PLACEMENT MEMORANDUM

LENDINGKART FINANCE LIMITED ("**Issuer**" / "**Company**")

LENDINGKART
Think Cash, Think Lendingkart Group!

A public limited company incorporated under the Companies Act, 1956

Placement Memorandum for issue of Debentures on a private placement basis
Dated: July 29, 2022

Issue of 200 (Two Hundred) Secured, Senior, Redeemable, Transferable, Listed, Principal Protected, Market Linked, Rated Non-Convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakhs only) each, aggregating up to Rs. 20,00,00,000/- (Rupees Twenty Crores only) with a green shoe option of up to 200 (Two Hundred) Secured, Senior, Redeemable, Transferable, Listed, Principal Protected, Market Linked, Rated Non-Convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakhs only) each, aggregating up to Rs. 20,00,00,000/- (Rupees Twenty Crores only) on a private placement basis (**the** "**Issue**").

(This bond issue does not form part of non-equity regulatory capital mentioned under Chapter V of SEBI NCS Regulations, 2021. The face value of each debt security issued on private placement basis shall be Rs.10 lakh.)

PART A: DISCLOSURES AS PER SEBI DEBT LISTING REGULATIONS:

Please see below the disclosures as required under the terms of the SEBI Debt Listing Regulations (as defined below):

S.no	Particulars	Relevant Disclosure
1.	**Corporate Identity Number of the Issuer**:	U65910MH1996PLC258722
2.	**Permanent Account Number of the Issuer**:	AABCV2469A
3.	**Date and place of Incorporation of the Issuer**:	Date: December 26, 1996 Place: Hyderabad
4.	**Latest registration / identification number issued by any regulatory authority which regulates the Issuer (in this case Reserve Bank of India and IRDAI)**:	RBI: B-13.02085 IRDAI Corporate Agent: CA0641
5.	**Registered Office address of the Issuer**:	A-303/304, Citi Point, Andheri-Kurla Road, Andheri (East), Mumbai, Maharashtra - 400059
6.	**Corporate Office address of the Issuer**:	B Block, 6th Floor, The First, The First Avenue Road Behind Keshavbaug Party Plot, Vastrapur Ahmedabad 380015
7.	**Telephone No of the Issuer**:	+91-79-6814 4659
8.	**Details of Compliance officer of the Issuer**:	Name: Mr. Umesh Navani Contact Details: 079 – 6677 0600 Telephone Number: +91 8347112207 Email address: umesh.navani@lendingkart.com

9.	**Details of Company Secretary of the Issuer**:	Name: Mr. Umesh Navani Contact Details: 079 – 6677 0600 Telephone Number: +91 8347112207 Email address: umesh.navani@lendingkart.com
10.	**Details of Chief Financial Officer of the Issuer**:	Name: Mr. Sudeep Bhatia Telephone Number: +91 72289 56496 Email address: cfo@lendingkart.com
11.	**Details of Promoters of the Issuer:**	Name: Lendingkart Technologies Private Limited Telephone Number: +91 99103 22507 Email address: kumudini.aggarwal@lendingkart.com
12.	**Website address of the Issuer**:	https://lendingkartfinance.com/
13.	**Email address of the Issuer**:	umesh.navani@lendingkart.com
14.	**Details of debenture trustee for the Issue:**	Name: Catalyst Trusteeship Limited Address: GDA House, Plot No. 85, Bhusari Colony (Right), Kothrud, Pune-411038 Logo: Email address: dt@ctltustee.com mailto:compliancectl-mumbai@ctltrustee.com Telephone Number: 022 4922 0555 Contact Person: Mr. Umesh Salvi
15.	**Details of credit rating agency for the Issue:**	Name: India Ratings and Research Private Limited Address: Wockhardt Towers, 4th Floor, West Wing, Bandra Kurla Complex, Bandra East, Mumbai - 400051 Logo: Telephone Number: +91 22 4000 1700 Email address: infogrp@indiaratings.co.in Contact person: Mr. Bhavik Mehta
16.	**Date of placement memorandum / Placement Memorandum**	July 29, 2022
17.	**Type of placement memorandum / Placement Memorandum**	This Placement Memorandum is being issued in relation to the private placement basis of Debentures (which are being issued under the terms hereof in a single series).
18.	**The nature, number, price and amount of securities offered and issue size (base issue or green shoe), as may be applicable**	Issue of 200 (Two Hundred) Secured, Senior, Redeemable, Transferable, Listed, Principal Protected, Market Linked, Rated Non-Convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakhs only) each, aggregating up to Rs. 20,00,00,000/- (Rupees Twenty Crores only) with a green shoe option of up to 200 (Two Hundred) Secured, Senior, Redeemable, Transferable, Listed, Principal Protected, Market Linked, Rated Non-Convertible

		Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakhs only) each, aggregating up to Rs. 20,00,00,000/- (Rupees Twenty Crores only) on a private placement basis.
19.	**The aggregate amount proposed to be raised through all the stages of offers of non-convertible securities made through the shelf placement memorandum;**	Not applicable.
20.	**Details of Registrar to the Issue:**	Name: KFIN Technologies Ltd Address: Selenium, Tower B, Plot No- 31 & 32, Financial District, Nanakramguda, Serilingampally Hyderabad Rangareddi TG 500032 Logo: Telephone Number: +91 040 7961 1000 Fax number: - Website: www.kfintech.com Email address: unlservices@kfintech.com
21.	**Issue Schedule**	Date of opening of the Issue: July 29, 2022 Date of closing of the Issue: July 29, 2022 Date of earliest closing of the Issue (if any): N.A. The Issue shall be open for subscription during the banking hours on each day during the period covered by the Issue Schedule.
22.	**Credit Rating of the Issue**	The Debentures proposed to be issued by the Issuer have been rated by India Ratings and Research Private Limited ("**Rating Agency**") The Rating Agency has vide its letter dated July 23, 2022 and rating rationale dated July 23, 2022 assigned a rating of **IND PP MLD BBB+ emr/Stable** (pronounced as principal protected market linked debenture [IND] triple B plus) with '**Stable'** Outlook in respect of the Debentures. The above rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the rating agency and should be evaluated independently of any other ratings. Please refer to **Annexure II** of this Placement Memorandum for the letter dated July 23, 2022 and rating rationale dated July 23, 2022 from the Rating Agency assigning the credit rating abovementioned and the press release by the Rating Agency in this respect.
23.	**All the ratings obtained for the private placement of Issue**	Please refer to S.no 22 above.

24.	**The name(s) of the stock exchanges where the securities are proposed to be listed**	The Debentures are proposed to be listed on the wholesale debt market of the BSE Limited / Bombay Stock Exchange ("**BSE**").
25.	**The details about eligible investors;**	The following categories of investors, when specifically approached and have been identified upfront, are eligible to apply for this private placement of Debentures subject to fulfilling their respective investment norms/rules and compliance with laws applicable to them by submitting all the relevant documents along with the Application Form ("**Eligible Investors**"): (a) Mutual Funds (b) NBFCs (c) Provident Funds and Pension Funds (d) Corporates (e) Banks (f) Foreign Institutional Investors (FIIs) (g) Qualified Foreign Investors (QFIs) (h) Foreign Portfolio Investors (FPIs) (i) Insurance Companies (j) Any other person (not being an individual or a group of individuals) eligible to invest in the Debentures. All potential investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this issue of Debentures. **Note:** Participation by potential investors in the Issue may be subject to statutory and/or regulatory requirements applicable to them in connection with subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that they comply with all regulatory requirements applicable to them, including exchange controls and other requirements. Applicants ought to seek independent legal and regulatory advice in relation to the laws applicable to them.
26.	**Coupon / dividend rate, coupon / dividend payment frequency, redemption date, redemption amount and details of debenture trustee**	In respect of the Coupon Rate, the Coupon Payment Frequency, the Redemption Date and Redemption Amount in respect of the Debentures, please refer to Clause 5.34 (*Issue Details*) of this Placement Memorandum. The details of Debenture Trustee are provided under S. No. 14 above.
27.	**Nature and issue size, base issue and green shoe option, if any, shelf or tranche size, each as may be applicable**	Issue of 200 (Two Hundred) Secured, Senior, Redeemable, Transferable, Listed, Principal Protected, Market Linked, Rated Non-Convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakhs only) each, aggregating up to Rs. 20,00,00,000/- (Rupees Twenty Crores only) with a green shoe option of up to 200 (Two Hundred) Secured, Senior, Redeemable, Transferable, Listed, Principal Protected, Market Linked, Rated Non-Convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten

		Lakhs only) each, aggregating up to Rs. 20,00,00,000/- (Rupees Twenty Crores only) on a private placement basis.
28.	**Details about underwriting of the issue including the amount undertaken to be underwritten by the underwriters:**	Not applicable.
29.	**Inclusion of a compliance clause in relation to electronic book mechanism and details pertaining to the uploading the placement memorandum on the Electronic Book Provider Platform, if applicable.**	Not applicable as the Debentures are Market Linked.

Background
This Placement Memorandum is related to the Debentures to be issued by Lendingkart Finance Limited (the "**Issuer**" or "**Company**") on a private placement basis and contains relevant information and disclosures required for the purpose of issuing of the Debentures. The issue of the Debentures comprised in the Issue and described under this Placement Memorandum has been authorised by the Issuer through resolutions passed by the shareholders of the Issuer on February 13, 2020 and the Board of Directors of the Issuer on November 02, 2021 read with the resolution passed by the Borrowing Committee of the Board of Directors held on July 21, 2022, and the Memorandum and Articles of Association of the Company. Pursuant to the resolution passed by the Company's shareholders dated February 13, 2020 in accordance with provisions of the Companies Act, 2013, the Company has been authorised to raise funds, by way of issuance of non-convertible debentures, upon such terms and conditions as the Board may think fit for aggregate amounts not exceeding Rs. 3000,00,00,000/- (Rupees Three Thousand Crores only). The present issue of Debentures in terms of this Placement Memorandum is within the overall powers of the Board as per the above shareholder resolution(s).

Issuer's Absolute Responsibility
The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Placement Memorandum contains all information with regard to the Issuer and the Issue which is material in the context of the Issue, that the information contained in the Placement Memorandum is true and correct in all material aspects and is not misleading, that the opinions and intentions expressed herein are honestly stated and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading.

Issue Schedule	
Issue Opening Date	July 29, 2022
Issue Closing Date	July 29, 2022
Pay In Date	July 29, 2022
Deemed Date of Allotment	July 29, 2022

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SECTION 1: DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or requires, the following terms shall have the meanings given below in this Placement Memorandum.

Allot/Allotment/Allotted	The allotment of the Debentures pursuant to this Issue.
Applicable Law	Includes all applicable statutes, enactments or acts of any legislative body in India, laws, ordinances, rules, bye-laws, regulations, notifications, guidelines, policies, directions, directives and orders of any Governmental Authority and any modifications or re-enactments thereof.
Application Form	The form used by the recipient of this Placement Memorandum, to apply for subscription to the Debentures, which is in the form annexed to this Placement Memorandum and marked as **Annexure IV**.
Board / Board of Directors	The Board of Directors of the Issuer.
Business Day	Business day means any day of the week (excluding Sundays and any day which is a public holiday in Mumbai, India (for the purpose of Section 25 of the Negotiable Instruments Act, 1881), and "Business Days" shall be construed accordingly. If the date of payment of interest/redemption of principal does not fall on a Business Day, the payment of interest/principal shall be made in accordance with SEBI Circular SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 (updated as on April 13, 2022).
CDSL	Central Depository Services (India) Limited.
CERSAI	shall mean the Central Registry of Securitisation Asset Reconstruction and Security Interest.
Client Loan	Shall mean each loan made by the Company as a lender and "**Client Loans**" shall refer to the aggregate of such loans.
Corporate Guarantee	Shall mean an unconditional and irrevocable guarantee issued / to be issued by the Guarantor, in favour of the Debenture Trustee, under the terms of the Deed of Guarantee, to guarantee the due repayment and discharge of the Secured Obligations, in a form and manner acceptable to the Debenture Trustee.
Debentures/NCDs	200 (Two Hundred) Secured, Senior, Redeemable, Transferable, Listed, Principal Protected, Market Linked, Rated Non-Convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakhs only) each, aggregating up to Rs. 20,00,00,000/- (Rupees Twenty Crores only) with a green shoe option of up to 200 (Two Hundred) Secured, Senior, Redeemable, Transferable, Listed, Principal Protected, Market Linked, Rated Non-Convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakhs only) each, aggregating up to Rs. 20,00,00,000/- (Rupees Twenty Crores only) on a private placement basis. (the "Issue").
Debenture Holders / Investors	The holders of the Debentures issued by the Issuer, which shall include the registered transferees of the Debentures from time to time.
Debenture Trustee	Catalyst Trusteeship Limited
Debenture Trustee Agreement	Agreement executed / to be executed by and between the Debenture Trustee and the Company for the purposes of appointment of the Debenture Trustee to act as debenture trustee in connection with the issuance of the Debentures.

Debenture Trust Deed	Shall mean the trust deed executed / to be executed by and between the Debenture Trustee and the Company *inter alia* setting out the terms upon which the Debentures are being issued and shall include the representations and warranties and the covenants to be provided by the Issuer.
Deed of Guarantee	shall mean the unconditional and irrevocable guarantee issued by the Guarantor, in favour of the Debenture Trustee, under the terms of the deed of guarantee to be executed on or about the date hereof and delivered by the Guarantor in favour of the Debenture Trustee (acting in trust for, on behalf of and for the benefit of the Debenture Holders) *inter alia* for providing the Corporate Guarantee.
Deed of Hypothecation	The deed of hypothecation to be executed by and between the Issuer and the Debenture Trustee, pursuant to which hypothecation over the Hypothecated Property shall be created by the Issuer in favour of the Debenture Trustee (acting for and on behalf of the Debenture Holders).
Deemed Date of Allotment	July 29, 2022
Demat	Dematerialized securities which are securities that are in electronic form, and not in physical form, with the entries noted by the Depository.
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository	A Depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 2018, as amended from time to time.
Depositories	NSDL and CDSL
Depository Participant / DP	A depository participant as defined under the Depositories Act
Director(s)	Director(s) of the Issuer.
Disclosure Document / Placement Memorandum	This document which sets out the terms and conditions for the issue and offer of the Debentures by the Issuer on a private placement basis and contains the relevant information in this respect.
DP ID	Depository Participant Identification Number.
Due Date	Any date on which the holders of the Debentures are entitled to any payments whether on maturity or otherwise prior to the scheduled Redemption Date or upon acceleration.
EFT	Electronic Fund Transfer
Eligible Investors	Shall have the meaning specified in S.no 25 of Part A (*Disclosures*) above.
Final Settlement Date	shall mean the date on which the Payments have been irrevocably discharged in full and/or the Debentures have been redeemed by the Company in full in accordance with the terms of the Transaction Documents.
Financial Indebtedness	Shall mean any indebtedness for or in respect of: (a) monies borrowed; (b) any amount availed of by acceptance of any credit facility; (c) any amount raised pursuant to the issuance of any notes, bonds, debentures, loan stock or any other similar securities or instruments; (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with generally accepted principles of accounting in India, be treated as a finance or capital lease;

	(e) receivables sold or discounted (other than any receivables sold in the ordinary course of business or to the extent that they are sold on a non-recourse basis); (f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing; (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account); (h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; (i) the amount of any liability under an advance or deferred purchase agreement if one of the primary reasons behind the entry into such agreement is to raise finance; (j) any put option, guarantees, keep fit letter(s), letter of comfort, etc. by whatever name called, which gives or may give rise to any financial obligation(s); (k) any preference shares (excluding any compulsorily convertible preference shares); or (l) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (k) above;
Financial Year/ FY	Twelve months period commencing from April 1 of a particular calendar year and ending on March 31 of the subsequent calendar year
Guarantor	Lendingkart Technologies Private Limited, a company incorporated under the Companies Act, 2013 with CIN U72900GJ2014PTC081539 and having its registered office at A-602, 6th Floor, The First, The First Avenue Road Behind Keshavbaug Party Plot, Vastrapur Ahmedabad - 380015.
IBC	shall mean the Insolvency and Bankruptcy Code, 2016, and the rules and regulations made thereunder which are in effect from time to time and shall include any other statutory amendment or re-enactment thereof.
IND AS	shall mean the Indian generally accepted accounting principles issued under the Companies (Indian Accounting Standards) Rules, 2015, as amended, together with any pronouncements issued under applicable law thereon from time to time and applied on a consistent basis by the Company.
Information Utility	means the National E-Governance Services Limited or any other entity registered as an information utility under the Insolvency and Bankruptcy Board of India (Information Utilities) Regulations, 2017.
Governmental Authority	The President of India, the Government of India, the Governor and the Government of any State in India, any Ministry or Department of the same, any municipal or local government authority, any authority or private body exercising powers conferred by applicable law and any court, tribunal or other judicial or quasi-judicial body and shall include, without limitation, a stock exchange and any regulatory body.
Hypothecated Property	All the right, title, interest, benefit, claims and demands of the Issuer, in, to, or in respect of the receivables arising out of rupee loan facilities advanced / to be advanced by the Issuer to any person and charged under the terms of this Issue.
Issue	Private Placement of the Debentures.

Issue Closing Date	July 29, 2022
Issue Opening Date	July 29, 2022
Majority Debenture Holders	Debenture Holders whose participation or share in the principal amount(s) outstanding with respect to the Debentures aggregate to 51% (Fifty One Percent) of the value of the nominal amount of the Debentures for the time being outstanding.
Maturity Date	August 29, 2024
Material Adverse Effect	The effect or consequence of an event, circumstance, occurrence or condition which has caused, as of any date of determination, a material and adverse effect on (a) the financial condition, business or operation of the Company and/or the Guarantor; (b) the ability of the Company and/or the Guarantor to perform their obligations under the Transaction Documents; or (c) the validity or enforceability of any of the Transaction Documents (including the ability of any party to enforce any of its remedies thereunder).
N.A.	Not Applicable
NBFC	Non-banking financial company
NSDL	National Securities Depository Limited
Outstanding Principal Amount	means, at any date, the principal amount outstanding under the Debentures.
PAN	Permanent Account Number
Payments	means all payments, including any partial payment, to be made by the Company in relation to the Issue including without limitation, payment of Coupon, Outstanding Principal Amount, Default Interest, remuneration of the Debenture Trustee, and all fees, costs, charges, expenses and other monies.
Private Placement Offer cum Application Letters	The offer cum application letters prepared in compliance with Section 42 of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014.
Rating Agency	India Ratings and Research Private Limited, being a credit rating agency registered with SEBI pursuant to SEBI (Credit Rating Agencies) Regulations 1999, as amended from time to time and having its registered office at Wockhardt Towers, 4th Floor, West Wing, Bandra Kurla Complex, Bandra East, Mumbai – 400051.
RBI	Reserve Bank of India.
RBI NBFC Master Directions, 2016	Shall mean the RBI Master Direction dated September 1, 2016 bearing reference no. DNBR.PD. PD. 008/03.10.119/2016-17 on 'Non-Banking Financial Company –Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016' .
Record Date	The date which will be used for determining the Debenture Holders who shall be entitled to receive the amounts due on any Due Date, which shall be the date falling 15 (Fifteen) calendar days prior to any Due Date.
Register of Debenture Holders	The register maintained by the Company containing the name of Debenture holders entitled to receive Coupon/ Redemption Amount in respect of the Debentures on the Record Date, which shall be maintained at the Registered Office of the Company.
R&T Agent	Registrar and Transfer Agent to the Issue, in this case being KFIN Technologies Private Limited.
ROC	Registrar of Companies.
Rs. / INR	Indian National Rupee.
RTGS	Real Time Gross Settlement.

SEBI	Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992 (as amended from time to time).
SEBI Debt Listing Regulations	The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 issued by SEBI read with the operational circular for issue and listing of non-convertible securities, securities debt instruments, security receipts, municipal debt securities and commercial paper dated August 10, 2021 issued by Securities and Exchange Board of India, each as amended from time to time.
Security	The security for the Debentures as specified in Section 5.34 hereto.
Security Cover	The aggregate value of all the Hypothecated Property which is to be maintained by the Company, on and from the Deemed Date of Allotment till the Maturity Date, at an amount no less than 1.10 (One Decimal Point One Zero) times the aggregate of the outstanding principal amount accrued thereon of the Debentures.
Secured Obligations	Shall mean the redemption of the principal amounts, Coupon, the remuneration of the Debenture Trustee, and all costs, charges, expenses and other monies payable by the Company in respect of the Debentures.
TDS	Tax Deducted at Source.
The Companies Act/ the Act	shall mean the Companies Act, 2013, along with the rules and regulations made thereunder and the notifications, circulars and orders issued in relation thereto, as amended from time to time.
Terms & Conditions	The terms and conditions pertaining to the Issue as outlined in the Transaction Documents.
Transaction Documents	The documents executed or to be executed in relation to the issuance of the Debentures as more particularly set out in SECTION 7:.
Valuation Agency	ICRA Analytics Limited

SECTION 2: NOTICE TO INVESTORS AND DISCLAIMERS

2.1 ISSUER'S DISCLAIMER

This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus and should not be construed to be a prospectus or a statement in lieu of a prospectus under the Companies Act. The issue of the Debentures to be listed on the WDM segment of the BSE is being made strictly on a private placement basis. Multiple copies hereof given to the same entity shall be deemed to be given to the same person and shall be treated as such. This Placement Memorandum does not constitute and shall not be deemed to constitute an offer or invitation to subscribe to the Debentures to the public in general.

As per the applicable provisions, it is not necessary for a copy of this Placement Memorandum to be filed or submitted to the SEBI for its review and/or approval. This Placement Memorandum has been prepared in conformity with the SEBI Debt Listing Regulations as amended from time to time and applicable RBI regulations governing private placements of debentures by NBFCs. This Placement Memorandum has been prepared solely to provide general information about the Issuer to Eligible Investors to whom it is addressed and who are willing and eligible to subscribe to the Debentures. This Placement Memorandum does not purport to contain all the information that any Eligible Investor may require. Further, this Placement Memorandum has been prepared for informational purposes relating to this transaction only and upon the express understanding that it will be used only for the purposes set forth herein.

Neither this Placement Memorandum nor any other information supplied in connection with the Debentures is intended to provide the basis of any credit or other evaluation and any recipient of this Placement Memorandum should not consider such receipt as a recommendation to subscribe to any Debentures. Each potential Investor contemplating subscription to any Debentures should make its own independent investigation of the financial condition and affairs of the Issuer, and its own appraisal of the creditworthiness of the Issuer. Potential investors should consult their own financial, legal, tax and other professional advisors as to the risks and investment considerations arising from an investment in the Debentures and should possess the appropriate resources to analyze such investment and the suitability of such investment to such potential Investor's particular circumstances.

The Issuer confirms that, as of the date hereof, this Placement Memorandum (including the documents incorporated by reference herein, if any) contains all the information that is material in the context of the Issue and regulatory requirements in relation to the Issue and is accurate in all such material respects. No person has been authorized to give any information or to make any representation not contained or incorporated by reference in this Placement Memorandum or in any material made available by the Issuer to any potential Investor pursuant hereto and, if given or made, such information or representation must not be relied upon as having being authorized by the Issuer. The Issuer certifies that the disclosures made in this Placement Memorandum and/or the Private Placement Offer cum Application Letters are adequate and in conformity with the SEBI Debt Listing Regulations and the Companies (Prospectus and Allotment of Securities) Rules, 2014. Further, the Issuer accepts no responsibility for statements made otherwise than in the Placement Memorandum or any other material issued by or at the instance of the Issuer and anyone placing reliance on any source of information other than this Placement Memorandum would be doing so at its own risk.

This Placement Memorandum, the Private Placement Offer cum Application Letters and the respective contents hereof respectively, are restricted only for the intended recipient(s) who have been addressed directly and specifically through a communication by the Issuer and only such recipients are eligible to apply for the Debentures. All Investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this Issue. The contents of this Placement Memorandum and/or the Private Placement Offer cum Application Letters are intended to be used only by those Investors to whom it is distributed. It is not intended for distribution to any other person and should not be reproduced by the recipient.

No invitation is being made to any persons other than those to whom Application Forms along with this Placement Memorandum and/or the Private Placement Offer cum Application Letters being issued have been sent. Any application by a person to whom the Placement Memorandum and/or the Private Placement Offer cum Application Letters have not been sent by the Issuer shall be rejected without assigning any reason.

The person who is in receipt of this Placement Memorandum and/or the Private Placement Offer cum Application Letters shall not reproduce or distribute in whole or in part or make any announcement in public or to a third party regarding the contents hereof without the consent of the Issuer. The recipient agrees to keep confidential all information provided (or made available hereafter), including, without limitation, the existence and terms of the Issue, any specific pricing information related to the Issue or the amount or terms of any fees payable to us or other parties in connection with the Issue. This Placement Memorandum and/or the Private Placement Offer cum Application Letters may not be photocopied, reproduced, or distributed to others at any time without the prior written consent of the Issuer. Upon request, the recipients will promptly return all material received from the Issuer (including this Placement Memorandum) without retaining any copies hereof. If any recipient of this Placement Memorandum and/or the Private Placement Offer cum Application Letters decide not to participate in the Issue, that recipient must promptly return this Placement Memorandum and/or the Private Placement Offer cum Application Letters and all reproductions whether in whole or in part and any other information statement, notice, opinion, memorandum, expression or forecast made or supplied at any time in relation thereto or received in connection with the Issue to the Issuer.

The Issuer does not undertake to update the Placement Memorandum and/or the Private Placement Offer cum Application Letters to reflect subsequent events after the date of Placement Memorandum and/or the Private Placement Offer cum Application Letters and thus it should not be relied upon with respect to such subsequent events without first confirming its accuracy with the Issuer.

Neither the delivery of this Placement Memorandum and/or the Private Placement Offer cum Application Letters nor any sale of Debentures made hereafter shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer since the date hereof.

This Placement Memorandum and/or the Private Placement Offer cum Application Letters do not constitute, nor may it be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. No action is being taken to permit an offering of the Debentures or the distribution of this Placement Memorandum and/or the Private Placement Offer cum Application Letters in any jurisdiction where such action is required. Persons into whose possession this Placement Memorandum and/or the Private Placement Offer cum Application Letters come are required to inform themselves of, and to observe, any such restrictions. The Placement Memorandum is made available to potential Investors in the Issue on the strict understanding that it is confidential.

2.2 DISCLAIMER CLAUSE OF STOCK EXCHANGES

As required, a copy of this Placement Memorandum has been filed with the BSE in terms of the SEBI Debt Listing Regulations. It is to be distinctly understood that submission of this Placement Memorandum to the BSE should not in any way be deemed or construed to mean that this Placement Memorandum has been reviewed, cleared, or approved by the BSE; nor does the BSE in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Placement Memorandum, nor does the BSE warrant that the Issuer's Debentures will be listed or will continue to be listed on the BSE; nor does the BSE take any responsibility for the soundness of the financial and other conditions of the Issuer, its promoters, its management or any scheme or project of the Issuer.

2.3 DISCLAIMER CLAUSE OF RBI

The company is having a valid certificate of registration issued by the Reserve Bank of India under Section 45 IA of the Reserve Bank of India Act, 1934. However, the RBI does not accept any responsibility or guarantee about the present position as to the financial soundness of the company or for the correctness of any of the statements or representations made or opinions expressed by the company and for repayment of deposits/ discharge of liability by the company.

2.4 DISCLAIMER CLAUSE OF SEBI

As per the provisions of the SEBI Debt Listing Regulations, it is not stipulated that a copy of this Placement Memorandum has to be filed with or submitted to the SEBI for its review / approval. It is to be distinctly understood that this Placement Memorandum should not in any way be deemed or construed to have been approved or vetted by SEBI and that this Issue is not recommended or approved by SEBI. SEBI does not take any responsibility either for the financial soundness of any proposal for which the Debentures issued thereof is proposed to be made or for the correctness of the statements made or opinions expressed in this Placement Memorandum.

2.5 DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is made in India to investors as specified under the paragraph titled "Eligible Investors" of this Placement Memorandum, who shall be/have been identified upfront by the Issuer. This Placement Memorandum and/or the Private Placement Offer cum Application Letters do not constitute an offer to sell or an invitation to subscribe to Debentures offered hereby to any person to whom it is not specifically addressed. Any disputes arising out of this Issue will be subject to the exclusive jurisdiction of the courts and tribunals at New Delhi, India. This Placement Memorandum and/or the Private Placement Offer cum Application Letters do not constitute an offer to sell or an invitation to subscribe to the Debentures herein, in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction.

2.6 DISCLAIMER IN RESPECT OF RATING AGENCIES

Ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. The Rating Agency has based its ratings on information obtained from sources believed by it to be accurate and reliable. The Rating Agency does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by the Rating Agency have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

2.7 ISSUE OF DEBENTURES IN DEMATERIALISED FORM

The Debentures will be issued in dematerialised form. The Issuer has made arrangements with the Depositories for the issue of the Debentures in dematerialised form. Investors will have to hold the Debentures in dematerialised form as per the provisions of Depositories Act. The Issuer shall take necessary steps to credit the Debentures allotted to the beneficiary account maintained by the Investor with its depositary participant. The Issuer will make the Allotment to the Investors on the Deemed Date of Allotment after verification of the Application Form, the accompanying documents and on realisation of the application money.

2.8 DISCLAIMER OF VALUATION AGENT

The issuer has appointed the valuation agent. Any valuations as may be provided by the valuation agent, on the website of the issuer and the valuation agent or otherwise, do not represent the actual price of the debentures that may be received upon sale or redemption of debentures. They merely represent the

valuation agent's computation of the valuation which may in turn be based on several assumptions. The valuation will reflect the independent views of the valuation agent. it is expressly stated that the valuation will not be the view of the issuer or its affiliates. The issuer will not review the valuation and will not be responsible for the accuracy of the valuations. The valuations that will be provided by the valuation agent may include the use of proprietary models (that are different from the proprietary models used by the issuer and/or the valuation agent) and consequently, valuations provided by other parties (including the issuer and/or the valuation agent) may be significantly different.

SECTION 3: RISK FACTORS

The following are the risks relating to the Company, the Debentures and the market in general envisaged by the management of the Company. Potential Investors should carefully consider all the risk factors stated in this Placement Memorandum and/or the Private Placement Offer cum Application Letters for evaluating the Company and its business and the Debentures before making any investment decision relating to the Debentures. The Company believes that the factors described below represent the principal risks inherent in investing in the Debentures. Potential Investors should also read the detailed information set out elsewhere in this Placement Memorandum and/or the Private Placement Offer cum Application Letters and reach their own views prior to making any investment decision.

3. GENERAL RISKS

3.1 RISKS IN RELATION TO THE NON-CONVERTIBLE SECURITIES:

(a) Structural risks in relation to the Debentures

(i) The Debentures being structured debentures are sophisticated instruments which involve a significant degree of risk and are intended for sale only to those Investors capable of understanding the risks involved in such instruments. Please note that both the return on the Debentures and the return of the Redemption Amount in full are at risk if the Debentures are not held till or for any reason have to be sold or redeemed before the Final Redemption Date. The Debentures are a principal protected product only upon maturity. The principal amount of the Debentures is subject to the credit risk of the Issuer whereby the investor may or may not recover all or part of the funds in case of default by the Issuer.

(ii) The Debentures are structured and are complex and an investment in such a structured product may involve a higher risk of loss of a part of the initial investment as compared to investment in other securities unless held till Final Redemption Date or upon a default by the Issuer. The Debenture Holder shall receive at least the face value of the Debenture only if the Investor holds and is able to hold the Debentures till the Final Redemption Date. Prior to investing in the Debentures, a prospective Investor should ensure that such prospective Investor understands the nature of all the risks associated with the investment in order to determine whether the investment is suitable for such prospective Investor in light of such prospective Investor's experience, objectives, financial position and other relevant circumstances. Prospective Investors should independently consult with their legal, regulatory, tax, financial and/or accounting advisors to the extent the prospective investor considers necessary in order to make their own investment decisions.

(iii) An investment in Debentures where the payment of Coupon and/or other consideration (if any) payable or deliverable thereon is determined by reference to one or more underlying indexes equity or debt securities, indices, baskets, formulas or other assets or basis of reference will entail significant risks not associated with a conventional fixed rate or floating rate debt security. Such risks include, without limitation, changes in the level or value of the relevant underlying equity or debt securities or basket or index or indices of equity or debt securities or other underlying asset or basis of reference and the Debenture Holder may receive a lower (or no) amount Coupon or other consideration than the Debenture Holder(s) expected. The Issuer has no control over a number of matters that are important in determining the existence, magnitude and longevity of such risks and their results, including, but not limited to, economic, financial and political events. In addition, if an index or formula used to determine any amounts payable or deliverable in respect of the Debentures contains a multiplier or leverage factor, the effect of any change in such index or formula will be magnified. In

recent times, the values of certain indices, baskets and formulae have been volatile and volatility in those and other indices, baskets and formulas may occur in the future.

(b) Repayment is subject to the credit risk of the Issuer.

Potential Investors should be aware that receipt of the principal amount, (i.e. the redemption amount) and any other amounts that may be due in respect of the Debentures is subject to the credit risk of the Issuer. Potential Investors assume the risk that the Issuer will not be able to satisfy their obligations under the Debentures. In the event that bankruptcy proceedings or composition, scheme of arrangement or similar proceedings to avert bankruptcy are instituted by or against the Issuer, the payment of sums due on the Debentures may not be made or may be substantially reduced or delayed.

(c) The secondary market for non-convertible securities may be illiquid.

The non-convertible securities may be very illiquid, and no secondary market may develop in respect thereof. Even if there is a secondary market for the non-convertible securities, it is not likely to provide significant liquidity. Potential Investors may have to hold the Debentures until redemption to realize any value.

(d) Credit Risk & Rating Downgrade Risk

The Rating Agency has assigned the credit ratings to the Debentures. In the event of deterioration in the financial health of the Issuer, there is a possibility that the rating agency may downgrade the rating of the Debentures. In such cases, potential Investors may incur losses on revaluation of their investment or make provisions towards sub-standard/ non-performing investment as per their usual norms.

(e) Changes in interest rates may affect the price of Debentures**.**

All securities where a fixed rate of interest is offered, such as this Issue, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the pricing of the Debentures.

(f) Tax Considerations and Legal Considerations:

Special tax considerations and legal considerations may apply to certain types of investors. Potential Investors are urged to consult with their own financial, legal, tax and other advisors to determine any financial, legal, tax and other implications of this investment.

(g) Accounting Considerations:

Special accounting considerations may apply to certain types of taxpayers. Potential Investors are urged to consult with their own accounting advisors to determine implications of this investment.

(h) Material changes in regulations to which the Issuer is subject could impair the Issuer's ability to meet payment or other obligations.

The Issuer is subject generally to changes in Indian law, as well as to changes in government regulations and policies and accounting principles. Any changes in the regulatory framework

could adversely affect the profitability of the Issuer or its future financial performance, by requiring a restructuring of its activities, increasing costs or otherwise.

(h) Model Risk

Investment in the Debentures is subject to model risk. The Debentures are created on the basis of complex mathematical models involving multiple derivative exposures which may or may not be hedged and the actual behaviour of the securities selected for hedging may significantly differ from the returns predicted by the mathematical models.

3.2 RISKS IN RELATION TO THE SECURITY CREATED IN RELATION TO THE DEBT SECURITIES. FURTHER, ANY RISKS IN RELATION TO MAINTENANCE OF SECURITY COVER OR FULL RECOVERY OF THE SECURITY IN CASE OF ENFORCEMENT

(a) Security may be insufficient to redeem the Debentures

In the event that the Company is unable to meet its payment and other obligations towards Investors under the terms of the Debentures, the Debenture Trustee may enforce the Security as per the terms of security documents, and other related documents executed in relation to the Debentures. The Debenture Holder(s)' recovery in relation to the Debentures will be subject to (i) the market value of such Security (ii) finding willing buyers for the Security at a price sufficient to repay the Debenture Holder(s)' amounts outstanding under the Debentures. There is a risk that the value realised from the enforcement of the Security may be insufficient to redeem the Debentures.

3.3 REFUSAL IN LISTING OF ANY SECURITY OF THE ISSUER DURING LAST THREE YEARS BY ANY OF THE STOCK EXCHANGES IN INDIA OR ABROAD:

As of date, the Issuer has not been refused in listing of any security during the last 3 years by any of the stock exchanges in India or abroad and therefore, this would not be applicable.

3.4 LIMITED OR SPORADIC TRADING OF NON-CONVERTIBLE SECURITIES OF THE ISSUER ON STOCK EXCHANGES:

As of date, we are not aware of any limited or sporadic trading of the non-convertible securities of the Issuer on stock exchanges and therefore, this would not be applicable.

3.5 IN CASE OF OUTSTANDING DEBT INSTRUMENTS OR DEPOSITS OR BORROWINGS, ANY DEFAULT IN COMPLIANCE WITH THE MATERIAL COVENANTS SUCH AS CREATION OF SECURITY AS PER TERMS AGREED, DEFAULT IN PAYMENT OF INTEREST, DEFAULT IN REDEMPTION OR REPAYMENT, NON-CREATION OF DEBENTURE REDEMPTION RESERVE, DEFAULT IN PAYMENT OF PENAL INTEREST WHEREVER APPLICABLE

As of date, the Issuer has not defaulted in compliance with any material covenants agreed to by the Issuer and therefore, this would not be applicable.

3.6 RISKS RELATED TO THE BUSINESS OF THE ISSUER

(a) ***Majority of the Issuer's loans are unsecured and the clients of these unsecured loans are of the high risk category and if the Issuer is unable to control the level of non-performing loans ("NPAs") in the future, or if the Issuer's loan loss reserves are insufficient to cover future***

loan losses, the financial condition and results of operations may be materially and adversely affected.

A majority of the Issuer's loans are unsecured and the clients of these unsecured loans are of the high risk category. There is uncertainty on the client's ability to fulfil its loan obligations. Such non-performing or low credit quality loans can negatively impact our results of operations.

As at March 31, 2022, the gross NPA was Rs. 78.36 Crore on a gross portfolio of Rs.2011.78 Crore (including managed / securitized portfolio of Rs. 591.98 Crore).

(b) ***The Issuer cannot assure that it will be able to effectively control and reduce the level of the NPAs of its Client Loans. The amount of its reported NPAs may increase in the future as a result of growth of Client Loans, and also due to factors beyond its control, such as over-extended member credit that it is unaware of. If the Issuer is unable to manage NPAs or adequately recover its loans, the results of its operations will be adversely affected.***

The current loan loss reserves of the Issuer may not be adequate to cover an increase in the amount of NPAs or any future deterioration in the overall credit quality of Client Loans. As a result, if the quality of its total loan portfolio deteriorates the Issuer may be required to increase its loan loss reserves, which will adversely affect its financial condition and results of operations.

The members are poor and, as a result, might be vulnerable if economic conditions worsen or growth rates decelerate in India, or if there are natural disasters such as floods and droughts in areas where the Issuer's members live. Moreover, there is no precise method for predicting loan and credit losses, and the Issuer cannot assure that its monitoring and risk management procedures will effectively predict such losses or that loan loss reserves will be sufficient to cover actual losses. If the Issuer are unable to control or reduce the level of its NPAs or poor credit quality loans, its financial condition and results of its operations could be materially and adversely affected.

(c) ***The Issuer's business operates through a large number of rural and semi urban branches and is exposed to operational risks including fraud***

The Issuer is exposed to operational risks, including fraud, petty theft and embezzlement, as it handles a large amount of cash due to high volume of small transactions. This could harm its operations and its financial position.

As the Issuer handles a large amount of cash through a high volume of small transactions taking place in its network, the Issuer is exposed to the risk of fraud or other misconduct by its employees or outsiders. These risks are further compounded due to the high level of delegation of power and responsibilities that the Issuer's business model requires. Given the high volume of transactions processed by the Issuer, certain instances of fraud and misconduct may go unnoticed before they are discovered and successfully rectified. Even when the Issuer discovers such instances of fraud or theft and pursue them to the full extent of the law or with its insurance carriers, there can be no assurance that the Issuer will recover any such amounts. In addition, the Issuer's dependence upon automated systems to record and process transactions may further increase the risk that technical system flaws or employee tampering or manipulation of those systems will result in losses that are difficult to detect.

The Issuer maintains an internal audit process to ensure the operations team follows the defined procedures and reports any deviations to the operations staff and management team. The Issuer also has a strong MIS system that has a wide range of data that can be used to monitor financial and operational performance.

To mitigate the above risk, the Issuer maintains an internal audit process to ensure the operations team follows the defined procedures and reports any deviations to the operations staff and management team. The Issuer also has a MIS system able to generate data analysis that can be used to monitor financial and operational performance.

(d) ***The Issuer is exposed to certain political, regulatory and concentration of risks***

Due to the nature of its operations, the Issuer is exposed to political, regulatory and concentration risks. The Issuer believes a mitigant to this is to expand its geographical reach and may consequently expand its operations other states. If it is not effectively able to manage such operations and expansion, it may lose money invested in such expansion, which could adversely affect its business and results of operations.

Large scale attrition, especially at the senior management level, can make it difficult for the Issuer to manage its business.

If the Issuer is not able to attract, motivate, integrate or retain qualified personnel at levels of experience that are necessary to maintain the Issuer's quality and reputation, it will be difficult for the Issuer to manage its business and growth. The Issuer depends on the services of its executive officers and key employees for its continued operations and growth. In particular, the Issuer's senior management has significant experience in the microfinance, banking and financial services industries. The loss of any of the Issuer's executive officers, key employees or senior managers could negatively affect its ability to execute its business strategy, including its ability to manage its rapid growth. The Issuer's business is also dependent on its team of personnel who directly manage its relationships with its members. The Issuer's business and profits would suffer adversely if a substantial number of such personnel left the Issuer or became ineffective in servicing its members over a period of time. The Issuer's future success will depend in large part on its ability to identify, attract and retain highly skilled managerial and other personnel. Competition for individuals with such specialized knowledge and experience is intense in this industry, and the Issuer may be unable to attract, motivate, integrate or retain qualified personnel at levels of experience that are necessary to maintain its quality and reputation or to sustain or expand its operations. The loss of the services of such personnel or the inability to identify, attract and retain qualified personnel in the future would make it difficult for the Issuer to manage its business and growth and to meet key objectives.

(e) ***The Issuer's business and results of operations would be adversely affected by strikes, work stoppages or increased wage demands by employees***

The employees are not currently unionized. However, there can be no assurance that they will not unionize in the future. If the employees unionize, it may become difficult to maintain flexible labour policies, and could result in high labour costs, which would adversely affect the Issuer's business and results of operations.

(f) ***The Issuer's insurance coverage may not adequately protect it against losses. Successful claims that exceed its insurance coverage could harm the Issuer's results of operations and diminish its financial position***

There are various types of risks and losses for which the Issuer does not maintain insurance, such as losses due to business interruption and natural disasters, because they are uninsurable. A successful assertion of such large claims against the Issuer that exceeds it's available insurance coverage or results in changes in its insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect the Issuer's business, financial condition and results of operations. Such risks are normally minimized through strong Risk Management practices of the Company.

(g) ***Issuer requires certain statutory and regulatory approvals for conducting business and failure to obtain or retain them in a timely manner, or at all, may adversely affect operations.***

NBFCs in India are subject to strict regulation and supervision by the RBI. Pursuant to guidelines issued by the RBI (circular dated August 3, 2012 and RBI NBFC Master Directions) the Issuer is required to maintain its status as a NBFC in order to be eligible for categorization as priority sector advance for bank loans. The Issuer requires certain approvals, licenses, registrations and permissions for operating its business, including registration with the RBI as a NBFC. Further, such approvals, licenses, registrations and permissions must be maintained/renewed over time, applicable requirements may change and the Issuer may not be

aware of or comply with all requirements all of the time. Additionally, the Issuer may need additional approvals from regulators to introduce new insurance and other fee based products to its members. In particular, the Issuer is required to obtain a certificate of registration for carrying on business as a NBFC that is subject to numerous conditions. In addition, its branches are required to be registered under the relevant shops and establishments laws of the states in which they are located. The shops and establishments laws regulate various employment conditions, including working hours, holidays and leave and overtime compensation. If the Issuer fails to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, its business may be adversely affected. If the Issuer fails to comply, or a regulator claims that it has not complied, with any of these conditions, the Issuer's certificate of registration may be suspended or cancelled and it shall not be able to carry on such activities. If the Issuer fails to comply with the RBI NBFC Directions and fails to maintain the status of NBFC, it will not be eligible for priority sector loans from the Indian banking sector and may also attract penal provisions under the RBI Act, 1934 for non-compliance.

(h) ***The economic fallout from the spread of the COVID-19 virus may impact the Issuer's business prospects, financial condition, result of operations and credit risk***

The spread of the COVID-19 virus has affected millions across the globe and the same coupled with measures taken by the governments including lockdowns/ curfew has not only affected day to day lives of people but has also given a hard blow to the supply chain of factories, with trade routes being disturbed and slowing down of the industry, trade, commerce and business activities across all sectors.

The COVID-19 virus pandemic is adversely affecting, and is expected to continue to adversely affect, our operations, business, liquidity and cashflows, and we have experienced and expect to continue to experience unpredictable reductions in demand for certain of our products and services. Further, since a good fraction of our borrowers are small transport road operators, the disruption due to COVID-19 virus will also have an impact on their business as well as repayment capacity of the loans taken from us.

However, the extent of negative financial impact cannot be reasonably estimated at this time but a sustained economic slowdown may significantly affect our business, financial condition, liquidity, cashflows and results of operations and the same will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the COVID-19 virus and the actions to contain the COVID-19 virus or treat its impact, among others. Consequently, there may be a negative effect on the Company's ability to service the obligations in relation to the Debentures.

(i) ***Economic Risk in India:***

The Issuer operates only within India and, accordingly, all of its revenues are derived from the domestic market. As a result, it is highly dependent on prevailing economic conditions in India and its results of operations are significantly affected by factors influencing the Indian economy. An uncertain economic situation, in India and globally, could result in a further slowdown in economic growth, investment and consumption. A slowdown in the rate of growth in the Indian economy could result in lower demand for credit and other financial products and services and higher defaults. Any slowdown in the growth or negative growth of sectors where the Issuer has a relatively higher exposure could adversely impact its performance. Any such slowdown could adversely affect its business, prospects, results of operations and financial condition.

3.7 ANY OTHER RISK FACTORS

(a) Legality of Purchase

Potential Investors in the Debentures will be responsible for the lawfulness of the acquisition of the Debentures, whether under the laws of the jurisdiction of their incorporation or the jurisdiction in which they operate or for compliance by that potential Investor with any law, regulation or regulatory policy applicable to it.

SECTION 4: FINANCIAL STATEMENTS

The audited financial statements of the Issuer for the year ended 31st March, 2020, 31st March, 2021 and 31st March 2022 are set out in **Annexure V** hereto.

SECTION 5: REGULATORY DISCLOSURES

The Placement Memorandum is prepared in accordance with the provisions of SEBI Debt Listing Regulations and in this section, the Issuer has set out the details required as per Schedule I of the SEBI Debt Listing Regulations.

5.1 Documents Submitted to the Exchanges

The following documents have been / shall be submitted to the BSE:

(a) This Placement Memorandum;
(b) Memorandum and Articles of Association of the Issuer and necessary resolution(s) for the allotment of the Debentures;
(c) Copy of the necessary resolution(s) authorizing the borrowings, issuance of the Debentures and list of authorized signatories for the allotment of securities;
(d) Copy of last 3 (Three) years audited Annual Reports;
(e) Statement containing particulars of, dates of, and parties to all material contracts and agreements;
(f) Certified copy of the resolution passed by the shareholders of the Company at the Extra-Ordinary General Meeting held on February 13, 2020, authorizing the borrowing of the Company up to a limit of Rs. 3,000,00,00,000/- (Rupees Three Thousand Crores Only) and the creation of security by the Company in respect of such borrowings;
(g) Copy of the resolution passed by the Board of Directors of the Company dated November 2, 2021 read with the resolution passed by the Borrowing Committee of the Board of Directors held on July 21, 2022 authorizing the issuance of the Debentures and the list of authorized signatories;
(h) An undertaking from the Issuer stating that the necessary documents for the creation of the charge, where applicable, including the Trust Deed would be executed within the time frame prescribed in the relevant regulations/acts/rules etc. and the same would be uploaded on the website of the BSE, where the debt securities have been listed, within 5 (five) working days of execution of the same.
(i) Where applicable, an undertaking that permission/consent from the prior creditor for a second or *pari passu* charge being created, in favor of the trustees to the proposed issue has been obtained; and
(j) Any other particulars or documents that the recognized stock exchange may call for as it deems fit.

5.2 Documents Submitted to Debenture Trustee

The following documents have been / shall be submitted to the Debenture Trustee in electronic form (soft copy) on or before the allotment of the Debentures:

(a) Memorandum and Articles of Association of the Issuer and necessary resolution(s) for the allotment of the Debentures;
(b) Copy of last 3 (Three) years audited Annual Reports;
(c) Statement containing particulars of, dates of, and parties to all material contracts and agreements;
(d) Latest audited / limited review half yearly consolidated (wherever available) and standalone financial information (profit & loss statement, balance sheet and cash flow statement) and auditor qualifications, if any;
(e) An undertaking to the effect that the Issuer would, until the redemption of the debt securities, submit the details mentioned in point (d) above to the Debenture Trustee within the timelines as mentioned in the Simplified Listing Agreement issued by SEBI vide circular No. SEBI/IMD/BOND/1/2009/11/05 dated May 11, 2009/ Uniform Listing Agreement as prescribed in SEBI's circular no. CFD/CMD/6/2015 dated October 13, 2015 as amended from

time to time, for furnishing / publishing its half yearly/ annual results. Further, the Issuer shall within 180 (One Hundred and Eighty) days from the end of the financial year, submit a copy of the latest annual report to the Debenture Trustee and the Debenture Trustee shall be obliged to share the details submitted under this clause with all 'Qualified Institutional Buyers' (QIBs) and other existing debenture-holders within 2 (Two) working days of their specific request.

5.3 Details of Promoters of the Issuer:

S.no	Details of Promoter	Description
1.	Name of promoter	Lendingkart Technologies Private Limited
2.	Date of Birth/ Date of Incorporation	December 15, 2014
3.	Age	N.A.
4.	Personal Addresses/Registered Address	A-602, 6th Floor, The First, The First Avenue Road Behind Keshavbaug Party Plot, Vastrapur Ahmedabad Ahmedabad GJ 380015
5.	Education Qualifications	N.A.
6.	Experience in the business or employment	N.A.
7.	positions/posts held in the past by the promoter	N.A.
8.	directorships held by the promoter	N.A.
9.	Other ventures of the promoter	Nil
10.	Special achievements	N.A.
11.	Business and financial activities of the promoter	Lendingkart Technologies Private Limited ("**LTPL**") is a fin-tech company in the working capital space. LTPL has developed technology tools based on big data analysis which facilitates lenders to evaluate borrower's credit worthiness and provides other related services.
12.	Photograph/Logo	LENDINGKART Think Cash, Think Lendingkart Group!
13.	Permanent Accountant Number	AACCL7816J
14.	Bank Account Number(s)	**BANK NAME** / **Account** ICICI BANK: 136705000631 AXIS BANK: 915020018736842 AXIS BANK: 914020057015952 YES BANK: 010181400000224 YES BANK: 010161000000051 IDFC First bank: 10019720457 IDFC First bank: 10019720468 IDFC First bank: 10019720479

5.4 Details of specific entities in relation to the Issue:

S.no	Particulars	Details
1.	Debenture Trustee to the Issue	Name: Catalyst Trusteeship Limited Address: GDA House, Plot No. 85, Bhusari Colony (Right), Kothrud, Pune-411038

		Logo: CATALYST Email address: dt@ctltustee.com mailto:compliancectl-mumbai@ctltrustee.com Telephone Number: 022 4922 0555 Contact Person: Mr. Umesh Salvi
2.	Credit Rating Agency for the Issue	Name: India Ratings and Research Private Limited Address: Wockhardt Towers, 4th Floor, West Wing, Bandra Kurla Complex, Bandra East, Mumbai - 400051 Logo: IndiaRatings & Research A Fitch Group Company Telephone Number: +91 22 4000 1700 Website: Email address: infogrp@indiaratings.co.in Contact person: Mr. Bhavik Mehta
3.	Registrar to the Issue	Name: KFIN Technologies Ltd Address: Selenium, Tower B, Plot No- 31 & 32, Financial District, Nanakramguda, Serilingampally Hyderabad Rangareddi TG 500032 Logo: KFINTECH Contact Person: Mr. S P Venugopal Designation: GM – Corporate Registry Telephone Number: +91 040 7961 1000 Website: www.kfintech.com Email address: unlservices@kfintech.com
4.	Statutory Auditors	Name: Batliboi & Purohit, Chartered Accountants Logo: BATLIBOI & PUROHIT Chartered Accountants Address: National Insurance Building, 2nd Floor, 204, Dr. D. N. Road, Fort, Mumbai - 400001 Website: N.A. Email address: auditteam@bnpindia.in Telephone Number: +91-2222077942 Contact Person: Mr. Janak Mehta, Partner
5.	Legal Counsel (if any)	N.A.
6.	Guarantor (if applicable)	Name: Lendingkart Technologies Private Limited Logo: LENDINGKART Think Cash, Think Lendingkart Group! Address: A-602,6th Floor, The First, The First Avenue Road, Behind Keshavbaug Party Plot, Vastrapur, Ahmedabad – 380 015 Website: https://www.lendingkart.com/ Email address: Kumudini.aggarwal@lendingkart.com Telephone Number: +91 99103 22507 Contact Person: Ms. Kumudini Aggarwal
7.	Arrangers, if any	-

8.	Valuation Agency	ICRA Analytics Limited Logo: Address: Infinity Benchmark, 17th Floor, Plot – G-1, Block GP, Sector V, Salt Lake, Kolkata – 700091, West Bengal, India. Email: contact@icraanalytics.com Telephone No.: +91-33-40170100

5.5 About the Issuer: A brief summary of business / activities of the Issuer and its subsidiaries with the details of branches or units if any and its line of business containing at least the following information:

(a) **Overview of the business of the Issuer**

Lendingkart Finance Limited aims to make working capital finance available at the fingertips of entrepreneurs, so that they can focus on business instead of worrying about the gaps in their cash-flows.

Lendingkart Finance Limited is a wholly owned subsidiary of Lendingkart Technologies Private Limited, which is a fin-tech startup in the working capital space. LTPL has developed technology tools based on big data analysis which facilitates lenders to evaluate borrower's credit worthiness and provides other related services.

Lendingkart Finance Limited, is a non-deposit taking NBFC, providing SME lending in India. The Company aims to transform small business lending by making it convenient for SMEs to access credit easily. The Company uses technology and analytics tools, analysing thousands of data points from various data sources to assess the creditworthiness of small businesses.

(b) **Corporate Structure of the Issuer:**

Lendingkart Finance Limited is a wholly owned Subsidiary Company of Lendingkart Technologies Private Limited, the following are the list of directors of the Company.

S. No.	Name of the Directors	Designation	Date of Birth	Address	DIN	PAN	Director of the company since	Director in other company
1	Harshvardhan Raichand Lunia	Managing Director	May 10, 1981	A/93 – May Fair, Opp. Ashwamegh – 1, Opp. IOC Petrol Pump, 132 Ft Ring Road, Vejalpur, Ahmedabad – 380051.	01189114	ABPPL0636H	May 13, 2015	– Lendingkart Technologies Private Limited – Digital Lenders Association of India – Lendingkart Account Aggregator Private Limited
2	Raichand Sardarmal Lunia	Director	August 3, 1947	A/93 – May Fair, Opp. Ashwamegh – 1, Opp. IOC Petrol Pump,	01188845	AAMPL8468K	May 13, 2015	– Lendingkart Technologies Private Limited – Lendingkart Account Aggregator Private Limited

				132 Ft Ring Road, Vejalpur, Ahmedabad – 380051.				
3	Anindo Mukherjee	Director	October 13, 1967	70, Grange Road #04-01 Singapore – 249 574.	00019375	ADOPM1163F	September 5, 2018	– Fullerton India Credit Company Limited – Lendingkart Technologies Private Limited
4	Pankaj Makkar	Director	June 9, 1980	D-801, Pearl Gateway Towers, Sector-44, Gautam Budh Nagar, Noida – 201 301.	03442209	AJMPM6790J	September 5, 2018	– I-nurture Education Solutions Private Limited – Bigfoot Retail Solutions Private Limited – Lendingkart Technologies Private Limited – Bertelsmann Corporate Services India Private Limited
5	Anand Pande	Director	April 19, 1965	04-01 Block 20 A, 20 Ewe Boon Road Singapore 259344	08233960	AAUPP4358G	October 3, 2018	– Lendingkart Technologies Private Limited
6	Vikram Godse	Director	February 27, 1973	132 Shaan Apartments, Kashinath Dhuru Marg, Dadar (West), Near Kirti College, Mumbai – 400 028.	00230548	AASPG4681M	October 3, 2018	– Chetak Farms & Agro Activities Private Limited – Emiza Supply Chain Services Private Limited – Lendingkart Technologies Private Limited – Nehat Tech Solutions Private Limited – Mynd Solutions Private Limited – Leap India Private Limited – Clover Ventures Private Limited – Assurekit Technologies and Services Private Limited – Agnikul Cosmos Private Limited
7	Hong Ping Yeo	Director	June 9, 1970	6 Cuscaden Walk # 16-02 Singapore - 249691.	08401270	-	April 21, 2019	– Lendingkart Technologies Private Limited – Fullerton India Credit Company Limited

8	Venkateswara Rao Thallapaka	Independent Director	July 1, 1952	Flat No. 402, Block A, Mahaveer Sanctum Apts, 7th Cross, L.B Shastry Nagar, Off HAL Airport Road, Bengaluru – 560017.	05273533	ACPPT7494J	November 13, 2019	– Natco Pharma Limited – Ladderup Finance Limited – Sanvira Industries Limited – STCI Primary Dealer Limited – BGSE Financials Limited – Easy Home Finance Limited – PNB MetLife India Insurance Company Limited – Canara Bank Securities Limited – Mitcon Credentia Trusteeship Services Limited
9	Uma Subramaniam	Independent Director	November 18, 1955	105, Bhaggyam Sadhana, Dargah Road, Zamin Pallavaram, Chennai 600 043	07434953	AAHPS0276K	March 27, 2021	– STCI Finance Limited

Brief Profile of the Management

Sr. No.	Name	Designation & Experience
1	Mr. Harshvardhan Raichand Lunia	**Designation:** Managing Director **Qualification:** MBA from Indian School of Business and Chartered Accountant. **Experience:** Mr. Lunia has over 15 years of experience in finance and banking. He has worked with different banks like HDFC Bank, Standard Chartered Bank and ICICI Bank in departments like credit risk, corporate banking, relationship of SME Banking, etc. He also has experience in debt advisory.

(c) **Project cost and means of financing, in case of funding of new projects**

Nil.

5.6 Key Operational and Financial Parameters for the last 3 audited years on a consolidated basis (wherever available) else on a standalone basis:

Particulars	**March 31, 2020 (Audited) (INR in lakhs)**	**March 31, 2021 (Audited) (INR in lakhs)**	**March 31, 2022 (Audited) (INR in lakhs)**
Balance Sheet			
Net Fixed assets	307.92	160.55	135.40
Current assets	1,15,629.37	1,25,659.95	1,28,101.08
Non-current assets	1,22,262.09	1,25,777.86	1,35,332.19
Total assets	2,38,199.38	2,51,598.36	2,63,568.67
Non-Current Liabilities (including maturities of long-term borrowings and short-term borrowings) Financial (borrowings, trade payables, and other financial liabilities) Provisions Deferred tax liabilities (net) Other non-current liabilities	73,512.57 3,573.51 351.38 - -	68,771.20 5,896.51 354.31 - 1,324.28	59,954.63 11,758.17 236.98 - 330.13
Current Liabilities (including maturities of long-term borrowings) Financial (borrowings, trade payables, and other financial liabilities) Provisions Current tax liabilities (net) Other current liabilities	83,984.48 3,801.35 27.09 - 661.75	94,401.13 5,216.42 29.21 1,189.18 254.75	1,19,715.65 9,861.42 108.20 - 1,561.65
Equity (equity and other equity)	72,287.25	74,161.37	60,041.84
Total equity and liabilities	2,38,199.38	2,51,598.36	2,63,568.67
Total revenue From operations Other income	46,430.28 45,989.72 440.56	51,040.71 50,347.13 693.58	63,854.37 62,601.59 1,252.78
Total Expenses	42,236.00	48,224.91	82,252.08
Total comprehensive income Profit / loss Other comprehensive income	2,965.28 2,969.09 -3.81	1,879.99 1,831.94 48.05	(14,119.53) (14,143.97) 24.44
Profit / loss after tax	2,969.09	1,831.94	(14,143.97)

Earnings per equity share: (a) basic; and (b) diluted Continuing operations Discontinued operations Total Continuing and discontinued operations	7.09 7.09 7.09 - 7.09	4.15 4.15 4.15 - 4.15	(32.01) (32.01) (32.01) - (32.01)
Net cash generated from operating activities	-72,050.36	37,648.14	(1,180.73)
Net cash used in /generated from investing activities	-3,049.85	-1,594.47	1,048.87
Net cash used in financing activities	63,598.99	-12,317.15	(7,496.12)
Cash and cash equivalents	5,049.52	28,786.04	21,158.06
Balance as per statement of cash flows	5,049.52	28,786.04	21,158.06
Net worth	72,287.25	74,161.37	60,041.84
Cash and Cash Equivalents	5,049.52	28,786.04	21,158.06
Current Investments	-	-	-
Assets Under Management	2,12,688.51	1,93,869.25	1,91,592.90
Off Balance Sheet Assets	-	-	-
Total Debts to Total assets	0.66	0.65	0.68
Debt Service Coverage Ratios	0.20	0.22	0.23
Interest Income	44,267.85	50,082.39	61,184.47
Interest Expense	17,716.50	20,243.54	23,750.51
Interest service coverage ratio	1.17	1.14	0.23
Provisioning & Write-offs	11,948.23	17,768.52	41,471.20
Bad debts to Account receivable ratio	0.04	0.04	0.25
Gross NPA (%)	2.18%	2.47%	3.90%
Net NPA (%)	0.97%	0.90%	1.63%
Tier I Capital Adequacy Ratio (%)	33.81%	34.42%	25.93%
Tier II Capital Adequacy Ratio (%)	2.38%	4.32%	0.00%

5.7 Debt: Equity Ratio of the Company:

Before the Issue	2.66
After the Issue	2.69

As on June 30, 2022.

5.8 Details of any other contingent liabilities of the Issuer based on the last audited financial statements including amount and nature of liability:

Description of the contingent liability and capital and other commitments	As on 31st March,2022 (INR in Lakhs)
Credit enhancements provided by the company towards securitisation (including corporate guarantee, cash collateral and loan assets retained as Minimum retention Requirement (MRR)	8,805.26
Corporate guarantee in case of co-lending transactions	27,557.86
Loan sanctioned not yet disbursed	2,862.32
A S Software Services Private Limited (Omnifin Software) (Excludes 50% reversal of goods and service tax input credit)	11.16

5.9 A brief history of Issuer since its incorporation giving details of its following activities:

(a) **Details of Share Capital as on last quarter end, i.e., June 30 2022**:

Share Capital	No. of shares	Amount (in Rs.)
Authorised Share Capital	5,07,27,600	50,72,76,000
(a) Equity Shares	5,07,27,600	50,72,76,000
(b) Preference shares	-	-
Issued, Subscribed and Paid- up Share Capital	4,41,87,931	44,18,79,310
(a) Equity Shares	4,41,87,931	44,18,79,310
(b) Preference shares	-	-

(b) **Changes in its capital structure as on last quarter end i.e., June 30 2022 for the last three years:**

Date of Change (AGM/EGM)	Authorised Capital (in Rs.)	Particulars
September 10, 2018	39,34,50,000/-	Increase in the authorized share capital of the Company from Rs. 29,75,00,000/- to Rs. 39,34,50,000/- in the extra-ordinary general meeting of the Company held on September 10, 2018.
August 7, 2019	44,54,75,000/-	Increase in the authorized share capital of the Company from Rs. 39,34,50,000/- to Rs. 44,54,75,000/- in the extra-ordinary general meeting of the Company held on August 7, 2019.
April 28, 2020	50,72,76,000 /-	Increase in the authorized share capital of the Company from Rs. 44,54,75,000/- to Rs. 50,72,76,000 /- in the extra-ordinary general meeting of the Company held on April 28, 2020.

(c) **Equity Share Capital History of the Company, for the last three years:**

Date of Allotment	No. of Equity Shares	Face Value (in Rs)	Issue Price (in Rs)	Consideration (Cash, other than cash etc.)	Nature of Allotment	Cumulative Paid Up Capital			Remarks
						No. of Equity Shares	Equity Share Capital (Rs in million)	Equity Share Premium (Rs)	
September 24, 2018	14,76,101	10	338.73	Other than cash	Conversion of loan	3,08,67,360	30,86,73,600/-	201,11,66,748.73/-	-
September 24, 2018	81,18,560	10	338.73	Cash	Right Issue	3,89,85,920	38,98,59,200/-	467,99,80,977.53/-	-
September 11, 2019	52,02,011	10	403.69	Cash	Right Issue	4,41,87,931	44,18,79,310/-	672,79,60,688.12/-	-

5.10 Details of any Acquisition or Amalgamation with any entity in the last 1 (one) year:

There has been no Acquisition or amalgamation in last one year.

Type of Event	Date of Announcement	Date of Completion	Details
Nil	Nil	Nil	Nil

5.11 Details of any Reorganization or Reconstruction in the last 1 (one) year:

Type of Event	Date of Announcement	Date of Completion	Details
Nil	Nil	Nil	Nil

5.12 Details of the shareholding of the Company as on the latest quarter end, i.e., June 30 2022.

(a) Shareholding pattern of the Company as on last quarter end, i.e. June 30 2022.as per the format specified under the listing regulations:

	Category and name of the shareholders	Entity type i.e. promoter OR promoter group entity (except promoter)	PAN	No. of shareholders	No. of fully paid-up equity shareshold	Partly paid-up equity shared held	No. of shares underlying Depository Receipts	Total no. of shares held	Share holding % calculated as per SCRR, 1957	Number of voting rights held in each class of securities		No. of shares underlying outstanding convertible securities(as a percentage of diluted share capital	Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	No. of locked in shares		No. of shares pledged or otherwise encumbered		No. of equity shares held in dematerialized form
										No. of voting rights				No.	As a % of total shares held	No.	As a % of total shares held	
										Equity shares	Total							
1)	Indian																	

(a)	Individuals/Hindu undivided Family	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Name																
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Name																
(c)	Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Name																
(d	Any Other (**Holding Company along with its six Nominee shareholders holding 1 share each**)																
	Lendingkart Technologies Private Limited	**Promoter**	**AACCL7816J**	**7**	**4,41,87,931**	**-**	**-**	**4,41,87,931**	**100%**	**4,41,87,931**	**4,41,87,931**	**100%**	**-**	**-**	**-**	**-**	**4,41,87,925**
	Sub-Total (A)(1)			**7**	**4,41,87,931**	**-**	**-**	**4,41,87,931**	**100%**	**4,41,87,931**	**4,41,87,931**	**100%**	**-**	**-**	**-**	**-**	**4,41,87,925**

2)	Foreign																
(a)	Individuals (Non-Resident Individuals/Foreign individuals)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Name																
(b)	Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Name																
(c)	Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Name																
(d)	Foreign Portfolio Investors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Name																
(e)	Any Other (specify)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Name																
	Sub-total (A)(2)	**-**	**-**	**7**	**4,41,87,931**	**-**	**-**	**4,41,87,931**	**100%**	**4,41,87,931**	**4,41,87,931**	**100%**	**-**	**-**	**-**	**-**	**4,41,87,925**

Notes: Details of shares pledged or encumbered by the promoters (if any): Not applicable

(b) **List of top 10 holders of equity shares of the Company as on the latest quarter end, i.e. June 30 2022**

Sr. No.	Name of the Shareholder / Particulars	Class	Total Number of equity shares	Total Shareholding as (%) of total number of equity shares.	Number of shares held in Demat Form
1	Lendingkart Technologies Private Limited (and its 6 nominees)	Equity	4,41,87,931	100%	4,41,87,925
	Total Equity Shares		**4,41,87,931**		**4,41,87,925**

5.13 Following details regarding the directors of the Company*:

(a) **Details of the current directors of the Company:**

This table sets out the details regarding the Company's Board of Directors as on date of the Placement Memorandum:

Sr. No.	Name of the Directors	Designation	Date of Birth/ Age	Address	DIN	Director of the company since	Details of other directorship	Whether willful defaulter (yes/no)
1	Harshvardhan Raichand Lunia	Managing Director	May 10, 1981/ 41	A/93 - May Fair, Opp. Ashwamegh - 1, Opp. IOC Petrol Pump, 132 Ft Ring Road, Vejalpur, Ahmedabad – 380051.	01189114	May 13, 2015	– Lendingkart Technologies Private Limited – Digital Lenders Association of India – Lendingkart Account Aggregator Private Limited	No
2	Raichand Sardarmal Lunia	Director	August 3, 1947/ 74	A/93 - May Fair, Opp. Ashwameg h - 1, Opp. IOC Petrol Pump, 132 Ft Ring Road, Vejalpur, Ahmedabad – 380051.	01188845	May 13, 2015	– Lendingkart Technologies Private Limited – Lendingkart Account Aggregator Private Limited	No
3	Anindo Mukherjee	Director	October 13, 1967/ 54	70, Grange Road #04-01 Singapore – 249 574.	00019375	September 5, 2018	– Fullerton India Credit Company Limited – Lendingkart Technologies Private Limited	No

4	Pankaj Makkar	Director	June 9, 1980/ 41	D-801, Pearl Gateway Towers, Sector-44, Gautam Budh Nagar, Noida – 201 301.	03442209	September 5, 2018	– I-nurture Education Solutions Private Limited – Bigfoot Retail Solutions Private Limited – Lendingkart Technologies Private Limited – Bertelsmann Corporate Services India Private Limited	No
5	Anand Pande	Director	April 19, 1965/ 57	04-01 Block 20 A, 20 Ewe Boon Road Singapore 259344	08233960	October 3, 2018	Lendingkart Technologies Private Limited	No
6	Vikram Godse	Director	February 27, 1973/ 49	132 Shaan Apartments, Kashinath Dhuru Marg, Dadar (West), Near Kirti College, Mumbai – 400 028.	00230548	October 3, 2018	– Chetak Farms & Agro Activities Private Limited – Emiza Supply Chain Services Private Limited – Lendingkart Technologies Private Limited – Nehat Tech Solutions Private Limited – Mynd Solutions Private Limited – Leap India Private Limited – Clover Ventures Private Limited – Assurekit Technologies and Services Private Limited - Agnikul Cosmos Private Limited	No
7	Hong Ping Yeo	Director	June 9, 1970/ 51	6 Cuscaden Walk # 16-02 Singapore-249691.	08401270	April 21, 2019	– Lendingkart Technologies Private Limited – Fullerton India Credit Company Limited	No

8	Venkateswara Rao Thallapaka	Independent Director	July 1, 1952/ 69	Flat No. 402, Block A, Mahaveer Sanctum Apts 7th Cross, L.B Shastry Nagar, Off HAL Airport Road, Bengaluru - 560017.	05273533	November 13, 2019	– Natco Pharma Limited – Ladderup Finance Limited – Sanvira Industries Limited – STCI Primary Dealer Limited – BGSE Financials Limited – Easy Home Finance Limited – PNB MetLife India Insurance Company Limited – Canara Bank Securities Limited – Mitcon Credentia Trusteeship Services Limited	No
9	Uma Subramaniam	Independent Director	November 18, 1955/ 66	105, Bhaggyam Sadhana, Dargah Road, Zamin Pallavaram, Chennai 600 043	07434953	March 27, 2021	STCI Finance Limited	No

**Company to disclose name of the current directors who are appearing in the RBI defaulter list and/or ECGC default list, if any:* Nil

(b) **Details of change in directors since last three years:**

Name	Designation	DIN	Date of Appointment,	Date of Cessation, If applicable	Date of Resignation, if applicable	Remarks
Mr. Mukul Sachan	Whole time Director	07237991	January 27, 2016	-	May 31, 2019	-
Ms. Divya Jain	Independent Director	07864477	June 30, 2017	June 28, 2019	-	-
Mr. Gaurav Mittal	Additional Director	01037873	June 29, 2018	-	-	-
Mr. Gaurav Mittal	Independent Director	01037873	September 29, 2018	-	-	Change in designation on September 29, 2018
Mr. Gaurav Mittal	Independent Director	01037873	-	June 27, 2021	-	Cessation.
Mr. Harshvardhan Raichand Lunia	Managing Director	01189114	July 1, 2019	-	-	Change in designation

Mr. Anindo Mukherjee	Director	00019375	September 5, 2018	-	-	-
Ms. Jennifer Li You Fan	Director	08081062	September 5, 2018	-	December 7, 2018	-
Mr. Kiranbir Nag	Director	07660247	September 5, 2018	-	July 6, 2020	-
Mr. Pankaj Makkar	Director	03442209	September 5, 2018	-	-	-
Mr. Anand Pande	Additional Director	08233960	October 3, 2018	-	-	-
Mr. Anand Pande	Director	08233960	December 11, 2018	-	-	Change in designation
Mr. Vikram Godse	Additional Director	00230548	October 3, 2018	-	-	-
Mr. Vikram Godse	Director	00230548	December 11, 2018	-	-	Change in designation
Mr. Hong Ping Yeo	Additional Director	08401270	April 21, 2019	-	-	-
Mr. Hong Ping Yeo	Director	08401270	April 30, 2019	-	-	Change in designation
Mr. Venkateswara Rao Thallapaka	Additional Director	05273533	November 13, 2019	-	-	-
Mr. Venkateswara Rao Thallapaka	Director	05273533	September 30, 2020	-	-	Change in designation
Ms. Uma Subramaniam	Additional Director	07434953	March 27, 2021	-	-	-
Ms. Uma Subramaniam	Director	07434953	September 30, 2021	-	-	Change in designation

5.14 Following details regarding the auditors of the Company:

(a) **Details of the auditor of the Company:**

Name of the Auditor	Address	Auditor since	Remark
M/s. Batliboi & Purohit, Chartered Accountants	National Insurance Building, 2nd Floor, 204, Dr. D.N. Road, Fort, Mumbai – 400 001	December 11, 2021	Appointed on the Extra-Ordinary General Meeting held on December 11, 2021 till the conclusion of 25th Annual General Meeting.

(b) **Details of change in auditors since last three years:**

Name of the Auditor	Address	Date of Appointment	Date of cessation, if applicable	Date of resignation, if applicable	Remarks
M/s S.R. Batliboi & Co. LLP	12th Floor, The Ruby, 29, Senapati Bapat Marg, Dadar (West), Mumbai-400028	September 29, 2015	N.A.	N.A.	Reappointed on 23rd Annual general meeting held on September 30, 2020 till the conclusion of 28th Annual General Meeting.
M/s S.R. Batliboi & Co. LLP	12th Floor, The Ruby, 29, Senapati Bapat Marg, Dadar (West), Mumbai-400028	N.A.	N.A.	November 13, 2021	Tendered resignation vide letter dated November 1, 2021, effective from November 13, 2021
M/s. Batliboi & Purohit, Chartered Accountants	National Insurance Building, 2nd Floor, 204, Dr. D.N. Road, Fort, Mumbai – 400 001	December 11, 2021	N.A.	N.A.	Appointed on the Extra-Ordinary General Meeting held on December 11, 2021 till the conclusion of 25th Annual General Meeting.

5.15 Details of the following liabilities of the Company, as at the latest quarter end i.e. June 30, 2022 or if available at a later date:

(a) **Details of Outstanding Secured Loan Facilities**:

Name of Lender	Type of Facility	Amount Sanctioned	Principal Amount Outstanding	Repayment Date / Schedule	Security
Aav Sarl (Luxembourg) & Masala Investments Sarl (Luxembourg)	Non Convertible Debentures	51,47,50,000.00	51,47,50,000.00	Principal in 3 installments	Receivables
Aditya Birla Finance Limited	CC/WCDL	15,00,00,000.00	15,00,00,000.00	Bullet	Receivables
Bandhan Bank Limited	Term Loan	50,00,00,000.00	26,66,66,662.00	6 M Moratorium Period, Monthly	Receivables
Bandhan Bank Limited	Term Loan	25,00,00,000.00	22,61,90,400.00	Monthly payment with 6 month moratorium	Receivables
Blueorchard Microfinance Fund	Non Convertible Debentures	44,00,00,000.00	44,00,00,000.00	half yearly payment of interest & principle	Receivables

Capri Global Capital Limited	Term Loan	10,00,00,000.00	6,24,99,999.00	Quarterly (8 equal Quarterly Instalments)	Receivables
Cholamandalam Investment And Finance Company Ltd	Term Loan	15,00,00,000.00	9,38,68,728.00	Payment of 12 monthly emi	Receivables
CSB Bank Limited	Non Convertible Debentures	10,00,00,000.00	10,00,00,000.00	Bullet Principal & Interest Annually	Receivables
Eclear Leasing And Finance Private Limited	Term Loan	20,00,00,000.00	7,44,97,806.00	Equal EMI for 18 months	Receivables
Eclear Leasing and Finance Private Limited-03	Term Loan	10,00,00,000.00	8,99,95,063.00	Monthly Principal & Interest	Receivables
ESAF Small Finance Bank Limited	Term Loan	25,00,00,000.00	14,99,98,000.00	Monthly	Receivables
Federal Bank Limited	Term Loan	40,00,00,000.00	7,49,83,141.00	Equal Half yearly principal payment, Monthly Interest	Receivables
HSBC Bank	Term Loan	75,00,00,000.00	75,00,00,000.00	3 Months Morat and 15 equal installments	Receivables
Idfc First Bank Limited	Term Loan	25,00,00,000.00	12,49,99,996.00	36 M Moratorium Period, Monthly	Receivables
Idfc First Bank Limited	Term Loan	90,00,00,000.00	20,00,00,000.00	12 M Moratorium Period, Monthly	Receivables
Idfc First Bank Limited	Term Loan	1,00,00,00,000	38,88,88,885.00	12 M Moratorium Period, Monthly	Receivables
Idfc First Bank Limited	CC/WCDL	15,00,00,000	12,30,57,914.00	Interest Annually, Principal Bullet	Receivables
Northern Arc Capital Limited	Non Convertible Debentures	20,00,00,000.00	20,00,00,000.00	Bullet	Receivables
Northern Arc Capital Limited	Non Convertible Debentures	20,00,00,000.00	20,00,00,000.00	Bullet	Receivables
Incred Capital Inclusion Advisory Serv. Pvt Ltd	Non Convertible Debentures	15,00,00,000.00	15,00,00,026.00	Principal Bullet Repayment, Interest Monthly	Receivables
Incred Capital Inclusion Advisory Serv. Pvt Ltd	Non Convertible Debentures	30,00,00,000.00	30,00,00,000.00	Bullet	Receivables
Incred Capital Inclusion Advisory Serv. Pvt Ltd	Non Convertible Debentures	15,00,00,000.00	15,00,00,000.00	Bullet Principal & Interest	Receivables
Incred Capital Inclusion Advisory Serv. Pvt Ltd	Non Convertible Debentures	15,00,00,000.00	15,00,00,000.00	Bullet Principal & Interest	Receivables
Incred Financial Services Limited	Term Loan	13,00,00,000.00	7,80,00,000.00	Repayable in 5 equal Quarterlyinstalments	Receivables
Jana Small Finance Bank	Term Loan	50,00,00,000.00	15,90,95,833.00	Monthly Principal & Interest	Receivables
JM Financial Products Limited	Term Loan	40,00,00,000.00	40,00,00,000.00	Monthly EMI payment	Receivables
Kisetsu Saison Finance (India) Private Limited	Term Loan	20,00,00,000.00	5,00,00,000.00	Interest Monthly, Principal Quarterly	Receivables
Kisetsu Saison Finance (India) Private Limited	Term Loan	20,00,00,000.00	10,00,00,000.00	Interest Monthly, Principal Quarterly	Receivables
Maanaveeya Development & Finance Pvt Ltd	Term Loan	20,00,00,000.00	4,85,00,000.00	3 M Moratorium Period, Monthly	Receivables
Maanaveeya Development & Finance Pvt Ltd	Term Loan	20,00,00,000	5,00,00,000.00	Interest Monthly, Principal Quarterly	Receivables

Nabkisan Finance Limited	Term Loan	22,00,00,000	3,62,88,674.00	Quarterly	Receivables
Nabkisan Finance Limited	Term Loan	15,00,00,000	6,24,99,997.00	Interest Monthly, Principal Quarterly	Receivables
Nabsamruddhi Finance Limited	Term Loan	15,00,00,000	8,15,20,760.00	Monthly Principal & Interest	Receivables
Nederlandse Financierings-Maatschappij Voor Ontwik Kelingslanden N.V.	Non Convertible Debentures	1,08,00,00,000	1,08,00,00,000.00	25% of the Issue Size after 3 years,25% of the Issue Size after 3 and a halfyears and, 50% of the Issue Size after 4 years	Receivables
Northern Arc Capital Limited	Term Loan	30,00,00,000.00	4,38,99,370.00	Monthly	Receivables
Northern Arc Capital Limited	Term Loan	25,00,00,000.00	2,28,26,456.00	Monthly	Receivables
Northern Arc Capital Limited	Non Convertible Debentures	70,00,00,000.00	40,00,00,001.00	Quarterly interest and principle	Receivables
Northern Arc Capital Limited	Term Loan	22,00,00,000.00	14,92,41,565.00	3 Months Moratorium and rest payable in 12 EMI	Receivables
Piramal Capital & Housing Finance Limited	Term Loan	30,00,00,000.00	27,14,28,572.00	Monthly interest, equal monthly principle payment	Receivables
Rbl Bank Limited	CC/WCDL	18,00,00,000.00	-	Monthly Interest, bullet principle in 4 months	Receivables
Small Industries Development Bank Of India	Term Loan	75,00,00,000.00	15,00,00,000.00	Principle morat 2 months, monthly int payment	Receivables
South Indian Bank	Term Loan	10,00,00,000.00	8,33,32,000.00	Monthly Interest, Monthly Principal Repayment	Receivables
South Indian Bank	CC/WCDL	5,00,00,000.00	5,00,00,000.00	Monthly Interest, bullet principle in 6 months	Receivables
State Bank Of India	CC/WCDL	50,00,00,000.00	7,55,67,184.00	Monthly	Receivables
State Bank Of India	CC/WCDL	2,50,00,000.00	-	Monthly	Receivables
State Bank Of India	Non Convertible Debentures	40,00,00,000.00	40,00,00,000.00	Bullet Principal & Interest Quarterly	Receivables
State Bank Of India	CC/WCDL	25,00,00,000.00	22,75,72,623.00	CC Facility, Monthly Interest	Receivables
Sundaram Finance Limited	Term Loan	15,00,00,000.00	6,04,88,843.00	Monthly Principal & Interest	Receivables
Suryoday Small Finance Bank Ltd	Term Loan	15,00,00,000.00	6,46,36,328.00	Monthly payment with 3 month moratorium	Receivables
The Tamilnadu Industrial Investment Corporation	Term Loan	10,00,00,000.00	7,30,00,000.00	Monthly payment with 3 month moratorium	Receivables
Tipsons Consultancy Services Pvt Ltd	Non Convertible Debentures	30,00,00,000.00	29,99,99,984.00	Coupon payment quarterly, Principle payment bullet	Receivables
Venus India Asset-Finance Pvt. Ltd.	Term Loan	15,00,00,000.00	13,75,00,000.00	3 Months Moratorium, 24 Equal principle installment & Monthly Interest	Receivables

Vivriti Asset Management Fund	Non Convertible Debentures	30,00,00,000.00	30,00,00,000.00	Quarterly interest payment (monthly compounding), 3 equal yearly principle on 31st dec.	Receivables
Vivriti Asset Management & Its Investors	Non Convertible Debentures	20,00,00,000.00	20,00,00,000.00	Bullet principle & interest payment (Monthly compounding)	Receivables
Vivriti Capital Private Limited	Term Loan	15,00,00,000.00	4,34,78,495.00	Monthly	Receivables
Cred Avenue & Its Investors	Non Convertible Debentures	40,00,00,000.00	40,00,00,000.00	Bullet Principal & Interest	Receivables
Cred Avenue & Its Investors	Non Convertible Debentures	25,00,00,000.00	25,00,00,000.00	Bullet payment of interest & principle on call date or maturity	Receivables
Vivriti Capital Private Limited	Term Loan	22,00,00,000.00	19,24,99,999.00	24 Equal principle installment & Monthly Interest	Receivables
Triodos Investment Management	Non Convertible Debentures	50,00,00,000.00	50,00,00,000.00	12 Half yearly interest payment, bullet principle payment	Receivables
GMO-Z.Com Payment Gateway India Credit Fund 1	Non Convertible Debentures	25,00,00,000.00	24,30,55,556.00	Equal Monthly principle payment & interest payment	Receivables
Total		**17,92,97,50,000.00**	**11,76,48,28,860.00**		

(b) **Details of Outstanding Unsecured Loan Facilities**:

Name of Lender	**Type of Facility**	**Amount Sanctioned**	**Principal Amount Outstanding**	**Repayment Date / Schedule**
IDFC First Bank Limited	Term Loan	10,00,00,000.00	10,00,00,000.00	Bullet
IDFC First Bank Limited	Term Loan	15,00,00,000.00	14,99,99,999.00	Bullet
Bandhan Bank Limited	OD	1,00,00,000.00	-	Principal Payable on demand, Interest monthly
HSBC Bank	OD	1,00,00,000.00	-	Principal Payable on demand, Interest monthly
		27,00,00,000	**24,99,99,999**	

(c) **Details of Outstanding Non-Convertible Securities:**

Series of Non-Convertible Securities	**Tenor / Period of Maturity**	**Coupon**	**Amount (in INR)**	**Date of allotment**	**Redemption Date / Schedule**	**Credit Rating**	**Secured / Unsecured**	**Security**
AAAV SARL & MASALA INVESTMENTS	61	13.94%	51,47,50,000	28/11/2019	28/11/2024	NA	Secured	Receivables

SARL (Symbiotics)								
Blueorchard Microfinance Fund	61	12.15%	44,00,00,000	20/12/2021	18/12/2026	A-	Secured	Receivables
Cred Avenue & Its Investors	18	11.00%	40,00,00,000	30/06/2021	30/12/2022	AA-(CE)	Secured	Receivables
Cred Avenue & Its Investors	18	11.00%	25,00,00,000	09/08/2021	09/02/2023	AA-(CE)	Secured	Receivables
CSB BANK LIMITED	36	13.50%	10,00,00,000	02/06/2020	02/06/2023	BBB+/Stable	Secured	Receivables
INCRED CAPITAL INCLUSION ADVISORY SERV. PVT LTD	21	11.50%	15,00,00,026	04/11/2020	04/08/2022	BBB+/Stable	Secured	Receivables
INCRED CAPITAL INCLUSION ADVISORY SERV. PVT LTD	21	12.00%	30,00,00,000	04/03/2021	02/12/2022	IND PP-MLD BBB+	Secured	Receivables
INCRED CAPITAL INCLUSION ADVISORY SERV. PVT LTD	21	12.00%	15,00,00,000	04/06/2021	04/03/2023	IND PP-MLD BBB+emr /Positive	Secured	Receivables
INCRED CAPITAL INCLUSION ADVISORY SERV. PVT LTD	21	12.00%	15,00,00,000	08/07/2021	08/04/2023	BBB+/Stable	Secured	Receivables
Nederlandse Financierings-Maatschappij voor 'Ontwikkelingslanden N.V. (FMO)	48	13.05%	1,08,00,00,000	24/03/2021	24/03/2025	Na	Secured	Receivables
Northern Arc Capital Limited	45	15.60%	20,00,00,000	11/03/2020	13/11/2023	CRISIL PPMLD BBB+ r /Positive	Secured	Receivables
Northern Arc Capital Limited	51	13.75%	20,00,00,000	28/01/2019	31/03/2023	BBB+/Stable	Secured	Receivables
Northern Arc Capital Limited	18	11.00%	40,00,00,001	16/07/2021	16/01/2023	A-	Secured	Receivables
STATE BANK OF INDIA	34	12.80%	40,00,00,000	06/07/2020	21/04/2023	BBB+/Stable	Secured	Receivables
Tipsons Consultancy Services Pvt. LTD. & its Investor	26	11.25%	29,99,99,984	06/09/2021	06/11/2023	AA-(CE)	Secured	Receivables
Vivriti Asset Management & Its Investors	38	13.50%	20,00,00,000	29/03/2022	31/05/2025	PP-MLD-IND-BBB+	Secured	Receivables
Vivriti Asset Management Fund	33	12.75%	30,00,00,000	25/03/2022	31/12/2024	A-	Secured	Receivables
GMO-Z.Com Payment Gateway India Credit Fund 1	35	11.50%	24,30,55,556	04/05/2022	03/05/2024	Unrated	Secured	Receivables

Triodos Investment Management	72	12.38%	50,00,00,000	29/06/2022	29/06/2028	IVR A-/Stable Outlook	Secured	Receivables
Total			**6,27,78,05,567**					

(d) **List of top 10 holders of non-convertible securities in terms of value (in cumulative basis)**

Sr. No.	Name of holders of non-convertible securities	Amount	Percentage (%) of total non-convertible securities outstanding
1	NEDERLANDSE FINANCIERINGS-MAATSCHAPPIJ VOOR ONTWIK	1,08,00,00,000.00	17.20%
2	STATE BANK OF INDIA	40,00,00,000.00	6.37%
3	TRIODOS SICAV II - TRIODOS MICROFINANCE FUND	35,00,00,000.00	5.58%
4	VIVRITI SHORT TERM BOND FUND	30,00,00,000.00	4.78%
5	AAV S.A.R.L	25,73,75,000.00	4.10%
6	MASALA INVESTMENTS S.A.R.L.	25,73,75,000.00	4.10%
7	GMO-Z.COM PAYMENT GATEWAY INDIA CREDIT FUND	24,30,55,556.00	3.87%
8	COVID-19 EMERGING AND FRONTIER MARKETS MSME SUPPORT FUND SCSP SICAV-RAIF - GLOBAL INVEST	22,00,00,000.00	3.50%
9	BLUEORCHARD MICROFINANCE FUND	22,00,00,000.00	3.50%
10	NORTHERN ARC INCOME BUILDER FUND (SERIES II)	20,00,00,000.00	3.19%

(e) **Details of outstanding Commercial Paper as at the end of the last quarter in the following format:**

Sr. No.	ISIN of Commercial Paper	Maturity Date	Amount outstanding
1	INE090W14119	15/09/2022	16,61,67,591

(f) **Details of rest of the borrowing (if any including hybrid debt like FCCB, Optionally Convertible Debentures / Preference Shares):**

Name of Party (in case of facility) / Name of Instrument	Type of facility / Instrument	Amount sanctioned / issued	Principal Amount outstanding	Date of Repayment / Schedule	Credit Rating	Secured / Unsecured	Security
Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

5.16 Details of any outstanding borrowing taken / debt securities issued for consideration other than cash. This information shall be disclosed whether such borrowing / debt securities have been taken / issued: (i) in whole or part, (ii) at a premium or discount, or (iii) in pursuance of an option or not

Nil

5.17 Where the Issuer is a non-banking finance company or housing finance company, the following disclosures on Asset Liability Management (ALM) shall be provided for the latest audited financials:

A. Details with regard to lending done out of the issue proceeds of earlier issuances of debt securities (whether public issue or private placement) by NBFC including details regarding the following

(a) **Lending Policy: Should contain overview of origination, risk management, monitoring and collections:**

Customer Origination and application:

The Company uses mobile and web technology platform to originate borrowers. Borrowers register and fill in an application capturing details about his business and furnish two documents – bank statements and VAT/GST returns for past period. The Company leverages IT infrastructure to pull data points from the application form and various other check points like Credit bureau reports, Social media platforms, Industry data bases and other partners.

The Company uses machine learning algorithm to appraise the credit worthiness of the borrower. Data integrated from the borrower's application and third-party sources is checked for quality and collated in a proprietary credit analysis template. This template forms the base to assess the credit worthiness of borrowers, capturing over 5,000 variables to do a rounded assessment of a borrower's credit worthiness.

Risk Management

In measuring risk of lending to a borrower, the Company aims to assess – his Intention to repay and his ability to repay. This is further classified into the 3 primary reasons for defaults.

Fraud: In a fraudulent event, the borrower had no intention to repay the loan from the time of the application. This could also include cases of forgery of documents, wrongful details in the application form etc.

Lifecycle risk: This risk can be attributed to a major event in the life of the borrower which may negatively impact his ability to repay e.g. death of a family member, contracting a deadly disease, etc.

Business cycle risk: This risk encompasses the general risk of running a business. Risks like economic downturns, inability to sell procured stock etc. are covered under business cycle risk.

Given the fact that Company provides unsecured loans, the product offering is designed to minimize potential default. The in-built features of the product mitigate the default risk due to:

- **Amount**: Small ticket size of loans gives very little incentive to the borrower to default on the loan, reducing the probability of default. Bank statement or transaction data, past repayment history and a host of other social and business parameters help to evaluate the credit or character of the client.

- **Tenor**: The longer the loan tenor, the higher is the probability of occurrence of a business cycle or life cycle event which may negatively impact the borrower's repayment capacity. Offering of short duration loans helps the Company to hedge this risk.

- **Automated Credit Analysis**: Capacity or ability to repay is assessed from the borrower's cash flows and transaction data. All the financial ratios or other metrics that conventional banks use from income perspective, the company use that from turnover or revenue perspective.

Monitoring and Collections:

Collections – Physical coverage

The Company has adequately appointed collection executives at requisite locations. The Company has empaneled reputed collection agencies. The current remote collection measures have been successful.

Strong Collections Processes

Borrowers are sent reminders via email, SMS and are sent calls prior to the due EMI date. On the date of EMI payment, they are informed via call before the NACH / ECS process is initiated or his/her PDCs are presented for payment. If the borrowers fail to keep sufficient balance in their accounts for the EMI repayment the collections team reaches out to them via calls on the 1st, 2nd and 3rd day of default. This is followed up with a visit by the field team for all cases whose delay day for more than 3 days to collect the due & late payment amount.

When default days' cross over 30, soft legal notices are sent to the borrowers. Hard legal notices are furnished for defaults over 61 days. Defaulters over 91 days receive a Loan Recall Notice and for cases over 105 default days, the Company processes for legal recovery through legal remedies like Sec 138 / Civil Suit / DRT etc.

Furthermore, the Company prefers arbitration method to incorporated arbitration clause in the agreement to appoint a sole arbitrator for the default cases where the delay past dues crosses more than 61 or 91 days taking individual strength.

(b) **Classification of Loans given to associate or entities related to Board, Senior management, promoters, etc.:**

None

(c) **Classification of loans according to type of loans, denomination of loan outstanding by loan to value, sectors, denomination of loans outstanding by ticket size, geographical classification of borrowers, maturity profile etc.:**

Please refer to paragraph (J) below of this table below.

(d) **Aggregated exposure to the top 20 borrowers with respect to the concentration of advances, exposures to be disclosed in the manner as prescribed by RBI in its stipulations on Corporate Governance for NBFCs or HFCs, from time to time;**

Particulars	31 March 2022 (Rs. In lakhs)
Total Advances to twenty largest borrowers	818.28
Percentage of Advances to twenty largest borrowers to Total Advances of the applicable NBFC	0.41%

(e) **Details of loans, overdue and classified as non-performing assets (NPA) in accordance with RBI stipulations:**

Please refer to paragraph (K) of this table below

B. Details of borrowings made by NBFC

(a) **A portfolio summary with regard to industries/ sectors to which borrowings have been made:**

Please refer to paragraph (J) in this table below including sub-paragraph (c) therein.

(b) **NPA exposures of the Issuer for the last three financial years (both gross and net exposures) and provisioning made for the same as per the last audited financial statements of the Issuer:**

Please refer to paragraph (K) of this table below.

(c) **Quantum and percentage of secured vis-à-vis unsecured borrowings made; and**

Particulars	**Mar-22 (In lakhs)**	**%**
Secured	1,75,528.88	97.69%
Unsecured	4,141.40	2.31%
	1,79,670.28	**100.00%**

C. **Details of change in shareholding**

(a) Any change in promoters' holdings during the last financial year beyond the threshold, as prescribed by RBI:

No Change in the promoters holding during FY 2021-22.

D. Disclosure of Assets Under Management

(a) Segment wise breakup:

Please refer to sub-paragraph (c) of paragraph (J) in this table below.

(b) Type of Loans

Please refer to sub-paragraph (a) of paragraph (J) in this table below.

E. Details of borrowers

(a) Geographical location wise

Please refer to sub-paragraph (e) of paragraph (J) in this table below.

F. Details of Gross NPA

(a) Segment wise:

Please refer to sub-paragraph (c) of paragraph (K) in this table below.

G. Details of Assets and Liabilities

(a) Residual maturity profile wise into several bucket:

Please refer to paragraph (L) in this table below.

H. Additional details of loans made by housing finance company

Given that the Issuer is not a housing finance company, this is not applicable.

I. Disclosure of latest ALM statements to stock exchange

Not Applicable

J. Classification of loans according to

(a) Type of Loans:

Details of types of loans

Sl. No.	Types of loans	Rs. Lakh
1	Secured	-
2	Unsecured	3,18,937.47
	Total assets under management (AUM)^^	3,18,937.47

**Information required at borrower level (and not by loan account as customer may have multiple loan accounts); ^^Issuer is also required to disclose off balance sheet items;*

(b) Denomination of loans outstanding by loan-to-value:

Details of LTV- Not Applicable

Sl. No.	LTV (at the time of origination)	Percentage of AUM
1	Upto 40%	NA
2	40-50%	NA
3	50-60%	NA
4	60-70%	NA
5	70-80%	NA
6	80-90%	NA
7	>90%	NA
	Total	NA

(c) Sector Exposure

Details of sectoral exposure

Sl. No.	Segment-wise break-up of AUM	Percentage of AUM
1	**Retail**	
A	Mortgages (home loans and loans against property)	-
B	Gold loans	-
C	Vehicle finance	-
D	MFI	-
E	MSME	100%
F	Capital market funding (loans against shares, margin funding)	-
G	Others	-
2	**Wholesale**	
A	Infrastructure	-
B	Real estate (including builder loans)	-
C	Promoter funding	-
D	Any other sector (as applicable)	-
E	Others	-
	Total	100%

(d) Denomination of loans outstanding by ticket size*:

Details of outstanding loans category wise

Sl. No.	Ticket size (at the time of origination)	Percentage of AUM
1	Less than 5 L	19%
2	5 to 10 L	53%
3	10 to 15 L	11%
4	15 to 20 L	5%

5	20 to 30 L	10%
6	More than 30 L	2%
	Total	**100%**

** Information required at the borrower level (and not by loan account as a customer may have multiple loan accounts);*

(e) Geographical classification of borrowers:

Top 5 states borrower wise

Sl. No.	Top 5 states	Percentage of AUM
1	MAHARASHTRA	14%
2	GUJARAT	11%
3	UTTAR PRADESH	9%
4	KARNATAKA	8%
5	DELHI	8%
	Total	**50%**

K. Details of loans, overdue and classified as non-performing assets (NPA) in accordance with RBI stipulations

(a) Movement of Gross NPA

Movement of gross NPA*	Rs. Lakh
Opening gross NPA	5,192.18
- Additions during the year	60,367.30
- Reductions during the year	57,722.99
Closing balance of gross NPA	7,836.49

**Please indicate the gross NPA recognition policy (Day's Past Due)*

(b) Movement of provisions for NPA

Movement of provisions for NPA	Rs. Lakh
Opening balance	3,326.43
- Provisions made during the year	37,033.31
- Write-off/ write-back of excess provisions	35,727.29
Closing balance	4,632.45

(c) Segment wise gross NPA

Sl. No.	Segment-wise gross NPA	Gross NPA (%)
1	**Retail**	
A	Mortgages (home loans and loans against property)	-
B	Gold loans	-
C	Vehicle finance	-
D	MFI	-
E	MSME	3.90%
F	Capital market funding (loans against shares, margin funding)	-
G	Others	-
2	**Wholesale**	
A	Infrastructure	-
B	Real estate (including builder loans)	-
C	Promoter funding	-
D	Any other sector (as applicable)	-
E	Others	-
	Total	3.90%

L. Residual maturity profile of assets and liabilities (in line with the RBI format):

Residual maturity profile of assets and liabilities

Category	Up to 30 / 31 days	>1 Months – 2 months	>2 Months – 3 months	>3 months – 6 months	>6 months – 1 year	>1 years – 3 years	>3 years – 5 years	> 5 years	Total
Deposit	-	-	-	-	-	-	-	-	-
Advances	10,244.84	7,098.07	7,102.95	21,164.86	39,769.49	107818.67	142.41	7,836.50	2,01,177.79
Investments	-	-	-	-	-	-	-	-	-
Borrowings	10,972.69	16,660.99	8,796.41	30,512.26	52,773.30	51,792.63	8,162.00	-	1,79,670.28
FCA*	-	-	-	-	-	-	-	-	-
FCL*	-	-	-	-	-	-	-	-	-

**FCA – Foreign Currency Assets; FCL – Foreign Currency Liabilities;*

5.18 Details of all default/s and/or delay in payments of interest and principal of any kind of term loans, debt securities and other financial indebtedness including corporate guarantee issued by the Issuer, in the past 3 years including the current financial year:

Nil

5.19 Details of Promoters of the Company:

(a) **Details of Promoter Holding in Company as on latest quarter end, i.e. June 30, 2022:**

S. No	Name of Shareholders	Total No. of Equity shares	No. of shares held in Demat form	Total Shareholding as % of total no. of equity shares	No of shares Pledged	% of shares pledged with respect to shares owned
1	Lendingkart Technologies Private Limited (and its Six Nominees)	4,41,87,931	4,41,87,925	100%	-	-

5.20 A columnar representation of the audited financial statements (i.e. Profit & Loss statement, Balance Sheet and Cash Flow statement) both on a standalone and consolidated basis for a period of three completed years which shall not be more than six months old from the date of the draft offer document or offer document or issue opening date, as applicable

The above financial statements shall be accompanied with the Auditor's Report along with the requisite schedules, footnotes, summary etc.

Please refer to Annexure V of this Placement Memorandum wherein we have set out the audited financial statements for a period of three completed years as on March 31, 2022.

Please also note that the Company does not have any subsidiary or associate company. Hence, the consolidated financial statement is not applicable.

5.21 Any material event/ development or change having implications on the financials/credit quality (e.g. any material regulatory proceedings against the Issuer/promoters, tax litigations resulting in material liabilities, corporate restructuring event etc.) at the time of Issue which may affect the Issue or the investor's decision to invest / continue to invest in the debt securities.

The Issuer hereby declares that, except for the COVID-19 pandemic and related consequences thereto, there has been no material event, development or change at the time of issue from the position as on the date of the last audited financial statements of the Issuer, which may affect the Issue or the Investor's decision to invest/ continue to invest in the debt securities of the Issuer.

5.22 Any litigation or legal action pending or taken by a Government Department or a statutory body during the last three years immediately preceding the year of the issue of prospectus against the promoter of the Company;

Nil

5.23 Details of default and non-payment of statutory dues

Nil

5.24 The name(s) of the debentures trustee(s) shall be mentioned with statement to the effect that debenture trustee(s) has given its consent for appointment along with copy of the consent letter from the debenture trustee.

The Debenture Trustee of the proposed Debentures is Catalyst Trusteeship Limited. Catalyst Trusteeship Limited has given its written consent for its appointment as debenture trustee to the Issue and inclusion of its name in the form and context in which it appears in this Placement Memorandum and in all the subsequent periodical communications sent to the Debenture Holders. The consent letter from Debenture Trustee is provided in **Annexure III** of this Placement Memorandum.

5.25 Details of credit rating along with the latest press release of the Credit Rating Agency in relation to the issue and declaration that the rating is valid as on the date of issuance and listing. Such press release shall not be older than one year from the date of opening of the issue.

India Ratings and Research Private Limited vide its letter dated July 23, 2022 has assigned/revalidated a credit rating IND PP-MLD BBB+ emr/Stable **(pronounced as principal protected market linked debenture [IND] triple B plus) with 'Stable**' Outlook for the Debentures to be issued in the proposed Issue. Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk. The rating letter from the Rating Agency, the rating rationale

from the Rating Agency and the detailed press release is provided in **Annexure II** of this Placement Memorandum.

The Company hereby declares that the rating is and shall be valid as on the date of issuance and listing of Debentures.

5.26 If the security is backed by a guarantee or letter of comfort or any other document / letter with similar intent, a copy of the same shall be disclosed. In case such document does not contain detailed payment structure (procedure of invocation of guarantee and receipt of payment by the investor along with timelines), the same shall be disclosed in the offer document.

The Debentures shall be secured by way of an unconditional and irrevocable corporate guarantee to be issued by the Guarantor in favour of the Debenture Trustee pursuant to the Deed of Guarantee to be executed on or prior to the Deemed Date of Allotment. The finalized draft of the Deed of Guarantee is set out in **Annexure X** of this Placement Memorandum.

5.27 Disclosure of Cash flow with date of interest/dividend/ redemption payment as per day count convention

(a) The day count convention for dates on which the payments in relation to the non-convertible securities which need to be made: Actual / Actual. Please also refer to the column on "*Business Day Convention*" under Section 5.34 (*Issue Details*) of this Placement Memorandum;

(b) Procedure and time schedule for allotment and issue of securities: Please refer to the column on "*Issue Timing*" under Section 5.34 (*Issue Details*) of this Placement Memorandum; and

(c) Cash flows emanating from the non-convertible securities shall be mentioned in the Placement Memorandum, by way of an illustration: The cashflows emanating from the Debentures, by way of an illustration, are set out under **Annexure VI** (*Illustration of Bond Cashflows*) of this Placement Memorandum.

5.28 Name(s) of the stock exchange(s) where the non-convertible securities are proposed to be listed and the details of their in-principle approval for listing obtained from these stock exchange(s):

The Debentures are proposed to be listed on the WDM segment of the BSE. The Issuer shall comply with the requirements of the listing agreement for debt securities to the extent applicable to it on a continuous basis.

The Issuer has obtained the in-principle approval for the listing of the Debentures from BSE and the same is annexed in **Annexure IX** hereto. The Issuer shall also be creating the recovery expense fund as per the applicable SEBI regulations with BSE.

5.29 Other details:

(a) **Creation of Debenture Redemption Reserve** ("**DRR**") – **relevant legislations and applicability:**

As per Section 71 of the 2013 Act, any company that intends to issue debentures must create a DRR to which adequate amounts shall be credited out of the profits of the company until the redemption of the debentures. However, under the Companies (Issuance of Share Capital and Debentures) Rules, 2014, non-banking financial companies are exempt from this requirement

in respect of privately placed debentures. Pursuant to this exemption, the Company does not intend to create any reserve funds for the redemption of the Debentures.

(b) **Issue / instrument specific regulations - relevant details (Companies Act, Reserve Bank of India guidelines etc.):**

The Issue of Debentures shall be in conformity with the applicable provisions of the Companies Act including the relevant notified rules thereunder, the SEBI Debt Listing Regulations, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**") and the applicable RBI guidelines.

(c) **Default in payment**: Please refer to the column on "Default Interest Rate" under Clause 5.34 (*Issue Details*) of this Placement Memorandum and Clause 7.5 (*Consequences of Event of Default*) of Section 7 of the Placement Memorandum, setting out the consequences pursuant to any default in payment of Debentures

(d) **Delay in listing**: Please refer to the column on "*Listing (name of stock Exchange(s) where it will be listed and timeline for listing)*" under Clause 5.34 (*Issue Details*) of this Placement Memorandum, setting out the consequences pursuant to any delay in listing of Debentures

(e) **Delay in allotment of securities**: Any delay in allotment of securities from 2 (Two) Business Days from the Deemed Date of Allotment shall be an "Event of Default" under the terms of the Transaction Documents and the consequences set out under Clause 7.5 (*Consequences of Event of Default*) of Section 7 of the Placement Memorandum shall trigger.

(f) **Issue details**: Please refer to Clause 5.34 (*Issue Details*) of this Placement Memorandum

(g) **Application process:**

The application process for the Issue is as provided in SECTION 8**:** of this Placement Memorandum.

(h) **Disclosure prescribed under PAS-4 of Companies (Prospectus and Allotment of Securities), Rules, 2014 but not contained in this schedule, if any**:

All disclosures under Form No. PAS-4 of Companies (Prospectus and Allotment of Securities), Rules, 2014 have been set out in **Section 10**.

(i) **Project details: gestation period of the project; extent of progress made in the project; deadlines for completion of the project; the summary of the project appraisal report (if any), schedule of implementation of the project**:

Not applicable

5.30 A statement containing particulars of the dates of, and parties to all material contracts, agreements:

The following contracts, not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than 2 (Two) years before the date of this Placement Memorandum, which are or may be deemed material, have been entered into by the Company.

The contracts and documents referred to hereunder are material to the Issue, may be inspected at the Registered Office of the Company between 10.00 am to 4.00 pm on working days.

S. No.	Nature of Contract
1	Certified true copy of the Memorandum & Articles of Association of the Issuer.
2	Board Resolution dated November 02, 2021 read with the resolution passed by the Borrowing Committee of the Board of Directors of the Company held on July 21, 2022 authorizing the issue of Debentures offered under the terms of this Disclosure Document.
4	Shareholder Resolution dated February 13, 2020 authorizing the borrowing limits of the Company and the creation of security in respect of such borrowings.
5	Copies of Annual Reports of the Company for the last three financial years.
6	Credit rating letter from the Rating Agency dated July 23, 2022, rating rationale from the Rating Agency dated July 23, 2022 along with detailed press release.
7	Letter from Catalyst Trusteeship Limited dated July 21, 2022 giving its consent to act as Debenture Trustee.
8	Letter for Register and Transfer Agent.
9	Certified true copy of the certificate of incorporation of the Company.
10	Certified true copy of the tripartite agreement between the Company, the Registrar & Transfer Agent and the NSDL/CDSL.
11	Copy of application made to BSE for grant of in-principle approval for listing of Debentures.

5.31 Details of Debt Securities Sought to be Issued

Under the purview of the current document, the Issuer intends to raise an amount of Rs 20,00,00,000/- (Rupees Twenty Crores only) by issue of 200 Non-Convertible Debentures with Green Shoe Option of up to 200 (Two Hundred) Non-Convertible Debentures, on a private placement basis.

For further details of the Debentures, please refer to the terms and conditions of the debentures set out in Section 5.34 (*Issue Details*) of this Placement Memorandum.

5.32 Issue Size

The aggregate issue size for the Debentures is of Rs 20,00,00,000/- (Rupees Twenty Crores only) with Green Shoe Option, aggregating up to Rs. 20,00,00,000/- (Rupees Twenty Crores only).

5.33 Utilization of the Issue Proceeds

The proceeds shall be used for as set out in the column of "*Details of the utilization of the Proceeds*" under Clause 5.34 (*Issue Details*) of this Placement Memorandum. and shall not be utilized for the purposes mentioned below.

The Issuer undertakes that the proceeds of this Issue shall be utilized for the deployment of funds on its own balance sheet and not to facilitate resource requests of its group entities/parent company /associates.

The Issue shall not be utilised towards acquisition financing: viz buyback of shares/securities, purchase of shares of other companies and/or promoter contribution towards the equity capital of a company or as a bridge loan.

The Company undertakes that proceeds of this Issue shall not be utilized for the following purposes as specified in the RBI Master Circular No. DBOD.BP.BC.No.6/21.04.172/2015-16 dated July 1, 2015:

1) Bills discounted / rediscounted by NBFCs, except for rediscounting of bills discounted by NBFCs arising out of: commercial vehicles (including light commercial vehicles) and two wheeler and three wheeler vehicles, subject to the following conditions: The bills should have been drawn by the manufacturer on dealers only; The bills should represent genuine sale transactions as may be ascertained from the chassis / engine number and; Before rediscounting the bills, the bona fides and track record of NBFCs which have discounted the bills would be verified.
2) Investments of NBFCs both of current and long-term nature, in any company / entity by way of shares, debentures, etc. However, Stock Broking Companies may be provided need-based credit against shares and debentures held by them as stock-in-trade.
3) Unsecured loans / inter-corporate deposits by NBFCs to / in any company.
4) All types of loans and advances by NBFCs to their subsidiaries, group companies / entities.
5) Finance to NBFCs for further lending to individuals for subscribing to Initial Public Offerings (IPO) and for purchase of shares from secondary market.

5.34 Issue Details

Security Name (*Name of the non-convertible securities which includes Coupon / dividend, Issuer*	LFL Market Linked Debentures, GSO 2024

Name and maturity year)	
Issuer	Lendingkart Finance Limited
Type of Instrument	Secured, Senior, Redeemable, Transferable, Listed, Principal Protected, Market Linked, Rated Non-Convertible Debentures
Nature of Instrument (Secured or Unsecured)	Secured, Market Linked, Non-Convertible Debentures.
Seniority (Senior or subordinated)	Senior
Mode of Issue	Private placement
Eligible Investors	As provided in S.no 25 of Part A (*Disclosures*) above.
Listing (name of stock Exchange(s) where it will be listed and timeline for listing)	The Debentures are to be listed on the WDM of the BSE within a maximum period of 4 (Four) working days of the date of closing of Issue. In accordance with the SEBI Debt Listing Regulations, as amended from time to time, in case of a delay by the Company in listing the Debentures beyond 4 (Four) working days of the date of closing of Issue, the Company shall (i) make payment to the Debenture Holders of 1% (One Percent) p.a. over the Coupon Rate from the expiry of 4 (Four) working days of the date of closing of Issue till the listing of such Debentures; and (ii) be permitted to utilise the issue proceeds of its subsequent two privately placed issuances of securities only after having received final listing approval from BSE in respect of the listing of Debentures.
Rating of Instrument	IND PP-MLD BBB+ emr/Stable
Issue Size	The aggregate issue size for the Debentures is up to Rs. 20,00,00,000/- (Rupees Twenty Crores only) with a green shoe option of up to 200 (Two Hundred) Non-Convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakhs only) each, aggregating up to Rs. 20,00,00,000/- (Rupees Twenty Crores only).
Minimum subscription	Minimum application shall not be less than 10 (Ten) Debenture and in multiples of 1 (One) Debenture thereafter.
Option to retain oversubscription (Amount)	Green shoe option of up to 200 (Two Hundred) Secured, Senior, Redeemable, Transferable, Listed, Principal Protected, Market Linked, Rated Non-Convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakhs only) each, aggregating up to Rs. 20,00,00,000/- (Rupees Twenty Crores only).
Objects of the Issue / Purpose for which there is requirement of funds	For the ongoing business purposes of the Company (including expansion of the Company's loan portfolio (i.e., loans provided to micro, small and medium enterprises for their business activities).
Details of the utilization of the Proceeds	The Company shall utilize the amounts received from the subscription of the Debentures for ongoing business purposes of the Company (including expansion of the Company's loan portfolio in respect of productive loans).

<table>
<tr><td>Coupon Rate</td><td>Variable Coupon Rate linked to Yield Last Traded (closing) of 6.54 G-Sec 2032 having ISIN IN0020210244

Payoff is linked to the performance of the Underlying/ Reference Index, as specified in table below:-

<table><tr><th>If Yield of underlying on Final Fixing Date</th><th>Redemption Premium on XIRR basis</th></tr><tr><td>Is <=18%</td><td>11.00% XIRR</td></tr><tr><td>Is <=24% and >18%</td><td>10.50% XIRR</td></tr><tr><td>Is > 24%</td><td>0.00%</td></tr></table></td></tr>
<tr><td>Step Up/ Step Down Coupon Rate</td><td>If the credit rating of the Debentures as on the Final Fixing Date is downgraded by one notche from the current rating of (“IND PP-MLD BBB+ emr/Stable”), the applicable Coupon Rate shall increase by 0.5% (zero decimal five percent) for each notch downgrade of 1 (one) notch from the Rating of the Debentures (“Step Up Rate”). The Coupon payable at maturity of the Debentures shall be payable at the Step Up Rate.</td></tr>
<tr><td>Coupon Payment Frequency</td><td>Bullet at maturity</td></tr>
<tr><td>Coupon Payment Dates (cumulative / non-cumulative, in case of dividend)</td><td>August 29, 2024, i.e. the maturity date</td></tr>
<tr><td>Coupon Type (Fixed, floating or other structure)</td><td>Variable Coupon Rate linked to Yield Last Traded (closing) of 6.54 G-Sec 2032 having ISIN IN0020210244</td></tr>
<tr><td>Valuation Agency</td><td>ICRA Analytics Limited</td></tr>
<tr><td>Valuation Frequency and Publication</td><td>The Valuation Agency will publish a valuation on its website at least once every calendar week. The valuation shall be available on the website of the Valuation Agency at www.icraanalytics.com . The Issuer will also make available, as soon as practicable, the valuation provided by the Valuation Agency on the website of the Issuer.

The latest and historical valuations for these Debentures will be published on the website of the Issuer and the Valuation Agency(ies).</td></tr>
<tr><td>Valuation Agency Fees</td><td>The fees payable to the valuation agent should not exceed INR 1,00,000/- per annum, plus GST shall be borne solely by the Issuer.</td></tr>
<tr><td>Exercise Date/Coupon Reset Date</td><td>N.A.</td></tr>
<tr><td>Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc.)</td><td>The Coupon Rate can be reset on the Coupon Reset Date subject to a new Coupon Rate being agreed on between the Issuer and the Majority Debenture Holders, which new Coupon Rate shall be communicated by the Majority Debenture Holders to the Debenture Trustee at least 15 (Fifteen) calendar days prior to the Coupon Reset Date. The Debenture Trustee shall then communicate the new Coupon Rate, so determined, to the Issuer at least 10 (Ten) calendar days before the Coupon Reset Date. The new Coupon Rate will be applicable</td></tr>
</table>

	from the Coupon Reset Date. If no new Coupon Rate is communicated to the Issuer, the existing Coupon Rate will be applicable.
Day Count Basis (Actual / Actual)	Actual / Actual
Interest on Application Money	Where the debt securities are not allotted and/or application moneys are not refunded within thirty days of the closure of the issue, the Company will pay interest at the rate of fifteen per cent per annum.
Default Interest Rate	In the event the Company fails to pay any amount payable by it on its due date ("Unpaid Sum"), interest shall accrue on the Unpaid Sum from the due date up to the date of actual payment at a rate per annum which is the sum of 2% p.a. and the Interest rate.
Prepayment Penalty	The Company shall not, seek to redeem the Outstanding Principal Amount of the Debentures in full or in part, before the due dates without the prior consent of the Majority Debenture Holders, which consent shall not be unreasonably withheld.
Delay Penalty	NA
Tenor	25 months from the Deemed Date of Allotment.
Redemption Date / Maturity Date	August 29, 2024
Redemption Amount	INR 10,00,000 (Rupees Ten Lakhs only) per Debenture plus accrued interest, if any.
Redemption Premium/ Discount	NA
Issue Price	INR 10,00,000 (Rupees Ten Lakhs only) per Debenture.
Discount at which security is issued and the effective yield as a result of such discount	NA
Put Option Date	NA
Put Option Price	NA
Call Option Date	NA
Call Option Price	NA
Put Notification Time (Timelines by which the investor need to intimate Issuer before exercising the put)	NA
Call Notification Time (Timelines by which the Issuer need to intimate investor before exercising the call)	NA

Face Value	INR 10,00,000 (Rupees Ten Lakhs only) per Debenture.
Minimum Application and in multiples of thereafter	Minimum Application Shall Not Be 10 Debentures and in Multiples of 1 (One) Debenture thereafter.
Issue Timing	Issue Opening Date: July 29, 2022 Issue Closing Date: July 29, 2022 Date of earliest closing of the Issue, if any: NA. Pay-in Date: July 29, 2022; and Deemed Date of Allotment: July 29, 2022 All documentation including, but not limited to, the Placement Memorandum, Board Resolution, Rating Letter, Rating Rationale along with detailed press release, Appointment of Debenture Trustee to be completed 1 (One) calendar day prior to Issue Opening Date unless otherwise specified.
Issuance mode of the Instrument	Demat only
Trading mode of the Instrument	Demat only
Settlement mode of the Instrument	The pay-in of subscription monies for the Debentures shall be made by way of transfer of funds from the bank account(s) of the Eligible Investors.
Depositories	NSDL/CDSL
Business Day Convention	Business day means any day of the week (excluding Sundays and any day which is a public holiday in Mumbai, India (for the purpose of Section 25 of the Negotiable Instruments Act, 1881), and "Business Days" shall be construed accordingly. If the date of payment of interest/redemption of principal does not fall on a Business Day, the payment of interest/principal shall be made in accordance with SEBI Circular SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 (updated as on April 13, 2022).
Disclosure of Interest / Dividend / Redemption Dates	Please refer to the column on “Coupon Payment Dates” and “Interest Payment Dates” under this Clause 5.34 (Issue Details)
Record Date	The date which will be used for determining the Debenture Holder(s) who shall be entitled to receive the amounts due on any Due Date, which shall be the date falling 15 (Fifteen) calendar days prior to any Due Date.
All covenants of the issue (including side letters, accelerated payment clause, etc.)	As mentioned in Section 7
Description regarding Security (where applicable) including type of security (movable / immovable /	The Debentures shall be secured by way of a first ranking, exclusive and continuing charge on identified receivables ("Hypothecated Property") created pursuant to the deed of hypothecation to be executed between the Company and the Debenture Trustee as described herein. The Hypothecated Property shall at all times be equal to 1.1 times of the outstanding principal amount of the Debentures. The issuer undertakes:

tangible etc.), type of charge (pledge / hypothecation / mortgage etc.), date of creation of security / likely date of creation of security, minimum security cover, revaluation, replacement of security, interest to the debenture holder over and above the coupon rate as specified in the Trust Deed and disclosed in the Offer Document / Information Memorandum.	• to maintain the value of security at all times equal to 1.10 (One Decimal Point One Zero) time or 110% (One Hundred and Ten Percent) the aggregate amount of the outstanding principal ("Security Cover"); • to create, register and perfect the security over the Hypothecated Assets as contemplated above by executing a duly stamped deed of hypothecation ("Deed of Hypothecation") before the Deemed Date of Allotment and filing CHG-9 within the time period applicable; The Company shall also provide such information sought by the Debenture Trustee for the purpose of filing the prescribed forms and particulars with the Central Registry and Information Utility in connection with the Debentures and the Security Interest over the Hypothecated Property; • to pay a penal interest of 2.0% (Two Percent) p.a. over the coupon rate in case there is any delay in the creation, registration and perfection of the security over the Hypothecated Assets; • to provide a list on a monthly basis, of specific loan receivables/identified book debts to the Debenture Trustee over which the charge is created and subsisting byway of hypothecation in favour of the Debenture Trustee (for the benefit of the Debenture Holders) ("Monthly Hypothecated Asset Report"); • to add fresh loan assets to the Security Cover to ensure that the value of the Hypothecated Assets is equal to 1.10 (One Decimal Point One Zero) time or 110.0% (One Hundred and Ten Percent) the aggregate of the outstanding principal of the NCDs; • to replace/top up any Hypothecated Property that become NPA with current receivables in terms of the hypothecation agreement within 30 days of the receivables becoming due. Eligibility criteria for the Hypothecated Receivables (comprising loans with customer exposure not exceeding INR 20 lakhs): • the receivables are existing at the time of selection and have not been terminated or pre-paid. • the receivables have not been restructured and rescheduled and are not overdue. • all “Know Your Customer” norms have been complied with as prescribed by the RBI. Corporate Guarantee: Irrevocable and unconditional Corporate Guarantee from Lendingkart Technologies Private Limited
Due diligence certificate issued by the Debenture Trustee	The due diligence certificate issued by the Debenture Trustee to BSE in accordance with the SEBI circular dated November 03, 2020 (bearing reference no SEBI/HO/MIRSD/CRADT/CIR/P/2020/218) is annexed hereto as Annexure VII.
Terms and conditions of debenture trustee agreement including fees charged by debenture	Please refer to Annexure VIII below.

trustees(s), details of security to be created and process of due diligence carried out by the debenture trustee.	
Transaction Documents	As mentioned in Section 7
Conditions Precedent to Disbursement	• On or prior to the payment of subscription monies by the Debenture Holders proposing to subscribe to the Debentures: • The Company shall deliver to the Debenture Holders, a certified true copy of the Company's constitutional documents and certificate of incorporation, as amended up-to-date; • The Company shall deliver to the Debenture Holders, a certified true copy of the resolution of the Board of Directors of the Company authorizing the issue of Debentures as also execution of the necessary documents in that behalf; • The Company shall deliver to the Debenture Holders, a certified true copy of the resolution of the shareholders of the Company under section 180(1) and section 180(1)(c) of the Companies Act, 2013; • Execution by the Company of the Trustee Agreement, this Deed and the Deed of Hypothecation, in a form and manner satisfactory to the Debenture Trustee shall have taken place; • Execution by the Guarantor of the Deed of Guarantee, in a form and manner satisfactory to the Debenture Trustee shall have taken place; • The Company shall deliver to the Debenture Holders, a certified true copy of the resolution of the board of directors of the Guarantor and a certified true copy of the resolution of the Management Committee of the Board of Directors of the Guarantor under the Act, (i) approving provision of an unconditional and irrevocable corporate guarantee in favour of the Debenture Trustee (ii) resolving to execute the Deed of Guarantee; and (iii) authorising a specified person or persons to execute the Deed of Guarantee on its behalf and to do all such acts and things as may be necessary to give effect to the Corporate Guarantee; • The Company shall deliver to the Debenture Holders, a certified true copy of the special resolution of the shareholders of the Guarantor under Section 180 (1)(c) of the Act, if applicable.
Conditions Subsequent to Disbursement	• The Company shall comply with the following Conditions Subsequent within the timelines stipulated herein below: • Within 30 (Thirty) days from circulation of the Placement Memorandum, the Company shall maintain the record with respect to the issuance of the Debentures in Form PAS-5 specified pursuant to sub-rule (3) of Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 along with the requisite fee with the Registrar of Companies; • Within 4 (Four) working days from the date of closing of Issue, the Company shall complete the listing of the Debentures on the WDM segment of the Bombay Stock Exchange (BSE) and list the Debentures on the BSE; • On or prior to the utilisation of the subscription monies by the Company

	in respect of the Debentures and in any case, within 15 (Fifteen) days from the Deemed Date of Allotment, the Company shall file of a return of allotment on the issue of the Debentures in Form PAS-3 specified pursuant to Rule 12 and 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, along with the requisite fee with the Registrar of Companies; • Within 30 (Thirty) calendar days from the date of execution of the Deed of Hypothecation, the Company shall file Form CHG-9 with the applicable Registrar of Companies for the perfection of Security;
Events of Default (including manner of voting /conditions of joining Inter Creditor Agreement)	Events of default shall include the following ("**Event of Default**"): a. Payment Default b. Breach Of Terms Of This Deed And/Or The Transaction Documents c. Cessation Of Business d. Security e. Winding-Up f. Cross Default g. Repudiation h. Security Cover i. Expropriation, Nationalization Etc
Creation of recovery expense fund	The Issuer shall create a recovery expense fund in accordance with the applicable SEBI regulations, including but not limited to the SEBI circular dated October 22, 2020 (bearing reference number: SEBI/HO/MIRSD/CRADT/CIR/P/2020/207)
Conditions for breach of covenants (as specified in the Debenture Trust Deed)	As mentioned in Section 7
Provisions related to Cross Default Clause	If the Company, in regards to any Financial Indebtedness (A) defaults in any payment of any Financial Indebtedness beyond the period of grace, if any, provided in the instrument or agreement under which such Financial Indebtedness was created.
Role and Responsibilities of Debenture Trustee	The Trustees shall perform its duties and obligations and exercise its rights and discretions, in keeping with the trust reposed in the Trustees by the holder(s) of the Debentures and shall further conduct itself, and comply with the provisions of all applicable laws. The Trustees shall carry out its duties and perform its functions as required to discharge its obligations under the terms of SEBI Debt Regulations, the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, the Debenture Trusteeship Agreement, Disclosure Document and all other related transaction documents, with due care, diligence and loyalty.
Risk factors pertaining to the issue	Refer section 3
Covenants	Refer Section 7
Representation and warranties	The Definitive Agreements shall have representations, covenants and warranties as are usual and customary to transactions of this nature including covenants relating to provision of periodic information pertaining to the Company.

	The Company shall, however, adhere to the following Covenants: a. The Capital Adequacy Ratio (Tier 1 and Tier 2 capital) shall not fall below 20%; b. Gross Non-Performing Assets as a % of average portfolio of the Company shall not increase beyond 5% (Excluding OTR Book).
Illustration of Bond Cash-flows	Kindly refer to Annexure VI of this Placement Memorandum
Governing Law	The courts and tribunals in New Delhi shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this

Note:

1. If there is any change in Coupon Rate pursuant to any event including lapse of certain time period or downgrade in rating, then such new Coupon Rate and events which lead to such change should be disclosed.

2. The list of documents which has been executed in connection with the issue and subscription of debt securities shall be annexed.

3. The penal interest rates mentioned above as payable by the Issuer are independent of each other.

4. The Issuer shall provide granular disclosures in this Placement Memorandum, with regards to the "Object of the Issue" including the percentage of the issue proceeds earmarked for each of the "object of the issue".

5. While the debt securities are secured to the tune of 110% (One Hundred and Ten Percent) of the principal and interest amount or such higher amount as per the terms of offer document/ Placement Memorandum, in favour of Debenture Trustee, it is the duty of the Debenture Trustee to monitor that such security is maintained.

Creation of Security: The Issuer shall give an undertaking in the Placement Memorandum that the assets on which charge is created are free from any encumbrances and in cases where the assets are already charged to secure a debt, the permission or consent to create a second or pari-passu charge on the assets of the issuer has been obtained from the earlier creditor

The Issuer hereby undertakes that the assets on which the first ranking exclusive charge is created by the Company in favour of the Debenture Trustee to secure the obligations of the Company in relation to the Debentures under the terms of the Deed of Hypothecation, being the Hypothecated Property, are free from any encumbrances.

5.35 Scenario Analysis/Valuation Matrix

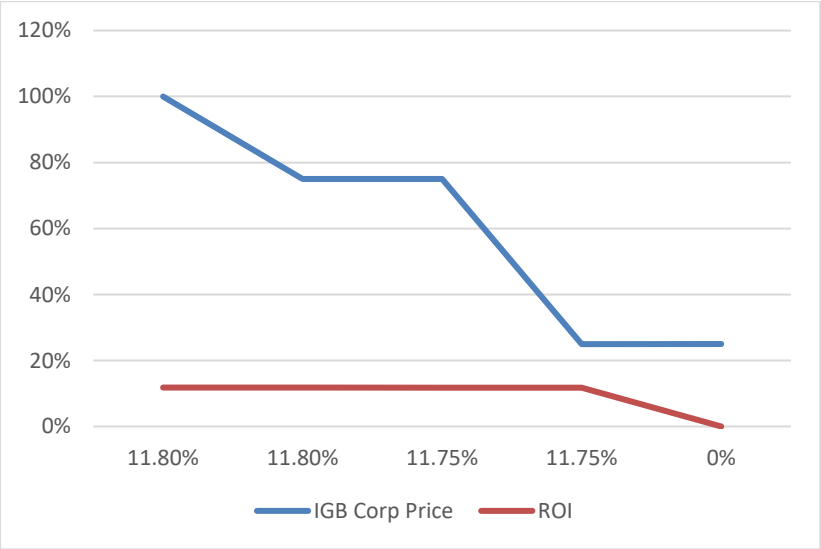
The detailed scenario analysis / valuation matrix showing value of the Debentures under different market conditions such as rising, stable and falling market conditions (along with a suitable graphic representation) are as under:

The following table shows the value of the Debenture at maturity under different market conditions (Assuming Initial level of the Underlying Index is Yield Last Traded (closing) of 6.54 G-Sec 2032 having ISIN IN0020210244.)

Scenario	**Particulars**	**Annualized Coupon/Effective Yield (on XIRR basis)**	**Investment per NCD (INR)**	**Maturity (INR)**
Moderately falling to rising	If Yield of 6.54 G-Sec 2032 having ISIN IN0020210244, as reflected on FBIL of Digital level, on final fixing date is <=18% then Payoff = Principal + Maximum Coupon	11.00% p.a.	10,00,000/-	12,43,425/-
OR				
Substantially Falling	If Yield of 6.54 G-Sec 2032 having ISIN IN0020210244, as reflected on FBIL of Digital level, on final fixing date is <=24% and >18%then Payoff = Principal + Minimum Coupon	10.50% p.a.	10,00,000/-	12,31,760/-
OR				
Extremely Falling	If Yield of 6.54 G-Sec 2032 having ISIN IN0020210244, as reflected on FBIL of Digital level, on final fixing date is >24% then Payoff = Principal Only	Nil	10,00,000/-	10,00,000/-

Graphical Representation

The following graph shows Debenture returns at maturity under different market conditions (Assuming Initial Level of the Underlying Index is [Yield Last Traded (closing) of 6.54 G-Sec 2032 having ISIN IN0020210244**]**



*("Disclaimer on Valuation - The Valuation reflects the independent views of the Valuation Agent. It is **expressly stated that the valuation is not the view of the Client** or its affiliates. The Client has not reviewed the Valuation and is not responsible for the accuracy of the Valuations. The Valuations provided by the Valuation Agent and made available on the website of the Valuation Agent do not represent the actual price that may be received upon sale or redemption of the Debentures. They merely represent the Valuation Agent's computation of the valuation which may in turn be based on several assumptions. The Valuations provided by the Valuation Agent may include the use of proprietary models (that could be different from the proprietary models used by the Client and / or the calculation agent) and consequently, valuations provided by other parties (including the Client and / or the calculation agent) may be significantly different."*

SECTION 6: DISCLOSURES PERTAINING TO WILFUL DEFAULT

In case of listing of debt securities made on private placement, the following disclosures are required to be made vide *SEBI (Issue and Listing of Non-Convertible Securities) 2021*:

(A) **Name of the bank declaring the entity as a Wilful Defaulter**: NIL

(B) **The year in which the entity is declared as a Wilful Defaulter**: NIL

(C) **Outstanding amount when the entity is declared as a Wilful Defaulter**: NIL

(D) **Name of the entity declared as a Wilful Defaulter**: NIL

(E) **Steps taken, if any, for the removal from the list of wilful defaulters**: NIL

(F) **Other disclosures, as deemed fit by the Issuer in order to enable investors to take informed decisions**: NIL

SECTION 7: TRANSACTION DOCUMENTS AND KEY TERMS

7.1 Transaction Documents

The following documents shall be executed in relation to the Issue ("**Transaction Documents**"):

(a) Debenture Trustee Agreement, which will confirm the appointment of Catalyst Trusteeship Limited as the Debenture Trustee ("**Debenture Trustee Agreement**");

(b) Debenture Trust Deed, which will set out the terms upon which the Debentures are being issued and shall include the representations and warranties and the covenants to be provided by the Issuer ("**Debenture Trust Deed**");

(c) Deed of Guarantee whereby the Guarantor will issue an unconditional and irrevocable guarantee in favour of the Debenture Trustee to secure the obligations of the Company in respect of the Debentures ("**Deed of Guarantee**");

(d) Deed of Hypothecation whereby the Issuer will create an exclusive first charge by way of hypothecation over the Hypothecated Property in favour of the Debenture Trustee to secure its obligations in respect of the Debentures ("**Deed of Hypothecation**"); and

(e) Such other documents as agreed between the Issuer and the Debenture Trustee.

7.2 Representations and Warranties of the Issuer

The Issuer hereby makes the following representations and warranties and the same shall also be set out in the Transaction Documents.

The Company makes the representations and warranties set out in this Clause to the Debenture Trustee on behalf of the Debenture Holders and the same shall also be set out in the Transaction Documents:

(a) **STATUS:**

(i) It is a company, duly incorporated, registered and validly existing under the Applicable Law of India.

(ii) It has the power to own its assets and carry on its business in substantially the same manner as it is being conducted.

(iii) The Guarantor is duly incorporated registered and validly existing under the Applicable Law of India and has the power to own its assets and carry on its business in substantially the same manner as it is being conducted.

(b) **BINDING OBLIGATIONS:**

The obligations expressed to be assumed by it under the Transaction Documents are legal, valid, binding and enforceable obligations.

(c) **NON-CONFLICT WITH OTHER OBLIGATIONS:**

The entry into, and performance by it and/or the Guarantor of, and the transactions contemplated by the Transaction Documents do not and will not conflict with:

(i) any Applicable Law including but not limited to laws and regulations regarding anti-money laundering or terrorism financing and similar financial sanctions; or

(ii) its constitutional documents;

(iii) the constitutional documents of the Guarantor;

(iv) any agreement or instrument binding upon it or any of its assets, including but not limited to any terms and conditions of the existing Financial Indebtedness of the Company; and/or

(v) any agreement or instrument binding upon the Guarantor or any of its assets, including but not limited to any terms and conditions of the existing Financial Indebtedness of the Guarantor.

(d) **POWER AND AUTHORITY:**

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Transaction Documents to which it is a party and the transactions contemplated by those Transaction Documents.

(e) **VALIDITY AND ADMISSIBILITY IN EVIDENCE:**

All approvals, authorizations, consents, permits (third party, statutory or otherwise) required or desirable:

(i) to enable it and the Guarantor lawfully to enter into, exercise its rights and comply with its obligations in the Transaction Documents to which it is a party;

(ii) to make the Transaction Documents to which it and/or the Guarantor is a party admissible in evidence in its and the Guarantor's jurisdiction of incorporation; and

(iii) for it and the Guarantor to carry on its and the Guarantor's business, and which are material,

have been obtained or effected and are in full force and effect.

(f) **NO DEFAULT:**

No Event of Default or potential Event of Default has currently occurred and is continuing as of the date hereof or would reasonably be expected to result from the execution or performance of any Transaction Documents or the issuance of the Debentures. To the best of the Company's knowledge, no other event or circumstance is outstanding which constitutes (or which would, with the lapse of time, the giving of notice, the making of any determination under the relevant document or any combination of the foregoing, constitute) a default or termination event (however described) under any other agreement or instrument which is binding on the Company or any of its assets or which might have a Material Adverse Effect as on the date hereof.

(g) **PARI PASSU RANKING:**

Its payment obligations under the Transaction Documents rank at least *pari passu* with the claims of all of its other unsecured creditors, except for obligations mandatorily preferred by law applying to companies generally.

(h) **NO PROCEEDINGS PENDING:**

There are no litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency, which if adversely determined may have a Material Adverse Effect, which have (to the best of its knowledge and belief) been started against it except as disclosed by the Company in its annual reports, financial statements, the Placement Memorandum, the Private Placement Offer cum Application Letters and as provided in **Schedule V** (*Pending Cases against the Company*) of the Debenture Trust Deed.

(i) **NO MISLEADING INFORMATION:**

All information provided by the Company to the Debenture Holders for the purposes of this Issue is true and accurate in all material respects as at the date it was provided or as at the date (if any) on which it is stated.

(j) **COMPLIANCE:**

It is in compliance in all respects with all Applicable Law for the performance of its obligations with respect to this Issue, including but not limited to environmental, social and taxation related laws, for them to carry on their business.

(k) **ASSETS:**

Except for the security interests and encumbrances created and recorded with the Ministry of Corporate Affairs (available using CIN: U65910MH1996PLC258722 on the website http://www.mca.gov.in/mcafoportal/showIndexOfCharges.do under the heading Index of Charges), the Company has, free from any security interest or encumbrance, the absolute legal and beneficial title to, or valid leases or licenses of, or is otherwise entitled to use (in each case, where relevant, on arm's length terms), all material assets necessary for the conduct of its business as it is being, and is proposed to be, conducted.

(l) **FINANCIAL STATEMENTS**:

(i) Its financial statements most recently supplied to the Debenture Trustee were prepared in accordance with IND AS consistently applied save to the extent expressly disclosed in such financial statements.

(ii) Its financial statements most recently supplied to the Debenture Trustee as of March 31, 2022 give a true and fair view and represent its financial condition and operations during the relevant financial year save to the extent expressly disclosed in such financial statements.

(m) **SOLVENCY:**

(i) The Company and the Guarantor are able to, and have not admitted their inability to, pay their debts as they mature and have not suspended making payment on any of their debts and they will not be deemed by a court to be unable to pay their debts within the meaning of Applicable Law, nor in any such case, will they become so in consequence of entering into the Debenture Trust Deed and the Transaction Documents.

(ii) As on the date hereof, the Company and the Guarantor have not taken any corporate action nor have they taken any legal proceedings or other procedure or steps in relation to any bankruptcy proceedings.

(n) The Company is a wholly owned subsidiary of the Guarantor.

(o) **NATURE OF REPRESENTATIONS AND WARRANTIES**

The Company hereby expressly represents and warrants that each of the representations and warranties set out hereinabove is true and accurate as on the date of the Debenture Trust Deed and shall continue to be true and accurate on each day until the Maturity Date, and nothing contained in the said representations and warranties is / will be misleading or designed to create an inaccurate, incomplete or false picture.

7.3 COVENANTS OF THE ISSUER

7.3.1. AFFIRMATIVE COVENANTS

The Company undertakes and agrees that until the Final Settlement Date of the Debentures, in addition to the affirmative covenants set out in this Clause 7.3.1, it shall:

(a) **NOTICE OF WINDING UP OR OTHER LEGAL PROCESS**

Promptly inform the Debenture Trustee if it has notice of any application for winding up having been made or any statutory notice of winding up under the provisions of the Act, or any other notice under any other act relating to winding up or otherwise of any suit or other legal process intended to be filed or initiated against the Company and affecting or likely to affect the charged assets and the title to the properties of the Company or if a receiver is appointed in respect of any of its properties or businesses or undertakings.

(b) **LOSS OR DAMAGE BY UNCOVERED RISKS**

Promptly inform the Debenture Trustee of any material loss or significant damage which the Company may suffer due to any force majeure circumstances such as earthquake, flood, tempest or typhoon, etc. against which the Company may not have insured its properties.

(c) **PRESERVE CORPORATE STATUS**

Diligently preserve and maintain its corporate existence and status and all rights, contracts privileges, franchises and concessions now held or hereafter acquired by it in the conduct of its business.

(d) **LISTING REQUIRMENTS**

Inform and provide the Debenture Trustee with applicable documents in respect of any and all information required to be provided to the Debenture Holders under the listing agreement entered/ to be entered into between the Company and the stock exchange on which the Debentures are proposed to be listed.

(e) **UTILISATION OF PROCEEDS OF DEBENTURES**

(i) Utilize the monies received upon subscription to the Debentures solely towards the Purpose as mentioned in the Debenture Trust Deed, and procure and furnish to the Debenture Trustee, a certificate from the Company's statutory auditors (as may be required under Applicable Law) in respect of the utilisation of funds raised through the Issue at the end of the financial year.

(ii) The Company shall within 45 (Forty-Five) calendar days from the end of every quarter submit to BSE, a statement indicating the utilization of Issue proceeds, which shall be continued to be given till such time the Issue proceeds have been fully utilised or the purpose for which these proceeds of Issue were raised has been achieved.

(iii) The Company shall utilise the proceeds of the Issue for its principal business activities.

(f) **LISTING**

Take all steps necessary to obtain the in-principle approval from the BSE for listing the Debentures and to take all steps necessary to get the Debentures listed within 4 (Four) working days from the date of closing of Issue.

In the event that the Debentures are not listed within 4 (Four) working days from the date of closing of Issue for any reason whatsoever, then to the extent that any Debenture Holders are foreign institutional investors or sub-accounts of foreign institutional investors or qualified foreign investors, or foreign portfolio investors, the Company undertakes to immediately redeem and/or buyback any and all Debentures within 2 (two) Business Days of the expiry of the listing period.

In accordance with the SEBI Debt Listing Regulations, as amended from time to time, in case of a delay by the Company in listing the Debentures beyond 4 (Four) working days from the date of closing of Issue, the Company shall (i) make payment to the Debenture Holders of 1% (One Percent) p.a. over the Coupon Rate from the expiry 4 (Four) working days from the date of closing of Issue till the listing of such Debentures; and (ii) be permitted to utilise the issue proceeds of its subsequent two privately placed issuances of securities only after having received final listing approval from BSE in respect of the listing of Debentures.

(g) **COSTS AND EXPENSES**

Pay all pre-approved costs, charges and expenses in any way incurred by the Debenture Trustee towards protection of Debenture Holders' interests, including travelling and other allowances and such taxes, duties, costs, charges and expenses in connection with or relating to the Debentures and shall not include any foreign travel costs.

(h) **PAY STAMP DUTY**

Pay all such stamp duty (including any additional stamp duty), other duties, taxes, charges and penalties, if and when the Company may be required to pay according to the laws for the time being in force in the state where the Transaction Documents are executed, and in relation to the Debentures and in the event of the Company failing to pay such stamp duty, other duties, taxes, cesses and penalties as aforesaid, the Debenture Trustee will be at liberty (but shall not be bound) to pay the same and the Company shall reimburse the same to the Debenture Trustee on demand.

(i) **MAKE THE RELEVANT FILINGS WITH THE REGISTRAR OF COMPANIES/SEBI**

Pursuant to the provisions of the Act and the relevant rules thereunder, the Company undertakes to make the necessary filings of the documents mandated therein with the Registrar of Companies and/or SEBI within the timelines stipulated thereunder.

(j) **FURNISH INFORMATION TO DEBENTURE TRUSTEE**

The Company shall furnish quarterly report (unless specified otherwise, in which case, reports shall be submitted according to the specified timeline below) to the Debenture Trustee (as may be required in accordance with SEBI guidelines) containing the following particulars –

(i) Periodical status/performance reports from the Company within 7 (Seven) calendar days of the relevant board meeting or within 45 (Forty Five) calendar days of the respective quarter, whichever is earlier.
(ii) Updated list of the names and addresses of the Debenture Holders.
(iii) Details of the Coupon due, but unpaid and reasons thereof.
(iv) The number and nature of grievances received from the Debenture Holders and (a) resolved by the Company (b) unresolved by the Company and the reasons for the same.
(v) A statement that the Hypothecated Property is sufficient to discharge the claims of the Debenture Holders as and when they become due.

(k) Promptly and expeditiously attend to and redress the grievances, if any, of the Debenture Holders. The Company further undertakes that it shall promptly comply with the suggestions and directions that may be given in this regard, from time to time, by the Debenture Trustee and shall advise the Debenture Trustee periodically of the compliance.

(l) Inform the Debenture Trustee of any major change in the composition of its Board of Directors, which may amount to change in 'Control' as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and/or any significant change in the composition of its Board of Directors.

(m) Inform the Debenture Trustee of any significant changes in the composition of its Board of Directors.

(n) The Company shall furnish to the Debenture Trustee the Annual Report of the Company which shall contain a certification from the Company's statutory auditors in respect of the utilization of funds raised under the Issue at the end of each financial year.

(o) Notify the Debenture Trustee in writing, of any proposed change in the nature or conduct or scope of the business or operations of the Company, prior to the date on which such action is proposed to be given effect.

(p) Inform the Debenture Trustee promptly about any failure to create Security and about all orders, directions, notices of court/tribunal affecting or likely to affect the Security and/or the Hypothecated Property and/or the Corporate Guarantee.

(q) Inform the Debenture Trustee promptly of any amalgamation, merger or reconstruction scheme proposed by the Company.

(r) The Company shall submit to the Debenture Trustee, such information as may be required by the Debenture Trustee from time to time.

(s) **TRANSFER OF UNCLAIMED REDEMPTION AMOUNTS**

The Company shall comply with the provisions of the Act relating to transfer of unclaimed / unpaid amounts of Coupon on Debentures and redemption of Debentures to the Investor Education and Protection Fund (IEPF), if applicable to it.

(t) **FURTHER ASSURANCES**

The Company shall:

(i) execute and/or do, at their own expense, all such deeds, assurances, documents, instruments, acts, matters and things, in such form and otherwise as the Debenture Trustee may reasonably or by law require or consider necessary in relation to enforcing or exercising any of the rights and authorities of the Debenture Trustee;

(ii) obtain, comply with the terms of and do all that is necessary to maintain in full force and effect all authorisations necessary to enable it lawfully to enter into and perform its obligations under the Debenture Trust Deed or to ensure the legality, validity, enforceability or admissibility in evidence in India of the Debenture Trust Deed;

(iii) ensure that the Debentures are rated by the Rating Agency and continue to be rated by the Rating Agency during the tenure of the Debentures;

(iv) comply with all Applicable Law (including but not limited to environmental, social and taxation related laws), as applicable in respect of the Debentures and obtain such regulatory approvals as may be required from time to time including but not limited, in relation to the following (i) the SEBI Debt Listing Regulations, as may be in force from time to time during the currency of the Debentures; and (ii) the provisions of the listing agreement entered into by the Company with the stock exchange in relation to the Debentures including the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**").

(u) **SECURITY**

The Company hereby further agrees, declares and covenants with the Debenture Trustee as follows:

(i) The Debentures shall be secured by way of (A) a first ranking exclusive charge on the Hypothecated Property; and (B) an unconditional and irrevocable guarantee being provided by the Guarantor, in favour of the Debenture Trustee acting in trust for and on behalf of and for the benefit of the Debenture Holders under the terms of the Deed of Guarantee.

(ii) All the movable assets that have been charged in favour of the Debenture Trustee under the Deed of Hypothecation shall always be kept distinguishable and held as the exclusive property of the Company specifically appropriated to this Security shall be kept in proper condition and adequately insured and shall pay all taxes, cesses, insurance premium with the Hypothecated Property within the time permissible under Applicable Laws and shall be dealt with only under the directions of the Debenture Trustee and the Company shall not create any charge, lien or other encumbrance upon or over the same or any part thereof except in favour of the Debenture Trustee nor suffer any such charge, lien or other encumbrance or any part thereof nor do or allow anything that may prejudice this Security and shall not sell, transfer, lease or otherwise dispose of in any manner whatsoever any assets constituting the Hypothecated Property

and the Debenture Trustee shall be at liberty to incur all costs and expenses as may be necessary to preserve this Security and to maintain the same undiminished and claim reimbursement thereof;

(iii) To maintain at all times, during the period of the Issue, the Security Cover. The value of the Hypothecated Property for this purpose (both for initial and subsequent valuations) shall be the amount reflected as the value thereof in the books of accounts of the Company;

(iv) The Company shall create the Security over the Hypothecated Property by executing a duly stamped Deed of Hypothecation at least 1 (One) day prior to filing of the listing application with BSE Limited for listing of the Debentures.

(v) The Company shall ensure that the Guarantor shall execute the Deed of Guarantee in favour of the Debenture Trustee on or prior to the Deemed Date of Allotment.

(vi) The Company shall register and perfect the Security over the Hypothecated Property as contemplated above by filing Form No. CHG-9 with the Registrar of Companies in relation thereto within 30 (Thirty) calendar days from the date of execution of the Deed of Hypothecation;

(vii) The Company shall on a monthly basis, commencing from the Deemed Date of Allotment till the Maturity Date provide a list of specific loan receivables / identified book debt to the Debenture Trustee over which charge is created and subsisting by way of hypothecation in favour of the Debenture Trustee (for the benefit of the Debenture Holders) and sufficient to maintain the Security Cover ("**Monthly Hypothecated Property Report**");

(viii) From the date of the creation of the Security and until the Maturity Date, the Company shall, on the Security Cover being diminished, within 30 (thirty) days of the same, add fresh loan assets to the Hypothecated Property (under the Deed of Hypothecation) such that the Security Cover is maintained in the manner as described in sub-clause (iii) above;

(ix) The Company shall, on a half yearly basis, as also whenever required by the Debenture Trustee, give full particulars to the Debenture Trustee of all the movable assets of the charge from time to time/ Security and shall furnish and verify all statements, reports, returns, certificates and information from time to time and as required by the Debenture Trustee and make, furnish and execute all necessary documents to give effect to this Security;

(x) The Company shall cooperate with the Debenture Trustee to enable it to make necessary filings in connection with the creation of Security over the Hypothecated Property with the CERSAI, within 15 (Fifteen) calendar days from the date of execution of the Deed of Hypothecation;

(xi) The Security shall be a continuing security as described in the Deed of Hypothecation;

(xii) Nothing contained herein shall prejudice the rights or remedies of the Debenture Trustee and/ or the Debenture Holders in respect of any present or future security, guarantee obligation or decree for any indebtedness or liability of the Company to the Debenture Trustee and/ or the Debenture Holders.

(xiii) The Company shall while submitting quarterly/annual financial results to the BSE, disclose the following line items along with the financial results and the same shall be communicated to the Debenture Holders:

A. debt- equity ratio of the company;
B. outstanding redeemable preference shares (quantity and value);
C. debenture redemption reserve (if applicable);
D. net worth;
E. net profit after tax;
F. earnings per share;
G. current ratio;
H. long term debt to working capital;
I. bad debts to account receivable ratio;
J. current liability ratio;
K. total debts to total assets;
L. debtors turnover;
M. inventory turnover;
N. operating margin (%);
O. net profit margin (%); and
P. sector specific equivalent ratios, as applicable.

(v) Within 15 (Fifteen) Business Days of receipt of a request from the Debenture Trustee, the Company shall authenticate any information relating to the Debentures, to be submitted by the Debenture Trustee with the Information Utility.

(w) The Security created by the Company in favour of the Debenture Trustee under the terms of the Deed of Hypothecation and the Deed of Guarantee shall be enforceable upon the occurrence of an Event of Default.

(x) The Company is aware that in terms of Regulation 14 of the SEBI (Debenture Trustees) Regulations, 1993 as amended from time to time, the Trust Deed has to contain the matters specified in Section 71 of the Companies Act, 2013 and Form No. SH.12 specified under the Companies (Share Capital and Debentures) Rules, 2014. The Company hereby agrees to comply with all the clauses of Form No. SH.12 as specified under the Companies (Share Capital and Debentures) Rules, 2014 to the extent applicable to it as if they are actually and physically incorporated in the Debenture Trust Deed.

7.3.2. NEGATIVE COVENANTS

Without the prior written permission of the Debenture Trustee, the Company shall not take any action in relation to the items set out in this Clause 7.3.2. The Debenture Trustee shall give its prior written approval/dissent within 15 (Fifteen) Business Days after having received a request to give its approval provided such request is accompanied by the relevant information substantiating the request for the Debenture Holders to make a conscious decision. The Debenture Trustee shall take the consent of the Majority Debenture Holders prior to any such approval/dissent.

(a) **NO ENCUMBRANCE ON ASSETS**

The Company shall not create any further charge or encumbrance over the Hypothecated Property, except as created in favour of the Debenture Trustee for the benefit of the Debenture Holders, under the terms of the Deed of Hypothecation.

(b) **DIVIDEND, DISTRIBUTION ETC.**

Declare or pay any dividend, make a cash distribution or pay any other consideration to its shareholders (other than dividends or cash distributions payable in shares of the Company) during any financial year unless: (i) the Company has paid or made satisfactory provision for the payment of the installments of principal and interest due on the Debentures; (ii) the proposed payment or distribution is made from positive retained earnings of the Company (excluding any amount resulting from the revaluation of any of the Company's assets) earned from the previous financial year for which such dividend or distributions were declared; (iii) so long as no Event of Default or potential Event of Default exists or is continuing; and (iv) after giving effect to any such action, the Company.

(c) **CHANGE OF BUSINESS**

Change the general nature and conduct of its business from that which is permitted under the directions issued by the RBI with respect to the RBI Master Direction dated September 1, 2016 bearing reference no. DNBR.PD. PD. 008/03.10.119/2016-17 on 'Non-Banking Financial Company –Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016' as amended from time to time.

(d) **CONSTITUTIONAL DOCUMENTS**

Change its articles of incorporation or organizational documents in any material way which would prejudicially affect the interests of the Debenture Holders.

(e) **MERGER, CONSOLIDATION, ETC.**

Undertake or permit any merger, consolidation, re-organisation, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction.

7.3.3. REPORTING COVENANTS

The Company hereby covenants with the Debenture Trustee that the Company shall, in addition to the reporting covenants set out in **this Clause 7.3.3**, provide or cause to be provided to the Debenture Trustee, in form and substance reasonably satisfactory to the Debenture Trustee and to the Debenture Holders, each of the following items:

(a) The Company agrees that it shall forward to the Debenture Trustee and to the Debenture Holders promptly, whether a request for the same has been made or not:

(i) a copy of the Statutory Auditors' and Directors' Annual Report, Balance Sheet and Profit & Loss Account and of all periodical and special reports at the same time as they are issued;

(ii) a copy of all notices, resolutions and circulars relating to new issue of debt securities at the same time as they are sent to shareholders / holders of debt securities;

(iii) a copy of all the notices, call letters, circulars, proceedings, etc. of the meetings of debt security holders at the same time as they are sent to the holders of debt securities or advertised in the media;

(b) The Company will permit the Debenture Trustee and/or the Debenture Holders to examine the relevant books and records of the Company and to discuss the affairs, finances and accounts of the Company with, and be advised in respect of the same by, officers and independent accountants of the Company upon reasonable prior notice and at such reasonable times and intervals as the Debenture Trustee and/or the Debenture Holders may reasonably request.

(c) The Company shall provide or cause to be provided to the Debenture Trustee and/or the Debenture Holders to their satisfaction, such additional documents or information as the Debenture Trustee and/or the Debenture Holders may reasonably request from time to time in relation to the Issue.

(d) The Company hereby covenants and undertakes that it shall within 90 (Ninety) calendar days from the end of each financial quarter, submit to the Debenture Trustee, an asset cover/ security cover certificate in respect of the Hypothecated Property in the applicable format prescribed under Annexure A of the SEBI circular dated November 12, 2020 (bearing reference number: SEBI/ HO/ MIRSD/ CRADT/ CIR/ P/ 2020/23) to enable the Debenture Trustee to submit the same to the relevant stock exchange(s) within the timelines stipulated under Applicable Law.

(e) The Company hereby covenants and undertakes that it shall within 75 (Seventy Five) calendar days from the end of each financial year, submit to the Debenture Trustee, financials/value of the Guarantor prepared on the basis of *inter alia* the audited financial statements of the Guarantor as prescribed under the SEBI circular dated November 12, 2020 (bearing reference number: SEBI/ HO/ MIRSD/ CRADT/ CIR/ P/ 2020/23) to enable the Debenture Trustee to submit the same to the relevant stock exchange(s) within the timelines stipulated under Applicable Law.

(f) The Company undertakes to provide all information/ documents required to be submitted to the Debenture Trustee, to enable it to carry out the due diligence in terms of SEBI circular dated November 3, 2020 (bearing reference number: SEBI/ HO/ MIRSD/ CRADT/ CIR/ P/ 2020/218) and necessary reports / certificates to the stock exchanges / SEBI and make the necessary disclosures on its website, in terms of the SEBI circular dated November 12, 2020 (bearing reference number: SEBI/ HO/ MIRSD/ CRADT/ CIR/ P/ 2020/230), as amended, replaced or modified from time to time.

(g) After the end of each calendar month, the monthly reporting required by the Debenture Holders being an up-to-date summary of the information provided by the Company pursuant to paragraph (x) of Part A, Schedule VI (*Conditions Precedent*) of the Debenture Trust Deed, in the format provided under Schedule X (*MIS Reporting Format*) of Part D of the Debenture Trust Deed or in such other format as the Debenture Holders may provide from time to time, which shall be in form and substance satisfactory to the Debenture Trustee.

7.3.4. Financial Covenants

The Capital Adequacy Ratio (Tier 1 and Tier 2 capital) shall not fall below 20%;

Gross Non-Performing Assets as a % of average portfolio of the Company shall not increase beyond 5% (Excluding OTR Book).

7.3.5. Miscellaneous Terms

1. The prior written intimation, at least 15 calendar days in advance, to the Debenture Trustee, is required for following actions:

a. entering into related party transactions except in the ordinary course of business or the transaction which is on arm's length basis;
b. declaration of dividends or redemption of shares unless dividends are declared only out of the profits relating to that year and after making all due and necessary provisions, and provided further that there have been no defaults in repayments under the facility. In all other cases, the Company shall seek the prior written consent of the Lender before declaring dividends;
c. entering into or establish any management, partnership, profit-sharing, royalty agreement or other similar arrangement whereby the Company's income or profits are, or might be, shared with any other person; or enter into any management contract or similar arrangement whereby its business or operations are managed by any other person, unless undertaken in the normal course of business on an arm's length basis and for so long as it does not have any adverse impact on any rights of the Investor;
d. change in the object clause of charter documents of the Company in any manner, which would have an adverse impact on the rights of the Investor;
e. material adverse change in the nature or scope of the present business or operations;
f. undertake or permit any merger, spin-off, consolidation or reorganization of the Company; or sale, transfer, lease or otherwise dispose of all or a substantial part of the Company's assets;
g. claim any immunity or limitation of liability against any payment obligations arising towards the Investor;
h. voluntary winding up of Company;

2. The Company shall intimate in writing within 15 calendar days to the Investor for following actions:

a. any change in the provisioning policy of the Company other than as required by a regulator;
b. the Company shall intimate if it enter into any transaction(s) (except salary & rent) with a related party during the Tenor of the Facility where the value in aggregate exceeds 10% of the Tangible Net Worth of the Company during a financial year in respect of each of such related parties, other than in the ordinary course of business.

7.4 EVENTS OF DEFAULT

(a) **CROSS DEFAULT**

(b) If the Company, in regards to any Financial Indebtedness defaults in any payment of any Financial Indebtedness beyond the period of grace, if any, provided in the instrument or agreement under which such Financial Indebtedness was created **REPUDIATION**

The Company and/or the Guarantor repudiates any of the Transaction Documents or evidences an intention to repudiate any of the Transaction Documents.

(c) **SECURITY COVER**

(i) The value of the Hypothecated Property is insufficient to maintain the Security Cover and the Company fails to maintain the Security Cover within the stipulated timelines in the Deed of Hypothecation; or

(ii) Any of the Transaction Documents failing to provide the security interests, rights, title, remedies, powers or privileges intended to be created thereby (including the priority intended to be created thereby), or such security interests

failing to have the priority contemplated under the Transaction Documents, or the security interests becoming unlawful, invalid or unenforceable.

(d) **EXPROPRIATION, NATIONALIZATION ETC.**

Any Governmental Authority condemns, nationalizes, seizes, expropriates or otherwise assumes custody or control of all or any substantial part of the business, operations, property or other assets (including assets forming part of the Security) of the Company or of its share capital, or takes any action for the dissolution of the Company or any action that would prevent the Company or its officers from carrying on all or a substantial part of its business or operations.

The listing of the Debentures ceases or is suspended at any point of time prior to the Maturity Date, except if the Debentures are delisted in accordance with the consent of the Majority Debenture Holders**.**

(e) **PAYMENT DEFAULT**

The Company does not pay on the due date any amount payable pursuant to the Debenture Trust Deed at the place at which and in the currency in which it is expressed to be payable, unless its failure to pay is caused by administrative or technical error and payment is made within 7 (Seven) calendar days of its due date.

(f) **BREACH OF TERMS OF THE DEBENTURE TRUST DEED AND/OR THE TRANSACTION DOCUMENTS**

Except for the event contained in **Clause 5.2(i)** (*Payment Default*) of **Part A** of the Debenture Trust Deed, the Company defaults in the performance of any of its representations, obligations and covenants provided in terms of the Debenture Trust Deed and/or Transaction Documents and such default has continued for a period of 30 (Thirty) calendar days from the date when e Debenture Trustee has notified the Company of such failure.

(g) **CESSATION OF BUSINESS**

The Company ceases to carry on its business or any substantial part thereof or gives notice of its intention to do so.

(h) **SECURITY**

(i) When the Company creates or attempts to create any charge on the Hypothecated Property or any part thereof or attempts to sell, transfer, lease or otherwise dispose of in any manner whatsoever any assets constituting the Hypothecated Property without the prior approval of the Debenture Trustee / Debenture Holders or the Security Cover is not maintained by the Company;

(ii) In the event the Guarantor fails to execute the Deed of Guarantee on or prior to the Deemed Date of Allotment.

(i) **WINDING-UP**

An order has been made by a judicial authority or a special / effective resolution is passed by the members of the Company for winding up of the Company.

(j) **Erosion of Net Worth**

(i) Erosion of 50% or more of the Company's net worth as compared to previous year's Audited Financials and the same has not been remedied within 30 Business Days.

(ii) failure to provide such information and documents as may be reasonably required by the Debenture Trustee, from time to time, for more than 30 days of receiving a request from the Debenture Trustee in this regard;

(iii) Change in the Managing Director of the Company (i.e. Mr. Harshvardhan Lunia) without the prior consent of the Debenture Trustee; and

(iv) Rating downgrade by more than 2 notches.

7.5 CONSEQUENCES OF EVENTS OF DEFAULT

On and at any time after the occurrence of an Event of Default, unless such Event of Default at the request of the Company is expressly waived by the Debenture Trustee acting on the instructions of the Majority Debenture Holders, (a) upon the expiry of the cure period provided to the Company, or (b) if the cure period provided is mutually extended by the Parties hereto upon the expiry of such extended period or (c) where it is not practical to provide a cure period, then forthwith, or (d) where no cure period has been provided and the Parties mutually agree to provide for a cure period, upon the expiry of such mutually agreed to cure period, the Debenture Trustee shall if so directed by the Majority Debenture Holder(s):

(a) declare that all or part of the Secured Obligations be immediately due and payable, whereupon they shall become immediately due and payable;

(b) accelerate the redemption of the Debentures;

(c) enforce the Security or any part thereof, in terms of the Deed of Hypothecation and Deed of Guarantee including without limitation invoking the Corporate Guarantee;

(d) enforce the charge over the Hypothecated Property in accordance with the terms of the Deed of Hypothecation; and

(e) exercise any other right that the Debenture Trustee and / or Debenture Holder(s) may have under the Transaction Documents or under Applicable Law including in relation to the enforcement of security / entering into the inter-creditor agreement with the creditors of the Company pursuant to the SEBI Circular dated October 13, 2020 (bearing reference number: SEBI/HO/MIRSD/CRADT/CIR/P/2020/203), as amended, modified or replaced from time to time and in relation to Recovery Expense Fund pursuant to the circular bearing reference number SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020 issued by SEBI, as amended, modified or replaced from time to time.

Please note that the Capitalised terms used in this section, but not defined herein, shall have the meaning as assigned to such term in the Debenture Trust Deed.

SECTION 8: OTHER INFORMATION AND APPLICATION PROCESS

The Debentures being offered as part of the Issue are subject to the provisions of the Act, the Memorandum and Articles of Association of the Issuer, the terms of this Placement Memorandum, Application Form and other terms and conditions as may be incorporated in the Transaction Documents.

8.1 Mode of Transfer/Transmission of Debentures

The Debentures shall be transferable freely; however, it is clarified that no Investor shall be entitled to transfer the Debentures to a person who is not entitled to subscribe to the Debentures. The Debenture(s) shall be transferred and/or transmitted in accordance with the applicable provisions of the Act and other applicable laws. The Debentures held in dematerialized form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL and CDSL and the relevant DPs of the transferor or transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, amounts due will be paid/redemption will be made to the person, whose name appears in the Register of Debenture Holders maintained by the R&T Agent as on the Record Date, under all circumstances. In cases where the transfer formalities have not been completed by the transferor, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Issuer. The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of these Debentures held in dematerialised form. The seller should give delivery instructions containing details of the buyer's DP account to his DP.

8.2 Debentures held in Dematerialised Form

The Debentures shall be held in dematerialised form and no action is required on the part of the Debenture Holder(s) for redemption purposes and the redemption proceeds will be paid by cheque/EFT/RTGS to those Debenture Holder(s) whose names appear on the list of beneficiaries maintained by the R&T Agent. The names would be as per the R&T Agent's records on the Record Date fixed for the purpose of redemption. All such Debentures will be simultaneously redeemed through appropriate debit corporate action.

The list of beneficiaries as of the relevant Record Date setting out the relevant beneficiaries' name and account number, address, bank details and DP's identification number will be given by the R&T Agent to the Issuer. If permitted, the Issuer may transfer payments required to be made in any relation by EFT/RTGS to the bank account of the Debenture Holder(s) for redemption payments.

The Debentures since issued in electronic (dematerialized) form, will be governed as per the provisions of the Depository Act, 1996, Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, rules notified by NSDL/ CDSL/Depository Participant from time to time and other applicable laws and rules notified in respect thereof. The Debentures shall be allotted in DEMAT form only.

8.3 Debenture Trustee for the Debenture Holder(s)

The Issuer has appointed Catalyst Trusteeship Limited to act as trustee for the Debenture Holder(s). The Issuer and the Debenture Trustee have entered/intend to enter into the Debenture Trustee Agreement and the Debenture Trust Deed *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and the Issuer. The Debenture Holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the Debentures as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the Debenture Holder(s). Any payment made by the Issuer to the Debenture Trustee on behalf of the Debenture Holder(s) shall discharge the Issuer *pro tanto* to the Debenture Holder(s). The Debenture Trustee will protect the interest of the Debenture Holder(s) in regard to the

repayment of principal and coupon thereon and they will take necessary action, subject to and in accordance with the Debenture Trustee Agreement and the Debenture Trust Deed, at the cost of the Issuer. No Debenture Holder shall be entitled to proceed directly against the Issuer unless the Debenture Trustee, having become so bound to proceed, fails to do so. The Debenture Trustee Agreement and the Debenture Trust Deed shall more specifically set out the rights and remedies of the Debenture Holder(s) and the manner of enforcement thereof.

8.4 Sharing of Information

The Issuer may, at its option, but subject to applicable laws, use on its own, as well as exchange, share or part with any financial or other information about the Debenture Holder(s) available with the Issuer, with its subsidiaries and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither the Issuer nor its subsidiaries and affiliates nor their agents shall be liable for use of the aforesaid information.

8.5 Debenture Holder not a Shareholder

The Debenture Holder(s) shall not be entitled to any right and privileges of shareholders other than those available to them under the Act. The Debentures shall not confer upon the Debenture Holders the right to receive notice(s) or to attend and to vote at any general meeting(s) of the shareholders of the Issuer.

8.6 Modification of Debentures

The rights, privileges, terms and conditions attached to the Debentures may be varied, modified or abrogated in accordance with the Applicable Law.

The provisions of the DTD shall not be modified or amended without the written consent of the Debenture Trustee provided that the Debenture Trustee shall consent to a modification or an amendment only if such modification or amendment is in accordance with the Applicable Law.

8.7 Right to accept or reject Applications

The Board of Directors/Committee of Directors reserves its full, unqualified and absolute right to accept or reject any application for subscription to the Debentures, in part or in full, without assigning any reason thereof.

8.8 Notices

Any notice may be served by the Issuer/ Debenture Trustee upon the Debenture Holders through registered post, recognized overnight courier service, hand delivery or by facsimile transmission addressed to such Debenture Holder at its/his registered address or facsimile number.

All notice(s) to be given by the Debenture Holder(s) to the Issuer/ Debenture Trustee shall be sent by registered post, recognized overnight courier service, hand delivery or email or by facsimile transmission to the Issuer or to such persons at such address/ facsimile number as may be notified by the Issuer from time to time through suitable communication. All correspondence regarding the Debentures should be marked “Private Placement of Debentures”.

Notice(s) shall be deemed to be effective (a) in the case of registered mail, 3 (three) Business Days after posting; (b) 1 (One) Business Day after delivery by recognized overnight courier service, if sent for next Business Day delivery(c) in the case of facsimile at the time when dispatched with a report confirming proper transmission or (d) in the case of personal delivery, at the time of delivery or (e) or in case of e-mail at the time of the sending thereof (provided no delivery failure notification is received by the sender within 24 hours of sending such email)

8.9 Issue Procedure

Only Eligible Investors as given hereunder and identified upfront by the Issuer may apply for the Debentures by completing the Application Form in the prescribed format in English as per the instructions contained therein. The minimum number of Debentures that can be applied for and the multiples thereof shall be set out in the Application Form. No application can be made for a fraction of a Debenture. Application Forms should be duly completed in all respects and applications not completed in the said manner are liable to be rejected. The name of the applicant's bank, type of account and account number must be duly completed by the applicant. This is required for the applicant's own safety and these details will be printed on the refund orders and /or redemptions warrants.

The applicant should transfer payments required to be made in any relation by EFT/RTGS, to the bank account of the Issuer as per the details mentioned in the Application Form.

8.10 Application Procedure

Eligible investors will be invited to subscribe by way of the Application Form prescribed in the Information Memorandum during the period between the Issue Opening Date and the Issue Closing Date (both dates inclusive). The Issuer reserves the right to change the issue schedule including the Deemed Date of Allotment at its sole discretion, without giving any reasons or prior notice. The Issue will be open for subscription during the banking hours on each day during the period covered by the Issue Schedule.

8.11 Fictitious Applications

All fictitious applications will be rejected.

8.12 Basis of Allotment

Notwithstanding anything stated elsewhere, the Issuer reserves the right to accept or reject any application, in part or in full, without assigning any reason. Subject to the aforesaid, in case of over subscription, priority will be given to potential investors on a first come first serve basis. The investors will be required to remit the funds as well as submit the duly completed Application Form along with other necessary documents to the Issuer by the Deemed Date of Allotment.

8.13 Payment Instructions

The Application Form should be submitted directly. The entire amount of 10,00,000/- (Ten Lakh Only) per Debenture is payable along with the making of an application. Applicants can remit the application amount through RTGS on Pay-in Date. The RTGS details of the Issuer are as under:

Beneficiary Name : Lendingkart Finance Limited
Bank Account No. : 10051505189
SWIFT Code : IDFBINBBMUM
IFSC Code : IDFB0040301
Bank Name : IDFC First Bank Limited
Branch Address : C.G. Road, Ahmedabad Branch
TP 20, FP No 80 to 91, Sun Square, Chimanlal Girdharlal Road, Besides
Hotel Regenta, Ahmedabad, Gujarat 380006.

8.14 Eligible Investors

The following categories of investors, when specifically approached and have been identified upfront, are eligible to apply for this private placement of Debentures subject to fulfilling their respective

investment norms/rules and compliance with laws applicable to them by submitting all the relevant documents along with the Application Form ("**Eligible Investors**"):

(a) Mutual Funds
(b) NBFCs
(c) Provident Funds and Pension Funds
(d) Corporates
(e) Banks
(f) Foreign Institutional Investors (FIIs)
(g) Qualified Foreign Investors (QFIs)
(h) Foreign Portfolio Investors (FPIs)
(i) Insurance Companies
(j) Any other person (not being an individual or a group of individuals) eligible to invest in the Debentures.

All potential investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this issue of Debentures.

Note: Participation by potential investors in the Issue may be subject to statutory and/or regulatory requirements applicable to them in connection with subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that they comply with all regulatory requirements applicable to them, including exchange controls and other requirements. Applicants ought to seek independent legal and regulatory advice in relation to the laws applicable to them.

8.15 Procedure for Applying for Dematerialised Facility

(a) The applicant must have at least one beneficiary account with any of the DP's of NSDL and CDSL prior to making the application.

(b) The applicant must necessarily fill in the details (including the beneficiary account number and DP - ID) appearing in the Application Form under the heading "Details for Issue of Debentures in Electronic/Dematerialised Form".

(c) Debentures allotted to an applicant will be credited to the applicant's respective beneficiary account(s) with the DP.

(d) For subscribing to the Debentures, names in the Application Form should be identical to those appearing in the details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details maintained with the DP.

(e) Non-transferable allotment advice/refund orders will be directly sent to the applicant by the Registrar and Transfer Agent to the Issue.

(f) If incomplete/incorrect details are given under the heading "Details for Issue of Debentures in Electronic/Dematerialised Form" in the Application Form, it will be deemed to be an incomplete application and the same may be held liable for rejection at the sole discretion of the Issuer.

(g) For allotment of Debentures, the address, nomination details and other details of the applicant as registered with his/her DP shall be used for all correspondence with the applicant. The applicant is therefore responsible for the correctness of his/her demographic details given in the Application Form vis-a-vis those with his/her DP. In case the information is incorrect or insufficient, the Issuer would not be liable for the losses, if any.

(h) The redemption amount or other benefits would be paid to those Debenture Holders whose names appear on the list of beneficial owners maintained by the R&T Agent as on the Record

Date. In case of those Debentures for which the beneficial owner is not identified in the records of the R&T Agent as on the Record Date, the Issuer would keep in abeyance the payment of the redemption amount or other benefits, until such time that the beneficial owner is identified by the R&T Agent and conveyed to the Issuer, whereupon the redemption amount and benefits will be paid to the beneficiaries, as identified.

8.16 Depository Arrangements

The Issuer shall make necessary arrangement with CDSL and NSDL for issue and holding of Debenture in dematerialised form.

8.17 Market Lot

The market lot for trading of Debentures will be one Debenture ("Market Lot"). Since the Debentures are being issued only in dematerialised form, the odd lots will not arise either at the time of issuance or at the time of transfer of debentures.

8.18 List of Beneficiaries

The Issuer shall request the R&T Agent to provide a list of beneficiaries as at the end of each Record Date. This shall be the list, which will be used for payment or repayment of redemption monies.

8.19 Application under Power Of Attorney

A certified true copy of the power of attorney or the relevant authority as the case may be along with the names and specimen signature(s) of all the authorized signatories of the Investor and the tax exemption certificate/document of the Investor, if any, must be lodged along with the submission of the completed Application Form. Further modifications/additions in the power of attorney or authority should be notified to the Issuer or to its agents or to such other person(s) at such other address(es) as may be specified by the Issuer from time to time through a suitable communication.

In case of an application made by companies under a power of attorney or resolution or authority, a certified true copy thereof along with memorandum and articles of association and/or bye-laws along with other constitutional documents must be attached to the Application Form at the time of making the application, failing which, the Issuer reserves the full, unqualified and absolute right to accept or reject any application in whole or in part and in either case without assigning any reason thereto. Names and specimen signatures of all the authorized signatories must also be lodged along with the submission of the completed Application Form.

8.20 Procedure for application by Mutual Funds and Multiple Applications

In case of applications by mutual funds and venture capital funds, a separate application must be made in respect of each scheme of an Indian mutual fund/venture capital fund registered with the SEBI and such applications will not be treated as multiple application, provided that the application made by the asset management company/trustee/custodian clearly indicated their intention as to the scheme for which the application has been made.

The Application Forms duly filled shall clearly indicate the name of the concerned scheme for which application is being made and must be accompanied by certified true copies of:

(a) SEBI registration certificate
(b) Resolution authorizing investment and containing operating instructions
(c) Specimen signature of authorized signatories

8.21 Documents to be provided by Investors

Investors need to submit the following documents, as applicable:

(a) Memorandum and Articles of Association or other constitutional documents
(b) Resolution authorising investment
(c) Certified true copy of the Power of Attorney to custodian
(d) Specimen signatures of the authorised signatories
(e) SEBI registration certificate (for Mutual Funds)
(f) Copy of PAN card
(g) Application Form (including EFT/RTGS details)

8.22 Applications to be accompanied with Bank Account Details

Every application shall be required to be accompanied by the bank account details of the applicant and the magnetic ink character reader code of the bank for the purpose of availing direct credit of redemption amount and all other amounts payable to the Debenture Holder(s) through cheque/EFT/RTGS.

8.23 Succession

In the event of winding up of a Debenture Holder (being a company), the Issuer will recognise the legal representative as having title to the Debenture(s). The Issuer shall not be bound to recognize such legal representative as having title to the Debenture(s), unless they obtains legal representation, from a court in India having jurisdiction over the matter.

The Issuer may, in its absolute discretion, where it thinks fit, dispense with production of such legal representation, in order to recognise any person as being entitled to the Debenture(s) standing in the name of the concerned Debenture Holder on the production of sufficient documentary proof and an indemnity.

8.24 Mode of Payment

All payments must be made through EFT/RTGS in accordance with the EBP Guidelines as set out in the Application Form.

8.25 Effect of Holidays

If the Coupon Payment Date falls on a day which is not a Business Day, then the immediately succeeding Business Day shall be the due date for such payment. If the Maturity Date / Redemption Date (including the last Coupon Payment Date) or the due date in respect of liquidated damages and all other monies payable under the Debenture Trust Deed falls on a day which is not a Business Day, then the immediately preceding Business Day shall be the due date for such payment. It is hereby clarified that any payments shall also be subject to the day count convention as per the SEBI Debt Listing Regulations.

8.26 Tax Deduction at Source

Tax as applicable under the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof will be deducted at source. For seeking TDS exemption/lower rate of TDS, relevant certificate/document must be lodged by the Debenture Holder(s) at the office of the R&T Agent of the Issuer at least 15 (Fifteen) calendar days before the relevant payment becoming due. Tax exemption certificate / declaration of non-deduction of tax at source on interest on application money, should be submitted along with the Application Form.

If any payments under this Issue is subject to any tax deduction other than such amounts as are required as per current regulations existing as on the date of the Debenture Trust Deed, including if the Company

shall be required legally to make any payment for Tax from the sums payable under the Debenture Trust Deed, ("**Tax Deduction**"), the Company shall make such Tax Deduction, as may be necessary and shall simultaneously pay to the Debenture Holders such additional amounts as may be necessary in order that the net amounts received by the Debenture Holders after the Tax Deduction shall equal the respective amounts which would have been receivable by the Debenture Holders in the absence of such Tax Deduction.

8.27 Letters of Allotment

The letter of allotment, indicating allotment of the Debentures, will be credited in dematerialised form within 2 (Two) Business Days from the Deemed Date of Allotment. The aforesaid letter of allotment shall be replaced with the actual credit of Debentures, in dematerialised form, within a maximum of 2 (Two) Business Days from the Deemed Date of Allotment or such period as is permissible under Applicable Law.

8.28 Deemed Date of Allotment

All the benefits under the Debentures will accrue to the Investor from the specified Deemed Date of Allotment. The Deemed Date of Allotment for the Issue is July 29, 2022 by which date the Investors would be intimated of allotment.

8.29 Record Date

The Record Date will be 15 (Fifteen) calendar days prior to any Due Date.

8.30 Refunds

For applicants whose applications have been rejected or allotted in part, refund orders will be dispatched within 7 (seven) days from the Deemed Date of Allotment of the Debentures.

In case the Issuer has received money from applicants for Debentures in excess of the aggregate of the application money relating to the Debentures in respect of which allotments have been made, the R&T Agent shall upon receiving instructions in relation to the same from the Issuer repay the moneys to the extent of such excess, if any.

8.31 Interest on Application Money

The Company hereby agrees and covenants that it shall pay interest on application money in respect of the Debentures at the Coupon Rate (subject to deduction of tax at source at the rate prevailing from time to time under the provisions of the Income Tax Act, 1961 or any other statutory modification or re-enactment thereof) will be paid on application money to the applicants from the date of realization of the monies up to 1 (One) day prior to the Deemed Date of Allotment for all valid applications, within 7 (Seven) Business Days from the Deemed Date of Allotment. Where the entire subscription amount has been refunded, the interest on application money will be paid along with the refund orders. Where an applicant is allotted a lesser number of Debentures than applied for, the excess amount paid on the application will be refunded to the applicant and the cheque towards interest on the refunded money will be dispatched by registered post, courier or by way of RTGS / NEFT / Direct Credit. Details of allotment will be sent to every successful applicant. In all cases, the interest instruments will be sent, at the sole risk of the applicant / first applicant.

8.32 PAN Number

Every applicant should mention its Permanent Account Number ("**PAN**") allotted under Income Tax Act, 1961, on the Application Form and attach a self-attested copy as evidence. Application forms without PAN will be considered incomplete and are liable to be rejected.

8.33 Payment on Redemption

Payment on redemption will be made by way of cheque(s)/redemption warrant(s)/demand draft(s)/credit through RTGS system/funds transfer in the name of the Debenture Holder(s) whose names appear on the list of beneficial owners given by the Depository to the Issuer as on the Record Date.

The Debentures shall be taken as discharged on payment of the redemption amount by the Issuer on maturity to the registered Debenture Holder(s) whose name appears in the Register of Debenture Holder(s) on the Record Date. On such payment being made, the Issuer will inform NSDL and CDSL and accordingly the account of the Debenture Holder(s) with NSDL and CDSL will be adjusted.

On the Issuer dispatching the amount as specified above in respect of the Debentures, the liability of the Issuer shall stand extinguished.

Disclaimer: Please note that only those persons to whom this Placement Memorandum has been specifically addressed are eligible to apply. However, an application, even if complete in all respects, is liable to be rejected without assigning any reason for the same. The list of documents provided above is only indicative, and an investor is required to provide all those documents / authorizations / information, which are likely to be required by the Issuer. The Issuer may, but is not bound to, revert to any investor for any additional documents / information, and can accept or reject an application as it deems fit. Provisions in respect of investment by investors falling in the categories mentioned above are merely indicative and the Issuer does not warrant that they are permitted to invest as per extant laws, regulations, etc. Each of the above categories of investors is required to check and comply with extant rules/regulations/ guidelines, etc. governing or regulating their investments as applicable to them and the Issuer is not, in any way, directly or indirectly, responsible for any statutory or regulatory breaches by any investor, neither is the Issuer required to check or confirm the same.

SECTION 9: UNDERTAKING

The Issuer declares that all the relevant provisions in the regulations/guideline issued by SEBI and other applicable laws have been complied with and no statement made in this Placement Memorandum is contrary to the provisions of the regulations/guidelines issued by SEBI and other applicable laws, as the case may be. The information contained in this Placement Memorandum is as applicable to privately placed debt securities and subject to the information available with the Issuer. The extent of disclosures made in the Placement Memorandum is consistent with disclosures permitted by regulatory authorities to the issue of securities made by the companies in the past.

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Placement Memorandum contains all information with regard to the Issuer and the Issue, that the information contained in the Placement Memorandum is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

The Issuer confirms that the Permanent Account Number, Aadhaar Number, Driving License Number, Bank Account Number(s) and Passport Number of the promoters of the Issuer and Permanent Account Number of the directors of the Issuer have been submitted to the stock exchange(s) on which the non-convertible securities are proposed to be listed, at the time of filing of the draft Placement Memorandum.

Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the offer including the risks involved. The securities have not been recommended or approved by any regulatory authority in India, including the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of investors is invited to the statement of 'Risk factors' given on page number 15 under section 3 'General Risks'.

The Issuer has no side letter with any debt securities holder except the one(s) disclosed in the Placement Memorandum. Any covenants later added shall be disclosed on the relevant stock exchange's website where the Debentures are listed.

For **Lendingkart Finance Limited**

UMESH
JAIPRAKASH
NAVANI

Digitally signed by UMESH JAIPRAKASH NAVANI
DN: c=IN, postalCode=380005, st=GUJARAT, l=AHMEDABAD, o=Personal, title=5562, serialNumber=bd807fd92fb09986194e81fdec8971d05ede45b36866113 2f7c504622903 6a86, pseudonym=5562202205161840 49790, 2.5.4.20=e872e92c3512d390c905d44cab3cc10fe9e9cdbc06e8b6cf84d27ad9708bb86a741, email=UMESH.NAVANI@LENDINGKART.COM, cn=UMESH JAIPRAKASH NAVANI
Date: 2022.08.02 16:56:12 +05'30'

Name: Umesh Navani
Title: Company Secretary and Compliance Officer
ICSI Mem. No,: A40899
Date: July 29, 2022

SECTION 10:
FORM NO. PAS-4 - PRIVATE PLACEMENT OFFER CUM APPLICATION LETTER

Addressed to: SK Finance Limited
Serial No: Yubi (Cred) GSO MLD 2022-23/1

July 29, 2022

FORM NO PAS-4 PRIVATE PLACEMENT OFFER CUM APPLICATION LETTER

[Pursuant to Section 42 and Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014]

Issue of 200 (Two Hundred) Secured, Senior, Redeemable, Transferable, Listed, Principal Protected, Market Linked, Rated Non-Convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakhs only) each, aggregating up to Rs. 20,00,00,000/- (Rupees Twenty Crores only) with a green shoe option of up to 200 (Two Hundred) Secured, Senior, Redeemable, Transferable, Listed, Principal Protected, Market Linked, Rated Non-Convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakhs only) each, aggregating up to Rs. 20,00,00,000/- (Rupees Twenty Crores only) on a private placement basis (**the** "**Issue**").

10.1 General Information:

(a) **Name, address, website and other contact details of the Company, indicating both registered office and the corporate office:**

Issuer / Company:	Lendingkart Finance Limited
Registered Office:	A-303/304, Citi Point, Andheri-Kurla Road, Andheri (East), Mumbai – 400 059, Maharashtra, India
Corporate Office:	B Block, 6th Floor, The First, The First Avenue Road Behind Keshavbaug Party Plot, Vastrapur Ahmedabad 380015
Telephone No.:	+91-79-6677 0600/ 6814 4500
Website:	www.lendingkartfinance.com
Fax:	-
Contact Person:	Mr. Umesh Navani
Email:	umesh.navani@lendingkart.com

(b) **Date of Incorporation of the Company:**

December 26, 1996

(c) **Business carried on by the Company and its subsidiaries with the details of branches or units, if any;**

Lendingkart Finance Limited, is a non-deposit taking NBFC, providing working capital loan to micro, small and medium enterprises in India. The Company aims to transform small business lending by making it convenient for micro, small and medium enterprises to access credit easily. The Company uses technology and analytics tools, analysing thousands of data points from various data sources to assess the creditworthiness of businesses rapidly and accurately.

The Company aims to make working capital finance available at the fingertips of entrepreneurs, so that they can focus on business instead of worrying about the gaps in their cash-flows.

The Company does not have any subsidiaries.

Business carried on by the Holding Company.

Lendingkart Technologies Private Limited, 100% holding company of the Company, is a fin-tech company in the working capital space. LTPL has developed technology tools based on big data analysis which facilitates lenders to evaluate borrower's credit worthiness and provides other related services.

Details of branches with address as on March 31, 2022 is as follows:

No.	Branch	Branch Address
1	Mumbai	Registered Office: A-303/304, Citi Point, Andheri-Kurla Road, Andheri East, Mumbai, Maharashra 400 059.
2	Ahmedabad	Corporate Office: B Block, 6th Floor, 'The First', The First Avenue Road, Behind Keshavbaug Party Plot, Vastrapur, Ahmedabad, Gujarat - 380 015
3	Ahmedabad	Office: Indraprasth Business Park, 6th Floor Makarba, sarkhej Roza Road, Makarba Ahmedabad - 380 051. Gujarat
4	Gurugram	Office: The Circle Work, 5th Floor, Huda City Centre Metro Station, Sector 29, Gurugram Haryana 122 001, India
5	Bangalore	Indiqube Lakeside, 1st Floor, SY No-80/2, BBMP Khatha no-820/835/915/80/2, Bellandur Village,Varthur Hobli, Bangalore, Karnataka-560103

Details of office locations of the holding company:

Sr. No.	Address
1.	Registered Office: A-602, 6th Floor, The First, The First Avenue Road Behind Keshavbaug Party Plot, Vastrapur Ahmedabad - 380015, Gujarat, India.
2.	Office: Indiqube Lakeside, 1st Floor, SY No-80/2,BBMP Khatha no-820/835/915/80/2, Bellandur Village,Varthur Hobli, Bangalore, Karnataka-560103.

(d) **Brief particulars of the management of the Company:**

Management Details		
Name	**Designation**	**Description**
Mr. Harshvardhan Raichand Lunia	Managing Director	**Qualification**: MBA from Indian School of Business and Chartered Accountant. **Experience**: Mr. Lunia has over 15 years of experience in finance and banking. He has worked with different banks

		like HDFC Bank, Standard Chartered Bank and ICICI Bank in departments like credit risk, corporate banking, relationship of SME Banking, etc. He also has experience in debt advisory

(e) **Name, addresses, DIN and occupations of the directors**:

S. No.	Name of the Directors	Address	DIN	Occupation
1	Mr. Harshvardhan Raichand Lunia	A/93 - May Fair, Opp. Ashwamegh - 1, Opp. IOC Petrol Pump, 132 FT Ring Road, Vejalpur, Ahmedabad - 380051.	01189114	Business
2	Mr. Raichand Sardarmal Lunia	A/93 - May Fair, Opp. Ashwamegh - 1, Opp. IOC Petrol Pump, 132 FT Ring Road, Vejalpur, Ahmedabad – 380051	01188845	Practising Chartered Accountant
3.	Mr. Anindo Mukherjee	70, Grange Road, #04-01 Singapore - 249574.	00019375	Service
4.	Mr. Pankaj Makkar	D-801, Pearl Gateway Towers, Sector-44, Gautam Budh Nagar, Noida-201301.	03442209	Service
5.	Mr. Anand Pande	04-01 Block 20 A, 20 Ewe Boon Road Singapore 259344	08233960	Management Consultant
6.	Mr. Vikram Suhas Godse	132 Shaan Apartments, Kashinath Dhuru Marg, Dadar (West), Near Kirti College, Mumbai - 400028.	00230548	Professional
7.	Mr. Hong Ping Yeo	6 Cuscaden Walk, #16-02 Singapore - 249691.	08401270	Service
8.	Mr. Thallapaka Venkateswara Rao	Flat No. 402, Block-A, Mahaveer Sanctum Apartments, 7th Cross, L B Shastry Nagar, Off HAL Airport Road, Bangalore-560017.	05273533	Professional
9.	Ms. Uma Subramaniam	105, Bhaggyam Sadhana, Dargah Road, Zamin Pallavaram, Chennai 600 043	07434953	Professional

10.2 MANAGEMENT PERCEPTION OF RISK FACTORS:

Please refer to Section 3 of this Placement Memorandum.

10.3 RISKS RELATED TO THE BUSINESS OF THE ISSUER

Please refer to Section 3 of this Placement Memorandum.

10.4 Details of defaults, if any, including the amounts involved, duration of default, and present status, in repayment of:

(i) Statutory Dues: Nil
(ii) Debentures and interest thereon: Nil
(iii) Deposits and interest thereon: Nil
(iv) Loan from any bank or financial institution and interest thereon: Nil

10.5 Name, designation, address and phone number, email ID of the nodal / compliance officer of the Company, if any, for the Issue:

Name: Mr. Umesh Navani
Designation: Company Secretary & Compliance Officer
Address: 6th Floor, B Block The First, The First Avenue Road, Behind Keshavbaug Party Plot, Vastrapur, Ahmedabad 380 015
Phone No.: 079 – 6677 0600
Email: umesh.navani@lendingkart.com

10.6 Any default in annual filing of the Company under the Companies Act, 2013 or the rules made thereunder:

Nil

10.7 Particulars of the Offer:

Financial position of the Company for the last 3 (three) financial years	Please refer to **CHAPTER A** below.
Date of passing of Board Resolution	Board Resolution dated November 02, 2021 read with the resolution dated July 21, 2022 of the Borrowing Committee of the Board of Directors of the Company. The certified true copies of the said resolutions are attached as **CHAPTER C** below.
Date of passing of resolution in [annual / extra-ordinary general meeting], authorizing the offer of securities	Shareholders resolution under Section 180(1)(a) and Section 180(1)(c) of the Companies Act, 2013 dated February 13, 2020. The certified true copies of the said shareholders resolutions are attached as **CHAPTER D** below
Kind of securities offered (i.e. whether share or debenture) and class of security; the total number of shares or other securities to be issued	200 (Two Hundred) Secured, Senior, Redeemable, Transferable, Listed, Principal Protected, Market Linked, Rated Non-Convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakhs only) each, aggregating up to Rs. 20,00,00,000/- (Rupees Twenty Crores only) with a green shoe option of up to 200 (Two Hundred) Secured, Senior, Redeemable, Transferable, Listed, Principal Protected, Market Linked, Rated Non-Convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakhs only) each, aggregating up to Rs. 20,00,00,000/- (Rupees Twenty Crores only) on a private placement basis
Price at which the security is being offered, including	The Debentures are being offered at face value of Rs. 10,00,000/- (Ten lacs) per Debenture

premium if any, along with justification of the price	
Name and address of the valuer who performed valuation of the security offered, and basis on which the price has been arrived at along with report of the registered valuer	Not Applicable as the Debentures are being offered at face value of Rs. 10,00,000/- (Ten lacs) per Debenture
Relevant date with reference to which the price has been arrived at **[Relevant Date means a date at least 30 days prior to the date on which the general meeting of the Company is scheduled to be held]**	Not applicable.
The class or classes of persons to whom the allotment is proposed to be made	Private Limited Company
Intention of promoters, directors or key managerial personnel to subscribe to the offer (applicable in case they intend to subscribe to the offer) [Not required in case of issue of non-convertible debentures]	Not applicable.
The proposed time within which the allotment shall be completed	Issue Opening Date: July 29, 2022 Issue Closing Date: July 29, 2022 Pay-in Date: July 29, 2022 Deemed Date of Allotment: July 29, 2022
The names of the proposed allottees and the percentage of post private placement capital that may be held by them [Not applicable in case of issue of non-convertible debentures]	Not applicable.
The change in control, if any, in the company that would occur consequent to the private placement	No change in control would occur consequent to this private placement.
The number of persons to whom allotment on preferential basis / private placement / rights issue has already been made during the year, in terms of securities as well as price	During the year 2022-23, the Company has made the allotment on preferential/private placement basis to 5 (Five) persons in the following manner: i) 250 (two hundred and fifty) unlisted, unrated, secured, non-convertible debentures of face value of INR 10,00,000 (Indian Rupees Ten Lakh) each, aggregating up to INR 25,00,00,000 (Indian Rupees Twenty Five Crore) on a private placement basis to 1 (One) Alternate Investment Fund. ii) 500 (five hundred) rated, senior, secured, unlisted, taxable, transferable, redeemable, non-convertible debentures, of face value of INR 10,00,000 (Indian Rupees Ten Lakh) each, aggregating up to INR 50,00,00,000 (Indian Rupees

	Fifty Crore) on a private placement basis to 2 (Two) Foreign Portfolio Investor. iii) 200 (Two Hundred) rated, secured, senior, redeemable, transferable, listed, principal protected, market linked, non-convertible debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakhs only) each, aggregating up to Rs. 20,00,00,000/- (Rupees Twenty Crores only) on a private placement basis to 1 (one) Private Limited Company. iv) 2000 (two thousand) Rated, Unlisted, Unsecured, Senior, Redeemable, Non-Convertible Debentures of face value of INR 1,00,000 (Indian Rupees One Lakh) each, aggregating up to INR 20,00,00,000 (Indian Rupees Twenty Crore) on a private placement basis to 1 (One) Alternate Investment Fund.
The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer	Not Applicable as the Debentures are being offered at face value of Rs. 10,00,000/- (Rupees Ten Lakhs only) per Debenture.
Amount, which the Company intends to raise by way of proposed offer of securities	The Company proposes to raise amount aggregating up to INR 40,00,00,000/- (Indian rupees forty crore only) through issue of 200 (Two Hundred) Secured, Senior, Redeemable, Transferable, Listed, Principal Protected, Market Linked, Rated Non-Convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakhs only) each, aggregating up to Rs. 20,00,00,000/- (Rupees Twenty Crores only) with a green shoe option of up to 200 (Two Hundred) Secured, Senior, Redeemable, Transferable, Listed, Principal Protected, Market Linked, Rated Non-Convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakhs only) each, aggregating up to Rs. 20,00,00,000/- (Rupees Twenty Crores only)
Terms of raising of securities:	Please refer Clause 5.34 of Information Memorandum.
Proposed time schedule for which the Issue/Offer Letter is valid	Issue Opens on: July 29, 2022 Issue Closing on: July 29, 2022 Pay-In date: July 29, 2022 Even in case the Issue schedule changes for some reasons, the Offer Letter will be valid for that period as will be confirmed by the Issuer, subject to the provisions of applicable law.
Purpose and objects of the Issue/Offer	For the ongoing business purposes of the Company (including expansion of the Company's loan portfolio (i.e., loans provided to micro, small and medium enterprises for their business activities).
Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects	N.A.
Principal terms of assets charged as security, if applicable	The Debentures shall be secured by way of a first ranking, exclusive and continuing charge on identified receivables ("**Hypothecated Property**") created pursuant to the deed of

	hypothecation to be executed between the Company and the Debenture Trustee as described herein. The Hypothecated Property shall at all times be equal to 1.1 times of the outstanding principal amount of the Debentures. The issuer undertakes: ▪ to maintain the value of security at all times equal to 1.10 (One Decimal Point One Zero) time or 110% (One Hundred and Ten Percent) the aggregate amount of the outstanding principal ("**Security Cover**"); ▪ to create, register and perfect the security over the Hypothecated Assets as contemplated above by executing a duly stamped deed of hypothecation ("**Deed of Hypothecation**") before the Deemed Date of Allotment and filing CHG-9 within the time period applicable; The Company shall also provide such information sought by the Debenture Trustee for the purpose of filing the prescribed forms and particulars with the Central Registry and Information Utility in connection with the Debentures and the Security Interest over the Hypothecated Property; ▪ to pay a penal interest of 2.0% (Two Percent) p.a. over the coupon rate in case there is any delay in the creation, registration and perfection of the security over the Hypothecated Assets; ▪ to provide a list on a monthly basis, of specific loan receivables/identified book debts to the Debenture Trustee over which the charge is created and subsisting byway of hypothecation in favour of the Debenture Trustee (for the benefit of the Debenture Holders) ("**Monthly Hypothecated Asset Report**"); ▪ to add fresh loan assets to the Security Cover to ensure that the value of the Hypothecated Assets is equal to 1.10 (One Decimal Point One Zero) time or 110.0% (One Hundred and Ten Percent) the aggregate of the outstanding principal of the NCDs; ▪ to replace/top up any Hypothecated Property that become NPA with current receivables in terms of the hypothecation agreement within 30 days of the receivables becoming due. Eligibility criteria for the Hypothecated Receivables (comprising loans with customer exposure not exceeding INR 20 lakhs): • the receivables are existing at the time of selection and have not been terminated or pre-paid. • the receivables have not been restructured and rescheduled and are not overdue. • all “Know Your Customer” norms have been complied with as prescribed by the RBI.

	Corporate Guarantee: Irrevocable and unconditional Corporate Guarantee from Lendingkart Technologies Private Limited
The details of significant and material orders passed by the Regulators, Courts and Tribunals impacting the going concern status of the Company and its future operations	None

The pre-issue and post-issue shareholding pattern of the Company in the following format:

S. No.	Category	Pre-Issue		Post-Issue	
		No. of Shares held	% of share holding	No. of Shares held	% of share holding
A.	**Promoter's holding**				
1	**Indian**	Nil	Nil	Nil	Nil
	Individual (Including Joint holding)	Nil	Nil	Nil	Nil
	Bodies Corporate	4,41,87,931	100%	4,41,87,931	100%
	Sub Total	4,41,87,931	100%	4,41,87,931	100%
2	**Foreign Promoter**	Nil	Nil	Nil	Nil
	Subtotal (A)	4,41,87,931	100%	4,41,87,931	100%
B.	**Non Promoter's holding**	Nil	Nil	Nil	Nil
1	**Institutional Investors**	Nil	Nil	Nil	Nil
2	**Non- Institution Investors**	Nil	Nil	Nil	Nil
	Private Bodies Corporate (Including Foreign Bodies)	Nil	Nil	Nil	Nil
	Directors and Relatives	Nil	Nil	Nil	Nil
	Indian Public	Nil	Nil	Nil	Nil
	Others (Including NRIs)	Nil	Nil	Nil	Nil
	Subtotal (B)	Nil	Nil	Nil	Nil
	Grand Total (A) + (B)	4,41,87,931	100%	4,41,87,931	100%

10.8 Mode of payment for subscription (Cheque/ Demand Draft/ other banking channels): Other banking channels – RTGS/NEFT.

10.9 Disclosure with regard to interest of directors, litigation, etc:

Any financial or other material interest of the directors, promoters	Nil

<table>
<tr><td>or key managerial personnel in the offer/ Issue and the effect of such interest in so far as it is different from the interests of other persons</td><td></td></tr>
<tr><td>Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of the Company during the last 3 (three) years immediately preceding the year of the issue of this Offer Letter and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed</td><td>Nil</td></tr>
<tr><td>Remuneration of directors (during the current year and last 3 (three) financial years)</td><td><table>
<tr><th>Name of the Director</th><th>Remuneration (in Rs)</th><th>Sitting Fees (In Rs.)</th></tr>
<tr><td>Q1 (2022-23)</td><td>Nil</td><td>4,25,000</td></tr>
<tr><td></td><td></td><td></td></tr>
<tr><td>2021-22</td><td>Nil</td><td>8,80,000</td></tr>
<tr><td></td><td></td><td></td></tr>
<tr><td>2020 -21</td><td>Nil</td><td>600,000</td></tr>
<tr><td></td><td></td><td></td></tr>
<tr><td>2019-20</td><td>Nil</td><td>240,000</td></tr>
<tr><td></td><td></td><td></td></tr>
</table></td></tr>
<tr><td>Related party transactions entered during the last 3 (three) financial years immediately preceding the year of issue of this Offer Letter including with regard to loans made or, guarantees given or securities provided</td><td>Related party transactions entered by the Company is enclosed under Annexure V of this Placement Memorandum.</td></tr>
<tr><td>Summary of reservations or qualifications or adverse remarks of auditors in the last 5 (five) financial years immediately preceding the year of issue of this Offer Letter and of their impact on the financial statements and financial position of the Company and the corrective steps taken and proposed to be taken by the Company for each of the said reservations or qualifications or adverse remark</td><td>There have been no reservations or qualifications or adverse remarks of auditors in the last 5 (five) Financial Years immediately preceding the year of circulation of Offer Letter.</td></tr>
<tr><td>Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last 3 (three) years immediately</td><td>Nil</td></tr>
</table>

preceding the year of circulation of the Offer Letter in the case of the Company and all of its subsidiaries. Also if there were any were any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last 3 (three) years immediately preceding the year of this Offer Letter and if so, section-wise details thereof for the Company and all of its subsidiaries	
Details of acts of material frauds committed against the Company in the last 3 (three) years, if any, and if so, the action taken by the company	Nil

10.10 Financial Position of the Company:

The capital structure of the company in the following manner in a tabular form:

<table>
<tr><td>The authorized, issued, subscribed and paid up capital (number of securities, description and aggregate nominal value)</td><td>
<table>
<tr><th>Share Capital</th><th>Rs.</th></tr>
<tr><td>Authorised</td><td>50,72,76,000</td></tr>
<tr><td></td><td></td></tr>
<tr><td></td><td></td></tr>
<tr><td>TOTAL</td><td>50,72,76,000</td></tr>
<tr><td>Issued, Subscribed and Fully Paid- up</td><td>44,18,79,310</td></tr>
<tr><td></td><td></td></tr>
<tr><td></td><td></td></tr>
<tr><td>TOTAL</td><td>44,18,79,310</td></tr>
</table>
</td></tr>
<tr><td>Size of the Present Offer</td><td>Rs. 40,00,00,000/- (Rupees Forty Crore only).
(Rs. 20,00,00,000/- (Rupees Twenty Crore only) with a green shoe option of up to Rs. 20,00,00,000/- (Rupees Twenty Crores only))</td></tr>
<tr><td>Paid-up Capital:

a. After the offer:

b. After the conversion of Convertible Instruments (if applicable)</td><td>

INR 44,18,79,310

Not Applicable</td></tr>
<tr><td>Share Premium Account:
a. Before the offer:

b. After the offer:</td><td>
Rs. 6,72,46,83,913 /-

Rs. 6,72,46,83,913 /-</td></tr>
</table>

Details of the existing share capital of the Issuer including details of allotments made by the Company in the last one year prior to the date of this Offer Letter for consideration other than cash and details of the consideration in each case:

S. No.	Date of Allotment	Number of Equity Shares Allotted	Face Value of Shares	Price of allotment (including premium)	Form of consideration	Cumulative Capital (Number of Shares)
1	26.12.1996	2100	10	10	Cash	2,100
2	21.06.1997	67500	10	10	Cash	69,600
3	31.12.1999	214500	10	10	Cash	2,84,100
4	18.02.2016	90,41,666	10	24	Conversion of loan	93,25,766
5	11.07.2016	61,74,200	10	56.9	Cash	1,54,99,966
6	08.08.2016	99,95,190	10	64.9	Cash	2,54,95,156
7	24.08.2017	25,97,402	10	154	Cash	2,80,92,558
8	29.09.2017	12,98,701	10	154	Conversion of loan	2,93,91,259
9	24.09.2018	14,76,101	10	338.73	Conversion of loan	3,08,67,360
10	24.09.2018	81,18,560	10	338.73	Cash	3,89,85,920
11	11.09.2019	52,02,011	10	403.69	cash	4,41,87,931

Details of allotments made by the Company in the last one year prior to the date of this Offer Letter for consideration other than cash and details of the consideration in each case.	NIL
Profits of the Company, before and after making provision for tax, for the 3 (three) financial years immediately preceding the date of circulation of this Offer Letter	**FY** / **PBT (in Rs. Lakhs)** / **PAT (in Rs. Lakhs)** FY 2022 / (18,397.71) / (14,143.97) FY 2021 / 2,815.80 / 1831.94 FY 2020 / 4,194.28 / 2969.09
Dividends declared by the Company in respect of the said 3 (three) financial years; interest coverage ratio for last three years (cash profit after tax plus interest paid/interest paid)	**Year** / **2022** / **2021** / **2020** Dividend Declared / Nil / Nil / Nil Interest Coverage Ratio / 0.23 / 1.14 / 1.17
A summary of the financial position of the Company as in the 3 (three) audited balance sheets immediately preceding the date of circulation of this Offer Letter	Please refer **CHAPTER A** to this Private Placement Offer cum Application Letter.
Audited Cash Flow Statement for the 3 (three) years immediately preceding the date of circulation of this Offer Letter	Please refer **CHAPTER B** to this Private Placement Offer cum Application Letter.

Any change in accounting policies during the last 3 (three) years and their effect on the profits and the reserves of the Company	IND AS is applicable to the company with effect from 01st April, 2019, and the profits and reserves would have to be calculated/determined accordingly.

10.11 PART B (To be filed by the Applicant)

(i) Name: **[<<>>*]***

(ii) Father's name: N/A;

(iii) Complete Address including Flat / House Number, Street, Locality, Pin Code: _____

(iv) Phone number; if any: _____

(v) Email ID, if any: _____

(vi) PAN Number: _____; and

(vii) Bank Account details: _____

_____
Signature

_____
Initial of the Officer of the Company designated to keep the record

Enclosed
Copy of Board Resolution
Copy of Shareholders Resolution
Chapter A - A summary of the financial position of the Company as in the 3 (three) audited balance sheets immediately preceding the date of circulation of this Offer Letter;
Chapter B - Audited Cash Flow Statement for the 3 (three) years immediately preceding the date of circulation of this Offer Letter,
Chapter C- Certified true copy of Board Resolution and Borrowing Committee Resolutions; and
Chapter D- Certified true copy of the shareholders' resolution.

CHAPTER A: FINANCIAL POSITION OF THE COMPANY AS IN THE 3 (THREE) AUDITED BALANCE SHEETS AND PROFIT & LOSS ACCOUNTS IMMEDIATELY PRECEDING THE DATE OF CIRCULATION OF THIS PRIVATE PLACEMENT OFFER CUM APPLICATION LETTER

(₹ in lakhs unless otherwise stated)

Particulars	As at 31 March 2022	As at 31 March 2021	As at 31 March 2020
Assets			
Financial assets			
Cash and cash equivalents	21,158.06	28,786.04	5,049.52
Bank balances other than Cash and Cash equivalents	13,957.32	14,096.80	11,296.78
Loans	1,91,592.90	1,93,869.25	2,12,688.51
Other financial assets	24,013.63	7,667.62	2,868.74
	2,50,721.91	**2,44,419.71**	**2,31,903.55**
Non-financial assets			
Current tax assets (Net)	1,660.32	24.55	162.08
Deferred tax asset (Net)	8,575.16	3,986.68	1,858.65
Property, plant and equipment	135.40	160.55	307.92
Intangible assets	76.54	67.12	119.58
Intangible assets under development	-	145.41	45.45
Right-of-use assets	1,947.83	2,339.07	3,213.65
Other non-financial assets	451.51	455.27	588.50
	12,846.76	**7,178.65**	**6,295.83**
Total assets	**2,63,568.67**	**2,51,598.36**	**2,38,199.38**
Liabilities and Equity			
Liabilities			
Financial liabilities			
Debt Securities	1,20,026.19	88,678.55	44,407.37
Borrowings (Other than debt securities)	57,114.59	71,964.66	1,10,561.24
Subordinated Debt	2,529.50	2,529.12	2,528.44
Other financial liabilities	21,619.58	11,112.93	7,374.86
	2,01,289.86	**1,74,285.26**	**1,64,871.91**
Non Financial liabilities			
Current tax liabilities (net)	-	1,189.18	-
Provisions	345.18	383.52	378.47
Other non-financial liabilities	1,891.79	1,579.03	661.75
	2,236.97	**3,151.73**	**1,040.22**
Equity			
Equity share capital	4,418.79	4,418.79	4,418.79
Other equity	55,623.05	69,742.58	67,868.46
	60,041.84	**74,161.37**	**72,287.25**
Total liabilities and equity	**2,63,568.67**	**2,51,598.36**	**2,38,199.38**

(₹ in lakhs unless otherwise stated)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021	For the year ended 31 March 2020
Revenue from operations			
Interest Income	61,184.47	50,082.39	44,267.85
Gain/(Loss) on assignment of loans	1,417.12	264.74	1,721.87
Total Revenue from operations	**62,601.59**	**50,347.13**	**45,989.72**
Other Income	1,252.78	693.58	440.56
Total income	**63,854.37**	**51,040.71**	**46,430.28**
Expenses			
Finance Costs	23,750.51	20,243.54	17,716.50
Fees and commission expenses	5,916.44	1,237.71	729.80
Impairment of financial instruments	*41,471.20*	*17,768.52*	*11,948.23*
Employee Benefit expenses	4,411.14	3,638.58	4,943.77
Depreciation and amortisation expenses	569.57	684.00	629.99
Other Expenses	6,133.22	4,652.56	6,267.71
Total Expenses	**82,252.08**	**48,224.91**	**42,236.00**
Profit/(loss) before Tax	**(18,397.71)**	**2,815.80**	**4,194.28**
Tax Expense :			
- Current tax	-	3,128.07	1,407.18
- Tax of earlier years	342.96	-	3.28
- Deferred tax (income) / expense	(4,596.70)	(2,144.21)	(185.27)
Total Tax Expenses	**(4,253.74)**	**983.86**	**1,225.19**
Profit / (Loss) after tax	**(14,143.97)**	**1,831.94**	**2,969.09**
Other comprehensive income			
(a) Items that will not be reclassified to profit or loss			
Remeasurement gain / (losses) on defined benefit plans	32.66	64.24	(5.37)
Tax impact on above	(8.22)	(16.19)	1.56
Other comprehensive income, net of tax	**24.44**	**48.05**	**(3.81)**
Total Comprehensive Income	**(14,119.53)**	**1,879.99**	**2,965.28**
Earning per equity share: [In absolute ₹]			
Basic [Face value ₹ 10]	(32.01)	4.15	7.09
Diluted [Face value ₹ 10]	(32.01)	4.15	7.09

CHAPTER B: AUDITED CASH FLOW STATEMENT FOR THE 3 (THREE) YEARS IMMEDIATELY PRECEDING THE DATE OF CIRCULATION OF THIS PRIVATE PLACEMENT OFFER CUM APPLICATION LETTER

(₹ in lakhs unless otherwise stated)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021	For the year ended 31 March 2020
Operating activities			
Profit/(loss) before tax	(18,397.71)	2,815.80	4,194.28
Adjusted for:			
Impact of EIR accounting of financial assets	(2,264.91)	648.67	668.19
Impact of EIR accounting of financial liabilities	21.75	(131.90)	(242.50)
Upfront gain on direct assignment	(1,417.12)	(264.74)	(1,721.87)
Guarantee fees	(331.12)	(134.30)	1,119.08
Interest on financial lease liability	320.84	385.79	378.32
Provision for gratuity	51.74	(1.98)	76.78
Provision for leave benefit	(57.42)	7.03	(32.89)
Impairment of loans	(6,591.63)	9,174.38	1,925.10
Impairment of other financial assets	310.46	648.27	24.54
Bad debt written offs	47,752.37	7,945.88	10,004.49
Discount on Commercial Paper	1.95	2.35	176.97
Depreciation and amortisation	569.57	684.01	629.99
Interest on bank deposits	(1,066.46)	(918.11)	(1,380.87)
Interest on borrowings and debt securities	23,405.96	17,730.24	15,904.34
Reversal of Lease equalisation reserve	-	-	(71.30)
PPE & Intangible assets under development written off	150.29	3.02	3.11
Actuarial gain / (loss) recognised in other comprehensive income	32.66	64.24	(5.37)
Cash from operations before working capital changes	**42,491.22**	**38,658.65**	**31,650.38**
Changes in working capital:			
- (Increase) / decrease in loans	(36,619.49)	1,050.34	(1,02,934.76)
- (Increase) / decrease in other financial Assets	(15,239.34)	(5,182.41)	(994.74)
- (Increase) / decrease in other non financial Assets	334.94	267.53	(1,239.20)
- Increase / (decrease) in other financial liabilities	10,707.13	3,738.07	2,570.61
- Increase / (decrease) in other non financial liabilities	312.72	917.32	218.98
Cash generated from operating activities	**1,987.18**	**39,449.50**	**(70,728.75)**
Income tax paid (net)	(3,167.91)	(1,801.36)	(1,321.61)
Net cash flows from / (used in) operating activities	**(1,180.73)**	**37,648.14**	**(72,050.36)**
Investing activities:			
Purchase of property, plant and equipment and intangible assets	(157.07)	287.44	(437.64)
Proceeds from sale of fixed assets	-	-	0.10
Movement in bank balances other than cash and cash equivalents	139.48	(2,800.02)	(3,971.16)
Interest received on bank deposit	1,066.46	918.11	1,358.85
Net cash generated from / (used in) investing activities	**1,048.87**	**(1,594.47)**	**(3,049.85)**

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021	For the year ended 31 March 2020
Financing activities:			
Issue of equity share capital (including securities premium)	-	-	21,000.00
Share issue expenses	-	(5.88)	(26.89)
Proceeds from inter-corporate loan	-	-	1,000.00
Repayment of inter-corporate loan	-	-	(1,000.00)
Proceeds from debt securities	28,900.00	40,750.00	30,897.50
Repayment of debt securities	(31,009.15)	(19,272.80)	(21,908.18)
Proceeds from other than debt securities	34,886.84	37,510.00	85,598.66
Repayment of other than debt securities	(49,658.38)	(51,487.61)	(60,929.27)
Proceeds from subordinated debt	-	-	-
Proceeds from issue of commercial paper	1,611.90	-	-
Change in Cash Credit / Overdraft	82.57	3,228.72	1,889.97
Repayment of lease liabilities	(531.77)	(385.79)	(530.73)
Proceeds/(Repayment) from securitisation liability	31,651.53	(1,532.60)	22,660.56
Repayment of finance cost	(23,429.66)	(21,121.19)	(15,052.63)
Net cash generated / (used in) from financing activities	**(7,496.12)**	**(12,317.15)**	**63,598.99**
Net increase / (decrease) in cash and cash equivalents	**(7,627.98)**	**23,736.52**	**(11,501.22)**
Cash and cash equivalents as at the beginning of the year	28,786.04	5,049.52	16,550.74
Cash and cash equivalents as at the end of the year	**21,158.06**	**28,786.04**	**5,049.52**
Components of cash and cash equivalents			
Cash in hand	-	-	-
Balances with banks			
- With banks in current accounts	8,156.86	6,585.32	5,049.52
- In deposit accounts with original maturity of less than 3 months	13,001.20	22,200.72	-
Cash and cash equivalents	**21,158.06**	**28,786.04**	**5,049.52**

CHAPTER C: BOARD RESOLUTION AND BORROWING COMMITTEE RESOLUTION

LENDINGKART
Think Cash, Think Lendingkart Group!

CERTIFIED TRUE COPY OF A RESOLUTION PASSED AT THE MEETING OF THE BOARD OF DIRECTORS OF LENDINGKART FINANCE LIMITED ("THE COMPANY") HELD ON, TUESDAY, NOVEMBER 02, 2021 AT AHMEDABAD.

"**RESOLVED THAT** in supersession of the Resolution passed by the Board of Directors at their meeting held on August 20, 2020 in this regard and subject to the limits approved by the shareholders of the Company under Section 180(1)(a) and 180(1)(c) of the Companies Act, 2013 ('Act') from time to time and pursuant to Section 179(3)(c) of the Act and other applicable provisions of the Act, the Memorandum & Articles of Association of the Company and rules, regulations, clarifications issued under the Act, if any, regulations issued by the Securities and Exchange Board of India ('SEBI') including the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and all amendment regulations thereto, norms, circular, guidelines, clarification, notification prescribed or issued by the Reserve Bank of India or SEBI from time to time and other applicable provisions if any, the approval of the Board of Directors of the Company be and is hereby accorded to the Company to borrow up to INR 1,250 Crores (Rupees One Thousand Two Hundred and Fifty Crores Only) by issuing Non-Convertible Redeemable Debentures of various types (listed or unlisted, secured or unsecured) including subordinated, fixed rate, floating rate, zero coupon, market linked debentures and any other category of debentures (collectively, the "NCDs"), on a private placement basis, in one or more tranches or series, as per, inter alia, the terms and conditions set out below, and to secure the amounts to be raised pursuant to the issue of NCDs or any tranche/issue together with all interest and other charges up to such limits and security cover as may be agreed and within such timelines as may be agreed:

Sr. No.	Particulars	Terms
1.	Type of instrument	Non-convertible redeemable debentures
2.	Issue price	To be issued in one or more tranches or series provided the total amounts outstanding debentures do not exceed INR 12,50,00,00,000/- at any time.
3.	Face Value	as per issue requirements
4.	Rate of interest	as per issue requirements
5.	Tenure	as per issue requirements
6.	Purpose	To meet the funding requirements of the business of the Company (including for the general corporate purposes of the Company and repayment of existing borrowings).

LENDINGKART FINANCE LIMITED (INDIA)

LENDINGKART FINANCE LIMITED
CIN: U65910MH1996PLC258722
Registered Office: A-303/304, Citi Point, Andheri-Kurla Road, Andheri East, Mumbai, Maharashtra, 400 059, India.
Corporate Office: B Block, 6th Floor, The First, The First Avenue Road, Behind Keshavbaug Party Plot, Vastrapur, Ahmedabad, 380 015, Gujarat, India.
Phone: +91-79-6814 4500 **Email:** lendingkartfinance@lendingkart.com **Website:** www.lendingkartfinance.com

RESOLVED FURTHER THAT the Borrowing Committee of the Board of Directors ("**Borrowing Committee**") is hereby authorized to exercise all powers of the Board of Directors and do all such acts and deeds which are required to give effect to this resolution including but not limited to acts mentioned hereinafter.

RESOLVED FURTHER THAT the Borrowing Committee be and is hereby authorized to decide, negotiate and finalise the terms of the issue of any tranche/issue of NCDs, including but not limited to, the issue date, redemption, minimum application money, interest on application money, put and call options, security and allotment date, etc.

RESOLVED FURTHER THAT the Borrowing Committee be and is hereby authorized to identify the investors/lenders to whom any tranche/issue of NCDs are to be offered and to issue the allotment letter/debenture certificate to persons subscribing to the issue of any tranche/issue of NCDs on private placement basis and do all such things re required under the applicable law.

RESOLVED FURTHER THAT the Borrowing Committee be and is hereby authorized to delegate authorities to one or more employee(s), officer(s) or authorized representative(s) jointly or severally to negotiate, finalise, execute, modify, sign, accept, submit and withdraw deeds, agreements, undertakings, guarantees (including in respect of the security to be created to secure any tranche/issue of NCDs (if any) and all such documents and papers with respect to the above issue of any tranche/issue of NCDs including post facto reporting compliance/submissions in relation to the issue and to do all such acts, deeds, and things as may be required in connection with the issue of the NCDs.

RESOLVED FURTHER THAT a copy of this Resolution certified as true by any of the Director or the Company Secretary of the Company be furnished to such persons as may be deemed necessary."

For Lendingkart Finance Limited

LENDINGKART FINANCE LIMITED (INDIA)

Umesh Navani
Company Secretary & Compliance Officer
ICSI Membership No.:– A40899

CERTIFIED TRUE COPY OF A RESOLUTION PASSED AT THE MEETING OF THE BOARD OF DIRECTORS OF LENDINGKART FINANCE LIMITED ("THE COMPANY") HELD ON TUESDAY, 11TH FEBRUARY, 2020 AT BANGALORE.

"**RESOLVED THAT** in partial modification of the resolution passed by the Board of Directors at their meeting held on 13th November, 2019 and pursuant to the provisions of Section 179, Section 180(1)(c), Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof, for the time being in force), and relevant regulations/directions as may be prescribed by the Reserve bank of India from time to time (including any amendment(s), modification(s) thereof) and the Articles of Association of the Company, the Board of Directors accord their consent to the Borrowing Committee to exercise borrowing power on behalf of the Company by obtaining loans, overdraft facilities, lines of credit, commercial papers, non-convertible debentures, external commercial borrowings (INR), or by any other form(s) from banks, financial institutions, insurance companies, mutual funds or other corporates or other eligible investors, including by way of availing credit limits through non-fund based limits i.e. bank guarantee, etc. or to raise funds by way of direct assignment/securitization of receivables of the Company; or by any other means as deemed fit by it, against the security of term deposits, movables, immovable or such other assets as may be required or as unsecured, at any time or from time to time, any sum or sums of money(ies) which together with monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), exceeding the aggregate of paid-up share capital of the Company, its free reserves and Securities Premium, provided that the total amount (outstanding) so borrowed by the Board shall not at any time exceed INR 3,000 crore (Rupees three thousand crore).

RESOLVED FURTHER THAT the terms of reference of the Borrowing Committee shall comprise of following:

a) to negotiate, finalise and periodically review, the terms of borrowings, rate of interest, the tenure, fees or commission payable, nature and extent of security and guarantee to be provided, approve prepayment of borrowings and any amendments or modifications therein;
b) to issue non-convertible debentures or other debt instruments on private placement basis;
c) to approve co-lending arrangement with banks, financial institutions, and other eligible persons, and to accord approval for providing first-loss default guarantee and/or other security in compliance with the extant Policy on co-origination/co-lending arrangements, and to accord approval for modifying/amending the terms of the existing co-lending arrangements;
d) to appoint rating agencies, trustees and servicing agents as may be required in the course of the Company's borrowing, direct assignment, securitization and co-lending/co-origination programmes;
e) to allot debentures;
f) to approve sale/transfer/assignment of the receivables and book debts of the Company by way of direct assignment and/or securitization;
g) to carry out any other function as mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification as may be applicable;
h) delegation of authorities to one or more employee(s), officer(s) or authorized representative(s) jointly or severally to negotiate, finalise, execute, modify, sign, accept, submit and withdraw deeds,

LENDINGKART FINANCE LIMITED (INDIA)

agreements, undertakings, guarantees and all such documents and papers with respect to the above borrowing(s), assignment(s), guarantee(s) and/or co-lending arrangement(s), including post facto reporting compliances / submissions in relation to the borrowings, and to affix common seal of the Company; and

i) approve to open/close current, overdraft and/or share/securities application account(s) of the Company with scheduled banks, nationalized banks, small finance banks and payment banks; and to authorise officials and/or signatories of the Company and/or modify the authorization(s) granted (authorized signatories and mode of operation) to operate the bank account(s) and do all such acts, deeds and things as may be required in connection therewith.

j) to do all such acts, deeds and things as may be necessary or expedient for carrying out of the aforesaid activities.

RESOLVED FURTHER THAT a copy of the aforesaid resolution certified to be true duly signed by Mr. Harshvardhan Lunia, Managing Director or Mr. Raichand Lunia, Director or Mr. Umesh Navani, Company Secretary & Compliance Officer of the Company be furnished to the lenders and they be requested to act thereon.

RESOLVED FURTHER THAT this Resolution shall come into effect from 14th February, 2020".

For Lendingkart Finance Limited

Umesh Navani
Company Secretary & Compliance Officer
ICSI Membership No.- A40899
22nd January, 2021

LENDINGKART FINANCE LIMITED (INDIA)

Committee Resolution

LENDINGKART
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CERTIFIED TRUE COPY OF THE RESOLUTION PASSED AT THE MEETING OF THE BORROWING COMMITTEE OF THE BOARD OF DIRECTORS OF LENDINGKART FINANCE LIMITED (THE "COMPANY") HELD ON THURSDAY, JULY 21, 2022 AT AHMEDABAD.

"RESOLVED THAT pursuant to the Resolution passed by the members of the Company on February 13, 2020 under section 180(1)(c) of the Companies Act, 2013 (the **"Act"**), the Resolution passed by the Board of Directors on February 11, 2020, effective from February 14, 2020, giving powers to the Borrowing Committee and the Resolution passed by the Board of Directors of the Company ("**Board**") on November 2, 2021 under section 179(3)(c) of the Act approving the issuance of non-convertible debentures of various types (listed or unlisted, secured or unsecured) in one or more tranches or series up to the amount specified therein and other applicable provisions, if any, of the Act, including Section 42 and 71 therein, read with the rules framed thereunder and the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (including circulars, guidelines, etc. issued thereunder) (including any statutory modifications, amendments thereto or re- enactment thereof, the circulars, notifications, regulations, rules, guidelines, if any, issued by the Government of India, Securities and Exchange Board of India and Reserve Bank of India and/or any other applicable laws) and subject to the Memorandum and Articles of Association of the Company, the approval of the Borrowing Committee be and is hereby accorded to borrow funds by offering up to 200 (two hundred) secured, senior, redeemable, transferable, listed, principal protected, market linked, rated, non-convertible debentures of INR 10,00,000/- (Indian Rupees ten lakh only) each, aggregating INR 20,00,00,000/- (Indian Rupees twenty crore only) with a green shoe option of up to 200 (two hundred) secured, senior, redeemable, transferable, listed, principal protected, market linked, rated, non-convertible debentures having face value of INR 10,00,000/- (Indian Rupees ten lakh only) each, aggregating INR 20,00,00,000/- (Indian Rupees twenty crore only), (the "**NCDs**") ("**Offer**") on private placement basis to the identified persons, details of whom are tabled at the meeting ("**Investor**").

RESOLVED FURTHER THAT the terms of borrowing by way of issuance of NCDs shall be subject to such terms and conditions as provided in the transaction documents, as tabled at the meeting. The salient terms and conditions are mentioned hereunder:

Type of Instruments	Secured, senior, redeemable, transferable, listed, principal protected, market linked, rated, non-convertible debentures.
Listing	BSE
Issue Amount	Up to INR 20 crore with a green shoe option of up to INR 20 crore.
Tenor	25 Months from deemed date of allotment.

LENDINGKART FINANCE LIMITED
CIN: U65910MH1996PLC258722
Registered Office: A-303/304, Citi Point, Andheri-Kurla Road, Andheri East, Mumbai, Maharashtra, 400 059, India.
Corporate Office: B Block, 6th Floor, The First, The First Avenue Road, Behind Keshavbaug Party Plot, Vastrapur, Ahmedabad, 380 015, Gujarat, India.
Phone: +91-79-6814 4500 **Email:** lendingkartfinance@lendingkart.com **Website:** www.lendingkartfinance.com

Principal Repayment	Bullet on Maturity Date, i.e. August 29, 2024
Coupon	Variable Coupon Rate linked to Yield Last Traded (closing) of 6.54 G-Sec 2032 having ISIN IN0020210244. Payoff is linked to the performance of the Underlying/ Reference Index, as specified in table below:- **If Yield of underlying on Final Fixing Date** / **Redemption Premium on XIRR basis** Is <=18% / 11.00% XIRR Is <=24% and >18% / 10.50% XIRR Is > 24% / 0.00%
Step Up/down Coupon	If the credit rating of the Debentures as on the Final Fixing Date is downgraded by one notche from the current rating of "PP-MLD[IND]BBB+" ("Rating"), the applicable Coupon Rate shall increase by 0.5% (zero decimal five percent) for each notch downgrade of 1 (one) notch from the Rating of the Debentures ("Step Up Rate"). The Coupon payable at maturity of the Debentures shall be payable at the Step Up Rate.
Accelerated/ Mandatory Early Redemption	Rating of the instrument downgraded to IND PP MLD BBB- or below
Underlying/ Reference Index	Yield Last Traded (closing) of 6.54 G-Sec 2032 having ISIN IN0020210244, as reflected on FBIL. Provided that if the details of yield are not available on the final fixing date, available yield of same ISIN of immediately previous date shall be considered.
Initial level	Yield Last Traded (closing) of 6.54 G-Sec 2032 having ISIN IN0020210244 as on Initial Observation Date.
Initial Observation Date	July 29, 2022
Final Observation Date	15 days before the Maturity Date
Coupon Payment Frequency	Bullet on Maturity Date, i.e. August 29, 2024
Security	(i) Debentures are secured by way of first ranking, exclusive and continuing charge on receivables to the extent of 1.10

	time or 110% of the aggregate amount of principal outstanding of NCDs. (ii) Corporate guarantee to be provided by Lendingkart Technologies Private Limited, holding company of the Company.

RESOLVED FURTHER THAT the Borrowing Committee hereby authorizes the Company Secretary of the Company to record the names of the Investor(s) and maintain such record of private placement offer of the subscription securities with Registrar of Companies in Form PAS-5 as required under the Companies (Prospectus and Allotment of Securities) Rules, 2014 along with requisite fee with the Registrar of Companies.

RESOLVED FURTHER THAT Mr. Harshvardhan Lunia, Managing Director, Mr. Raichand Lunia, Director, Mr. Sudeep Bhatia, Chief Financial Officer and Mr. Umesh Navani, Company Secretary & Compliance Officer of the Company be and are hereby severally authorised to:

(i) Issue letter(s) of offer ("**Offer Letter(s)**") to the Investor(s) as per draft presented in the meeting and to make such modifications or amendments as may be deemed appropriate;

(ii) Provide Information Memorandum as per the draft presented in the meeting.

(iii) Settle all questions or difficulties that may arise in regard to the issue including amending or modifying any of the terms of such issue or allotment, as may be made pursuant to and in accordance with the transaction documents or otherwise.

RESOLVED FURTHER THAT the Borrowing Committee hereby appoints Catalyst Trusteeship Limited (the "**Debenture Trustee**") being a debenture trustee registered with the SEBI as the debenture trustee, for the issuance, offer and allotment of NCDs, and further authorise the Debenture Trustee to exercise such powers and perform such duties as contained in the debenture trust deed or other relevant documents.

RESOLVED FURTHER THAT the Borrowing Committee hereby accords its consent to secure the redemption amount of the NCDs by creating a charge on assets of the Company (the "**Security**"), by executing an unattested deed of hypothecation between the Company and Debenture Trustee to secure NCDs.

RESOLVED FURTHER THAT Mr. Harshvardhan Lunia, Managing Director, Mr. Raichand Lunia, Director, Mr. Sudeep Bhatia, Chief Financial Officer and Mr. Umesh Navani, Company Secretary and Compliance Officer of the Company be and are hereby

severally authorized on behalf of the Company to accept any change(s) or modification(s) as may be suggested by the appropriate authorities and/or agreed by the parties, to execute forms on behalf of the Company and do all such other acts, deeds, matters or things as may be necessary, appropriate, expedient or desirable to give effect to this Resolution, with further powers to delegate all or any of the above authorities conferred to them to any officer(s)/authorized person(s) of the Company, including but not limited to:

(i) maintain record in Form PAS-5 and file other relevant documents with the Registrar of Companies;

(ii) to make relevant entries in the statutory registers and execute the said registers;

(iii) making all applications/ filings to the appropriate authorities (wherever applicable);

(iv) to create and operate debenture redemption reserve account, if applicable;

(v) to execute listing agreement with BSE Limited and/or do all such acts, deeds and things and execute such documents as may be required for listing of the NCDs on BSE; and

(vi) to settle all such questions, difficulties or doubts that may arise in relation to the offer/issue, allotment and utilisation of the proceeds and to finalise and execute all documents and writings as may be necessary, proper, desirable or expedient in implementation of this Resolution."

For and on behalf of the Borrowing Committee of Lendingkart Finance Limited

UMESH JAIPRAKASH NAVANI
Digitally signed by UMESH JAIPRAKASH NAVANI
Date: 2022.07.25 15:33:31 +05'30'

Umesh Navani
Company Secretary & Compliance Officer
ICSI Membership No: A40899

CHAPTER D: SHAREHOLDERS' RESOLUTIONS

LENDINGKART

Think Cash, Think Lendingkart Group!

CERTIFIED TRUE COPY OF A SPECIAL RESOLUTION PASSED BY THE MEMBERS OF LENDINGKART FINANCE LIMITED ("THE COMPANY") AT THE EXTRAORDINARY GENERAL MEETING HELD ON THURSDAY, 13TH FEBURARY, 2020, AT AHMEDABAD.

"**RESOLVED THAT** in supersession of the earlier resolution passed by the Members of the Company at the extraordinary general meeting held on 7th February, 2019 and pursuant to the provisions of Section 180(1)(a) and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), relevant regulations/directions as may be prescribed by the Reserve bank of India from time to time (including any amendment(s), modification(s) thereof) and the articles of association of the Company, the consent of the Members of the Company be and is hereby accorded to the Board of Directors ("**the Board**", which shall include any Committee of the Board), for selling, leasing or otherwise disposing off all or any of the present and future immovable and/ or movable properties, assets or undertakings of the Company wherever situated, of every nature and kind whatsoever, including creation of such mortgages/ charges/ hypothecation / floating charges in such form and in such manner as may be agreed between the Board and the lenders, to secure loans, debentures, advances and all other moneys payable by the Company, subject, however, to an overall limit of INR 3,000,00,00,000/- (Rupees three thousand Crore only).

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

For Lendingkart Finance Limited

LENDINGKART FINANCE LIMITED (INDIA)

Umesh Navani
Company Secretary & Compliance Officer

LENDINGKART FINANCE LIMITED (Formerly AADRI INFIN LIMITED)
CIN: U65910MH1996PLC258722
Registered Office: A-303/304, Citi Point, Andheri Kurla Road, Andheri East, Mumbai- 400 059, Maharashtra, India.
Corporate Office: 14th Floor,'The First', The First Avenue Road, Behind Keshavbaug Party Plot, Vastrapur, Ahmedabad-380 015, Gujarat, India.
Phone: +91-79-6677 0600 **email:** info@lendingkart.com **website:** www.lendingkart.com

LENDINGKART

Think Cash, Think Lendingkart Group!

CERTIFIED TRUE COPY OF A SPECIAL RESOLUTION PASSED BY THE MEMBERS OF LENDINGKART FINANCE LIMITED ("THE COMPANY") AT THE EXTRAORDINARY GENERAL MEETING HELD ON THURSDAY, 13TH FEBURARY, 2020, AT AHMEDABAD.

"**RESOLVED THAT** in supersession of the earlier resolution passed by the Members of the Company at the extraordinary general meeting held on 7th February, 2019 and pursuant to the provisions of Section 180(1)(c) and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), relevant regulations/directions as may be prescribed by the Reserve bank of India from time to time (including any amendment(s), modification(s) thereof) and article of association of the Company, the consent of the Members of the Company be and is hereby accorded to the Board of Directors ("**the Board**", which shall include any Committee of the Board) to borrow from time to time by obtaining loans, overdraft facilities, lines of credit, commercial papers, non-convertible debentures, external commercial borrowings (INR), or by any other form(s) from banks, financial institutions, insurance companies, mutual funds or other corporates or other eligible investors, whether in India or abroad, any sum or sums of monies which, together with the monies already borrowed by the Company (apart from non-fund based facility in the form of letter of credits, bank guarantees, etc. obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company, its free reserves, that is to say, reserves not set apart for any specific purpose and securities premium, provided that the total amount so borrowed by the Board (including by way of the commercial paper issuances) shall not at any time exceed an aggregate limit of INR 3,000,00,00,000/- (Rupees three thousand crore) (which limit constitutes the specific limit of commercial paper issuance not exceeding INR 100,00,00,000/- (Rupees one hundred crore)).

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

For Lendingkart Finance Limited

LENDINGKART FINANCE LIMITED (INDIA)

Umesh Navani
Company Secretary & Compliance Officer

SECTION 11: DECLARATION BY THE DIRECTORS

Each of the directors of the Company hereby confirm and declare that:

A. the Issuer is in compliance with the provisions of Securities Contracts (Regulation) Act, 1956 and the Securities and Exchange Board of India Act, 1992, Companies Act, 2013 and the rules and regulations made thereunder, including the compliances in relation to making a private placement of the Debentures;

B. the compliance with the Companies Act, 2013 and the rules does not imply that payment of dividend or interest or repayment of non-convertible securities, if applicable, is guaranteed by the Central Government;

C. the monies received under the Issue shall be used only for the purposes and objects indicated in this Placement Memorandum; and

D. whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and the Articles of Association.

Investment in non-convertible securities involve a degree of risk and investors should not invest any funds in such securities unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, investors must rely on their examination of the issue including the risks involved in it. Specific attention of investors is invited to statement of risk factors contained under Section 3 of this Placement Memorandum. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the non-convertible securities or investor's decision to purchase such securities.

I am authorized by the Board of Directors of the Company vide resolution number 06 dated November 02, 2021 read with the Borrowing Committee of the Company vide resolution no. 01 dated July 21, 2022 to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this Placement Memorandum has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

For **Lendingkart Finance Limited**

UMESH JAIPRAKASH NAVANI

Name: Umesh Navani
Title: Company Secretary & Compliance Officer
ICSI Mem No: A40899
Date: July 29, 2022

ANNEXURE I:
TERM SHEET

As provided in Clause 5.34 above.

ANNEXURE II:
RATING LETTER, RATING RATIONALE AND DETAILED PRESS RELEASE FROM THE RATING AGENCY
https://www.indiaratings.co.in/pressrelease/59025

India Ratings & Research
A Fitch Group Company

FitchGroup

Mr Harshvardhan Lunia
Managing Director
Lendingkart Finance Limited
The First, 6th Floor,
First Avenue, Besides Keshavbaug Party Plot,
Vastrapur, Ahmedabad - 380015

July 23, 2022

Dear Sir/Madam,

Re: Rating Letter of LendingKart Finance Limited

India Ratings and Research (Ind-Ra) has taken the following rating actions on Lendingkart Finance Limited's (LFL) debt instruments:

Instrument Type	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating/Outlook	Rating Action
Principal protected market linked debentures (PP-MLDs)*$	-	-	-	-	INR350	IND PPMLD BBB+emr/Stable	Assigned
PP-MLDs # *	-	-	-	-	INR500	IND PPMLD BBB+emr/Stable	Affirmed
PP-MLDs#	-	-	-	-	INR450 (reduced from INR700)	IND PPMLD BBB+emr/Stable	Affirmed

Details in Annexure; *interchangeable with non-convertible debentures; $yet to be issued

The suffix 'emr' denotes the exclusion of the embedded market risk from the rating. The rating of MLDs is an ordinal assessment of the underlying credit risk of the instrument and does not factor in the market risk that investors in such instruments will assume. This market risk stems from the fact that coupon payment on these instruments will be based on the performance of a reference index (to be detailed in the information memorandum of the issue).

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security.

The manner of India Ratings factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in India where the rated security is offered and sold, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular

India Ratings & Research Private Limited A Fitch Group Company
Wockhardt Tower, Level 4, West Wing, Bandra Kurla Complex, Bandra (E), Mumbai - 400051
Tel: +91 22 4000 1700 | Fax: +91 22 4000 1701 | CIN/LLPIN: U67100MH1995FTC140049 | www.indiaratings.co.in

jurisdiction of the issuer, and a variety of other factors.

Users of India Ratings ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information India Ratings relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to India Ratings and to the market in offering documents and other reports. In issuing its ratings India Ratings must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

India Ratings seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

Ratings are based on established criteria and methodologies that India Ratings is continuously evaluating and updating. Therefore, ratings are the collective work product of India Ratings and no individual, or group of individuals, is solely responsible for a rating. All India Ratings reports have shared authorship. Individuals identified in an India Ratings report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. India Ratings is not your advisor, nor is India Ratings providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services. Investors may find India Ratings ratings to be important information, and India Ratings notes that you are responsible for communicating the contents of this letter, and any changes with respect to the rating, to investors.

It will be important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason India Ratings deems sufficient.

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between India Ratings and you or between India Ratings and any user of the ratings.

In this letter, "India Ratings" means India Ratings & Research Pvt. Ltd. and any successor in interest.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please email us at infogrp@indiaratings.co.in

Sincerely,

India Ratings

Prakash Agarwal
Prakash Agarwal
Director

K Gupta
Karan Gupta
Director

Annexure: Facilities Breakup

Instrument Type	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating/Outlook
PP-MLD	INE090W07386	8 July 2021	11.95 to 12	8 April 2023	INR150	IND PPMLD BBB+emr/Stable
PP-MLD	INE090W07444	29 March 2022	13.45 to 13.5	31 May 2025	INR200	IND PPMLD BBB+emr/Stable
Total utilised					INR350	
Unutilised					INR150	

Instrument Type	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating/Outlook
PP-MLD	INE090W07360	4 June 2021	11.95 to12	4 March 2023	INR150	IND PPMLD BBB+emr/Stable
PP-MLD	INE090W07337	2 March 2021	11.95 to12	2 December 2022	INR300	IND PPMLD BBB+emr/Stable
PP-MLD	INE090W07063	13 July 2018	Zero payment	10 January 2022	INR250	WD (Paid in full)
Total utilised					INR450	
Unutilised					-	

India Ratings & Research
A Fitch Group Company

India Ratings Assigns Lendingkart Finance's Additional PP-MLDs 'IND PP-MLD BBB+emr'; Affirms Existing Ratings

Jul 23, 2022 | Financial Services

India Ratings and Research (Ind-Ra) has taken the following rating actions on Lendingkart Finance Limited's (LFL) debt instruments:

Instrument Type	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating/Outlook	Rating Action
Principal protected market linked debentures (PP-MLDs)*$	-	-	-	-	INR350	IND PP-MLD BBB+emr/Stable	Assigned
PP-MLDs # *	-	-	-	-	INR500	IND PP-MLD BBB+emr/Stable	Affirmed
PP-MLDs#	-	-	-	-	INR450 (reduced from INR700)	IND PP-MLD BBB+emr/Stable	Affirmed
Commercial paper (CP)	-	-	-	7-365 days	INR500	IND A2	Affirmed

Details in Annexure; *interchangeable with non-convertible debentures; $yet to be issued

The suffix 'emr' denotes the exclusion of the embedded market risk from the rating. The rating of MLDs is an ordinal assessment of the underlying credit risk of the instrument and does not factor in the market risk that investors in such instruments will assume. This market risk stems from the fact that coupon payment on these instruments will be based on the performance of a reference index (to be detailed in the information memorandum of the issue).

Analytical Approach: Ind-Ra continues to take a consolidated view of LFL and its 100% parent, Lendingkart Technologies Pvt Ltd (LTPL), together known as the Lendingkart group, to arrive at the ratings, as the parent continues to offer technology services to the former. Previously, the parent was offering its services only to LFL (a non-banking finance company; NBFC). Since FY22, it has started to provide similar services to various banks and NBFCs through the financial market place platform, and the same is gaining an encouraging early response, LFL has co-lending arrangements with 15 banks and NBFCs. Thus, in the next one-to-two years, as the sustainability of these services improves for LTPL, these two entities could be rated separately. The agency believes this could give LFL the time to scale up; till then both the entities would be viewed as part of the Lendingkart group. The ratings also factor in the operational linkages, common promoters and fungibility of funds between the parent and its subsidiary which Ind-Ra does not expect to change in the next one-to-two years.

The ratings reflect Ind-Ra's assessment of the group's governance structures and management capability as adequate. Moreover, LFL's linkages with its largest shareholder, Fullerton Financial Holdings (FFH; holds a 39.15% stake), are strong. FFH plans to use the expertise and insights developed by LFL in other markets for digital financing. The ratings also reflect the evolution of the business model, where co-lending would be a key focus of the group along with a steady-state financial performance, may take time to get established. This expected pivot shows increased confidence from the lending partners and reduce dependence on the balance sheet (other than loss guarantee).

Key Rating Drivers

Strong Investor Profile; Linkages with FFH Provide Support: The Lendingkart group received equity infusions of INR0.86 billion in FY21 and INR2.3 billion in August 2019 from its investors – FFH, Saama Capital III Limited, Mayfield India II Limited, India Quotient, Bertelsmann Nederland B.V., Darrin Capital Management and Sistema Asia Fund; the amount was largely invested in LFL. In September 2018, FFH infused INR5.1 billion in LTPL, of which INR3.25 billion was infused into LFL. FFH infused additional capital and increased its share to 39.15% at FYE21 from 33.9% in FYE19. Due to the substantial loss posted by the company (triggered by the provision worth of INR3.3 billion recorded on a one-time restructured portfolio in FY22), Ind-Ra expects an incremental equity capital requirement in the near-to medium-term to maintain the capital buffer to absorb unforeseen credit costs as the company could be susceptible to higher levels of leverage in the event of losses or low profit accruals.

The ratings also continue to factor in the benefits accruing to the group as a result of FFH being its largest shareholder. FFH has three board seats in LTPL and LFL. Ind-Ra believes the group will continue to benefit from the best practices followed by FFH's business holdings in other countries. FFH has been involved in the strengthening of the management, systems, processes and governance structures across the group such as the asset liability committee, risk committee and others. Ind-Ra expects FFH and other investors to continue to play a key role in mentoring the promoters and the management, providing strategic inputs, and maintaining supervision on the company's performance through the board in the medium- to long-term, while also using the knowledge and experience developed through the Lendingkart group in its other markets.

Demonstrated Ability to Attract Funding and Improving Funding Diversity: The group's funding profile has diversified over the past two years. The company as of March 2022 had established relationships with 65 lenders compared with 25 in June 2018. Moreover; at FYE22, 38.7% of the company's assets under management (AUM) took place through co-lending and other off-balance sheet means with banks and NBFCs compared to 16.8% in FY21. LFL has also onboarded public sector banks among its key lenders. Its single largest liability partner contributed about less than 10% of the borrowing. The balance remains fairly distributed. Given the rising interest rate scenario, Ind-Ra expects higher pressure on the company's landed funding cost in the near term, than relatively higher average funding cost of 13.4% witnessed in FY22; however, LFL is deepening the relationship with its lending partners by using various other off-balance sheet means, and this could help ensure stability and continuity from its partners on the off-balance sheet side.

Scalability and Operational Efficiencies led by Technology-based Business Model: LFL is purely a digital lender, providing unsecured loans for working capital requirements from six-to-36 months (more than 87% of its AUM is over 24 months) to small and medium enterprise (SME) borrowers with an average ticket size of INR0.6 million-0.7 million. The entire credit underwriting process from origination to credit analysis, execution, delivery and collection is digitised. For ticket sizes above INR1 million, traditional third-party verifications and manual credit assessment processes are followed. The company's proprietary credit analytical tool and machine learning algorithm help it to quickly assess the creditworthiness of borrowers, resulting in a short turnaround time.

This branchless model of operations makes the business quickly scalable, as low incremental operating costs would be incurred for increasing loan volumes. This is reflected in the steady decline in operating costs as a percentage of average advances which was 5.5% at FYE22 (FY19: 7.2%); however, the development and technology related costs are housed in the technology parent and accounted for around 1.8% of the total AUM of the NBFC in FY22. The agency expects the operating costs to remain at the existing levels in the near term. Furthermore, the company will only be fully able to capitalise on its analytics-based credit model if it is able to keep credit costs in check across multiple cycles.

Liquidity Indicator - Adequate: LFL, as per the agency calculation, had a cumulative negative gap (as a percentage of total assets) of 1.6% in up to one-year bucket at end-March 2022; however, the company had unutilised committed bank lines of INR0.58 billion to cover the mismatch, the company also had committed sanctions of non-convertible debentures worth INR0.75 billion from foreign banks and Development Finance Institution's but the same are not taken in the calculation. Moreover, as per the agency stress scenario, the unutilised bank line would not be sufficient to meet the mismatch and the company would have to restore by securitising its loan book to raise funds. The company's current month collection efficiency after dropping to 85% in April 2021 in the aftermath of the second COVID-19 wave started improving from June 2021 and reached 95-98% during January-March 2022. Assuming nil repayments by its borrowers,

LFL, at end-June 2022, had adequate balance sheet liquidity (INR2.1 billion) and unutilised bank lines (INR0.35 billion) to repay three months of payment worth INR2.29 billion.

Business Segment Reorientation Could Require More Seasoning to Achieve Steady State: Post-COVID-19, the company has further tightened its credit policies and disburses only to the top three categories, out of the six categories that it classifies potential borrowers (post lead generation and processing). In addition, the list of no-go segments of borrowers (sectors of operations) was expanded. LFL had in FY19 targeted longer tenor loans (from six-to-24 months tenor earlier to 24-36 months) in the pre-COVID-19 period. The credit costs that LFL incurred of about 65% on one-time restructured assets till FY22 were materially higher than the agency's initial estimates, and as a result, the agency expects more seasoning in the rest of standard portfolio and would also monitor the quality of recoveries from the one-time restructured portfolio. The company has made these provisions on one-time restructured assets basis the collection efficiencies seen in the restructured pool and is of the opinion that the collections would pick up in subsequent quarters. In Ind-Ra's opinion, both the above outcomes would be a demonstration of the steady-state credit cost and asset quality metrics without factoring in the cover from Credit Guarantee Fund Trust for Micro and Small Enterprises scheme and Credit Guarantee Fund for Micro Units. It may also be noted that in the current macro-economic environment, especially for the borrowers of this segment, an interest rate increase and inflation may adversely impact LFL's profit.

Increasing Leverage and Receding Capitalisation: At end-March 2022, LFL's leverage (debt to tangible net worth) increased to 3.5x (FY21: 2.3x; FY20: 2.2x; debt to net worth was 3.0x at end-March 2022), due to the significant loss recorded resulting from accelerated one-time provisions and write-off the company took predominately in its one-time restructured portfolio in FY22. LFL's overall capital adequacy ratio stood at 25.9% as on 31 March 2022 (FYE21: 38.7%). The standalone tangible net worth in March 2022 stood at INR5.1 billion (1HFY22: INR4.6 billion, FY21: INR6.9 billion) and at consolidated level at INR5.3 billion (1HFY22: 5.1billion, FY21: INR7.8 billion).

LFL would follow a capital light co-lending model to grow its AUM and hence, may not require substantial additional capital in the immediate near-term to run its operations under the assumptions of no further credit shocks emanating from COVID-19. Hence, the company has pushed backed its equity raising plans. However, LFL may need to maintain balance sheet strength so as to be able to provide loss guarantees on co-lending portfolios and achieve its planned growth in AUM. The ability to timely raise equity will be key monitoring for the agency. Given LFL's modest borrower profile, unsecured credit product, credit model with minimal touch and feel, and limited seasoning considering average loan tenor of 24-36 months, Ind-Ra expects LFL to have materially lower leverage / higher capitalisation than most peer NBFCs (including adjustments in capital where it would have provided first loss to its co-lending partner). Ind-Ra also expects some of the investors, including FFH, to provide stress capital if required.

Write-offs in One-time Restructured Pool Results in Large Loss: The stage 3 assets, including write-offs from the one-time restructured portfolio, stood at 16.9% in FY22 (FY21: 5.4%; FY20: 6.6%), resulting in a loss of INR1.4 billion. However, its stage 3 assets, including write-offs, but excluding those taken on its one-time restructured portfolio, stood at 6.1% in FY22. LFL's stage 3 assets, excluding write-offs, was 3.9% in FY22 (FY21: 2.4%; FY20: 2.2%). At end-March 2022, the net non-performing assets stood at 1.63% (FYE21: 0.90%). Under the Reserve Bank of India's COVID-19 relief guidelines, the company restructured about 14,000 customers (about 20% of the AUM) in FY21; it recorded credit costs equivalent (expected life-time credit loss) at about 65% of the one-time restructured portfolio. The company is of the view that it could see reversals as collections from restructured assets would pick up while the Credit Guarantee Fund Trust for Micro and Small Enterprises scheme cover would also kick in. This reflects that the micro, small and medium enterprises segment was a hard hit, on account of the pandemic and the recoveries for LFL, if any, would be spread over FY22 and FY23. LFL has also brought forward the write-off benchmark for one-time restructured portfolio to 90 dpd+ instead of its earlier policy of writing off after 180 dpd+.

Rating Sensitivities

Positive: Sustained material profitability at the consolidated as well as standalone level, an increase in the operating scale, portfolio size and franchise along with adequate seasoning of its loans, with an increase in operational efficiencies and a decline in credit costs and higher-than-expected recoveries in restructured assets, a continued reduction of the funding costs, maintaining adequate short-term liquidity and adequate capital buffers could lead to a positive rating action. A substantial equity raise could also result in a positive rating action.

Negative: An increase in the net NPAs of above 5%, loss at a consolidated level, the leverage (debt to tangible networth) exceeding 4x in the near term, tier-1 capitalisation falling below 20%, on a sustained basis, and signs of dilution of the shareholding of FFH or lower expectation of support from FFH specifically to the NBFC could lead to a negative rating action. Any material deterioration in the liquidity position from the existing levels or a sharper deterioration in the asset quality than expected by Ind-Ra could also result in a negative rating action.

ESG Issues

ESG Factors Minimally Relevant to Rating: Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on LFL, due to either their nature or the way in which they are being managed by the entity. For more information on Ind-Ra's ESG Relevance Disclosures, please click here. For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click
here.

Company Profile

LFL (formerly Aadri Infin Limited) was founded in FY15. LFL is a non-deposit taking, systemically important NBFC, which provides loans (mainly unsecured loans) to SMEs over 4,100 cities and towns in 28 states and six union territories (the company provides loans over 12,000 pin codes out of 19,000 pin codes across India), using a technology-enabled underwriting platform that integrates traditional lending methods with an algorithm-based credit assessment.

FINANCIAL SUMMARY

Particulars	FY22	FY21
Total assets (INR million)	25,268	24,740
Total tangible equity (INR million)	5,139	6,996
Profit before tax (INR million)	(1,840)*	282*
Net profit (INR million)	(1,414)	183
Return on average assets (%)	(5.7)	0.7
Equity/assets (%)	20.3	28.3
Capital adequacy ratio (%)	25.9	38.7
Source: LFL, Ind-Ra's analysis; IND-AS *Adjusting for one-time restructured loans impairment of INR0.59 billion in FY21 and INR2.75 billion in FY22, adjusted profits before tax was INR0.87 billion and INR0.91 billion in FY21 and FY22, respectively.		

Solicitation Disclosures

Additional information is available at www.indiaratings.co.in. The ratings above were solicited by, or on behalf of, the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer.

Rating History

Instrument Type	Current Rating/Outlook			Historical Ra			
	Rating Type	Rated Limits (million)	Rating	17 December 2021	29 October 2021	29 June 2021	3 June
PP-MLDs	Long-term	INR1300	IND PP-MLD BBB+emr/Stable	IND PP-MLD BBB+emr/Stable	IND PP-MLD BBB+emr/Positive	IND PP-MLD BBB+emr/Positive	IND PP- BBB+emr/
CP	Short-term	INR500	IND A2	IND A2	IND A2	IND A2	IND A

Annexure

Instrument Type	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating/Outlook
PP-MLD	INE090W07386	8 July 2021	11.95 to 12	8 April 2023	INR150	IND PP-MLD BBB+emr/Stable
PP-MLD	INE090W07444	29 March 2022	13.45 to 13.5	31 May 2025	INR200	IND PP-MLD BBB+emr/Stable
Total utilised					INR350	
Unutilised					INR150	

Instrument Type	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating/Outlook
PP-MLD	INE090W07360	4 June 2021	11.95 to12	4 March 2023	INR150	IND PP-MLD BBB+emr/Stable
PP-MLD	INE090W07337	2 March 2021	11.95 to12	2 December 2022	INR300	IND PP-MLD BBB+emr/Stable
PP-MLD	INE090W07063	13 July 2018	Zero payment	10 January 2022	INR250	WD (Paid in full)
Total utilised					INR450	
Unutilised					-	

Complexity Level of Instruments

Instrument Description	Complexity Indicator
PP-MLDs	High
CP	Low

For details on the complexity level of the instruments, please visit https://www.indiaratings.co.in/complexity-indicators.

Contact

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Senior Analyst
India Ratings and Research Pvt Ltd
Wockhardt Towers, 4th Floor, West Wing, Bandra Kurla Complex, Bandra East,Mumbai - 400051
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ANNEXURE III: CONSENT LETTER FROM THE DEBENTURE TRUSTEE

CATALYST
Believe in yourself... Trust us!

CL/MUM/22-23/DEB/433

21-July-2022

LendingKart Finance Limited
6th Floor, B Block, The First, The First Avenue Road,
Behind Keshavbaug Party Plot, Vastrapur,
Ahmedabad-380 015

Kind Attn:-**Shri Umesh Navani, Company Secretary**

Dear Sir,

Consent to act as Trustee for Secured, Listed, Rated, Redeemable, Non-Convertible Debentures aggregating to upto INR 40 Crores to be issued by your Company

This is with reference to the discussions in respect of appointment of Catalyst Trusteeship Limited to act as Debenture Trustee for the Secured, Listed, Rated, Redeemable, Non-convertible debentures aggregating upto INR 40 Crores to be issued. In this connection, we are agreeable to act as Trustee on the following trusteeship remuneration:

Acceptance Fee: INR. 1,00,000/- plus applicable taxes (One Time, Non-Refundable payable on appointment as trustee).

Service Charges: INR. 1,50,000/- plus applicable taxes payable in advance, for each financial year or any part thereof, effective from the date of execution till satisfaction of charges in full. Pro-rata charges would apply for the first year from date of appointment till 31-Mar-2023.

All out of pocket expenses incurred towards legal fees, travelling, inspection charges, etc shall be levied and reimbursed on actual basis.

Yours faithfully,

For Catalyst Trusteeship Limited

Authorised Signatory

For LendingKart Finance Limited

UMESH JAIPRAKASH NAVANI
Digitally signed by UMESH JAIPRAKASH NAVANI
Date: 2022.07.21 17:36:47 +05'30'

Authorised Signatory

NOTE: As per GST guidelines, CTL would be required to pay the applicable GST on the amounts / charges payable to us as indicated above. Please note that the Company would be liable to pay all such charges even in the event of cancellation of the aforesaid transaction. Therefore, no refund of any statutory dues already paid would be made.

CATALYST TRUSTEESHIP LIMITED
An ISO: 9001 Company
Mumbai Office Windsor, 6th Floor, 604, C.S.T. Road, Kalina, Santacruz (East), Mumbai 400 098 **Tel** +91 (22) 4922 0555 **Fax** +91 (22) 4922 0505
Regd. Office GDA House, Plot No. 85, Bhusari Colony (Right), Paud Road, Pune 411 038 **Tel** +91 (20) 66807200
Delhi Office Office No. 810, 8th Floor, Kailash Building, 26, Kasturba Gandhi Marg, New Delhi - 110001 **Tel** +91 (11) 430 29101/02.
CIN No. U74999PN1997PLC110262 Email dt@ctltrustee.com **Website** www.catalysttrustee.com
Pune | Mumbai | Bengaluru | Delhi | Chennai | GIFT City | Kolkata

CATALYST
Believe in yourself... Trust us!

CL/MUM/22-23/DEB/433

21-July-2022

LendingKart Finance Limited
6th Floor, B Block, The First, The First Avenue Road,
Behind Keshavbaug Party Plot, Vastrapur,
Ahmedabad-380 015

Kind Attn:-**Shri Umesh Navani, Company Secretary**

Dear Sir,

Consent to act as Trustee for Secured, Listed, Rated, Redeemable, Non-Convertible Debentures aggregating to upto INR 40 Crores to be issued by your Company

This is with reference to the discussions in respect of appointment of Catalyst Trusteeship Limited (CTL) (Formerly GDA Trusteeship Limited) to act as Debenture Trustee for the Secured, Rated, Redeemable, Listed, Non-Convertible Debentures aggregating upto INR 40 Crores to be issued.

We hereby convey our acceptance to act as Debenture Trustees for the said issue Debentures, subject to execution of Debenture Trustee Agreement as per Regulation 13 of SEBI (Debenture Trustee) Regulations, 1993, thereby agreeing to create the security within the timeline as per relevant Laws / Regulations and in the Offer Document / Information Memorandum / Disclosure Document and company agreeing / undertaking to comply with the provisions of SEBI (Debenture Trustee) Regulations, 1993, SEBI (Issue And Listing Of Non-Convertible Securities) Regulation, 2021, SEBI (Listing Obligations & Disclosure Requirements) Regulation 2015, Companies Act, 2013 and Rules thereunder and other applicable laws as amended from time to time.

We are also agreeable for inclusion of our name as trustees in the Company's offer document/disclosure document/ listing application/any other document to be filed with the Stock Exchange(s) or any other authority as required.

Yours faithfully,

For Catalyst Trusteeship Limited

Authorised Signatory

For LendingKart Finance Limited

UMESH JAIPRAKASH NAVANI
Digitally signed by UMESH JAIPRAKASH NAVANI
Date: 2022.07.21 17:37:06 +05'30'

Authorised Signatory

NOTE: As per GST guidelines, CTL would be required to pay the applicable GST on the amounts / charges payable to us as indicated above. Please note that the Company would be liable to pay all such charges even in the event of cancellation of the aforesaid transaction. Therefore, no refund of any statutory dues already paid would be made.

CATALYST TRUSTEESHIP LIMITED
An ISO 9001 Company
Mumbai Office Windsor, 6th Floor, 604, C.S.T. Road, Kalina, Santacruz (East), Mumbai 400 098 **Tel** +91 (22) 4922 0555 **Fax** +91 (22) 4922 0505
Regd. Office GDA House, Plot No. 85, Bhusari Colony (Right), Paud Road, Pune 411 038 **Tel** +91 (20) 66807200
Delhi Office Office No. 810, 8th Floor, Kailash Building, 26, Kasturba Gandhi Marg, New Delhi - 110001 **Tel** +91 (11) 430 29101/02.
CIN No. U74999PN1997PLC110262 Email dt@ctltrustee.com **Website** www.catalysttrustee.com
Pune | Mumbai | Bengaluru | Delhi | Chennai | GIFT City | Kolkata

ANNEXURE IV:
APPLICATION FORM

LENDINGKART FINANCE LIMITED
A public limited company incorporated under the Companies Act, 1956
Date of Incorporation: December 26, 1996
Registered Office: A-303/304, Citi Point, Andheri-Kurla Road, Andheri (East),
Mumbai – 400 059, Maharashtra, India
Telephone No.: +91-79-6677 0600
Website: www.lendingkartfinance.com

DEBENTURE SERIES APPLICATION FORM SERIAL NO.									

Issue of 200 (Two Hundred) Secured, Senior, Redeemable, Transferable, Listed, Principal Protected, Market Linked, Rated Non-Convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakhs only) each, aggregating up to Rs. 20,00,00,000/- (Rupees Twenty Crores only) with a green shoe option of up to 200 (Two Hundred) Secured, Senior, Redeemable, Transferable, Listed, Principal Protected, Market Linked, Rated Non-Convertible Debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakhs only) each, aggregating up to Rs. 20,00,00,000/- (Rupees Twenty Crores only) on a private placement basis (**the** "**Issue**").

DEBENTURE SERIES APPLIED FOR:

Number of Debentures: ____In words: _____-only
Amount Rs._____/-In words Rupees :_____Only

DETAILS OF PAYMENT:
Cheque / Demand Draft / RTGS
No. _____ Drawn on_____

Funds transferred to Lendingkart Finance Limited
Dated _____

Total Amount Enclosed
(In Figures) Rs._/- (In words) _Only

APPLICANT'S NAME IN FULL **SPECIMEN SIGNATURE**

APPLICANT'S ADDRESS

ADDRESS																		
STREET																		
CITY																		
PIN							**PHONE**								**FAX**			

APPLICANT'S PAN/GIR NO. _____ IT CIRCLE/WARD/DISTRICT ____

WE ARE( ) COMPANY ( ) OTHERS ( ) SPECIFY _____

We have read and understood the Terms and Conditions of the issue of Debentures including the Risk Factors described in the Placement Memorandum and have considered these in making our decision to apply. We bind ourselves to these Terms and Conditions and wish to apply for allotment of these Debentures. We request you to please place our name(s) on the Register of Debenture Holders.

Name of the Authorised Signatory(ies)	Designation	Signature

Applicant's Signature:

We the undersigned, are agreeable to holding the Debentures of the Company in dematerialised form. Details of my/our Beneficial Owner Account are given below:

DEPOSITORY	**NSDL and CDSL**
DEPOSITORY PARTICIPANT NAME	
DP-ID	
BENEFICIARY ACCOUNT NUMBER	
NAME OF THE APPLICANT(S)	

Applicant Bank Account : (Settlement by way of Cheque / Demand Draft / Pay Order / Direct Credit / ECS / NEFT/RTGS/other permitted mechanisms)	

FOR OFFICE USE ONLY
DATE OF RECEIPT _____ DATE OF CLEARANCE _____

(Note: Cheque and Drafts are subject to realisation)

We understand and confirm that the information provided in the Placement Memorandum is provided by the Issuer and the same has not been verified by any legal advisors to the Issuer and other intermediaries and their agents and advisors associated with this Issue. We confirm that we have for the purpose of investing in these Debentures carried out our own due diligence and made our own decisions with respect to investment in these Debentures and have not relied on any representations made by anyone other than the Issuer, if any.

We understand that: i) in case of allotment of Debentures to us, our Beneficiary Account as mentioned above would get credited to the extent of allotted Debentures, ii) we must ensure that the sequence of names as mentioned in the Application Form matches the sequence of name held with our Depository Participant, iii) if the names of the Applicant in this application are not identical and also not in the same order as the Beneficiary Account details with the above mentioned Depository Participant or if the Debentures cannot be credited to our Beneficiary Account for any reason whatsoever, the Company shall be entitled at its sole discretion to reject the application or issue the Debentures in physical form.

We understand that we are assuming on our own account, all risk of loss that may occur or be suffered by us including as to the returns on and/or the sale value of the Debentures. We undertake that upon sale or transfer to subsequent investor or transferee ("**Transferee**"), we shall convey all the terms and conditions contained herein and in this Placement Memorandum to such Transferee. In the event of any Transferee (including any intermediate or final holder of the Debentures) suing the Issuer (or any person acting on its or their behalf) we shall indemnify the Issuer and also hold the Issuer and each of such person harmless in respect of any claim by any Transferee.

Applicant's Signature

FOR OFFICE USE ONLY
DATE OF RECEIPT _____ DATE OF CLEARANCE _____

(Note : Cheque and Drafts are subject to realisation)

----------(TEAR HERE)----------

ACKNOWLEDGMENT SLIP

(To be filled in by Applicant) **SERIAL NO.**	**1**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Received from _____

Address_____

_____

Cheque/Draft/UTR # _____ Drawn on _____ for Rs. _____ on account of application of _____ Debenture

ANNEXURE V: AUDITED FINANCIAL STATEMENTS

COLUMNAR REPRESENTATION OF FINANCIAL POSITION OF THE COMPANY AS IN THE 3 (THREE) AUDITED BALANCE SHEETS AND PROFIT & LOSS ACCOUNT IMMEDIATELY PRECEDING THE DATE OF CIRCULATION OF THIS PRIVATE PLACEMENT OFFER CUM APPLICATION LETTER

(₹ in lakhs unless otherwise stated)

Particulars	As at 31 March 2022	As at 31 March 2021	As at 31 March 2020
Assets			
Financial assets			
Cash and cash equivalents	21,158.06	28,786.04	5,049.52
Bank balances other than Cash and Cash equivalents	13,957.32	14,096.80	11,296.78
Loans	1,91,592.90	1,93,869.25	2,12,688.51
Other financial assets	24,013.63	7,667.62	2,868.74
	2,50,721.91	**2,44,419.71**	**2,31,903.55**
Non-financial assets			
Current tax assets (Net)	1,660.32	24.55	162.08
Deferred tax asset (Net)	8,575.16	3,986.68	1,858.65
Property, plant and equipment	135.40	160.55	307.92
Intangible assets	76.54	67.12	119.58
Intangible assets under development	-	145.41	45.45
Right-of-use assets	1,947.83	2,339.07	3,213.65
Other non-financial assets	451.51	455.27	588.50
	12,846.76	**7,178.65**	**6,295.83**
Total assets	**2,63,568.67**	**2,51,598.36**	**2,38,199.38**
Liabilities and Equity			
Liabilities			
Financial liabilities			
Debt Securities	1,20,026.19	88,678.55	44,407.37
Borrowings (Other than debt securities)	57,114.59	71,964.66	1,10,561.24
Subordinated Debt	2,529.50	2,529.12	2,528.44
Other financial liabilities	21,619.58	11,112.93	7,374.86
	2,01,289.86	**1,74,285.26**	**1,64,871.91**
Non Financial liabilities			
Current tax liabilities (net)	-	1,189.18	-
Provisions	345.18	383.52	378.47
Other non-financial liabilities	1,891.79	1,579.03	661.75
	2,236.97	**3,151.73**	**1,040.22**
Equity			
Equity share capital	4,418.79	4,418.79	4,418.79
Other equity	55,623.05	69,742.58	67,868.46
	60,041.84	**74,161.37**	**72,287.25**
Total liabilities and equity	**2,63,568.67**	**2,51,598.36**	**2,38,199.38**

(₹ in lakhs unless otherwise stated)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021	For the year ended 31 March 2020
Revenue from operations			
Interest Income	61,184.47	50,082.39	44,267.85
Gain/(Loss) on assignment of loans	1,417.12	264.74	1,721.87
Total Revenue from operations	**62,601.59**	**50,347.13**	**45,989.72**
Other Income	1,252.78	693.58	440.56
Total income	**63,854.37**	**51,040.71**	**46,430.28**
Expenses			
Finance Costs	23,750.51	20,243.54	17,716.50
Fees and commission expenses	5,916.44	1,237.71	729.80
Impairment of financial instruments	*41,471.20*	*17,768.52*	*11,948.23*
Employee Benefit expenses	4,411.14	3,638.58	4,943.77
Depreciation and amortisation expenses	569.57	684.00	629.99
Other Expenses	6,133.22	4,652.56	6,267.71
Total Expenses	**82,252.08**	**48,224.91**	**42,236.00**
Profit/(loss) before Tax	**(18,397.71)**	**2,815.80**	**4,194.28**
Tax Expense :			
- Current tax	-	3,128.07	1,407.18
- Tax of earlier years	342.96	-	3.28
- Deferred tax (income) / expense	(4,596.70)	(2,144.21)	(185.27)
Total Tax Expenses	**(4,253.74)**	**983.86**	**1,225.19**
Profit / (Loss) after tax	**(14,143.97)**	**1,831.94**	**2,969.09**
Other comprehensive income			
(a) Items that will not be reclassified to profit or loss			
Remeasurement gain / (losses) on defined benefit plans	32.66	64.24	(5.37)
Tax impact on above	(8.22)	(16.19)	1.56
Other comprehensive income, net of tax	**24.44**	**48.05**	**(3.81)**
Total Comprehensive Income	**(14,119.53)**	**1,879.99**	**2,965.28**
Earning per equity share: [In absolute ₹]			
Basic [Face value ₹ 10]	(32.01)	4.15	7.09
Diluted [Face value ₹ 10]	(32.01)	4.15	7.09

COLUMNAR REPRESENTATION OF CASH FLOW STATEMENT FOR THE 3 (THREE) YEARS IMMEDIATELY PRECEDING THE DATE OF CIRCULATION OF THIS PRIVATE PLACEMENT OFFER CUM APPLICATION LETTER

(₹ in lakhs unless otherwise stated)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021	For the year ended 31 March 2020
Operating activities			
Profit/(loss) before tax	(18,397.71)	2,815.80	4,194.28
Adjusted for:			
Impact of EIR accounting of financial assets	(2,264.91)	648.67	668.19
Impact of EIR accounting of financial liabilities	21.75	(131.90)	(242.50)
Upfront gain on direct assignment	(1,417.12)	(264.74)	(1,721.87)
Guarantee fees	(331.12)	(134.30)	1,119.08
Interest on financial lease liability	320.84	385.79	378.32
Provision for gratuity	51.74	(1.98)	76.78
Provision for leave benefit	(57.42)	7.03	(32.89)
Impairment of loans	(6,591.63)	9,174.38	1,925.10
Impairment of other financial assets	310.46	648.27	24.54
Bad debt written offs	47,752.37	7,945.88	10,004.49
Discount on Commercial Paper	1.95	2.35	176.97
Depreciation and amortisation	569.57	684.01	629.99
Interest on bank deposits	(1,066.46)	(918.11)	(1,380.87)
Interest on borrowings and debt securities	23,405.96	17,730.24	15,904.34
Reversal of Lease equalisation reserve	-	-	(71.30)
PPE & Intangible assets under development written off	150.29	3.02	3.11
Actuarial gain / (loss) recognised in other comprehensive income	32.66	64.24	(5.37)
Cash from operations before working capital changes	**42,491.22**	**38,658.65**	**31,650.38**
Changes in working capital:			
- (Increase) / decrease in loans	(36,619.49)	1,050.34	(1,02,934.76)
- (Increase) / decrease in other financial Assets	(15,239.34)	(5,182.41)	(994.74)
- (Increase) / decrease in other non financial Assets	334.94	267.53	(1,239.20)
- Increase / (decrease) in other financial liabilities	10,707.13	3,738.07	2,570.61
- Increase / (decrease) in other non financial liabilities	312.72	917.32	218.98
Cash generated from operating activities	**1,987.18**	**39,449.50**	**(70,728.75)**
Income tax paid (net)	(3,167.91)	(1,801.36)	(1,321.61)
Net cash flows from / (used in) operating activities	**(1,180.73)**	**37,648.14**	**(72,050.36)**
Investing activities:			
Purchase of property, plant and equipment and intangible assets	(157.07)	287.44	(437.64)
Proceeds from sale of fixed assets	-	-	0.10
Movement in bank balances other than cash and cash equivalents	139.48	(2,800.02)	(3,971.16)
Interest received on bank deposit	1,066.46	918.11	1,358.85
Net cash generated from / (used in) investing activities	**1,048.87**	**(1,594.47)**	**(3,049.85)**

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021	For the year ended 31 March 2020
Financing activities:			
Issue of equity share capital (including securities premium)	-	-	21,000.00
Share issue expenses	-	(5.88)	(26.89)
Proceeds from inter-corporate loan	-	-	1,000.00
Repayment of inter-corporate loan	-	-	(1,000.00)
Proceeds from debt securities	28,900.00	40,750.00	30,897.50
Repayment of debt securities	(31,009.15)	(19,272.80)	(21,908.18)
Proceeds from other than debt securities	34,886.84	37,510.00	85,598.66
Repayment of other than debt securities	(49,658.38)	(51,487.61)	(60,929.27)
Proceeds from subordinated debt	-	-	-
Proceeds from issue of commercial paper	1,611.90	-	-
Change in Cash Credit / Overdraft	82.57	3,228.72	1,889.97
Repayment of lease liabilities	(531.77)	(385.79)	(530.73)
Proceeds/(Repayment) from securitisation liability	31,651.53	(1,532.60)	22,660.56
Repayment of finance cost	(23,429.66)	(21,121.19)	(15,052.63)
Net cash generated / (used in) from financing activities	**(7,496.12)**	**(12,317.15)**	**63,598.99**
Net increase / (decrease) in cash and cash equivalents	**(7,627.98)**	**23,736.52**	**(11,501.22)**
Cash and cash equivalents as at the beginning of the year	28,786.04	5,049.52	16,550.74
Cash and cash equivalents as at the end of the year	**21,158.06**	**28,786.04**	**5,049.52**
Components of cash and cash equivalents			
Cash in hand	-	-	-
Balances with banks			
- With banks in current accounts	8,156.86	6,585.32	5,049.52
- In deposit accounts with original maturity of less than 3 months	13,001.20	22,200.72	-
Cash and cash equivalents	**21,158.06**	**28,786.04**	**5,049.52**

INDEPENDENT AUDITOR'S REPORT

To the Members of LENDINGKART FINANCE LIMITED

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matter

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

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

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

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

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

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

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

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

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 Mumbai CHARTERED ACCOUNTANTS

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

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

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

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

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

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

Other Matter

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

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

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

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

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

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

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

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

i. The Company does not have any pending litigation which would impact its financial position as at March 31, 2022.

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

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2022.

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

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

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

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

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

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

Janak Mehta
Partner
Membership No. 116976

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

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, 2021, September 30, 2021, December 31, 2021 and March 31, 2022.

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

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

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

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

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

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

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

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

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

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

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

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

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, 2022 for a period of more than six months from the date they became payable.

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

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

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

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

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

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

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

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

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

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

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

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

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

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

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

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

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

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

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

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

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

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

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

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

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

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

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

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

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

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

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

Janak Mehta
Partner
Membership No. 116976

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

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

Annexure - B to the Auditors' Report

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

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

We have audited the Internal Financial Controls over financial reporting of **Lendingkart Finance Limited** ("the Company") as of March 31, 2022 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's Internal Financial Controls over Financial Reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an Audit of Internal Financial Controls, both applicable to an Audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain Reasonable Assurance about whether adequate Internal Financial Controls over Financial Reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

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

Janak Mehta
Partner
Membership No. 116976

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

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

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

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

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

2. We have audited the financial statements of the Company for the year ended March 31, 2022, which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information and have issued our audit opinion vide our report dated May 11, 2022.

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

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

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

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

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

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

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

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

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

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

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

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

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

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

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

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

Janak Mehta
Partner
Membership No. 116976

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

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

Lendingkart Finance Limited
Balance Sheet as at 31 March 2022

(₹ in lakhs unless otherwise stated)

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

Summary of significant accounting policies **3**

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

Janak Mehta
Partner
Membership No. 116976

Place: Mumbai
Date: 11 May 2022

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

Harshvardhan Lunia
Chairman and Managing Director
DIN No. 01189114

Sudeep Bhatia
Chief Financial Officer
Membership No. 098112

Umesh Navani
Company Secretary
Membership No. A40899

Place: Ahmedabad
Date: 11 May 2022

Lendingkart Finance Limited
Balance Sheet as at 31 March 2022

(₹ in lakhs unless otherwise stated)

Particulars	Notes	As at 31 March 2022	As at 31 March 2021
Assets			
Financial assets			
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		60,041.84	**74,161.37**
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Summary of significant accounting policies 3

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

Janak Mehta
Partner
Membership No. 116976

Place: Mumbai
Date: 11 May 2022

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

Harshvardhan Lunia
Chairman and Managing Director
DIN No. 01189114

Sudeep Bhatia
Chief Financial Officer
Membership No. 098112

Umesh Navani
Company Secretary
Membership No. A40899

Place: Ahmedabad
Date: 11 May 2022

Lendingkart Finance Limited

Cash flow statement for the year ended 31 March 2022 *(₹ in lakhs unless otherwise stated)*

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

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LENDINGKART FINANCE LIMITED

Lendingkart Finance Limited
Cash flow statement for the year ended 31 March 2022 *(₹ in lakhs unless otherwise stated)*

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

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

Summary of significant accounting policies **3**

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

Janak Mehta
Partner
Membership No. 116976

Place: Mumbai
Date: 11 May 2022

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

Harshvardhan Lunia
Chairman and Managing Director
DIN No. 01189114

Sudeep Bhatia
Chief Financial Officer
Membership No. 098112

Umesh Navani
Company Secretary
Membership No. A40899

Place: Ahmedabad
Date: 11 May 2022

Lendingkart Finance Limited

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

Equity share capital

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

Other equity

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

Summary of significant accounting policies 3

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

Janak Mehta
Partner
Membership No. 116976

Place: Mumbai
Date: 11 May 2022

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

Harshvardhan Lunia
Chairman and Managing Director
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Membership No. 098112

Umesh Navani
Company Secretary
Membership No. A40899

Place: Ahmedabad
Date: 11 May 2022

1. Corporate information

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

The Company has its registered office at A-303/304, Citi Point, Andheri-Kurla Road, Andheri (East), Mumbai, India. As at 31 March 2022, Lendingkart Technologies Private Limited ("Holding Company") owned 100% of the Company's equity share capital and has the ability to control its operating and financial policies.

2. Basis of preparation

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

2.1 Presentation of financial statements

The Company presents its Balance Sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in Note 55.

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

2.2 Use of estimates and judgments

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

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

3. Significant accounting policies

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

(i) Revenue recognition

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

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LENDINGKART FINANCE LIMITED

a. Interest income

(i) The Company calculates interest income by using the effective interest rate (EIR) method to gross carrying amount of financial asset other than credit impaired assets.

(ii) When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the company reverts to calculating interest income on a gross basis

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

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

The effective interest rate method

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

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

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

b. Net gain on fair value changes

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

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

c. Rendering of services

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

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

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

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

The details of these conditions are outlined below.

- **Business model assessment**

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

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

- **The SPPI test**

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

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

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

b. Debt securities and other borrowed funds

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

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

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

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis; Or

- The liabilities are part of a group of financial liabilities, which are managed, and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; Or

- The liabilities containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited

d. Financial assets at FVOCI

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

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

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

e. Financial guarantees and undrawn loan commitments

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

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

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

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

(v) Reclassification of financial assets and liabilities

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

(vi) Derecognition of financial assets and liabilities

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

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

A transfer only qualifies for derecognition if either:
- The company has transferred substantially all the risks and rewards of the asset; Or
- The company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

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

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

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

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

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

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

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

b. Financial liabilities

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

(vii) Impairment of financial assets

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

a. Overview of the ECL principles

The company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

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

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

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

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

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LENDINGKART FINANCE LIMITED

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

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

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

b. The calculation of ECLs

The company calculates ECLs to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

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

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

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

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

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

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

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

The mechanics of the ECL method are summarised below:

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

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

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

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

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

c. Contract assets

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

(viii) Sovereign Credit Guarantee Schemes

Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) has been set up jointly by Ministry of MSME, Government of India and SIDBI to catalyse flow of institutional credit to Micro & Small Enterprises (MSEs).

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

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

(ix) Write-offs

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

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(x) Determination of fair value

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

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

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

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

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

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

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

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

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

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

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

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(xi) Foreign Currency translation

a. Functional and presentational currency

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

b. Transactions and balances

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

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

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

(xii) Leases

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

a. Company as a lessee

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

- **Right-of-use assets**

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

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

- **Lease liabilities**

  At the commencement date of the lease, the company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the company and payments of penalties for terminating the lease, if the lease term reflects the company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

  In calculating the present value of lease payments, the company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments

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resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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

b. Company as a lessor

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

(xiii) Cash and Cash Equivalents

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

(xiv) Property, plant and equipment

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

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

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

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

(xv) Intangible assets

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

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

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

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

(xvi) Impairment of non–financial assets

The company assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

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

(xvii) Financial guarantees

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

Any increase in the liability relating to financial guarantees is recorded in the statement of profit and loss under impairment of financial instruments. The premium received is recognised in the statement of profit and loss under interest income on a straight-line basis over the life of the guarantee.

(xviii) Retirement and other employee benefits

a. Provident fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The company recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

b. Gratuity liability

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

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

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Past service costs are recognised in profit or loss on the earlier of:
- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The company recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:
- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and nonroutine settlements; and
- Net interest expense or income

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

c. Compensated absences

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

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

(xix) Provisions

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

(xx) Taxes

a. Current tax

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

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.
Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

b. Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:
- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

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- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

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

c. Goods and services tax /value added taxes paid on acquisition of assets or on incurring expenses

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

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

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of non-financial assets or liabilities in the balance sheet.

(xxi) Contingent liabilities, contingent assets and commitments

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made

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

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

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

(xxii) Share issue expenses

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

(xxiii) Earnings per share

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

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

4. Critical accounting estimates and judgments

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

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

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

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

(i) Ind AS 103 – Business Combinations

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

(ii) Ind AS 16 – Property, Plant and Equipment

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

(iii) Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets

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

(iv) Ind AS 109 – Financial Instruments

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

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(₹ in lakhs unless otherwise stated)

6 Cash and Cash equivalents

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

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates. As at 31 March 2022, fixed deposits of ₹ Nil are pledged against credit facilities (31 March 2021: ₹ 362.49).

7 Bank balances other than Cash and Cash equivalents

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

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

8 Loans

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

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9 Other financial assets

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

10 Current tax assets (net)

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

11 Deferred tax asset (Net)

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

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(₹ in lakhs unless otherwise stated)

12 Property, plant and equipment

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

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

13 Intangible assets

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

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14 Intangible assets under development

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

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

15 Other non financial assets

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

16 Debt Securities

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

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

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

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

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

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

(vi) The debenture are secured by:

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

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

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

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

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

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Terms of Repayment - Debentures as at 31 March 2022

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

Terms of Repayment - Debentures as at 31 March 2021

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

Terms of Repayment - Commercial papers as at 31 March 2022

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

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17 Borrowings (Other than debt securities)

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

(i) The Company has used funds for the specific purpose for which the funds are raised from Banks and Financial institutions.
(ii) The quarterly returns filed by the Company with banks and financial institutions are in agreement with the books of accounts of the company.
(iii) There has been no default in repayment of Principal and Interest on borrowings.
(iv) No borrowings are guaranteed by the directors of the Company.
(v) Funds raised on short term basis have not been used for long term purpose.
(vi) The term loans/ working capital demand loans/ cash credit/ overdraft are secured by:
a) A charges by way of hypothecation of all book debts and receivables, present and future of the Company (to the extent of 1 to 1.33 times of outstanding loan amount).
b) Corporate guarantee of the Holding Company as at 31 March 2022 is ₹ 60,960.50 (31 March 2021: ₹ 69,762.42)
c) First loss default guarantee (FLDG) in the form of security deposits as at 31 March 2022 is ₹ 315.26 (31 March 2021: ₹ 125.00)
d) Overdraft and cash credit availed from banks secured by pledge fixed deposits as at 31 March 2022 is ₹ 5,707.21 (31 March 2021: ₹ 6,231.62)

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

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

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

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

18 **Subordinated Debt**

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

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

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

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

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

Terms of Repayment - Subordinated Debt as at 31 March 2022

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

Terms of Repayment - Subordinated Debt as at 31 March 2021

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

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(₹ in lakhs unless otherwise stated)

19 Other financial liabilities

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

20 Current Tax Liability

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

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

21 Provisions

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

22 Other non financial liabilities

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

23 Equity share capital

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

Terms/ rights attached to equity shares

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

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Shares held by holding / ultimate holding company and / or their subsidiaries / associates
Out of equity shares issued by the Company, shares held by its holding company i.e. Lendingkart Technologies Private Limited, are as below:

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

Details of each Shareholder holding more than 5% shares and the number of share held
Holding company i.e. Lendingkart Technologies Private Limited has 100% shares of the Company.

Particulars	31 March 2022	31 March 2021
No. of shares held	4,41,87,931	4,41,87,931
% of share holding	100%	100%

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

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

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

24 Other equity

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

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25 Interest Income

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

26 Gain on assignment of loans

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

27 Other Income

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

28 Finance Costs

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

29 Fees and commission expenses

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

30 Impairment on financial instruments at amortised cost

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

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

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31 Employee Benefit Expenses

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

32 Depreciation and amortisation expenses

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

33 Other Expenses

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

33.1 Auditor's Remuneration

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

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34 Tax expense

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

34.1 Tax reconciliation

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

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

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

35 Earning Per Share

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

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(₹ in Lakhs unless otherwise stated)

36. Segment Information

The Company operates in a single reportable segment i.e. financing, since the nature of the loans are exposed to similar risk and return profiles. No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Company's total revenue in year ended 31 March 2022 and 31 March 2021. The Company operates in a single geographical segment i.e. domestic, and accordingly, there are no separate reportable segments as per Ind AS 108 dealing with operating segments.

37. Related party transactions

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

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

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

(b) Name of Key Managerial Persons

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

(c) Transactions during the year with related parties

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

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

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

(e) Guarantees given by holding Company*

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

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

Note 1: The Company has entered into License Agreement with Holding Company dated 19 June 2015 for a term of 5 years, which was further renewed on 03 September 2020 for a term of 5 years, for use of the licensed software to digitally lend money to its customers.

The services provided by the Holding Company to the Company are of a specialised nature and hence difficult to benchmark with other external sources. The Company has engaged the services of an expert to assess the arm's length price for this inter-company transaction.

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

38. Transactions with Struck off companies

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

39. Based on the information available with the Company, there are no micro, small and medium enterprises to whom the Company has paid interest or any interest is payable on outstanding amounts (under the provisions of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006) during the year ended 31 March 2022.

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

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

42. Employee stock option plans

The Holding Company has Employee Stock Option Plans ("ESOP") scheme in force. As per the ESOP scheme, Holding Company has granted ESOP options to acquire its equity shares that would vest in a graded manner to Company's employees. Based on the group policy/ arrangement, Holding Company has cross charged the fair value of such ESOP. The Company has recognised the same under the employee cost amounting to ₹ 28.89 for the year ended 31 March 2022 (31 March 2021: ₹ 37.44).

43. Leases

Where the Company is lessee:

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

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

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

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

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

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

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

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

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

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

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

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

44. Expenditure in foreign currency (on accrual basis)

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

45. Contingent liability and Commitments

a) Contingent Liability

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

b) Capital and other commitments

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

46. Retirement benefit plans

A. Defined benefit obligation

Contribution to Gratuity fund (Unfunded):

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

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

i. Key actuarial assumptions:

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

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ii. Movement in defined benefit obligation:

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

iii. Assets and liabilities recognised in the balance sheet:

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

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

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

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

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

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

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

vii. Sensitivity analysis:

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

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viii. Maturity analysis of projected benefit obligation:

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

ix. The Experience adjustment on plan assets:

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

B. Compensated absences:

Maturity Profile

Particulars	31 March 2022	31 March 2021
Present value of unfunded obligations	168.81	226.23
Expense recognised in the Statement of Profit and Loss	(3.17)	86.36
Discount rate (p.a.)	6.10%	6.50%
Salary escalation rate (p.a)	12.00%	12.00%

C. Provident Fund:

The Company contributes in Provident Fund towards employees which is the defined contribution plan for qualifying employees. Under this Scheme, the Company is required to contribute specified percentage of the payroll cost to fund the benefits. The Company recognised ₹ 126.63 (31 March 2021: ₹ 108.90) for provident fund contributions in the Statement of profit and loss.

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

48. Corporate Social Responsibility Expenses

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

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

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

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Nature of CSR Activities:

For Financial Year 2021-22

(i) Sustained Menstrual Protection for Unprivileged and Adolescent Girls

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

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

(ii) Good School Project

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

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

For Financial Year 2020-21

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

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

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

(ii) Construction of building premises for undertaking CSR activities

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

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

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

50. **Capital:**

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

i. **Capital management**

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

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

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

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

ii. Regulatory capital

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

51. Transfers of assets:

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

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

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

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

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

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

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

Valuation framework

The Company's valuation framework includes:

- Benchmarking prices against observable market prices or other independent sources;
- Development and validation of fair valuation models using model logic, inputs, outputs and adjustments.

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These models are subject to approvals by various functions including risk, treasury and finance functions. Finance function is responsible for establishing procedures, governing valuation and ensuring fair values are in compliance with accounting standards.

Valuation methodologies adopted

- Fair values of financial assets and financial liabilities are measured at amortised cost except for market linked debentures and cash and bank balances which are measured at fair value through profit and loss.
- Fair value of Market linked debentures is derived from independent valuer. The valuation is done based on discounted cashflow method. The option portion is projected using Monte Carlo simulations and Geometric Brownian Motion is used to project the Index levels into the future. The Index levels are projected based on certain assumptions and the value of debenture is then arrived at by discounting the respective cashflows.
- The Company has determined that the carrying values of expenses payables, bank overdrafts and other current liabilities are a reasonable approximation of their fair value and hence their carrying value are deemed to be fair value.

54. Fair value hierarchy:

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

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

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

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

Financial instruments by category

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

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Fair value of financial instruments measured at amortized cost:

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

Fair value of financial instruments designated at FVTPL:

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

55. Financial risk management:

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

The Principal objective in Company 's risk management processes is to measure and monitor the various risks associated with the Company and to follow policies and procedures to address such risks. The Company's risk management framework is driven by its Board and its subcommittees including the Audit Committee, the Asset Liability Management Committee and the Risk Management Committee. The Company gives due importance to prudent lending practices and have implemented suitable measures for risk mitigation, which include verification of credit history from credit information bureaus, personal verification of a customer's business and residence, technical and legal verifications. For credit risk refer note 55 (C).

A. Liquidity Risk:

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

The Asset Liability Committee of the Company consisting of the Company's senior management, is responsible for ensuring adherence to the risk tolerance limits as well as implementing the liquidity risk management strategy of the Company. The Company continuously monitors liquidity in the market; and as a part of its ALCO strategy, the Company maintains a liquidity buffer managed by an active investment desk to reduce this risk.

The Company also has a Risk Oversight Committee reporting to the Board and responsible for evaluating overall risks faced by the Company including liquidity risk.

The Company maintains a judicious mix of borrowings from banks, money markets and public and other deposits. The Company continues to diversify its sources of borrowings with an emphasis on longer tenor borrowings. This strategy of balancing varied sources of funds and long tenor borrowings has helped the Company to maintain a healthy asset liability position.

(₹ in Lakhs unless otherwise stated)

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

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

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

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

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

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Notes forming part of financial statements for the year ended 31 March 2022

(₹ in Lakhs unless otherwise stated)

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

B. Market Risk:

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

(i) Foreign currency risk

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

Foreign currency exposure risk

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

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

Foreign currency sensitivity

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

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

Sensitivity analysis:

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

Interest rate	Impact on profit before tax	
	31 March 2022	31 March 2021
Borrowings, debt securities & subordinate debt		
Increase by 50 basis points	(215.82)	(166.82)
Decrease by 50 basis points	215.82	166.82

C. Credit Risk:

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

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

Classification of financial assets under various stages

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

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

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

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

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

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

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

  PD is based on a internal rating model, days past due and various historical, current and forward-looking information.
  Stage 1: based on internal rating model
  Stage 2: based on days past due
  Stage 3: 100%

- **Exposure at Default (EAD)**
  The exposure at default represents the outstanding and interest accrued of the financial instruments subject to the impairment calculation.

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

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

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

Particulars	31 March 2022				31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance of gross carrying amount	1,50,299.58	54,554.02	5,192.18	**2,10,045.78**	2,07,893.06	6,938.04	4,793.37	**2,19,624.47**
Transfers during the year								
Transfers to Stage 1	4,442.01	(4,414.18)	(27.83)	-	136.34	(135.37)	(0.97)	**(0.00)**
Transfers to Stage 2	(4,095.99)	4,095.99	-	-	(42,860.07)	42,865.71	(5.64)	**(0.00)**
Transfers to Stage 3	(10,672.34)	(38,976.28)	49,648.62	-	(7,179.66)	(826.95)	8,006.61	-
Changes to contractual cash flows due to modifications not resulting in derecognition	372.00	96.90	2,288.17	**2,757.07**	3,424.10	10,857.42	936.67	**15,218.19**
Changes in opening credit exposures (additional disbursement net of repayments)	(87,358.09)	(6,420.99)	(2,423.52)	**(96,202.60)**	(86,089.91)	(5,606.44)	(898.98)	**(92,595.33)**
New credit exposures during the year, net of repayments	1,30,221.66	1,197.01	911.24	**1,32,329.91**	74,975.72	461.61	307.00	**75,744.33**
Amounts written off	-	-	(47,752.37)	**(47,752.37)**			(7,945.88)	**(7,945.88)**
Closing balance of gross carrying amount	**1,83,208.83**	**10,132.47**	**7,836.49**	**2,01,177.79**	**1,50,299.58**	**54,554.02**	**5,192.18**	**2,10,045.78**

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

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Particulars	31 March 2022				31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance of ECL allowance	4,023.11	8,826.99	3,326.43	**16,176.53**	2,716.87	1,529.51	2,689.58	**6,935.96**
Transfers during the year								
Transfers to Stage 1	675.06	(659.42)	(15.64)	-	26.15	(25.62)	(0.53)	-
Transfers to Stage 2	(125.55)	125.55	-	-	(694.64)	697.75	(3.11)	-
Transfers to Stage 3	(327.74)	(6,404.29)	6,732.03	-	(134.17)	(283.07)	417.24	-
Changes to contractual cash flows due to modifications not resulting in derecognition	0.05	-	540.61	**540.66**	112.65	1,738.15	298.92	**2,149.72**
Changes in opening credit exposures (additional disbursement net of repayments)	(2,783.04)	(1,120.43)	41,309.87	**37,406.40**	(0.05)	5,027.28	7,668.19	**12,695.42**
New credit exposures during the year, net of repayments	2,419.03	303.12	491.52	**3,213.67**	1,996.30	142.99	202.02	**2,341.31**
Amounts written off	-	-	(47,752.37)	**(47,752.37)**	-	-	(7,945.88)	**(7,945.88)**
Closing balance of ECL allowance	**3,880.92**	**1,071.52**	**4,632.45**	**9,584.89**	**4,023.11**	**8,826.99**	**3,326.43**	**16,176.53**

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

As at 31 March 2022:

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

As at 31 March 2021:

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

Measurement uncertainty and sensitivity analysis of ECL estimates:
Expected credit loss impairment loss allowances recognised in the financial statements reflect the effect of a range of possible economic outcomes, calculated on a probability-weighted basis, based on the economic scenarios described below.

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

ECL sensitivity to future economic conditions
ECL coverage of financial instruments under forecast economic conditions:

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

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

56. Other statutory information:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

A. Capital Risk Asset Ratio

Sr. No.	Particulars	31 March 2022	31 March 2021
(a)	Capital Risk Asset Ratio (%)	25.93%	38.74%
(b)	Capital Risk Asset Ratio (%) - Tier I Capital (%)	25.93%	34.42%
(c)	Capital Risk Asset Ratio (%) - Tier II Capital (%)	-	4.32%
(d)	Amount of subordinated debt raised as Tier-II capital (Raised during the year ₹ Nil, previous year ₹ Nil)	2,500.00	2,500.00

B. Details of investments

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

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(₹ in Lakhs unless otherwise stated)

C. Disclosure for securitisation*

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

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

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

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

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

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

D. Disclosure for direct assignment

Details of assignment transactions undertaken by the Company during the year

Particulars	31 March 2022	31 March 2021
No. of accounts	3,655	406
Aggregate value (net of provisions) of accounts sold	14,423.88	1,775.91
Aggregate consideration	14,423.88	1,775.91
Additional consideration realised in respect of accounts transferred in earlier years	-	-
Aggregate gain / loss over net book value	-	-

E. Details of non-performing financial assets sold

Sr. No.	Particulars	31 March 2022	31 March 2021
1	No. of accounts sold	-	2,337
2	Aggregate outstanding	-	4,912.31
3	Aggregate consideration received	-	147.37

F. Maturity pattern of certain items of assets and liabilities

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

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

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(₹ in Lakhs unless otherwise stated)

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

G. Exposures

(a) Exposure to capital market

The Company has no exposure to the capital markets directly or indirectly in the current and previous year.

(b) Exposure to Real Estate Sector

The Company has no exposure to the real estate sector directly or indirectly in the current and previous year.

H. Registration with other financial sector regulator

The Company has obtained registration as a Corporate Agent (Composite) in **February 2019** with Insurance Regulatory and Department Authority of India (IRDAI). The Registration no. is **CA0641** and is valid till **27 February 2025**.

I. No penalties imposed on the Company by the Reserve Bank of India or any other regulator during the year ended 31 March 2022 (31 March 2021: NIL).

J. Ratings assigned by credit rating agencies and migration of ratings during the year

The overall rating of the Company by India Ratings & research and CRISIL is BBB+/A2 positive. Further, the Company has obtained rating from ICRA Limited, India Ratings & research and CRISIL in respect of Term loans, Non-Convertible Debentures and Commercial Paper. The ratings obtained for the said transactions are provided below.

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

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

LENDINGKART FINANCE LIMITED

(₹ in Lakhs unless otherwise stated)

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

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

Break up of 'Impairment and allowance' shown under the head Expenditure in Profit and Loss Account	31 March 2022	31 March 2021
Loans	(6,591.63)	9,174.37
Other financial assets	310.46	648.27
Write offs - other than restructured portfolio	14,670.23	7,699.72
Write offs - restructured portfolio	33,082.14	246.16

L. Concentration of Deposits, Advances, Exposures and NPAs

i. Concentration of Advances

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

ii. Concentration of Exposures

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

iii. Concentration of NPAs

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

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M. Sector-wise NPAs

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

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

N. Movement of NPAs*

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

* represents stage-3 loans

O. Classification and provisions for loan portfolio

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

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P. Customer Complaints

Sr. No.	Particulars	31 March 2022	31 March 2021
I	No. of complaints pending at the beginning of the year	-	1
Ii	No. of complaints received during the year	107	136
Iii	No. of complaints redressed during the year	107	137
Iv	No. of complaints pending at the end of the year	-	-

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

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

62. Liquidity Risk Disclosures

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

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

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

II. Top 20 large deposits - Not applicable

III. Top 10 borrowings

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

IV. Funding Concentration based on significant instrument/product*

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

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

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V. Stock ratio:

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

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

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

Asset classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS 109	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provision required as per IRACP norms	Difference as per Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)
Preforming Assets						
Standard	**Stage 1**	1,83,208.83	3,880.92	1,79,327.91	732.84	3,148.08
	Stage 2	10,132.46	1,071.52	9,060.94	360.43	711.09
Subtotal		**1,93,341.29**	**4,952.44**	**1,88,388.85**	**1,093.27**	**3,859.17**
Non-performing Assets (NPA)						
Substandard	**Stage 3**	7,398.97	4,194.92	3,204.05	3,699.48	495.44
Doubtful - up to 1 year						
1 to 3 years	**Stage 3**	-	-	-	-	-
More than 3 Years	**Stage 3**	437.53	437.53	-	437.53	-
Subtotal of Doubtful	**Stage 3**	**437.53**	**437.53**	**-**	**437.53**	**-**
Loss	**Stage 3**	-	-	-	-	-
Subtotal of NPA		**7,836.50**	**4,632.45**	**3,204.05**	**4,137.01**	**495.44**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	**Stage 1**	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**-**	**-**	**-**	**-**	**-**
Total	**Stage 1**	**1,83,208.83**	**3,880.92**	**1,79,327.91**	**732.84**	**3,148.08**
	Stage 2	**10,132.46**	**1,071.52**	**9,060.94**	**360.43**	**711.09**
	Stage 3	**7,836.50**	**4,632.45**	**3,204.05**	**4,137.01**	**495.44**
	Total	**2,01,177.79**	**9,584.89**	**1,91,592.90**	**5,230.28**	**4,354.61**

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

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

Janak Mehta
Partner
Membership No. 116976

Place: Mumbai
Date: 11 May 2022

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

Harshvardhan Lunia
Chairman and Managing Director
DIN No. 01189114

Sudeep Bhatia
Chief Financial Officer
Membership No. 098112

Umesh Navani
Company Secretary
Membership No. A40899

Place: Ahmedabad
Date: 11 May 2022

S.R. BATLIBOI & CO. LLP
Chartered Accountants

12th Floor, The Ruby
29 Senapati Bapat Marg
Dadar (West)
Mumbai - 400 028, India
Tel: +91 22 6819 8000

INDEPENDENT AUDITOR'S REPORT

To the Members of Lendingkart Finance Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Lendingkart Finance Limited ("the Company"), which comprise the Balance sheet as at March 31, 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to note 2.3 to the Ind AS financial statements, which describes the uncertainty caused by the continuing COVID-19 pandemic with respect to the Company's estimates of impairment of loans to customers and that such estimates may be affected by the severity and duration of the pandemic.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended March 31, 2021. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures

performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matters	How our audit addressed the key audit matter
Impairment of loans and expected credit loss *(as described in Note 50 of the financial statements)*	
Ind AS 109 requires the Company to provide for impairment of its loan receivables (financial instruments) using the expected credit losses (ECL) approach. ECL involves an estimation of probability-weighted loss on financial instruments over their life, considering reasonable and supportable 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 principles 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 behavioral life; c) determining macro-economic factors impacting credit quality of receivables; d) estimation of losses for loan products with no/ minimal historical defaults. **Impact of COVID-19** Pursuant to the Reserve Bank of India circular dated August 6, 2020 ("RBI circular") for resolution framework for COVID-19 related stress allowing lending institutions to implement a resolution plan in respect of its eligible exposure without change in ownership, and personal loans, while classifying	• 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. • Read Board approved policy for restructuring of loans under the COVID-19 guidelines issued by the RBI. • Assessed the criteria for staging of loans based on their past-due status. Tested samples of performing (stage 1) loans to assess whether any loss indicators were present requiring them to be classified under stage 2 or 3 as per Ind AS 109. • Performed inquiries with the Company's management and its risk management function to assess the impact of COVID-19 on the business activities of the Company. • Tested assumptions used by the management in determining the overlay for macro-economic factors (including COVID-19 pandemic) in accordance with the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines issued on March 13, 2020. • We tested the inputs used in the ECL computation, on a sample basis. • 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 including the specific disclosures made with regards to the management's evaluation of the uncertainties arising from COVID-19 and its impact on ECL estimation.

Key audit matters	How our audit addressed the key audit matter
such exposures as Standard, subject to specified conditions. in accordance with its Board approved policy as described in Note 7. The Company has recorded a management overlay as part of its ECL, to reflect among other things an increased risk of deterioration in macro-economic factors caused by Novel Coronavirus (COVID-19) pandemic. In accordance with the guidance in Ind AS 109, the management overlay estimate takes into account reasonable and supportable information. In view of the high degree of management's judgement involved in estimation of ECL, accentuated by the COVID-19 pandemic, it is a key audit matter.	

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors report, 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management 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 including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law

or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

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

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

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

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

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

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

   (g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

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

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

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

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

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

per Jayesh Gandhi
Partner
Membership Number: 037924
UDIN: 21037924AAAADS8341

Place of Signature: Mumbai
Date: May 12, 2021

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

Re: Lendingkart Finance Limited

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Company did not have any outstanding loans or borrowing dues to government during the year.

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

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

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

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act, 2013.

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

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

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

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

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

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

per Jayesh Gandhi
Partner
Membership Number: 037924
UDIN: 21037924AAAADS8341

Place of Signature: Mumbai
Date: May 12, 2021

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

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

We have audited the internal financial controls over financial reporting of Lendingkart Finance Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

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

A company's internal financial control over financial reporting with reference to these standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these standalone financial statements includes those policies and procedures that (1) pertain

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

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

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

per Jayesh Gandhi
Partner
Membership Number: 037924
UDIN: 21037924AAAADS8341

Place of Signature: Mumbai
Date: May 12, 2021

Lendingkart Finance Limited
Balance Sheet as at March 31, 2021

(₹ in lakhs unless otherwise stated)

Particulars	Notes	As at 31 March 2021	As at 31 March 2020
Assets			
Financial assets			
Cash and cash equivalents	5	28,786.04	5,049.52
Bank balances other than cash and cash equivalents	6	14,096.80	11,296.78
Loans	7	1,93,869.25	2,12,688.51
Other financial assets	8	7,667.62	2,868.74
		2,44,419.71	**2,31,903.55**
Non-financial assets			
Current tax assets (Net)	9	24.55	162.08
Deferred tax asset (Net)	10	3,986.68	1,858.65
Property, plant and equipment	11	160.55	307.92
Intangible assets	12	67.12	119.58
Intangible assets under development		145.41	45.45
Right-of-use assets	11	2,339.07	3,213.65
Other non-financial assets	13	455.27	588.50
		7,178.65	**6,295.83**
Total assets		**2,51,598.36**	**2,38,199.38**
Liabilities and Equity			
Liabilities			
Financial liabilities			
Debt Securities	14	67,550.59	44,407.37
Borrowings (Other than debt securities)	15	93,092.62	1,10,561.24
Subordinated Debt	16	2,529.12	2,528.44
Other financial liabilities	17	11,112.93	7,374.86
		1,74,285.26	**1,64,871.91**
Non Financial liabilities			
Current tax liabilities (net)	18	1,189.18	-
Provisions	19	383.52	378.47
Other non-financial liabilities	20	1,579.03	661.75
		3,151.73	**1,040.22**
Equity			
Equity share capital	21	4,418.79	4,418.79
Other equity	22	69,742.58	67,868.46
		74,161.37	**72,287.25**
Total liabilities and equity		**2,51,598.36**	**2,38,199.38**

Summary of significant accounting policies 3

The accompanying notes are an integral part of the financial statements

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

Per Jayesh Gandhi
Partner
Membership No. 037924

Place : Mumbai
Date : May 12, 2021

S. R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

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

Harshvardhan Lunia
Chairman & Managing Director
DIN No. 01189114

Sudeep Bhatia
Chief Financial Officer
Membership No. 098112

Umesh Navani
Company Secretary
Membership No. A40899

Place : Mumbai
Date : May 12, 2021

LENDINGKART FINANCE LIMITED (INDIA)

Lendingkart Finance Limited
Statement of Profit & Loss for the year ended March 31, 2021

(₹ in lakhs unless otherwise stated)

Particulars	Notes	For the year ended 31 March 2021	For the year ended 31 March 2020
Revenue from operations			
Interest Income	23	48,086.78	44,267.85
Gain on assignment of loans	24	264.74	1,721.87
Total Revenue from operations		**48,351.52**	**45,989.72**
Other Income	25	693.58	440.56
Total income		**49,045.10**	**46,430.28**
Expenses			
Finance Costs	26	18,247.93	17,716.50
Fees and commission expenses	27	1,237.71	729.80
Impairment of financial instruments	28		
Additional covid provisions (Refer note 28)		6,783.58	1,441.44
Other provisions		10,984.94	10,506.79
Employee Benefit expenses	29	3,638.58	4,943.77
Depreciation and amortisation expenses	30	684.00	629.99
Other Expenses	31	4,652.56	6,267.71
Total Expenses		46,229.30	42,236.00
Profit before Tax		**2,815.80**	**4,194.28**
Tax Expense :	32		
- Current tax		3,128.07	1,407.18
- Prior period Tax adjustments		-	3.28
- Deferred tax (income) / expense		(2,144.21)	(185.27)
Total Tax Expenses		983.86	1,225.19
Profit after tax		1,831.94	2,969.09
Other comprehensive income			
(a) Items that will not be reclassified to profit or loss			
Remeasurement gain / (losses) on defined benefit plans		64.24	(5.37)
Tax impact on above	32	(16.19)	1.56
Other comprehensive income, net of tax		**48.05**	**(3.81)**
Total Comprehensive Income		1,879.99	2,965.28
Earning per equity share: [In absolute ₹]	33		
Basic		4.15	7.09
Diluted		4.15	7.09

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

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

Per Jayesh Gandhi
Partner
Membership No. 037924

Place : Mumbai
Date : May 12, 2021

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

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

Harshvardhan Lunia
Chairman & Managing Director
DIN No. 01189114

Sudeep Bhatia
Chief Financial Officer
Membership No. 098112

Umesh Navani
Company Secretary
Membership No. A40899

Place : Mumbai
Date : May 12, 2021

LENDINGKART FINANCE LIMITED (INDIA)

Lendingkart Finance Limited

Statement of changes in equity for the year ended March 31, 2021 *(₹ in lakhs unless otherwise stated)*

Equity share capital

Particulars	No of shares	Amount
Balance as at March 31, 2019	3,89,85,920.00	3,898.59
Changes in equity share capital during the year	52,02,011.00	520.20
Balance at March 31, 2020	**4,41,87,931.00**	**4,418.79**
Changes in equity share capital during the year	-	-
Balance at March 31, 2021	**4,41,87,931.00**	**4,418.79**

Other equity

Particulars	Reserves and Surplus			OCI Reserves	Total other equity
	Securities premium	Retained earnings	Statutory Reserve as per RBI Act		
Balance as at April 01, 2019	46,799.81	(3,041.11)	688.08	3.48	44,450.26
Profit after tax	-	2,965.30	-	-	2,965.30
Other comprehensive income (net of tax)	-	3.81	-	(3.81)	-
Transferred to Statutory Reserve u/s section 45-IC of RBI Act, 1934	-	(593.06)	593.06	-	-
Premium on issue of Equity Shares	20,479.80	-	-	-	20,479.80
Share issue expense	(26.89)	-	-	-	(26.89)
Balance at March 31, 2020	**67,252.72**	**(665.06)**	**1,281.14**	**(0.33)**	**67,868.47**
Profit after tax	-	1,879.99	-	-	1,879.99
Other comprehensive income (net of tax)	-	(48.05)	-	48.05	-
Transferred to Statutory Reserve u/s section 45-IC of RBI Act, 1934	-	(376.00)	376.00	-	-
Premium on issue of Equity Shares	-	-	-	-	-
Share issue expense	(5.88)	-	-	-	(5.88)
Balance at March 31, 2021	**67,246.84**	**790.88**	**1,657.14**	**47.72**	**69,742.58**

Summary of significant accounting policies 3

The accompanying notes are an integral part of the financial statements

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

Per Jayesh Gandhi
Partner
Membership No. 037924

Place : Mumbai
Date : May 12, 2021

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

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

Harshvardhan Lunia
Chairman & Managing Director
DIN No. 01189114

Sudeep Bhatia
Chief Financial Officer
Membership No. 098112

Umesh Navani
Company Secretary
Membership No. A40899

Place : Mumbai
Date : May 12, 2021

LENDINGKART FINANCE LIMITED (INDIA)

Lendingkart Finance Limited

Cash flow statement for the year ended March 31, 2021 *(₹ in lakhs unless otherwise stated)*

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Operating activities		
Profit before tax	2,815.80	4,194.28
Adjusted for:		
Impact of EIR accounting of financial assets	648.67	668.19
Impact of EIR accounting of financial liabilities	(131.90)	(242.50)
Upfront gain on direct assignment	(264.74)	(1,721.87)
Guarantee fees	(134.30)	1,119.08
Provision for gratuity	(1.98)	76.78
Provision for leave benefit	7.03	(32.89)
Impairment of loans	9,174.38	1,925.10
Impairment of other financial assets	648.27	24.54
Bad debt written offs	7,945.88	10,004.49
Discount on Commercial Paper	2.35	176.97
Depreciation and amortisation	684.01	629.99
Interest on bank deposits	(918.11)	(1,380.87)
Interest on borrowings and debt securities	17,730.24	15,904.34
Interest on financial lease liability	385.79	378.32
Reversal of Lease equalisation reserve	-	(71.30)
Loss/(profit) on sale of property, plant and equipment	3.02	3.11
Actuarial gain / (loss) recognised in other comprehensive income	64.24	(5.37)
Cash from operations before working capital changes	38,658.65	31,650.38
Changes in working capital:		
- (Increase) / decrease in loans	1,050.34	(1,02,934.76)
- (Increase) / decrease in other financial Assets	(5,182.41)	(994.74)
- (Increase) / decrease in other non financial Assets	267.53	(1,239.20)
- Increase / (decrease) in other financial liabilities	3,738.07	2,570.61
- Increase / (decrease) in other non financial liabilities	917.32	218.98
Cash generated from operating activities	39,449.50	(70,728.75)
Income tax paid (net)	(1,801.36)	(1,321.61)
Net cash flows from / (used in) operating activities	37,648.14	(72,050.36)
Investing activities:		
Purchase of property, plant and equipment and intangible assets	287.44	(437.64)
Proceeds from sale of fixed assets	-	0.10
Fixed deposit matured	(2,800.02)	(3,971.16)
Interest received on bank deposit	918.11	1,358.85
Net cash generated from / (used in) investing activities	(1,594.47)	(3,049.85)
Financing activities:		
Issue of equity share capital (including securities premium)	-	21,000.00
Share issue expenses	(5.88)	(26.89)
Proceeds from inter-corporate loan	-	1,000.00
Repayment of inter-corporate loan	-	(1,000.00)
Proceeds from debt securities	40,750.00	30,897.50
Repayment of debt securities	(19,272.80)	(21,908.18)
Proceeds from other than debt securities	37,510.00	85,598.66
Repayment of other than debt securities	(51,487.61)	(60,929.27)
Change in Cash Credit / Overdraft	3,228.72	1,889.97
Repayment of lease liabilities	(385.79)	(530.73)
Proceeds/(Repayment) from securitisation liability	(1,532.60)	22,660.56
Repayment of finance cost	(21,121.19)	(15,052.63)
Net cash generated from financing activities	(12,317.15)	63,598.99

LIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

LENDINGKART FINANCE LIMITED (INDIA)

Lendingkart Finance Limited

Cash flow statement for the year ended March 31, 2021 *(₹ in lakhs unless otherwise stated)*

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Net increase / (decrease) in cash and cash equivalents	23,736.52	(11,501.22)
Cash and cash equivalents as at the beginning of the year	5,049.52	16,550.74
Cash and cash equivalents as at the end of the year	28,786.04	5,049.52
Components of cash and cash equivalents		
Cash in hand	-	-
Balances with banks		
- With banks in current accounts	6,585.32	5,049.52
- In deposit accounts with original maturity of less than 3 months	22,200.72	-
Cash and cash equivalents	28,786.04	5,049.52

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

Summary of significant accounting policies 3

The accompanying notes are an integral part of the financial statements

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

Per Jayesh Gandhi
Partner
Membership No. 037924

Place : Mumbai
Date : May 12, 2021

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

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

Harshvardhan Lunia
Chairman & Managing Director
DIN No. 01189114

Sudeep Bhatia
Chief Financial Officer
Membership No. 098112

Umesh Navani
Company Secretary
Membership No. A40899

Place : Mumbai
Date : May 12, 2021

LENDINGKART FINANCE LIMITED (INDIA)

1. Corporate information

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

The Company has its registered office at A-303/304, Citi Point, Andheri-Kurla Road, Andheri (East), Mumbai, India. As at March 31, 2021, 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 50.

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.

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

COVID-19 virus, a global pandemic has affected the world economy including India. Consequent to the outbreak of COVID – 19 pandemic, the Indian Government had announced a lockdown in March 2020. Subsequently, the lockdown has been lifted by the Government in a phased manner outside specific containment zones. While there has been improvements in the economic activities from the second half of the year, but with emergence of second wave of COVID-19, its impact on companies performance remain uncertain and will depend on ongoing and future development. However, there are many opportunities created for the company in the current scenario, given the strong need for digital and contactless delivery of financial services.

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

LENDINGKART FINANCE LIMITED (INDIA)

The Company has assessed the impact of the COVID-19 pandemic on its liquidity position and ability to repay its obligations as and when they are due. Management has considered continued stimulus package by the Government of India for the NFBC sector and also the continued support from the banking partners in determining the company's liquidity position over next 12 months. Considering company's very strong liquidity position as on year end, management believes that the company has more than adequate liquidity to manage business growth in the foreseeable future.

In assessing the recoverability of loans to customers, the Company has considered internal sources of information and management assessment on impacted industries and states, up to the date of approval of these financial results. Since the current situation is continuously evolving, its impact on the company's performance has some degree of uncertainty, however the company continues to closely monitor any changes in the market/economic conditions.

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.

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.

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

LENDINGKART FINANCE LIMITED (INDIA)

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 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.

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

LENDINGKART FINANCE LIMITED (INDIA)

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:

- 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.

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b. Debt securities and other borrowed funds

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

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

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

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

d. Financial assets at FVOCI

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

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
- Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding

e. Financial guarantees and undrawn loan commitments

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

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

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

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

(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

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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.

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.

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(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:

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.

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

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

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

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

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

The mechanics of the ECL method are summarised below:

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

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

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

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

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

c. Contract assets

The company follows 'simplified approach' for recognition of impairment loss allowance on contract assets. The application of simplified approach does not require the company to track changes in credit risk. Rather, it

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

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

(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.

(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

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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.

(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-

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of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

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

- **Lease liabilities**

  At the commencement date of the lease, the company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the company and payments of penalties for terminating the lease, if the lease term reflects the company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

- **Short-term leases and leases of low-value assets**

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

b. Company as a lessor

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

(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.

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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.

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.

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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

b. Retirement benefit in the form of provident fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The company recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

c. Gratuity liability

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

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:
- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The company recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:
- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and nonroutine settlements; and
- Net interest expense or income

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

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d. 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
- 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

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- 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.

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.

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(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

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(₹ in lakhs unless otherwise stated)

5 Cash and cash equivalents

Particulars	As at 31 March 2021	As at 31 March 2020
Cash on hand	-	-
Balances with banks		
- in current accounts	6,585.32	5,049.52
- in deposit accounts with maturity upto 3 months	22,200.72	-
Total	**28,786.04**	**5,049.52**

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, 2021, fixed deposits of ₹ 362.49 are pledged against credit facilities (March 31, 2020: ₹ NIL)

6 Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2021	As at 31 March 2020
Fixed deposits with bank		
Deposits - maturity less than 12 months	12,902.87	8,620.43
Deposits - maturity more than 12 months	1,193.93	2,676.35
Total	**14,096.80**	**11,296.78**

Fixed deposit earns interest at fixed bank deposit rates. As at March 31, 2021, fixed deposits of ₹ 12,244.76 (March 31, 2020: ₹ 11,296.78) are pledged against credit facilities.

7 Loans

Particulars	As at 31 March 2021	As at 31 March 2020
Term loans	2,10,045.78	2,19,624.47
Less: Impairment loss allowance	(16,176.53)	(6,935.96)
	1,93,869.25	**2,12,688.51**
(Refer note 50 (C) for Credit risk)		
(A) Out of Above		
(i) Secured	-	-
Less: Impairment loss allowance	-	-
Total (i)	-	-
(ii) Unsecured	2,10,045.78	2,19,624.47
Less: Impairment loss allowance	(16,176.53)	(6,935.96)
Total (ii)	**1,93,869.25**	**2,12,688.51**
Total (A) = (i) + (ii)	**1,93,869.25**	**2,12,688.51**
(B) Out of Above		
(i) Public Sector	-	-
Less: Impairment loss allowance	-	-
Total (i)	-	-
(ii) Others	2,10,045.78	2,19,624.47
Less: Impairment loss allowance	(16,176.53)	(6,935.96)
Total (ii)	**1,93,869.25**	**2,12,688.51**
Total (B) = (i) + (ii)	**1,93,869.25**	**2,12,688.51**

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The Company has extended moratorium/deferment of term loan instalments falling due during the moratorium period, March 01, 2020 to August 31, 2020, to its eligible borrowers, who opted for moratorium/deferment of various instalments in line with RBI COVID-19 Regulatory Package notified vide circulars dated March 27, 2020 and May 23, 2020. The Company has also followed Asset Classification and Provisioning guidelines issued by RBI including guidelines issued vide circular dated April 17, 2020.

As the moratorium/deferment has been provided specifically to enable borrowers to tide over COVID-19 disruptions, the same has not been treated as changes in terms and conditions of loan agreements due to financial difficulty of the borrowers and, consequently, has not resulted in asset classification downgrade.

In line with RBI directions, qualified loans included loans outstanding as on March 01, 2020 including those which were in SMA/Overdue category. As per its Board approved policy and in accordance with RBI guidelines, the loans amounting to ₹ 15,928.01 lakhs in SMA Overdue categories were extended moratorium relief. The company also extended asset classification benefit in terms of paragraph 2 & 3 of RBI circular to loans amounting to ₹ 15,376.63 lakhs. The company made provisions in terms of paragraph 4 of the circular amounting to ₹ 2,037.68 lakhs out of which an amount of ₹ 281.81 lakhs adjusted against slippages and fresh provisions in terms of paragraph 6 of the circular. Residual provision in terms paragraph 6 of the circular stands at ₹ 1,755.87 lakhs as on March 31, 2021.

Hon'ble Supreme Court in a public interest litigation (Gajendra Sharma vs. Union of India & Anr) vide an interim order dated September 03, 2020 (interim order) has directed that accounts which were not declared NPA till August 31, 2020 shall not be declared as NPA till further orders. Basis the said interim order, the Company has not classified any account as NPA, as per RBI norms, after August 31, 2020 which was not NPA as of August 31, 2020. Further in light of the interim order, even accounts that would have otherwise been classified as NPA post August 31, 2020 have not been classified as NPA till such time the Hon'ble Supreme Court rules finally on the matter. However, during such period, the Company has done staging of the borrower accounts in accordance with ECL model/framework under Ind AS.

The interim order granted to not declare accounts as NPA stood vacated on March 23, 2021 vide the judgement of the Hon'ble SC in the matter of Small Scale Industrial Manufacturers Association vs. UOI & Ors. and other connected matters. In accordance with the instructions in paragraph 5 of the RBI circular no. RBI/2021-22/17DOR. STR.REC.4/21.04.048/2021-22 dated April 07, 2021, the Company has carried out asset classification of the borrower accounts as per the extant RBI instructions / IRAC norms, without considering any standstill in asset classification and also done staging of the borrower accounts in accordance with ECL model/framework under Ind AS in the financial statements for the half-year and year ended March 31, 2021.

Recognising the need for continued support to provide Covid-19 relief to various borrowers, RBI vide its circular 'Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances' dated January 01, 2019 and 'Resolution Framework for COVID 19 - related Stress' dated August 06, 2020, allowed Lending Institutions to restructure the debt, subject to certain conditions, provided the borrower's account was classified as standard with the lender as on March 01, 2020.

The Company has extended restructuring relief to its eligible borrowers under guidelines issued by RBI and as per Retructuring policy approved by Board of Directors. The restructuring relief has been extended to 14,636 loans with an outstanding amount of ₹ 48,643.95 as on March 31, 2021.

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The Government of India, Ministry of Finance, vide its notification dated October 23, 2020, had announced COVID-19 Relief Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for moratorium period of six month to borrowers in specified loan accounts as per the eligibility criteria specified in the scheme. The Company has implemented the scheme and passed on the ex-gratia benefit amounting to ₹ 1,666.79 lakhs to the eligible borrowers.

The Government of India, Ministry of Finance, vide its notification 'Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package' dated April 07, 2021, had announced to refund/adjust the 'interest on interest' charged to the borrowers during the moratorium period, i.e. March 1, 2020 to August 31, 2020 in conformity with the judgement of the Hon'ble Supreme Court of India in the matter of Small Scale Industrial Manufacturers Association vs UOI & Ors. and other connected matters on March 23, 2021. Accordingly the Company has estimated the amount of ₹ 60.66 lakhs and made provision for refund / adjustment to eligible borrowers.

8 Other financial assets

Particulars	As at 31 March 2021	As at 31 March 2020
Interest receivable on assignment of loans	1,092.60	780.12
Security deposits	674.49	581.69
Receivable from co-lenders	4,866.34	1,311.20
Others	1,750.79	226.28
Total	**8,384.22**	**2,899.30**
(Less) : Impairment allowance on other financial assets	(716.60)	(30.56)
Total	**7,667.62**	**2,868.74**

9 Current tax assets (net)

Particulars	As at 31 March 2021	As at 31 March 2020
Advance income tax*	24.55	162.08
Total	**24.55**	**162.08**

*(net of provision for tax March 31, 2021: Nil (March 31, 2020: ₹ 1,902.50))

10 Deferred tax asset (Net)

Particulars	As at 31 March 2021	As at 31 March 2020
Deferred tax asset on account of:		
Provision for expenses allowed for tax purposes on payment basis under Section 43B of Income tax Act, 1961	112.71	110.21
Expected credit loss	3,787.61	1,750.18
Unamortised processing fee	318.42	221.01
Deferred tax on account of Ind AS 116	50.24	23.90
Deferred tax on account of Guarantee fees	247.85	325.88
Deferred tax on account of unwinding discount of Security Deposit	32.99	51.44
Difference between tax depreciation and depreciation charged for the financial reporting	36.83	27.84
Interest on market linked debentures	285.10	111.26
MAT credit entitlement	-	42.10
Gross Deferred Tax Assets	**4,871.75**	**2,663.82**
Deferred tax liability on account of:		
On account of securitisation and direct assignment	683.70	562.39
Unamortised borrowing cost	201.37	242.78
Gross Deferred Tax Liabilities	**885.07**	**805.17**
Deferred Tax Assets (Net)	**3,986.68**	**1,858.65**
Deferred tax asset recognized	**3,986.68**	**1,858.65**

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11 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 April 01, 2019	**251.69**	**33.09**	**30.01**	**314.79**	**1,796.85**
Additions	215.73	9.55	71.13	**296.40**	1,908.21
Disposals	3.42	1.29	1.95	**6.66**	-
As at March 31, 2020	**464.00**	**41.35**	**99.18**	**604.53**	**3,705.07**
Additions	15.98	1.98	-	**17.96**	298.86
Disposals	3.94	-	0.17	**4.11**	811.76
As at March 31, 2021	**476.04**	**43.33**	**99.01**	**618.38**	**3,192.17**
Accumulated depreciation					
As at April 01, 2019	74.75	7.06	6.82	**88.64**	**124.18**
Charge for the period	179.05	8.00	24.37	**211.42**	367.24
Disposals	1.91	0.46	1.08	**3.45**	-
As at March 31, 2020	**251.89**	**14.61**	**30.11**	**296.61**	**491.42**
Charge for the period	123.84	6.98	31.04	**161.86**	**463.75**
Disposals	0.53	-	0.11	**0.64**	**102.07**
As at March 31, 2021	**375.20**	**21.59**	**61.04**	**457.83**	**853.10**
Net book value					
As at March 31, 2020	**212.11**	**26.74**	**69.07**	**307.92**	**3,213.65**
As at March 31, 2021	**100.84**	**21.74**	**37.97**	**160.55**	**2,339.07**

12 Intangible assets

Particulars	Computer softwares
Cost	
As at April 01, 2019	81.96
Additions	110.55
Disposals	-
As at March 31, 2020	**192.51**
Additions	5.93
Disposals	-
As at March 31, 2021	**198.44**
Accumulated amortisation	
As at April 01, 2019	21.61
Charge for the period	51.32
Disposals	-
As at March 31, 2020	**72.93**
Charge for the period	58.39
Disposals	-
As at March 31, 2021	**131.32**
Net book value	
As at March 31, 2020	**119.58**
As at March 31, 2021	**67.12**

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13 Other non financial assets

Particulars	As at 31 March 2021	As at 31 March 2020
Indirect tax credits available for utilisation	50.60	115.65
Prepaid expenses	213.37	222.26
Capital advances	32.43	-
Other advances	158.87	250.59
Total	**455.27**	**588.50**

14 Debt Securities

Particulars	As at 31 March 2021	As at 31 March 2020
(A) At amortised cost		
(i) Secured*		
Privately placed redeemable non-convertible debentures	58,676.97	38,785.80
(ii) Unsecured		
Borrowings by issue of commercial papers	-	498.63
Total	**58,676.97**	**39,284.43**
(B) At FVTPL		
(i) Secured*		
Privately placed redeemable non-convertible debentures	8,873.62	5,122.94
Total	**8,873.62**	**5,122.94**
(C) Out of above		
In India	46,273.31	36,080.13
Outside India	21,277.28	8,327.23
Total	**67,550.59**	**44,407.37**

***The debenture are secured by:**

i) A charge by way of hypothecation of all book debts and receivables, present and future of the Company (To the extent of 1 to 1.25 times of outstanding amount of debentures).

ii) Corporate guarantee of the Holding Company for March 31, 2021 is ₹ 44,823.77, March 31, 2020 is ₹ 38,136.36

Terms of Repayment - Debentures as at March 31, 2021

Original Maturity / Repayment frequency	Monthly/Quarterly repayment			Total
Rate of interest	9%-12%	12%-15%	15%-16%	
Due within 1 year				
No. of instalments	19	33	-	**52**
Amount	13,411.00	15,598.15	-	**29,009.15**
Due 1 to 2 years				
No. of instalments	16	4	-	**20**
Amount	9,161.00	9,397.02	-	**18,558.02**
Due 2 to 3 years				
No. of instalments	1	3	1	**5**
Amount	128.00	7,700.00	2,000.00	**9,828.00**
Due 3 to 4 years				
No. of instalments	-	4.00	-	**4**
Amount	-	8,100.48	-	**8,100.48**
Interest accrued and impact of EIR				**2,054.94**
Total	**22,700.00**	**40,795.65**	**2,000.00**	**67,550.59**

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Terms of Repayment - Debentures as at March 31, 2020

Original Maturity / Repayment frequency	Monthly/Quarterly repayment		Total
Rate of interest	12%-15%	15%-16%	
Due within 1 year			
No. of instalments	57	-	57
Amount	14,640.49	-	14,640.49
Due 1 to 2 years			
No. of instalments	33	1	34
Amount	14,495.87	1,000.00	15,495.87
Due 2 to 3 years			
No. of instalments	3	4	7
Amount	7,147.24	4,000.00	11,147.24
Due 3 to 4 years			
No. of instalments	-	1	1
Amount	-	2,000.00	2,000.00
Due 4 to 5 years			
No. of instalments	1	-	1
Amount	0.26	-	0.26
Interest accrued and impact of EIR			**624.87**
Total	**36,283.86**	**7,000.00**	**43,908.73**

Terms of Repayment - Commercial papers as at March 31, 2021

Original Maturity / Repayment frequency	Bullet repayment	
Rate of interest	12.90%	Total
Due within 1 year		
No. of instalments	-	-
Amount	-	-
Impact of undiscounted maturity charges and EIR		-
Total	-	-

Terms of Repayment - Commercial papers as at March 31, 2020

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

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15 Borrowings (Other than debt securities)

Particulars	As at 31 March 2021	As at 31 March 2020
(A) At amortised cost		
(i) Secured*		
Term loans		
from banks	42,601.78	46,233.94
from other than banks	24,492.04	34,639.77
Securitisation liabilities	21,127.96	22,660.56
Loans repayable on demand		
Overdraft from bank	1,035.76	948.38
Cash credit from banks	2,698.59	3,941.58
Cash credit from other than banks	1,136.49	1,511.54
	93,092.62	**1,09,935.77**
(ii) Unsecured		
Term loans		
from other than banks	-	625.46
	-	**625.46**
Total	**93,092.62**	**1,10,561.24**
(B) Out of above		
In India	93,092.62	1,10,561.24
Outside India	-	-
Total	**93,092.62**	**1,10,561.24**

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

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

ii) Corporate guarantee of the Holding Company as at March 31, 2021 is ₹ 69,651.89 (March 31, 2020: ₹ 82,223.03)

iii) Guarantee by third party as at March 31, 2021: Nil (March 31, 2020: 15% of initial value of term loans, capped at 35% due to amortization).

iv) First loss default guarantee (FLDG) in the form of fixed deposits as at March 31, 2021 is ₹ 1,451.00 (March 31, 2020: ₹ 4,422.32)

v) First loss default guarantee (FLDG) in the form of security deposits as at March 31, 2021 is ₹ 125.00 (March 31, 2020: ₹ 250.00)

vi) Overdraft and cash credit availed from banks secured by pledge fixed deposits as at March 31, 2021 is ₹ 6,231.62 (March 31, 2020: ₹ 3,587.97)

vii) First loss default guarantee (FLDG) in the form of fixed deposits for securitisation transactions as at March 31,2021 is ₹ 4,348.62 (March 31, 2020: ₹ 3,264.26)

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

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

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

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

16 Subordinated Debt

Particulars	As at 31 March 2021	As at 31 March 2020
(A) At amortised cost		
(i) Unsecured		
Term loans		
from banks	2,529.12	2,528.44
Total	**2,529.12**	**2,528.44**

Terms of Repayment - Subordinated Debt as at March 31, 2021

Original Maturity / Repayment frequency	Bullet repayment	Total
Rate of interest		
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		**29.12**
Total	**2,500.00**	**2,529.12**

Terms of Repayment - Subordinated Debt as at March 31, 2020

Original Maturity / Repayment frequency	Bullet repayment	Total
Rate of interest		
Due 4 to 5 years	12%-15%	
No. of instalments	1.00	**1.00**
Amount	1,000.00	**1,000.00**
Due Above 5 years		
No. of instalments	1.00	**1.00**
Amount	1,500.00	**1,500.00**
Interest accrued and impact of EIR		**28.44**
Total	**2,500.00**	**2,528.44**

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LENDINGKART FINANCE LIMITED (INDIA)

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17 **Other financial liabilities**

Particulars	As at 31 March 2021	As at 31 March 2020
Expense and other payables	1,619.51	1,388.00
Payable towards Co-lending	2,278.07	179.29
Payable towards direct assignment of loans	1,124.63	1,383.33
Payables to employees	214.39	111.70
Payables to holding company	71.98	66.02
Lease obligation	2,540.05	3,336.70
Guarantee Liability	3,260.65	900.66
Service obligation on account of securitisation	3.65	9.17
Total	**11,112.93**	**7,374.86**

18 **Current Tax Liability**

Particulars	As at 31 March 2021	As at 31 March 2020
Provision for tax (Net of advance tax and TDS)*	1,189.18	-
Total	**1,189.18**	**-**

*(net of Advance tax and TDS March 31, 2021: ₹ 1,917.69 (March 31, 2020: Nil))

19 **Provisions**

Particulars	As at 31 March 2021	As at 31 March 2020
Provision for employee benefits		
Provision for gratuity benefits	157.29	159.27
Provision for leave benefits	226.23	219.20
Total	**383.52**	**378.47**

20 **Other non financial liabilities**

Particulars	As at 31 March 2021	As at 31 March 2020
Advances from customers	1,324.28	340.74
Statutory dues	254.75	321.00
Total	**1,579.03**	**661.75**

21 **Equity share capital**

Particulars	As at 31 March 2021	As at 31 March 2020
Authorized Shares		
Equity shares of Rs.10 each	5,072.76	4,454.75
Total	**5,072.76**	**4,454.75**
Issued, subscribed and fully paid up		
Equity shares of Rs.10 each		
At the beginning of the period	4,418.79	3,898.59
Add: Issued during the period	-	520.20
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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(₹ 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	As at 31 March 2021	As at 31 March 2020
No. of shares held	4,41,87,931	4,41,87,931
% of share holding	100%	100%

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

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

Particulars	As at 31 March 2021	As at 31 March 2020
No. of shares held	4,41,87,931	4,41,87,931
% of share holding	100%	100%

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

22 Other equity

Particulars	As at 31 March 2021	As at 31 March 2020
Securities Premium		
Balance at the beginning of the year	67,252.72	46,799.81
Add: Premium on issue of Equity Shares	-	20,479.80
(Less): Expenses on issue of shares	(5.88)	(26.89)
Balance at the end of the year	**67,246.84**	**67,252.72**
Surplus in the statement of profit and loss		
Balance at the beginning of the year	(665.06)	(3,041.11)
Add: Profit for the year	1,879.99	2,965.30
GAAP Adjustments (P/L)		
Less: Item of other comprehensive income		
Remeasurement gains / (losses) on defined benefit plan (net of tax)	(48.05)	3.81
Less : Transferred to Statutory Reserve u/s section 45-IC of Reserve Bank of India Act, 1934	(376.00)	(593.06)
Balance at the end of the year	**790.88**	**(665.06)**
Other Comprehensive Income		
Balance at the beginning of the year	(0.33)	3.48
Remeasurement gains / (losses) on defined benefit plan (net of tax)	48.05	(3.81)
Balance at the end of the year	**47.72**	**(0.33)**
Statutory Reserve u/s section 45-IC of Reserve Bank of India Act, 1934		
Balance at the beginning of the year	1,281.14	688.08
Add : Amount transferred during the year	376.00	593.06
Balance at the end of the year	**1,657.14**	**1,281.14**
Total of other equity	**69,742.58**	**67,868.47**

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(₹ in lakhs unless otherwise stated)

23 Interest Income

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
On financial assets measured at Amortised Cost		
Interest on term loans	46,214.43	42,499.50
Guarantee revenue from colending	663.21	122.34
Interest on fixed deposits with banks	918.11	1,380.87
Other charges	233.85	242.06
Other interest income	57.18	23.08
Total	**48,086.78**	**44,267.85**

24 Gain on assignment of loans

Gain on assignment of loans for the year ended March 31, 2021 is ₹ 278.25 (March 31, 2020 : ₹ 1,941.16) and loss on modification of loans is ₹ 13.51 (March 31, 2020: ₹ 219.30) which is presented as net in the Statement of Profit and Loss.

25 Other Income

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Commission Income from Insurance	229.96	331.21
Gain on derecognition of Asset	166.60	-
Unwinding discount of security deposit	102.85	44.92
Other Income	194.17	64.43
Total	**693.58**	**440.56**

26 Finance Costs

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
On Financial liabilities measured at amortised cost		
On debt securities	6,376.85	5,302.32
On borrowings (other than debt securities)	10,379.23	11,466.65
On commercial papers	2.35	180.37
On lease obligation	385.79	307.03
Others	353.03	78.05
On Financial liabilities measured at fair value		
On debt securities	750.68	382.09
Total	**18,247.93**	**17,716.50**

27 Fees and commission expenses

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Commission and Brokerage	1,237.71	729.80
Total	**1,237.71**	**729.80**

28 Impairment on financial instruments at amortised cost

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Loans		
*Additional covid provisions**	6,783.58	1,441.44
Other provisions	2,390.79	706.71
Other financial assets	648.27	24.54
Write offs	7,945.88	9,775.54
Total	**17,768.52**	**11,948.23**

* Additional covid provisions consist of provisions carried on restructured portfolio and management overlay on other than restructured portfolio.

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(₹ in lakhs unless otherwise stated)

29 Employee Benefit Expenses

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Salaries and wages	3,197.10	4,459.99
Contribution to provident and other funds	111.59	152.65
Reimbursement of ESOP expenses	37.44	58.82
Leave benefit expense	86.36	17.20
Gratuity	81.44	72.06
Staff welfare expenses	124.65	183.05
Total	**3,638.58**	**4,943.77**

30 Depreciation and amortisation expenses

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation and amortisation expenses	684.00	629.99
Total	**684.00**	**629.99**

31 Other Expenses

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Power and fuel	55.75	78.47
Rent	48.99	47.03
Repairs and maintenance	32.66	46.86
Insurance	19.87	17.58
Telephone and communication expense	139.55	171.25
Franking and stamping expenses	66.50	515.84
Marketing and sales promotion expense	50.21	57.00
Auditor's fees and expenses (Refer note 31.1 below)	36.89	30.90
Legal and Professional charges	637.18	1,211.01
Service charges of outsourced employees	702.48	1,028.36
Guarantee fees	1,371.55	1,266.56
License fees	356.55	498.33
Business support services	82.21	218.20
Printing and stationery	8.34	10.51
Travelling expenses	14.45	92.74
Bank charges	82.61	118.08
Courier expenses	61.12	58.10
Software license fees	745.48	710.60
Rates & taxes	32.55	19.54
Security expenses	15.16	12.73
Loss on sale of fixed assets (net)	3.02	3.11
Director sitting fees	6.54	2.64
Housekeeping expenses	25.49	16.17
CSR Expenditure	34.45	-
Miscellaneous expenses	22.96	36.11
Total	**4,652.56**	**6,267.71**

31.1 Auditor's Remuneration

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Audit fee	23.98	22.89
Tax audit fee	2.18	3.27
In other capacity :		
Certification services	10.36	3.76
Reimbursement of expenses	0.37	0.98
Total	**36.89**	**30.90**

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LENDINGKART FINANCE LIMITED (INDIA)

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(₹ in lakhs unless otherwise stated)

32 Tax expense

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Current tax expense		
Current tax for the year	3,128.07	1,407.18
Prior period Tax adjustments	-	3.28
	3,128.07	**1,410.46**
Deferred taxes		
Change in deferred tax assets	2,224.11	562.63
Change in deferred tax liabilities	(79.90)	(377.36)
Net deferred tax expense / (income)	**(2,144.21)**	**(185.27)**
Total income tax expense	**983.86**	**1,225.19**

32.1 Tax reconciliation

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Profit before income tax expense	2,815.80	4,194.28
Effective Tax Rate	25.17%	29.12%
Tax at statutory income tax rate	708.68	1,221.37
Tax effect of amounts which are not deductible / not taxable in calculating taxable income		
Expenses disallowed	44.86	0.53
Impact of change in tax rate	246.51	-
Deferred tax expense on account of OCI	(16.19)	-
Prior period adjustments	-	3.28
Income tax expense	**983.86**	**1,225.18**

The Government of India, on 20 September 2019, vide the Taxation Laws (Amendment) Ordinance 2019 (the Ordinance), inserted a new Section 115BAA in the Income-tax Act, 1961, which provides an option for paying income-tax at reduced rates under the new regime. During the year ended March 31, 2021, the Company has opted for paying income-tax at reduced rates and accordingly, the opening deferred tax asset (net) has been measured at the lower rate with a one time corresponding charge of ₹ 246.51 lakhs to the Statement of Profit and Loss.

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(₹ in lakhs unless otherwise stated)

32.2 Deferred tax movement related to the following:

March 31, 2020 to March 31, 2021

Deferred tax assets (net)	As at 31 March 2021	Recognised in Statement of Profit or loss	Recognised in OCI	As at 31 March 2020
Deferred tax asset on account of:				
Provision for expenses allowed for tax purposes on payment basis under Section 43B of Income tax Act, 1961	112.71	(18.69)	16.19	110.21
Expected credit loss	3,787.61	(2,037.43)	-	1,750.18
Unamortised processing fee	318.42	(97.41)	-	221.01
Deferred tax on account of Ind AS 116	50.24	(26.34)	-	23.90
Deferred tax on account of Guarantee fees	247.85	78.03	-	325.88
Deferred tax on account of unwinding discount of Security Deposit	32.99	18.45	-	51.44
Difference between tax depreciation and depreciation charged for the financial reporting	36.83	(8.99)	-	27.84
Interest on market linked debentures	285.10	(173.84)	-	111.26
MAT credit entitlement	-	42.10	-	42.10
	4,871.75	**(2,224.12)**	**16.19**	**2,663.82**
Deferred tax liability on account of:				
On account of securitisation and direct assignment	683.70	121.31	-	562.39
Unamortised borrowing cost	201.37	(41.41)	-	242.78
	885.07	**79.90**	**-**	**805.17**
Deferred tax charge/(credit) for the year	**3,986.68**	**(2,144.22)**	**16.19**	**1,858.65**

33 Earning Per Share

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
(A) Net profit/(loss) after tax for the year	1,831.94	2,969.09
(B) Weighted average number of equity shares for basic earnings per share	4,41,87,931	4,18,71,188
(C) Weighted average number of equity shares for diluted earnings per share	4,41,87,931	4,18,71,188
Basic earning per share in ₹ (A/B)	4.15	7.09
Diluted earning per share in ₹ (A/C)	4.15	7.09
[Nominal value of shares ₹ 10 each (Previous Year : ₹ 10)]		

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LENDINGKART FINANCE LIMITED (INDIA)

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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 March 31, 2021 and March 31, 2020. 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) Name of Related parties with whom the Company had transactions

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

(b) Name of Key Managerial Persons

Nature of Relationship	Name of Related Parties
Independent director	Mr. Gaurav Mittal
Independent director	Mr. Thallapaka Venakateswara Rao
Independent director (Appointed w.e.f March 27, 2021)	Mrs. Uma Subramaniam

(c) Transactions during the year with related parties

Sr. No.	Nature of transactions	31 March 2021	31 March 2020
1	**Lendingkart Technologies Private Limited**		
	Unsecured inter-corporate loan taken	-	1,000.00
	Unsecured inter-corporate loan repaid	-	1,000.00
	Interest paid on inter-corporate loans	-	3.54
	Issue of equity share capital (including share premium on issue of equity shares) (refer note 1 below)	-	21,000.00
	License fee paid for use of software (Excludes 50% reversal of goods and services tax input credit) (refer note 2 below)	327.11	457.18
	Business support charges paid (Excludes 50% reversal of goods and services tax input credit)	75.42	200.18
	Reimbursement of ESOP expenses (Excludes 50% reversal of goods and services tax input credit)	34.35	53.96
2	**Mr. Gaurav Mittal**		
	Director sitting fee (Excludes 50% reversal of goods and services tax input credit)	1.25	0.90
3	**Mr. Thallapaka Venakateswara Rao**		
	Director sitting fee (Excludes 50% reversal of goods and services tax input credit)	4.75	1.50

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

Sr. No.	Nature of transactions	31 March 2021	31 March 2020
1	Lendingkart Technologies Private Limited	(71.98)	(66.02)
2	Mr. Gaurav Mittal	(0.09)	-

(e) Guarantees given by holding company*

Sr. No.	Nature of transactions	31 March 2021	31 March 2020
1	Loans borrowed and outstanding from financial institutions and Banks guaranteed by the Holding Company (including CC facility)	69,651.89	82,223.03
2	Non-Convertible debentures issued and outstanding to financial institutions, banks and other company guaranteed by the Holding Company	44,823.77	38,136.36

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

* Total sanction amount of Loans borrowed from financial institutions and banks against which guarantee is given by holding company is ₹ 1,61,550.00 and sanction amount of Non-Convertible debentures issued to financial institutions, banks and other company is ₹ 63,750.00

Note 1: During the year ended March 31, 2020, the company issued 52,02,011 equity shares of ₹ 10 each fully paid-up at a premium of ₹ 393.69 per share to Holding Company. For detailed terms of the equity shares, please refer note 21 to the Financial Statements.

Note 2: The Company has entered into License Agreement with Holding Company dated June 19, 2015 for a term of 5 years, which was further renewed on September 03, 2020 for a term of 5 years, for use of the licensed software to digitally lend money to its customers.

The services provided by the Holding Company to the Company are of a specialised nature and hence difficult to benchmark with other external sources. The Company has engaged the services of an expert to assess the arm's length price for this inter-company transaction.

36. Employee stock option plans

The Holding Company has Employee Stock Option Plans ("ESOP") scheme in force. As per the ESOP scheme, Holding Company has granted ESOP options to acquire its equity shares that would vest in a graded manner to Company's employees. Based on the group policy/ arrangement, Holding Company has cross charged the fair value of such ESOP. The Company has recognised the same under the employee cost amounting to ₹ 37.44 for the year ended March 31, 2021 (March 31, 2020: ₹ 58.82).

37. Leases

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

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

Particulars	Amount
Balance as at April 01, 2019	**1,672.67**
Additions	1,908.21
Closure	-
Depreciation expense	367.24
Balance as at March 31, 2020	**3,213.65**
Additions	298.86
Closure	709.69
Depreciation expense	463.75
Balance as at March 31, 2021	**2,339.07**

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

Particulars	31 March 2021	31 March 2020
Opening Balance	**3,336.70**	**1,685.52**
Additions	163.64	1,803.59
Accretion of interest	385.79	307.03
Closure	(741.06)	-
Payments	(605.02)	(459.43)
Closing Balance	**2,540.05**	**3,336.70**

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

Particulars	31 March 2021	31 March 2020
Short-term leases	48.99	47.03

iv. The undiscounted maturity analysis of lease liabilities at March 31, 2021 is as follows:

Lease Liability	31 March 2021	31 March 2020
Not later than one year	541.68	681.08
Later than one year and not later than five years	2,134.76	3,309.99
Later than five years	1,263.07	1,407.48
Total undiscounted lease liabilities	**3,939.51**	**5,398.55**

v. The effective interest rate of lease liabilities for the year ended March 31, 2021 is 13.95% (March 31, 2020: 13.24%).

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

Particulars	31 March 2021	31 March 2020
Depreciation expense right of use of assets	463.75	367.24
Interest expense on lease liabilities	385.79	307.03
Expense relating to short term leases (included in other expenses)	48.99	47.03
Loss/ (Gain) on derecognition of assets	(166.60)	-
Total Amount recognized in statement of profit and loss account	**731.93**	**721.30**

38. Expenditure in foreign currency (on accrual basis)

Particulars	31 March 2021	31 March 2020
Professional Fees	117.27	80.77
Software Expenses	1.53	17.15
Total	**118.80**	**97.92**

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39. Contingent liability and Commitments

a) Contingent Liability

Description of the contingent liability	31 March 2021	31 March 2020
Credit enhancements provided by the company towards securitisation (including corporate guarantee, cash collateral and loan assets retained as Minimum retention Requirement (MRR)	9,108.00	7,282.41
Corporate guarantee in case of co-lending transactions	10,533.59	6,283.15

b) Capital and other commitments

Description of the capital and other commitments	31 March 2021	31 March 2020
Loan sanctioned not yet disbursed*	3,130.30	-
A S Software Services Private Limited (Omnifin Software) (Excludes 50% reversal of goods and service tax input credit)	13.60	98.55

* During the previous year ended March 31, 2020, the Company has sanctioned loans amounting to ₹ 90.50 but not disbursed as on March 31, 2020, due to expiry of agreements during lockdown declared by Government of India.

40. Retirement benefit plans

A. Defined benefit obligation

Contribution to Gratuity fund:

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

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

i. Key actuarial assumptions:

Particulars	31 March 2021	31 March 2020
Discount rate (per annum)	6.50%	6.60%
Rate of salary increase	12.00%	12.00%
Rate of employee turnover (per annum)		
Age band		
25 & Below	18.00%	18.00%
25 to 35	15.00%	15.00%
35 to 45	12.00%	12.00%
45 to 55	9.00%	9.00%
55 & Above	6.00%	6.00%

ii. Movement in defined benefit obligation:

Particulars	31 March 2021	31 March 2020
Defined benefit obligation at the beginning of the year	159.27	82.50
Interest on defined benefit obligation	10.39	6.17
Current service cost	71.05	65.89
Benefits paid	(19.18)	(0.66)
Remeasurements due to :		
Actuarial loss/(gain) arising from change in demographic assumptions	-	(0.03)
Actuarial loss/(gain) arising from change in financial assumptions	1.32	11.71
Actuarial loss/(gain) arising on account of experience changes	(65.56)	(6.31)
Present Value of obligation at the end of the year	**157.29**	**159.27**

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

Particulars	31 March 2021	31 March 2020
Present value of the defined benefit obligation at the end of the year	157.29	159.27
Fair Value of Plan Assets at the end of the year	-	-
Funded Status (Surplus/ (Deficit))	-	-
Net liability recognised in the balance sheet	**157.29**	**159.27**

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

Particulars	31 March 2021	31 March 2020
Current Service Cost	71.05	65.89
Interest cost	10.39	6.17
Net gratuity cost recognised in the current year	**81.44**	**72.06**

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

Particulars	31 March 2021	31 March 2020
Actuarial loss / (gain) on post-employment benefit obligation	(64.24)	5.37
Total remeasurement cost / (credit) for the year recognised in OCI	**(64.24)**	**5.37**

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

Particulars	31 March 2021	31 March 2020
Net defined benefit liability/(asset) as at the beginning of the year	159.27	82.50
Expense charged to Statement of Profit and Loss	81.44	72.06
(Benefit paid directly by the employer)	(19.18)	(0.66)
Amount recognised in other comprehensive income	(64.24)	5.37
Net Liability/(Asset) Recognized in the Balance Sheet	**157.29**	**159.27**

vii. **Sensitivity analysis:**

Particulars	31 March 2021	31 March 2020
Impact of increase in 0.5% on rate of discounting	150.86	152.59
Impact of decrease in 0.5% on rate of discounting	164.19	166.44
Impact of increase in 0.5% on rate of salary increase	161.57	163.61
Impact of decrease in 0.5% on rate of salary increase	152.99	154.92
Impact of increase in 10% on rate of employee turnover	152.70	153.76
Impact of decrease in 10% on rate of employee turnover	161.89	164.80

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

Particulars	31 March 2021	31 March 2020
Expected benefits for year 1	6.98	3.75
Expected benefits for year 2	10.42	9.66
Expected benefits for year 3	12.31	13.08
Expected benefits for year 4	16.67	15.20
Expected benefits for year 5	16.88	18.62
Expected benefits for years 6 to 10	77.18	81.80

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

Particulars	31 March 2021	31 March 2020	31 March 2019	31 March 2018	31 March 2017
Defined benefit obligation	157.29	159.27	82.50	44.72	21.38
Plan assets	-	-	-	-	-
Surplus/ (deficit)	(157.29)	(159.27)	(82.50)	(44.72)	(21.38)
Experience adjustment of plan assets	-	-	-	-	-
Experience adjustment of plan liabilities	(65.56)	(6.31)	(5.26)	(10.45)	8.52

B. **Compensated absences:**

Maturity Profile

Particulars	31 March 2021	31 March 2020
Present value of unfunded obligations	226.23	219.20
Expense recognised in the Statement of Profit and Loss	86.36	17.20
Discount rate (p.a.)	6.50%	6.60%
Salary escalation rate (p.a)	12.00%	12.00%

C. **Provident Fund:**

The Company contributes in Provident Fund towards employees which is the defined contribution plan for qualifying employees. Under this Scheme, the Company is required to contribute specified percentage of the payroll cost to fund the benefits. The Company recognised ₹ 108.90 (March 31, 2020: ₹ 145.88) for provident fund contributions in the Statement of profit and loss.

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

42. **Corporate Social Responsibility Expenses**

As per Section 135 of the Companies Act, 2013, the Company is under obligation to incur ₹ 34.45 (Previous year ₹ Nil), being 2% of the average net profit during the three immediately preceding financial years, calculated in the manner as stated in the Act towards Corporate Social Responsibility through contribution to fund prescribed in Schedule VII of the Companies Act, 2013 and has incurred ₹ 0.85 in current year, and the remaining amount is transferred into Unspent Corporate Social Responsibility Account within 30 days of completion of financial year.

43. Based on the information available with the Company, there are no micro, small and medium enterprises to whom the Company has paid interest or any interest payable on outstanding (under the provisions of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006) during the year ended March 31, 2021.

44. The Company does not have any outstanding loans against gold jewellery as at March 31, 2021 (March 31, 2020: Nil).

45. **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.

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i. **Capital management**

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

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

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

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

ii. **Regulatory capital**

Particulars	31 March 2021	31 March 2020
Tier I capital	67,847.88	68,381.90
Tier II capital	8,525.29	4,823.83
Total capital	**76,373.17**	**73,205.73**
Risk weighted assets (RWA)	**1,97,127.66**	**2,02,276.70**
Tier I CRAR	34.42%	33.81%
Tier II CRAR	4.32%	2.38%
CRAR	**38.74%**	**36.19%**

46. **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 2021	31 March 2020
Carrying amount of transferred assets measured at amortised cost (including loans placed as collateral)	26,638.84	33,915.58
Carrying amount of associated liabilities (Debt securities - measured at amortised cost)	21,127.96	22,660.56
Fair value of assets	26,638.84	33,915.58
Fair value of associated liabilities	21,127.96	22,660.56
Net position at Fair Value	5,510.88	11,255.02

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

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

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48. **Fair values:**

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

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

Valuation framework

The Company's valuation framework includes:

- Benchmarking prices against observable market prices or other independent sources;
- Development and validation of fair valuation models using model logic, inputs, outputs and adjustments.

These models are subject to approvals by various functions including risk, treasury and finance functions. Finance function is responsible for establishing procedures, governing valuation and ensuring fair values are in compliance with accounting standards.

Valuation methodologies adopted

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

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

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

49. **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 2021		31 March 2020	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
Cash and cash equivalent	28,786.04	-	5,049.52	-
Other bank balances	14,096.80	-	11,296.78	-
Loans	1,93,869.25	-	2,12,688.51	-
Other financial assets	7,667.62	-	2,868.74	-
Total financial assets	**2,44,419.71**	-	**2,31,903.54**	

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Financial instruments by category	31 March 2021		31 March 2020	
	Carrying value	Fair value	Carrying value	Fair value
Financial liabilities:				
Debt Securities	58,676.97	8,873.62	39,284.43	5,122.94
Borrowings (other than debt securities)	93,092.62	-	1,10,561.24	-
Subordinated Debt	2,529.12	-	2,528.44	-
Other financial liabilities	11,112.93	-	7,374.86	-
Total financial liabilities	**1,65,411.64**	**8,873.62**	**1,59,748.96**	**5,122.94**

Fair value of financial instruments measured at amortised cost:

Particulars	Level of hierarchy	31 March 2021	31 March 2020
Financial assets:			
Cash and cash equivalent	Level 1	28,786.04	5,049.52
Other bank balances	Level 1	14,096.80	11,296.78
Loans	Level 3	1,93,869.25	2,12,688.51
Other financial assets	Level 3	7,667.62	2,868.74
Total financial assets		**2,44,419.71**	**2,31,903.54**
Financial liabilities:			
Debt Securities	Level 3	58,676.97	39,284.43
Borrowings (other than debt securities)	Level 3	93,092.62	1,10,561.24
Subordinated Debt	Level 3	2,529.12	2,528.44
Other financial liabilities	Level 3	11,112.93	7,374.86
Total financial liabilities		**1,65,411.64**	**1,59,748.96**

Fair value of financial instruments designated at FVTPL:

Particulars	Level of hierarchy	31 March 2021	31 March 2020
Financial liabilities:			
Debt Securities	Level 2	8,873.62	5,122.94

50. 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 50 (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.

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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.

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

Financial assets	31 March 2021		31 March 2020	
	Within 1 year	After 1 year	Within 1 year	After 1 year
Cash and cash equivalents	28,786.04	-	5,049.52	-
Bank balances other than cash and cash equivalents	12,902.87	1,193.93	8,620.43	2,676.35
Loans	1,26,914.82	1,53,015.83	1,42,804.67	1,37,707.36
Other financial assets	4,104.78	3,562.84	1,697.61	1,171.13
Total	**1,72,708.51**	**1,57,772.60**	**1,58,172.23**	**1,41,554.84**

Financial liabilities	31 March 2021		31 March 2020	
	Within 1 year	After 1 year	Within 1 year	After 1 year
Debt Securities	35,633.77	43,040.19	19,920.08	32,171.39
Borrowings (other than debt securities)	52,398.77	27,551.79	59,842.82	40,091.12
Subordinated Debt	358.50	3,555.47	358.86	3,913.97
Securitisation liabilities	16,855.28	4,272.68	16,202.82	6,457.74
Other financial liabilities	4,331.55	4,916.54	3,809.41	4,717.47
Total	**1,09,577.87**	**83,336.67**	**1,00,134.00**	**87,351.68**

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

As at March 31, 2021	Within 1 year	After 1 year	Total
Assets			
Financial assets			
Cash and cash equivalents	28,786.04	-	28,786.04
Bank balances other than cash and cash equivalents	12,902.88	1,193.92	14,096.80
Loans	79,443.40	1,14,425.85	1,93,869.25
Other financial assets	4,104.79	3,562.83	7,667.62
Non-financial assets			
Current tax assets (Net)	-	24.55	24.55
Deferred tax asset (Net)	-	3,986.68	3,986.68
Property, plant and equipment	-	160.55	160.55
Other Intangible assets	-	67.12	67.12
Intangible assets under development	-	145.41	145.41
Right-of-use assets	-	2,339.07	2,339.07
Other non-Financial assets	422.84	32.43	455.27
Total assets	**1,25,659.95**	**1,25,938.41**	**2,51,598.36**

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As at March 31, 2021	Within 1 year	After 1 year	Total
Liabilities			
Financial liabilities			
Debt Securities	30,898.20	36,652.39	67,550.59
Borrowings (Other than debt securities)	63,472.46	29,620.16	93,092.62
Subordinated Debt	30.45	2,498.67	2,529.12
Other financial liabilities	5,216.42	5,896.51	11,112.93
Non Financial liabilities			
Current tax liabilities (net)	1,189.18	-	1,189.18
Provisions	29.21	354.31	383.52
Other non financial liabilities	254.75	1,324.28	1,579.03
Total liabilities	**1,01,090.67**	**76,346.32**	**1,77,436.99**

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

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.

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(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 2021		31 March 2020	
	USD	₹ in Lakhs	USD	₹ in Lakhs
Expenses payable	1,43,646.00	105.93	-	-

Foreign currency sensitivity

Foreign current rate	Impact on profit before tax	
	31 March 2021	31 March 2020
Foreign currency exposure risk		
Increase by 5%	5.30	-
Decrease by 5%	(5.30)	-

(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 2021	31 March 2020
Debt Securities (variable)	8,873.62	9,500.00
Debt Securities (fixed)	58,676.97	34,907.37
Borrowings (other than debt securities) (variable)	24,489.69	42,076.05
Borrowings (other than debt securities) (fixed)	68,602.93	68,485.19
Subordinated debts (variable)	-	-
Subordinated debts (fixed)	2,529.12	2,528.44
Total Borrowings	**1,63,172.33**	**1,57,497.04**

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 2021	31 March 2020
Borrowings, debt securities & subordinate debt		
Increase by 50 basis points	(166.82)	(257.88)
Decrease by 50 basis points	166.82	257.88

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.

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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.

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

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

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

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

- **Exposure at Default (EAD)**
  The exposure at default represents the outstanding and interest accrued of the financial instruments subject to the impairment calculation.

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

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

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

Particulars	31 March 2021				31 March 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance of gross carrying amount	2,07,893.06	6,938.04	4,793.37	**2,19,624.47**	1,31,103.53	3,205.55	1,766.67	**1,36,075.75**
Transfers during the year								
Transfers to Stage 1	136.34	(135.37)	(0.97)	-	133.97	(133.97)	-	-
Transfers to Stage 2	(42,860.07)	42,865.71	(5.64)	-	(5,399.83)	5,399.83	-	-
Transfers to Stage 3	(7,179.66)	(826.95)	8,006.61	-	(3,914.53)	(284.47)	4,199.00	-
Changes to contractual cash flows due to modifications not resulting in derecognition	3,424.10	10,857.42	936.67	**15,218.19**	602.13	146.92	-	**749.05**
Changes in opening credit exposures (additional disbursement net of repayments)	(86,089.91)	(5,606.44)	(898.98)	**(92,595.33)**	(82,326.26)	(4,849.60)	5,141.65	**(82,034.21)**
New credit exposures during the year, net of repayments	74,975.72	461.61	307.00	**75,744.33**	1,67,694.05	3,453.78	3,461.59	**1,74,609.42**
Amounts written off	-	-	(7,945.88)	**(7,945.88)**	-	-	(9,775.54)	**(9,775.54)**
Closing balance of gross carrying amount	**1,50,299.58**	**54,554.02**	**5,192.18**	**2,10,045.78**	**2,07,893.06**	**6,938.04**	**4,793.37**	**2,19,624.47**

Particulars	31 March 2021				31 March 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance of ECL allowance	2,716.87	1,529.51	2,689.58	**6,935.96**	3,155.42	664.49	993.15	**4,813.05**
Transfers during the year								
Transfers to Stage 1	26.15	(25.62)	(0.53)	-	26.22	(26.22)	-	-
Transfers to Stage 2	(694.64)	697.75	(3.11)	-	(155.17)	155.17	-	-
Transfers to Stage 3	(134.17)	(283.07)	417.24	-	(109.83)	56.49	53.34	-
Changes to contractual cash flows due to modifications not resulting in derecognition	112.65	1,738.15	298.92	**2,149.72**	13.94	30.02	-	**43.96**
Changes in opening credit exposures (additional disbursement net of repayments)	(0.05)	5,027.28	7,668.19	**12,695.42**	(1,952.03)	(55.74)	8,822.02	**6,814.25**
New credit exposures during the year, net of repayments	1,996.30	142.99	202.02	**2,341.31**	1,738.32	705.31	2,596.61	**5,040.24**
Amounts written off	-	-	(7,945.88)	**(7,945.88)**	-	-	(9,775.54)	**(9,775.54)**
Closing balance of ECL allowance	**4,023.11**	**8,826.99**	**3,326.43**	**16,176.53**	**2,716.87**	**1,529.51**	**2,689.58**	**6,935.96**

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

As At March 31, 2021:

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

As At March 31, 2020:

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

Measurement uncertainty and sensitivity analysis of ECL estimates:
Expected credit loss impairment loss allowances recognised in the financial statements reflect the effect of a range of possible economic outcomes, calculated on a probability-weighted basis, based on the economic scenarios described below.

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

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

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

ECL sensitivity to future economic conditions
ECL coverage of financial instruments under forecast economic conditions:

Particulars	31 March 2021	31 March 2020
Gross carrying amount of loans	2,10,045.78	2,19,624.47
Reported ECL - Other provisions	16,176.53	6,935.96
Reported ECL coverage	7.70%	3.16%
ECL amounts for alternate scenario (without considering macro-economic overlay)		
Central scenario (80%)	7,514.36	5,548.77
Downside scenario (10%)	8,453.66	6,242.36
Upside scenario (10%)	10,332.25	7,629.56
ECL coverage ratios by scenario (without considering macro-economic overlay)		
Central scenario (80%)	3.58%	2.53%
Downside scenario (10%)	4.02%	2.84%
Upside scenario (10%)	4.92%	3.47%

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LENDINGKART FINANCE LIMITED (INDIA)

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

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

A. Capital Risk Asset Ratio

Sr. No.	Particulars	31 March 2021	31 March 2020
(a)	Capital Risk Asset Ratio (%)	38.74%	36.19%
(b)	Capital Risk Asset Ratio (%) - Tier I Capital (%)	34.42%	33.81%
(c)	Capital Risk Asset Ratio (%) - Tier II Capital (%)	4.32%	2.38%
(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 2021	31 March 2020
Current Investments:		
1. Quoted:	NIL	NIL
i. Shares:		
a. Equity		
b. Preference		
ii. Debentures and Bonds		
iii. Units of mutual funds		
iv. Government Securities		
v. Others (please specify)		
2. Unquoted:	NIL	NIL
i. Shares:		
a. Equity		
b. Preference		
ii. Debentures and Bonds		
iii. Units of mutual funds		
iv. Government Securities		
v. Others (please specify)		
Long Term investments:		
1. Quoted:	NIL	NIL
i. Shares:		
a. Equity		
b. Preference		
ii. Debentures and Bonds		
iii. Units of mutual funds		
iv. Government Securities		
v. Others (please specify)		
2. Unquoted:	NIL	NIL
i. Shares:		
a. Equity		
b. Preference		
ii. Debentures and Bonds		
iii. Units of mutual funds		
iv. Government Securities		
v. Others (please specify)		

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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 2021	31 March 2020
1	No. of SPVs sponsored by the NBFC for securitisation transactions	15	11
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	26,939.96	25,016.49
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of Balance Sheet		
	a. Off balance sheet exposure		
	First Loss	110.53	110.53
	Others	-	-
	b. On balance sheet exposure		
	First Loss	3,904.20	3,243.67
	Others (Overcollateralization)	5,093.27	3,928.21
4	Amount of exposures to securitisation transactions other than MRR		
	a. Off balance sheet exposure		
	I. Exposure to own securitisations		
	First Loss	-	-
	Others	-	-
	II. Exposure to third party securitisations		
	First Loss	-	-
	Others	-	-
	b. On balance sheet exposure		
	I. Exposure to own securitisations		
	First Loss	-	-
	Others	-	-
	II. Exposure to third party securitisations		
	First Loss	-	-
	Others	-	-

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

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 2021	31 March 2020
Total number of loans securitised	4,025	6,311
Total book value of the loans securitised	19,664.75	34,064.42
Total book value of the loans securitised including loans placed as collateral	19,664.75	34,064.42
Sale consideration received for the loan asset securitised	17,619.03	31,016.86
Overcollateralization of the loans securitised	2,045.72	3,047.55
Excess interest spread recognised in the statement of profit and loss	203.94	584.38

Particulars	31 March 2021	31 March 2020
Credit enhancements provided and outstanding (Gross):		
Cash Collateral	1,193.93	2,710.27
Corporate Guarantee	-	110.53
Loan assets retained as MRR	2,045.72	3,047.55

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LENDINGKART FINANCE LIMITED (INDIA)

D. Disclosure for direct assignment

Details of assignment transactions undertaken by the Company during the year

Particulars	31 March 2021	31 March 2020
No. of accounts	406	6,211
Aggregate value (net of provisions) of accounts sold	1,775.91	23,322.06
Aggregate consideration	1,775.91	23,322.06
Additional consideration realised in respect of accounts transferred in earlier years	-	-
Aggregate gain / loss over net book value	-	-

E. Details of non-performing financial assets sold

Sr. No.	Particulars	31 March 2021	31 March 2020
1	No. of accounts sold	2,337	1,456
2	Aggregate outstanding	4,912.31	2,623.60
3	Aggregate consideration received	147.37	157.42

F. Maturity pattern of certain items of assets and liabilities

Particulars	Year ended March 31, 2021		
	Advances	Investments	Borrowings
0 day to 7 days	3,678.66	-	2,231.21
8 day to 14 days	1,666.03	-	991.11
15 days to 1 month	3,779.51	-	4,315.78
Over 1 month to 2 months	6,265.11	-	5,516.31
Over 2 months upto 3 months	6,749.26	-	9,609.46
Over 3 months to 6 months	22,386.84	-	19,919.16
Over 6 months to 1 year	46,020.41	-	51,818.10
Over 1 year to 3 years	1,12,690.75	-	58,172.05
Over 3 years to 5 years	1,617.03	-	10,599.15
Over 5 years	5,192.18	-	-
Total	**2,10,045.78**	**-**	**1,63,172.33**

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

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.

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LENDINGKART FINANCE LIMITED (INDIA)

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 **February 27, 2022**.

I. No penalties imposed on the Company by the Reserve Bank of India or any other regulator during the year ended March 31, 2021 (March 31, 2020: 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	Year ended March 31, 2021			
	Rating Date	Rating Agency	Current rating assigned	Valid upto
Line of Credit/ Bank lines	13-Jun-20	Infomerics ratings	IVR A-/Stable/IVR A2+(Short Term rating)	09-Jun-21
	30-Jul-20	ICRA	[ICRA]BBB+(Stable)/ [ICRA]A2 assigned	29-Jul-21
	31-Aug-20	ICRA	[ICRA]BBB+(Stable)/ [ICRA]A2 assigned	30-Aug-21
Non-Convertible Debentures/ CP	13-Jun-20	Infomerics ratings	IVR A-/Stable	12-Jun-21
	31-Aug-20	ICRA	[ICRA]BBB+(Stable)	30-Aug-21
	30-Jul-20	ICRA	[ICRA]BBB+(Stable)	29-Jul-21
	02-Mar-21	India Ratings and Research	IND PP-MLD BBB+emr/Positive	01-Mar-22
	29-Sep-20	India Ratings and Research	IND PP-MLD BBB+emr/Positive, IND A2 (Commercial Paper)	28-Sep-21
	23-Nov-20	CRISIL LTD	CRISIL PP-MLD BBB+r	22-Nov-21

Instrument	Year ended March 31, 2020			
	Rating Date	Rating Agency	Current rating assigned	Valid upto
Line of Credit/ Bank lines	12-Mar-20	ICRA	[ICRA]BBB+(Stable)/ [ICRA]A2 assigned	12-Mar-21
	30-Sep-19	India Ratings & Research	IND BBB+/Positive	29-Sep-20
	14-May-19	CRISIL	CRISIL BBB+/Positive	13-May-20
Non-Convertible Debentures/ CP	13-Mar-20	CRISIL	CRISIL PP-MLD BBB+/Positive	13-Mar-21
	12-Mar-20	ICRA	[ICRA]BBB+(Stable); outstanding	12-Mar-21
	30-Sep-19	India Ratings & Research	IND PP-MLD BBB+EMR/Positive, IND A2 (Commercial Paper)	30-Sep-20

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 2021	31 March 2020
Loans	9,174.37	2,148.15
Other financial assets	648.27	24.54
Write offs	7,945.88	9,775.54

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LENDINGKART FINANCE LIMITED (INDIA)

(₹ in Lakhs unless otherwise stated)

L. Concentration of Deposits, Advances, Exposures and NPAs

i. Concentration of Advances

Particulars	31 March 2021	31 March 2020
Total Advances to twenty largest borrowers	787.80	891.38
Percentage of Advances to twenty largest borrowers to Total Advances of the applicable NBFC	0.38%	0.41%

ii. Concentration of Exposures

Particulars	31 March 2021	31 March 2020
Total Exposure to twenty largest borrowers	800.76	891.38
Percentage of Exposure to twenty largest borrowers to Total Advances of the applicable NBFC	0.38%	0.41%

iii. Concentration of NPAs

Particulars	31 March 2021	31 March 2020
Total Exposure to top four NPA accounts	111.15	114.69

M. Sector-wise NPAs

Sr. No.	Sector	Percentage of NPAs to Total Advances in that sector	
		31 March 2021	31 March 2020
1	Agriculture & allied activities	-	-
2	MSME*	2.47%	0.44%
3	Corporate borrowers	-	2.39%
4	Services	-	1.76%
5	Unsecured personal loans	-	-
6	Auto loans	-	-
7	Other personal loans	-	-
8	Other retail loans	-	2.96%

* Ministry of Micro, Small and Medium Enterprises vide its notification dated June 01, 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 2021	31 March 2020
I	Net NPAs to net advances (%)	0.90%	0.97%
Ii	**Movement of NPAs (Gross)**		
	i) Opening balance	4,793.37	1,766.67
	ii) Additions during the year	9,743.98	14,072.39
	iii) Reductions during the year	9,345.17	11,045.69
	iv) Closing balance	5,192.18	4,793.37
iii	**Movement of net NPAs**		
	i) Opening balance	2,103.79	773.53
	ii) Additions during the year	3,493.15	5,930.91
	iii) Reductions during the year	3,731.19	4,600.65
	iv) Closing balance	1,865.75	2,103.79
iv	**Movement of provisions for NPAs (excluding provision on standard assets)**		
	i) Opening balance	2,689.58	993.15
	ii) Provisions made during the year	6,250.83	8,141.48
	iii) Write-off/Write-back	5,613.98	6,445.05
	iv) Closing balance	3,326.43	2,689.58

* represents stage-3 loans

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O. Classification and provisions for loan portfolio

Asset classification	31 March 2021	31 March 2020
Loan outstanding		
Standard assets (Stage-1 and Stage-2)	2,04,853.60	2,14,830.82
Non-performing assets (Stage-3)	5,192.18	4,793.65
Loss assets	-	-
Less: Provision		
Standard assets (Stage-1 and Stage-2)	12,850.10	4,133.40
Non-performing assets (Stage-3)	3,326.43	2,802.56
Loss assets	-	-
Loan outstanding (net)		
Standard assets (Stage-1 and Stage-2)	1,92,003.50	2,10,697.42
Non-performing assets (Stage-3)	1,865.75	1,991.09
Loss assets	-	-

P. Customer Complaints

Sr. No.	Particulars	31 March 2021	31 March 2020
I	No. of complaints pending at the beginning of the year	1	12
Ii	No. of complaints received during the year	136	30
Iii	No. of complaints redressed during the year	137	41
Iv	No. of complaints pending at the end of the year	-	1

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

Particulars	31 March 2021	31 March 2020
Amount involved	51.85	-
Amount recovered	3.17	-
Amount written off / provided	48.68	-
Balance	-	-

52. Disclosures as required for liquidity risks

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

Particulars	31 March 2021
Number of significant counter parties*	27
Amount	1,43,016.11
Percentage of funding concentration to total deposits	N.A
Percentage of funding concentration to total liabilities	80.60%

* 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 2021
Total amount of top 10 borrowings	94,229.840
Percentage of amount of top 10 borrowings to total borrowings	57.75%

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LENDINGKART FINANCE LIMITED (INDIA)

(₹ in Lakhs unless otherwise stated)

IV. Funding Concentration based on significant instrument/product*

Particulars	31 March 2021	Percentage of total liabilities
Debt Securities	67,550.59	38.07%
Term loans and WCDL	67,093.82	37.81%
Securitisation liabilities	21,127.96	11.91%
CC/OD	4,870.84	2.75%
Sub-debt	2,529.12	1.43%

* Significant instrument/product 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

V. Stock ratio:

Sr. No.	Stock ratio	Percentage
1	Commercial papers as a % of total liabilities	N.A
2	Commercial papers as a % of total assets	N.A
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	56.97%
6	Other short-term liabilities as a % of total assets	40.18%

VI. Institutional set-up for Liquidity Risk Management
Refer Note-50(A) of financial statements

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LENDINGKART FINANCE LIMITED (INDIA)

(₹ in Lakhs unless otherwise stated)

53. 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 Carring Amount as per Ind AS 109	Loss Allowances (Provisions) as required under Ind AS 109	Net Carring 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	1,50,299.58	4,023.11	1,46,276.47	601.20	3,421.91
	Stage 2	54,554.02	8,826.99	45,727.03	2,625.21	6,201.78
Subtotal		**2,04,853.60**	**12,850.10**	**1,92,003.50**	**3,226.41**	**9,623.69**
Non-performing Assets (NPA)						
Substandard	Stage 3	4,704.51	2,838.76	1,865.75	2,352.25	486.51
Doubtful - up to 1 year						
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 Years	Stage 3	487.67	487.67	-	487.67	-
Subtotal of Doubtful	Stage 3	-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Subtotal of NPA		**5,192.18**	**3,326.43**	**1,865.75**	**2,839.92**	**486.51**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**-**	**-**	**-**	**-**	**-**
Total	Stage 1	**1,50,299.58**	**4,023.11**	**1,46,276.47**	**601.20**	**3,421.91**
	Stage 2	**54,554.02**	**8,826.99**	**45,727.03**	**2,625.21**	**6,201.78**
	Stage 3	**5,192.18**	**3,326.43**	**1,865.75**	**2,839.92**	**486.51**
	Total	**2,10,045.78**	**16,176.53**	**1,93,869.25**	**6,066.33**	**10,110.20**

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LENDINGKART FINANCE LIMITED (INDIA)

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

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

per Jayesh Gandhi
Partner
Membership No. 037924

Place: Mumbai
Date: May 12, 2021

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

Harshvardhan Lunia
Chairman & Managing Director
DIN No. 01189114

Sudeep Bhatia
Chief Financial officer
Membership No. 098112

Umesh Navani
Company Secretary
Membership No. A40899

Place: Mumbai
Date: May 12, 2021

S.R. BATLIBOI & CO. LLP
Chartered Accountants

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

INDEPENDENT AUDITOR'S REPORT

To the Members of Lendingkart Finance Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Lendingkart Finance Limited ("the Company"), which comprise the Balance sheet as at March 31 2020, the Statement of Profit and Loss, including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

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

Our opinion is not modified in respect of this matter.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board of director's report but does not include the Ind AS financial statements and our auditor's report thereon.

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

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially

misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for the Ind AS Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:

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

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

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

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

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

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

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

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

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

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

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

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

JAYESH MANHARLAL GANDHI

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Location: Mumbai
Date: 2020.06.30 23:23:04 +05'30'

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

Place of Signature: Mumbai
Date: June 30, 2020

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

Re: Lendingkart Finance Limited

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

JAYESH MANHARLAL GANDHI

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Location: Mumbai
Date: 2020.06.30 23:23:46 +05'30'

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

Place of Signature: Mumbai
Date: June 30, 2020

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

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

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

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

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

A company's internal financial control over financial reporting with reference to these standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these standalone financial statements includes those policies and

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

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

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

Opinion

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

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

JAYESH MANHARLAL GANDHI

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

Place of Signature: Mumbai
Date: June 30, 2020

Lendingkart Finance Limited

Balance Sheet as at 31 March 2020 *(₹ in lakhs unless otherwise stated)*

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

Summary of significant accounting policies **3**

The accompanying notes are an integral part of the financial statements

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

JAYESH MANHARLAL GANDHI
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Date: 2020.06.30 23:24:43 +05'30'

per Jayesh Gandhi
Partner
Membership No. 037924

Place : Mumbai
Date : 30 June 2020

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

HARSHVARDHAN R LUNIA
Digitally signed by HARSHVARDHAN R LUNIA
Date: 2020.06.30 22:28:45 +05'30'

Harshvardhan Lunia
Chairman & Managing Director
DIN No. 01189114

MITHUN SUNDAR
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Date: 2020.06.30 22:25:21 +05'30'

Mithun Sundar
Chief Executive Officer

MOHIT BAJAJ
Digitally signed by MOHIT BAJAJ
Date: 2020.06.30 22:23:26 +05'30'

Mohit Bajaj
Chief Financial officer
Membership No. 401316

UMESH JAIPRAKASH NAVANI
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Date: 2020.06.30 22:23:01 +05'30'

Umesh Navani
Company Secretary
Membership No. A40899

Place : Mumbai
Date : 30 June 2020

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

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

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

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

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Location: Mumbai
Date: 2020.06.30 23:25:05 +05'30'

per Jayesh Gandhi
Partner
Membership No. 037924

Place : Mumbai
Date : 30 June 2020

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

HARSHVARDHAN R LUNIA
Digitally signed by HARSHVARDHAN R LUNIA
Date: 2020.06.30 22:28:22 +05'30'

Harshvardhan Lunia
Chairman & Managing Director
DIN No. 01189114

MITHUN SUNDAR
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Date: 2020.06.30 22:25:44 +05'30'

Mithun Sundar
Chief Executive Officer

MOHIT BAJAJ
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Mohit Bajaj
Chief Financial officer
Membership No. 401316

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Date: 2020.06.30 22:20:24 +05'30'

Umesh Navani
Company Secretary
Membership No. A40899

Place : Mumbai
Date : 30 June 2020

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

Equity share capital

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

Other equity

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

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

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

JAYESH MANHARLAL GANDHI
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Location: Mumbai
Date: 2020.06.30 23:25:49 +05'30'

per Jayesh Gandhi
Partner
Membership No. 037924

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

HARSHVARDHAN R LUNIA
Digitally signed by HARSHVARDHAN R LUNIA
Date: 2020.06.30 22:27:53 +05'30'

Harshvardhan Lunia
Chairman & Managing Director
DIN No. 01189114

MITHUN SUNDAR
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Mithun Sundar
Chief Executive Officer

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Mohit Bajaj
Chief Financial officer
Membership No. 401316

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Date: 2020.06.30 22:24:41 +05'30'

Umesh Navani
Company Secretary
Membership No. A40899

Place : Mumbai
Date : 30 June 2020

Place : Mumbai
Date : 30 June 2020

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

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

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

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

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

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

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

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

JAYESH MANHARLAL GANDHI
Digitally signed by JAYESH MANHARLAL GANDHI
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Location: Mumbai
Date: 2020.06.30 23:26:20 +05'30'

per Jayesh Gandhi
Partner
Membership No. 037924

Place : Mumbai
Date : 30 June 2020

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

HARSHVARDHAN R LUNIA
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Date: 2020.06.30 22:34:47 +05'30'

Harshvardhan Lunia
Chairman & Managing Director
DIN No. 01189114

MITHUN SUNDAR
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Mithun Sundar
Chief Executive Officer

MOHIT BAJAJ
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Date: 2020.06.30 22:24:21 +05'30'

Mohit Bajaj
Chief Financial officer
Membership No. 401316

UMESH JAIPRAKASH NAVANI
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Umesh Navani
Company Secretary
Membership No. A40899

Place : Mumbai
Date : 30 June 2020

1. Corporate information

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

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

2. Basis of preparation

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

For all periods up to and including the year ended 31 March 2019, the company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP). The financial statements for the year ended 31 March 2020 are the first financial statements, the Company has prepared in accordance with Ind AS.

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

2.1 Presentation of financial statements

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

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

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

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

3. Significant accounting policies

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

(i) Recognition of interest income

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

a. Interest income

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

The effective interest rate method

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

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

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

b. Net gain on fair value changes

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

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

(ii) Recognition of other income

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

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

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

(iii) Recognition of expenditures

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

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

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

(iv) Financial Instruments

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

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

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

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

d. Measurement categories of financial assets and liabilities

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

- Amortised cost
- FVOCI
- FVTPL

(v) Financial assets and liabilities

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

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

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

The details of these conditions are outlined below.

- **Business model assessment**

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

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

- **The SPPI test**

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

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

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

b. Debt securities and other borrowed funds

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

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

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

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis; Or
- The liabilities are part of a group of financial liabilities, which are managed, and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; Or

- The liabilities containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited

d. Financial assets at FVOCI

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

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

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

e. Financial guarantees and undrawn loan commitments

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

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

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

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

(vi) Reclassification of financial assets and liabilities

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

(vii) Derecognition of financial assets and liabilities

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

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

When assessing whether or not to derecognise a loan to a customer, amongst others, the company considers the following factors:

- Change in the currency of loan
- Introduction of an equity feature
- Change in counterparty

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

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

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The company has transferred the financial asset if, and only if, either:

- The company has transferred its contractual rights to receive cash flows from the financial asset; Or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement

The Company transfers its financial assets through the partial assignment route and accordingly derecognises the transferred portion as it neither has any continuing involvement in the same nor does it retain any control. If the Company retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. A service liability in respect of a service is recognised at fair value if the fee to

be received is not expected to compensate the Company adequately for performing the service. If the fees to be received is expected to be more than adequate compensation for the servicing, a service asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

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

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

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

A transfer only qualifies for derecognition if either:
- The company has transferred substantially all the risks and rewards of the asset; Or
- The company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

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

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

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

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

c. Financial liabilities

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

(viii) Impairment of financial assets

a. Overview of the ECL principles

The company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

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

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

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

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

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

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

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

b. The calculation of ECLs

The company calculates ECLs to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

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

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

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

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

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

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

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

The mechanics of the ECL method are summarised below:

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

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

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

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

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

c. Contract assets

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

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

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

(x) Write-offs

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

(xi) Determination of fair value

The company measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

- **Level-1 financial instruments**
  Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the company has access to at the measurement date. The company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

- **Level-2 financial instruments**
  Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on

unobservable inputs which are significant to the entire measurement, the company will classify the instruments as Level 3.

- **Level-3 financial instruments**
  Those that include one or more unobservable input that is significant to the measurement as whole.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(xii) Foreign Currency translation

a. Functional and presentational currency
The company financial statements are presented in Indian Rupees (₹) which is also the functional currency of the company.

b. Transactions and balances
Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange at the reporting date. All differences arising on non–trading activities are taken to other income/expense in the statement of profit and loss.

Non–monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

(xiii) Leases

The company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

a. Company as a lessee
The company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

- **Right-of-use assets**
  The company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

  If ownership of the leased asset transfers to the company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

- **Lease liabilities**
  At the commencement date of the lease, the company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the company and payments of penalties for terminating the lease, if the lease term reflects the company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

- **Short-term leases and leases of low-value assets**
  The company applies the short-term lease recognition exemption to its short-term leases i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

b. Company as a lessor

Leases in which the company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(xiv) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, highly liquid securities with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

(xv) Property, plant and equipment

Property plant and equipment is stated at cost excluding the costs of day–to–day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Depreciation on property, plant and equipment is provided on the written down value method using the rates arrived at based on useful life of the assets prescribed under Schedule II of the Act which is also as per the useful life of the assets estimated by the management.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

(xvi) Intangible assets

The company's other intangible assets mainly include the value of computer software and assets under development.

An intangible asset is recognised only when its cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the company.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets are amortised using the straight-line method over a period of three years, which is the Management's estimate of its useful life. The useful lives of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate

(xvii) Impairment of non–financial assets

The company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(xviii) Financial guarantees

Financial guarantees are initially recognised in the financial statements (within 'other liabilities') at fair value, being the premium received. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Any increase in the liability relating to financial guarantees is recorded in the statement of profit and loss in credit loss expense. The premium received is recognised in the statement of profit and loss in net fees and commission income on a straight-line basis over the life of the guarantee.

(xix) Retirement and other employee benefits

a. Provident fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The company recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

b. Gratuity liability

Gratuity liability is a defined benefit plan and the costs of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:
- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The company recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:
- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and nonroutine settlements; and
- Net interest expense or income

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or past service gain') or the gain or loss on curtailment is recognised immediately in the statement of profit and loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs

c. Compensated absences

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

(xx) Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

(xxi) Taxes

a. Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities, in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) prescribed therein.. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the jurisdiction where the company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns

with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

b. Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

c. Goods and services tax /value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(xxii) Contingent liabilities, contingent assets and commitments

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made

Contingent assets are neither recognised nor disclosed in the financial statements. However, it is disclosed only when an inflow of economic benefits is highly probable.

Commitments include the amount of purchase order (net of advances) issued to the counterparties for supplying/development of asset and amount of undisbursed portfolio loans.

Contingent assets, contingent liabilities and commitments are reviewed at each reporting date.

(xxiii) Share issue expenses

Direct expenses in connection with issue of shares are adjusted from securities premium account, to the extent available.

(xxiv) Earnings per share

Basic earnings per share is computed by dividing profit after tax (excluding other comprehensive income) attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

4. Critical accounting estimates and judgments

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Accounting estimates and judgments are used in various line items in the financial statements for e.g.:

- Business model assessment
- Fair value of financial instruments
- Effective Interest Rate (EIR)
- Impairment on financial assets
- Provisions and other contingent liabilities
- Provision for tax expenses
- Residual value and useful life of property, plant and equipment

5. Change in accounting Policy

During the year ended March 31, 2020, the Company has adjusted share issue expenses aggregating to ₹ 26.89 against securities premium account, which was hitherto charged to statement of profit and loss. Had the Company followed the accounting policy applicable in the year ended March 31, 2019, the profit would have been lower by ₹ 26.89.

6 Cash and cash equivalents

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Cash on hand	-	0.28	0.13
Balances with banks			
- in current accounts	5,049.52	3,058.93	690.60
- in deposit accounts with maturity upto 3 months	-	13,491.53	3,001.77
Total	**5,049.52**	**16,550.74**	**3,692.50**

Balances with banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the company, and earn interest at the respective short-term deposit rates. Fixed deposits are pledged against credit facilities of ₹ NIL (31 March 2019: ₹ 13,486.55 and 01 April 2018: ₹ NIL)

7 Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Fixed deposits with bank*			
Deposits - maturity less than 12 months	8,620.43	5,592.67	3,577.10
Deposits - maturity more than 12 months	2,676.35	1,710.92	2,039.95
Interest accrued but not due on deposits placed with banks	-	(0.00)	-
Total	**11,296.78**	**7,303.59**	**5,617.05**

*Fixed deposit and other balances with banks earns interest at fixed rate or floating rates based on daily bank deposit rates. Fixed deposits are pledged against credit facilities of ₹ 11,296.78 (31 March 2019: ₹ 5,467.64 and 01 April 2018: ₹ 3,574.16)

8 Loans

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Term loans	2,19,624.47	1,36,075.75	45,266.28
Less: Impairment loss allowance	(6,935.96)	(4,813.05)	(2,415.88)
Total	**2,12,688.51**	**1,31,262.70**	**42,850.40**
(Refer note 48(C) for Credit risk)			
(A) Out of Above			
(i) Secured	-	-	-
Less: Impairment loss allowance	-	-	-
Total (i)	-	-	-
(ii) Unsecured	2,19,624.47	1,36,075.75	45,266.28
Less: Impairment loss allowance	(6,935.96)	(4,813.05)	(2,415.88)
Total (ii)	**2,12,688.51**	**1,31,262.70**	**42,850.40**
Total (A) = (i) + (ii)	**2,12,688.51**	**1,31,262.70**	**42,850.40**
(B) Out of Above			
(i) Public Sector	-	-	-
Less: Impairment loss allowance	-	-	-
Total (i)	-	-	-
(ii) Others	2,19,624.47	1,36,075.75	45,266.28
Less: Impairment loss allowance	(6,935.96)	(4,813.05)	(2,415.88)
Total (ii)	**2,12,688.51**	**1,31,262.70**	**42,850.40**
Total (B) = (i) + (ii)	**2,12,688.51**	**1,31,262.70**	**42,850.40**

On March 11, 2020, the World Health Organization declared COVID 19 a pandemic, which has impacted almost all countries around the world, including India. As a control measure, the Indian Government announced a lock down across India to restrict the spread of the virus. Consequently, on 27th March, 2020, the RBI announced various regulatory measures to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic and to ensure continuity of viable businesses (Reference RBI Circular no RBI/2019-20/186 DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020, RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 and RBI/2019-20/244 DOR.No.BP.BC.71/21.04.048/2019-20 dated May 22, 2020). The RBI has given certain waivers to the borrowers which include moratorium to pay principal and interest with relaxation on their classification as a non-performing asset. The moratorium is essentially granted to help the borrowers to tide over a liquidity crisis caused by the corona disruption.

The company has also provided moratorium facility to its customer based on a board approved policy with effect from 27th March 2020 to all loans classified as standard as on 29th February 2020. Therefore, the original tenure of loans is extended. Also, the moratorium period, wherever granted, is excluded by the company from the number of days past-due for the purpose of asset classification under the IRAC norms.

9 Other financial assets

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Interest receivable on assignment of loans	780.12	260.39	-
Security deposits	581.69	182.66	210.93
Receivable from co-lenders	1,311.20	-	-
Others	226.28	33.65	19.10
Total	**2,899.30**	**476.71**	**230.04**
(Less) : Impairment allowance on other financial assets	(30.56)	(18.07)	-
Total	**2,868.74**	**458.63**	**230.04**

10 Tax assets (net)

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Advance income tax*	162.08	250.93	161.44
Total	**162.08**	**250.93**	**161.44**

***(net of provision for tax ₹ 1,902.50 (31 March 2019: ₹ 820.93 ; 01 April 2018: Nil))**

11 Deferred tax asset (Net)

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Deferred tax asset on account of:			
Carry forward of unabsorbed losses	-	-	978.56
Provision for expenses allowed for tax purposes on payment basis under Section 43B of Income tax Act, 1961	110.21	97.43	62.44
Provision for expected credit losses	1,750.18	1,332.08	(313.52)
EIR accounting of loan assets	221.01	103.48	14.39
Deferred tax on account of Ind AS 116	23.90	(8.19)	(16.59)
Deferred tax on account of Guarantee fees	325.88	-	-
Deferred tax on account of unwinding discount of Security Deposit	51.44	24.13	13.07
Impact of difference between tax depreciation and depreciation charged for the financial reporting	27.84	13.27	10.53
Interest on market linked debentures	111.26	-	-
MAT credit entitlement	42.10	537.42	-
	2,663.82	**2,099.62**	**748.88**
Deferred tax liability on account of:			
Impact of accrued interest on non performing assets	-	-	-
Deferred tax on account of securitisation and direct assignment	562.39	249.88	(120.30)
EIR accounting of borrowings	242.78	177.93	(81.95)
	805.17	427.81	(202.25)
Deferred tax assets (Net)	**1,858.65**	**1,671.82**	**951.13**
Deferred tax asset recognized	**1,858.65**	**1,671.82**	-

12 Property, plant and equipment

Particulars	Property, plant and equipment					Right-of-use assets
	Computers and Networks	Furniture and fixtures	Office equipments	Leasehold improvements	Total	
Cost						
As at 01 April 2018	**61.77**	**42.63**	**13.85**	**12.13**	**130.39**	**866.15**
Additions	191.00	6.71	19.94	-	**217.65**	930.70
Disposals	1.09	16.25	3.79	12.13	**33.25**	-
As at 31 March 2019	**251.69**	**33.09**	**30.01**	-	**314.79**	**1,796.85**
Additions	215.73	9.55	71.13	-	**296.40**	1,908.21
Disposals	3.42	1.29	1.95	-	**6.66**	-
As at 31 March 2020	**464.00**	**41.35**	**99.18**	-	**604.53**	**3,705.07**
Accumulated depreciation						
As at 01 April 2018	-	-	-	-	-	-
Charge for the year	75.27	10.90	8.35	9.56	**104.09**	124.18
Disposals	0.52	3.84	1.53	9.56	**15.45**	-
As at 31 March 2019	**74.75**	**7.06**	**6.82**	-	**88.64**	**124.18**
Charge for the year	179.05	8.00	24.37	-	**211.42**	**367.24**
Disposals	1.91	0.46	1.08	-	**3.45**	-
As at 31 March 2020	**251.89**	**14.61**	**30.11**	-	**296.61**	**491.42**
Net book value						
As at 01 April 2018	**61.77**	**42.63**	**13.85**	**12.13**	**130.39**	**866.15**
As at 31 March 2019	**176.93**	**26.03**	**23.19**	-	**226.15**	**1,672.67**
As at 31 March 2020	**212.11**	**26.74**	**69.07**	-	**307.92**	**3,213.65**

13 Intangible assets

Particulars	Computer softwares
Cost	
As at 01 April 2018	26.03
Additions	55.93
Disposals	-
As at 31 March 2019	**81.96**
Additions	110.55
Disposals	-
As at 31 March 2020	**192.51**
Accumulated amortisation	
As at 01 April 2018	-
Charge for the year	21.61
Disposals	-
As at 31 March 2019	**21.61**
Charge for the year	51.32
Disposals	-
As at 31 March 2020	**72.93**
Net book value	
As at 01 April 2018	**26.03**
As at 31 March 2019	**60.35**
As at 31 March 2020	**119.58**

14 Other non-financial assets

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Indirect tax credits available for utilisation	115.65	33.18	10.38
Prepaid expenses	222.26	96.57	64.36
Other advances	250.59	29.33	50.05
Total	**588.50**	**159.09**	**124.79**

15 Debt Securities

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
(A) At amortised cost			
(i) Secured*			
Privately placed redeemable non-convertible debentures	38,785.80	31,834.90	3,320.18
(ii) Unsecured			
Borrowings by issue of commercial papers	498.63	4,219.60	-
Total	**39,284.43**	**36,054.50**	**3,320.18**
(B) At FVTPL			
(i) Secured*			
Privately placed redeemable non-convertible debentures	5,122.94	2,740.85	-
Total	**5,122.94**	**2,740.85**	-
(C) Out of above			
In India	36,080.13	35,739.94	280.39
Outside India	8,327.23	3,055.40	3,039.79
Total	**44,407.37**	**38,795.35**	**3,320.18**

***The debenture are secured by:**
i) A charges by way of hypothecation of all book debts and receivables, present and future of the Company (To the extent of 1 to 1.10 times of outstanding amount of debentures).
ii) Corporate guarantee of the Holding Company for 31 March 2020 is ₹ 38,136.36, 31 Mar 2019 is ₹ 34,337.12 and 01 April 2018 is ₹ 3,281.25.

Terms of Repayment - Debentures as at 31 March 2020

Original Maturity / Repayment frequency	Monthly/Quarterly repayment		Total
Rate of interest	**12%-15%**	**15%-18%**	
Due within 1 year			
No. of instalments	57	-	**57**
Amount	14,640.49	-	**14,640.49**
Due 1 to 2 years			
No. of instalments	33	1	**34**
Amount	14,495.87	1,000.00	**15,495.87**
Due 2 to 3 years			
No. of instalments	3	4	**7**
Amount	7,147.24	4,000.00	**11,147.24**
Due 3 to 4 years			
No. of instalments	-	1	**1**
Amount	-	2,000.00	**2,000.00**
Due 4 to 5 years			
No. of instalments	1	-	**1**
Amount	0.26	-	**0.26**
Interest accrued and impact of EIR			**624.87**
Total	**36,283.86**	**7,000.00**	**43,908.73**

Terms of Repayment - Debentures as at 31 March 2019

Original Maturity / Repayment frequency	Monthly/Quarterly repayment	
Rate of interest	**12%-15%**	**Total**
Due within 1 year		
No. of instalments	55	**55**
Amount	17,467.42	**17,467.42**
Due 1 to 2 years		
No. of instalments	29	**29**
Amount	7,975.76	**7,975.76**
Due 2 to 3 years		
No. of instalments	9	**9**
Amount	6,893.94	**6,893.94**
Due 3 to 4 years		
No. of instalments	1	**1**
Amount	2,000.00	**2,000.00**
Interest accrued and impact of EIR		**283.63**
Total	**34,337.12**	**34,620.75**

Terms of Repayment - Debentures as at 01 April 2018

Original Maturity / Repayment frequency	Monthly/Quarterly repayment	
Rate of interest	**12%-15%**	**Total**
Due within 1 year		
No. of instalments	10	**10**
Amount	281.25	**281.25**
Due 1 to 2 years		
No. of instalments	-	-
Amount	-	-
Due 2 to 3 years		
No. of instalments	-	-
Amount	-	-
Due 3 to 4 years		
No. of instalments	2	**2**
Amount	3,000.00	**3,000.00**
Interest accrued and impact of EIR		**38.93**
Total	**3,281.25**	**3,320.18**

Terms of Repayment - Commercial papers as at 31 March 2020

Original Maturity / Repayment frequency	Bullet repayment	
Rate of interest	**12.90%**	**Total**
Due within 1 year		
No. of instalments	1	1
Amount	500.00	**500.00**
Impact of undiscounted maturity charges and EIR		**(1.37)**
Total		**498.63**

Terms of Repayment - Commercial papers as at 31 March 2019

Original Maturity / Repayment frequency	Bullet repayment	
Rate of interest	**11.25 to 13%**	**Total**
Due within 1 year		
No. of instalments	3	3
Amount	4,300.00	**4,300.00**
Impact of undiscounted maturity charges and EIR		**(80.40)**
Total		**4,219.60**

16 Borrowings (Other than debt securities)

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
(A) At amortised cost			
(i) Secured*			
Term loans			
from banks	46,233.94	26,707.72	7,004.09
from other than banks	34,639.77	25,919.44	22,389.72
Loans repayable on demand			
Overdraft from bank	948.38	-	465.06
Cash credit from banks	3,941.58	3,020.14	2,005.25
Cash credit from other than banks	1,511.54	1,511.06	1,504.79
Securitisation liabilities	22,660.56	8,021.88	-
	1,09,935.77	**65,180.24**	**33,368.92**
(ii) Unsecured			
Term loans			
from other than banks	625.46	-	50.27
	625.46	-	**50.27**
Total	**1,10,561.24**	**65,180.24**	**33,419.19**
(B) Out of above			
In India	1,10,561.24	65,180.24	33,419.19
Outside India	-	-	-
Total	**1,10,561.24**	**65,180.24**	**33,419.19**

***The term loans/ working capital demand loans/ cash credit/ overdraft are secured by:**

i) A charges by way of hypothecation of all book debts and receivables, present and future of the Company (to the extent of 1 to 1.33 times of outstanding loan amount).

ii) Corporate guarantee of the Holding Company as at 31 March 2020 is ₹ 82,223.03, 31 Mar 2019 is ₹ 52,957.08 and 01 April 2018 is ₹ 27,817.44

iii) Guarantee by third party (15% of initial value of term loans, capped at 35% due to amortization).

iv) First loss default guarantee (FLDG) in the form of fixed deposits as at 31 March 2020 is ₹ 4,422.32, 31 Mar 2019 is ₹ 2,373.00 and 01 April 2018 is ₹ 1,820.06

v) First loss default guarantee (FLDG) in the form of security deposits as at 31 March 2020 is ₹ 250.00, 31 Mar 2019 is ₹ 125.00 and 01 April 2018 is ₹ 150.00

vi) Overdraft and cash credit availed from banks secured by pledge fixed deposits as at 31 March 2020 is ₹ 3,587.97, 31 Mar 2019 is ₹ 2,244.63 and 01 April 2018 is ₹ 1,754.10

Terms of Repayment - Term Loans & working capital demand loans as at 31 March 2020

Original Maturity / Repayment frequency	Monthly/Quarterly repayment		Total
Rate of interest	**9%-12%**	**12%-15%**	
Due within 1 year			
No. of instalments	139	641	**780**
Amount	14,271.15	31,344.46	**45,615.61**
Due 1 to 2 years			
No. of instalments	40	388	**428**
Amount	3,681.39	19,207.66	**22,889.05**
Due 2 to 3 years			
No. of instalments	3	152	**155**
Amount	208.33	10,529.86	**10,738.19**
Due 3 to 4 years			
No. of instalments	-	33	**33**
Amount	-	1,951.39	**1,951.39**
Due 4 to 5 years			
No. of instalments	-	-	-
Amount	-	-	-
Above 5 years			
No. of instalments	-	-	-
Amount	-	-	-
Interest accrued and impact of EIR			**304.93**
Total	**18,160.87**	**63,033.37**	**81,499.17**

17 Subordinated Debt

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
(A) At amortised cost			
(i) Unsecured			
Term loans			
from banks	2,528.44	2,528.14	1,008.90
Total	**2,528.44**	**2,528.14**	**1,008.90**

Terms of Repayment - Subordinated Debt as at 31 March 2020

Original Maturity / Repayment frequency	Monthly/Quarterly repayment	
Rate of interest	**12%-15%**	**Total**
Due 4 to 5 years		
No. of instalments	1	**1**
Amount	1,000	**1,000.00**
Due Above 5 years		
No. of instalments	1	**1**
Amount	1,500	**1,500.00**
Interest accrued and impact of EIR		**28.44**
Total	**2,500.00**	**2,528.44**

Terms of Repayment - Subordinated Debt as at 31 March 2019

Original Maturity / Repayment frequency	Monthly/Quarterly repayment	
Rate of interest	**12%-15%**	**Total**
Due Above 5 years		
No. of instalments	2	**2**
Amount	2,500.00	**2,500.00**
Interest accrued and impact of EIR		**28.14**
Total	**2,500.00**	**2,528.14**

Terms of Repayment - Subordinated Debt as at 01 April 2018

Original Maturity / Repayment frequency	Monthly/Quarterly repayment	
Rate of interest	**12%-15%**	**Total**
Due Above 5 years		
No. of instalments	1	**1**
Amount	1,000.00	**1,000.00**
Interest accrued and impact of EIR		**8.90**
Total	**1,000.00**	**1,008.90**

18 Other financial liabilities

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Expense and other payables	1,388.00	1,366.25	680.79
Payable towards Co-lending	179.29	-	-
Payable towards direct assignment of loans	1,383.33	406.59	512.56
Payables to employees	111.70	213.69	140.91
Payables to holding company	66.02	327.93	257.04
Lease obligation	3,336.70	1,685.52	843.86
Guarantee Liability	900.66	-	-
Service obligation on account of securitisation	9.17	1.52	1.60
Total	**7,374.86**	**4,001.50**	**2,436.76**

19 Provisions

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Provision for employee benefits			
Provision for gratuity benefits	159.27	82.50	44.72
Provision for leave benefits	219.20	252.10	157.36
Total	**378.47**	**334.59**	**202.07**

20 Other non-financial liabilities

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Advances from customers	340.74	202.41	66.66
Statutory dues	321.00	240.34	171.63
Total	**661.75**	**442.76**	**238.29**

21 Equity share capital

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Authorized			
Equity shares of ₹10 each	4,454.75	3,934.50	2,975.00
Total	**4,454.75**	**3,934.50**	**2,975.00**
Issued, subscribed and fully paid up			
Equity shares of ₹10 each			
At the beginning of the year	3,898.59	2,939.13	2,549.52
Add: Issued during the year	520.20	959.47	389.61
Total	**4,418.79**	**3,898.59**	**2,939.13**

Terms/ rights attached to equity shares
The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed, if any, by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Shares held by holding / ultimate holding company and / or their subsidiaries / associates
Out of equity shares issued by the Company, shares held by its holding company i.e. Lendingkart Technologies Private Limited, are as below:

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
No. of shares held	4,41,87,931	3,89,85,920	2,93,91,259
% of share holding	100%	100%	100%

Details of each Shareholder holding more than 5% shares and the number of share held
Holding company i.e. Lendingkart Technologies Private Limited has 100% shares of the Company

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
No. of shares held	4,41,87,931	3,89,85,920	2,93,91,259
% of share holding	100%	100%	100%

As per the records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

Lendingkart Finance Limited

Notes to financial statements for the period ended 31 March 2020 *(₹ in lakhs unless otherwise stated)*

22 Other equity

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Securities Premium			
Balance at the beginning of the year	46,799.81	15,259.28	9,648.89
Add: Premium on issue of Equity Shares	20,479.80	31,540.53	5,610.39
(Less): Expenses on issue of shares	(26.89)	-	-
Balance at the end of the year	**67,252.72**	**46,799.81**	**15,259.28**
Surplus in the statement of profit and loss			
Balance at the beginning of the year	(3,041.11)	(5,125.66)	(5,125.66)
Add: Profit for the year	2,965.30	2,775.46	-
GAAP Adjustments (P/L)	-	-	-
Item of other comprehensive income	-	-	-
- Remeasurement gains / (losses) on defined benefit plan (net of tax)	3.81	(3.48)	-
Less : Transferred to Statutory Reserve u/s section 45-IC of Reserve Bank of India Act, 1934	(593.06)	(687.43)	-
Balance at the end of the year	**(665.06)**	**(3,041.11)**	**(5,125.66)**
Other Comprehensive Income			
Balance at the beginning of the year	3.48	-	-
Items of other comprehensive income			
- Remeasurement gains / (losses) on defined benefit plan (net of tax)	(3.81)	3.48	-
Balance at the end of the year	**(0.33)**	**3.48**	-
Statutory Reserve u/s section 45-IC of Reserve Bank of India Act, 1934			
Balance at the beginning of the year	688.08	0.65	0.65
Add: Transferred during the year	593.06	687.43	-
Balance at the end of the year	**1,281.14**	**688.08**	**0.65**
Total other equity	**67,868.47**	**44,450.27**	**10,134.27**

23 Interest income

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
On financial assets measured at Amortised Cost		
Interest on term loans	42,499.50	20,118.78
Guarantee revenue from colending	122.34	-
Interest on fixed deposits with banks	1,380.87	829.99
Interest on Inter-corporate loan	-	123.46
Other charges	242.06	175.20
Other interest income	23.08	6.87
Total	**44,267.85**	**21,254.32**

24 Gain on assignment of loans

Gain on assignment of loans for the year ended 31 March 2020 is ₹ 1,941.16 (31 March 2019: ₹ 632.95) and loss on modification of loans is ₹ 219.30 (31 March 2019: ₹ 107.58) which is presented as net in Gain on assignment of loans in the Statement of Profit and Loss.

25 Other income

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Commission Income from Insurance	331.21	-
Unwinding discount of security deposit	44.92	5.04
Other Income	64.43	20.03
Total	**440.56**	**25.07**

26 Finance costs

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
On financial liabilities measured at amortised cost		
On debt securities	5,302.32	2,151.28
On borrowings (other than debt securities)	11,466.65	5,254.82
On commercial papers	180.37	281.26
On lease obligation	307.03	124.48
Others	78.05	61.64
On financial liabilities measured at fair value		
On debt securities	382.09	240.85
Total	**17,716.50**	**8,114.33**

27 Fees and commission expenses

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Comission and Brokerage	729.80	329.98
Total	**729.80**	**329.98**

28 Impairment on financial instruments at amortised cost

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Loans	2,148.15	2,397.17
Other financial assets	24.54	18.07
Write offs	9,775.54	2,653.12
Total	**11,948.23**	**5,068.36**

29 Employee benefit expenses

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries and wages	4,459.99	2,584.56
Contribution to provident and other funds	152.65	85.94
Reimbursement of ESOP expenses	58.82	118.40
Leave benefit expense	17.20	127.98
Gratuity	72.06	42.69
Staff welfare expenses	183.05	123.66
Total	**4,943.77**	**3,083.23**

30 Depreciation and amortisation expenses

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation and amortisation expenses	629.99	249.89
Total	**629.99**	**249.89**

31 Other expenses

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Power and fuel	78.47	50.96
Rent	47.03	56.25
Repairs and maintenance	46.86	22.86
Insurance	17.58	38.79
Telephone and communication expense	171.25	66.10
Office administrative expenses	515.84	308.98
Marketing and sales promotion expense	57.00	41.18
Auditor's fees and expenses (Refer note 31.1 below)	30.90	24.76
Share issue expenses	-	41.62
Legal and professional charges	1,211.01	557.46
Service charges of outsourced employees	1,028.36	621.14
Guarantee fees	1,266.56	-
License fees	498.33	325.69
Business support services	218.20	339.92
Printing and stationery	10.51	14.05
Travelling expenses	92.74	52.71
Bank charges	118.08	65.09
Courier expenses	58.10	33.00
Software license fees	710.60	304.95
Rates & taxes	19.54	14.23
Security expenses	12.73	7.37
Loss on sale of property, plant and equipment	3.11	15.36
Director sitting fees	2.64	1.83
Housekeeping expenses	16.17	12.26
Miscellaneous expenses	36.11	22.72
Total	**6,267.71**	**3,039.30**

31.1 Auditor's Remuneration

Audit fee	22.89	18.74
Tax audit fee	3.27	3.27
In other capacity :		
Certification services	3.76	1.85
Reimbursement of expenses	0.98	0.90
Total	**30.90**	**24.76**

Lendingkart Finance Limited
Notes to financial statements for the year ended 31st March 2020

(₹ in lakhs unless otherwise stated)

32 Tax expense

Particulars	31 March 2020	31 March 2019
Current tax expense		
Current tax for the year	1,407.18	820.93
Prior period Tax adjustments	3.28	-
Total current tax expense	**1,410.46**	**820.93**
Deferred taxes		
Change in deferred tax assets	562.63	2,101.05
Change in deferred tax liabilities	(377.36)	(427.81)
Net deferred tax expense / (income)	**(185.27)**	**(1,673.25)**
Total income tax expense	**1,225.19**	**(852.31)**

32.1 Tax reconciliation

Particulars	31 March 2020	31 March 2019
Profit before income tax expense	4,194.28	1,919.67
Effective tax rate	29.12%	29.12%
Tax at statutory income tax rate @ 29.12%	1,221.37	559.01
Tax effect of amounts which are not deductible / not taxable in calculating taxable income		
Expenses disallowed	0.53	30.44
Utilisation of previously b/f business losses and unabsorbed depreciation	-	(1,140.61)
Deferred tax assets not recognised for previous years on virtual certainity	-	(301.15)
Prior period adjustments	3.28	-
Income tax expense	**1,225.18**	**(852.31)**

Lendingkart Finance Limited
Notes to financial statements for the year ended 31st March 2020

(₹ in lakhs unless otherwise stated)

32.2 Deferred tax movement related to the following:

Deferred tax assets (net)	As at 31 March 2020	Recognised in Statement of Profit or loss	Recognised in Other comprehensive income	As at 31 March 2019
Deferred tax asset on account of:				
Provision for expenses allowed for tax purposes on payment basis under Section 43B of Income tax Act, 1961	110.21	(11.22)	(1.56)	97.43
Expected credit loss	1,750.18	(418.10)	-	1,332.08
Unamortised processing fee	221.01	(117.53)	-	103.48
Deferred tax on account of Ind AS 116	23.90	(32.09)	-	(8.19)
Deferred tax on account of guarantee fees	325.88	(325.88)	-	-
Deferred tax on account of unwinding discount of Security Deposit	51.44	(27.31)	-	24.13
Difference between tax depreciation and depreciation charged for the financial reporting	27.84	(14.57)	-	13.27
Interest on market linked debentures	111.26	(111.26)	-	-
MAT credit entitlement	42.10	495.32	-	537.42
Total deferred tax asset	**2,663.82**	**(562.63)**	**(1.56)**	**2,099.62**
Deferred tax liability on account of:				
Unamortised borrowing cost	242.78	64.85	-	177.93
On account of securitisation and direct assignment	562.39	312.51	-	249.88
Total deferred tax liability	**805.17**	**377.36**	-	**427.81**
Deferred tax charge/(credit) for the year	**1,858.65**	**(185.27)**	**(1.56)**	**1,671.82**

Lendingkart Finance Limited
Notes to financial statements for the year ended 31st March 2020

(₹ in lakhs unless otherwise stated)

Deferred tax assets (net)	As at 31 March 2019	Recognised in Statement of Profit or loss	Recognised in Other comprehensive income	As at 01 April 2018
Deferred tax asset on account of:				
Carry forward of unabsorbed losses	-	-	-	978.56
Provision for expenses allowed for tax purposes on payment basis under Section 43B of Income tax Act, 1961	97.43	(98.86)	1.43	62.44
Expected credit loss	1,332.08	(1,332.08)	-	(313.52)
Unamortised processing fee	103.48	(103.48)	-	14.39
Deferred tax on account of Ind AS 116	(8.19)	8.19	-	(16.59)
Deferred tax on account of unwinding discount of Security Deposit	24.13	(24.13)	-	13.07
Difference between tax depreciation and depreciation charged for the financial reporting	13.27	(13.27)	-	10.53
MAT credit entitlement	537.42	(537.42)	-	-
Total deferred tax asset	**2,099.62**	**(2,101.05)**	**1.43**	**748.88**
Deferred tax liability on account of:				
Unamortised borrowing cost	177.93	177.93	-	(81.95)
On account of securitisation and direct assignment	249.88	249.88	-	(120.30)
Total deferred tax liability	**427.81**	**427.81**	-	**(202.25)**
Deferred tax charge/(credit) for the year	**1,671.82**	**(1,673.25)**	**1.43**	-

33 Earning Per Share

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
(A) Net profit after tax for the year	2,969.09	2,771.99
(B) Weighted average number of equity shares for basic earnings per share	4,18,71,188	3,43,59,453
(C) Weighted average number of equity shares for diluted earnings per share	4,18,71,188	3,43,59,453
Basic earning per share in ₹(A/B)	7.09	8.07
Diluted earning per share in ₹ (A/C)	7.09	8.07
[Nominal value of shares ₹ 10 each (Previous Year : ₹ 10)]		

34. Segment Information

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The Company operates in a single reportable segment i.e. financing, since the nature of the loans are exposed to similar risk and return profiles. No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Company's total revenue in year ended 31 March 2020 and 31 March 2019. The Company operates in a single geographical segment i.e. domestic.

35. Related party transactions

Related party disclosures as required under Indian Accounting standard 24, " Related party disclosure" are given below.

(a) List of Related parties

Nature of Relationship	Name of Related Parties
Holding company	Lendingkart Technologies Private Limited
Entity having significant influence in holding company	Fullerton Finanical Private Limited
Independent director	Mr. Gaurav Mittal
Independent director	Mr. T. V. Rao
Independent director	Ms. Divya Himanshu Jain
Independent director	Mr. G. S. Sundararajan
Relative of chairman and managing director	Anand Raichand Lunia

(b) Transactions during the year with related parties

Sr. No.	Nature of transactions	31 March 2020	31 March 2019
1	**Lendingkart Technologies Private Limited**		
	Unsecured inter-corporate loan taken	1,000.00	5,000.00
	Unsecured inter-corporate loan repaid	1,000.00	-
	Interest paid on inter-corporate loans	3.54	15.27
	Conversion of unsecured inter corporate loan into equity share capital (refer note 1 below)	-	5,000.00
	Issue of equity share capital (including share premium on issue of equity shares) (refer note 2 below)	21,000.00	27,500.00
	Unsecured inter-corporate loans given	-	2,300.00
	Interest income on inter-corporate loans	-	123.46
	License fee paid for use of software (Excludes 50% reversal of goods and services tax input credit) (refer note 3 below)	457.18	292.55
	Business support charges paid (Excludes 50% reversal of goods and services tax input credit)	200.18	294.52
	Reimbursement of ESOP expenses (Excludes 50% reversal of goods and services tax input credit)	53.96	118.40
	Transfer of advance given to Omnifin against customization and implementation of the Omnifin Software	-	6.50
	Reimbursement of expenses incurred on behalf of the Holding Company	-	0.13
2	**Mr. Gaurav Mittal**		
	Director sitting fee (Excludes 50% reversal of goods and services tax input credit)	0.90	0.88
3	**Mr. T V Rao**		
	Director sitting fee (Excludes 50% reversal of goods and services tax input credit)	1.50	-

Sr. No.	Nature of transactions	31 March 2020	31 March 2019
4	**Ms. Divya Himanshu Jain**		
	Director sitting fee (Excludes 50% reversal of goods and services tax input credit)	-	0.81

(c) Balance receivable/(payable) to Related parties

Sr. No.	Nature of transactions	31 March 2020	31 March 2019	01 April 2018
1	Lendingkart Technologies Private Limited	(66.02)	(327.93)	(257.04)
2	Mr. Gaurav Mittal	-	(0.13)	-
3	Ms. Divya Himanshu Jain	-	(0.13)	(0.13)

(d) Guarantees given by holding company*

Sr. No.	Nature of transactions	31 March 2020	31 March 2019	01 April 2018
1	Loans borrowed from financial institutions and Banks guaranteed by the Holding Company (including CC facility)	82,223.03	52,957.08	27,817.44
2	Non-Convertible debentures issued to financial institutions, banks and other company guaranteed by the Holding Company	38,136.36	34,337.12	3,281.25

* In respect of Guarantee fees- no payment is required to be made to Holding Company, as allowed under ITFG issue 2 bulletin 13, no guarantee commission is recognised in books of the company

* Total sanction amount of Loans borrowed from financial institutions and banks against which guarantee is given by holding company is ₹ 1,09,450.00 and sanction amount of Non-Convertible debentures issued to financial institutions, banks and other company is ₹ 47,750.00

Note 1: During the financial year ended 31 March 2019, Inter-corporate loan from the Holding Company was converted into 14,76,101 number of equity shares of ₹ 10 each fully paid-up at a premium of ₹ 328.73 each, aggregating to ₹ 5,000.00.

Note 2: During the year ended 31 March 2020, the company issued 52,02,011 equity shares of ₹ 10 each fully paid-up at a premium of ₹ 393.69 per share to Holding Company. For detailed terms of the equity shares, please refer note 21 to the Financial Statements.

During the year ended 31 March 2019, the company issued 81,18,560 equity shares of ₹ 10 each fully paid-up at a premium of ₹ 328.73 per share to Holding Company. For detailed terms of the equity shares, please refer note 21 to the Financial Statements.

Note 3: The Company has entered into License Agreement with Holding Company dated 19 June 2015 for a term of 5 years for use of the licensed software to digitally lend money to its customers.

The services provided by the Holding Company to the Company are of a specialised nature and hence difficult to benchmark with other external sources. The Company has engaged the services of an expert to assess the arm's length price for this inter-company transaction. Based on the assessment of such expert license fees are revised from 01 April 2018 and are charged by the Holding Company to the Company and are considered at arm's length. Until the year ended 31 March 2018, the Company paid license fees to the Holding Company as a percentage of the interest income earned by the Company.

36. Employee stock option plans

The Holding Company has Employee Stock Option Plans ("ESOP") scheme in force. As per the ESOP scheme, Holding Company has granted ESOP options to acquire its equity shares that would vest in a graded manner to Company's employees. Based on the group policy/ arrangement, Holding Company has cross charged the fair value of such ESOP. The Company has recognised the same under the employee cost amounting to ₹ 58.82 for the year ended 31 March 2020 (31 March 2019: ₹ 118.40).

37. Leases

Where the company is lessee:

The Company's significant leasing arrangements are in respect of operating leases for premises which are renewable on mutual consent at agreed terms. These leases have an average life of between one and nine years. Lease rentals have an escalation ranging between 5% to 15%. Some of the leases for which the lease term is less than twelve months has been accounted as short term leases.

i. Set out below are the carrying amount of right-of-use assets recognized and movement during the year:

Particulars	Amount
Land & Building as at 01 April 2018 (restated)	**866.15**
Additions	930.70
Depreciation expense	124.18
Balance as at 31 March 2019	**1,672.67**
Additions	1,908.21
Closure	-
Depreciation expense	367.24
Balance as at 31 March 2020	**3,213.65**

ii. Set out are the carrying amount of lease liabilities and movement during the year:

Particulars	31 March 2020	31 March 2019
Opening Balance	**1,685.52**	**843.86**
Additions	1,803.59	887.74
Accretion of interest	307.03	124.48
Closure	-	-
Payments	(459.43)	(170.56)
Closing Balance	**3,336.70**	**1,685.52**

iii. The expense relating to payments not included in the measurement of the lease liability is as follows:

Particulars	31 March 2020	31 March 2019
Short-term leases	47.03	56.25

iv. The undiscounted maturity analysis of lease liabilities at 31 March 2020 is as follows:

Lease Liability	31 March 2020	31 March 2019	01 April 2018
Not later than one year	681.08	316.05	147.90
Later than one year and not later than five years	3,309.99	1,643.79	811.35
Later than five years	1,407.48	816.42	515.28
Total undiscounted lease liabilities	**5,398.55**	**2,776.27**	**1,474.54**

v. The effective interest rate of lease liabilities for the year ended 31 March 2020 is 13.24% (31 March 2019: 12.64% and 01 April 2018: 13.55%).

vi. The following are the amount recognized in statement of profit or loss.

Particulars	31 March 2020	31 March 2019
Depreciation expense right of use of assets	367.24	124.18
Interest expense on lease liabilities	307.03	124.48
Expense relating to short term leases (included in other expenses)	47.03	56.25
Total Amount recognized in statement of profit and loss account	**721.30**	**304.91**

38. Expenditure in foreign currency (on accrual basis)

Particulars	31 March 2020	31 March 2019
Professional Fees	80.77	3.57
Software Expenses	17.15	10.75
Total	**97.92**	**14.32**

39. Contingent liability and Commitments

a) Contingent Liability

Description of the contingent liability	31 March 2020	31 March 2019	01 April 2018
Credit enhancements provided by the company towards securitisation (including corporate guarantee, cash collateral and loan assets retained as Minimum retention Requirement (MRR)	7,282.41	2,443.06	613.26

b) Capital and other commitments

Description of the capital and other commitments	31 March 2020	31 March 2019	01 April 2018
Loan sanctioned not yet disbursed*	-	3,675.27	2,378.03
Corporate guarantee in case of co-lending transactions	6,283.15	-	-
A S Software Services Private Limited (Omnifin Software) (Excludes 50% reversal of goods and service tax input credit)	98.55	-	-

*The company has sanctioned loans amounting to ₹ 90.50 but not disbursed as on 31st March 2020, due to expiry of agreements during lockdown declared by Government of India.

40. Retirement benefit plans

A. Defined benefit obligation

Contribution to Gratuity fund:

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Gratuity Act, an employee who has completed five years of service is entitled to specific benefits. The level of benefits provided depends on the member's length of service, managerial grade and salary at retirement age.

In accordance with Indian Accounting Standard 19, actuarial valuation was done in respect of the aforesaid defined benefit plan of gratuity based on the following assumptions:

i. Key actuarial assumptions:

Particulars	31 March 2020	31 March 2019
Discount rate (per annum)	6.60%	7.50%
Rate of salary increase	12%	12%
Rate of employee turnover	18% p.a. at younger ages reducing to 6% p.a. at older ages	

ii. Movement in defined benefit obligation:

Particulars	31 March 2020	31 March 2019
Defined benefit obligation at the beginning of the year	82.50	44.72
Interest on defined benefit obligation	6.17	3.37
Current service cost	65.89	39.32
Benefits paid	(0.66)	-
(Benefit Paid From the Fund)	-	-
Remeasurements due to :		
Actuarial loss/(gain) arising from change in demographic assumptions	(0.03)	-
Actuarial loss/(gain) arising from change in financial assumptions	11.71	0.35
Actuarial loss/(gain) arising on account of experience changes	(6.31)	(5.26)
Present Value of obligation at the end of the year	**159.27**	**82.50**

iii. Assets and liabilities recognised in the balance sheet:

Particulars	31 March 2020	31 March 2019
Present value of the defined benefit obligation at the end of the year	159.27	82.50
Fair Value of Plan Assets at the end of the year	-	-
Funded Status (Surplus/ (Deficit))	159.27	82.50
Net liability recognised in the balance sheet	**159.27**	**82.50**

iv. Expenses recognised in the Statement of Profit and Loss:

Particulars	31 March 2020	31 March 2019
Current Service Cost	65.89	39.32
Interest cost	6.17	3.37
Net gratuity cost recognised in the current year	**72.06**	**42.69**

v. Expenses recognised in the statement of Other comprehensive income (OCI):

Particulars	31 March 2020	31 March 2019
Actuarial gain/ loss on post-employment benefit obligation	5.37	(4.91)
Total remeasurement cost / (credit) for the year recognised in OCI	**5.37**	**(4.91)**

vi. Reconciliation of net asset/(liability) recognised:

Particulars	31 March 2020	31 March 2019
Net defined benefit liability/(asset) as at the beginning of the year	82.50	44.72
Expense charged to Statement of Profit and Loss	72.06	42.69
(Benefit paid directly by the employer)	(0.66)	-
Amount recognised in other comprehensive income	5.37	(4.91)
Net Liability/(Asset) Recognized in the Balance Sheet	**159.27**	**82.50**

vii. Sensitivity analysis:

Particulars	31 March 2020	31 March 2019
Impact of increase in 0.5% on rate of discounting	152.59	79.11
Impact of decrease in 0.5% on rate of discounting	166.44	86.11
Impact of increase in 0.5% on rate of salary increase	163.61	84.88
Impact of decrease in 0.5% on rate of salary increase	154.92	80.24
Impact of increase in 10% on rate of employee turnover	153.76	79.46
Impact of decrease in 10% on rate of employee turnover	164.80	85.48

viii. Maturity analysis of projected benefit obligation:

Year	31 March 2020	31 March 2019
Expected benefits for year 1	3.75	0.53
Expected benefits for year 2	9.66	3.61
Expected benefits for year 3	13.08	7.15
Expected benefits for year 4	15.20	10.02
Expected benefits for year 5	18.62	11.01
Expected benefits for years 6 to 10	81.80	48.09

ix. The Experience adjustment on plan assets:

Particulars	31 March 2020	31 March 2019	31 March 2018	31 March 2017	31 March 2016
Defined benefit obligation	159.27	82.50	44.72	21.38	3.77
Plan assets	-	-	-	-	-
Surplus/ (deficit)	(159.27)	(82.50)	(44.72)	(21.38)	(3.77)
Experience adjustment of plan assets	-	-	-	-	-
Experience adjustment of plan liabilities	(6.31)	(5.26)	(10.45)	8.52	0.58

B. Compensated absences:

Maturity profile

Particulars	31 March 2020	31 March 2019
Present value of unfunded obligations	219.20	223.36
Expense recognised in the Statement of Profit and Loss	17.20	127.98
Discount rate (p.a.)	6.60%	7.50%
Salary escalation rate (p.a)	12.00%	12.00%

C. Provident Fund:

The Company contributes in Provident Fund towards employees which is the defined contribution plan for qualifying employees. Under this Scheme, the Company is required to contribute specified percentage of the payroll cost to fund the benefits. The Company recognised ₹ 145.88 (31 March 2019: ₹ 79.72) for provident fund contributions in the Statement of profit and loss.

41. Based on the information available with the Company, there are no micro, small and medium enterprises to whom the Company has paid interest or any interest payable on outstanding (under the provisions of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006) during the year ended 31 March 2020.

42. The Company does not have any outstanding loans against gold jewellery as at 31 March 2020 (31 March 2019: NIL).

43. Capital:

The Company actively manages its capital base to cover risks inherent to its business and meet the capital adequacy requirement of RBI. The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

i. Capital management

Objective:

The Company's objective is to maintain appropriate levels of capital to support its business strategy taking into account the regulatory, economic and commercial environment. The Company aims to maintain a strong capital base to support the risks inherent to its business and growth strategies. The Company endeavours to maintain a higher capital base than the mandated regulatory capital at all times.

Planning:

The Company's assessment of capital requirement is aligned to its planned growth which forms part of an annual operating plan which is approved by the Board and also a long-range strategy. These growth plans are aligned to assessment of risks– which include credit, liquidity and interest rate.

The management monitors its capital to risk-weighted assets ratio (CRAR) on a monthly basis and the same is also monitored in Assets Liability Management Committee (ALCO).

The Company endeavours to maintain its CRAR higher than the mandated regulatory norm. Accordingly, increase in capital is planned well in advance to ensure adequate funding for its growth.

ii. Regulatory capital

Particulars	31 March 2020	31 March 2019	01 April 2018
Tier I capital	68,381.91	45,918.09	12,832.26
Tier II capital	4,823.82	5,636.08	2,570.70
	73,205.73	51,554.17	15,402.96
Risk weighted assets (RWA)	2,02,276.70	1,32,319.12	47,738.36
Tier I CRAR	33.81%	34.70%	26.88%
Tier II CRAR	2.38%	4.26%	5.38%
CRAR	**36.19%**	**38.96%**	**32.26%**

44. Transfers of assets:

i. Transferred of financial assets that are not derecognised in their entirety

(a) Securitisation
The company has Securitised certain loans, however the company has not transferred substantially all risks and rewards, hence these assets have not been de-recognised in its entirety.

Particulars	31 March 2020	31 March 2019
Carrying amount of transferred assets measured at amortised cost (including loans placed as collateral)	33,915.58	8,603.73
Carrying amount of associated liabilities (Debt securities-measured at amortised cost)	22,660.56	8,021.88
Fair value of assets	33,915.58	8,603.73
Fair value of associated liabilities	22,660.56	8,021.88
Net position at Fair Value	11,255.02	581.85

(b) Assignment deal

The Company has sold some loans and advances measured at amortised cost as per assignment deals, as a source of finance. As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the buyer, the assets have been derecognised from the Company's Balance Sheet.

As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the extent of 80-90% of the assets transferred to the buyer, the assets have been de-recognised from the Company's balance sheet. The table below summarises the carrying amount of the derecognised financial assets measured at amortised cost and the gain on derecognition, per type of asset.

Loans and advances measured at amortised cost	31 March 2020	31 March 2019
Carrying amount of derecognised financial assets	4,508.28	2,166.50
Gain from derecognition	1,721.87	525.37

ii. Transferred of financial assets that are derecognised in their entirety

The Company has not transferred any assets that are derecognised in their entirety where the Company continues to have continuing involvement.

45. Events after reporting date:

There have been no events after the reporting date that require adjustment/disclosure in these financial statements.

46. Fair values:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

Valuation framework

The Company has an internal fair value assessment team which assesses the fair values for assets qualifying for fair valuation.

The Company's valuation framework includes:

- Benchmarking prices against observable market prices or other independent sources;
- Development and validation of fair valuation models using model logic, inputs, outputs and adjustments.

These valuation models are subject to a process of due diligence and validation before they become operational and are continuously calibrated. These models are subject to approvals by various functions including risk, treasury and finance functions. Finance function is responsible for establishing procedures, governing valuation and ensuring fair values are in compliance with accounting standards. Company has an internal fair value assessment team which assesses the fair values for assets qualifying for fair valuation.

Valuation methodologies adopted

- Fair values of financial assets and financial liabilities are measured at amortised cost except for market linked debentures which are measured at fair value through profit and loss.

- Fair value of market linked debentures is measured at fair value through profit and loss. Fair value of Market linked debentures is derived from independent valuer. The valuation is done based on discounted cashflow method. The option portion is projected using Monte Carlo simulations and Geometric Brownian Motion is used to project the Index levels into the future. The Index levels are projected based on certain assumptions and the value of debenture is then arrived at by discounting the respective cashflows.

- The Company has determined that the carrying values of cash and cash equivalents, bank balances, expenses payables, bank overdrafts and other current liabilities are a reasonable approximation of their fair value and hence their carrying value are deemed to be fair value.

47. Fair value hierarchy:

The Company determines fair values of its financial instruments according to the following hierarchy:

Level 1: valuation based on quoted market price: financial instruments with quoted prices for identical instruments in active markets that the Company can access at the measurement date.

Level 2: valuation based on using observable inputs: financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Level 3: valuation technique with significant unobservable inputs: – financial instruments valued using valuation techniques where one or more significant inputs are unobservable. This is the case for contingent consideration and indemnification assets.

Financial instruments by category

Financial instruments by category	31 March 2020		31 March 2019		01 April 2018	
	Amortised Cost	Fair value	Amortised Cost	Fair value	Amortised Cost	Fair value
Financial assets:						
Cash and cash equivalent	5,049.52	-	16,550.74	-	3,692.50	-
Other bank balances	11,296.78	-	7,303.59	-	5,617.05	-
Loans	2,12,688.51	-	1,31,262.70	-	42,850.40	-
Other financial assets	2,868.74	-	458.63	-	230.04	-
Total financial assets	**2,31,903.54**	-	**1,55,575.67**	-	**52,389.98**	-
Financial liabilities:						
Debt Securities	39,284.43	5,122.94	36,054.50	2,740.85	3,320.18	-
Borrowings (other than debt securities)	1,10,561.24	-	65,180.24	-	33,419.19	-
Subordinated Debt	2,528.44	-	2,528.14	-	1,008.90	-
Other financial liabilities	7,374.86	-	4,001.50	-	2,436.76	-
Total financial liabilities	**1,59,748.96**	**5,122.94**	**1,07,764.37**	**2,740.85**	**40,185.04**	-

Valuation techniques

The carrying value of cash and cash equivalents, other bank balances, other financial asset, trade payables, other payables and other financial liabilities are considered to be approximately equal to the fair value due to their short-term maturities.

The fair value of the financial assets and liabilities is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Loans - The fair value of floating rate loans are deemed to be equivalent to the carrying value. The fair value of certain fixed rate loans is determined by discounting expected future contractual cash flows using current market interest rates charged for similar new loans.

Borrowings - The fair value of certain fixed rate borrowings is determined by discounting expected future contractual cash flows using current market interest rates charged for similar new loans. The fair value of floating rate borrowings is deemed to be equivalent to the carrying value.

Fair value of Market linked debentures is derived from independent valuer. The valuation is done based on discounted cashflow method. The option portion is projected using Monte Carlo simulations and Geometric Brownian Motion is used to project the Index levels into the future. The Index levels are projected based on certain assumptions and the value of debenture is then arrived at by discounting the respective cashflows.

Fair value of financial instruments measured at amortised cost:

Particulars	Level of hierarchy	31 March 2020	31 March 2019	01 April 2018
Financial assets:				
Cash and cash equivalent	Level 1	5,049.52	16,550.74	3,692.50
Other bank balances	Level 1	11,296.78	7,303.59	5,617.05
Loans	Level 2	2,12,688.51	1,31,262.70	42,850.40
Other financial assets	Level 2	2,868.74	458.63	230.04
Total financial assets		**2,31,903.54**	**1,55,575.67**	**52,389.98**
Financial liabilities:				
Debt Securities	Level 2	39,284.43	36,054.50	3,320.18
Borrowings (other than debt securities)	Level 2	1,10,561.24	65,180.24	33,419.19
Subordinated Debt	Level 2	2,528.44	2,528.14	1,008.90
Other financial liabilities	Level 2	7,374.86	4,001.50	2,436.76
Total financial liabilities		**1,59,748.96**	**1,07,764.37**	**40,185.04**

Fair value of financial instruments designated at FVTPL:

Particulars	Level of hierarchy	31 March 2020	31 March 2019	01 April 2018
Financial assets:				
Debt Securities	Level 2	5,122.94	2,740.85	-

48. Financial risk management:

The Company is exposed to certain financial risks namely credit risk, liquidity risk and market risk i.e. interest risk and foreign currency risk. The Company's primary focus is to achieve better predictability of financial markets and minimize potential adverse effects on its financial performance by effectively managing the risks on its financial assets and liabilities.

The Principal objective in Company 's risk management processes is to measure and monitor the various risks associated with the Company and to follow policies and procedures to address such risks. The Company's risk management framework is driven by its Board and its subcommittees including the Audit Committee, the Asset Liability Management Committee and the Risk Management Committee. The Company gives due importance to prudent lending practices and have implemented suitable measures for risk mitigation, which include verification of credit history from credit information bureaus, personal verification of a customer's business and residence, technical and legal verifications. For credit risk refer note 48(c).

A. Liquidity Risk:

The Company's ALCO monitors asset liability mismatches to ensure that there are no imbalances or excessive concentrations on either side of the Balance Sheet.

The Company continuously monitors liquidity in the market; and as a part of its ALCO strategy, the Company maintains a liquidity buffer managed by an active investment desk to reduce this risk.

The Company maintains a judicious mix of borrowings from banks, money markets and public and other deposits. The Company continues to diversify its sources of borrowings with an emphasis on longer tenor borrowings. This strategy of balancing varied sources of funds and long tenor borrowings has helped the Company to maintain a healthy asset liability position. The Company continues to evaluate new sources of borrowing by way of new routes of funding like rupee denominated External Commercial Borrowings (ECB) – masala bonds and Foreign currency denominated bonds.

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial liabilities:

Financial liabilities	31 March 2020		31 March 2019		01 April 2018	
	Within 12 months	After 12 months	Within 12 months	After 12 months	Within 12 months	After 12 months
Debt Securities	15,630.37	29,266.31	22,283.03	16,869.70	392.91	3,000.00
Borrowings (other than debt securities)	68,324.75	42,090.36	39,521.58	25,969.94	12,373.68	8,529.71
Subordinated Debt	-	2,500.00	30.45	2,500.00	30.45	1,000.00
Other financial liabilities	3,809.41	4,717.47	2,630.51	2,460.21	1,739.20	1,326.63
Total	**87,764.54**	**78,574.13**	**64,465.57**	**47,799.84**	**14,536.24**	**13,856.34**

The table below shows an analysis of assets and liabilities analysed (maturity analysis) according to when they are to be recovered or settled.

As at 31 March 2020	Within 1 year	After 1 year	Total
Assets			
Financial assets			
Cash and cash equivalents	5,049.52	-	5,049.52
Bank balances other than cash and cash equivalents	8,620.43	2,676.35	11,296.78
Loans	99,730.34	1,12,958.17	2,12,688.51
Other financial assets	1,696.01	1,172.73	2,868.74
Non-financial assets			
Tax assets (net)	-	162.08	162.08
Deferred tax asset (Net)	-	1,858.65	1,858.65
Property, plant and equipment	-	307.92	307.92
Other Intangible assets	-	119.58	119.58
Intangible assets under development	-	45.45	45.45
Right-of-use assets	-	3,213.65	3,213.65
Other non-financial assets	533.46	55.04	588.50
Total assets	**1,15,629.75**	**1,22,569.62**	**2,38,199.37**
Liabilities			
Financial liabilities			
Debt Securities	15,357.79	29,049.58	44,407.37
Borrowings (Other than debt securities)	68,596.58	41,964.65	1,10,561.24
Subordinated Debt	30.10	2,498.34	2,528.44
Other financial liabilities	3,801.36	3,573.50	7,374.86
Non-financial liabilities			
Current tax liabilities (net)	-	-	-
Provisions	27.09	351.39	378.48
Other non-financial liabilities	661.75	-	661.75
Total liabilities	**88,474.68**	**77,437.45**	**1,65,912.13**

As at 31 March 2019	Within 1 year	After 1 year	Total
Assets			
Financial assets			
Cash and cash equivalents	16,550.74	-	16,550.74
Bank balances other than cash and cash equivalents	5,592.67	1,710.92	7,303.59
Loans	64,599.49	66,663.21	1,31,262.70
Other financial assets	284.71	173.93	458.63
Non-financial assets			
Tax assets (net)	-	250.93	250.93
Deferred tax asset (Net)	-	1,671.82	1,671.82
Property, plant and equipment	-	226.15	226.15
Other Intangible assets	-	60.35	60.35
Intangible assets under development	-	14.76	14.76
Right-of-use assets	-	1,672.67	1,672.67
Other non-financial assets	152.44	6.65	159.09
Total assets	**87,180.04**	**72,451.39**	**1,59,631.43**
Liabilities			
Financial liabilities			
Debt Securities	22,020.71	16,774.64	38,795.35
Borrowings (Other than debt securities)	39,284.67	25,895.57	65,180.24
Subordinated Debt	(0.30)	2,528.44	2,528.14
Other financial liabilities	2,420.19	1,581.31	4,001.50
Non-financial liabilities			
Current tax liabilities (net)	-	-	-
Provisions	54.38	280.22	334.59
Other non-financial liabilities	442.77	-	442.77
Total liabilities	**64,222.41**	**47,060.18**	**1,11,282.59**

As at 01 April 2018	Within 1 year	After 1 year	Total
Assets			
Financial assets			
Cash and cash equivalents	3,692.50	-	3,692.50
Bank balances other than cash and cash equivalents	3,577.10	2,039.95	5,617.05
Loans	29,702.14	13,148.26	42,850.40
Other financial assets	199.98	30.06	230.04
Non-financial assets			
Tax assets (net)	-	161.44	161.44
Deferred tax asset (Net)	-	-	-
Property, plant and equipment	-	130.39	130.39
Other Intangible assets	-	26.03	26.03
Intangible assets under development	-	-	-
Right-of-use assets	-	866.15	866.15
Other non-financial assets	124.80	-	124.80
Total assets	**37,296.52**	**16,402.28**	**53,698.80**
Liabilities			
Financial liabilities			
Debt Securities	390.80	2,929.38	3,320.18
Borrowings (Other than debt securities)	24,929.64	8,489.56	33,419.19
Subordinated Debt	(0.26)	1,009.16	1,008.90
Other financial liabilities	1,630.09	806.67	2,436.76
Non-financial liabilities			
Current tax liabilities (net)	-	-	-
Provisions	24.70	177.38	202.07
Other non-financial liabilities	238.29	-	238.29
Total liabilities	**27,213.27**	**13,412.13**	**40,625.40**

B. Market Risk:

Market risk is the risk that the fair value of future cash flow of financial instruments will fluctuate due to changes in the market variables such as interest rates, foreign exchange rates and equity prices. The Company do not have any exposure to equity price risk.

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency rates. The Company's exposure to the risk of changes in foreign exchange rates relates primary to certain vendors in trade payables.

Foreign currency exposure risk

The Company's exposure for foreign currency risk at the end of reporting period are as follows:

Particulars	31 March 2020		31 March 2019		01 April 2018	
	US $	₹	US $	₹	US $	₹
Expenses payable	-	-	560.00	0.39	-	-

Note: There were no foreign currency exposure as at 31 March 2020 & 01 April 2018.

Foreign currency sensitivity
The Company's exposure to the risk of changes in foreign exchange rates is immaterial, and therefore the sensitivity analysis of the risk in not disclosed.

(ii) Interest rate risk

The Company is subject to interest rate risk, since the rates of loans and borrowing might fluctuate over the tenure of instrument. Interest rates are highly sensitive to many factors beyond control, including the monetary policies of the Reserve Bank of India, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. In order to manage interest rate risk, the Company seek to optimize borrowing profile between short-term and long-term loans. The liabilities are categorized into various time buckets based on their maturities and Asset Liability Management Committee supervise an interest rate sensitivity report periodically for assessment of interest rate risks.

Carrying value of borrowings:

Particulars	31 March 2020	31 March 2019	01 April 2018
Debt Securities (variable)	9,500.00	2,496.60	-
Debt Securities (fixed)	34,907.37	36,298.75	3,320.18
Borrowings (other than debt securities) (variable)	42,076.05	30,602.49	17,422.83
Borrowings (other than debt securities) (fixed)	68,485.19	34,577.75	15,996.36
Subordinated debts (variable)	-	-	-
Subordinated debts (fixed)	2,528.44	2,528.14	1,008.90
Total Borrowings	**1,57,497.04**	**1,06,503.72**	**37,748.27**

Sensitivity analysis:

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the Company's Statement of profit and loss:

Interest rate	Impact on profit before tax	
	31 March 2020	31 March 2019
Borrowings, debt securities & subordinate debt		
Increase by 50 basis points	(257.88)	(165.50)
Decrease by 50 basis points	257.88	165.50

C. Credit Risk:

Credit risk is the risk of financial loss arising out of a customer or counterparty failing to meet their repayment obligations to the Company. The lending model focuses on SME Lending. The nature of the product is unsecured.

The Company assesses the credit quality of all financial instruments that are subject to credit risk.

Classification of financial assets under various stages

The Company classifies its financial assets in three stages having the following characteristics:

- **Stage 1:** unimpaired and without significant increase in credit risk since initial recognition on which a 12 month allowance for ECL is recognised.
- **Stage 2:** a significant increase in credit risk since initial recognition on which a lifetime ECL is recognised.
- **Stage 3:** objective evidence of impairment, and are therefore considered to be in default or otherwise credit impaired on which a lifetime ECL is recognised.

Unless identified at an earlier stage, all financial assets are deemed to have suffered a significant increase in credit risk when they are 30 days past due (DPD) and are accordingly transferred from stage 1 to stage 2. For stage 1 an ECL allowance is calculated based on a 12 month Point in Time (PIT) probability weighted probability of default (PD). For stage 2 and 3 assets a life time ECL is calculated based on a lifetime PD.

The Company has calculated ECL using three main components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD) along with an adjustment considering forward macro-economic conditions.

Financial instruments other than loans were subjected to simplified ECL approach under Ind AS 109 'Financial Instruments' and accordingly were not subject to sensitivity of future economic conditions.

Below is the summary for the approach adopted by the Company for various components of ECL viz. PD, EAD and LGD using empirical data where relevant:

- **Probability of Default (PD)**

  The Company's operates with its internal rating models in which its customers are rate from "A" to "F" using internal grades. The models incorporate both qualitative and quantitative information and, in addition to information specific to the borrower, utilise supplemental external information that could affect the borrower's behaviour. PDs are then adjusted for Ind AS 109 ECL calculations to incorporate forward looking information and the Ind AS 109 Stage classification of the exposure.

  PD is based on a internal rating model, days past due and various historical, current and forward-looking information.

  Stage 1: based on internal rating model
  Stage 2: based on days past due
  Stage 3: 100%

- **Exposure at Default (EAD)**

  The exposure at default represents the gross carrying amount of the financial instruments subject to the impairment calculation.

- **Loss given Default (LGD)**

  LGD values are assessed based on key characteristics that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics as well as borrower characteristics.

  Further recent data and forward-looking economic scenarios are used in order to determine the Ind AS 109 LGD rate for each group of financial instruments. When assessing forward-looking information, the expectation is based on multiple scenarios. Examples of key inputs involve changes in payment status, geographical location, industrial sector or other factors that are indicative of losses in the company.

Analysis of changes in the gross carrying amount and corresponding ECL allowances in relation to loans is as follows:

Particulars	31 March 2020				31 March 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance of gross carrying amount	1,31,103.53	3,205.55	1,766.67	**1,36,075.75**	42,423.39	1,407.00	1,435.89	**45,266.28**
Transfers during the year								
Transfers to Stage 1	133.97	(133.97)	-	-	7.06	(7.06)	-	-
Transfers to Stage 2	(5,399.83)	5,399.83	-	-	(1,890.52)	1,890.52	-	-
Transfers to Stage 3	(3,914.53)	(284.47)	4,199.00	-	(1,273.33)	(15.67)	1,289.00	-
Changes in opening credit exposures (additional disbursement net of repayments)	(82,140.95)	(4,784.76)	(3,080.19)	**(90,005.90)**	(30,573.20)	(2,317.30)	(1,912.57)	**(34,803.08)**
New credit exposures during the year, net of repayments	1,68,110.87	3,535.86	1,907.89	**1,73,554.62**	1,22,410.14	2,248.06	954.35	**1,25,612.55**
Closing balance of gross carrying amount	**2,07,893.06**	**6,938.04**	**4,793.37**	**2,19,624.47**	**1,31,103.53**	**3,205.55**	**1,766.67**	**1,36,075.75**

Particulars	31 March 2020				31 March 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance of ECL allowance	3,155.42	664.49	993.15	**4,813.05**	1,480.29	305.52	630.07	**2,415.88**
Transfers during the year								
Transfers to Stage 1	26.22	(26.22)	-	-	1.08	(1.08)	-	-
Transfers to Stage 2	(155.17)	155.17	-	-	(79.07)	79.07	-	-
Transfers to Stage 3	(109.83)	56.49	53.34	-	(74.87)	(2.69)	77.57	-
Changes in opening credit exposures (additional disbursement net of repayments)	(1,946.32)	(42.48)	600.18	**(1,388.63)**	(1,144.54)	(175.48)	(241.08)	**(1,561.09)**
New credit exposures during the year, net of repayments	1,746.55	722.07	1,042.91	**3,511.53**	2,972.54	459.14	526.59	**3,958.26**
Closing balance of ECL allowance	**2,716.87**	**1,529.51**	**2,689.58**	**6,935.96**	**3,155.42**	**664.49**	**993.15**	**4,813.05**

The table below summarises the gross carrying values and the associated allowances for expected credit loss (ECL) stage wise for loan portfolio:

As at 31 March 2020

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	2,07,893.06	6,938.04	4,793.37	**2,19,624.47**
Allowance for ECL	2,716.87	1,416.53	2,802.56	**6,935.96**
ECL Coverage ratio	1.31%	20.42%	58.47%	**3.16%**

As at 31 March 2019

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	1,31,103.53	3,205.55	1,766.67	**1,36,075.75**
Allowance for ECL	3,155.42	664.49	993.15	**4,813.05**
ECL Coverage ratio	2.41%	20.73%	56.22%	**3.54%**

As at 01 April 2018

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	42,423.39	1,407.00	1,435.89	**45,266.28**
Allowance for ECL	1,480.29	305.52	630.07	**2,415.88**
ECL Coverage ratio	3.49%	21.71%	43.88%	**5.34%**

Measurement uncertainty and sensitivity analysis of ECL estimates:

Expected credit loss impairment loss allowances recognised in the financial statements reflect the effect of a range of possible economic outcomes, calculated on a probability-weighted basis, based on the economic scenarios described below.

The recognition and measurement of ECL involves the use of estimation. It is necessary to formulate multiple forward looking economic forecasts and its impact as an integral part of ECL model.

Methodology

The Company has adopted the use of three scenarios, representative of its view of forecast economic conditions, required to calculate unbiased expected loss. They represent a most likely outcome i.e. central scenario and two less likely outer scenarios referred to as the upside and downside scenarios. The Company has assigned a 10% probability to the two outer scenarios, while the central scenario has been assigned an 80% probability. These weights are deemed appropriate for the unbiased estimation of impact of macro factors on ECL. The key scenario assumptions are used keeping in mind external forecasts and Management estimates which ensure that the scenarios are unbiased.

The Company has used multiple economic factors and tested their correlations with past loss trends witnessed. The economic factors tested were GDP growth rates, growth of bank credit, wholesale price index (WPI), consumer price index (CPI), industrial production index, crude oil prices, exchange rate and policy interest rates. Based on past correlation trends, CPI and policy interest rates were the two factors with acceptable correlation with past loss trends which were in line with Management views on the drivers of portfolio trends. These factors were assigned appropriate weights to measure ECL in forecast economic conditions.

ECL sensitivity to future economic conditions

ECL coverage of financial instruments under forecast economic conditions:

Particulars	31 March 2020	31 March 2019	01 April 2018
Gross carrying amount of loans	2,19,624.47	1,36,075.75	45,266.28
Reported ECL	6,935.96	4,813.05	2,415.88
Reported ECL coverage	3.16%	3.54%	5.34%
ECL amounts for alternate scenario			
Central scenario (80%)	5,548.77	3,850.44	1,932.70
Downside scenario (10%)	6,242.36	4,331.75	2,174.29
Upside scenario (10%)	7,629.56	5,294.36	2,657.47
ECL coverage ratios by scenario			
Central scenario (80%)	2.53%	2.83%	4.27%
Downside scenario (10%)	2.84%	3.18%	4.80%
Upside scenario (10%)	3.47%	3.89%	5.87%

49. Disclosure as per RBI Master Direction DNBR. PD. 008/03.10.119/2016-17, dated September 01, 2016, as amended from time to time ('RBI Directions').

As per the RBI directions the Company was classified as a Systemically Important Non-Deposit taking Company during the previous financial year based on its assets size. Accordingly, disclosures applicable to Systemically Important Non-Deposit taking Company as per RBI directions are given.

A. Capital Risk Asset Ratio

Sr. No.	Items	31 March 2020	31 March 2019	01 April 2018
(a)	Capital Risk Asset Ratio (%)	36.19%	38.96%	32.26%
(b)	Capital Risk Asset Ratio (%) - Tier I Capital (%)	33.81%	34.70%	26.88%
(c)	Capital Risk Asset Ratio (%) - Tier II Capital (%)	2.38%	4.26%	5.38%
(d)	Amount of subordinated debt raised as Tier-II capital	2,500.00	2,500.00	1,000.00

B. Details of investments

Particulars	31 March 2020	31 March 2019	01 April 2018
Current Investments:			
1. Quoted:	NIL	NIL	NIL
i. Shares:			
a. Equity			
b. Preference			
ii. Debentures and Bonds			
iii. Units of mutual funds			
iv. Government Securities			
v. Others (please specify)			
2. Unquoted:	NIL	NIL	NIL
i. Shares:			
a. Equity			
b. Preference			
ii. Debentures and Bonds			
iii. Units of mutual funds			
iv. Government Securities			
v. Others (please specify)			
Long Term investments:			
1. Quoted:	NIL	NIL	NIL
i. Shares:			
a. Equity			
b. Preference			
ii. Debentures and Bonds			
iii. Units of mutual funds			
iv. Government Securities			
v. Others (please specify)			

Particulars	31 March 2020	31 March 2019	01 April 2018
2. Unquoted:	NIL	NIL	NIL
i. Shares:			
a. Equity			
b. Preference			
ii. Debentures and Bonds			
iii. Units of mutual funds			
iv. Government Securities			
v. Others (please specify)			

C. Disclosure for securitisation*

a. The information on securitisation of the Company as an originator in respect of outstanding amount of assets securitised under par structure is given below:

Sr. No.	Particulars	31 March 2020	31 March 2019	01 April 2018
1	No. of SPVs sponsored by the NBFC for securitisation transactions	11	4	2
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	25,016.49	9,117.84	3,464.75
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of Balance Sheet			
	a. Off balance sheet exposure			
	First Loss	110.53	216.35	384.58
	Others	-	-	-
	b. On balance sheet exposure			
	First Loss	3,243.67	804.37	-
	Others (Overcollateralization)	3,928.21	1,422.34	-
4	Amount of exposures to securitisation transactions other than MRR			
	a. Off balance sheet exposure			
	I. Exposure to own securitisations			
	First Loss	-	-	-
	Others	-	-	-
	II. Exposure to third party securitisations			
	First Loss	-	-	-
	Others	-	-	-
	b. On balance sheet exposure			
	I. Exposure to own securitisations			
	First Loss	-	-	-
	Others	-	-	-
	II. Exposure to third party securitisations			
	First Loss	-	-	-
	Others	-	-	-

(*The above figures are based on the information duly certified by the SPV's auditors).

b. During the year, the Company has transferred loans through securitisation. The information on securitisation activity of the Company as an originator is given below:

Particulars	31 March 2020	31 March 2019	01 April 2018
Total number of loans securitised	6,311	2,209	1,454
Total book value of the loans securitised	34,064.42	12,793.84	4,573.62
Total book value of the loans securitised including loans placed as collateral	34,064.42	12,793.84	4,573.62
Sale consideration received for the loan asset securitised	31,016.86	11,506.72	4,344.94
Overcollateralization of the loans securitised	3,047.55	1,287.12	228.68
Excess interest spread recognised in the statement of profit and loss	584.38	349.32	138.12

Particulars	31 March 2020	31 March 2019	01 April 2018
Credit enhancements provided and outstanding (Gross):			
Cash Collateral	2,710.27	804.37	-
Corporate Guarantee	110.53	-	384.58
Loan assets retained as MRR	3,047.55	1,287.12	228.68

D. Disclosure for direct assignment

Details of assignment transactions undertaken by the Company during the year

Particulars	31 March 2020	31 March 2019	01 April 2018
No. of accounts	6,211	2,122	-
Aggregate value (net of provisions) of accounts sold	23,322.06	4,508.28	-
Aggregate consideration	23,322.06	4,508.28	-
Additional consideration realised in respect of accounts transferred in earlier years	-	-	-
Aggregate gain / loss over net book value	-	-	-

E. Details of non-performing financial assets sold

Sr. No.	Particulars	31 March 2020	31 March 2019	01 April 2018
1	No. of accounts sold	1,456	940	-
2	Aggregate outstanding	-	-	-
3	Aggregate consideration received	157.42	177.12	-

F. Maturity pattern of certain items of assets and liabilities

Particulars	Year ended 31 March 2020		
	Advances	Investments	Borrowings
0 day to 7 days	3,779.00	-	1,588.22
8 day to 14 days	1,483.51	-	2,388.40
15 days to 1 month	6,471.04	-	4,299.62
Over 1 month to 2 months	7,233.95	-	12,130.69
Over 2 months upto 3 months	8,500.12	-	7,634.38
Over 3 months to 6 months	25,254.42	-	23,943.64
Over 6 months to 1 year	50,237.01	-	31,999.53
Over 1 year to 3 years	1,11,592.95	-	67,045.06
Over 3 years to 5 years	253.77	-	4,967.51
Over 5 years	4,818.70	-	1,500.00
Total	**2,19,624.47**	-	**1,57,497.04**

Particulars	Year ended 31 March 2019		
	Advances	Investments	Borrowings
0 day to 7 days	2,359.35	-	3,360.54
8 day to 14 days	1,116.92	-	69.67
15 days to 1 month	5,345.31	-	5,491.18
Over 1 month to 2 months	5,763.14	-	11,114.63
Over 2 months upto 3 months	5,423.59	-	5,375.42
Over 3 months to 6 months	16,413.77	-	14,544.27
Over 6 months to 1 year	32,052.76	-	21,379.81
Over 1 year to 3 years	65,999.90	-	36,297.42
Over 3 years to 5 years	-	-	6,370.78
Over 5 years	1,601.02	-	2,500.00
Total	**1,36,075.75**	-	**1,06,503.72**

Particulars	Year ended 01 April 2018		
	Advances	Investments	Borrowings
0 day to 7 days	1,679.32	-	467.99
8 day to 14 days	1,008.17	-	69.25
15 days to 1 month	3,128.57	-	5,242.77
Over 1 month to 2 months	3,769.81	-	2,719.94
Over 2 months upto 3 months	3,192.82	-	2,390.49
Over 3 months to 6 months	8,130.30	-	6,220.98
Over 6 months to 1 year	10,306.33	-	8,220.22
Over 1 year to 3 years	12,991.67	-	8,277.74
Over 3 years to 5 years	-	-	3,138.89
Over 5 years	1,059.30	-	1,000.00
Total	**45,266.28**	-	**37,748.27**

G. Exposures

(a) Exposure to capital market
The Company has no exposure to the capital markets directly or indirectly in the current and previous year.

(b) Exposure to Real Estate Sector
The Company has no exposure to the real estate sector directly or indirectly in the current and previous year.

H. Registration with other financial sector regulator
The company has obtained registration as a Corporate Agent (Composite) in **February-2019** with Insurance Regulatory and Department Authority of India (IRDAI). The Registration no. is **CA0641** and is valid till **27-February-2022**.

I. No penalties imposed on the Company by the Reserve Bank of India or any other regulator during the year ended 31 March 2020 (31 March 2019: NIL).

J. Ratings assigned by credit rating agencies and migration of ratings during the year
The overall rating of the Company by India Ratings & research and CRISIL is BBB+/A2 positive. Further, the Company has obtained rating from ICRA Limited, India Ratings & research and CRISIL in respect of outstanding securitisation/ assignment transactions, Non-Convertible Debentures and Commercial Paper. The ratings obtained for the said transactions are provided below.

Instrument	Year ended 31 March 2020			
	Rating Date	Rating Agency	Current rating assigned	Valid upto
Line of Credit/ Bank lines	12-Mar-20	ICRA	[ICRA]BBB+(Stable)/ [ICRA]A2 assigned	12-Mar-21
	30-Sep-19	India Ratings & Research	IND BBB+/Positive	29-Sep-20
	14-May-19	ICRA	CRISIL BBB+/Positive	13-May-20
Non-Convertible Debentures/ CP	30-Sep-19	India Ratings & Research	IND A2 (Commercial Paper)	30-Sep-20
	13-Mar-20	CRISIL	CRISIL PP-MLD BBB+/Positive	13-Mar-21
	12-Mar-20	ICRA	[ICRA]BBB+(Stable); outstanding	12-Mar-21
	30-Sep-19	India Ratings & Research	IND PP-MLD BBB+EMR/Positive	30-Sep-20
Securitisation/ Assignments	17-Feb-20	ICRA	ICRA A+ (SO)/ICRA A-(SO)	NA
	28-Jun-19	India Ratings & Research	IND A (SO)/IND BBB+(SO)	NA
	30-Aug-19	India Ratings & Research	Provisional IND A+ (SO)/Provisional IND BBB+ (SO)	NA
	17-Feb-20	ICRA	ICRA BBB+(SO)	NA
	14-Aug-19	India Ratings & Research	Provisional IND A (SO)/Provisional IND BBB+ (SO)	NA
	17-Feb-20	ICRA	ICRA A (SO)	NA
	04-Feb-19	ICRA	Pool Loss Estimate 4.7%-5.7%	NA
	30-Apr-19	ICRA	Pool Loss Estimate 5%-6%	NA
	23-Jul-19	India Ratings & Research	Pool Loss Estimate 5%-5.5% PL2	NA
	25-Oct-19	ICRA	Pool loss estimate 4.2%-5%	NA

Instrument	Year ended 31 March 2020			
	Rating Date	Rating Agency	Current rating assigned	Valid upto
	28-Nov-19	CRISIL	Provisional A+(SO)[Series A1],BBB+(SO)[Series 2]	NA
	27-Dec-19	India Ratings & Research	Pool loss estimate 5.25%-5.75%-PL2	NA
	01-Nov-19	ICRA	Pool loss estimate 4.65%-5.25%	NA
	04-Feb-20	India Ratings & Research	Provisional IND A(SO)/Provisional IND BBB+(SO)	NA
	19-Feb-20	CRISIL	Provisional A (SO)(CRISIL)	NA
	27-Feb-20	CRISIL	Provisional CRISIL A(SO)/Provisional CRISIL A-(SO)	NA
	17-Feb-20	ICRA	ICRA A (SO)/ICRA BBB+ (SO)	NA

Instrument	Year ended 31 March 2019			
	Date of rating	Rating Agency	Current rating assigned	Valid upto
Line of Credit/ Bank lines	03-Dec-18	ICRA	[ICRA] BBB+/ A2	Till next rating
	12-Jun-18	India Ratings & Research	IND BBB+/Stable	Till next rating
Non-Convertible Debentures / CP	03-Dec-18	ICRA	[ICRA] BBB+	Till next rating
	12-Jun-18	India Ratings & Research	IND A2	Till next rating
Securitisation/ Assignments	13-Jul-18	ICRA	[ICRA] A- (SO)	NA
	30-Jan-19	ICRA	Provisional [ICRA] A (SO)	NA
	30-Jan-19	ICRA	Provisional [ICRA] BBB+ (SO)	NA
	06-Sep-18	India Ratings & Research	IND A- (SO)	NA
	06-Sep-18	India Ratings & Research	IND BBB+ (SO)	NA
	15-Jun-18	India Ratings & Research	IND A- (SO)	NA
	08-Jun-18	ICRA	[ICRA] BBB- (SO)	NA

Instrument	Year ended 01 April 2018			
	Date of rating	Rating Agency	Current rating assigned	Valid upto
Line of Credit/ Bank lines	09-Oct-17	ICRA	[ICRA] BBB-	30-Jun-18
Term Loans	28-Nov-17	India Ratings & Research	IND A- (SO)	27-Nov-19
	26-Mar-18	ICRA	[ICRA] A- (SO)	31-Mar-21
Non-Convertible Debentures	11-Dec-17	ICRA	[ICRA] BBB-	21-Dec-21
	16-Mar-18	ICRA	[ICRA] A (SO)	26-Jun-18
	12-Mar-18	ICRA	[ICRA] A (SO)	09-Oct-18
Securitisation	19-Mar-18	ICRA	Provisional [ICRA] BBB- (SO)	17-Dec-19
	13-Feb-18	ICRA	[ICRA] BBB- (SO)	17-Dec-18

K. Break up of 'Impairment on financial instruments at amortised cost' shown under the head Expenditure in the statement of profit and loss

Break up of 'Impairment and allowance' shown under the head Expenditure in Profit and Loss Account	31 March 2020	31 March 2019
Loans	2,148.15	2,397.17
Other financial assets	24.54	18.07
Write offs	9,775.54	2,653.12

L. Concentration of Deposits, Advances, Exposures and NPAs

i. Concentration of Advances

Particulars	31 March 2020	31 March 2019	01 April 2018
Total Advances to twenty largest borrowers	891.38	3,052.47	3,864.64
Percentage of Advances to twenty largest borrowers to Total Advances of the applicable NBFC	0.41%	2.24%	8.54%

ii. Concentration of Exposures

Particulars	31 March 2020	31 March 2019	01 April 2018
Total Exposure to twenty largest borrowers	891.38	3,052.47	3,864.64
Percentage of Exposure to twenty largest borrowers to Total Advances of the applicable NBFC	0.41%	2.24%	8.54%

iii. Concentration of NPAs

Particulars	31 March 2020	31 March 2019	01 April 2018
Total Exposure to top four NPA accounts	114.69	124.91	79.70

M. Sector-wise NPAs

Sr. No.	Sector	Percentage of NPAs to Total Advances in that sector		
		31 March 2020	31 March 2019	01 April 2018
1	Agriculture & allied activities	-	-	-
2	MSME*	0.44%	-	-
3	Corporate borrowers	2.39%	0.88%	1.10%
4	Services	1.76%	1.26%	2.65%
5	Unsecured personal loans	-	-	-
6	Auto loans	-	-	-
7	Other personal loans	-	-	-
8	Other retail loans	2.96%	1.45%	2.28%

*The Company does not obtain MSME certificate from its customers, and therefore cases for which MSME certificates are obtained for internal requirements has been presented over here.

N. Movement of NPAs*

Sr. No.	Particulars	31 March 2020	31 March 2019	01 April 2018
i	**Net NPAs to net advances (%)**	0.83%	0.49%	1.03%
ii	**Movement of NPAs (Gross)**			
	i) Opening balance	1,319.20	929.36	612.49
	ii) Additions during the year	13,662.19	4,071.93	3,290.71
	iii) Reductions during the year	11,320.38	3,682.08	2,973.84
	iv) Closing balance	3,661.01	1,319.20	929.36
iii	**Movement of net NPAs**			
	i) Opening balance	659.60	464.68	306.25
	ii) Additions during the year	6,831.10	2,035.96	1,645.35
	iii) Reductions during the year	5,660.19	1,841.04	1,486.92
	iv) Closing balance	1,830.51	659.60	464.68
iv	**Movement of provisions for NPAs (excluding provision on standard assets)**			
	i) Opening balance	659.60	464.68	306.25
	ii) Provisions made during the year	6,831.10	2,035.96	1,645.35
	iii) Write-off/Write-back	5,660.19	1,841.04	1,486.92
	iv) Closing balance	1,830.51	659.60	464.68

*Represents stage 3 loans

O. Classification and provisions for loan portfolio

Asset classification	31 March 2020	31 March 2019	01 April 2018
Loan outstanding			
Standard assets	2,14,830.82	1,34,309.08	43,830.40
Non-performing assets	4,793.65	1,766.67	1,435.88
Loss assets	9,775.54	2,653.12	2,312.71
Less: Provision			
Standard assets	4,133.40	3,820.96	1,785.81
Non-performing assets	2,802.56	992.10	630.07
Loss assets	9,775.54	2,653.12	2,312.71
Loan outstanding (net)			
Standard assets	2,10,697.42	1,30,488.12	42,044.59
Non-performing assets	1,991.09	774.57	805.81
Loss assets	-	-	-

P. Customer Complaints

Sr. No.	Particulars	31 March 2020	31 March 2019	01 April 2018
i	No. of complaints pending at the beginning of the year	12	3	-
ii	No. of complaints received during the year	30	62	33
iii	No. of complaints redressed during the year	41	53	30
iv	No. of complaints pending at the end of the year	1	12	3

Q. As required by the RBI circular no DNBS.PD.CC. No. 256 /03.10.042 / 2011-12 dated 2nd March 2012 the details of frauds noticed / reported are as below:

Particulars	31 March 2020	31 March 2019	01 April 2018
Amount involved	-	72.64	142.69
Amount recovered	-	-	6.59
Amount written off / provided	-	72.64	136.10
Balance	-	-	-

R. Comparison between provisions required under IRACP and impairment allowances made under Ind AS 109:

Asset classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS 109	Loss Allocation (Provisions) as required under Ind AS 109	Net Carrying Amount	Provision required as per IRACP norms	Difference as per Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Performing Assets						
Standard	**Stage 1**	2,07,893.06	2,716.87	2,05,176.19	831.57	1,885.12
	Stage 2	6,938.04	1,416.53	5,521.51	160.46	1,256.02
Subtotal		**2,14,831.10**	**4,133.40**	**2,10,697.70**	**992.03**	**3,141.37**
Non-performing Assets (NPA)						
Substandard	**Stage 3**	4,793.37	2,802.56	1,990.81	819.05	1,983.51
Doubtful - up to 1 year						
1 to 3 years	**Stage 3**	-	-	-	-	-
More than 3 Years	**Stage 3**	-	-	-	-	-
Subtotal of Doubtful	**Stage 3**	-	-	-	-	-
Loss	**Stage 3**	9,775.54	9,775.54	-	9,775.54	-
Subtotal of NPA		**14,568.91**	**12,578.10**	**1,990.81**	**10,594.59**	**1,983.51**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	**Stage 1**	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	**Stage 1**	2,07,893.06	2,716.87	2,05,176.19	831.75	1,885.30
	Stage 2	6,938.04	1,416.53	5,521.51	160.46	1,256.08
	Stage 3	14,568.91	12,578.10	1,990.81	10,594.59	1,983.51
	Total	**2,29,400.01**	**16,711.50**	**2,12,688.51**	**11,586.62**	**5,124.88**

50. First-time Adoption of Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The Company has prepared its Ind AS compliant financial statements for year ended on 31 March 2020, the comparative year ended on 31 March 2019 and an opening Ind AS Balance Sheet as at 01 April 2018, as described in the summary of significant accounting policies. This note explains the principal adjustments made by the Company in restating its previous GAAP financial statements, including the Balance Sheet as at 01 April 2018 and the financial statements as at and for the year ended 31 March 2019.

For year ended up to the year ended 31 March 2019, the Company had prepared its financial statements in accordance with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP).

A. Mandatory exceptions and optional exemptions availed

Set out below are the applicable Ind AS 101 mandatory exceptions and optional exemptions applied in the transition from previous GAAP to Ind AS, which were considered to be material or significant by the Company.

Mandatory exceptions

The Company has adopted all relevant mandatory exceptions set out in Ind AS 101 which are as below:

(i) Estimates

Ind AS 101 prescribes that an entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

The Company's Ind AS estimates as at the transition date are consistent with the estimates as at the same date made in conformity with previous GAAP.

(ii) Derecognition of financial assets and financial liabilities

The Company has applied the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

(iii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

(iv) Impairment of financial assets

As set out in Ind AS 101, an entity shall apply the impairment requirements of Ind AS 109 retrospectively if it does not entail any undue cost or effort. The Company has assessed impairment of financial assets in conformity with Ind AS 109.

Optional exemptions availed

(i) Property, plant and equipment (PPE) and intangible assets

The Company has elected to measure all the items of PPE and intangible assets at its previous GAAP carrying values which shall be the deemed cost as at the date of transition. As per FAQs issued by Accounting Standards Board (ASB) of ICAI, deemed cost, is the amount used as a surrogate for the cost or depreciated cost. Accordingly, from the date of transition the deemed cost becomes the starting point for the purpose of subsequent depreciation or amortisation. Any accumulated depreciation and provision for impairment under previous GAAP have no relevance. Accordingly, provision for impairment provided before the date of transition as per previous GAAP cannot be reversed in later years.

(ii) Leases

Under Ind AS 116, lessees have to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for almost all lease contracts. Ind AS 116 gives lessees optional exemptions for certain short-term leases and leases of low-value assets. The Company has recognised lease liability and 'a right-of-use asset' for all lease contracts. Accordingly, interest expense on the lease liability and depreciation on the right-of-use asset portion is adjusted in retained earnings (net of related deferred taxes) as at the date of transition and subsequently in the statement of profit and loss for the year ended 31 March 2019.

B. Reconciliation between Ind AS and previous GAAP are given below

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for previous years. The following table represent the reconciliations from previous GAAP to Ind AS.

Lendingkart Finance Limited
Notes forming part of financial statements for the year ended 31 March 2020

(₹ in Lakhs unless otherwise stated)

(i) Reconciliation of equity as at date of transition 01 April 2018 and as at 31 March 2019

Particulars	Notes	31 March 2019			01 April 2018		
		Previous GAAP	Adjustments	Ind AS	Previous GAAP	Adjustments	Ind AS
Assets							
Financial assets							
Cash and cash equivalents		16,550.74	-	16,550.74	3,692.50	-	3,692.50
Bank balances other than cash and cash equivalents		7,303.59	-	7,303.59	5,617.05	-	5,617.05
Loans	(i) to (iii)	1,27,356.21	3,906.49	1,31,262.70	44,152.31	(1,301.91)	42,850.40
Other financial assets	(iii) & (iv)	319.48	139.15	458.63	274.93	(44.89)	230.04
		1,51,530.02	**4,045.64**	**1,55,575.67**	**53,736.78**	**(1,346.80)**	**52,389.98**
Non-financial assets							
Tax assets (net)		250.93	-	250.93	161.44	-	161.44
Deferred tax asset (Net)	(vii)	975.09	696.73	1,671.82	-	-	-
Property, plant and equipment		226.15	-	226.15	130.39	-	130.39
Other Intangible assets		60.35	-	60.35	26.03	-	26.03
Intangible assets under development		14.76	-	14.76	-	-	-
Right-of-use of assets	(v)	-	1,672.67	1,672.67	-	866.15	866.15
Other non-financial assets	(iv)	138.77	20.32	159.09	124.80	-	124.80
		1,666.05	**2,389.72**	**4,055.77**	**442.66**	**866.15**	**1,308.81**
Total		**1,53,196.07**	**6,435.36**	**1,59,631.43**	**54,179.44**	**(480.65)**	**53,698.80**
Liabilities and Equity							
Liabilities							
Financial liabilities							
Debt Securities	(i)	39,152.73	(357.38)	38,795.35	3,392.91	(72.73)	3,320.18
Borrowings (Other than debt securities)	(i) & (iii)	57,409.67	7,770.56	65,180.24	33,625.33	(206.13)	33,419.19
Subordinated Debt	(i)	2,530.45	(2.31)	2,528.14	1,011.47	(2.56)	1,008.90
Other financial liabilities	(iii) & (v)	3,281.13	720.37	4,001.50	1,601.80	834.96	2,436.76
		1,02,373.98	**8,131.24**	**1,10,505.22**	**39,631.51**	**553.53**	**40,185.04**
Non-Financial liabilities							
Provisions		334.59	-	334.59	202.07	-	202.07
Other non-financial liabilities		442.77	-	442.77	238.29	-	238.29
		777.36	-	**777.36**	**440.37**	-	**440.37**
Equity							
Equity Share capital		3,898.59	-	3,898.59	2,939.13	-	2,939.13
Other equity	(i) to (vii)	46,146.14	(1,695.88)	44,450.26	11,168.44	(1,034.17)	10,134.27
		50,044.73	**(1,695.88)**	**48,348.85**	**14,107.57**	**(1,034.17)**	**13,073.39**
Total		**1,53,196.07**	**6,435.36**	**1,59,631.43**	**54,179.44**	**(480.65)**	**53,698.80**

(ii) Reconciliation of equity as at 01 April 2018 and as at 31 March 2019 summarised in below table :

Particulars	Notes	31 March 2019	01 April 2018
Equity as per Indian GAAP (A)		46,146.14	11,168.44
Ind AS Adjustments			
Impact of EIR of borrowings measured at amortised cost	(i)	611.01	281.43
Impact of EIR of loans measured at amortised cost	(i)	(355.37)	49.42
Impact of Securitisation of loans	(iii)	617.20	413.11
Impact of assignment of loans	(iii)	258.98	-
Impact of impairment of loans	(ii)	(3,451.62)	(1,766.04)
Impact of impairment of other financial assets	(ii)	(18.07)	-
Impact of fair valuation of security deposits	(iv)	(2.70)	-
Impact on account of lease accounting as per Ind AS 116	(v)	(52.04)	(12.09)
Deferred tax on above adjustments	(vii)	696.73	-
Total adjustments		**(1,695.88)**	**(1,034.17)**
Equity as per Ind AS (A)		**44,450.26**	**10,134.27**

(iii) Reconciliation of total comprehensive income for the year ended 31 March 2019

Particulars	Notes	Previous GAAP	Adjustments	Ind AS
Revenue from operations				
Interest Income	(i) & (iii)	24,562.66	(3,308.34)	21,254.32
Net gain on derecognition of financial instruments under amortised cost category	(iii)	-	525.37	525.37
Total Revenue from operations		**24,562.66**	**(2,782.97)**	**21,779.69**
Other Income	(iii) & (iv)	17.11	7.96	25.07
Total income		**24,579.77**	**(2,775.01)**	**21,804.76**
Expenses				
Finance Costs	(i), (iii), (iv) & (v)	8,269.98	(155.65)	8,114.33
Fees and commission expenses	(i)	3,240.54	(2,910.56)	329.98
Impairment of financial instruments	(ii)	3,334.81	1,733.56	5,068.36
Employee Benefit Expense	(vi)	3,078.32	4.91	3,083.23
Depreciation, amortisation and impairment	(v)	125.70	124.18	249.89
Other Expenses	(i), (iii) & (v)	3,247.41	(208.11)	3,039.30
Total Expense		**21,296.76**	**(1,411.67)**	**19,885.10**
Profit Before Tax		**3,283.01**	**(1,363.34)**	**1,919.67**
Tax Expense :				
- Current tax		820.93	-	820.93
- Deferred tax (income) / expense	(vii)	(975.09)	(698.16)	(1,673.25)
		(154.16)	**(698.16)**	**(852.31)**
Profit after tax		**3,437.17**	**(665.19)**	**2,771.98**
Other comprehensive income				
(a) Items that will not be reclassified to profit or loss				
- Remeasurements of the defined benefit plans	(vi)	-	4.91	4.91
(b) Income tax relating to items that will not be reclassified to profit or loss	(vii)	-	(1.43)	(1.43)
Other comprehensive income, net of tax		-	**3.48**	**3.48**
Total Comprehensive Income		**3,437.17**	**(661.71)**	**2,775.46**

(iv) Reconciliation of total comprehensive income for the year ended 31 March 2019 summarised in below table:

Particulars	Notes	31 March 2019
Total net profit after tax as per Indian GAAP		3,437.17
Ind AS Adjustments		
Impact of EIR of borrowings measured at amortised cost	(i)	329.58
Impact of EIR of loans measured at amortised cost	(i)	(404.79)
Impact of impairment of loans	(ii)	(1,685.57)
Impact of impairment of other financial assets	(ii)	(18.07)
Impact of security deposit	(iv)	(2.70)
Impact of direct assignment	(iii)	258.98
Impact of securitisation	(iii)	204.09
Impact on account of lease accounting as per Ind AS 116	(v)	(39.95)
Remeasurement of gains/ (losses) on defined benefit plans	(vi)	(4.91)
Deferred tax on above adjustments	(vii)	698.16
Total adjustments		**(665.19)**
Profit after tax as per Ind AS		**2,771.98**
Other Comprehensive income		
Remeasurement of gains/ (losses) on defined benefit plans	(vi)	4.91
Deferred tax on above adjustment	(vii)	(1.43)
Total		**3.48**
Total comprehensive income under Ind AS		**2,775.46**

Explanations to reconciliation

(i) EIR adjustment of transaction costs/incomes integral to the sourcing of loans/borrowings
Under previous GAAP, all the transaction costs/incomes integral to sourcing of loans/borrowings were recognised upfront on an accrual basis. Under Ind AS, these transaction costs/incomes related to sourcing of loans/borrowings are amortised using the effective interest rate (EIR) and the unamortised portion is adjusted in retained earnings (net of related deferred taxes) as at the date of transition and subsequently in the statement of profit and loss for the year ended 31 March 2019.

(ii) Impairment of financial assets
Under previous GAAP, loan losses and provisions were computed basis RBI guidelines and management estimations. Under Ind AS, the same is required to be computed as per the impairment principles laid out in Ind AS 109 – 'Financial Instruments' which prescribes the expected credit loss model (ECL model) for the same. Accordingly, the difference between loan losses and provisions as computed under previous GAAP and as computed under Ind AS is adjusted in retained earnings (net of related deferred taxes) as at the date of transition and subsequently in the statement of profit and loss for the year ended 31 March 2019.

(iii) Service asset
Under Ind AS 109, an entity on transfer of a financial asset that qualifies for derecognition in its entirely and retains the right to service the financial asset for a fee, shall on the date of derecognition recognise a servicing asset at fair value of fees to be received over the contractual life in excess of its cost of the servicing obligation. The impact of fair value change is recognised in statement of profit and loss. Under previous GAAP such revenues were recognised in statement of profit and loss over servicing period. Accordingly, the fair value of service asset is adjusted in retained earnings (net of related deferred taxes) as at the date of transition and subsequently in the statement of profit and loss for the year ended 31 March 2019.

(iv) Interest free deposits:
Under Indian GAAP, interest free security deposits (that are refundable on completion of the contract) are recorded at their transaction value. Under Ind AS, all financial assets are to be recorded at fair value. Accordingly, the company has fair valued these security deposits under Ind AS. Difference between the fair value and the transaction value of the security deposits has been recognised in prepaid expenses.

(v) Leases:
Under the Indian GAAP, lease rentals related to operating lease were accounted as expense in statement of profit and loss. Under Ind AS, lease liability and right of use is recorded at present value of future contractual rent payment on initial date of lease. Subsequently, finance cost is accrued on lease liability and lease payments are recorded by way of reduction in lease liability. ROU is depreciated over lease term.

(vi) Components of other comprehensive income (OCI)
Under Ind AS, re-measurement gains/(losses) on defined benefit plans has been recognised in other comprehensive income reserve (net of related deferred taxes) as at the date of transition and for the year ended 31 March 2019 and subsequently in the OCI section in the Statement of Profit and Loss for the year ended 31 March 2019. There is no impact on the total equity

(vii) Deferred taxes
Under the Indian GAAP, deferred tax was accounted as per the income statement approach which required creation of deferred tax asset/ liability on timing differences between taxable income and accounting income. Under Ind AS, deferred tax is accounted as per the balance sheet approach which requires creation of deferred tax asset/ liability on temporary differences between the carrying amount of an asset/ liability in the Balance Sheet and its corresponding tax base. The adjustments in equity and net profit, as discussed above, resulted in additional temporary differences on which deferred taxes are calculated.

Impact of Ind AS adoption on the Statement of Cash Flows for the year ended 31 March 2019
There are no material adjustments on transition to Ind AS in the Statement of Cash Flows for the year ended 31 March 2019.

51. The Company has reclassified/regrouped previous year figures to conform to current year's classification, where applicable.

For S. R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm Registration number: 301003E/E300005

JAYESH MANHARLAL GANDHI
Digitally signed by JAYESH MANHARLAL GANDHI
DN: cn=JAYESH MANHARLAL GANDHI, c=IN, o=Personal, email=darshana.barge@srb.in
Location: Mumbai
Date: 2020.06.30 23:29:29 +05'30'

per Jayesh Gandhi
Partner
Membership No. 037924

Place: Mumbai
Date: 30 June 2020

For and on behalf of the Board of Directors of Lendingkart Finance Limited

HARSHVARDHAN R LUNIA
Digitally signed by HARSHVARDHAN R LUNIA
Date: 2020.06.30 22:29:28 +05'30'

Harshvardhan Lunia
Chairman & Managing Director
DIN No. 01189114

MITHUN SUNDAR
Digitally signed by MITHUN SUNDAR
Date: 2020.06.30 22:27:01 +05'30'

Mithun Sundar
Chief Executive Officer

MOHIT BAJAJ
Digitally signed by MOHIT BAJAJ
Date: 2020.06.30 22:22:54 +05'30'

Mohit Bajaj
Chief Financial officer
Membership No. 401316

UMESH JAIPRAKASH NAVANI
Digitally signed by UMESH JAIPRAKASH NAVANI
Date: 2020.06.30 22:21:25 +05'30'

Umesh Navani
Company Secretary
Membership No. A40899

Place: Mumbai
Date: 30 June 2020

ANNEXURE VI: ILLUSTRATION OF BOND CASH FLOWS

Illustration of DEBENTURE Cash Flows	
Company	Lendingkart Finance Limited
No. of Debentures	Up to 200 with Green shoe Option of 200
Face Value (per security)	INR 10,00,000/- (Rupees Ten Lakhs only)
Issue Opening Date	July 29, 2022
Deemed date of allotment	July 29, 2022
Final Redemption Date	August 29, 2024
Coupon Rate	Underlying/Reference Index : Yield Last Traded (closing) of 6.54 G-Sec 2032 having ISIN IN0020210244 Payoff is linked to the performance of the Underlying/ Reference Index, as specified in table below:- **If Yield of underlying on Final Fixing Date** / **Redemption Premium on XIRR basis** Is <=18% / 11.00% XIRR Is <=24% and >18% / 10.50% XIRR Is > 24% / 0.00%
Frequency of the Coupon Payment	Bullet, on Maturity Date i.e. August 29, 2024
Day Count Convention	Actual/Actual

Sr. No.	**Cash Flow Event (Interest/ Redemption)**	**Record Date**	**Due Date**	**Date of Payment**	**No. of Days in Coupon Period**	**Amount Payable (per Unit) (in Rs.)**
Assuming interest rate is: 11.00% XIRR						
1.	Interest	August 14, 2024	August 29, 2024	August 29, 2024	762	2,43,425
2.	Principal	August 14, 2024	August 29, 2024	August 29, 2024		10,00,000
Assuming interest rate is: 10.50% XIRR						
1.	Interest	August 14, 2024	August 29, 2024	August 29, 2024	762	2,31,760
2.	Principal	August 14, 2024	August 29, 2024	August 29, 2024		10,00,000
Assuming no interest is paid						
1.	Interest	NA	NA	NA	NA	NA
2.	Principal	August 14, 2024	August 29, 2024	August 29, 2024		10,00,000

ANNEXURE VII: DUE DILIGENCE CERTIFICATE

CATALYST
Believe in yourself... Trust us!

CTL/22-23/2448

(Annexure A)

DUE DILIGENCE CERTIFICATE TO BE GIVEN BY THE DEBENTURE TRUSTEE AT THE TIME OF FILING THE DRAFT OFFER DOCUMENT OR PRIVATE PLACEMENT MEMORANDUM/ INFORMATION MEMORANDUM
(Applicable for Secured and Unsecured Issuances)

To,

The Manager,
BSE Limited,
Phiroze Jeejeebhoy Towers,
25th Floor, Dalal Street,
Mumbai – 400 001

Dear Sir / Madam,

SUB.: Issue of 200 (Two Hundred) Secured, Senior, Redeemable, Transferable, Listed, Principal Protected, Market Linked Non-Convertible Debentures bearing face value of Rs. 10,00,000/- (Rupees Ten Lakhs each) and aggregating upto Rs. 20,00,00,000/- (Rupees Twenty Crores) with a green shoe option up to Rs. 20,00,00,000/- (Rupees Twenty Crores) on private placement basis by Lendingkart Finance Limited.

We, the debenture trustee(s) to the above-mentioned forthcoming issue state as follows:

1) We have examined documents pertaining to the said issue and other such relevant documents, reports and certifications.
2) On the basis of such examination and of the discussions with the Issuer, its directors and other officers, other agencies and on independent verification of the various relevant documents, reports and certifications:

We confirm that:

a) The Issuer has made adequate provisions for and/or has taken steps to provide for adequate security for the debt securities to be issued.

b) The Issuer has obtained the permissions / consents necessary for creating security on the said property(ies).

c) The Issuer has made all the relevant disclosures about the security and its continued obligations towards the holders of debt securities.

d) Issuer has adequately disclosed all consents/ permissions required for creation of further charge on assets in offer document or private placement memorandum/ information memorandum and all disclosures made in the offer document or private placement memorandum/ information memorandum with respect to creation of security are in confirmation with the clauses of debenture trustee agreement.

CATALYST TRUSTEESHIP LIMITED (FORMERLY GDA TRUSTEESHIP LIMITED)
An ISO:9001 Company
Mumbai Office Windsor, 6th Floor, Office No. 604, C.S.T. Road, Kalina, Santacruz (East), Mumbai 400 098 **Tel** +91 (022) 4922 0555 **Fax** +91 (022) 4922 0505
Regd. Office GDA House, Plot No. 85, Bhusari Colony (Right), Paud Road, Pune 411 038 **Tel** +91 (020) 25280081 **Fax** +91 (020) 25280275
Delhi Office Office No. 810, 8th Floor, Kailash Building, 26, Kasturba Gandhi Marg, New Delhi - 110001 **Tel** 11 430 29101/02.
CIN No. U74999PN1997PLC110262 **Email** dt@ctltrustee.com **Website** www.catalysttrustee.com
Pune | Mumbai | Bengaluru | Delhi | Chennai

e) Issuer has given an undertaking that charge shall be created in favour of debenture trustee as per terms of issue before filing of listing application.

f) Issuer has disclosed all covenants proposed to be included in debenture trust deed (including any side letter, accelerated payment clause etc.), offer document or private placement memorandum/ information memorandum and given an undertaking that debenture trust deed would be executed before filing of listing application.

g) All disclosures made in the draft offer document or private placement memorandum/ information memorandum with respect to the debt securities are true, fair and adequate to enable the investors to make a well-informed decision as to the investment in the proposed issue.

We have satisfied ourselves about the ability of the Issuer to service the debt securities.

Place: Mumbai
Date: July 28, 2022

For Catalyst Trusteeship Limited

For CATALYST TRUSTEESHIP LIMITED
Authorised Signatory

Authorised Signatory

ANNEXURE VIII:
TERMS AND CONDITIONS OF DEBENTURE TRUSTEE AGREEMENT

सत्यमेव जयते

INDIA NON JUDICIAL

Government of National Capital Territory of Delhi

e-Stamp

Certificate No.	:	IN-DL63681042491666U
Certificate Issued Date	:	21-Jul-2022 07:12 PM
Account Reference	:	IMPACC (IV)/ dl1067803/ DELHI/ DL-DLH
Unique Doc. Reference	:	SUBIN-DLDL1067803094039286821 77U
Purchased by	:	LENDINGKART FINANCE LIMITED
Description of Document	:	Article 5 General Agreement
Property Description	:	DEBENTURE TRUSTEE AGREEMENT
Consideration Price (Rs.)	:	0 (Zero)
First Party	:	LENDINGKART FINANCE LIMITED
Second Party	:	CATALYST TRUSTEESHIP LIMITED
Stamp Duty Paid By	:	LENDINGKART FINANCE LIMITED
Stamp Duty Amount(Rs.)	:	200 (Two Hundred only)

Please write or type below this line

For CATALYST TRUSTEESHIP LIMITED

Authorised Signatory

LENDINGKART FINANCE LIMITED
(Formerly Aadhar Housing Finance Limited)

AUTHORISED SIGNATORY

Statutory Alert:

1. The authenticity of this Stamp certificate should be verified at 'www.shcilestamp.com' or using e-Stamp Mobile App of Stock Holding Any discrepancy in the details on this Certificate and as available on the website / Mobile App renders it invalid
2. The onus of checking the legitimacy is on the users of the certificate
3. In case of any discrepancy please inform the Competent Authority

Dated: **JULY 25, 2022**

DEBENTURE TRUSTEE AGREEMENT

BETWEEN

LENDINGKART FINANCE LIMITED
AS THE COMPANY

AND

CATALYST TRUSTEESHIP LIMITED
AS THE DEBENTURE TRUSTEE

CATALYST TRUSTEESHIP LIMITED

LENDINGKART FINANCE LIMITED
(Formerly Aadhar Housing Finance Limited)

AUTHORISED SIGNATORY

DEBENTURE TRUSTEE AGREEMENT

This Debenture Trustee Agreement (**"Agreement"**) is made at New Delhi on this day of July 25, Two Thousand and Twenty-Two

BETWEEN

LENDINGKART FINANCE LIMITED, a public limited company incorporated under the Companies Act, 1956 (1 of 1956) having corporate identity number: U65910MH1996PLC258722 and registered as a non-banking financial company (**"NBFC"**) with the Reserve Bank of India, having its registered office at A-303/304, Citi Point, Andheri Kurla Road, Andheri East, Mumbai, Maharashtra – 400059 (hereinafter called the **"Company"**, which expression shall, unless it be repugnant to the subject or context thereof, be deemed to mean and include its successors and permitted assigns) of the **ONE PART;**

AND

CATALYST TRUSTEESHIP LIMITED, a company incorporated under the Companies Act, 1956 (1 of 1956) and having its registered office at GDA House, Plot No. 85, Bhusari Colony (Right), Paud Road, Pune-411038 and branch office at: Windsor, 6th Floor, Office No. 604, C.S.T. Road, Kalina, Santacruz (East), Mumbai – 400098 and acting for the purposes of these presents through its office at 810, 8th Floor, Kailash Building, 26, Kasturba Gandhi Marg, New Delhi – 110001 hereinafter called the **"Debenture Trustee"**, (which expression shall, unless it be repugnant to the subject or context thereof, be deemed to mean and include its successors and permitted assigns) of **THE OTHER PART.**

The Company and the Debenture Trustee shall be individually referred to as a **"Party"** and collectively as **"Parties"**.

LENDINGKART FINANCE LIMITED
(Formerly Aadri India Limited)

AUTHORISED SIGNATORY

CATALYST TRUSTEESHIP LIMITED

WHEREAS

A. With a view to raising debt, the Company intends to issue 200 (Two Hundred) secured senior rated listed redeemable transferable principal protected market linked non-convertible debentures denominated in INR each having a face value of Rs. 10,00,000/- (Rupees Ten Lakhs only) of the aggregate nominal value of Rs. 20,00,00,000/- (Rupees Twenty Crores only) with a green shoe option of up to 200 (Two Hundred) rated, listed, senior, secured, redeemable, principal protected market-linked, non-convertible debentures having a face value of INR 10,00,000 (Indian Rupees Ten Lakhs only) each, of the aggregate nominal value of up to INR 20,00,00,000 (Indian Rupees Twenty Crores only) to be issued by the Company in dematerialised form, pursuant to this Deed (hereinafter referred to as the "**Debentures**") for cash, in dematerialized form on a private placement basis to certain identified investors (hereinafter referred to as the "**Issue**").

B. Pursuant to the provisions of the Companies Act, 2013 (hereinafter referred to as the "**Act**"), the Company is required to appoint a debenture trustee for the benefit of the holders of the Debentures from time to time (hereinafter referred to as the "**Debenture Holders**");

C. The Debenture Trustee is registered with the Securities Exchange Board of India as a debenture trustee under the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993;

D. The Company has approached the Debenture Trustee to act as the debenture trustee for the Debenture Holders and the Debenture Trustee has vide its letter dated July 21, 2022 (bearing reference number CL/MUM/22-23/DEB/433) (hereinafter referred to as the "**Debenture Trustee Consent Letter**") agreed to act as the debenture trustee for the benefit of the Debenture Holders and to hold the security to be created by the Company in favour of and for the benefit of the Debenture Trustee to secure the payment and other obligations of the Company in respect of the issuance of the Debentures, for the benefit of the Debenture Holders;

E. At the request of the Company, the Debenture Trustee has agreed to act as the debenture trustee under this Agreement for the benefit of the Debenture Holders on the terms and conditions agreed upon and hereinafter set out.

NOW IT IS AGREED BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:

Capitalised words and expressions used but not defined herein and defined in the Debenture Trust Deed (as defined hereinafter) shall have the meaning respectively assigned to such words and expressions therein.

1. The Company hereby appoints Catalyst Trusteeship Limited as the debenture trustee for the Debenture Holders and the Debenture Trustee hereby agrees to act as the debenture trustee in trust for, on behalf of and for the benefit of the Debenture Holders and for purposes related thereto in accordance with the provisions of the Transaction Documents, including for holding and monitoring the security to be created by the Company in favour of the Debenture Trustee to secure the payment and other

LENDINGKART FINANCE LIMITED
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obligations of the Company in respect of the issuance of the Debentures, in trust for, on behalf of and for the benefit of the Debenture Holders subject to the completion of diligence of all relevant information pertaining to the Security to be created to secure the Debentures, to the satisfaction of the Debenture Trustee. The Debenture Trustee and the Company shall on or around the date hereof also enter into a debenture trust deed in Form SH-12 or as near thereto as possible and shall consists of: (a) Part A- containing all the statutory/standard information pertaining to the Debentures; and (b) Part B- containing all the specific details in relation to the Debentures (hereinafter referred to as the "**Debenture Trust Deed**") and such other documents as may be required from time to time in relation to the Debentures. Notwithstanding anything to the contrary, the Debenture Trustee shall not act on any instructions of the Company and shall at all times act solely in accordance with the instructions of the Debenture Holders in accordance with the terms set out under the Debenture Trust Deed and the other Transaction Documents.

2. As the Debentures are to be secured, the Debentures shall *inter alia* be secured by way of (i) a first ranking exclusive and continuing charge to be created by the Company, by way of hypothecation over certain identified receivables ("**Hypothecated Property**") in favour of the Debenture Trustee (for the benefit of the Debenture Holders); (ii) an unconditional and irrevocable corporate guarantee issued by Lendingkart Technologies Private Limited ("**Guarantor**") in favour of the Debenture Trustee, under the terms of the Deed of Guarantee, and by creating such other security as may be mutually agreed between the Company and the Debenture Trustee / Debenture Holders and shall execute the Deed of Guarantee and such other necessary security documents on or prior to the Deemed Date of Allotment and shall execute the Deed of Hypothecation and such other necessary security documents

3. The Company hereby declares and confirms that the Company or the person in control of the Company, or its promoter has not been restrained or prohibited or debarred by the SEBI from accessing the securities market or dealing in securities.

4. The Company shall pay to the Debenture Trustee so long as it holds the office of the Debenture Trustee, remuneration and all reasonable costs, charges and expenses as set out in the Debenture Trustee Consent Letter, for its services as Debenture Trustee (hereinafter referred to as the "**Debenture Trustee Fees**"). This Agreement shall be read together with the Debenture Trustee Consent Letter.

5. The Company shall comply with the provisions of the Act, the applicable SEBI regulations including the SEBI Debt Listing Regulations, SEBI (Debenture Trustees) Regulations, 1993, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Listing Agreement pursuant thereto to be executed with BSE, and guidelines of other regulatory authorities including any other Applicable Laws, and agrees to furnish to the Debenture Trustee such information as may be required in terms of the Act, the Applicable Laws and the Debenture Trust Deed on a regular basis, until the redemption of the Debentures.

6. This Agreement shall be effective on and from the date first hereinabove written and shall be in force till the Final Settlement Date or until the appointment of the Debenture Trustee is terminated in accordance with the Debenture Trust Deed.

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7. The Debenture Trustee, "*ipso facto*" does not have the obligations of a borrower or a principal debtor or a guarantor as to the monies paid/invested by the Debenture Holders for the Debentures.

8. **Documents required to be submitted prior to or simultaneously with execution of this Agreement:**

The terms of this Agreement shall be effective only upon the submission by the Company of the requisite information and documents to the satisfaction of the Debenture Trustee for carrying out the requisite due diligence as required in terms of the Applicable Laws including in connection with verification of the security / contractual comforts and the required Security Cover for the Debentures, which is undertaken by the Company to be submitted simultaneously with or prior to the execution of this Agreement.

9. The Company undertakes to promptly furnish all and any information as may be required by the Debenture Trustee, including such information as required to be furnished in terms of the Relevant Laws and the Debenture Trust Deed on a regular basis, including without limitation the following documents, as may be applicable:

a. Disclosure Documents in relation to the issue of Debentures to facilitate the Debenture Trustee to review and provide comments, if any;
b. The necessary corporate authorisations by way of board resolution and/or shareholder resolution necessary for the issue, allotment and the creation of security thereunder;
c. Certificate issued by the Registrar of Companies in relation to the charge created to secure the Debentures;
d. Agreement with the registrar to issue;
e. Letters from credit rating agencies about ratings;
f. Proof of credit of the Debenture in favour of the Debenture holders/dispatch of Debenture certificates to the Debenture holder within 30 days of registration of charge with the registrar of companies (in case where the allotment letter has been issued and debenture certificate is to be issued after registration of charge);
g. Depository details;
h. Latest annual report;
i. Executed Debenture Trustee Agreement;
j. Debenture Trust Deed;
k. Security documents executed in relation to the Debentures;
l. Certified true copy of the resolution(s) for allotment of Debentures;
m. Confirmation/proofs of payment of interest and principal amounts made to the Debenture Holders on due dates as per the terms of the debenture trust deed and applicable rules and régulations as may be issued by Securities and Exchange Board of India including Relevant Laws;
n. Statutory auditor's certificate for utilization of funds/issue proceeds;
o. Statutory auditor certificate, on a half yearly basis giving the value of book debt and receivables, including compliance with the covenants of the offer document/ information memorandum, in case where listed debt securities are secured by way of receivables;

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p. Information to enable the Debenture Trustee to carry out the necessary due diligence and monitor the asset cover on a quarterly basis and to ensure the implementation of the conditions regarding creation of security for the debentures, if any, debenture redemption reserve and recovery expense fund

q. Periodical reports / information on quarterly/ half yearly / annual basis as required to be submitted to stock exchanges under the SEBI Debenture Regulations, Debt Listing Regulation, debt listing agreement or the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (as amended from time to time);

r. Beneficiary position reports as provided by the registrar and transfer agent;

s. Approval for listing of the Debentures from the stock exchange;

t. Listing application alongwith the required details / annexures submitted to the stock exchange;

u. Acknowledgement of filing Disclosure Documents with the Stock Exchange/ Registrar of Companies ;

v. Listing & trading permission from the Stock Exchange;

w. Details of the recovery expenses fund to be created by the Company in the manner as may be specified by the SEBI from time to time alongwith duly acknowledged letter / confirmation from stock exchange on the amount of such fund maintained and the mode of maintenance.

x. Bank account details of the Company alongwith copy of pre-authorisation letter issued by Company to it's banker in relation to the payment of redemption amount;

y. Such other documents as may be reasonably required by the Debenture Trustee.

10. **Terms of carrying out due diligence:**

(a) The Debenture Trustee, either through itself or its agents /advisors/consultants, shall carry out requisite diligence to verify the status of encumbrance and valuation of the assets and whether all permissions or consents (if any) as may be required to create the security as stipulated in the Placement Memorandum, Private Placement Offer cum Application Letter and the Applicable Laws, has been obtained. For the purpose of carrying out the due diligence as required in terms of the Applicable Laws, the Debenture Trustee, either through itself or its agents /advisors/consultants, shall have the power to examine the books of account of the Company and to have the Company's assets inspected by its officers and/or external auditors / valuers / consultants / lawyers / technical experts / management consultants appointed by the Debenture Trustee and shall have the power to independently appoint, intermediaries, valuers, chartered accountant firms, practicing company secretaries, consultants, lawyers and other entities in order to assist in the diligence by the Debenture Trustee.

(b) The Company shall provide all assistance to the Debenture Trustee to enable verification from the Registrar of Companies, Sub-registrar of Assurances (as applicable), CERSAI, depositories, information utility or any other authority, as may be required, where the assets and/or prior encumbrances in relation to the

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assets of the Company or any third party security provider for securing the Debentures, are registered / disclosed.

(c) Without prejudice to the aforesaid, the Company shall ensure that it provides and procures all information, representations, confirmations and disclosures as may be required in the sole discretion of the Debenture Trustee to carry out the requisite diligence in connection with the security creation in relation to the issuance and allotment of the Debentures, in accordance with the Applicable Laws.

11. The Company hereby declares / confirms / undertakes that:

(a) the information and data furnished and/or to be furnished by the Company to the Debenture Trustee is true and correct and was/is not misleading whether by reason of omission to state a material fact or otherwise;

(b) the assets on which the charge is proposed to be created to secure the Debentures under the terms of the Deed of Hypothecation are free from encumbrances.

12. **AUTHORIZATION AND CONSENTS**

All actions (including corporate actions), conditions and things required to be taken, fulfilled and done (including the obtaining of any consents (if applicable) by the Company in order (i) to enable it to lawfully enter into, exercise its rights and perform and comply with its obligations under this Agreement, (ii) to ensure that those obligations are legally binding and enforceable, and (iii) to make this Agreement admissible in evidence in the courts of India, have been taken, fulfilled and done in strict compliance with all Applicable Laws and regulations.

13. **BENEFIT OF AGREEMENT**

This Agreement shall enure to the benefit of and be binding on the Parties and their respective successors and permitted assigns of each Party.

14. **EXPENSES**

The Company shall, pay on demand to the Debenture Trustee, all actual and pre-approved costs and expenses (including legal fees on a full indemnity basis) incurred by the Debenture Trustee in connection with the preparation of, negotiation of or entry into, this Agreement and/or any amendment of, supplement to or waiver in respect of this Agreement and all other documents executed/to be executed in respect of the Issue including the documents executed by the Company in respect of the security created by it in respect of the Debentures, against submission of the requisite supporting documents. Apart from the Debenture Trustee Fees, the Company shall, from time to time, make payment to / reimburse the Debenture Trustee in respect of all pre-approved reasonable expenses and out-of-pocket costs incurred by the Debenture Trustee in relation to the Issue including expenses like advertisement, notices, letters to Debenture Holders etc.

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Arrears of instalments of annual service charges, if any, and/ or delay in reimbursement of cost, charges and expenses shall carry interest at the rate of 16% (Sixteen percent) per annum or applicable interest rate under MSME Act, whichever is higher, from the date of bill till the date of actual payment which shall be payable on the footing of compound interest with quarterly rests.

15. **STAMP DUTY**

The Company shall promptly pay, and in any event before any interest or penalty becomes payable, any stamp, documentary, registration or similar tax payable in connection with the entry into, registration, performance, enforcement or admissibility in evidence of, this Agreement or any other documents executed in respect of the Issue and/or any such amendment, supplement or waiver.

16. **GOVERNING LAW AND JURISDICTION**

(a) This Agreement shall be governed by and construed in accordance with the laws of India.

(b) The Parties agrees that the courts and tribunals in New Delhi shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Agreement and that accordingly any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with this Agreement may be brought in such courts or the tribunals and the Company irrevocably submits to and accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of those courts or tribunals.

(c) Nothing contained in this Clause 16(b) of this Agreement, shall limit any right of the Debenture Trustee to take Proceedings in any other court or tribunal of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction whether concurrently or not and the Company irrevocably submits to and accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of such court or tribunal, and the Company irrevocably waives any objection it may have now or in the future to the laying of the venue of any Proceedings and any claim that any such Proceedings have been brought in an inconvenient forum.

(d) This Clause 16 (*Governing Law and Jurisdiction*) shall survive the termination of this Agreement.

17. **WAIVER**

No failure by any Party to exercise, nor any delay by any Party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy, prevent any further or other exercise thereof or the exercise of any other right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies provided by and available under

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Applicable Law or the Debenture Trust Deed or the other documents executed pursuant thereto. No notice to or demand on any Party in any case shall entitle that Party to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the other Party to any other or further action in any circumstances without notice or demand.

18. **COMMUNICATIONS**

(a) Unless otherwise stated, all notices, demands, approvals, instructions and other communications ("**Notices**") for the purposes of this Agreement shall be in writing. Such Notice may be given by facsimile, by e-mail, by personal delivery or by sending the same by registered mail / by speed post (postage prepaid) or by recognized overnight courier service addressed to the Party concerned at its address stated in the title of this Agreement or e-mail address set out below and/or any other address subsequently notified to the other Party within a period of 4 (four) Business Days from any change thereof, for the purposes of this Clause. Notice by the Parties to each other and the Debenture Holders shall be deemed to be effective (a) in the case of registered mail, 3 (three) calendar days after posting, (b) in the case of facsimile at the time when dispatched with a report confirming proper transmission, (c) in the case of personal delivery, at the time of delivery or (d), or in case of e-mail at the time of the sending thereof (provided no delivery failure notification is received by the sender within 24 hours of sending such email).

(b) **Notice to the Debenture Holders**

Notices given under or in connection with this Agreement to a Debenture Holder shall be sent to the address, telephone number, or email address of that Debenture Holder as set out in the records of the Depository at the relevant time or if the Debenture Holder has provided any alternate address, telephone number or email to the Debenture Trustee and/or the Company, by not less than 5 (Five) Business Days' notice, to such alternate address, telephone number or email.

Company
LENDINGKART FINANCE LIMITED
Address: 6th Floor, B Block, The First, The First Avenue Road, Behind Keshavbaug Party Plot, Vastrapur, Ahmedabad-380 015
Attention: Ms. Anisha Seth
Email: capitalmarket@lendingkart.com

Debenture Trustee
CATALYST TRUSTEESHIP LIMITED
Address: Catalyst Trusteeship Limited
Windsor, 6th Floor, Office No. 604, C.S.T. Road,
Kalina, Santacruz (East), Mumbai –400098
Attention: Mr. Umesh Salvi, Managing Director
Tel No: 022-49220555
Fax No : 022-49220505

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Email: ComplianceCTL-Mumbai@ctltrustee.com

(c) Any notice given under or in connection with this Agreement must be in English.

(d) All other documents provided under or in connection with this Agreement must be in English; or if the documents are not in English, and if so required by the Debenture Trustee, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

(e) This Clause 18 (*Communications*) shall survive the termination or expiry of this Agreement.

19. **COUNTERPARTS**

This Agreement may be signed in any number of counterparts, all of which taken together and when delivered to the Debenture Trustee shall constitute one and the same instrument. Any Party may enter into this Agreement by signing any such counterpart.

20. **PARTIAL INVALIDITY**

The illegality, invalidity or unenforceability of any provision of this Agreement under the law of any jurisdiction shall not affect its legality, validity or enforceability under the law of any other jurisdiction nor the legality, validity or enforceability of any other provision.

21. **FURTHER ASSURANCES**

The Parties hereby agree to execute and do such further documents, assurances, deeds, acts or things as may be necessary to give full effect to the provisions herein contained.

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(Formerly Aadri Infra Limited)

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IN WITNESS WHEREOF the Parties hereto have caused these presents to be executed the day and year first hereinabove written in the manner hereinafter appearing.

SIGNED AND DELIVERED by the within named)
LENDINGKART FINANCE LIMITED)
being the Company above named)
by the hand of an authorized representative of the Company)

LENDINGKART FINANCE LIMITED
(Formerly Aadri Infra Limited)

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SIGNED AND DELIVERED by the within named)

CATALYST TRUSTEESHIP LIMITED in its capacity as Debenture Trustee by the hand of Mr. Gagan Anand an authorized representative of the Debenture Trustee	)))))	LENDINGKART FINANCE LIMITED (Formerly Aadhar Housing Finance Limited) AUTHORISED SIGNATORY

For CATALYST TRUSTEESHIP LIMITED

Authorised Signatory

ANNEXURE IX:
IN-PRINCIPLE APPROVAL RECEIVED FROM BSE

BSE Limited Registered Office: Floor 25, P J Towers, Dalal Street, Mumbai – 400 001, India
T : +91 22 2272 8045 / 8055 F : +91 22 2272 3457 www.bseindia.com
Corporate Identity Number: L67120MH2005PLC155188

EXPERIENCE THE NEW

DCS/COMP/RM/IP-PPDI/189/22-23 July 28, 2022

Lendingkart Finance Ltd
A-303/304, Citi Point,
Andheri-Kurla Road, Andheri (East),
Mumbai, Maharashtra - 400059

Dear Sir,

Re: Private Placement of 200 Secured, Senior, Redeemable, Transferable, Listed, Principal Protected, Market Linked, Rated Non-Convertible Debentures of Face Value of Rs. 10 Lakhs each, aggregating up to Rs. 20 Crores with a Green Shoe option up to 200 Secured, Senior, Redeemable, Transferable, Listed, Principal Protected, Market Linked, Rated Non-Convertible Debentures of Face Value of Rs. 10 Lakhs each, aggregating up to Rs. 20 Crores (The "Issue").

We acknowledge receipt of your application on the online portal on July 28, 2022 seeking In-principle approval for issue of captioned security. In this regard, the Exchange is pleased to grant in-principle approval for listing of captioned security subject to fulfilling the following conditions at the time of seeking listing:

1. Filing of listing application.

2. Payment of fees as may be prescribed from time to time.

3. Compliance with SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and circulars issued thereunder and also Compliance with provisions of Companies Act 2013.

4. Receipt of Statutory & other approvals & compliance of guidelines issued by the statutory authorities including SEBI, RBI, DCA etc. as may be applicable.

5. Compliance with change in the guidelines, regulations, directions, circulars of the Exchange, SEBI or any other statutory authorities, documentary requirements from time to time

6. Compliance with below mentioned circular dated June 10, 2020 issued by BSE before opening of the issue to the investors.:

https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20200610-31

7. Issuers, for whom use of EBP is not mandatory, specific attention is drawn towards compliance with Chapter XV of SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and BSE Circular No 20210519-29 dated May 19, 2021. Accordingly, Issuers of privately placed debt securities in terms of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 or ILDM Regulations for whom accessing the electronic book platform (EBP) is not mandatory shall upload details of the issue with any one of the EBPs within one working day of such issuance. The details can be uploaded using the following links Electronic Issuance - Bombay Stock Exchange Limited (bseindia.com)

BSE - CONFIDENTIAL

8. It is advised that Face Value of NCDs issue through private placement basis should be kept as per Chapter V of SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021

9. ***Issuers are hereby advised to comply with signing of agreements with both the depositories as per Regulation 7 of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021.***

This In-Principle Approval is valid for a period of 1 year from the date of issue of this letter **or period of 1 year from the date of opening of the first offer of debt securities under the shelf placement memorandum, which ever applicable.** The Exchange reserves its right to withdraw its in-principle approval at any later stage if the information submitted to the Exchange is found to be incomplete/ incorrect/misleading/false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and circulars issued thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Guidelines/Regulations issued by the statutory authorities etc. Further, it is subject to payment of all applicable charges levied by the Exchange for usage of any system, software or similar such facilities provided by BSE which the Company shall avail to process the application of securities for which approval is given vide this letter.

Yours faithfully,

For BSE Limited

Sd/-	**Sd/-**
Rupal Khandelwal	**Raghavendra Bhat**
Assistant General Manager	**Deputy Manager**

ANNEXURE X:
TERMS AND CONDITIONS OF DEED OF GUARANTEE

TO BE EXECUTED ON STAMP PAPER OF APPLICABLE VALUE

DATED: JULY 29, 2022

DEED OF GUARANTEE

EXECUTED BY

LENDINGKART TECHNOLOGIES PRIVATE LIMITED
(as "**Guarantor**")

IN FAVOUR OF

CATALYST TRUSTEESHIP LIMITED
(as "**Debenture Trustee**")

DEED OF GUARANTEE

This **Deed of Guarantee** ("**Deed**") is made at New Delhi on this 29th day of July, 2022:

BY

LENDINGKART TECHNOLOGIES PRIVATE LIMITED, a company incorporated in India under the Companies Act, 2013 and validly existing as a company for the purposes of Companies Act, 2013, having corporate identity number U72900GJ2014PTC081539 having its registered office at A-602, 6th Floor, The First, The First Avenue Road, Behind Keshavbaug Party Plot, Vastrapur, Ahmedabad, 380 015, Gujarat, India (hereinafter referred to as the "**Guarantor**" (which expression shall, unless it be repugnant to the subject or context thereof, be deemed to mean and include its successors and permitted assigns) of the **FIRST PART**;

IN FAVOUR OF

CATALYST TRUSTEESHIP LIMITED, a company incorporated under the Companies Act, 1956 (1 of 1956) and having its registered office at GDA House, Plot No. 85, Bhusari Colony (Right), Paud Road, Pune-411038 and branch office at: Windsor, 6th Floor, Office No. 604, C.S.T. Road, Kalina, Santacruz (East), Mumbai – 400098 and acting for the purposes of these presents through its office at 810, 8th Floor, Kailash Building, 26,Kasturba Gandhi Marg, New Delhi –110001 hereinafter called the "**Debenture Trustee"**, which expression shall unless it be repugnant to the subject or context thereof, be deemed to mean and include its successors and permitted assigns) of the **LAST PART**;

IN RESPECT OF THE OBLIGATIONS OF

LENDINGKART FINANCE LIMITED, a public limited company incorporated under the Companies Act, 1956 (1 of 1956) having corporate identity number: U65910MH1996PLC258722 and registered as a non-banking financial company ("NBFC") with the Reserve Bank of India, having its registered office at A-303/304, Citi Point, Andheri Kurla Road, Andheri East, Mumbai, Maharashtra – 400059 hereinafter called the "**Company**", which expression shall, unless it be repugnant to the subject or context thereof, be deemed to mean and include its successors and permitted assigns);

The Guarantor, the Debenture Trustee and the Company are hereinafter collectively referred to as the "**Parties**" and individually, as a "**Party**".

WHEREAS:

A. With a view to raising debt for the Purpose (as defined hereinafter), the Company proposes to issue up to 200 (Two Hundred) Secured, Senior, Rated, Listed, Redeemable, Transferable, Principal Protected, Market Linked Non-Convertible Debentures each having a face value of Rs. 10,00,000/- (Rupees Ten Lakhs only) of the aggregate nominal value of Rs. 20,00,00,000/- (Rupees Twenty Crores only) with a green shoe option of up to 200 (Two Hundred) Rated, Listed, Senior, Secured, Redeemable, Principal Protected, Market-Linked, Non-convertible Debentures having a face value of INR 10,00,000 (Indian Rupees Ten Lakhs only) each, of the aggregate nominal value of up to INR 20,00,00,000 (Indian Rupees Twenty Crores only) to be issued by the Company in dematerialised form, pursuant to Debenture Trust Deed (as defined hereinafter) (hereinafter referred to as the "**Debentures**") for cash at par, in dematerialised form on a private placement basis to certain identified investors (hereinafter referred to as the "**Issue**"), in the manner and upon the terms and conditions set out in the

debenture trust deed dated July 29, 2022 executed by and between the Company and the Debenture Trustee setting out *inter alia* the rights and powers of the Debenture Trustee and the obligations of the Company in respect of the Debentures ("**Debenture Trust Deed**") and the other Transaction Documents (as defined hereinafter) executed / to be executed in respect of the Issue;

B. The Company has in terms of the debenture trustee agreement executed, prior to the date hereof ("**Debenture Trustee Agreement**") by and between the Company and Debenture Trustee, appointed Catalyst Trusteeship Limited as the debenture trustee for the benefit of the Debenture Holders (as defined hereinafter) and for purposes related thereto, in respect of the issuance of Debentures;

C. One of the terms and conditions of the Issue based on which the Debenture Holders (as hereinafter defined) have agreed to subscribe to the Debentures is that the Company shall request and cause the Guarantor to provide an unconditional and irrevocable corporate guarantee, on behalf of the Company, in favour of the Debenture Trustee for securing the payment and discharge of the entire obligations of the Company in relation to the Debentures including the Secured Obligations (as defined hereinafter) and all the other obligations of the Company in relation to the Debentures as set out in the Transaction Documents; and

D. Pursuant to the request of the Company and in consideration of the Debenture Holders agreeing to subscribe to the Debentures, the Guarantor has agreed to issue an irrevocable and unconditional corporate guarantee in favour of the Debenture Trustee to secure the payment and discharge of the entire Secured Obligations and all the other obligations of the Company in relation to the Debentures as set out in the Transaction Documents, in the manner and upon the terms and conditions hereinafter appearing.

NOW THEREFORE THIS GUARANTEE WITNESSETH that in consideration of the premises aforesaid, the Guarantor does hereby unconditionally, absolutely and irrevocably, guarantees to and agrees with Debenture Trustee acting on behalf of and for the benefit of the Debenture Holders as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Deed, unless there is anything in the subject or context inconsistent therewith, the capitalised terms listed below shall have the following meanings:

(a) "**Act**" shall mean the Companies Act, 2013, along with the rules and regulations made thereunder and the notifications, circulars and orders issued in relation thereto, as amended from time to time;

(b) "**Applicable Law**" includes all applicable statutes, enactments or acts of any legislative body in India, laws, ordinances, rules, bye-laws, regulations, notifications, guidelines, policies, directions, directives and orders of any Governmental Authority and any modifications or re-enactments thereof;

(c) "**Assets**" means, for any date of determination, the assets of the Company on such date as the same would be determined in accordance with IND AS;

(d) "**Beneficial Owner(s)**" shall mean the holder(s) of the Debentures in dematerialized form whose name is recorded as such with the Depository;

(e) "**Business Day**" shall mean any day, other than a Saturday, Sunday or any day which is a public holiday, on which the money market is functioning in Mumbai, India and "**Business Days**" shall be construed accordingly;

(f) "**Corporate Guarantee**" shall mean the unconditional and irrevocable guarantee issued by the Guarantor, in favour of the Debenture Trustee, under the terms of this Deed;

(g) "**Debentures**" shall have the meaning assigned to such term under Recital A of this Deed;

(h) "**Debenture Holders**" shall have the meaning assigned to such term in the Debenture Trust Deed;

(i) "**Debenture Trust Deed**" shall have the meaning assigned to such term in Recital A of this Deed;

(j) "**Event(s) of Default**" shall have the meaning assigned to such term in the Debenture Trust Deed;

(k) "**Final Settlement Date**" shall mean the date on which the Payments have been irrevocably discharged in full and/or the Debentures have been redeemed by the Company in full in accordance with the terms of the Transaction Documents;

(i) "**Financial Indebtedness**" means any indebtedness for or in respect of:

(i) monies borrowed;
(ii) any amount availed of by acceptance of any credit facility;
(iii) any amount raised pursuant to the issuance of any notes, bonds, debentures, loan stock or any other similar securities or instruments;
(iv) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with generally accepted principles of accounting in India, be treated as a finance or capital lease;
(v) receivables sold or discounted (other than any receivables sold in the ordinary course of business or to the extent that they are sold on a non-recourse basis);
(vi) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
(vii) any derivative transaction entered into in connection with protection against or benefit from fluctuation in price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
(viii) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;
(ix) the amount of any liability under an advance or deferred purchase agreement if one of the primary reasons behind the entry into such agreement is to raise finance;
(x) any put option, guarantees, keep fit letter(s), letter of comfort, etc. by whatever

name called, which gives or may give rise to any financial obligation(s);

(xi) any preference shares (excluding any compulsorily convertible preference shares); or

(xii) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs above;

(l) "**Governmental Authority**" shall include the President of India, the Government of India, the Governor and the Government of any State in India, any Ministry or Department of the same, any municipal or local government authority, any authority or private body exercising powers conferred by Applicable Law and any court, tribunal or other judicial or quasi-judicial body and shall include, without limitation, a stock exchange and any regulatory body;

(m) "**IBC**" shall mean the Insolvency and Bankruptcy Code, 2016, and the rules and regulations made thereunder which are in effect from time to time and shall include any other statutory amendment or re-enactment thereof;

(n) "**IND AS**" shall mean the Indian generally accepted accounting principles issued under the Companies (Indian Accounting Standards) Rules, 2015, as amended, together with any pronouncements issued under Applicable Law thereon from time to time, and applied on a consistent basis by the Company;

(o) "**Indemnified Party**" shall have the meaning assigned to the term in **Clause 15.1** (*Indemnity*) of this Deed;

(p) "**Information Utility**" means the National E-Governance Services Limited or any other entity registered as an information utility under the Insolvency and Bankruptcy Board of India (Information Utilities) Regulations, 2017;

(q) "**Issue**" shall have the meaning assigned to such term in Recital A above;

(r) "**Majority Debenture Holders**" shall mean the Debenture Holders whose participation or share in the principal amount(s) outstanding with respect to the Debentures aggregate to 51% (Fifty One Percent) of the value of the nominal amount of the Debentures for the time being outstanding;

(s) "**Material Adverse Effect**" shall have the meaning assigned to such term in the Debenture Trust Deed;

(t) "**Maturity Date**" or "**Redemption Date**" means August 29, 2024 being 25 (Twenty five) months from the Deemed Date of Allotment or, such other date on which the final payment of the principal of the Debentures becomes due and payable as therein or herein provided, whether at such stated maturity date, by declaration of acceleration, or otherwise;

(u) "**Notice**" shall have the meaning assigned to such term in **Clause 18** (*Notices*) of this Deed;

(v) "**Notice of Demand**" shall have the meaning assigned to such term in Clause 3(a) (*Notice of Demand*) of this Deed;

(w) "**Outstanding Principal Amount**" shall mean at any date, the principal amount outstanding under the Debentures;

(x) "Payments" shall mean all payments, including any partial payment, to be made by the Company in relation to the Issue including without limitation, payment of Coupon, Outstanding Principal Amount, Default Interest, remuneration of the Debenture Trustee, and all fees, costs, charges, expenses and other monies;

(y) "**Person**" shall include an individual, natural person, corporation, partnership, joint venture, incorporated or unincorporated body or association, company, Government Authority and in case of a company and a body corporate shall include their respective successors and assigns and in case of any individual his/her respective legal representative, administrators, executors and heirs and in case of trust shall include the trustee(s) for the time being and from time to time. The term "**Persons**" shall be construed accordingly;

(z) "**Private Placement Offer cum Application Letter(s)**" shall have the meaning assigned to such term in the Debenture Trust Deed;

(aa) "**Proceedings**" shall have the meaning assigned to the term in **Clause 21.1** (*Jurisdiction*) of this Deed;

(bb) "**Purpose**" shall have the meaning assigned to such term under the Debenture Trust Deed;

(cc) "**RBI**" shall mean the Reserve Bank of India;

(dd) "**Register of Debenture Holders**" shall mean the register maintained by the Company containing the names of the Debenture Holders, which register shall be maintained at the registered office of the Company;

(ee) "**Rs.**" or "**Rupees**" shall mean Indian rupees, the lawful currency of India;

(ff) "**Secured Obligations**" shall have the meaning assigned to such term under the Debenture Trust Deed;

(gg) "**Transaction Documents**" shall have the meaning assigned to such term under the Debenture Trust Deed.

1.2 **Interpretation**

In this Deed, unless the context otherwise requires:

(a) Words denoting singular shall include plural and vice-versa.

(b) Words denoting one gender only shall include the other gender.

(c) All references in this Deed to any provision of any statute shall be deemed also to refer to the statute, modification or re-enactment thereof or any statutory rule, order or regulation made thereunder or under such re-enactment.

(d) All references in this Deed to Schedules, Clauses, Sub-Clauses, Paragraphs or Sub-paragraphs shall be construed as references respectively to the Schedules, Clauses, Sub-clauses, Paragraphs and Sub-paragraphs of these presents.

(e) Headings and bold typeface are inserted / used for convenience only and shall not affect the construction of this Deed.

(f) References to the word "include" or "including" shall be construed without limitation.

(g) Recitals and annexures of and schedules to this Deed shall form an integral part hereof.

(h) It is clarified that for the purposes of this Deed, the Debenture Trustee (acting in accordance with the Majority Debenture Holders consent) shall determine what would constitute 'ordinary course of business' as the term appears in this Deed.

(i) In the event of any disagreement between the Company and the Debenture Trustee regarding the materiality or reasonableness of any event under the Transaction Documents, the Debenture Trustee (acting on the instructions of the Majority Debenture Holders) shall be entitled at their discretion, to determine such materiality or reasonableness.

(j) Unless specifically provided for, all references to the consent or discretion or agreement of the Debenture Trustee shall mean the Debenture Trustee acting on the instructions of the Majority Debenture Holders.

(k) In the event of any inconsistency between the provisions contained in this Deed and any other Transaction Document, the provisions contained in the Debenture Trust Deed shall prevail.

2. GUARANTEE

In consideration of the Debenture Holders agreeing to subscribe to the Debentures, the Guarantor, does hereby irrevocably and unconditionally agree and guarantee as primary obligor and not merely as surety, to and in favour of the Debenture Trustee, the due payment and discharge by the Company, of the entire Secured Obligations in relation to the Debentures and hereby guarantees, assures and undertakes to pay the Secured Obligations of the Company in relation to the Debentures, or any part thereof, on demand, from time to time, by the Debenture Trustee, all of which demands shall be made in the manner set out in this Deed. The obligations of the Guarantor under this Deed shall be discharged and released on the Final Settlement Date.

3. NOTICE OF DEMAND

(a) The Debenture Trustee shall for the purpose of invoking the guarantee issued in terms hereof, issue a notice of demand in the form provided in **Schedule I** of this Deed, ("**Notice of Demand**") to the Guarantor, setting out the amounts due and payable by the Company.

(b) Any such demand made by Debenture Trustee on the Guarantor shall be final, conclusive and binding evidence that the Guarantor's liability hereunder has

accrued and that the extent of that Guarantor's liability is the amount shown therein, on the Guarantor notwithstanding any difference or any dispute between the Debenture Trustee, the Debenture Holders and the Company or the Guarantor or any other Person or any other legal proceedings, pending before any court, tribunal, arbitrator or any other Governmental Authority.

(c) It is clarified, that the provision of a notice by the Company and/or Debenture Trustee is merely a procedure which may be followed for convenience and the non-provision of any such notice or failure to serve notice at or within the time periods specified above, will not result in diminishing or in any manner reducing the irrevocable and unconditional obligation of the Guarantor under this Deed.

4. CONTINUING SECURITY

This Deed shall be an irrevocable and continuing security binding on the Guarantor until the Final Settlement Date. On the Final Settlement Date, Debenture Trustee (on receipt of a no objection certificate from the Debenture Holder(s)) shall issue a satisfaction certificate to the Guarantor ("**Certificate**"). This Deed shall be continuing and irrevocable and shall not be terminated prior to the receipt of the Certificate from the Debenture Trustee ("**Guarantee Termination Date**").

5. INVOCATION IN PARTS

The Corporate Guarantee may be invoked in parts or in full (i.e. in one tranche or multiple tranches) and any invocation of this Deed by Debenture Trustee shall not discharge the Guarantor from their obligations to pay the balance (unenforced) amount(s) or undischarged Payments pursuant to this Deed.

6. VALIDITY AND BINDING NATURE

This Deed shall not be wholly or partially satisfied or exhausted by any payments made to or settled with Debenture Trustee by the Company and shall be valid and binding on the Guarantor and operative until the Guarantee Termination Date.

7. ENFORCEMENT

The guarantee contained in this Deed shall be enforceable against the Guarantor notwithstanding that the security interests aforesaid or any of them or any other collateral securities that Debenture Trustee may have obtained or may obtain from the Company or any other person shall, at the time when proceedings are taken against the Guarantor hereunder, be outstanding and/ or enforced and/ or remain unrealised.

8. REPRESENTATIONS AND WARRANTIES

The Guarantor represents and warrants to Debenture Trustee as follows, which representations and warranties shall be made on the date of this Deed, and shall be deemed to be repeated by the Guarantor on and as on each day up to the Guarantee Termination Date, as if made with respect to the facts and circumstances existing on such dates. The Guarantor acknowledges that the Debenture Holders have agreed to subscribe to the Debentures in reliance on the representations of the Guarantor set out herein:

8.1 Status

The Guarantor is a company duly incorporated, registered and validly existing under the Applicable Laws of India and it has the power to own its assets and carry on its business in substantially the same manner as it is being conducted.

8.2 Power and authority

The Guarantor has good right, full power and absolute authority to enter into, perform and deliver and has taken all necessary action to authorise its entry into, performance and delivery of this Deed and the transactions contemplated by this Deed.

8.3 Validity and Admissibility in Evidence

All approvals, authorizations, consents, permits (third party, statutory or otherwise) required or desirable:

(a) to enable the Guarantor lawfully to enter into, exercise its rights and comply with its obligations in the Transaction Documents to which it is a party;

(b) to make the Transaction Documents to which the Guarantor is a party admissible in evidence in its and the Guarantor's jurisdiction of incorporation; and

(c) for the Guarantor to carry on its and the Guarantor's business, and which are material,

have been obtained or effected and are in full force and effect.

8.4 Non-conflict with other obligations

The entry into, and the performance by the Guarantor of this Deed and the transactions contemplated by the Transaction Documents (to which it is a party) and any other document related hereto do not and will not violate in any respect: (i) any Applicable Law including but not limited to laws and regulations regarding anti-money laundering or terrorism financing and similar financial sanctions; (ii) the constitutional documents of the Guarantor, being its memorandum of association and the articles of association, or (iii) any instrument, agreement, contract or other undertaking to which the Guarantor is a party or which is binding on the Guarantor or any of its assets including but not limited to any terms and conditions of the existing Financial Indebtedness of the Guarantor.

8.5 Compliance with Applicable Laws

The Guarantor is in compliance in all respects with all Applicable Law for the performance of its obligations with respect to this Issue, including but not limited to environmental, social and taxation related laws, for them to carry on their business.

8.6 No Misleading Information

The Guarantor certifies that all information whether in writing, electronic form or otherwise and the documents furnished to Debenture Trustee and/ or the Debenture Holders in connection with this Deed is/are true, accurate, correct and complete in all material respects as at the date it was provided or as at the date (if any) on which it is stated, and is/are not false or misleading

in any respect nor incomplete by omitting to state any fact necessary to make such information/document not misleading in any respect.

8.7 No proceedings pending

(a) The Guarantor has not taken any action nor have any steps been taken or legal proceedings/ actions been initiated, filed or threatened against the Guarantor for its winding-up, dissolution, insolvency, liquidation or re-organisation, bankruptcy, administration for the enforcement of any security over its assets or for the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager, resolution professional, trustee or other similar officer of it or in respect of any or all of its assets or revenues; and/or

(b) There are no litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency, which if adversely determined may have a Material Adverse Effect, which have (to the best of its knowledge and belief) been started against the Guarantor except as disclosed by the Guarantor in its financial statements.

8.8 No Default

No Event of Default or potential Event of Default has currently occurred and is continuing as of the date hereof or would reasonably be expected to result from the execution or performance by the Guarantor of this Deed. To the best of the Guarantor's knowledge, no other event or circumstance is outstanding which constitutes (or which would, with the lapse of time, the giving of notice, the making of any determination under the relevant document or any combination of the foregoing, constitute) a default or termination event (however described) under any other agreement or instrument which is binding on the Guarantor and/ or any of its assets or which might have a Material Adverse Effect as on the date hereof.

8.9 Valid and Binding obligations:

This Deed and the other Transaction Documents (to which the Guarantor is a party) have been duly executed and delivered and shall constitute upon execution a legal, valid and binding obligation of the Guarantor enforceable against it without any further action being required with respect to such documents.

8.10 Taxation:

(a) The Guarantor has duly and punctually paid and discharged all taxes imposed upon it or its assets within the time period allowed without incurring penalties, except as contested in good faith;

(b) The Guarantor is not overdue or delayed beyond the time period prescribed under Applicable Law in the filing of any tax returns;

(c) No claims are being or are reasonably likely to be asserted against the Guarantor with respect to Taxes and the Guarantor has not received any written notice of any tax claims or disputes or other liabilities of Taxes in respect of which a claim has been made or notice has been issued against the Guarantor; and

(d) No Tax proceedings are pending against the Guarantor.

8.11 Immunity

Neither the Guarantor nor any of its respective assets enjoy any right of immunity from set-off, suit or execution in respect of its obligations under this Deed.

8.12 Financial Indebtedness:

Other than as disclosed to the Debenture Holders, the Guarantor has not availed of any Financial Indebtedness.

8.13 Enforcement

This Deed is in a proper form for its enforcement in India.

8.14 Transaction Documents

The Guarantor has been provided with copies of the Transaction Documents and has read and understood the same. The Guarantor acknowledges and accepts that the Debenture Holders have agreed to subscribe to the Debentures on the basis of, and in full reliance on the representations and warranties made herein.

8.15 Financial Statements

The financial statements of the Guarantor, most recently supplied to the Debenture Trustee were prepared in accordance with IND AS consistently applied save to the extent expressly disclosed in such financial statements.

8.16 Solvency

(a) The Guarantor is able to, and has not admitted its inability to, pay its debts as they mature and has not suspended making payment on any of its debts and it will not be deemed by a court to be unable to pay its debts within the meaning of Applicable Law, nor in any such case, will it become so in consequence of entering into this Deed.

(b) As on the date hereof, the Guarantor has not taken any corporate action nor has taken any legal proceedings or other procedure or steps in relation to any bankruptcy proceedings.

9. AFFIRMATIVE COVENANTS

The Guarantor hereby agrees, confirms and covenants that it shall at all times until the Guarantee Termination Date:

9.1 Promptly inform the Debenture Trustee if it has notice of any application for winding up having been made or any statutory notice of winding up under the provisions of the Act, or any other notice under any other act relating to winding up or otherwise of any suit or other legal process intended to be filed or initiated against the Guarantor and affecting or likely to affect the Corporate Guarantee, the assets and the title to the properties of the Guarantor or if a receiver

is appointed in respect of any of its properties or businesses or undertakings.

9.2 Promptly inform the Debenture Trustee of any material loss or significant damage which the Guarantor may suffer due to any force majeure circumstances such as earthquake, flood, tempest or typhoon, etc. against which the Guarantor may not have insured its properties.

9.3 The Guarantor shall diligently preserve and maintain its corporate existence and status and all rights, contracts privileges, franchises and concessions now held or hereafter acquired by it in the conduct of its business.

10. **NO SET-OFF**

Each payment to be made by the Guarantor hereunder shall be made in immediately available funds without set-off, counterclaim, deduction or retention of any kind by payment into such account as stipulated in the Notice of Demand.

11. **CONTINUED OBLIGATIONS OF THE GUARANTOR**

The Guarantor hereby agrees that the Debenture Trustee's/ Debenture Holders' rights against the Guarantor shall remain in full force and effect until the Guarantee Termination Date and the Guarantor's obligations under this Deed shall be primary, absolute and continuing and shall not be discharged, released or impaired or otherwise affected by any of the following events or circumstances (regardless of any notice to or consent of the Guarantor):

11.1 any change in the constitution, ownership or corporate existence of the Company and/or the Guarantor or any absorption, merger or amalgamation of the Company and/or the Guarantor or any other person with any other company, corporation or concern;

11.2 any incapacity, disability or limitation or any change in the status or any change in or restructuring of the corporate structure of the Company and/or the Guarantor;

11.3 any change in the management of the Company and/or the Guarantoror take-over of the management of any of the Company and/or the Guarantorby any Governmental Authority;

11.4 acquisition or nationalisation of the Company and/or the Guarantorand/ or of any of its undertaking(s) pursuant to any Applicable Law;

11.5 any invalidity, irregularity, unenforceability, imperfection or any defect in or termination of any of the Transaction Documents and/or in any Security provided by the Company and/or the Guarantor to secure the due discharge of the Secured Obligations or any amendment to or variation thereof or of any other document or security comprised therein;

11.6 the invalidity, irregularity or unenforceability of any obligation or liability of any other party to the Transaction Documents;

11.7 the assailment of the genuineness, validity and enforceability of the any of the Transaction Documents or any other agreement that the Company enters into with the Debenture Holders or Debenture Trustee or with any other person in connection with the Issue, from time to time;

11.8 any extension, renewal, re-scheduling, amendment, change, waiver or other modification of any of the Transaction Documents or other related documents, as the case may be;

11.9 any deficiency in the powers of the Guarantor to enter into or perform any of its obligations under any Transaction Documents or any irregularity in the exercise thereof;

11.10 any dispute between the Company, the Guarantor and the Debenture Holders with respect to any of the Transaction Documents or other related documents;

11.11 the insolvency, liquidation, bankruptcy or dissolution (or proceedings analogous thereto) of the Company and/or the Guarantoror the appointment of a receiver or administrative receiver or administrator or trustee or similar officer of any of the assets of the Company and/or the Guarantor, or the occurrence of any circumstances whatsoever affecting the Company's liability to discharge the Payments (or any part thereof);

11.12 any non-invocation, release, renewal or realisation of any security or obligation provided under or pursuant to any of the Transaction Documents;

11.13 any failure on the part of the Debenture Holders (whether intentional or not) to take or perfect or enforce any Security (if any) agreed to be taken under or in relation to or pursuant to any of the Transaction Documents (as applicable);

11.14 any legal limitation, disability or incapacity relating to the Guarantor or the Company;

11.15 impossibility or illegality of performance on the part of the Company and/or the Guarantor, of any of its obligations under or in connection with the Issue under the Transaction Documents or under any other related document;

11.16 any part payment of the Payments;

11.17 the insolvency or bankruptcy of the Company and/or the Guarantoror any proceedings in respect thereof;

11.18 any waiver, exercise, omission, compromise, arrangement or settlement with or the granting of any time, concession, consent or indulgence by the Debenture Trustee and/or any of the Debenture Holders to the Company and/or the Guarantor or any other Person;

11.19 any other charge, guarantee or other security or right or remedy available to the Debenture Trustee and/or Debenture Holders pursuant to any of the provisions of the Transaction Documents being or becoming wholly or partly void, voidable, unenforceable or impaired by the Debenture Trustee and/or the Debenture Holders at any time releasing, refraining from enforcing, varying or in any other way dealing with any of them or any power, right or remedy the Debenture Trustee and/or the Debenture Holders may now or hereafter have from or against the Guarantor or any other Person;

11.20 any postponement of or revision in the schedule of repayment of the Payments;

11.21 any transfer of the Debentures;

11.22 initiation of a fresh start process or insolvency resolution process or bankruptcy process under the (Indian) Insolvency and Bankruptcy Code, 2016 in respect of the Company, the Guarantor or any other Person;

11.23 any act, omission, event or circumstance which would or may but for this provision operate to prejudice, affect or discharge the guarantee contained in this Deed or the liability of the Guarantor hereunder;

11.24 any other circumstance or occurrence, whether similar or dissimilar to any of the foregoing, which would or may, but for this clause have the effect of discharging/ impairing or otherwise affecting the obligations of the Guarantor hereunder; and

11.25 any other matter or thing whatsoever.

12. PROCEEDS OF OTHER SECURITY

Until the Guarantee Termination Date and/ or so long as the Guarantor is in breach of its obligations under this Deed, the Guarantor agrees that it has not taken, nor shall take, from any Person, any security for the performance of its obligations under this Deed and, if it does so, the security and any proceeds from that security shall be held in trust for the Debenture Holders and delivered immediately to the Debenture Trustee;

13. WAIVER OF RIGHTS

The Guarantor hereby waives all the rights available to sureties under Sections 133, 134, 135, 139 and 141 of the Indian Contract Act, 1872 (the "**Contract Act**"). The Guarantor also agrees that it will not be entitled to the benefit of subrogation to the security interests created to secure the Debentures until the Guarantee Termination Date, regardless of any intermediate payment or discharge in whole or in part.

14. APPROPRIATION

Notwithstanding any of the provisions of the Contract Act, or any other Applicable Law, and/ or this Deed or any other Transaction Documents, Debenture Trustee may, in accordance with the Transaction Documents, appropriate payments made by the Guarantor or any amounts realised by Debenture Trustee by enforcement of the Security or otherwise, towards the Secured Obligations. Notwithstanding any such appropriation by Debenture Trustee towards settlement of the Secured Obligations, the Guarantor shall continue to remain liable to Debenture Trustee for all outstanding / remaining Secured Obligations.

15. INDEMNITY

15.1 Without prejudice to the other rights of the Parties under this Deed or under Applicable Law, the Guarantor ("**Indemnifying Party**") shall, indemnify and agree to hold harmless, the Debenture Holder(s) and the Debenture Trustee, and each of their attorneys, agents, directors, officers, representatives and advisors (each an "**Indemnified Party**"), indemnified against any and all actual losses, liabilities, damages, fines, penalties, judgments, costs and expenses (including, without limitation, legal advisors' fees), proceedings whatsoever incurred or likely to be incurred by the Indemnified Party arising out of or in connection with (i) any representations or warranties of the Indemnifying Party being or becoming incorrect, or any undertakings or covenants as contained in the Transaction Documents being breached by such Indemnifying Party; (ii) or any non-compliance, with provisions of the Transaction Documents; or; (ii) enforcement of all liability and obligations of the Indemnifying Party and rights of the Indemnified Party arising out of the Transaction Documents.

15.2 Any indemnification payment made by the Guarantor shall be grossed up to take into account any taxes, payable by the Indemnified Party or deductible by the Guarantor on such payment.

15.3 The indemnification rights of the Indemnified Party under this Deed are independent of, and in addition to, such other rights and remedies as Indemnified Party may have at law or in equity or otherwise, including the right to seek specific performance or other injunctive relief, none of which rights or remedies shall be affected or diminished thereby.

15.4 The Guarantor acknowledges and agrees that any payments to be made pursuant to this Clause 15 (*Indemnity*) are not in the nature of a penalty but merely reasonable compensation for the loss that would be suffered, and therefore, the Company waives all rights to raise any claim or defense that such payments are in the nature of a penalty and undertakes that it shall not raise any such claim or defense.

16. ACTIONS NOT REQUIRED FOR ENFORCEMENT

The Guarantor acknowledges that, before taking steps to enforce this Deed, it shall not be necessary for the Debenture Trustee:

16.1 to obtain any judgment against the Company, and/ or the Guarantor in any court or other tribunal;

16.2 to make or file any claim in the bankruptcy or liquidation or insolvency under the IBC of the Company and/ or the Guarantor; or

16.3 to take any action other than providing a Notice of Demand under this Deed in accordance with terms hereof on the Guarantor; or

16.4 to first take recourse to any other security or to enforce its rights under any other Transaction Documents available to it in relation to the Company's obligations pursuant to the Issue,

and the Guarantor hereby waives all such notices, formalities or rights to which it would otherwise be entitled to or which the Debenture Trustee and/or the Debenture Holders would otherwise first be required to satisfy or fulfil before proceeding or making demand against the Guarantor hereunder and further acknowledges that this Corporate Guarantee may be enforced for any balance due even after the Debenture Trustee and/or the Debenture Holders have resorted to any one or more other means of obtaining payment or discharge of the monies obligations and liabilities hereby secured.

17. SEVERABILITY

If any provision of this Deed is held to be illegal, invalid, or unenforceable under any present or future law (a) such provision will be fully severable; (b) this Deed will be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part hereof; and (c) the remaining provisions of this Deed will remain in full force and effect and will not be affected by the illegal, invalid, or unenforceable provision or by its severance here from.

18. NOTICES

(a) Unless otherwise stated, all notices, demands, approvals, instructions and other communications ("**Notices**") for the purposes of this Deed shall be in writing. Such

Notice may be given by facsimile, by e-mail, by personal delivery or by sending the same by registered mail/speed post (postage prepaid) or recognized overnight courier service addressed to the Party concerned at its address stated in the title of this Deed or e-mail address set out below and/or any other address subsequently notified to the other Party within a period of 4 (four) Business Days from any change thereof, for the purposes of this Clause. Notice by the Parties to each other and the Debenture Holder(s) shall be deemed to be effective (a) in the case of registered mail, 3 (three) calendar days after posting, (b) in the case of facsimile at the time when dispatched with a report confirming proper transmission, (c) in the case of personal delivery, at the time of delivery or (d), or in case of e-mail at the time of the sending thereof (provided no delivery failure notification is received by the sender within 24 hours of sending such email).

To the Guarantor
LENDINGKART TECHNOLOGIES PRIVATE LIMITED
Address: A-602, 6th Floor, The First, The First Avenue Road, Behind Keshavbaug Party Plot, Vastrapur, Ahmedabad, 380 015, Gujarat, India.
Attention: Mr. Sudeep Bhatia
Email: cfo@lendingkart.com

To the Company
LENDINGKART FINANCE LIMITED
Address: 6th Floor, B Block, The First, The First Avenue Road, Behind Keshavbaug Party Plot, Vastrapur, Ahmedabad-380 015
Attention: Ms. Anisha Seth
Email: capitalmarket@lendingkart.com

To the Debenture Trustee
CATALYST TRUSTEESHIP LIMITED
Address: Catalyst Trusteeship Limited
Windsor, 6th Floor, Office No. 604, C.S.T. Road,
Kalina, Santacruz (East), Mumbai –400098
Attention: Mr. Umesh Salvi, Managing Director
Tel No: 022-49220555
Fax No : 022-49220505
Email: ComplianceCTL-Mumbai@ctltrustee.com

To the Debenture Holders:

Notices given under or in connection with this Deed to a Debenture Holder shall be sent to the address, telephone number, or email address of that Debenture Holder as set out in the records of the Depository at the relevant time or if the Debenture Holder has provided any alternate address, telephone number, or email to the Debenture Trustee and/or the Company by not less than 5 (Five) Business Days' notice, to such alternate address, telephone number or email.

(b) Any notice given under or in connection with this Deed must be in English.

(c) All other documents provided under or in connection with this Deed must be in English; if not in English, and if so required by the Debenture Trustee, accompanied by a

certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

(d) This Clause 18 (*Notices*) shall survive the termination or expiry of this Deed

19. **ASSIGNMENT**

19.1 The Guarantor shall not assign or transfer any of their rights or obligations (including, for the avoidance of doubt, by declaring or creating any trust of their rights, title, interest or benefits) under this Deed or the Transaction Documents.

19.2 The Guarantor acknowledges that the Debenture Holders shall be entitled to freely transfer / transmit the Debentures and the right, title, interest, obligations the benefits under the Transaction Documents upon such transfer/transmission of the Debentures in accordance with the terms of the Transaction Documents and that the Debenture Holders are entitled to freely transfer, assign and novate the benefits under the Transaction Documents and all transferees of any of the Debenture Holders shall have the same beneficial interests as available to the Debenture Holders under the terms of this Deed.

19.3 The Guarantor acknowledges that the Debenture Holders may be substituted / replaced in accordance with the terms of the Transaction Documents and accordingly any such substitute / replacement of the Debenture Holders shall be entitled to the same rights, duties and benefits available to each of the Debenture Holders herein and the Guarantor hereby agrees and undertakes to execute all such deeds and documents as may be necessary to give effect to such substitution / replacement.

20. **GOVERNING LAW**

20.1 This Debentures and this Deed shall be governed by and construed in accordance with applicable Indian law.

21. **JURISDICTION**

21.1 The Parties agrees that the courts and tribunals in New Delhi shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Deed and that accordingly any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with this Deed may be brought in such courts or the tribunals and the Guarantor irrevocably submits to and accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of those courts or tribunals.

21.2 Nothing contained in this Clause 21 (*Jurisdiction*), shall limit any right of the Debenture Trustee to take Proceedings in any other court or tribunal of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction whether concurrently or not and the Guarantor irrevocably submits to and accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of such court or tribunal, and the Guarantor irrevocably waives any objection it may have now or in the future to the laying of the venue of any Proceedings and any claim that any such Proceedings have been brought in an inconvenient forum.

21.3 This Clause 21 (*Jurisdiction*) and Clause 20 (*Governing Law*) shall survive the termination or expiry of this Deed.

22. CONFIDENTIALITY

22.1. The information received by any of the Parties to this Deed relating to the other Party (hereinafter referred to as "**Confidential Information**") shall be kept in the strictest confidence and shall not be divulged or disclosed to any person, other than such of the directors, officers, employees, advisors and accountants of the recipient Party on a need to know basis in accordance with the intent and purpose of this Deed, provided always that each such person to whom Confidential Information is disclosed shall have been made aware of its confidential nature prior to such disclosure by the disclosing Party expressly marking or stating as confidential such Confidential Information and each such person to whom the Confidential Information is disclosed shall also keep the same in the strictest confidence and shall not divulge or disclose the same to any other person.

22.2. The restriction set forth in Clause 22.1 (*Confidentiality*) herein shall not apply to any part of the Confidential Information, which:

(a) is known at the time of disclosure to the recipient Party, or thereafter, becomes part of the public domain, other than as a result of the acts or omissions of the recipient Party, its directors, officers or employees; or

(b) is required to be disclosed by judicial, administrative or stock exchange process, any enquiry, investigation, action, suit, proceeding or claim or otherwise by Applicable Law or by any other regulatory authority; or

(c) is required to be disclosed by the Company, the Guarantor or the Debenture Trustee to the Debenture Holders or to a rating agency or any other third party pursuant to the terms of the Debenture Trust Deed or other documents executed pursuant thereto.

SCHEDULE I
NOTICE OF DEMAND

Format of notice to be addressed by the Debenture Trustee to the Guarantor

To,
Lendingkart Technologies Private Limited
A-602, 6th Floor, The First, T
he First Avenue Road,
Behind Keshavbaug Party Plot, Vastrapur,
Ahmedabad, 380 015, Gujarat, India

Dear Sir,

We refer to the Deed of Corporate Guarantee dated the __ day of ____ 202_ ("**Deed**") executed by you in our favour.

Capitalised terms used herein but not defined shall have the meaning assigned to such term in the Deed.

Pursuant to your obligation and our rights in that respect, we hereby call upon you/ demand that you make payment to us of a sum of Rs. _____/- (Rupees _____ only), being the amount constituting the amounts due and payable by the Company to us as on [●], [●], 202_, with interest thereon at [●] % p.a. until payment thereof by you and Default Interest from [●], until payment thereof by you, in terms of the Debenture Trust Deed.

Please deposit the said amount forthwith, and in any event not later than 3 (Three) Business Days in the following account:

<<account details>>

Yours faithfully,

For **Catalyst Trusteeship Limited**
(Debenture Trustee)

IN WITNESS WHEREOF, the Parties caused these presents to be executed on the day and year first hereinabove written in the manner hereinafter appearing.

SIGNED AND DELIVERED BY	)
LENDINGKART TECHNOLOGIES PRIVATE LIMITED	)
the withinnamed "**Guarantor**"	)
by the hands of:	)
Mr./Ms. _____	)
Its duly Authorised Signatory	)

SIGNED AND DELIVERED BY	)
CATALYST TRUSTEESHIP LIMITED	)
the "**Debenture Trustee**" withinnamed	)

by the hands of:)
Mr./Ms. _____)
Its duly Authorised Signatory)