*For any ALM mismatches, the Company hold adequate liquid assets and sanction lines.

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(₹ in Lakhs unless otherwise stated)

Particulars	31 March 2021		
	Advances	Investments	Borrowings
0 day to 7 days	3,678.66	-	2,231.21
8 day to 14 days	1,666.03	-	991.11
15 days to 1 month	3,779.51	-	4,315.78
Over 1 month to 2 months	6,265.11	-	5,516.31
Over 2 months to 3 months	6,749.26	-	9,609.46
Over 3 months to 6 months	22,386.84	-	19,919.16
Over 6 months to 1 year	46,020.41	-	51,818.10
Over 1 year to 3 years	1,12,690.75	-	58,172.05
Over 3 years to 5 years	1,617.03	-	10,599.15
Over 5 years	5,192.18	-	-
Total	**2,10,045.78**	**-**	**1,63,172.32**

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 2025.**

I. No penalties imposed on the Company by the Reserve Bank of India or any other regulator during the year ended 31 March 2022 (31 March 2021: 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 Term loans, Non-Convertible Debentures and Commercial Paper. The ratings obtained for the said transactions are provided below.

Instrument	31 March 2022			
	Rating Date	Rating Agency	Current rating assigned	Valid upto
Line of Credit/ Bank lines	12-Jul-21	Infomerics	IVR A-/ Stable / IVR A2+ (Short Term Rating)	11-Jul-22
	29-Jun-21	ICRA	[ICRA]BBB+(Stable)/[ICRA]A2 reaffirmed	28-Jun-22
Non-Convertible Debentures/ CP	29-Jun-21	ICRA	[ICRA]BBB+(Stable); reaffirmed	28-Jun-22
	29-Oct-21	India Ratings and Research	IND PP-MLD BBB+emr/Positive / IND A2 (Commercial Paper)	28-Oct-22
	17-Dec-21	India Ratings and Research	IND PP-MLD BBB+emr/Stable / IND A2 (Commercial Paper)	16-Dec-22
	23-Nov-21	CRISIL LTD	CRISIL PPMLD BBB+ r /Stable (Reaffirmed)	22-Nov-22

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Instrument	31 March 2021			
	Rating Date	Rating Agency	Current rating assigned	Valid upto
Line of Credit/ Bank lines	13-Jun-20	Infomerics ratings	IVR A-/Stable/IVR A2+(Short Term rating)	09-Jun-21
	30-Jul-20	ICRA	[ICRA]BBB+(Stable)/ [ICRA]A2 assigned	29-Jul-21
	31-Aug-20	ICRA	[ICRA]BBB+(Stable)/ [ICRA]A2 assigned	30-Aug-21
Non-Convertible Debentures/ CP	13-Jun-20	Infomerics ratings	IVR A-/Stable	12-Jun-21
	31-Aug-20	ICRA	[ICRA]BBB+(Stable)	30-Aug-21
	30-Jul-20	ICRA	[ICRA]BBB+(Stable)	29-Jul-21
	02-Mar-21	India Ratings and Research	IND PP-MLD BBB+emr/Positive	01-Mar-22
	29-Sep-20	India Ratings and Research	IND PP-MLD BBB+emr/Positive, IND A2 (Commercial Paper)	28-Sep-21
	23-Nov-20	CRISIL LTD	CRISIL PP-MLD BBB+r	22-Nov-21

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 2022	31 March 2021
Loans	(6,591.63)	9,174.37
Other financial assets	310.46	648.27
Write offs - other than restructured portfolio	14,670.23	7,699.72
Write offs - restructured portfolio	33,082.14	246.16

L. Concentration of Deposits, Advances, Exposures and NPAs

i. Concentration of Advances

Particulars	31 March 2022	31 March 2021
Total Advances to twenty largest borrowers	818.28	787.80
Percentage of Advances to twenty largest borrowers to Total Advances of the applicable NBFC	0.41%	0.38%

ii. Concentration of Exposures

Particulars	31 March 2022	31 March 2021
Total Exposure to twenty largest borrowers	829.67	800.76
Percentage of Exposure to twenty largest borrowers to Total Advances of the applicable NBFC	0.41%	0.38%

iii. Concentration of NPAs

Particulars	31 March 2022	31 March 2021
Total Exposure to top four NPA accounts	113.99	111.15

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M. Sector-wise NPAs

Sr. No.	Sector	Percentage of NPAs to Total Advances in that sector	
		31 March 2022	31 March 2021
1	Agriculture & allied activities	-	-
2	MSME*	3.90%	2.47%
3	Corporate borrowers	-	-
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans	-	-
7	Other personal loans	-	-
8	Other retail loans	-	-

*Ministry of Micro, Small and Medium Enterprises vide its notification dated 01 June 2020 announced the criteria for classification of micro, small and medium enterprises basis which the Company has classified its customers into micro, small and medium enterprise in accordance with MSMED Act.

N. Movement of NPAs*

Sr. No.	Particulars	31 March 2022	31 March 2021
I	**Net NPAs to net advances (%)**	1.63%	0.90%
Ii	**Movement of NPAs (Gross)**		
	i) Opening balance	5,192.18	4,793.37
	ii) Additions during the year	60,367.30	9,743.98
	iii) Reductions during the year	57,722.99	9,345.17
	iv) Closing balance	7,836.49	5,192.18
iii	**Movement of net NPAs**		
	i) Opening balance	1,865.75	2,103.79
	ii) Additions during the year	23,333.99	3,493.15
	iii) Reductions during the year	21,995.70	3,731.19
	iv) Closing balance	3,204.04	1,865.75
iv	**Movement of provisions for NPAs (excluding provision on standard assets)**		
	i) Opening balance	3,326.43	2,689.58
	ii) Provisions made during the year	37,033.31	6,250.83
	iii) Write-off/Write-back	35,727.29	5,613.98
	iv) Closing balance	4,632.45	3,326.43

* represents stage-3 loans

O. Classification and provisions for loan portfolio

Asset classification	31 March 2022	31 March 2021
Loan outstanding		
Standard assets (Stage-1 and Stage-2)	1,93,341.30	2,04,853.60
Non-performing assets (Stage-3)	7,836.49	5,192.18
Loss assets	-	-
Less: Provision		
Standard assets (Stage-1 and Stage-2)	4,952.44	12,850.10
Non-performing assets (Stage-3)	4,632.45	3,326.43
Loss assets	-	-
Loan outstanding (net)		
Standard assets (Stage-1 and Stage-2)	1,88,388.86	1,92,003.50
Non-performing assets (Stage-3)	3,204.04	1,865.75
Loss assets	-	-

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P. Customer Complaints

Sr. No.	Particulars	31 March 2022	31 March 2021
i	No. of complaints pending at the beginning of the year	-	1
ii	No. of complaints received during the year	107	136
iii	No. of complaints redressed during the year	107	137
iv	No. of complaints pending at the end of the year	-	-

Q. As required by the RBI circular no DNBS.PD.CC. No. 256 /03.10.042 / 2011-12 dated 02 March 2012 the details of frauds noticed / reported are as below:

Particulars	31 March 2022	31 March 2021
Amount involved	371.46	51.85
Amount recovered	27.20	3.17
Amount written off / provided	344.26	48.68
Balance	-	-

62. Liquidity Risk Disclosures

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

Particulars	31 March 2022
Number of significant counter parties*	21
Amount	1,50,224.50
Percentage of funding concentration to total deposits	N.A
Percentage of funding concentration to total liabilities	73.81%

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

II. Top 20 large deposits - Not applicable

III. Top 10 borrowings

Particulars	31 March 2022
Total amount of top 10 borrowings	1,11,725.39
Percentage of amount of top 10 borrowings to total borrowings	62.18%

IV. Funding Concentration based on significant instrument/product*

Particulars	31 March 2022	Percentage of total liabilities
Debt Securities	67,246.70	33.04%
Term loans and WCDL	52,327.40	25.71%
Securitisation liabilities	52,779.49	25.93%
CC/OD	4,787.19	2.35%
Sub-debt	2,529.50	1.24%

* Significant counterparty is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated 4 November 2019 on Liquidity Risk Management Framework, as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFCs

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(₹ in Lakhs unless otherwise stated)

V. Stock ratio:

Sr. No.	Stock ratio	Percentage
1	Commercial papers as a % of total liabilities	0.79%
2	Commercial papers as a % of total assets	0.61%
3	Non-convertible debentures (original maturity of less than one year) as a % of total liabilities	N.A
4	Non-convertible debentures (original maturity of less than one year) as a % of total assets	N.A
5	Other short-term liabilities as a % of total liabilities	64.49%
6	Other short-term liabilities as a % of total assets	49.80%

VI. Institutional set-up for Liquidity Risk Management
Refer Note-55(A) of financial statements

63. 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 Allowances (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)
Preforming Assets						
Standard	**Stage 1**	1,83,208.83	3,880.92	1,79,327.91	732.84	3,148.08
	Stage 2	10,132.46	1,071.52	9,060.94	360.43	711.09
Subtotal		**1,93,341.29**	**4,952.44**	**1,88,388.85**	**1,093.27**	**3,859.17**
Non-performing Assets (NPA)	-					
Substandard	**Stage 3**	7,398.97	4,194.92	3,204.05	3,699.48	495.44
Doubtful - up to 1 year						
1 to 3 years	**Stage 3**	-	-	-	-	-
More than 3 Years	**Stage 3**	437.53	437.53	-	437.53	-
Subtotal of Doubtful	**Stage 3**	**437.53**	**437.53**	**-**	**437.53**	**-**
Loss	**Stage 3**	-	-	-	-	-
Subtotal of NPA		**7,836.50**	**4,632.45**	**3,204.05**	**4,137.01**	**495.44**
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**	**1,83,208.83**	**3,880.92**	**1,79,327.91**	**732.84**	**3,148.08**
	Stage 2	**10,132.46**	**1,071.52**	**9,060.94**	**360.43**	**711.09**
	Stage 3	**7,836.50**	**4,632.45**	**3,204.05**	**4,137.01**	**495.44**
	Total	**2,01,177.79**	**9,584.89**	**1,91,592.90**	**5,230.28**	**4,354.61**

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64. The Company has reclassified/regrouped previous year figures to conform to current year's classification, where applicable. Further, the figures for the previous year were audited by the erstwhile statutory auditors.

For Batliboi & Purohit
Chartered Accountants
Firm Registration No. 101048W

Janak Mehta
Partner
Membership No. 116976

Place: Mumbai
Date: 11 May 2022

BATLIBOI & PUROHIT
Mumbai
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For and on behalf of the Board of Directors of Lendingkart Finance Limited

Harshvardhan Lunia
Chairman and Managing Director
DIN No. 01189114

LENDINGKART FINANCE LIMITED

Sudeep Bhatia
Chief Financial Officer
Membership No. 098112

Umesh Navani
Company Secretary
Membership No. A40899

Place: Ahmedabad
Date: 11 May 2022