LENDINGKART

Simplifying MSME Finance

Annual Report

FOR THE YEAR ENDED MARCH 31, 2023

LENDINGKART FINANCE LIMITED

MESSAGE FROM THE CHAIRMAN

Dear Stakeholders,

As we reflect upon the conclusion of FY 23, we are proud of all the great things we have achieved through our journey. The year 2022-23 stands as a testament to our commitment to growth, profitability, and innovation. In these twelve months, we have not only met our goals but also charted new areas of success, marking numerous remarkable firsts along the way. This year's accomplishments further solidify our position in the financial landscape, setting the stage for even greater accomplishments in the years to come.

Empowering MSME Lending: Unleashing Tremendous Potential through Data and Technology

At the core of our mission, Lendingkart stays committed to empower Micro, Small, and Medium Enterprises (MSMEs) through cutting-edge technology and insightful data utilization. Our suite of products seamlessly integrate advanced algorithms, artificial intelligence, machine learning and data analytics, enabling us to gain unparalleled insights into the unique needs and aspirations of each MSME we serve. By leveraging these tools, we not only provide tailored financial solutions but also foster an environment where businesses can thrive.

The Result of Our Digital Asset Construction

Lendingkart's journey reflects our pioneering spirit in the digital lending realm, focused on uplifting the MSME sector. We've processed a remarkable 1.6 million applications through our smart credit platform, powered by advanced machine learning models. This achievement has allowed us to gather a vast amount of data – over 7 billion data points, making us a key hub of MSME insights.

Our digital strength goes further, with our XLR8 platform enabling a network of over 5000 dedicated Direct Selling Agents (DSAs), collaborations with 110+ valued channel partners, and partnerships with **10+** prominent internet companies. Notably, our website drew an average of ~3 million visits every month with a significant portion coming directly or via organic search, a sign of our strong digital presence. Additionally, we grew our android app installs to 39,000 per month. This robust setup let us serve about 200,000+ valued customers across 14,500+ pin codes (out of 19,000 in India). Our reach spans 4,300+ towns and cities, covering 28 states and 6 Union Territories. Committed to digital innovation, we proudly lead in MSME support, shaping a brighter future.

The Year Of Growth And Profitability

Looking back at FY23, Lendingkart's journey was a story of remarkable growth and thriving collaborations, resulting in a series of accomplishments. Our disbursals recorded an impressive growth rate of 44%, summing up to Rs 3,959 Cr disbursed to businesses. Our revenues also experienced a substantial increase, reaching Rs 828 Cr, reflecting a notable 29% rise. Notably, our Profit After Tax (PAT) emerged as the star of our financial performance, standing at Rs 120 Cr, showcasing an extraordinary growth of 164%. This remarkable surge in profitability was underlined by six consecutive quarters of profit, signifying our resilience, and marking the first profitable year after the challenges posed by Covid-19. This impressive stride was further bolstered by our platform business, with 2gthr platform disbursals soaring to Rs 3,169 Cr, depicting a remarkable 146% increase.

First ever Brand Marketing Campaign

FY-23 stands out as a year defined by numerous remarkable firsts that have fortified Lendingkart's position as an industry leader. Among the highlights, one of the most significant "firsts" was the launch of our inaugural integrated brand marketing campaign – Business Loan bole toh sirf Lendingkart, a defining moment that showcased our commitment to growth. This exciting campaign was complemented by our choice of our very first brand ambassador, Rajkummar Rao, who resonates with our values of determination and progress.

Upwards Acquisition

In what marks a significant stride towards enhanced customer experiences, the acquisition of Upwards by Lendingkart has opened a new chapter of possibilities. MSME employees, who have long been underserved in the financial realm, are now at the forefront of our focus, thus enabling us to address the loan requirements of these MSME employees directly. This strategic move aligns perfectly with our vision for a brighter financial landscape, as we aim to cater specifically to the needs of this segment. This partnership not only propels Upwards but also places us in an optimal position to actualize our strategy of seamlessly facilitating personal loans for customers within the lower ticket size pie, fostering inclusivity and catering to a wider range of financial needs. Moreover, the acquisition underscores our collective commitment to empowering individuals on their financial journeys, ensuring that even self-employed individuals have access to much-needed personal loans. Thus this partnership stands as a testament to our collective commitment to empower individuals on their financial journeys and underscore the promising path ahead.

Awards and recognitions

Over the year, Lendingkart garnered an array of prestigious recognitions and accolades that speak volumes about our commitment and excellence:

Best BFSI Brand: We were honoured to be acknowledged as one of the Best BFSI brands in the nation by none other than The Economic Times. This recognition underscores our dedication to innovation and our impact in the financial sector.

Great Place to Work® Certification: Our team's passion and collaborative spirit shone brightly as we earned the esteemed Great Place to Work® Certification. This achievement reflects the positive and inspiring work environment we have collectively cultivated.

Best Fintech Brand: The Financial Express recognized our unwavering efforts by awarding us as the Best Fintech brand. This accolade serves as a testament to our innovative approaches in revolutionizing financial services.
These honours not only motivate us to continue striving for excellence but also affirm the impact we've made in the financial sector. We're grateful for the trust and recognition extended to us and look forward to building upon these achievements in the times ahead.

On the tech front

Experience and engagement have taken centre stage in our recent initiatives. Leveraging the born cloud infrastructure, we have embraced the cutting-edge capabilities of cloud technology to revolutionize the lending landscape. This transformation has allowed us to focus on delivering personalized pricing, tailoring loan offerings to the unique needs of each customer.

Launched Pricing Recommendation: Enabled operations with pricing recommendation engine powered by AI/ML model based on customer lookalike to empower agents for systemic negotiations [Terms acceptance conversion improvement by ~5%]

Enabled 100% Zero-Touch Coverage: Extended end-to-end automation digital self-serve journey for loan origination, digital KYC, and e-NACH for non-proprietor businesses.

Launched Distribution-as-a-Service (DaaS) capability: New mobile app for O2O agents and new customer journeys to offer a wider selection of credit products enabled through other financial institutes on-boarded onto the platform.

Launched alternate options for Digital KYC journey: Enabled Digilocker integration for Aadhar-based VKYC and Digital OVD verification capability for non-Aadhaar VKYC flow for better success [Improved zero-touch success by 8%]

Co-Lending Prioritization framework: Built algorithm to efficiently allocate cases among co-lenders to ensure optimal risk mix at a minimal cost.

Vision ahead

Looking ahead, our vision remains steadfast: to solidify our position as the ultimate MSME finance specialist. We are committed to expanding our product portfolio to

include an array of offerings, ranging from credit cards to gold loans to monetizing our capabilities. We are poised to lead through technology and innovation, spearheading a tech-led revolution that redefines the financial landscape. Collaboration will remain a cornerstone of our approach, with co-lending initiatives further fortifying our resolve. As we embrace the road ahead, our unwavering focus is on empowering the MSME sector, catalysing growth, and revolutionizing the landscape of financial services.
We wish to thank you for your continued support. We are grateful to have you along in our journey and value your advice and feedback on a regular basis. We are sure that we will together build Lendingkart further and scale new peaks in this financial year. Together we will build Lendingkart as a company we are all proud of.

Yours sincerely,

Harshvardhan Lunia
Chairman & Managing Director

REPORT OF DIRECTORS'

To the Members,
Lendingkart Finance Limited.

The Directors are pleased to present their 26th Report along with the financial statement of the Company for the financial year ended 31st March, 2023.

FINANCIAL PERFORMANCE

(Amount - ₹ in Lakh)

Particulars	31st March, 2023	31st March, 2022 [1]
Total income	82,407.25	63,854.37
Less: Expenditure	55,667.65	40,780.88
Less: Impairment of financial instruments	11,209.34	41,471.20
Profit/ (Loss) before Tax	15,530.26	(18,397.71)
Tax [2]	3,964.52	(4,253.74)
Net Profit/ (Loss) after Tax	11,565.74	(14,143.97)
Other comprehensive income, net of tax	5.34	24.44
Total comprehensive income	11,571.08	(14,119.53)

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 ₹ 3,92,849.10 Lakh. Revenue from operations increased by 28.25% from ₹ 62,601.59 Lakh in the financial year 2021-22 to ₹ 80,288.93 Lakh in financial year 2022-23.

Further, there has been an increase in the net profit earned by the Company during the current financial year due to the increase in revenue from operations. During the current financial year ended as on 31st March 2023, the Company has earned a net profit of ₹ 11,565.74 Lakh as against the previous year net loss of ₹ 14,143.97 Lakh.

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.

LENDINGKART FINANCE LIMITED
CIN:U65910MH1996PLC258722
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Corporate Office:401, 4th Floor, Iconic Shyamal, Nr. Shyamal Cross-Roads,Ahmedabad, 380 015, Gujarat, India.
Phone: +91-79-49132800**Email:** lendingkartfinance@lendingkart.com**Website:** www.lendingkartfinance.com

CHANGE IN THE NATURE OF BUSINESS

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

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 to which financial statement relate and the date of the Report.

SHARE CAPITAL

During the financial year under review, there has not been any changes in the authorised equity share capital or paid-up equity share capital of the Company.

As on 31st March, 2023, the authorised equity share capital of the Company was ₹ 50,72,76,000 divided into 5,07,27,600 equity shares of ₹ 10 each. Further, 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.

DETAILS OF SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR

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.

CAPITAL ADEQUACY

As on 31st March, 2023, the overall capital adequacy stood at 35.99%, 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 35.99%, compared to the requirement of 10% as laid by RBI.

CREDIT RATINGS

The overall long-term/ Bank Loan rating of the Company by ICRA Limited, Infomerics Valuation & Rating Pvt. Ltd., India Ratings & Research Private Limited and CRISIL Limited is, ICRA BBB+ (Outlook: Stable), IVR BBB+ (Outlook: Stable), India Ratings BBB+ (Outlook: Stable) and CRISIL BBB+ (Outlook: Stable) respectively. The short-term rating of the Company by ICRA Limited and India Ratings & Research Private Limited is 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, 2023			
	Rating Date	Rating Agency	Current rating assigned	Valid up to
Line of Credit/ Bank lines	30-06-2022	ICRA*	ICRA BBB+(Stable)/ICRA A2	29-06-2023
	08-08-2022	Infomerics	IVR BBB+/ Stable	07-08-2023
Non-Convertible Debentures/ CP	30-06-2022	ICRA*	ICRA BBB+(Stable)/ICRA A2	29-06-2023
	08-08-2022	Infomerics	IVR BBB+/ Stable	07-08-2023
	30-12-2022	India Ratings	IND PP-MLD BBB+ emr/ Stable	29-12-2023
	30-12-2022		IND BBB+/Stable IND A2 (Short term rating for CP)	29-12-2023
	22-11-2022	CRISIL	CRISIL PPMLD BBB+/Stable	21-11-2023

*Notes:

- Based on significant improvement in Lendingkart Finance Ltd's scale of operations & profitability and considering their sustainability, ICRA Limited has reaffirmed the rating and revised the outlook to Positive from Stable on 29-06-2023.
- Ratings are valid up to Maturity subject to the annual surveillance.

KEY AWARD AND RECOGNITION

Lendingkart Group have been awarded with the following recognitions and awards:

- Recognized as one of the Best BFSI Brand, 2023 in the country by the Economic Times; and
- Earned the Great Place to Work certification.

DIVIDEND

The Directors have not recommended any dividend for the financial year 2022-23.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND:

There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the provisions of section 125(2) of the Companies Act, 2013.

RESERVES

During the year under review, the Company transferred ₹ 2,314.22 Lakh to the statutory Reserve Fund in terms of Section 45-IC of the Reserve Bank of India Act, 1934.

DEBT POSITION

During the year under review, the Company raised ₹ 14,500 Lakh through issuance of non-convertible secured debentures, on private placement basis; out of which the non-convertible secured debentures amounting to ₹ 5000 Lakh are Listed on the Wholesale Debt Market segment of BSE Limited and the non-convertible secured debentures amounting to ₹ 9,500 Lakh are unlisted.

As on 31st March, 2023, the total borrowings stood at ₹ 1,68,024.17 Lakh; bank borrowings stood at ₹ 34,653.96 Lakh; borrowings from financial institutions and others stood at ₹ 39,810.33 Lakh; non-convertible debentures stood at ₹ 43,056.61 Lakh; commercial papers stood at ₹ 1,965.95 Lakh and pass through certificates stood at ₹ 48,537.32 Lakh.

DETAILS OF DEBENTURE TRUSTEES

The details of the entities that 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: GDA House, First Floor, Plot No. 85 S. No. 94 & 95, Bhusari Colony (Right), Kothrud Pune - 411038 Phone No.: +91 020 2528 0081

		Fax No.: +91 020 2528 0275 Email: dt@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 STATUTORY BOARD COMMITTEES

All directors of the Company have confirmed that they satisfy the fit and proper criteria as prescribed under the applicable regulations and they are not disqualified from being appointed as directors in terms of Section 164(2) of the Companies Act, 2013.

The details on the number of Board/Statutory Committee meetings held are provided in the Report of the Directors on Corporate Governance enclosed as **Annexure-B** to this Report.

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. Anindo Mukherjee (DIN: 00019375) and Mr. Vikram Godse (DIN: 00230548), Directors of the Company, retire by rotation and being eligible, offers themselves for re-appointment at the forthcoming annual general meeting.

The aforementioned matter forms part of the Notice of the 26th Annual General Meeting.

During the year under review:

(ii) The Board of Directors re-appointed Mr. Harshvardhan Lunia (DIN: 01189114) as the Managing Director, a Key Managerial Personnel of the Company, for a period of 3 years with effect from 30th June, 2022, and the members of the Company approved the re-appointment at the 25th Annual General Meeting.

(iii) Mr. Sudeep Bhatia (PAN: ADQPB9745G) Chief Financial Officer of the Company, tendered his resignation, with effect from close of working hours of 6th October, 2022;

(iv) The members of the Company at the Extra-ordinary General Meeting held on 18th October, 2022, re-appointed Mr. Thallapaka Venkateswara Rao (DIN: 05273533) as an Independent Director of the Company for a period of 5 (five) consecutive years with effect from 12th November, 2022;

(v) Mr. Anand Pande (DIN: 08233960) Non-Executive Director of the Company, tendered his resignation, with effect from 27th December, 2022;

(vi) The Board of Directors of the Company on 28th December, 2022, appointed Mr. Pavan Pal Kaushal (DIN: 07117387) as an Additional Non-Executive Director of the Company with effect from 28th December, 2022 to hold office till the ensuing 26th Annual General Meeting. It is proposed to re-appoint Mr. Pavan Pal Kaushal (DIN: 07117387) as a Non-Executive Director of the Company at the forthcoming annual general meeting; and

(vii) The Board of Directors of the Company at their meeting held on 24th March, 2023, appointed Mr. Gaurav Singhania (PAN: AYSPS0149J) as the Chief Financial Officer of the Company with effect from 24th March, 2023.

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 43 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 rich 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 8th August, 2023 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, 2023;

(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 Section 197(12) of Companies Act, 2013 are not applicable for the financial year 2022-2023.

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. Further, as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, "Policy on Related Party Transactions" is available on website of the Company www.lendingkartfinance.com and the same is enclosed as **Annexure-C.**

The details of material contracts required to be disclosed pursuant to Section 134(3)(h) of the Companies Act and rule 8(2) of the Companies (Accounts) Rules, 2014 are enclosed as **Annexure-D.**

The disclosures in compliance with the Accounting Standard on "Related Party" required as per point 1 of Part A of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulation") and disclosures of transactions of the Company with any person or entity belonging to its promoter/ promoter group which hold(s) 10% or more shareholding as per point 2A of Part A of Schedule V of SEBI LODR Regulations have been provided in Note No. 35 of Notes to Accounts included in the Financial Statements section of this Annual Report. The disclosure requirements referred to in point 2 of Part A of Schedule V of SEBI LODR Regulations are not applicable to the Company.

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

By virtue of being a Non-Banking Financial Company, the Company's activities are not energy intensive. However, the Company has taken adequate measures to ensure conservation of energy, wherever possible.

During the year under review, the Company had no foreign exchange earnings. The foreign exchange outgo was ₹ 17.16 Lakh towards professional fees, software expenses and digital marketing.

AUDITORS AND THEIR REPORTS

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, (Firm Registration No. 301003E/E300005), the Statutory Auditors, had 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 had recommended 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 held 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), had been 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 25th Annual General Meeting of the Company.

M/s. Batliboi & Purohit, Chartered Accountants, (Firm Registration No. 101048W), were re-appointed as Statutory Auditors of the Company, for the Second Term and the Third Term by the members at the 25th Annual General Meeting held on 20th September, 2022, to hold office from the conclusion of the 25th Annual General Meeting till conclusion of the 27th Annual General Meeting of the Company.

Your Company has received confirmation from M/s. Batliboi & Purohit regarding their eligibility to continue as the Statutory Auditors of the Company under Section 139 and Section 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and the 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.

Furthermore, the Auditors Report for the financial year 2022-23 does 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 2022-23. The Secretarial Audit Report for financial year 2022-23 is annexed herewith as **Annexure-E** to this Report. The Secretarial Audit Report for the financial year 2022-23 does 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 CONDUCTED

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).

SEPARATE MEETING OF INDEPENDENT DIRECTORS

During the year under review, Independent Directors of the Company met on 30th July, 2022. At their meeting, the Independent Directors reviewed the performance of Non-Independent Directors and the Board as a whole; the performance of the Chairman & Managing Director of the Company; and also assessed the quality, quantity and timeliness of flow of information between the Company's Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

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 the 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 the 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.

GENERAL DISCLOSURES:

Your Directors state that no disclosures or reporting is required in respect of the following items as introduced by the Companies (Accounts) Amendment Rules, 2021, effective 01 April 2021, since the same is not applicable to the Company:

a) the details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status as at the end of the financial year.

b) the details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof.

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

Harshvardhan Lunia
Chairman & Managing Director
DIN: 01189114
Date: August 08, 2023
Place: Bengaluru

LENDINGKART FINANCE LIMITED (INDIA)

Annexure – A

Management Discussion and Analysis (MD&A)

Industry Outlook & Economy

Financial Year 2022-23 (FY2023) began on a positive note with receding Covid-19 pandemic - thanks to World's Largest Vaccination Drive. However, the impact of inflationary trends, supply chain disruptions emanating from China, and the Russia-Ukraine conflict have been impacting commodity prices. Rising international crude prices kept prices high, fuelling retail inflation. The government cut excise and customs duties and restricted exports to cool off inflation. RBI raised the monetary policy rates and reduced excess systemic liquidity.

Despite these challenges, India has emerged as the fastest growing major economy in the world. India's GDP growth is expected to remain robust in FY24. GDP forecast for FY24 to be in the range of 6-6.8%.

The Indian FinTech ecosystem has emerged as a formidable global force and continues to grow as one of the largest FinTech markets globally. One of the best digital payments ecosystems in terms of value and volume, phenomenal growth in the consumer and SME digital credit access are testimonials that Indian FinTech companies are on the right trajectory.

EY's recent study shows that the next decade will record a 10X growth in the India FinTech market and the digital lending market will grow to $515 Bn book size by 2030.

The innovative spirit of FinTech is anchored around the collaborative ecosystem where banks and insurers are actively partnering with FinTech companies. FinTech and traditional financial services (FS) firms are creating symbiotic relations that leverage the willingness towards mutual benefits and monetization.

Financial inclusion remains an agenda for the government in the wake of traditional FS players under penetration in rural, ageing population, unorganised, and gig segments. The overall financial services market is undergoing a major transformation, leveraging new and cutting-edge technologies such as blockchain, AI, ML, and cloud infrastructures. The driving force behind FinTech sector' growth are Tech-enabled collaborations, Emerging Tech Adoption and Access to Skilled Talents.

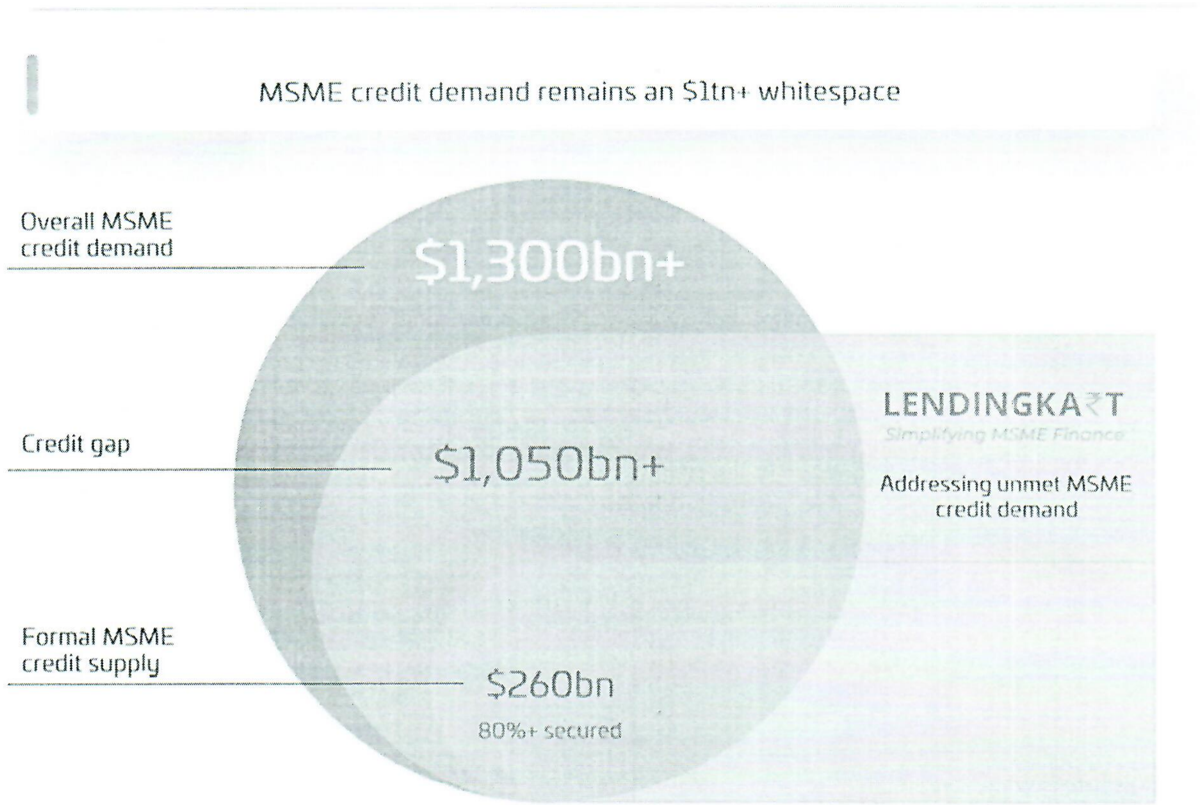
Collaborations between traditional financial services players (primarily banks) and FinTech startups are business as usual now and enabled by the proliferation of APIs and data sharing norms. Modern infrastructures and emerging technologies such as blockchain, e-KYC, video KYC, IoT, AI, digital signatures, and account aggregation infrastructures are creating the underlying infrastructure for the future of digital-native financial services.

MSME Sector and Digital Adoption

Indian business ecosystem is majorly dominated by MSMEs, largely sitting on the fence about digital adoption. The micro, small and medium enterprises (MSME) sector is dynamic and fast expanding, contributing ~35% to India's GDP and employing ~111 million people. It's very crucial to improve MSMEs' access to finance and explore innovative solutions to unlock sources of capital. According to a recent survey by CRISIL, around 65% of MSMEs surveyed had adopted or improved the use of digital channels.

Credit Demand, Supply and Credit Growth

Demand for MSME loans has picked up in the last one year and have grown to 1.6 times of pre-pandemic attributed to improvement in broader economic activity post-pandemic, various government schemes, availability of enriched credit data and higher adoption towards digital lending. The total loan sanctioned to MSME across ticket sizes and various player groups has increased by 10% YoY to $ 98 bn FY 2022-23. Total MSME credit exposure was at $ 280 Bn reflecting a YoY growth rate of 10.6%. It is clear that the lending community is actively promoting the growth of MSME sector. However, there is still a massive untapped credit gap to be addressed owing to complex documentation & collateral requirements, higher turnaround times.



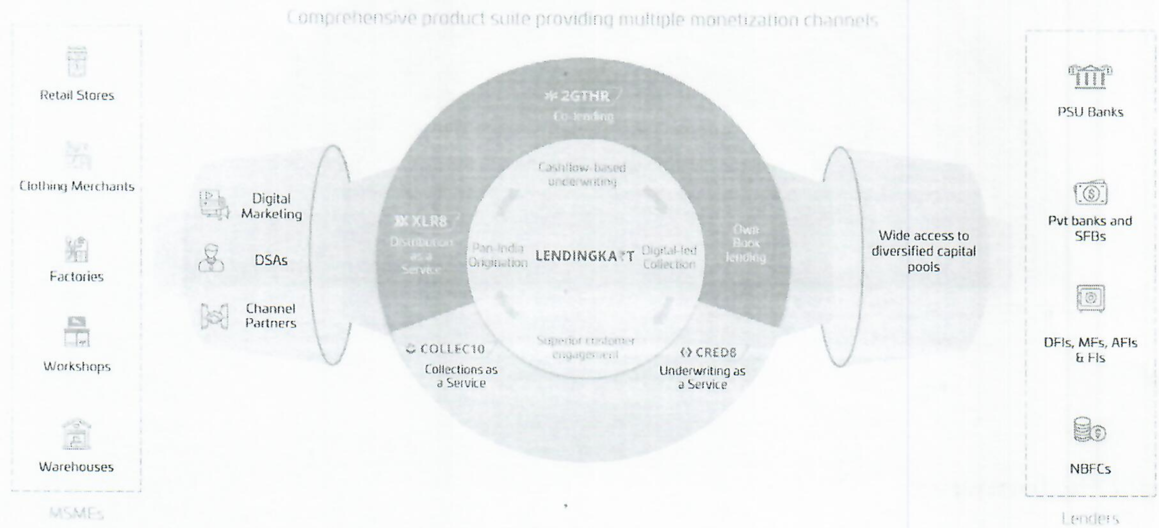
Digital Lending 2gthr Platform

Lendingkart Finance had envisioned phenomenal growth in credit requirements of MSMEs, leveraging the state-of-art technologies such as AI, ML, big data analytics has built tech-enabled proprietary platform to address the credit gap between the MSMEs and lenders thereby establishing itself as pioneers in Lending Fin-Tech Space.

Formalisation of MSMEs and their adoption of platform-based banking services, has enabled us to capture more data making credit processing, underwriting and loan delivery & debt collection seamless. Many banks are capitalising on this and are tying up to augment such capabilities. This combination of scale and digital prowess of Lendingkart Finance is driving an exponential growth in the MSME segment.

An e2e digital MSME lending service enabled by productized distribution, underwriting, and collection engines. Lendingkart 2gthr platform acts as core to connect the Banks and NBFCs with MSMEs from origination discovery and data-driven platform access to the robust loan disbursal process.

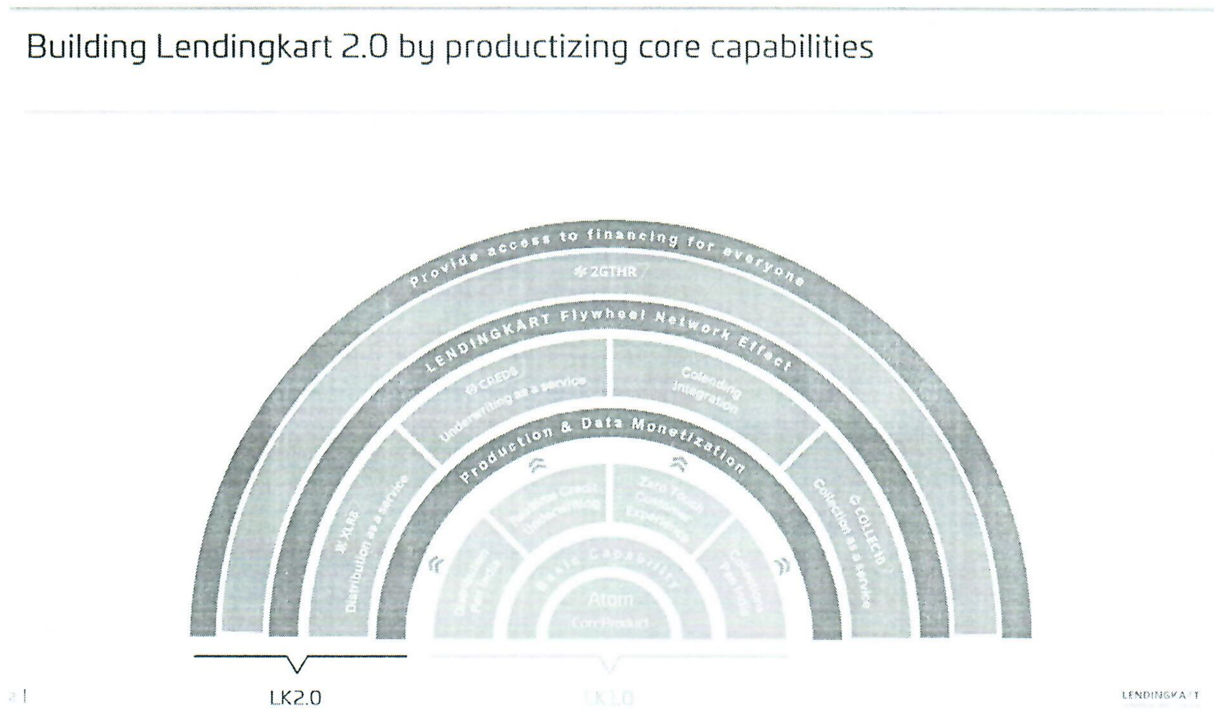
Lendingkart is building India's largest platform play to capture the MSME lending opportunity



Distribution (Xlr8): An origination engine enabling sourcing, approval & instant payouts. Xlr8 provides a zero-touch and seamless onboarding of distributors and channel partners, real-time visibility into customer lifecycle and instant payouts. For Financial Institutions, Xlr8 offers listing of products for customers, algo-driven lead matching for better conversions & disbursements.

Underwriting (Cred8): A credit intelligence platform built leveraging Lendingkart's proprietary underwriting models. Cred8 enables segmentation of profile into different risk buckets, provides probability of default, suggest amount to lend and serves the NTC. Cred8 uses AI and ML based models with 5000+ parameters such as bank statements, statutory returns, bureau records along other data sources SMS data, geo-location, platform interaction information for evaluation of credit worthiness. Lendingkart has evaluated 15.5 million applicants using Cred8 reducing the turnaround process of manual evaluation in 80% of the cases.

Collections (Collec10): A collections platform extending LK's collection capabilities and network to ecosystem. Collec10 empowers banks and NBFCs to collect dues from their customers by digital customer communication, providing payment links, cash deposit physical points, collections intelligence, geo-location tagging and PAN India field coverage for collections.



Financial Performance

It gives us immense pride to state that we have touched a gross disbursal of Rs 13,000+ crore since inception. In FY 22-23 itself, Lendingkart disbursed 61,000 loans to MSMEs amounting to INR ~4,000 crore having a YoY of 44%. Though the company has offices at only six cities, it has disbursed loans in more than 4100+ cities and towns in India & has cumulatively touched and improved lives of more than 2.25 lacs small/medium businessmen by enabling them to grow their businesses.

Enabling access to credit in every nook and corner of the country

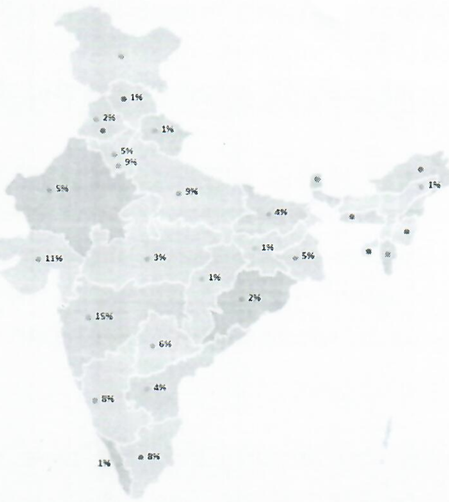
LENDINGKART
Simplifying MSME Finance

2016
- # cities and towns covered – **42**
- Started with Western & Southern Region
- # new borrowers: **0.7k**

2017
- # cities and towns covered – **600+**
- Expanded to North & Central India
- # new borrowers: **6.6k**

2018
- # cities and towns covered – **1100+**
- Started catering to East India
- # new borrowers: **17k**

2019
- # cities and towns covered – **2,000+**
- Expanded coverage to remote areas of North-East and UTs
- # new borrowers: **42k**



2020
- # cities and towns covered – **3,100+**
- Among the few lenders to have nationwide
- # borrowers: **90k**

2021
- # cities and towns covered – **3,900+**
- Pan India coverage
- # borrowers: **100k**

2022
- # cities and towns covered – **4,100+**
- Pan India coverage
- # borrowers: **134k**

2023
- # cities and towns covered – **4,100+**
- Pan India coverage
- # borrowers: **225k**

Platform disbursements has seen a steady growth up during the year contributing ~80% of the total disbursements.

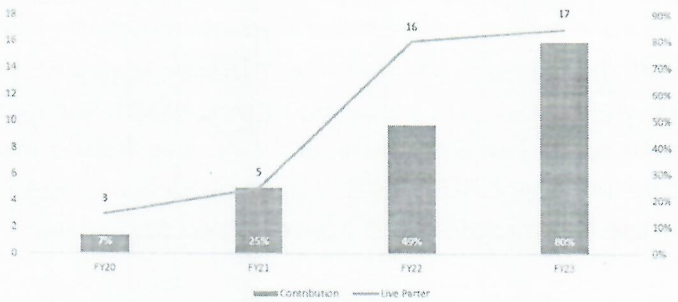
LENDINGKART
Simplifying MSME Finance

2GTHR

Co-lending As AService

e2e digital MSME-lending service enabled by productized distribution, underwriting and collection engines

Distribution		Underwriting		Collection
XLR8	+	CRED8	+	COLLEC10



Assets Liability Management

Lendingkart's objective is to maintain its growth business strategy as well as maintaining a strong and sustainable capital base. The inherent business risks are mitigated through a robust underwriting process, financial analysis, assessments and risk scoring models.

Lendingkart endeavours to maintain a higher capital base than the mandated regulatory capital at all times. Lendingkart monitors its capital to risk-weighted asset ratio (CRAR) on a quarterly basis through its Assets Liability Management Committee (ALCO). Accordingly, increase in capital is planned well in advance to ensure adequate funding for its growth. This approach enables us to maintain a healthy loan book and manage credit losses effectively.

Our Capital Markets team focuses on minimising 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 forms an integral part of the overall governance and liquidity risk management. 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. We have a state-of-the-art technology driven process flow and operational control system. A responsive customer portal "Atom/Zero Touch" platform for enhanced efficiency and deeper engagements with customers. 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. We have robust Information Security Risk monitoring systems and tools to guard and protect sensitive customer data and guard against potential hackers and viruses. Robust governance, controls and sophisticated technology is adopted across lines of business to ward off cyber threats and protect information available with the Company. Frequent Back up procedures, restricted access to applications and other security restrictions are followed. Systems are upgraded regularly with the latest security standards. For critical applications, security policies and procedures are updated on a periodic basis and users are educated on adherence to the policies to eliminate data leakages.

Internal Controls & their adequacy

Lendingkart has an independent internal management assurance function which is commensurate with its size and scale. Internal control systems comprising policies, procedures, well-defined risk and control matrices. These are designed to ensure orderly and efficient conduct of business operations, safeguard our assets, prevention and detection of errors and frauds, ensure strict compliance with applicable laws, assure reliability of financial statements and financial reporting. An extensive programme of internal audits and regular reviews by the Audit Committee is carried out to ensure compliance with the best practices. The efficacy of internal control systems is tested periodically by Internal Auditors and internal control over financial reporting is tested and certified by Statutory Auditors. 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 important enablers of our success. It gives us immense pride & happiness to share that Lendingkart has been officially certified as a Great Place to Work®! (Feb 2023 - Feb 2024). This achievement reflects our commitment to creating a positive, inclusive, and empowering work environment for all our employees.

This achievement is a result of our collective efforts to foster an environment where everyone feels valued, respected, and empowered. It is a testament to our commitment to promoting work-life balance, career growth opportunities, and providing a safe and inclusive workplace for all.

Moving forward, we will continue to build upon our strengths and further enhance our workplace culture. Together, we will strive to maintain our Great Place to Work status and continue to provide an environment that brings out the best in each of us.

Awards and Recognitions

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

- Innovation and Emerging Tech award from Business Leader of the year, 2021
- Fintech Personality of the year, Harshvardhan Lunia from Business Leader, 2021
- Best fintech company from ET BSFI, 2022
- Most Admired BFSO Professional, Harshvardhan Lunia from ET BFSI, 2022
- Best BFSI Brand from Economic Times, 2023
- Top 50 Financial Technology CEOs from The Financial Technology Report, 2023
- Certified as Great Place to Work, 2023

In conclusion, Lendingkart Finance Limited is well-positioned in the market, catering to the financing needs of SMEs. We have demonstrated consistent financial performance, robust risk management practices, and a customer-centric approach. With a clear strategic roadmap, a diversified loan portfolio, and a commitment to innovation & technology, we are confident in our ability to achieve sustained success in providing business loans and supporting the growth of businesses in the dynamic and evolving business lending landscape.

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: August 08, 2023
Place: Bengaluru

Annexure – B

Report of the Directors on Corporate Governance

1. CORPORATE GOVERNANCE PHILOSOPHY

The Company is committed to adopt good practices and standards of corporate governance. The principles of corporate governance standards of the Company place strong emphasis on transparency, accountability and integrity.

The Company is not only committed to follow the Corporate Governance practices embodied in various regulatory provisions but also constantly strives to adopt and adhere to the emerging best practices and benchmarks itself against such practices.

2. BOARD OF DIRECTORS

2.1. Composition:

The Board of Directors ("**Board**") has a mix of Executive, Non-Executive and Independent Directors.

As on 31st March, 2023, the Board comprised of nine members, including two Independent Directors, six Non-Executive Non-Independent Directors and one (1) Managing Director. The two Independent Directors includes one woman director.

In the opinion of the Board, the Independent Directors continue to fulfil the criteria prescribed for an Independent Director as stipulated in Section 149(6) of the Companies Act, 2013 and are independent of the management of the Company.

Details of Board of Directors, their directorships in other companies along with the remuneration (including sitting fees) paid to them, number of meetings held during the financial year ended 31st March, 2023 and the related attendance of the Board Members at the said meetings, are given below:

Sr. No.	Name of Director	Director Since	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter/ nominee/ Independent)	DIN	Number of Board Meetings (During financial year ended 31st March, 2023)		No. of other Directorships as on 31st March, 2023	Remuneration (Paid during the financial year ended 31st March, 2023)			No. of shares held in and convertible instruments held in the NBFC
					Held/ Entitled to attend	Attended		Salary and other compensation	Sitting Fee for the Board and Statutory Board Committee meetings	Commission	
1.	Mr. Harshvardhan Raichand Lunia	13/05/2015	Chairman and Executive (Managing Director)	01189114	5	5	3	-	-	-	1
2.	Mr. Raichand Sardarmal Lunia	13/05/2015	Non-Executive	01188845	5	5	2	-	-	-	1
3.	Mr. Vikram Suhas Godse	03/10/2018	Non-Executive	00230548	5	3	8	-	-	-	-
4.	Mr. Anindo Mukherjee	05/09/2018	Non-Executive	00019375	5	5	2	-	-	-	-
5.	Mr. Pankaj Makkar	05/09/2018	Non-Executive	03442209	5	4	4	-	-	-	-
6.	Mr. Thallapaka Venkateswara Rao	13/11/2019	Independent	05273533	5	5	8	-	₹ 10,00,000	-	-
7.	Mr. Pavan Pal Kaushal	28/12/2022	Non-Executive	07117387	2	2	5	-	-	-	-

Sr. No.	Name of Director	Director Since	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter/ nominee/ Independent)	DIN	Number of Board Meetings (During financial year ended 31st March, 2023)		No. of other Directorships as on 31st March, 2023	Remuneration (Paid during the financial year ended 31st March, 2023)			No. of shares held in and convertible instruments held in the NBFC
					Held/ Entitled to attend	Attended		Salary and other compensation	Sitting Fee for the Board and Statutory Board Committee meetings	Commission	
8.	Ms. Uma Subramaniam	27/03/2021	Independent	07434953	5	5	0	-	₹ 9,00,000	-	-
9.	Mr. Hong Ping Yeo	21/04/2019	Non-Executive	08401270	5	3	2	-	-	-	-
10.	Mr. Anand Pande	03/10/2018	Non-Executive	08233960	3	3	0	-	-	-	-

Notes:

1. Mr. Pavan Pal Kaushal was appointed on 28th December, 2022 and he attended all the Board Meetings held post his appointment in the financial year 2022-23;
2. Mr. Harshvardhan Raichand Lunia and Mr. Raichand Sardarmal Lunia holds 1 (One) share each of the Company as a Nominee of Lendingkart Technologies Private Limited;
3. Mr. Anand Pande resigned from the position of Non-Executive Director with effect from 27th December, 2022; and
4. The remuneration of Mr. Harshvardhan Lunia is governed as per the policy and procedures of Lendingkart Technologies Private Limited, holding company of the Company and the remuneration for the financial year 2022-23 was paid by Lendingkart Technologies Private Limited.

2.2. Details of change in composition of the Board during the current and previous financial year:

Sl. No.	Name of Director	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Nature of change (Resignation, appointment)	Effective date
1	Mr. Harshvardhan Lunia	Chairman & Managing Director	Re-appointment as the Managing Director	30/06/ 2022
2.	Mr. Thallapaka Venkateswara Rao	Independent Director	Re-appointment	12/11/2022
3.	Mr. Pavan Pal Kaushal	Non-Executive Director	Appointment	28/12/2022
4.	Mr. Anand Pande	Non-Executive Director	Resignation	27/12/2022
5.	Mr. Gaurav Mittal	Independent Director	Cessation due to expire of term of appointment	27/06/2021

2.3. Details of relationship amongst the directors inter-se:

Mr. Harshvardhan Raichand Lunia, Chairman & Managing Director of the Company is the son of Mr. Raichand Sardarmal Lunia, Non-Executive Director of the Company.

3. STATUROY BOARD COMMITTEES AND THEIR COMPOSITION

To enable better and more focused attention on the affairs of the Company and as required under regulatory provisions, the Company has constituted various Committees. These Committees lay down the groundwork for decision making and report at the subsequent Board meeting.

There have been no instances wherein the Board has not accepted the recommendations of any Committee.

The terms of reference of the Committees are laid down by the Board. Meetings of the Committees are held on a regular basis depending upon the business to be transacted by the Committees. Minutes of the Committee meetings are submitted to the Board on a periodical basis. Matters requiring the Board's attention/approval are placed before the Board as per the recommendation of the concerned Committee.

The following are the Statutory Board Committees ("**Board Committees**") with specific terms of reference:

1. Audit Committee;
2. Nomination and remuneration Committee;
3. Risk oversight Committee;
4. IT Strategy Committee; and
5. Corporate Social Responsibility Committee

The role and composition of the Board Committees, including the number of meetings held during the financial year ended 31st March, 2023 and the related attendance of the Committee Members at the said meetings, are given below.

3.1. Audit Committee

The Audit Committee consists of a majority of Independent Directors. The Chairman of the Committee is an Independent Director. The powers and terms of reference of the Committee are in accordance with the provisions of Section 177 of the Companies Act, 2013 and Reserve Bank of India Master Direction on Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('RBI Master Directions').

All the members of the Audit Committee have requisite experience and knowledge as prescribed under the Companies Act, 2013.

3.1.1. Composition:

The Composition of the Audit Committee as on 31st March, 2023 is as under:-

Members	Categories
Mr. Thallapaka Venkateswara Rao	Chairman, Independent Director
Mr. Pavan Pal Kaushal	Member, Non-Executive Director
Ms. Uma Subramaniam	Member, Independent Director

Note:

1. Mr. Anand Pande ceased to be a member of the Committee w.e.f. 27th December, 2022 due to his resignation as a Director of the Company.

3.1.2. Terms of Reference - Roles and Responsibilities of the Audit Committee are as follows:

(i) To review and make recommendations for appointment and removal, remuneration and terms of appointment, of Internal and external auditors of the company;

(ii) To review and monitor the auditors' independence and performance, and effectiveness of internal and external audit process;

(iii) To formulate the scope, functioning, periodicity and methodology for conducting the internal audit and to approve the internal audit plans;

(iv) To oversee the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;

(v) Reviewing the annual financial statements before submission to the Board, focusing primarily on-
   - Any changes in accounting policies and practices and the reasons for the same.
   - Major accounting entries involving estimates based on exercise of judgment by management.
   - Significant adjustments made in the financial statements arising out of audit findings.
   - The going concern assumption.
   - Compliance with accounting standards.
   - Compliance with legal requirements concerning financial statements.
   - Matters falling under the terms of reference of the committee and to be included under 'Directors' Responsibility statement' of the Board's report.
   - Any related party transactions.

(vi) Examination of the internal and external auditors' reports, qualifications/ reservations/ adverse remarks/ observations of the auditors and discuss any related issues with the internal or statutory auditors and the management of the company;

(vii) Reviewing with the management, external and internal auditors, the adequacy of internal control systems, hold discussions with the auditors periodically about internal control systems, call for the auditors' comments, and also review compliance of internal control systems;

(viii) Discussion with internal auditors on any significant findings and follow up thereon;

(ix) Reviewing the findings of auditors where there is fraud or suspected fraud or irregularity or a failure of internal control systems of a material nature, replying to the letters by auditors on matters of frauds and reporting the matter to the Board;

(x) Ensure that systems are in place for evaluation of the risk management policies and risk management systems;

(xi) To look into the reasons for substantial defaults in the payment to the debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

(xii) To approve and make suitable recommendations to the Board, where necessary with regard to the transactions of the company with related parties and any subsequent modifications therein';

(xiii) To conduct scrutiny of inter-corporate loans and investments;

(xiv) To approve valuation of undertakings or assets of the company, or net worth of a company or its liabilities under the provision of the Companies Act wherever it is necessary by such valuer as may be deemed fit;

(xv) To oversee establishment of a vigil mechanism for directors and employees, to examine the reports under the vigil mechanism and to take suitable action against complainants including reprimand in case of repeated frivolous complaints;

(xvi) To approve provision of any other services by auditors apart from audit, except those which are prohibited and advice on the remuneration to be paid for such services;

(xvii) To review statement of significant related party transactions, submitted by management;

(xviii) To perform such other functions as may be delegated by the Board and/or mandated by any regulatory provisions from time to time.

3.1.3. Meetings and Attendance during the year:

Sl. No.	Name of Director	Member of Committee since	Number of Meetings of the Committee		No. of shares held in the NBFC
			Held/ Entitled to attend	Attended	
1.	Mr. Thallapaka Venkateswara Rao	13/11/2019	5	5	Nil
2.	Mr. Pavan Pal Kaushal	03/02/2023	2	2	Nil
3.	Ms. Uma Subramaniam	05/08/2021	5	5	Nil
4.	Mr. Anand Pande	10/02/2022	3	3	Nil

Note:

1. Mr. Anand Pande ceased to be a member of the Committee w.e.f. 27th December, 2022 due to his resignation as a Director of the Company.

3.2. Nomination and remuneration Committee

The powers and terms of reference of the Nomination and Remuneration Committee are in accordance with the provisions of Section 178 of the Companies Act, 2013 and Reserve Bank of India Master Direction on Non- Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('RBI Master Directions').

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

- Guiding principles for remuneration and other terms of employment

- Criteria for determining qualifications positive attributes and independence of a director, key managerial personnel, and senior management personnel.
- Compensation structure;
- Performance evaluation process; and
- Disclosure, Approval and Review of Policy.

During the year, the Nomination & Remuneration Policy was restated as per RBI's Guidelines on Compensation of Key Managerial Personnel (KMP) and Senior Management in NBFCs as prescribed under Scale Based Regulation (SBR): A revised regulatory framework for NBFCs.

3.2.1. Composition:

The Composition of the Nomination and Remuneration Committee as on 31st March, 2023 is as under:-

Members	Categories
Mr. Pankaj Makkar	Chairman, Non- Executive Director
Mr. Hong Ping Yeo	Member, Non- Executive Director
Mr. Thallapaka Venkateswara Rao	Member, Independent Director

3.2.2. Terms of Reference - Roles and Responsibilities of the Nomination and Remuneration Committee are as follows:

(i) Nomination Functions:

a. Regularly review the structure, size and composition of the Board, which includes Board diversity, evaluate the balance of skills, knowledge and experience on the Board and make recommendations to the Board with regard to any adjustments that are deemed necessary.

b. Formulate the criteria for determining qualifications, positive attributes and independence of a Director and maintain an external data bank of such suitable candidates.

c. Be responsible for identifying and nominating for the approval of the Board, persons who are qualified to become Directors and who are "fit for purpose" as per RBI guidelines and may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal.

d. Ensure that the proposed and existing Directors meet the 'fit and proper' criteria as prescribed the RBI.

e. Ensure that there is no conflict of interest in appointment of Directors on Board of the Company, KMPs and Senior Management.

f. Carry out evaluation of the Directors' performance.

g. Evaluate suitable candidates and approve the appointment of the MD/CEO and the Company's Senior Management Personnel/ Leadership Team members.

h. Formulate plans for succession for the MD/ CEO, the Senior Management Personnels and Leadership Team members of the Company.
i. Re-appoint any non-executive director at the conclusion of his or her specified term of office, especially when he or she has concluded his/ her term in accordance with the provisions under the Companies Act, 2013.
j. Recommend re-election by shareholders of any director who is retiring by rotation.
k. Be responsible for any matters relating to the continuation in office as a Director of any existing Director at any time.

(ii) Remuneration/ Compensation Functions:

a. Oversee the framing, review and implementation of Nomination and Remuneration Policy ("Remuneration Policy") of the Company approved by the Board. .
b. Determine and recommend to the Board, the remuneration payable to the directors of the Company.
c. Work in close coordination with the Risk Oversight Committee (RMC) of the Company to achieve effective alignment between compensation and risks.
d. Ensure that compensation levels are supported by the need to retain earnings of the Company and the need to maintain adequate capital based on Internal Capital Adequacy Assessment Process (ICAAP)
e. Review and recommend the compensation for the Key Managerial Personnel, and each of the Senior Management Personnel and Leadership Team members, which will be further approved/ ratified by the Board of the Company.
f. Conduct annual reviews or with such periodicity as may be determined by the NRC, of the policies framed by the NRC.
g. Review deployment of key Human Capital strategies and tools specifically in the area of talent acquisition, employee engagement and development and succession planning.

(iii) Others

Carry out such other functions as may be delegated by the Board from time to time, or as maybe necessary or appropriate for the performance of its duties or mandatory by any statutory notification, amendment or modification.

3.2.3. Meetings and Attendance during the year:

Sl. No.	Name of Director	Member of Committee since	Number of Meetings of the Committee		No. of shares held in the NBFC
			Held/Entitled to attend	Attended	
1.	Mr. Pankaj Makkar	13/11/2019	4	4	Nil
2.	Mr. Hong Ping Yeo	13/11/2019	4	3	Nil
3.	Mr. Thallapaka Venkateswara Rao	13/11/2019	4	4	Nil

3.3. Risk Oversight Committee

The Risk oversight Committee is formed in compliance with the provisions of the Reserve Bank of India Master Direction on Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ("**RBI Master Directions**").

3.3.1. Composition:

The Composition of the Risk Oversight Committee as on 31st March, 2023 is as under:-

Members	Categories
Mr. Thallapaka Venkateswara Rao	Chairman, Independent Director
Mr. Anindo Mukherjee	Member, Non-Executive Director
Mr. Harshvardhan Lunia	Member, Managing Director
Ms. Uma Subramaniam	Member, Independent Director

3.3.2. Terms of Reference- The role/duties and responsibilities of the Risk Oversight Committee are inclusive of:

(i) Approval of Risk Appetite and Strategy

a. Review and recommend to the Board:

- Risk Appetite, and risk strategy of the entity. This involves establishing the risk principles and objectives governing the extent to which the entity is willing to assume risk based on the entity's strategic objectives, nature of its

business and the ability to absorb losses (risk capacity) in relation to its capital and targeted return
- Targeted levels of capital and liquidity, credit rating

b. Consider implications from changes in the entity's external macro environment (e.g., regulatory environment, competition and macroeconomic conditions)

c. Review management actions to de-risk the portfolio in times of stress, and relax criteria in anticipation of recovery, based on a forward-looking view.

(ii) Risk Management Oversight

a. Review and recommend to the Board for approval of the overall risk management strategy, in line with the entity's risk appetite and strategic objectives.

b. Review key risk management policies proposed by Management to ensure they are adequate for the effective management of the entity's risk exposures. These include but are not limited to the following:
   - Overall RMF and risk management organization structure and resources as a key part of the Second Line of Defence
   - Scope of risk-taking activities in which the entity is prepared to engage in or is restricted from undertaking and general risk acceptance criteria for taking risk.
   - Credit Policy and Models or Tests
   - Market Risk Policy including - Interest rate risk, Liquidity risk.

c. Review and recommend to the Board for approval - the general framework of delegation of approval authorities to various levels of Management.

d. Oversee the establishment and operation of the risk management assurance process and conduct reviews periodically.

e. MIS and monitoring - Review risk management reports (covering, among others, the entity's credit risk, market risk, operational risk, interest rate risk and liquidity risk) and other information on the entity's material risk exposures and activities periodically and provide guidance to Management where appropriate.

f. Review the risk management resources of the entity to ensure they are adequate.

g. Establish a system for the monitoring of compliance with the entity's risk management policies.

h. Review non-compliance with risk management policies that may result in significant financial and/or reputational loss and implement remedies.

3.3.3. Meetings and Attendance during the year:

Sl. No.	Name of Director	Member of Committee since	Number of Meetings of the Committee		No. of shares held in the NBFC
			Held/ Entitled to attend	Attended	
1.	Mr. Thallapaka Venkateswara Rao	10/02/2022	4	4	Nil
2.	Mr. Anindo Mukherjee	04/02/2019	4	4	Nil
3.	Mr. Harshvardhan Lunia	04/02/2019	4	4	1*
4.	Ms. Uma Subramaniam	10/02/2022	4	4	Nil

Note:

1. Mr. Harshvardhan Raichand Lunia holds 1 share of the Company as a Nominee of Lendingkart Technologies Private Limited.

3.4. IT Strategy Committee

The IT Strategy Committee was constituted as per the provisions of RBI Master Direction RBI/DNBS/2016-17/53 DNBS.PPD. No.04/66.15.001/2016-17 dated June 08, 2017 pertaining to the 'Information Technology Framework for the NBFC Sector.

3.4.1. Composition:

The Composition of the IT Strategy committee as on 31st March, 2023 is as under:-

Members	Categories
Mr. Thallapaka Venkateswara Rao	Chairman, Independent Director
Mr. Harshvardhan Lunia	Member, Managing Director
Mr. Pavan Pal Kaushal	Member, Non- Executive Director
Ms. Uma Subramaniam	Member, Independent Director
Mr. Manish Bhatia	Member & Chief Information, Technology and Security Officer

Note:

1. Mr. Anand Pande ceased to be a member of the Committee w.e.f. 27th December, 2022 due to his resignation as a Director of the Company.

3.4.2. Terms of Reference - Role and Responsibilities of IT Strategy Committee are as follows:

(i) Technology:

- Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place.
- Ascertaining that management has implemented processes and practices which ensures that the IT delivers value to the business.
- Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable.
- Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources.
- Ensuring proper balance of IT investments for sustaining the Company's growth and becoming aware about exposure towards IT risks and controls.
- To review and amend the IT strategies in line with the corporate strategies, Board Policy reviews, cyber security arrangements and any other matter related to IT Governance.

(ii) IT Services Outsourcing:

- Instituting an appropriate governance mechanism for outsourced processes, comprising of risk based policies and procedures, to effectively identify, measure, monitor and control risks associated with outsourcing in an end to end manner.
- Defining approval authorities for outsourcing depending on nature of risks and materiality of outsourcing.
- Developing sound and responsive outsourcing risk management policies and procedures commensurate with the nature, scope, and complexity of outsourcing arrangements.
- Undertaking a periodic review of outsourcing strategies and all existing material outsourcing arrangements.
- Evaluating the risks and materiality of all prospective outsourcing based on the framework developed by the Board.
- Periodically reviewing the effectiveness of policies and procedures.
- Communicating significant risks in outsourcing to the company's Board on a periodic basis.
- Ensuring an independent review and audit in accordance with approved policies and procedures.
- Ensuring that contingency plans have been developed and tested adequately.
- Ensuring the business continuity preparedness is not adversely compromised on account of outsourcing and seek proactive assurance that the outsourced service

provider maintains readiness and preparedness for business continuity on an ongoing basis.

(iii) Others

Carry out such other functions as may be delegated by the Board from time to time, or as may be necessary or appropriate for the performance of its duties or mandatory by any statutory notification, amendment or modification.

3.4.3. Meetings and Attendance during the year:

Sl. No.	Name of Director	Member of Committee since	Number of Meetings of the Committee		No. of shares held in the NBFC
			Held/Entitled to attend	Attended	
1.	Mr. Thallapaka Venkateswara Rao	05/08/2021	4	4	Nil
2.	Mr. Harshvardhan Lunia	05/08/2021	4	4	1*
3.	Mr. Pavan Pal Kaushal	03/02/2023	1	1	Nil
4.	Ms. Uma Subramaniam	10/02/2022	4	4	Nil
5.	Mr. Manish Bhatia	05/08/2021	4	4	Nil
6.	Mr. Anand Pande	04/02/2019	3	3	Nil

Note:

1. Mr. Harshvardhan Raichand Lunia holds 1 share of the Company as a Nominee of Lendingkart Technologies Private Limited

3.5. Corporate Social Responsibility Committee:-

In accordance with the provisions of Section 135 of the Companies Act, 2013, the Company has a Corporate Social Responsibility (CSR) Committee.

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, there was no change in the CSR Policy of the Company.

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

3.5.1. Composition:

The Composition of the Corporate Social Responsibility committee as on 31st March, 2023 is as under:-

Members	Categories
Ms. Uma Subramaniam	Chairperson, Independent Director
Mr. Harshvardhan Lunia	Member, Managing Director
Mr. Pavan Pal Kaushal	Member, Non- Executive Director
Mr. Thallapaka Venkateswara Rao	Member, Independent Director

Note:

1. Mr. Anand Pande ceased to be a member of the Committee w.e.f. December 27, 2022 due to his resignation as a Director of the Company.

3.5.2. Terms of Reference - Role and Responsibilities of the Corporate Social Responsibility Committee are inclusive of:

a. To formulate and recommend to the Board the Company's CSR policy, (and modifications thereto from time to time), which shall provide an approach and guiding principles for selection, implementation and monitoring of CSR activities to be undertaken by the Company as well as formulation of the annual action plan as per the provisions of the Act, and the rules made thereunder;

b. Formulate and recommend annual action plan in pursuance of its CSR policy, and any modifications thereof, to the Board comprising of following information
   - the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
   - the manner of execution of such projects or programmes;
   - the modalities of utilization of funds and implementation schedules for the projects or programmes;
   - monitoring and reporting mechanism for the projects or programmes; and details of need and impact assessment, if any, for the projects undertaken by the company;
   - The Board may alter such plan at any time during the financial year, as per the recommendation of the CSR Committee, based on the reasonable justification to that effect.

c. To review and recommend to the Board, the certificate submitted by Chief Financial Officer or the person responsible for financial management and the impact assessment report, if required to be obtained by the Company from time to time;

d. To monitor the implementation of the CSR Policy of the Company from time to time, and institute a transparent monitoring mechanism for implementation of the projects/programs/activities including ongoing projects proposed to be undertaken by the company and review the amount spent on CSR;

e. To review and recommend the Annual Budget for CSR activities/the amount of total expenditure to be incurred on different CSR activities in a financial year and the amount to be transferred in case of ongoing projects and unspent amounts;

f. To review synergy or alignment for various CSR activities along with partners as per the sectors identified by the Company for CSR;

g. To review and finalise the Annual CSR Report reflecting fairly the Company's CSR approach, policies, systems and performance;

h. To review and recommend the responsibility statement for inclusion in the board's report that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the company;

i. To perform such other functions as may be delegated by the Board and/or mandated by any regulatory provisions;

j. To do all such acts, deeds and things as deemed necessary to achieve overall CSR objectives of the Company.

3.5.3. Meetings and Attendance during the year:

Sl. No.	Name of Director	Member of Committee since	Number of Meetings of the Committee		No. of shares held in the NBFC
			Held/Entitled to attend	Attended	
1.	Ms. Uma Subramaniam	10/02/2022	3	3	Nil
2.	Mr. Harshvardhan Lunia	13/11/2019	3	3	Nil
3.	Mr. Pavan Pal Kaushal	03/02/2023	1	1	Nil
4.	Mr. Thallapaka Venkateswara Rao	05/08/2021	3	3	Nil
5.	Mr. Anand Pande	13/11/2019	2	2	Nil

Note:

1. Mr. Anand Pande ceased to be a member of the Committee w.e.f. December 27, 2022 due to his resignation as a Director of the Company.

4. GENERAL BODY MEETINGS

The details of the General Meetings held during the financial year ended 31st March, 2023

Sl. No.	Type of Meeting (Annual/ Extra-Ordinary)	Date and Place	Special resolutions passed
1.	Annual General Meeting	Date: 20th September, 2022 Place: Through Video Conferencing	– Re-appointment of Mr. Harshvardhan Lunia as the Managing Director (KMP), for a period of 3 (three) years with effect from 30th June, 2022

FINANCE TRANSACTION LENDING (INDIA) LIMITED

Sl. No.	Type of Meeting (Annual/ Extra-Ordinary)	Date and Place	Special resolutions passed
2.	Extra-Ordinary General Meeting	Date: 18th October, 2022 Place: Through Video Conferencing	– Re-appointment of Mr. Thallapaka Venkateswara Rao, non-executive Independent Director, for a second term of 5 (five) consecutive years with effect from 12th November, 2022; and – Alteration and amendment of the object clause of the memorandum of association of the Company.

5. DETAILS OF NON-COMPLIANCE WITH REQUIREMENTS OF COMPANIES ACT, 2013

None.

Further, the Company has complied with the applicable Indian Accounting Standards (Ind AS) notified by the Ministry of Corporate Affairs under Section 133 of the Companies Act, 2013 and rules made thereunder. The financial statements for the year have been prepared in accordance with Schedule III to the Companies Act, 2013.

The Company has also complied with the applicable provisions of secretarial standards issued by the Institute of Company Secretaries of India.

6. DETAILS OF PENALTIES AND STRICTURE IMPOSED BY THE RESERVE BANK OR ANY OTHER STATUTORY AUTHORITY.

None

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

Harshvardhan Lunia
Chairman & Managing Director
DIN: 01189114
Date: August 08, 2023
Place: Bengaluru

LENDINGKART FINANCE LIMITED (INDIA)

Annexure – C

LENDINGKART FINANCE LIMITED
Policy on Related Party Transactions

LENDINGKART FINANCE LIMITED (INDIA)

1. Prelude

Lendingkart Finance Limited ("**Company**") recognizes that related party transactions may have potential or actual conflicts of interest and may raise questions whether such transactions are consistent with the Company's & its shareholders' best interest and in compliance to the provisions of the Companies Act, 2013 ("**Act**"), Master Direction – Non Banking Financial Company – Systemically Important Non- Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 ("**Directions**") and Reserve Bank of India ("RBI") guidelines "Loans and Advances – Regulatory Restrictions – NBFCs" issued on April 19, 2022 read with RBI Guidelines on Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs' dated October 22, 2021 (collectively referred to as the "**RBI Guidelines**")..

Amendments, from time to time, to the Policy, if any, shall be considered by the Board of Directors of the Company based on the recommendations of the Audit Committee.

This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material transactions.

2. Definitions

All words and expressions used herein, unless defined herein, shall have the same meaning as respectively assigned to them under the Act and Rules framed thereunder or any other applicable law.

2.1. "**Arm's Length Transaction**" means a transaction between two Related Parties that is conducted as if they were unrelated, so that there is no conflict of interest.

2.2. "**Associate Company**" in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

It is hereby clarified as follows:

a) the expression "significant influence" means control of at least twenty per cent. of total voting power, or control of or participation in business decisions under an agreement;
b) the expression "joint venture" means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

LENDINGKART FINANCE (INDIA) LIMITED

2.3. "**Board of Directors**" or "**Board**" in relation to a Company, means the collective body of Directors of the Company (Section 2(10) of the Companies Act, 2013).

2.4. "**Holding Company**" shall mean Lendingkart Technologies Private Limited.

2.5. "**Key Managerial Personnel**" in relation to the Company, means—

(i) the Chief Executive Officer or the Managing Director or the Manager;
(ii) the Company Secretary;
(iii) the Whole-Time Director;
(iv) the Chief Financial Officer;
(v) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
(vi) such other officer as may be prescribed

2.6. "**Material Related Party Transaction**" means transactions, with Related Parties, of following nature that are either not in the ordinary course of business or not on an arm's length basis:

(i) sale, purchase or supply of any goods or materials, directly or through appointment of agent, amounting to 10% or more of the turnover of the Company or Rs. 100 crore, whichever is lower;
(ii) selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agent, amounting to 10% or more of the net worth of the Company or Rs. 100 crore, whichever is lower;
(iii) leasing of property of any kind amounting to 10% or more of the net worth of the Company or 10% or more of the turnover of the Company or Rs. 100 crore, whichever is lower;
(iv) availing or rendering of any services directly or through appointment of agent, amounting to 10% or more of the turnover of the company or Rs. 50 crore, whichever is lower;

It is hereby clarified that the limits specified in sub-clause (i) to (iv) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

(v) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding Rs. 2,50,000/-; and
(vi) remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding 1% of the net worth.

It is hereby clarified as follows:

a) the expression "turnover" means the gross amount of revenue recognized in the profit and loss account from the sale, supply, or distribution of goods or on account of services rendered, or both, by a company during a financial year.
b) The expression "net worth" means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.
c) The turnover or net worth referred in the above sub-rules shall be computed on the basis of the audited financial statement of the preceding financial year.

2.7. "**Ordinary Course of Business**" means transaction will be considered in ordinary course if they are germane to attainment of the main objects as set out in its Memorandum of Association, or is an activity generally undertaken by a non-banking financial company or is such other activity as may be permitted, from time to time by Reserve Bank of India; and includes the following transactions:

(i) Availing loan for the purpose of onward lending or general corporate purposes and payment of interest and other expenses thereof;
(ii) Granting working capital loan, whether by way of term loan or otherwise, and receipt of principle, interest and other charges thereon;
(iii) Payment of license fee towards the use of software(s) and/or platform for the purpose of its operations; and royalty towards the usage of trade marks;
(iv) Payment of commission and/or referral bonus to channel partners of the Company for referring customers to the Company;
(v) Payment of salary, fee, commission, and incurrence of other expense required for availing the services required for day to day operations of the Company; and
(vi) Reimbursement of expenses received from or given to the holding company of the Company pursuant to common sharing expenses arrangement between the Company and the holding company.

2.8. "**Policy**" means this Policy, as amended from time to time.

2.9. "**Related Party**" under Section 2(76) of the Companies Act, 2013 include:

(i) a director or his relative;

(ii) a key managerial personnel or his relative;
(iii) a firm, in which a director, manager or his relative is a partner;
(iv) a private company in which a director or manager or his relative is a member or director
(v) a public company in which a director or manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital;
(vi) any Body corporate whose Board of directors, managing director, or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
(vii) any person under whose advice, directions or instructions a director or manager is accustomed to act:
Provided that nothing in (vi) and (vii) above shall apply to the advice, directions or instructions given in a professional capacity;
(viii) any body corporate which is –
(A) a holding, subsidiary or an associate company of such company; or
(B) a subsidiary of a holding company to which it is also a subsidiary; or
(C) an investing company or the venturer of the Company;
It is hereby clarified that, "the investing company or the venturer of a company" means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate; or
(ix) Director (other than an independent director) or key managerial personnel of the holding company or his relative with reference to a company.

2.10. "**Related Party Transaction(s)**" or "**RPT**" means a contract or arrangement with a Related Party as provided under the Act and the Rules made thereunder, as amended from time to time.

2.11. "**Relative**" means relative as defined under Section 2(77) the Companies Act, 2013 and includes any one who is related to another, if

(i) They are members of a Hindu undivided family ;
(ii) They are husband and wife ; or
(iii) Father (including step-father)
(iv) Mother (including step-mother)
(v) Son (including step-son)
(vi) Son's wife
(vii) Daughter
(viii) Daughter's husband
(ix) Brother (including step-brother)
(x) Sister (including step-sister)

2.12. "**Senior Officer**" shall have the same meaning as assigned to "Senior Management" under Section 178 of the Companies Act, 2013.

3. **Objectives**

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time.

The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

4. **Rationale of the Policy**

4.1. The Audit Committee shall review and approve all RPTs based on this Policy.

4.2. All proposed RPTs must be reported to the Committee for prior approval by the Committee in accordance with this Policy. In the case of frequent/regular/ repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre–approval/omnibus approval, details whereof are given in a separate section of this Policy.

4.3. In exceptional cases, where a prior approval is not taken due to an inadvertent omission or due to unforeseen circumstances, the Committee may ratify the transactions in accordance with this Policy.

5. **Identification of Related Parties & Transactions**

5.1. Every Director & Key Managerial Personnel will be responsible for providing a declaration in the format as per **Annexure 1** (and schedule thereto) on an annual basis.

5.2. Every Director and the Key Managerial Personnel will also be responsible to update the Company Secretary of any changes in the above relationships, directorships, holdings, interests and/or controls immediately on him/her becoming aware of such changes.

5.3. Every Director, Key Managerial Personnel, members of the Key Management Team (as defined in the Articles of Association), Head of Departments (HODs) and other officers authorized to enter into contracts/ arrangements will be responsible for providing prior Notice to the Company Secretary of any potential Related Party Transaction. They will also be responsible for providing additional information about the transaction that the

Board/Committee may request, for being placed before the Committee and the Board in **Annexure 2**.

5.4. Besides the above, the Company will also identify other Related Parties as required under the Companies Act, 2013.

5.5. Any transaction by the Company with a Related Party will be regulated as per this Policy.

5.6. The Company Secretary shall be responsible to maintain an updated database of information pertaining to Related Parties reflecting details of-

(i) All Directors and Key Managerial Personnel;
(ii) All individuals, partnership firms, Companies and other persons as declared and updated by Directors and Key Managerial Personnel;
(iii) Company's holding Company, subsidiary Companies and associate Companies, if any;
(iv) Subsidiaries of holding Company, if any;
(v) Director or Key Managerial Personnel of the holding Company or their Relatives, if any; and
(vi) Any other entity which is a Related Party as defined under Section 2(76) of the Companies Act, 2013.

The database shall be updated whenever necessary and shall be reviewed at least once a year jointly by the Company Secretary, Compliance Officer and Chief Financial Officer.

5.7. The functional/business heads; Chief Financial Officer; Company Secretary shall have access to the updated database.

6. Review and Approval of Related Party Transactions

6.1. Audit Committee

6.1.1. All the transactions which are identified as RPTs should be pre-approved by the Audit Committee before entering into such transaction whether at a meeting or by resolution by circulation or through electronic mode. The Audit Committee shall consider all relevant factors while deliberating on the RPTs for its approval.

Provided that the above provisions shall not apply to a transaction, other than for the transaction referred to in Section 188 of the Act, between the Company and the Holding Company.

6.1.2. Any member of the Committee who has a potential interest in any related party transaction will recuse himself and abstain from discussion and shall not vote to approve the related party transaction. A related party transaction which is (i) not in the ordinary course of business, or (ii) not at arm's length price, would require approval of the Board of Directors or of shareholders as discussed subsequently.

6.1.3. The Audit Committee may grant omnibus approval for related party transactions which are repetitive in nature and subject to such criteria/conditions as mentioned under the provisions of the Companies Act, 2013 and such other conditions as it may consider necessary in line with this Policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year. The omnibus approval shall specify:

(i) The name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into; and

(ii) The indicative base price / current contracted price and the formula for variation in the price if any.

(iii) Such other conditions as the audit committee may deem fit:

Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.

6.1.4. Audit Committee shall review, on a quarterly basis, the details of related party transactions entered into by the Company pursuant to the omnibus approval.

6.1.5. RPTs entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Committee, will be placed before the Committee for ratification in accordance with the provisions of Section 177 of the Act.

6.1.6. Subject to the applicable laws, the Audit Committee shall have the power to ratify, revise or terminate the RPTs, which are not in accordance with this Policy.

6.2. Board of Directors

6.2.1. In case any RPTs are referred by the Company to the Board for its approval due to the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length price, such transactions shall be affected only with prior approval of the Board of Directors of the Company, on recommendation of Audit Committee.

6.2.2. The Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances.

6.2.3. Any member of the Board who has any interest in any related party transaction will recuse himself and abstain from discussion and shall not vote to approve the related party transaction.

6.3. Shareholders

If a related party transaction is not in the ordinary course of business, or not at arm's length price and is a Material Related Party Transaction, it shall require shareholders' approval by a resolution.

6.4. Reporting of RPTs

6.4.1. Every contract or arrangement, which is required to be approved by the Board/shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.

6.5. RPTs not previously approved

6.5.1. In the event the Company becomes aware of a RPT that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practicable before the Committee or Board or the Shareholders as may be required in accordance with this Policy and in compliance with the applicable laws and regulations as may be amended from time to time.

6.5.2. The Committee or the Board or the Shareholders shall consider all relevant facts and circumstances respecting such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction, and the Company shall take such action as the Committee or the Board or the Shareholders (as the case may be) deem appropriate under the circumstances.

6.6. Loans and advances to Directors/ Senior Officers

6.6.1 Notwithstanding anything contrary contained hereinabove, unless sanctioned by the Audit Committee and the Board of Directors, the Company shall not grant loans and advances aggregating Rupees five crores and above to –

- The directors (including the Chairman/ Managing Director) of the Company or Relative of the directors.
- any firm in which any of the directors or their Relative is/ are interested as a partner, manager, employee or guarantor.
- any company in which any of the directors, or their Relative is interested as a major shareholder (a person holding 10 % or more of the paid-up share capital or five crore rupees in paid-up shares, of that company, whichever is lower), director, manager, employee or guarantor.

Provided that the director or his/her Relative shall be deemed to be interested in a company, being the subsidiary or holding company of company, if he/ she is a major shareholder or is in control of the respective holding or subsidiary company.

The proposals for credit facilities of an amount less than Rupees five crores to such borrowers may be sanctioned by the concerned authority (as per delegation matrix) of the Company under powers vested in such authority, but the matter should be reported to the Audit Committee/ Board of the Company.

6.6.2 Loans and advances to Senior Officers of the NBFC -

The Company shall abide by the following when granting loans and advances to their senior officers:

- Loans and advances sanctioned to senior officers of the Company shall be reported to the Audit Committee/ the Board.

- No senior officer or any committee comprising of, inter alia, a senior officer as member, shall, while exercising powers of sanction of any credit facility, sanction any credit facility to a Relative of that senior officer. Such a facility shall be sanctioned by the next higher sanctioning authority under the delegation of powers.

6.6.3 The above provisions in respect of Clause 6.6.1 and 6.6.2 will also be applicable in case of awarding of all kinds of contracts involving sale of purchase of goods and/ or rendering of services to and by the Company.

6.6.4 The term 'loans and advances' will not include loans or advances against –

a) Government securities
b) Life insurance policies

c) Fixed deposits
d) Stocks and shares
e) Advance against salary, housing loans, car advances, etc. granted to an employee of the Company under any scheme/ policy applicable generally to employees.

Provided that the Company's interest/ lien is appropriately marked (wherever applicable) with legal enforceability.

7. Effective Date

This policy was first approved by the Board of Directors on 3rd April 2018 and has been amended by the Board of Directors on 20th June 2019, August 20, 2020 and August 4, 2022 and shall come into force with immediate effect.

8. Disclosure

Adequate disclosures pertaining to this Policy shall be made in the Annual Report as a part of Director's Report and on the website of the Company as required. Details of RPT and Related Parties should be recorded in MBP-4 Part A and Part B respectively. The Company shall disclose in its annual financial statement, aggregate amount of loans and advances sanctioned to the directors, senior officers of the Company and/or Relative of the directors and to entities where directors or their Relatives have major shareholding, as per template provided in the Annexure 3.

9. Limitation and Amendments

9.1. The Policy is subject to review from time to time and at least annually.

9.2. The Board of Directors may in their discretion and on recommendation of the Audit Committee, make any changes/modifications and/or amendments to this Policy from time to time.

9.3. In the event of any conflict between the provisions of this Policy and of the Act or any other statutory enactments, rules, the provisions of such Act or statutory enactments, rules shall prevail over and automatically be applicable to this Policy and the relevant provisions of the Policy would be amended/modified in due course to make it consistent with the law.

LENDINGKART FINANCE (INDIA) LIMITED

ANNEXURE 1

To,
The Company Secretary
Lendingkart Finance Limited
A-303/304, Citi Point,
Andheri-Kurla Road, Andheri (East)
Mumbai-400059, Maharashtra

Dear all,

I, ……………, son/daughter/spouse of …………………, resident of ……………., being a ……… in the Company, hereby give notice of my interest or concern in the following company or companies, body corporate, firms or other association of individuals:

Sr. No.	Names of the Companies /bodies corporate/ firms/ association of individuals	Nature of interest or concern / Change in interest or concern	Shareholding	Date on which interest or concern arose/changed

Sign:
Name:
Designation:
DIN, *if applicable*:

Place:
Date:

SCHEDULE

A list of relatives in terms of Section 2(77) of the Companies Act, 2013, and their interest or concern in the companies, bodies corporate, firms or other associations of individuals is as below:

I) List of Relatives:

Sr. No.	Relation	Name of Relative
1.	HUF in which I am a member Name of the Members of HUF	
2.	Spouse	
3.	Father	
4.	Mother	
5.	Son	
6.	Son's wife	
7.	Daughter	
8.	Daughter's Husband	
9.	Brother	
10.	Sister	

II) Disclosure in terms of Section 2(76) of the Companies Act, 2013:

Sr. No.	Particulars	Name of Firm/Company/Body corporate/association of individuals	Name of the Relative/Person and nature of interest
1.	Firm in which the Relative is a partner		
2.	Private Company in which the Relative is a director or member		
3.	Public Company in which I am a director and hold together with the Relative(s) more than 2% of the paid-up share capital		
4.	Body corporate whose		

	Board of Directors, managing director or manager is accustomed to act in accordance with my advice, directions or instructions.		
5.	Any person on whose advise directions or instructions I am accustomed to act.		

Date:

ANNEXURE 2

INFORMATION TO BE PROVIDED TO THE AUDIT COMMITTEE / BOARD IN RELATION TO THE PROPOSED RELATED PARTY TRANSACTION (TO THE EXTENT RELEVANT TO THE TRANSACTION):

Sr. No.	*Particulars*
1.	Name of the Related Party and nature of relationship
2.	Nature and duration of the contract/arrangement/transaction and particulars thereof
3.	Material terms of the contract or arrangement or transaction including the value, if any
4.	In case of existing or approved contracts, transactions, details of proposed variations to the duration, current price / value and / or material terms of the contract or arrangement including a justification to the proposed variations
5.	Any advance paid / received or to be paid / received for the contract or arrangement, if any
6.	Manner of determining the pricing and other commercial terms, whether or not included as part of contract
7.	Whether all factors relevant to the contract/arrangement/transaction have been considered, if not, the details of factors not considered with rationale for not considering those factors
8.	Copy of the draft MOU, agreement, contract, purchase order or correspondence etc. if any
9.	Applicable statutory provisions, if any
10.	Valuation reports in case of sale or purchase or leasing / renting of capital assets or securities
11.	Justification as to the arm's length nature of the proposed transaction
12.	Declaration whether the transaction is in the ordinary course of business
13.	Persons / authority approving the transaction
14.	Any other information which may be relevant or important for the Committee / Board to take a decision on the proposed transaction

ANNEXURE 3

LOANS TO DIRECTORS, SENIOR OFFICERS AND RELATIVES OF DIRECTORS

(₹ crore)

	Current Year	Previous Year
Directors and their relatives		
Entities associated directors and their relatives		
Senior Officers and their relatives		

Annexure-D

FORM NO. AOC-2

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

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

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

There were no contracts or arrangements or transactions entered into during the year ended 31st March, 2023, which were not at arm's length basis.

2. **Details of material contracts or arrangement or transactions at arm's length basis**

The Company had entered into transaction/ arrangement with Lendingkart Technologies Private Limited during the year ended 31st March, 2023. The details of the said transaction are as follows:

(a)	**Name(s) of the related party and nature of relationship:**	Lendingkart Technologies Private Limited, 100% holding company of the Company ("**LTPL**").
(b)	**Nature of contracts / arrangements / transactions**	The License Agreement dated 19th June, 2015 (read with amendment agreements) executed between the Company and LTPL ("**License Agreement**"), lays down terms and conditions concerning usage of, inter-alia, LTPL's technology platform, trademarks, domain name(s), etc., by the Company. The License Agreement was amended in February, 2023 vide the Fourth Amendment Agreement dated 14th February, 2023, to the License Agreement ("**Amendment Agreement**"). The Amendment Agreement lays down, inter-alia, the revised terms and conditions pertaining to:

		- usage of LTPL's technology platform, etc., by the Company; - usage of LTPL's trademarks, domain name(s), etc., by the Company. Further, the provisions are incorporated for the payment of guarantee commission concerning the corporate guarantee being provided by LTPL in respect of certain credit/ loan facilities availed/ being availed by the Company.
(c)	**Duration of the contracts / arrangements / transactions**	Effective from 1st April, 2022. Tenure of the Agreement – Till 18th June, 2025.
(d)	**Salient terms of the contracts or arrangements or transactions including the value, if any**	The Amendment Agreement, *inter alia*, provides as follows: 1. Provisions pertaining to payment of guarantee commission by the Company to LTPL in lieu of LTPL providing corporate guarantee in respect of certain credit/loan facilities availed/being availed by the Company; 2. Revision in terms of the License Fee being paid by the Company to LTPL in respect of usage of, inter-alia, the technology platform, trademarks, domain name(s), etc. The Amendment Agreement is effective from 1st April, 2022.
(e)	**Date of approval by the Board / ~~Shareholders~~**	14th February, 2023
(f)	**Amount paid in advance, if any:**	Nil

Notes:

1. The License Agreement was further modified in August, 2023 and the tenure is extended up to 23rd June, 2027.

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: August 08, 2023
Place: Bengaluru

SECRETARIAL AUDIT REPORT

***

LENDINGKART FINANCE LIMITED

(CIN: U65910MH1996PLC258722)

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2023

[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, 2023 , 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, 2023 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

h) The Securities and Exchange Board of India (Buyback of Securities) 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.50 Crores (Rupees Fifty Crores Only) in aggregate, which have been listed on Bombay Stock Exchange (BSE) whereas the Company has issued and allotted Unlisted Non Convertible Debentures of Rs. 95 Crores (Rupees Ninty Five Crores Only) in aggregate. The Company has repaid principal amount of Rs 373.809 Crores (Rupees Three Hundred Seventy Three point Eight Hundred and Nine 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 : F006136E000743466

Place: Vaishali
Date: 08.08.2023

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: F006136E000743466

Date: 08.08.2023

Place: Vaishali

Annexure - F

Annual Report on CSR Activities for the Financial Year 2022-23

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	3
2	Mr. Harshvardhan Lunia	Member	3	3
3	Mr. Venkateswara Rao Thallapaka	Member	3	3
4	Mr. Pavan Pal Kaushal	Member	3	1

Changes during the year:

** Mr. Anand Pande ceased to be the Member of the Committee w.e.f. 27th December, 2022.*

** Mr. Pavan Pal Kaushal appointed as the Member of the Committee w.e.f. 3rd February, 2023.*

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 executive summary along with web-link(s) of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8, if applicable.**

Not applicable for the financial year under review.

5. (a) **Average net profit of the company as per sub-section (5) of section 135.**

The average net loss incurred by the Company as per section 135(5) is ₹ 3,795.88 Lakh.

(b) **Two percent of average net profit of the company as sub-section (5) of section 135.**

Nil

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

Nil

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

Nil

(e) **Total CSR obligation for the financial year (5b+5c-5d).**

Nil

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project).

₹ 40,00,000

(b) Amount spent in Administrative Overheads.

Nil

(c) Amount spent on Impact Assessment, if applicable.

Not Applicable

(d) Total amount spent for the Financial Year [(a)+(b)+(c)].

₹ 40,00,000

(e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section (6) of section 135.		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135.		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
₹40,00,000	NA	NA	NA	NA	NA

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

Sl. No.	Particular	Amount
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135.	Not Applicable
(ii)	Total amount spent for the Financial Year	Not Applicable
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Not Applicable
(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

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

Sl. No.	Preceding Financial Year(s).	Amount transferred to Unspent CSR Account under subsection (6) of section 135 (in ₹)	Balance Amount in Unspent CSR Account under subsection (6) of section 135 (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per subsection (5) of section 135, if any.		Amount remaining to be spent in succeeding financial years. (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of transfer.		
1.	2019-20	Nil	Nil	Nil	Nil	N.A.	Nil	N.A.
2.	2020-21	₹ 33,60,000	₹ 33,60,000	Nil	Nil	N.A.	₹ 33,60,000	-
3.	2021-22	₹ 41,44,700	₹ 1,44,700	₹ 40,00,000	Nil	N.A.	₹ 1,44,700	-

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

No

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

Not applicable

On behalf of the Board of Directors

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

Date: August 8, 2023

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, 2023, 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, 2023, the profit 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.

BATLIBOI & PUROHIT * CHARTERED ACCOUNTANTS * Mumbai

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 behavioural 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. • 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.

BATLIBOI & PUROHIT * CHARTERED ACCOUNTANTS * Mumbai

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.

BATLIBOI & PUROHIT * CHARTERED ACCOUNTANTS * Mumbai

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

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

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

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

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

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.

   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 accounting standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.

   e) On the basis of the written representations received from the directors as on March 31, 2023 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

BATLIBOI & PUROHIT * CHARTERED ACCOUNTANTS * Mumbai

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, 2023.

   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, 2023.

   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;

   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.

BATLIBOI & PUROHIT * Mumbai * CHARTERED ACCOUNTANTS *

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

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

Janak Mehta
Partner
Membership No. 116976

Place: Ahmedabad
Date: May 9, 2023
ICAI UDIN: 23116976BGXTWP6630

BATLIBOI & PUROHIT
Mumbai
CHARTERED ACCOUNTANTS

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, 2022, September 30, 2022, December 31, 2022 and March 31, 2023.

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

BATLIBOI & PUROHIT * CHARTERED ACCOUNTANTS * Mumbai

(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 59.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, 2023 is Rs. 4,752.35 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 53.C. in the financial statements for details of number of cases and the amount of principal and interest overdue as at March 31, 2023.

(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, clause 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 3(vi) of the Order is not applicable to the Company.

BATLIBOI & PUROHIT * Mumbai * CHARTERED ACCOUNTANTS

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, 2023 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.

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

(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.

(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, frauds aggregating Rs. 506.88 lakhs have been identified by the Company relating to loans availed by borrowers based on collusion with internal / external parties through submission of forged bank statements, misappropriation of funds by employee and diversion of funds by borrowers. The amount has been fully provided for in the books of account, net of recoveries.

(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 upto 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.

BATLIBOI & PUROHIT * Mumbai * CHARTERED ACCOUNTANTS

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.

(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 not incurred cash losses in the current financial year. The Company had incurred cash losses of Rs.35,245.89 Lakhs in the preceding year.

xviii There has been no resignation of the statutory auditors during the year. Accordingly, paragraph 3(xviii) of the Order is not applicable.

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) According to the information and explanations given to us and based on audit procedures performed by us, the Company was not required to spend any amount in terms of Section 135 of the Act during the year. Accordingly, second proviso to sub-section (5) of section 135 of the said Act and paragraph 3(xx)(a) of the Order is not applicable.

BATLIBOI & PUROHIT
Mumbai
CHARTERED ACCOUNTANTS

(b) According to the information and explanations given to us and based on audit procedures performed by us, the Company did not have any ongoing project in terms of Section 135 of the Act during the year. Accordingly, provision of sub-section (6) of section 135 of the said Act and paragraph 3(xx)(b) of the Order is not applicable.

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

Janak Mehta
Partner
Membership No. 116976

BATLIBOI & PUROHIT * Mumbai * CHARTERED ACCOUNTANTS

Place: Ahmedabad
Date: May 9, 2023
ICAI UDIN: 23116976BGXTWP6630

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, 2023 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 judgement, 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, 2023, 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

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

Janak Mehta
Partner
Membership No. 116976

Place: Ahmedabad
Date: May 9, 2023
ICAI UDIN: 23116976BGXTWP6630

Lendingkart Finance Limited
Balance Sheet as at 31 March 2023

(₹ in lakhs unless otherwise stated)

Particulars	Notes	31 March 2023	31 March 2022
Assets			
Financial assets			
Cash and cash equivalents	6	18,050.89	21,158.06
Bank balances other than cash and cash equivalents	7	23,370.49	13,957.32
Loans	8	1,76,940.53	1,91,592.90
Other financial assets	9	55,181.93	24,013.63
		2,73,543.84	**2,50,721.91**
Non-financial assets			
Current tax assets (Net)	10	3,928.21	1,660.32
Deferred tax asset (Net)	11	4,640.76	8,575.16
Property, plant and equipment	12	254.42	135.40
Intangible assets	13	46.30	76.54
Right-of-use assets	12	1,598.83	1,947.83
Other non-financial assets	14	1,914.16	451.51
		12,382.68	**12,846.76**
Total assets		**2,85,926.52**	**2,63,568.67**
Liabilities and Equity			
Liabilities			
Financial liabilities			
Debt Securities	15	93,559.88	1,20,026.19
Borrowings (Other than debt securities)	16	71,934.40	57,114.59
Subordinated Debt	17	2,529.89	2,529.50
Other financial liabilities	18	41,968.37	21,619.58
		2,09,992.54	**2,01,289.86**
Non Financial liabilities			
Provisions	19	577.89	345.18
Other non-financial liabilities	20	2,689.46	1,891.79
		3,267.35	**2,236.97**
Equity			
Equity share capital	21	4,418.79	4,418.79
Other equity	22	68,247.84	55,623.05
		72,666.63	**60,041.84**
Total liabilities and equity		**2,85,926.52**	**2,63,568.67**

Summary of significant accounting policies **3**

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

Janak Mehta
Partner
Membership No. 116976

Place: Ahmedabad
Date: 09th May 2023

BATLIBOI & PUROHIT ★ Mumbai ★ CHARTERED ACCOUNTANTS

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

Harshvardhan Lunia
Chairman and Managing Director
DIN No. 01189114

Gaurav Singhania
Chief Financial Officer
Membership No. 503678

Umesh Navani
Company Secretary
Membership No. A40899

LENDINGKART FINANCE LIMITED (INDIA)

Place: Ahmedabad
Date: 09th May 2023

Lendingkart Finance Limited

Statement of Profit & Loss for the Year ended 31 March 2023

(₹ in lakhs unless otherwise stated)

Particulars	Notes	For the year ended 31 March 2023	For the year ended 31 March 2022
Revenue from operations			
Interest Income	23	75,343.83	61,184.47
Gain/(Loss) on assignment of loans	24	4,945.10	1,417.12
Total Revenue from operations		**80,288.93**	**62,601.59**
Other Income	25	2,118.32	1,252.78
Total income		**82,407.25**	**63,854.37**
Expenses			
Finance Costs	26	23,712.84	23,750.51
Fees and commission expenses	27	7,938.80	5,916.44
Impairment of financial instruments	28	11,209.34	41,471.20
Employee Benefit expenses	29	7,736.46	4,411.14
Depreciation and amortisation expenses	30	529.75	569.57
Other Expenses	31	15,749.80	6,133.22
Total Expenses		**66,876.99**	**82,252.08**
Profit before Tax		**15,530.26**	**(18,397.71)**
Tax Expense :			
- Current tax		-	-
- Tax of earlier years		31.91	342.96
- Deferred tax (income) / expense	32	3,932.61	(4,596.70)
Total Tax Expenses		**3,964.52**	**(4,253.74)**
Profit after tax		**11,565.74**	**(14,143.97)**
Other comprehensive income			
(a) Items that will not be reclassified to profit or loss			
Remeasurement gain / (losses) on defined benefit plans		7.14	32.66
Tax impact on above		(1.80)	(8.22)
Other comprehensive income, net of tax		**5.34**	**24.44**
Total Comprehensive Income		**11,571.08**	**(14,119.53)**
Earning per equity share: *[In absolute ₹]*	**33**		
Basic [Face value of ₹ 10]		26.17	(32.01)
Diluted [Face value of ₹ 10]		26.17	(32.01)

Summary of significant accounting policies **3**

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

Janak Mehta
Partner
Membership No. 116976

Place: Ahmedabad
Date: 09th May 2023

BATLIBOI & PUROHIT * CHARTERED ACCOUNTANTS * Mumbai

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

Harshvardhan Lunia
Chairman and Managing Director
DIN No. 01189114

Gaurav Singhania
Chief Financial Officer
Membership No. 503678

Umesh Navani
Company Secretary
Membership No. A40899

LENDINGKART FINANCE LIMITED (INDIA)

Place: Ahmedabad
Date: 09th May 2023

Lendingkart Finance Limited
Cash Flow Statement for the Year ended March 31, 2023

(₹ in lakhs unless otherwise stated)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Operating activities		
Profit before tax	15,530.26	(18,397.71)
Adjusted for:		
Impact of EIR of financial assets	(11,087.96)	(2,264.91)
Impact of EIR of financial liabilities	(1,529.15)	(309.37)
Upfront gain on direct assignment	(4,945.10)	(1,417.12)
Impact of Corporate Guarantee Fees	1,053.71	-
Interest on finance lease liability	300.80	320.84
Provision for gratuity	34.76	51.74
Provision for leave benefit	197.95	(57.42)
Impairment of loans	(3,011.63)	(6,591.63)
Impairment of other financial assets	2,503.95	310.46
Bad debts written offs	11,717.02	47,752.37
Discount on Commercial Paper	349.65	1.95
Depreciation and amortisation	529.75	569.57
Interest on bank deposits	(1,362.43)	(1,066.46)
Interest on term loans	(62,344.03)	(56,982.81)
Finance costs	22,898.32	23,405.96
PPE & Intangible assets under development written off	1.02	150.29
Actuarial gain/(loss) recognised in OCI	7.14	32.66
	(29,155.97)	**(14,491.59)**
Interest received on bank deposit	1,269.79	1,066.46
Interest received on term loans	59,800.25	52,662.89
Repayment of finance cost	(23,223.20)	(23,429.66)
Cash generated from operating activities before working capital changes	**8,690.87**	**15,808.10**
Changes in working capital:		
- (Increase) / decrease in loans	8,490.75	(32,299.57)
- (Increase) / decrease in other financial Assets	(17,639.19)	(15,239.34)
- (Increase) / decrease in other non-financial Assets	(1,022.08)	334.94
- Increase / (decrease) in other financial liabilities	21,676.83	10,707.13
- Increase / (decrease) in other non financial liabilities	797.68	312.72
	20,994.86	**(20,376.02)**
- Income Tax paid (Net)	(2,299.79)	(3,167.91)
Net cash flows from / (used in) operating activities	**18,695.07**	**(23,543.93)**
Investing activities:		
Purchase of PPE and intangible assets	(251.29)	(157.07)
Proceeds from sale of fixed assets	4.66	-
Movement in bank balances other than cash and cash equivalents	(9,320.53)	139.48
Net cash generated from / (used in) investing activities	**(9,567.16)**	**(17.59)**
Financing activities:		
Proceeds from debt securities	14,500.00	28,900.00
Repayment of debt securities	(37,380.94)	(31,009.15)
Proceeds from borrowings other than debt securities	78,210.45	34,886.84
Repayment of borrowings other than debt securities	(65,071.88)	(49,658.38)
Proceeds from issue of commercial paper	4,708.46	1,611.90
Repayment of commercial paper	(4,354.41)	-
Change in Cash Credit / Overdraft	1,959.61	82.57
Repayment of lease liabilities	(564.22)	(531.77)
Proceeds/(repayment) from securitisation borrowing	(4,242.15)	31,651.53
Net cash generated from financing activities	**(12,235.08)**	**15,933.54**

BATLIBOI & PUROHIT * CHARTERED ACCOUNTANTS * Mumbai

LENDINGKART FINANCE LIMITED (INDIA) *

Lendingkart Finance Limited
Cash Flow Statement for the Year ended March 31, 2023

(₹ in lakhs unless otherwise stated)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Net increase / (decrease) in cash and cash equivalents	**(3,107.17)**	**(7,627.98)**
Cash and cash equivalents as at the beginning of the year	21,158.06	28,786.04
Cash and cash equivalents as at the end of the year	**18,050.89**	**21,158.06**
Components of cash and cash equivalents		
Cash in hand	-	-
Balances with banks		
- With banks in current accounts	12,382.94	8,156.86
- In deposit accounts with original maturity of less than 3 months	5,667.95	13,001.20
Cash and cash equivalents	**18,050.89**	**21,158.06**

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: Ahmedabad
Date: 09th May 2023

BATLIBOI & PUROHIT * CHARTERED ACCOUNTANTS * Mumbai

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

Harshvardhan Lunia
Chairman and Managing Director
DIN No. 01189114

LENDINGKART FINANCE LIMITED (INDIA)

Gaurav Singhania
Chief Financial Officer
Membership No. 503678

Umesh Navani
Company Secretary
Membership No. A40899

Place: Ahmedabad
Date: 09th May 2023

Lendingkart Finance Limited
Statement of changes in equity for the Year ended 31 March 2023 *(₹ in lakhs unless otherwise stated)*

Equity share capital

Particulars	No of shares	Amount
Balance as at April 01, 2021	4,41,87,931	4,418.79
Changes in Equity Share Capital due to prior period errors	-	-
Changes in equity share capital during the year	-	-
Balance at March 31, 2022	**4,41,87,931**	**4,418.79**
Changes in Equity Share Capital due to prior period errors	-	-
Changes in equity share capital during the year	-	-
Balance at March 31, 2023	**4,41,87,931**	**4,418.79**

Other equity

Particulars	Reserves and Surplus			OCI Reserves	Deemed capital contribution from holding company	Total other equity
	Securities premium	Retained earnings	Statutory Reserve as per RBI Act			
Balance as at April 01, 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 current reporting period	**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 March 31, 2022	**67,246.84**	**(13,353.09)**	**1,657.14**	**72.16**	-	**55,623.05**
Changes in accounting policy/prior period errors	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	**67,246.84**	**(13,353.09)**	**1,657.14**	**72.16**	-	**55,623.05**
Total comprehensive Income	-	11,571.08	-	-	-	11,571.08
Other comprehensive income (net of tax)	-	(5.34)	-	5.34	-	-
Transferred to Statutory Reserve u/s section 45-IC of RBI Act, 1934	-	(2,314.22)	2,314.22	-	-	-
Deemed capital contribution	-	-	-	-	1,053.71	1,053.71
Balance at March 31, 2023	**67,246.84**	**(4,101.57)**	**3,971.36**	**77.50**	**1,053.71**	**68,247.84**

Summary of significant accounting policies **3**

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

Janak Mehta
Partner
Membership No. 116976

Place: Ahmedabad
Date: 09th May 2023

BATLIBOI & PUROHIT ★ CHARTERED ACCOUNTANTS ★ Mumbai

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

Harshvardhan Lunia
Chairman and Managing Director
DIN No. 01189114

Gaurav Singhania
Chief Financial Officer
Membership No. 503678

Umesh Navani
Company Secretary
Membership No. A40899

LENDINGKART FINANCE LIMITED (INDIA) ★

Place: Ahmedabad
Date: 09th May 2023

(₹ in Lakhs unless otherwise stated)

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 a 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 Unit Number PS 40 and PS 41, 3rd Floor, Birla Centurion, Pandurang Budhkar Marg, Worli, Mumbai, Maharashtra - 400 030, India. As at 31 March 2023, 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 53(A).

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.

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Lendingkart Finance Limited (India)

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

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Lendingkart Finance Limited (India)

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:

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LENDINGKART FINANCE LIMITED (INDIA)

- 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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Lendingkart Finance Limited (India)

- 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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Lendingkart Finance (India) Limited

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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LENDINGKART FINANCE LIMITED (INDIA)

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.

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

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

The mechanics of the ECL method are summarised below:

- **Stage-1:**
  The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD. This calculation is made for each of the three scenarios, as explained above.
- **Stage-2:**
  When a loan has shown a significant increase in credit risk since origination, the company records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument.

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LENDINGKART FINANCE LIMITED (INDIA) *

(₹ in Lakhs unless otherwise stated)

- **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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(₹ in Lakhs unless otherwise stated)

(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 government 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 31 March 2023, Ministry of Corporate Affairs ('MCA') amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from 01 April 2023, as below:

(i) Ind AS 1 – Presentation of Financial Statements

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after 01 April 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the Company's financial statements.

(ii) Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

This amendment has introduced a definition of accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after 01 April 2023. The Company has evaluated the amendment and there is no impact on its financial statements.

(iii) Ind AS 12 – Income Taxes

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after 01 April 2023. The Company has evaluated the amendment and there is no impact on its financial statement.

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(₹ in lakhs unless otherwise stated)

6 Cash and cash equivalents

Particulars	31 March 2023	31 March 2022
Cash on hand	-	-
Balances with banks		
- in current accounts	12,382.94	8,156.86
- in deposit accounts with maturity upto 3 months	5,667.95	13,001.20
Total	**18,050.89**	**21,158.06**

(i) Balance in current account as at 31 March 2023 includes amount of ₹ 745.66 which pertains to Escrow accounts of colenders (31 March 2022: ₹ 1,263.69).

(ii) 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 March 31, 2023,

7 Bank balances other than cash and cash equivalents

Particulars	31 March 2023	31 March 2022
Fixed deposits with bank		
Deposits - maturity less than 12 months	21,446.44	8,294.51
Deposits - maturity more than 12 months	1,924.05	5,662.81
Total	**23,370.49**	**13,957.32**

As at March 31, 2023, fixed deposits of ₹ 22,207.38 (March 31, 2022: ₹ 12,791.40) are pledged against credit facilities.

8 Loans

Particulars	31 March 2023	31 March 2022
Term loans	1,83,068.99	2,01,177.79
Less: Impairment loss allowance	(6,128.46)	(9,584.89)
	1,76,940.53	**1,91,592.90**
(Refer note 53 (C) for Credit risk)		
(A) Out of Above		
(i) Secured	-	-
Less: Impairment loss allowance	-	-
Total (i)	-	-
(ii) Unsecured	1,83,068.99	2,01,177.79
Less: Impairment loss allowance	(6,128.46)	(9,584.89)
Total (ii)	**1,76,940.53**	**1,91,592.90**
Total (A) = (i) + (ii)	**1,76,940.53**	**1,91,592.90**
(B) Out of Above		
(i) Public Sector	-	-
Less: Impairment loss allowance	-	-
Total (i)	-	-
(ii) Others	1,83,068.99	2,01,177.79
Less: Impairment loss allowance	(6,128.46)	(9,584.89)
Total (ii)	**1,76,940.53**	**1,91,592.90**
Total (B) = (i) + (ii)	**1,76,940.53**	**1,91,592.90**
(C) Out of Above		
(i) In India	1,83,068.99	2,01,177.79
Less: Impairment loss allowance	(6,128.46)	(9,584.89)
Total (i)	**1,76,940.53**	**1,91,592.90**
(ii) Outside India	-	-
Less: Impairment loss allowance	-	-
Total (ii)	-	-
Total (C) = (i) + (ii)	**1,76,940.53**	**1,91,592.90**

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9 Other financial assets

Particulars	31 March 2023	31 March 2022
Interest receivable on assignment of loans	4,508.20	1,839.95
Security deposits	717.81	2,064.42
Receivable from co-lenders (refer note (i) below)	45,768.92	16,743.39
Others	7,651.34	4,326.26
Total	**58,646.27**	**24,974.02**
(Less) : Impairment allowance on other financial assets	(3,464.34)	(960.39)
Total	**55,181.93**	**24,013.63**

(i) Receivable from co-lenders includes assets recognised as per Ind AS with corresponding Guarantee liability recorded under Other financial liabilities in note no. 18.

10 Current tax assets (net)

Particulars	31 March 2023	31 March 2022
Advance income tax (net)	3,928.21	1,660.32
Total	**3,928.21**	**1,660.32**

11 Deferred tax asset (Net)

Particulars	31 March 2023	31 March 2022
Deferred tax asset on account of:		
Carry forward of unabsorbed losses	4,629.30	6,863.04
Provision for expenses allowed for tax purposes on payment basis	149.39	89.03
Expected credit loss	1,703.37	2,000.43
Unamortised processing fee	67.40	281.25
Lease transactions	126.15	98.59
Guarantee fees	53.62	164.51
Unwinding discount of Security Deposit	24.44	27.69
Difference between tax depreciation and depreciation charged for the financial reporting	34.41	62.81
Interest on market linked debentures	473.91	380.13
Gross Deferred Tax Assets	**7,261.99**	**9,967.48**
Deferred tax liability on account of:		
On account of securitisation and direct assignment	2,493.74	1,267.31
Unamortised borrowing cost	127.49	125.01
Gross Deferred Tax Liabilities	**2,621.23**	**1,392.32**
Deferred Tax Assets (Net)	**4,640.76**	**8,575.16**
Deferred tax asset recognized	**4,640.76**	**8,575.16**

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12 Property, plant and equipment

Particulars	Property, plant and equipment				Right-of-use assets
	Computers and Networks	Furniture and fixtures	Office equipments	Total	
Cost					
As at 01 April 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 01 April 2022	**545.71**	**44.28**	**101.99**	**691.98**	**3,197.32**
Additions	210.68	19.92	4.95	**235.55**	23.91
Disposals	51.58	5.35	1.75	**58.68**	-
As at 31 March 2023	**704.81**	**58.85**	**105.19**	**868.85**	**3,221.23**
Accumulated depreciation					
As at 01 April 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 01 April 2022	**450.55**	**27.24**	**78.79**	**556.58**	**1,249.49**
Charge for the period	90.57	8.21	12.07	**110.85**	**372.91**
Disposals	47.84	3.67	1.49	**53.00**	-
As at 31 March 2023	**493.28**	**31.78**	**89.37**	**614.43**	**1,622.40**
Net book value					
As at 01 April 2022	**95.16**	**17.04**	**23.20**	**135.40**	**1,947.83**
As at 31 March 2023	**211.53**	**27.07**	**15.82**	**254.42**	**1,598.83**

(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 2023 (31 March 2022: Nil).
(iii) There have been no revaluation during the year ended 31 March 2023 (31 March 2022: Nil).

13 Intangible assets

Particulars	Computer softwares
Cost	
As at 01 April 2021	198.44
Additions	80.16
Disposals	-
As at 01 April 2022	**278.60**
Additions	15.74
Disposals	-
As at 31 March 2023	**294.34**
Accumulated amortisation	
As at 01 April 2021	131.32
Charge for the period	70.74
Disposals	-
As at 01 April 2022	**202.06**
Charge for the period	45.98
Disposals	-
As at 31 March 2023	**248.04**
Net book value	
As at 01 April 2022	**76.54**
As at 31 March 2023	**46.30**

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14 Other non financial assets

Particulars	31 March 2023	31 March 2022
Indirect tax credits available for utilisation	478.71	6.53
Prepaid expenses	201.58	111.42
Capital advances	-	11.16
Other advances	1,233.87	322.40
Total	**1,914.16**	**451.51**

15 Debt Securities

Particulars	31 March 2023	31 March 2022
(A) At amortised cost		
(i) Secured		
Privately placed redeemable non-convertible debentures	30,432.77	47,383.58
Issue of Pass Through Certificates	48,537.32	52,779.49
(ii) Unsecured		
Borrowings by issue of commercial papers	1,965.95	1,611.90
Total	**80,936.04**	**1,01,774.97**
(B) At FVTPL		
(i) Secured		
Privately placed redeemable non-convertible debentures	12,623.84	18,251.22
Total	**12,623.84**	**18,251.22**
(C) Out of above		
In India	73,142.81	97,220.36
Outside India	20,417.07	22,805.83
Total	**93,559.88**	**1,20,026.19**

(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 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) Funds raised on short term basis have not been used for long term purpose.
(v) The debenture are secured by:
a) A charge by way of hypothecation of 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 March 31, 2023 is ₹ 34,963.33 (March 31, 2022 is ₹43,228.92).
c) Guarantee by third party as at 31 March 2023: ₹ 3,024.04 (31 March 2022: 5,670.04).
d) First loss default guarantee (FLDG) in the form of fixed deposits as at 31 March 2023 is ₹ 110.26 (31 March 2022: ₹ 135.45)
vi) First loss default guarantee (FLDG) in the form of fixed deposits for securitisation transactions as at March 31,2023 is ₹ 3,643.79 (March 31, 2022: ₹ 3,898.69)

Terms of Repayment - Debentures as at March 31, 2023

Original Maturity / Repayment frequency	Monthly/Quarterly repayment			Total
Rate of interest	9%-12%	12%-15%	15%-16%	
Due within 1 year				
No. of instalments	107	101	1	209
Amount	15,541.28	31,400.39	2,000.00	48,941.67
Due 1 to 2 years				
No. of instalments	36	59	-	95
Amount	7,594.65	25,623.30	-	33,217.95
Due 2 to 3 years				
No. of instalments	6	14	-	20
Amount	311.35	6,631.72	-	6,943.07
Interest accrued and impact of EIR				2,491.24
Total	**23,447.28**	**63,655.41**	**2,000.00**	**91,593.93**

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(₹ in lakhs unless otherwise stated)

Terms of Repayment - Debentures as at March 31, 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 - Commercial papers as at March 31, 2023

Original Maturity / Repayment frequency	Bullet repayment	
Rate of interest	11.95%	Total
Due within 1 year		
No. of instalments	1	1
Amount	2,000.00	**2,000.00**
Impact of unamortised discount and EIR		**(34.05)**
Total	**2,000.00**	**1,965.95**

Terms of Repayment - Commercial papers as at March 31, 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 unamortised discount and EIR		**(88.10)**
Total	**1,700.00**	**1,611.90**

16 Borrowings (Other than debt securities)

Particulars	31 March 2023	31 March 2022
(A) At amortised cost		
(i) Secured*		
Term loans		
from banks	25,387.69	26,742.87
from other than banks	39,059.62	25,584.53
Loans repayable on demand		
Overdraft from bank	6,736.27	946.69
Cash credit from banks	0.11	2,330.08
Cash credit from other than banks	-	1,510.42
	71,183.69	**57,114.59**
(ii) Unsecured		
Term loans		
from other than banks	750.71	-
	750.71	**-**
Total	**71,934.40**	**57,114.59**
(B) Out of above		
In India	71,934.40	57,114.59
Outside India	-	-
Total	**71,934.40**	**57,114.59**

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

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(₹ in lakhs unless otherwise stated)

(ii) The quarterly returns filed by the Company with banks 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) Funds raised on short term basis have not been used for long term purpose.
(v) The term loans/ working capital demand loans/ cash credit/ overdraft are secured by:

a) A charges by way of hypothecation of 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 2023 is ₹ 65,563.14 (31 March 2022: ₹ 56,330.70)

c) First loss default guarantee (FLDG) in the form of security deposits as at 31 March 2023 is ₹ 565.26 (31 March 2022: ₹ 315.26)

d) Overdraft and cash credit availed from banks secured by pledge of fixed deposits as at 31 March 2023 is ₹ 10,530.12 (31 March 2022: ₹ 5,707.21)

Terms of Repayment - Term Loans & working capital demand loans as at March 31, 2023

Original Maturity / Repayment frequency	Monthly/Quarterly repayment			Total
Rate of interest	9%-12%	12%-15%	15%-16%	
Due within 1 year				
No. of instalments	93	344	11	448
Amount	18,097.85	32,594.60	659.27	51,351.72
Due 1 to 2 years				
No. of instalments	48	213	-	261
Amount	5,764.60	10,935.97	-	16,700.57
Due 2 to 3 years				
No. of instalments	14	24	-	38
Amount	2,006.44	2,011.30	-	4,017.74
Interest accrued and impact of EIR				(135.63)
Total	**25,868.89**	**45,541.87**	**659.27**	**71,934.40**

Terms of Repayment - Term Loans & working capital demand loans as at March 31, 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	17,405.62	25,901.53	2,036.30	45,343.45
Due 1 to 2 years				
No. of instalments	36	76	4	116
Amount	1,743.55	8,217.91	242.60	10,204.06
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				142.74
Total	**19,499.11**	**35,193.84**	**2,278.90**	**57,114.59**

17 Subordinated Debt

Particulars	31 March 2023	31 March 2022
(A) At amortised cost		
(i) Unsecured		
Term loans		
from banks	2,529.89	2,529.50
Total	**2,529.89**	**2,529.50**

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

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

Terms of Repayment - Subordinated Debt as at March 31, 2023

Original Maturity / Repayment frequency	Bullet repayment	Total
Rate of interest		
Due 1 to 2 years	12%-15%	
No. of instalments	1.00	**1.00**
Amount	1,000.00	**1,000.00**
Due 2 to 3 years		
No. of instalments	1.00	**1.00**
Amount	1,500.00	**1,500.00**
Interest accrued and impact of EIR		**29.89**
Total	**2,500.00**	**2,529.89**

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Terms of Repayment - Subordinated Debt as at March 31, 2022

Original Maturity / Repayment frequency Rate of interest	Bullet repayment	Total
Due 3 to 4 years	12%-15%	
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		**29.50**
Total	**2,500.00**	**2,529.50**

18 Other financial liabilities

Particulars	31 March 2023	31 March 2022
Expense and other payables	3,668.17	2,756.16
Payable towards Co-lending	5,607.71	3,608.85
Payable towards direct assignment of loans	1,696.98	939.92
Payables to employees	592.40	350.49
Payables to holding company	681.94	115.65
Lease obligation	2,100.06	2,339.57
Guarantee Liability (refer note (i) below)	27,559.77	11,493.24
Service obligation on account of securitisation	61.34	15.70
Total	**41,968.37**	**21,619.58**

(i) Guarantee liability is recognised as per Ind AS with corresponding asset recorded as Receivable from co-lenders under Other financial assets in note no. 9.

19 Provisions

Particulars	31 March 2023	31 March 2022
Provision for employee benefits		
Provision for gratuity benefits	211.13	176.37
Provision for leave benefits	366.76	168.81
Total	**577.89**	**345.18**

20 Other non financial liabilities

Particulars	31 March 2023	31 March 2022
Advances from customers	1,488.59	1,314.54
Statutory dues	1,200.87	577.25
Total	**2,689.46**	**1,891.79**

21 Equity share capital

Particulars	31 March 2023	31 March 2022
Authorized Shares		
5,07,27,600 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 period	4,418.79	4,418.79
Changes due to prior period errors	-	-
Restated balance at the beginning of the period	4,418.79	4,418.79
Add: Issued during the period	-	-
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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LENDINGKART FINANCE LIMITED (INDIA) *

(₹ in lakhs unless otherwise stated)

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 2023	31 March 2022
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 2023	31 March 2022
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 ownership of shares.

The Company has not allotted any bonus shares in the five years immediately preceding 31 March 2023.

The Company has not bought back equity shares during five years immediately preceding 31 March 2023, nor has it issued any share for consideration other than cash.

22 Other equity

Particulars	31 March 2023	31 March 2022
Reserves and Surplus		
(i) Securities Premium		
Balance at the beginning of the year	67,246.84	67,246.84
Add: Premium on issue of Equity Shares	-	-
(Less): Expenses on issue of shares	-	-
Balance at the end of the year	**67,246.84**	**67,246.84**
Deemed capital contribution from holding company		
Balance at the beginning of the year	-	-
Add: Addition/(Deletion) during the year	1,053.71	-
Balance at the end of the year	**1,053.71**	-
(ii) Retained Earnings		
Balance at the beginning of the year	(13,353.09)	790.88
Add: Profit / (loss) for the year	11,571.08	(14,119.53)
Less: Item of other comprehensive income		
Remeasurement gains / (losses) on defined benefit plan (net of tax)	(5.34)	(24.44)
Less : Transferred to Statutory Reserve u/s section 45-IC of Reserve Bank of India Act, 1934	(2,314.22)	-
Balance at the end of the year	**(4,101.57)**	**(13,353.09)**
(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	1,657.14
Add : Amount transferred during the year	2,314.22	-
Balance at the end of the year	**3,971.36**	**1,657.14**
Other Reserves		
(i) Other Comprehensive Income		
Balance at the beginning of the year	72.16	47.72
Remeasurement gains / (losses) on defined benefit plan (net of tax)	5.34	24.44
Balance at the end of the year	**77.50**	**72.16**
Total of other equity	**68,247.84**	**55,623.05**

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LENDINGKART FINANCE LIMITED (INDIA)

Lendingkart Finance Limited
Notes to financial statements for the Year ended 31 March 2023

(₹ in lakhs unless otherwise stated)

23 Interest Income

Particulars	31 March 2023	31 March 2022
On financial assets measured at Amortised Cost		
Interest on term loans	41,982.60	49,680.83
Interest on fixed deposits with banks	1,362.43	1,066.46
Other charges	395.03	281.53
Other interest income	183.60	83.77
Revenue from colending	31,420.17	10,071.88
Total	**75,343.83**	**61,184.47**

24 Gain/(Loss) on assignment of loans

Particulars	31 March 2023	31 March 2022
Gain on assignment of loans	5,305.62	1,575.94
Loss on modificaion of loans	(360.52)	(158.82)
Total	**4,945.10**	**1,417.12**

25 Other Income

Particulars	31 March 2023	31 March 2022
Commission Income from Insurance	902.48	633.48
Other Commission Income	681.90	416.58
Unwinding discount of security deposit	12.90	(72.09)
Other Income	521.04	274.81
Total	**2,118.32**	**1,252.78**

26 Finance Costs

Particulars	31 March 2023	31 March 2022
On Financial liabilities measured at amortised cost		
On debt securities	5,659.22	7,650.75
On borrowings (other than debt securities)	7,051.28	8,200.82
On securitisation liabilities	7,643.24	5,357.91
On commercial papers	349.65	1.95
On lease obligation	300.80	320.84
Others	245.09	422.58
On Financial liabilities measured at fair value		
On debt securities	2,463.56	1,795.66
Total	**23,712.84**	**23,750.51**

27 Fees and commission expenses

Particulars	31 March 2023	31 March 2022
Commission and Brokerage	7,938.80	5,916.44
Total	**7,938.80**	**5,916.44**

28 Impairment on financial instruments at amortised cost

Particulars	31 March 2023	31 March 2022
Provision on loans	(3,011.63)	(7,036.44)
Write offs	7,508.02	46,255.35
Impairment of other financial assets	6,712.95	2,252.29
Total	**11,209.34**	**41,471.20**

During the previous year ended March 31, 2022, as a matter of prudence, the Company had made an additional impairment of ₹ 27,490.48 lakhs on the outstanding restructured portfolio based on Company's assessment pursuant to additional time requested by the borrowers to make the repayment.

29 Employee Benefit Expenses

Particulars	31 March 2023	31 March 2022
Salaries and wages	6,739.89	3,992.25
Contribution to provident and other funds	209.81	127.90
Reimbursement of ESOP expenses	118.29	28.89
Leave benefit expense	253.92	(3.17)
Gratuity	71.95	70.84
Staff welfare expenses	342.60	194.43
Total	**7,736.46**	**4,411.14**

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LENDINGKART FINANCE (INDIA) LIMITED

(₹ in lakhs unless otherwise stated)

30 Depreciation and amortisation expenses

Particulars	31 March 2023	31 March 2022
Depreciation and amortisation expenses	529.75	569.57
Total	**529.75**	**569.57**

31 Other Expenses

Particulars	31 March 2023	31 March 2022
Power and fuel	79.85	65.21
Rent	72.80	43.74
Repairs and maintenance	55.45	42.41
Insurance	29.62	15.25
Telephone and communication expense	123.97	119.36
Franking and stamping expenses	428.29	149.21
Marketing and sales promotion expense	1,469.11	124.83
Auditor's fees and expenses (Refer note 31.1 below)	18.64	21.26
Legal and Professional charges	2,441.99	975.16
Service charges of outsourced employees	1,462.32	865.22
Sovereign Guarantee fees	1,945.72	1,431.12
License fees	3,600.54	479.62
Corporate guarantee fees	1,053.71	-
Branding fees	209.94	-
Business support services	64.20	39.66
Printing and stationery	10.62	7.94
Travelling expenses	160.68	62.48
Bank charges	44.06	35.54
Courier expenses	142.42	119.17
Software license fees	2,138.11	1,218.46
Rates & taxes	42.24	16.42
Security expenses	11.31	11.07
PPE & Intangible assets under development written off	1.02	150.29
Director sitting fees	20.71	9.59
Housekeeping expenses	34.45	25.78
CSR Expenditure	-	68.62
Miscellaneous expenses	88.03	35.81
Total	**15,749.80**	**6,133.22**

31.1 Auditor's Remuneration

Particulars	31 March 2023	31 March 2022
Audit fee	13.41	11.99
Tax audit fee	2.18	2.18
In other capacity :		
Certification services	3.05	7.09
Total	**18.64**	**21.26**

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(₹ in lakhs unless otherwise stated)

32 Tax expense

Particulars	31 March 2023	31 March 2022
Current tax expense		
Current tax for the year	-	-
Tax expense of earlier years	31.91	342.96
	31.91	**342.96**
Deferred taxes		
Change in deferred tax assets	(2,703.69)	5,103.95
Change in deferred tax liabilities	(1,228.92)	(507.25)
Net deferred tax expense / (income)	**3,932.61**	**(4,596.70)**
Total income tax expense	**3,964.52**	**(4,253.74)**

32.1 Tax reconciliation

Particulars	31 March 2023	31 March 2022
Profit before income tax expense	15,530.26	(18,397.71)
Effective Tax Rate	25.17%	25.17%
Tax at statutory income tax rate	3,908.66	(4,630.34)
Tax effect of amounts which are not deductible / not taxable in calculating taxable income		
Expenses disallowed	25.75	17.45
Tax expense of earlier years	31.91	342.96
Deferred tax expense on account of OCI	(1.80)	16.19
Income tax expense	**3,964.52**	**(4,253.74)**

32.2 Deferred tax movement from 31 March 2022 to 31 March 2023:

Deferred tax assets (net)	31 March 2023	Recognised in Statement of Profit or loss	Recognised in OCI	31 March 2022
Deferred tax asset on account of:				
Carry forward of unabsorbed losses	4,629.30	2,233.74	-	6,863.04
Provision for expenses allowed for tax purposes on payment basis	149.39	(62.16)	1.80	89.03
Expected credit loss	1,703.37	297.06	-	2,000.43
Unamortised processing fee	67.40	213.85	-	281.25
Lease transactions	126.15	(27.56)	-	98.59
Guarantee fees	53.62	110.89	-	164.51
Unwinding discount of Security Deposit	24.44	3.25	-	27.69
Difference between tax depreciation and depreciation charged for the financial reporting	34.41	28.40	-	62.81
Interest on market linked debentures	473.91	(93.78)	-	380.13
	7,261.99	**2,703.69**	**1.80**	**9,967.48**
Deferred tax liability on account of:				
On account of securitisation and direct assignment	2,493.74	1,226.44	-	1,267.31
Unamortised borrowing cost	127.49	2.48	-	125.01
	2,621.23	**1,228.92**	**-**	**1,392.32**
Deferred tax charge/(credit) for the year	**4,640.76**	**3,932.61**	**1.80**	**8,575.16**

33 Earning Per Share

Particulars	31 March 2023	31 March 2022
(A) Net profit/(loss) after tax for the year	11,565.74	(14,143.97)
(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)	26.17	(32.01)
Diluted earning per share in ₹ (A/C)	26.17	(32.01)
[Nominal value of shares ₹ 10 each (Previous Year : ₹ 10)]		

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34. 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 2023 and 31 March 2022. 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.

35. Related party transactions

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

(a) List of related parties

Nature of Relationship	Name of Related Parties
Holding company	Lendingkart Technologies Private Limited
Entity having significant influence in Holding company	Fullerton Financial Private Limited
Independent director	Mr. Thallapaka Venakateswara Rao
	Mrs. Uma Subramaniam
	Mr. Gaurav Mittal (Resigned on 17 June 2021)
Key Management Personnel	Mr. Harshvardhan Lunia – Chairman and Managing Director*
	Mr. Gaurav Singhania – Chief Financial Officer (appointed on 24 March 2023)
	Mr. Umesh Navani – Company Secretary

(b) Transactions during the year with related parties

Sr. No.	Nature of transactions**	31 March 2023	31 March 2022
1	**Lendingkart Technologies Private Limited**		
	License fee for use of software (refer note 1 below)	3,303.25	440.02
	Corporate guarantee fees charged (refer note 1 below)	966.71	-
	Fees for use of 'Lendingkart' Brand (refer note 1 below)	192.61	-
	Deemed capital contribution from Holding company (refer note-1 below)	1,053.71	-
	Business support charges paid	58.90	36.39
	Reimbursement of ESOP expenses	108.52	26.51
	Reimbursement of collection on behalf of holding company (refer note 2 below)	578.33	72.10
2	**Mr. Gaurav Mittal**		
	Director sitting fees	-	0.30
3	**Mr. Thallapaka Venakateswara Rao**		
	Director sitting fees	10.00	5.50
4	**Mrs. Uma Subramaniam**		
	Director sitting fees	9.00	3.00
5	**Salary to Key Management Personnel**		
	Salary and perquisites	19.23	15.76

* No Remuneration paid during the year ended 31 March 2023 and 31 March 2022.

** Excludes 50% reversal of goods and services tax input credit.

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(₹ in Lakhs unless otherwise stated)

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

Sr. No.	Nature of transactions	31 March 2023	31 March 2022
1	Lendingkart Technologies Private Limited	(681.94)	(115.65)
2	Salary to Key Management Personnel	(1.38)	(1.00)

(d) Guarantees given by holding Company

Sr. No.	Nature of transactions	31 March 2023	31 March 2022
1	Loans borrowed from financial institutions and Banks guaranteed by the Holding Company (including CC facility)		
	Sanctioned amount	1,13,700.00	1,02,600.00
	Outstanding amount	65,563.14	56,330.70
2	Non-Convertible debentures issued to financial institutions, banks and other companies guaranteed by the Holding Company		
	Sanctioned amount	33,200.00	46,900.00
	Outstanding amount	34,963.33	43,228.92

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 the company has engaged the services of an expert to assess the arm's length price for this inter-company transaction. Based on the assessment of such expert, license fees are revised from 01 April 2022. License fees includes Platform fees for use of platform of the Holding company, Branding fees for use of Brand name of the Holding Company and Guarantee fees charged by the Holding Company for providing guarantees to the lenders of the Company. The Company does not pay the Guarantee fees to holding company but charges the same in its statement of profit and loss and considers the amount payable as Deemed capital contribution from the Holding Company.

Note 2: During the previous 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.

36. Transactions with Struck off companies

Sr. No.	Name of struck-off Company	Nature of transactions	Balance outstanding	Relationship with Company
1	Vieux Advertising Private Limited	Provided term loans	4.68	Borrower
2	Kunwish Pharmaceuticals Private Limited		2.93	Borrower
3	Kaanha Grain Trading Private Limited		4.16	Borrower
4	Bliss O2 Bar Private Limited		1.92	Borrower
5	Karyana99 Marketing Private Limited		2.12	Borrower
6	Dd Mart Marketing Private Limited		5.02	Borrower
7	Aps Consultancy Private Limited		22.97	Borrower
8	Avirma Virtual Assistance Private Limited		3.70	Borrower
9	Abhies Agri Solution (OPC) Private Limited		37.25	Borrower
10	Vats Electrotek Private Limited		3.09	Borrower
11	Professional Biotech Private Limited		6.90	Borrower
12	Ops Kisan Agrocare Private Limited		4.40	Borrower
13	Trueblue Tours And Taxi Private Limited		0.75	Borrower
14	Enfros India Solutions Private Limited		12.63	Borrower
15	CPL Media Private Limited		11.73	Borrower

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37. 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 2023 (31 March 2022 – Nil).

38. During the previous year ended 31 March 2022, the Company has incurred cash losses of ₹ 35,245.89 (including accelerated loan write-offs ₹ 27,490.48 lakhs).

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

40. 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 ₹ 118.29 for the year ended 31 March 2023 (31 March 2022: ₹ 28.89).

41. 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 2023	31 March 2022
Balance at the beginning of the year	**1,947.83**	**2,339.07**
Additions	23.91	9.42
Closure	-	(3.40)
Depreciation expense	(372.91)	(397.26)
Balance at the end of the year	**1,598.83**	**1,947.83**

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

Particulars	31 March 2023	31 March 2022
Opening Balance	**2,339.57**	**2,540.05**
Additions	23.91	9.42
Accretion of interest	300.80	320.84
Closure	-	(2.33)
Payments	(564.22)	(528.41)
Closing Balance	**2,100.06**	**2339.57**

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

Particulars	31 March 2023	31 March 2022
Short-term leases	72.80	43.74

iv. The undiscounted maturity analysis of lease liabilities at 31 March 2023 is as follows:

Lease Liability	31 March 2023	31 March 2022
Not later than one year	547.02	539.26
Later than one year and not later than five years	2,127.00	2,633.77
Later than five years	233.37	231.24
Total undiscounted lease liabilities	**2,907.39**	**3,404.27**

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v. The effective interest rate of lease liabilities for the year ended 31 March 2023 is 13.13% (31 March 2022: 13.14%).

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

Particulars	31 March 2023	31 March 2022
Depreciation expense right of use of assets	372.91	397.26
Interest expense on lease liabilities	300.80	320.84
Expense relating to short term leases (included in other expenses)	72.80	43.74
Total Amount recognized in statement of profit and loss account	**746.51**	**761.84**

42. Expenditure in foreign currency (on accrual basis)

Particulars	31 March 2023	31 March 2022
Professional Fees	4.73	4.16
Software Expenses	3.27	3.81
Digital Marketing	9.16	-
Total	**17.16**	**7.97**

43. Contingent liability and Commitments

a) Contingent Liability

Description of the contingent liability	31 March 2023	31 March 2022
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)	8,342.30	8,805.26
Corporate guarantee in case of co-lending transactions	24,389.37	27,557.86

b) Capital and other commitments

Description of the capital and other commitments	31 March 2023	31 March 2022
Loan sanctioned not yet disbursed	1,345.11	2,862.32
Other capital advances (Excludes 50% reversal of goods and service tax input credit)	-	11.16

44. 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:

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i. **Key actuarial assumptions:**

Particulars	31 March 2023	31 March 2022
Discount rate (per annum)	7.30%	6.10%
Rate of salary increase	12.00%	12.00%
Rate of employee turnover (per annum)		
Age band		
25 & Below	40.00%	28.00%
25 to 35	30.00%	26.00%
35 to 45	35.00%	24.00%
45 to 55	35.00%	22.00%
55 & Above	0.00%	20.00%

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

Particulars	31 March 2023	31 March 2022
Defined benefit obligation at the beginning of the year	176.37	157.29
Interest on defined benefit obligation	9.98	9.90
Current service cost	61.97	60.94
(Benefits paid)	(30.05)	(19.10)
Remeasurements due to :		
Actuarial loss/(gain) arising from change in demographic assumptions	(27.60)	(32.89)
Actuarial loss/(gain) arising from change in financial assumptions	(8.62)	3.14
Actuarial loss/(gain) arising on account of experience changes	29.08	(2.91)
Present Value of obligation at the end of the year	**211.13**	**176.37**

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

Particulars	31 March 2023	31 March 2022
Present value of the defined benefit obligation at the end of the year	211.13	176.37
Fair Value of Plan Assets at the end of the year	-	-
Funded Status (Surplus/ (Deficit)	-	-
Net liability recognised in the balance sheet	**211.13**	**176.37**

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

Particulars	31 March 2023	31 March 2022
Current Service Cost	61.97	60.94
Interest cost	9.98	9.90
Net gratuity cost recognised in the current year	**71.95**	**70.84**

v. **Loss/(Gain) recognised in the statement of Other comprehensive income (OCI):**

Particulars	31 March 2023	31 March 2022
Actuarial loss / (gain) on post-employment benefit obligation	(7.14)	(32.66)
Total remeasurement cost / (credit) for the year recognised in OCI	**(7.14)**	**(32.66)**

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

Particulars	31 March 2023	31 March 2022
Net defined benefit liability/(asset) as at the beginning of the year	176.37	157.29
Expense charged to Statement of Profit and Loss	71.95	70.84
(Benefit paid)	(30.05)	(19.10)
Amount recognised in other comprehensive income	(7.14)	(32.66)
Net Liability/(Asset) Recognized in the Balance Sheet	**211.13**	**176.37**

vii. Sensitivity analysis:

Particulars	31 March 2023	31 March 2022
Impact of increase in 0.5% on rate of discounting	207.73	172.46
Impact of decrease in 0.5% on rate of discounting	214.64	180.44
Impact of increase in 0.5% on rate of salary increase	213.94	179.49
Impact of decrease in 0.5% on rate of salary increase	208.36	173.09
Impact of increase in 10% on rate of employee turnover	202.68	169.58
Impact of decrease in 10% on rate of employee turnover	220.51	183.72

viii. Maturity analysis of projected benefit obligation:

Particulars	31 March 2023	31 March 2022
Expected benefits for year 1	42.23	25.52
Expected benefits for year 2	43.12	25.15
Expected benefits for year 3	36.95	26.72
Expected benefits for year 4	31.44	24.91
Expected benefits for year 5	28.80	23.69
Expected benefits for years 6 to 10	78.20	74.01

ix. The Experience adjustment on defined benefit obligation and plan assets:

Particulars	31 March 2023	31 March 2022	31 March 2021	31 March 2020	31 March 2019
Defined benefit obligation	211.13	176.37	157.29	159.27	82.50
Plan assets	-	-	-	-	-
Surplus/ (deficit)	(211.13)	(176.37)	(157.29)	(159.27)	(82.50)
Experience adjustment of plan assets	-	-	-	-	-
Experience adjustment of plan liabilities	29.08	(2.91)	(65.56)	(6.31)	(5.26)

B. Compensated absences:

Maturity Profile

Particulars	31 March 2023	31 March 2022
Present value of unfunded obligations	366.76	168.81
Expense recognised in the Statement of Profit and Loss	253.92	(3.17)
Discount rate (p.a.)	7.30%	6.10%
Salary escalation rate (p.a)	12.00%	12.00%

C. Provident Fund:

The Company contributes to 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 ₹ 207.88 (31 March 2022: ₹ 126.63) for provident fund contributions in the Statement of profit and loss.

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45. The Code on Social Security,2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The said code is made effective prospectively from May 3, 2023. The Company has assessed and there is no impact of the Code.

46. **Corporate Social Responsibility Expenses**

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

Particulars	31 March 2023	31 March 2022
Amount required to be spent by the Company during the year	-	68.62
Amount of expenditure incurred	-	27.18
Transferred to CSR unspent account for ongoing projects*	-	41.44
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.

Nature of CSR Activities:

For Financial Year 2022-23: Not Applicable.

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.

47. The Company does not have any outstanding loans against gold jewellery as at 31 March 2023 (31 March 2022: Nil).

48. **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.

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Planning:

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

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

The Company endeavors 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 2023	31 March 2022
Tier I capital	59,435.98	46,028.06
Tier II capital	-	-
Total capital	**59,435.98**	**46,028.02**
Risk weighted assets (RWA)	**1,65,122.88**	**1,77,526.13**
Tier I CRAR	35.99%	25.93%
Tier II CRAR	-	-
CRAR	**35.99%**	**25.93%**

49. 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 2023	31 March 2022
Carrying amount of transferred assets measured at amortised cost (including loans placed as collateral)	53,697.85	59,200.40
Carrying amount of associated liabilities (Debt securities - measured at amortised cost)	48,537.32	52,779.49
Fair value of assets	53,697.85	59,200.40
Fair value of associated liabilities	48,537.32	52,779.49
Net position at Fair Value	5,160.53	6,420.91

ii. Transfer of financial assets that are derecognized in their entirety.

The Company has not transferred any assets that are derecognized in their entirety where the Company continues to have continuing involvement.

50. Events after reporting date:

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

51. 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.

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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.

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 amortized 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.

52. 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 2023		31 March 2022	
	At Amortised cost	At FVTPL	At Amortised cost	At FVTPL
Financial assets:				
Loans	1,76,940.53	-	1,91,592.90	-
Other financial assets	55,181.93	-	24,013.63	-
Total financial assets	**2,32,122.46**	**-**	**2,15,606.53**	**-**
Financial liabilities:				
Debt Securities	80,936.04	12,623.84	1,01,774.97	18,251.22
Borrowings (other than debt securities)	71,934.40	-	57,114.59	-
Subordinated Debt	2,529.89	-	2,529.50	-
Other financial liabilities	41,968.37	-	21,619.58	-
Total financial liabilities	**1,97,368.70**	**12,623.84**	**1,83,038.64**	**18,251.22**

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Fair value of financial instruments measured at amortized cost:

Particulars	Level of hierarchy	31 March 2023	31 March 2022
Financial assets:			
Loans	Level 3	1,76,940.53	1,91,592.90
Other financial assets	Level 3	55,181.93	24,013.63
Total financial assets		**2,32,122.46**	**2,15,606.53**
Financial liabilities:			
Debt Securities	Level 3	80,936.04	1,01,774.97
Borrowings (other than debt securities)	Level 3	71,934.40	57,114.59
Subordinated Debt	Level 3	2,529.89	2,529.50
Other financial liabilities	Level 3	41,968.37	21,619.58
Total financial liabilities		**1,97,368.70**	**1,83,038.64**

Fair value of financial instruments designated at FVTPL:

Particulars	Level of hierarchy	31 March 2023	31 March 2022
Financial liabilities:			
Debt Securities	Level 2	12,623.84	18,251.22

The carrying amounts of cash and cash equivalents and bank balances is equal to the fair value.

53. 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 53 (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 summarizes the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities:

Financial assets	31 March 2023		31 March 2022	
	Within 1 year	After 1 year	Within 1 year	After 1 year
Financial Assets				
Cash and Cash equivalents	18,062.15	-	21,185.18	-
Bank balances other than Cash and Cash equivalents	22,091.30	2,123.13	8,419.24	6,123.31
Loans	1,00,550.48	1,25,182.07	1,14,942.79	1,36,776.86
Other financial assets	36,595.12	18,586.81	16,173.97	7,839.66
Total Financial Assets	**1,77,299.05**	**1,45,892.01**	**1,60,721.18**	**1,50,739.83**
Financial Liabilities				
Debt Securities (Other than securitisation liabilities)	24,972.08	27,119.13	41,177.69	38,916.26
Securitisation liabilities	31,956.69	16,580.63	38,260.48	14,519.01
Borrowings (other than debt securities)	56,400.76	22,367.50	49,388.38	12,437.01
Subordinated Debt	359.48	2,837.50	358.50	3,196.97
Other financial liabilities	12,238.54	2,916.05	4,871.73	6,303.62
Total Financial Liabilities	**1,25,927.55**	**71,820.81**	**1,34,056.78**	**75,372.87**

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 2023	Within 1 year	After 1 year	Total
Assets			
Financial assets			
Cash and Cash equivalents	18,050.89	-	18,050.89
Bank balances other than Cash and Cash equivalents	21,912.63	1,457.86	23,370.49
Loans	72,266.69	1,04,673.84	1,76,940.53
Other financial assets	36,595.12	18,586.81	55,181.93
Non-financial assets			
Current tax assets (Net)	-	3,928.21	3,928.21
Deferred tax asset (Net)	-	4,640.76	4,640.76
Property, plant and equipment	-	254.42	254.42
Other Intangible assets	-	46.30	46.30
Right-of-use assets	-	1,598.83	1,598.83
Other non-financial assets	1,914.16	-	1,914.16
Total assets	**1,50,739.49**	**1,35,187.02**	**2,85,926.52**
Liabilities			
Financial liabilities			
Debt Securities	53,226.81	40,333.07	93,559.88
Borrowings (Other than debt securities)	51,506.71	20,427.69	71,934.40
Subordinated Debt	30.45	2,499.44	2,529.89
Other financial liabilities	25,427.90	16,540.47	41,968.37
Non-Financial liabilities			
Provisions	109.55	468.34	577.89
Other non-financial liabilities	1,200.87	1,488.59	2,689.46
Total liabilities	**1,31,502.29**	**81,757.60**	**2,13,259.89**

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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
Right-of-use assets	-	1,947.83	1,947.83
Other non-financial assets	440.35	11.16	451.51
Total assets	**1,28,101.09**	**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			
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.

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 2023		31 March 2022	
	USD	₹ in Lakhs	USD	₹ in Lakhs
Expenses payable	1,739.00	1.43	675.00	0.52

Foreign currency sensitivity

Foreign current rate	Impact on profit before tax	
	31 March 2023	31 March 2022
Foreign currency exposure risk		
Increase by 5%	0.07	0.03
Decrease by 5%	(0.07)	(0.03)

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(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 2023	31 March 2022
Debt Securities (variable)	12,623.84	18,251.22
Debt Securities (fixed)	80,936.04	1,01,774.97
Borrowings (other than debt securities) (variable)	45,876.76	24,913.14
Borrowings (other than debt securities) (fixed)	26,057.64	32,201.45
Subordinated debts (variable)	-	-
Subordinated debts (fixed)	2,529.89	2,529.50
Total Borrowings	**1,68,024.17**	**1,79,670.28**

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 2023	31 March 2022
Debt securities, Borrowings (other than debt securities) & subordinate debt		
Increase by 50 basis points	(292.50)	(215.82)
Decrease by 50 basis points	292.50	215.82

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 rated from "A" to "E" using internal grades. The models incorporate both qualitative and quantitative information and, in addition to information specific to the borrower, utilises supplemental external information that could affect the borrower's behaviour.

  The risk segmentation has been based on the behaviour model risk buckets. Behaviour model is scored at regular intervals, and incorporate borrower's updated credit information report, repayment performance & initial risk rating, to assess the future risk of going default. 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.

  Stage 1: based on internal behaviour model (12 months' probability of default)
  Stage 2: based on days past due (lifetime probability of default)
  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.

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

Particulars	31 March 2023				31 March 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening 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**
Transfers during the year								
Transfers to Stage 1	372.45	(231.29)	(141.16)	-	4,442.01	(4,414.18)	(27.83)	-
Transfers to Stage 2	(3,958.10)	4,018.78	(60.68)	-	(4,095.99)	4,095.99	-	-
Transfers to Stage 3	(10,648.22)	(3,097.27)	13,745.49	-	(10,672.34)	(38,976.28)	49,648.62	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-	372.00	96.90	2,288.17	**2,757.07**
Changes in opening credit exposures (additional disbursement net of repayments)	(1,01,873.98)	(7,040.14)	(10,619.56)	**(1,19,533.68)**	(87,358.09)	(6,420.99)	(2,423.52)	**(96,202.60)**
New credit exposures during the year, net of repayments	1,06,232.15	1,200.96	1,499.79	**1,08,932.90**	1,30,221.66	1,197.01	911.24	**1,32,329.91**
Amounts written off	-	-	(7,508.02)	**(7,508.02)**	-	-	(47,752.37)	**(47,752.37)**
Closing balance of gross carrying amount	**1,73,333.13**	**4,983.51**	**4,752.35**	**1,83,068.99**	**1,83,208.83**	**10,132.47**	**7,836.49**	**2,01,177.79**

* Number of loans in Stage -3 for the year ended 31 March 2023 is 2,342 (31 March 2022: 3,730)

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Particulars	31 March 2023				31 March 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening 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**
Transfers during the year								
Transfers to Stage 1	63.69	(42.06)	(21.63)	-	675.06	(659.42)	(15.64)	-
Transfers to Stage 2	(94.65)	99.12	(4.47)	-	(125.55)	125.55	-	-
Transfers to Stage 3	(238.30)	(683.07)	921.37	-	(327.74)	(6,404.29)	6,732.03	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-	0.05	-	540.61	**540.66**
Changes in opening credit exposures (additional disbursement net of repayments)	(2,092.58)	260.57	3,228.66	**1,396.65**	(2,783.04)	(1,120.43)	41,309.87	**37,406.40**
New credit exposures during the year, net of repayments	1,548.13	250.70	856.11	**2,654.94**	2,419.03	303.12	491.52	**3,213.67**
Amounts written off	-	-	(7,508.02)	**(7,508.02)**	-	-	(47,752.37)	**(47,752.37)**
Closing balance of ECL allowance	**3,067.21**	**956.78**	**2,104.47**	**6,128.46**	**3,880.92**	**1,071.52**	**4,632.45**	**9,584.89**

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 2023:

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	1,73,333.13	4,983.51	4,752.35	**1,83,068.99**
Allowance for ECL	3,067.21	956.78	2,104.47	**6,128.46**
ECL Coverage ratio	1.77%	19.20%	44.28%	**3.35%**

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%**

The company is a registered Member Lending Institute with Credit Guarantee Fund for Micro Units and has claimed benefit in ECL of ₹ 3,114.65 as at 31 March 2023. (31 March 2022: ₹ 1,193.88). The ECL Coverage calculated above is after considering the said benefit.

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. 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.

To secure its eligible pool, Company takes guarantee cover for its portfolio under Credit Guarantee Fund Scheme for Micro Units (CGFMU) and Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE). As on 31 March 2023, the Company has covered ₹ 1,22,900.39 of its loan assets under this scheme (31 March 2022: ₹ 1,53,468.82). The Company has paid Sovereign guarantee fees against the same of ₹ 1,775.91 (31 March 2022: ₹ 1,431.12) which is presented under Note 31 Other expenses. This has helped the Company to offset ₹ 5,900.83 worth of credit losses (31 March 2022: ₹ 4,756.04).

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ECL sensitivity to future economic conditions

ECL coverage of financial instruments under forecast economic conditions:

Particulars	31 March 2023	31 March 2022
Gross carrying amount of loans	1,83,068.99	2,01,177.79
Reported ECL	6,128.46	9,584.89
Reported ECL coverage	3.35%	4.76%
ECL amounts for alternate scenario*		
Downside scenario (10%)	6,741.31	10,543.38
Upside scenario (10%)	5,515.61	8,626.40
ECL coverage ratios by scenario		
Downside scenario (10%)	3.68%	5.24%
Upside scenario (10%)	3.01%	4.29%

54. 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.

55. The Company has complied with the Rule 3 of Companies (Accounts) Rules, 2014 amended on August 05, 2022 relating to maintenance of electronic books of account and other relevant books and papers. The Company's books of account and relevant books and papers are accessible in India at all times and backup of accounts and other relevant books and papers are maintained in electronic mode within India and kept in servers physically located in India on daily basis.

56. 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 ₹ 6,398.08 Lakhs, of which during the year ended 31 March 2023, the aggregate debt that slipped into NPA is ₹ 195.05 Lakhs, amount written off is ₹ 3,078.78 Lakhs, amount paid by the borrowers is ₹ 2,067.32 Lakhs and Exposure to accounts classified as Standard consequent to implementation of resolution plan as at 31 March 2023 is ₹ 1,240.01 Lakhs.

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57. 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.

58. 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 2023: (Excluding transactions entered with respect to circular - RBI/2020-21/63 FIDD.CO.Plan. BC.No.8/ 04.09.01/2020-21).

Particulars	31 March 2023	31 March 2022
Amount of loans transferred through assignment	13,976.58	4,953.40
Retention of beneficial economic interest	18.00%	20.00%
Weighted average residual maturity (in months)	24.76	19.01
Weighted average holding period (in months)	9.85	13.52
Coverage of tangible security coverage	N.A	N.A
Rating-wise distribution of rated loans	Unrated	Unrated

(b) The Company has not acquired loans through assignment during the financial year ended 31 March 2023 and during the previous year ended 31 March 2022.

(c) The Company has not acquired / transferred any stressed loans during the financial year ended 31 March 2023 and during the previous year ended 31 March 2022.

59. 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 is classified as a Systemically Important Non-Deposit taking Company 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 2023	31 March 2022
(a)	Capital Risk Asset Ratio (%)	35.99%	25.93%
(b)	Capital Risk Asset Ratio (%) - Tier I Capital (%)	35.99%	25.93%
(c)	Capital Risk Asset Ratio (%) - Tier II Capital (%)	-	-
(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 2023	31 March 2022
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		

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Particulars	31 March 2023	31 March 2022
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)		

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 2023	31 March 2022
1	No. of SPVs sponsored by the NBFC for securitisation transactions	24	22
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	54,801.87	62,776.94
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	11,837.95	4,629.80
	Others		-
	b. On balance sheet exposure		
	First Loss	3,639.62	4,200.92
	Others (Overcollateralization)	7,022.70	8,543.99
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	-	-

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Sr. No.	Particulars	31 March 2023	31 March 2022
	Others	-	-
5	Sale consideration received for the securitised assets and gain/loss on sale on account of securitisation	1,09,395.55	83,839.36
6	Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc.	54,801.87	62,776.94
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	6,231.73	5,607.63
8	Average default rate of portfolios observed in the past. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans etc	2.60%	2.40%
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).

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 2023	31 March 2022
Total number of loans securitised	9,052	15,813
Total book value of the loans securitised	52,364.74	72,718.60
Total book value of the loans securitised including loans placed as collateral	52,364.74	72,718.60
Sale consideration received for the loan asset securitised	50,706.79	66,220.81
Overcollateralization of the loans securitised	1,657.95	6,497.79
Excess interest spread recognised in the statement of profit and loss	830.80	2,180.86

Particulars	31 March 2023	31 March 2022
Credit enhancements provided and outstanding (Gross):		
Cash Collateral	1,124.48	3,006.99
Corporate Guarantee	7,208.15	4,629.80
Loan assets retained as MRR	775.58	6,498.27

D. Disclosure for direct assignment

Details of assignment transactions undertaken by the Company during the year

Particulars	31 March 2023	31 March 2022
No. of accounts	2,467	3,655
Aggregate value (net of provisions) of accounts sold	13,976.58	14,423.88
Aggregate consideration	13,976.58	14,423.88
Additional consideration realised in respect of accounts transferred in earlier years	-	-
Aggregate gain / loss over net book value	-	-

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E. Details of non-performing financial assets sold

Sr. No.	Particulars	31 March 2023	31 March 2022
1	No. of accounts sold	-	-
2	Aggregate outstanding	-	-
3	Aggregate consideration received	-	-

F. Maturity pattern of certain items of assets and liabilities

Particulars	31 March 2023		
	Advances	Investments	Borrowings
0 day to 7 days	6,837.87	-	3,197.57
8 day to 14 days	1,646.94	-	878.67
15 days to 1 month	1,759.50	-	11,589.31
Over 1 month to 2 months	5,930.41	-	10,183.55
Over 2 months to 3 months	6,003.98	-	12,096.99
Over 3 months to 6 months	18,262.07	-	24,146.28
Over 6 months to 1 year	35,299.52	-	42,671.60
Over 1 year to 3 years	1,02,279.44	-	63,260.20
Over 3 years to 5 years	296.70	-	-
Over 5 years	4,752.56	-	-
Total	**1,83,068.99**	**-**	**1,68,024.17**

The Company manages ALM effectively and below is the details related to the same:

- Free cash and bank balances of ₹ 19,047.37.
- Fixed deposits pledged against the above borrowings of ₹ 14,106.99.
- Sanction lines available for utilisation of ₹ 16,406.07.

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	-	51,792.63
Over 3 years to 5 years	142.41	-	8,162.00
Over 5 years	7,836.50	-	-
Total	**2,01,177.79**	**-**	**1,79,670.28**

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.

(c) Intra Group Exposure

The Company has no intra group exposure in the current and previous year.

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(d) Sectoral exposure

Sectors	2022-23			2021-22		
	Total Exposure	Gross NPAs	GNPA %	Total Exposure	Gross NPAs	GNPA %
1. Agriculture and Allied Activities	-	-	-	-	-	-
2. Industry						
Textiles	26,491.80	726.42	2.74%	30,839.75	1,257.43	4.08%
Vehicles, Vehicle Parts & Transport Equipment	9,687.58	265.30	2.74%	10,692.92	321.14	3.00%
Cement & Cement Products	9,388.49	256.40	2.73%	9,199.00	346.85	3.77%
FMCG	35,059.34	1,155.23	3.30%	37,730.29	1,623.21	4.30%
Health, Wellness, Medicine & Pharma products	9,461.55	189.72	2.01%	10,678.35	289.15	2.71%
Home, Furnishing and Decor	14,351.84	281.47	1.96%	15,882.04	509.49	3.21%
Gems & Jewellery	9,406.75	224.66	2.39%	7,735.90	142.41	1.84%
All Engineering	25,618.90	487.90	1.90%	29,435.20	1,018.10	3.46%
Restaurant & Hospitality	1,839.59	21.00	1.14%	675.99	141.44	20.92%
Other Industries	4,442.69	133.93	3.01%	5,874.08	444.38	7.57%
Total of Industry	**1,45,748.53**	**3,742.03**	**2.57%**	**1,58,743.52**	**6,093.60**	**3.84%**
3. Services						
Computers, Mobile & related Accessories	9,161.11	243.01	2.65%	11,001.72	322.33	2.93%
Consultancy	2,738.71	36.43	1.33%	2,532.99	188.90	7.46%
Education	2,604.73	68.57	2.63%	2,503.25	102.20	4.08%
Logistics	4,705.70	109.49	2.33%	5,126.11	153.26	2.99%
Manpower Services	4,977.55	156.18	3.14%	5,533.52	317.82	5.74%
Petroleum, Coal Products & Nuclear Fuels	4,042.28	169.25	4.19%	5,088.81	157.33	3.09%
Software Services	1,596.32	13.96	0.87%	1,612.48	-	0.00%
Telecom	1,716.90	56.68	3.30%	2,223.67	136.35	6.13%
Other Service Activities	5,777.16	156.75	2.71%	6,811.72	364.70	5.35%
Total of Services	**37,320.46**	**1,010.32**	**2.71%**	**42,434.27**	**1,742.89**	**4.11%**
4. Personal Loans	-	-	-	-	-	-
5. Others (please specify)	-	-	-	-	-	-
Total	**1,83,068.99**	**4,752.35**	**2.60%**	**2,01,177.79**	**7,836.49**	**3.90%**

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

LENDINGKART FINANCE LIMITED (INDIA)

(₹ in Lakhs unless otherwise stated)

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 2023 (31 March 2022: 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 2023			
	Rating Date	Rating Agency	Current rating assigned	Valid upto
Line of Credit/ Bank lines	08-Aug-22	Infomerics	IVR BBB+ /Stable/IVR A2 (Short Term rating)	07-Aug-23
	29-Jun-22	ICRA	[ICRA]BBB+(Stable)/ [ICRA]A2 assigned	28-Jun-23
Non-Convertible Debentures/ CP	29-Jun-22	ICRA	[ICRA]BBB+(Stable)	28-Jun-23
	30-Dec-22	India Rating and Research Private Limited	IND PP-MLD BBB+/Stable	29-Dec-23
	30-Dec-22		IND BBB+/Stable/IND A2	29-Dec-23
	22-Nov-22	CRISIL LTD	CRISIL PP-MLD BBB+/Stable	21-Nov-23

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 Private Limited	IND PP-MLD BBB+emr/Positive / IND A2 (Commercial Paper)	28-Oct-22
	17-Dec-21		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

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 2023	31 March 2022
Loans	(3,011.63)	(7,036.44)
Write offs (including restructured write-offs in previous year)	7,657.60	46,255.35
Impairment of other financial assets	6,563.37	2,252.29

* Net of CGTMSE and CGFMU benefit.

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(₹ in Lakhs unless otherwise stated)

L. Concentration of Deposits, Advances, Exposures and NPAs

i. Concentration of Advances

Particulars	31 March 2023	31 March 2022
Total Advances to twenty largest borrowers	1,055.71	818.28
Percentage of Advances to twenty largest borrowers to Total Advances of the applicable NBFC	0.59%	0.41%

ii. Concentration of Exposures

Particulars	31 March 2023	31 March 2022
Total Exposure to twenty largest borrowers	1,064.76	829.67
Percentage of Exposure to twenty largest borrowers to Total Advances of the applicable NBFC	0.58%	0.41%

iii. Concentration of NPAs

Particulars	31 March 2023	31 March 2022
Total Exposure to top four NPA accounts	96.37	113.99

M. Sector-wise NPAs

Sr. No.	Sector	Percentage of NPAs to Total Advances in that sector	
		31 March 2023	31 March 2022
1	Agriculture & allied activities	-	-
2	MSME*	2.60%	3.90%
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 2023	31 March 2022
I	**Net NPAs to net advances (%)****	1.46%	1.63%
ii	**Movement of NPAs (Gross)**		
	i) Opening balance	7,836.49	5,192.18
	ii) Additions during the year	14,191.99	60,367.30
	iii) Reductions during the year	17,276.13	57,722.99
	iv) Closing balance	4,752.35	7,836.49
iii	**Movement of net NPAs**		
	i) Opening balance	3,204.04	1,865.75
	ii) Additions during the year	8,320.38	23,333.99
	iii) Reductions during the year	8,876.54	21,995.70
	iv) Closing balance	2,647.88	3,204.04
iv	**Movement of provisions for NPAs (excluding provision on standard assets)**		
	i) Opening balance	4,632.45	3,326.43
	ii) Provisions made during the year	5,871.61	37,033.31
	iii) Write-off/Write-back	8,399.59	35,727.09
	iv) Closing balance	2,104.47	4,623.45

* represents stage-3 loans

** Net NPA to net advances without considering the benefit of Sovereign guarantee Schemes (CGFMU and CGTMSE) stands at 1.05%

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(₹ in Lakhs unless otherwise stated)

O. Classification and provisions for loan portfolio

Asset classification	31 March 2023	31 March 2022
Loan outstanding		
Standard assets (Stage-1 and Stage-2)	1,78,316.64	1,93,341.30
Non-performing assets (Stage-3)	4,752.35	7,836.49
Loss assets	-	-
Less: Provision		
Standard assets (Stage-1 and Stage-2)	4,023.99	4,952.44
Non-performing assets (Stage-3)	2,104.47	4,632.45
Loss assets	-	-
Loan outstanding (net)		
Standard assets (Stage-1 and Stage-2)	1,74,292.65	1,88,388.86
Non-performing assets (Stage-3)	2,647.88	3,204.04
Loss assets	-	-

P. Customer Complaints

(i) Summary information on complaints received by the NBFCs from customers and from the Offices of Ombudsman

Sr. No.		Particulars	31 March 2023	31 March 2022
	Complaints received by the NBFC from its customers			
1		Number of complaints pending at beginning of the year	-	-
2		Number of complaints received during the year	152	107
3		Number of complaints disposed during the year	152	107
	3.1	Of which, number of complaints rejected by the NBFC	-	-
4		Number of complaints pending at the end of the year	-	-
	Maintainable complaints received by the NBFC from Office of Ombudsman			
5		Number of maintainable complaints received by the NBFC from Office of Ombudsman	-	-
	5.1	Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	-	-
	5.2	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	-	-
	5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	-	-
6		Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

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(₹ in Lakhs unless otherwise stated)

(ii) Top five grounds of complaints received by the NBFCs from customers.

Grounds of complaints, (i.e. complaints relating to)*	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
31 March 2023					
Ground – 1	-	35	(20)%	-	-
Ground – 2	-	19	(44)%	-	-
Ground – 3	-	61	Not meaningful	-	-
Ground – 4	-	18	(18)%	-	-
Ground – 5	-	19	NA	-	-
Total	**-**	**152**	**NA**	**-**	**-**
31 March 2022					
Ground – 1	-	44	19%	-	-
Ground – 2	-	34	79%	-	-
Ground – 3	-	4	33%	-	-
Ground – 4	-	22	NA	-	-
Ground – 5	-	3	Not meaningful	-	-
Total	**-**	**107**	**NA**	**-**	**-**

***Ground of Complaints is as follows:**

Ground Number	Particulars
Ground – 1	Difficulty in operation of accounts
Ground – 2	Levy of charges without prior notice/ excessive charges/ foreclosure charges
Ground – 3	Non-observance of fair practices code
Ground – 4	Staff behaviour
Ground – 5	Others

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 2023	31 March 2022
Amount involved	506.88	371.46
Amount recovered	44.60	27.20
Amount written off / provided	462.28	344.26
Balance	-	-

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(₹ in Lakhs unless otherwise stated)

60. Liquidity Risk Disclosures

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

Particulars	31 March 2023
Number of significant counter parties*	24.00
Amount	1,45,602.61
Percentage of funding concentration to total deposits	N.A
Percentage of funding concentration to total liabilities	68.27%

* 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 2023
Total amount of top 10 borrowings	97,574.72
Percentage of amount of top 10 borrowings to total borrowings	58.07%

IV. Funding Concentration based on significant instrument/product*

Particulars	31 March 2023	Percentage of total liabilities
Debt Securities	45,022.56	21.11%
Term loans and WCDL	65,198.02	30.57%
Securitisation liabilities	48,537.32	22.76%
CC/OD	6,736.38	3.16%
Sub-debt	2,529.89	1.19%

* 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

V. Stock ratio:

Sr. No.	Stock ratio	Percentage
1	Commercial papers as a % of total liabilities	0.92%
2	Commercial papers as a % of total assets	0.69%
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	61.66%
6	Other short-term liabilities as a % of total assets	45.99%

VI. Institutional set-up for Liquidity Risk Management

Refer Note-53(A) of financial statements.

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LENDINGKART FINANCE (INDIA) LIMITED ★

(₹ in Lakhs unless otherwise stated)

61. 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**	1,73,333.13	3,067.21	1,70,265.92	693.32	2,373.89
	Stage 2	4,983.51	956.78	4,026.73	19.93	936.85
Subtotal		**1,78,316.64**	**4,023.99**	**1,74,292.65**	**713.25**	**3,310.74**
Non-performing Assets (NPA)						
Substandard	**Stage 3**	4,623.80	1,975.92	2,647.88	924.76	1,051.16
Doubtful - up to 1 year						
1 to 3 years	**Stage 3**	-	-	-	-	-
More than 3 Years	**Stage 3**	128.55	128.55	-	128.55	-
Subtotal of Doubtful	**Stage 3**	**128.55**	**128.55**	**-**	**128.55**	**-**
Loss	**Stage 3**	-	-	-	-	-
Subtotal of NPA		**4,752.35**	**2,104.47**	**2,647.88**	**1,053.31**	**1,051.16**
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**	**1,73,333.13**	**3,067.21**	**1,70,265.92**	**693.32**	**2,373.89**
	Stage 2	**4,983.51**	**956.78**	**4,026.73**	**19.93**	**936.85**
	Stage 3	**4,752.35**	**2,104.47**	**2,647.88**	**1,053.31**	**1,051.16**
	Total	**1,83,068.99**	**6,128.46**	**1,76,940.53**	**1,766.56**	**4,361.90**

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LENDINGKART FINANCE LIMITED (INDIA) *

(₹ in Lakhs unless otherwise stated)

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

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

Janak Mehta
Partner
Membership No. 116976

Place: Ahmedabad
Date: 09 May 2023

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

Harshvardhan Lunia
Chairman and Managing Director
DIN No. 01189114

Gaurav Singhania
Chief Financial Officer
Membership No. 503678

Place: Ahmedabad
Date: 09 May 2023

Umesh Navani
Company Secretary
Membership No. A40899

BATLIBOI & PUROHIT * CHARTERED ACCOUNTANTS * Mumbai

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