Ref: LFL/Stock Exchange/2024-25/20

September 5, 2024

To,
BSE Limited,
Department of Corporate Services,
P.J Towers, 25th Floor, Dalal Street, Mumbai-400001.

Dear Sir/Madam,

Sub: Notice of 27th Annual General Meeting along with Annual Report for the financial year 2023-24.

In terms of Regulations 53(2) & 50(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"), please find attached herewith Notice of the 27th Annual General Meeting ("**AGM**") and Annual Report of Lendingkart Finance Limited (**the "Company**") for the financial year 2023-24.

The 27th AGM will be held on Friday, September 27, 2024 at 10:00 a.m. through Video Conferencing/Other Audio-Visual Means in accordance with the circulars issued by Ministry of Corporate Affairs and Securities and Exchange Board of India, to, inter alia, consider and transact the following businesses:

1. To receive, consider and adopt the Audited Financial Statement of the Company for the financial year ended March 31, 2024 together with Reports of the Auditors and the Board of Directors thereon;
2. To appoint Mr. Raichand Sardarmal Lunia, Director (DIN: 01188845), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. Mukund M Chitale & Co., Chartered Accountants (Firms Registration No. 106655W), as the Statutory Auditors of the Company to hold office for a period of 3 (three) years from the conclusion of 27th annual general meeting till the conclusion of 30th annual general meeting of the Company.
4. To appoint Mr. Sreeram Ranganathan Iyer (DIN: 00472961), as a non-executive Independent Director of the Company; and
5. To approve continuation of directorship of Mr. Raichand Sardarmal Lunia (DIN:01188845), as a non-executive Director of the Company.

The Notice of the 27th AGM along with the annual report has been sent by email today i.e. September 5, 2024 to the shareholders whose email addresses are registered with the Company.

The Annual Report and the AGM Notice is also uploaded on the Company's website at https://www.lendingkartfinance.com/.

You are kindly requested to take this on record.

Thanking you

For Lendingkart Finance Limited

HARSHVARDHAN RAICHAND LUNIA
Digitally signed by HARSHVARDHAN RAICHAND LUNIA
Date: 2024.09.06 00:06:02 +05'30'

Harshvardhan Lunia
Managing Director
DIN:01189114
Encl: a/a

NOTICE

Notice is hereby given that the 27th Annual General Meeting of the members of Lendingkart Finance Limited (the "**Company**") will be held on Friday, September 27, 2024 at 10:00 A.M. (IST), through Video Conferencing/Other Audio-Visual Means, to consider and transact the following businesses:

ORDINARY BUSINESSES:

1. To receive, consider and adopt the Audited Financial Statement of the Company for the financial year ended March 31, 2024 together with Reports of the Auditors and the Board of Directors thereon.

2. To appoint Mr. Raichand Sardarmal Lunia, Director (DIN: 01188845), who retires by rotation and being eligible, offers himself for re-appointment.

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

"**RESOLVED THAT** pursuant to the Circular no. RBI/2021-22/25-Ref.No.DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021 (Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs)) issued by the Reserve Bank of India ("**RBI Guidelines**") read with the Policy for Appointment of Statutory Auditors and provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 ("**the Act**"), and the relevant rules made thereunder (including any amendment, modification, variation or re-enactment thereof), M/s. Mukund M. Chitale & Co., Chartered Accountants (Firms Registration No. 106655W), who have provided their consent for appointment and who being eligible for appointment as the Statutory Auditors in terms of Section 141 of the Act and the applicable rules and the RBI Guidelines, be and are hereby appointed as the Statutory Auditors of the Company, to hold office for a period of 3 (three) years from the conclusion of 27th annual general meeting till the conclusion of 30th annual general meeting of the Company to conduct audit of accounts of the Company for the financial year ending March 31, 2025, March 31, 2026 and March 31, 2027 respectively, on such terms and conditions as mutually agreed between the Board of Directors of the Company and the Statutory Auditors.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company (hereinafter referred to the "**Board**", which term shall be deemed to include any committee constituted or to be constituted by the Board or any person(s) authorised by the Board in this regard) be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to implementation of this resolution including but not limited to determination of roles and responsibilities/scope of work of the Statutory Auditors, negotiating, finalising, amending, signing, delivering, executing the terms of appointment including any contract or document in this regard without being required to seek any further consent or approval of the members of the Company."

SPECIAL BUSINESSES:

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

"**RESOLVED THAT** pursuant to provisions of Section(s) 149, 150, 152, 160, 161 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("**the Act**") read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**") (including any statutory modification(s) or re-enactment thereof for the time being in force) and Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 ("**Master Direction**"), and other applicable provisions, the Articles of Association of the Company, and on the recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Company, Mr. Sreeram Ranganathan Iyer (DIN: 00472961), who was appointed as an additional non-executive independent director of the Company with effect from March 29, 2024 by the Board of Directors ("**Board**"), and who pursuant to the provisions of Section 161 of the Act and Article 73 of the Articles of Association of the Company holds office up to the date of this annual general meeting, in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a member proposing his candidature for the office of Director and who has submitted a declaration that he meets the criteria of Independence as provided in the Act, and rules made thereunder, and the listing regulations be and is hereby appointed as a non-executive Independent Director of the Company to hold office for a term of 3 (three) years with effect from March 29, 2024, whose office shall not be liable to determination by retirement by rotation.

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

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

"**RESOLVED THAT** pursuant to Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 and other applicable provisions of the Companies Act, 2013 read with Rules made thereunder (including any amendments thereto or re-enactment thereof, for the time being in force), the Articles of Association of the Company, and on the recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Company ("**Board**"), approval of the members be and is hereby accorded for continuation of directorship of Mr. Raichand Sardarmal Lunia (DIN: 01188845), as a non-executive Director, liable to retire by rotation.

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

By order of the Board of Directors
Lendingkart Finance Limited

LENDINGKART FINANCE LIMITED (INDIA)

Date: September 5, 2024
Place: Ahmedabad

Harshvardhan Lunia
Chairman & Managing Director

NOTES:

1. The Ministry of Corporate Affairs ("**MCA**") vide its General Circular no. 20 /2020 dated May 5, 2020, General Circular no. 10 /2022 dated December 28, 2022 and General Circular No. 09/2023 dated September 25, 2023 (collectively referred to as "**MCA Circulars**") allowed the companies to hold Annual General Meetings through Video Conferencing ("**VC**") or Other Audio Visual Means. Accordingly, this Annual General Meeting ("**AGM**"/ "**Meeting**") is being held through VC mode. In accordance with the Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India ("**ICSI**") read with Clarification/Guidance on applicability of Secretarial Standards - 1 and 2 dated April 15, 2020, issued by the ICSI, the proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company which shall be the deemed venue of the AGM.
2. Members attending the AGM through VC shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
3. In accordance with the MCA Circulars, the Notice of AGM is being sent only through electronic mode to those members who have registered their email addresses with the Company.
4. Generally, a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. Since this AGM is being held through VC pursuant to the MCA Circulars, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed hereto.
5. Pursuant to the Secretarial Standard-2 issued by the Institute of Company Secretaries of India, the details/information pertaining to the Director proposed to be re-appointed at Item No. 2 of the Ordinary Business, is annexed hereto as **Annexure - 1**.
6. An explanatory statement pursuant to Section 102(1) of the Act, relating to the Special Business at Item No. 4 and 5 to be transacted at the AGM is annexed hereto as **Annexure - 2**.
7. The resolutions in the meeting will be passed by show of hands, unless a poll is validly demanded during the meeting. The voting, in case of a poll, shall be done by sending an email to cs@lendingkart.com ("**Designated E-mail Address**") in the format annexed hereto as **Annexure – 3** and forming part of this Notice.
8. Since the AGM will be held through VC, the route map of the venue of the Meeting is not annexed hereto.
9. Queries, if any, on the items specified in the Notice, Annual Report and operations of the Company, may be sent at the Designated E-mail Address at least seven days prior to the date of the AGM, so that relevant query may be replied by the company suitably at the meeting.
10. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or

Arrangements in which the directors are interested, maintained under Section 189 of the Act, and the relevant documents referred to in the Notice will be available in electronic form for inspection by the Members during the AGM. All documents referred to in the Notice will also be available in electronic form for inspection without any fee by the Members from the date of circulation of this Notice up to the date of AGM. Members seeking to inspect such documents can send an email to the Designated E-mail Address.

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

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

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

ii The Members may download Microsoft Teams Video Conferencing App from the Google Play Store (in case of android phone) and Apple App Store (in case of iPhone). Alternatively, the Members may login directly through the browser, by clicking on the link.

Meeting URL (Press Ctrl + Link)
Lendingkart Finance Limited Annual General Meeting

iii Notice of this AGM will also be available on the website of the Company viz. https://www.lendingkartfinance.com/

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

v The Members may contact the following designated official in case of any query/technical problem:
Ms. Kumudini Aggarwal
Group General Counsel
Email: cs@lendingkart.com
Phone: +91 9910322507

Annexure – 1

Details of Directors liable to retire by rotation and seeking re-appointment at the Annual General Meeting

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

Name of the Director	Mr. Raichand Sardarmal Lunia
Director Identification Number	01188845
Date of first appointment on the Board	May 13, 2015
Date of birth/Age	August 3, 1947/ 77
Qualification	• Chartered Accountant (The Institute of Chartered Accountants of India) • Company Secretary (The Institute of Company Secretaries of India) • Master of Commerce
Profile of the Director & Experience	Mr. Raichand Sardarmal Lunia, aged 77 years, has over 50 years of experience in company audit, bank and NBFC audits, taxation, working with financial institutions, project finance & SME fund arrangement. In the past, Mr. Lunia served as GM & VP in large textile units of Gujarat.
Terms and conditions of re-appointment	Re-appointment as a non-executive director
Remuneration details	Not applicable
Chairmanship/ Directorships of other companies ***(Indian Companies only)***	**Directorship in other companies** (i) Lendingkart Technologies Private Limited (ii) Lendingkart Account Aggregator Private Limited
Chairmanships/Memberships of Committees of other companies ***(Indian Companies only)***	**Company Name**: Lendingkart Technologies Private Limited — **Committee Details**: Member – Corporate Social Responsibility Committee
Remuneration last drawn in the Company	Not applicable
Shareholding in the company	Holds 1 share as the nominee of Lendingkart Technologies Private Limited, holding company of the Company.

Relationship with other Directors, Manager and other Key Managerial Personnel of the company	Mr. Raichand Sardarmal Lunia is a father of Mr. Harshvardhan Lunia, Chairman and Managing Director of the Company
Number of meetings of the Board attended during the year ended March 31, 2024	6
Number of meetings of the Board attended during the period from April 01, 2024 till date	4

Annexure - 2

EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 4:

The Board of Directors of the Company on March 29, 2024 appointed Mr. Sreeram Ranganathan Iyer (DIN: 00472961), in the capacity of additional non-executive Independent Director to the Board of the Company, not liable to retire by rotation, for a term of 3 (three) years in accordance with the provisions of Section 149, 152, 161 and Schedule IV of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 and Article 73 of the Articles of Association of the Company. In terms of the provisions of the Companies Act, 2013, Mr. Sreeram Ranganathan Iyer holds office up to the date of this annual general meeting of the Company, unless appointed as a non-executive Independent Director at the annual general meeting.

The Company has received a notice in writing under Section 160 (1) of the Act from a member proposing candidature of Mr. Sreeram Ranganathan Iyer for the office of the Independent Director. Mr. Sreeram Ranganathan Iyer is not disqualified from being appointed as the non-executive Independent Director of the Company and fulfils the conditions specified under Sections 164 and 149(6) of the Companies Act, 2013 and Regulation 16(b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for such appointment and has consented to act as the Director of the Company.

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

Name of the Director	Mr. Sreeram Ranganathan Iyer
Director Identification Number	00472961
Date of birth/Age	05/01/1962 (62 years)
Date of joining the Board as Director	March 29, 2024
Profile of director (to include age and qualification of the director)	Mr. Sreeram Ranganathan Iyer, aged 62 years, holds following qualifications: __Qualification:__ • MBA in Strategy from Henley Management College, UK • Company Secretaryship from the Institute of Company Secretaries of India • Cost Accountancy from the Institute of Cost and Works Accountants of India

Experience	About 30 years of experience in the field of banking, finance, technology and accounting.
Terms and conditions of appointment	Appointed as a non-executive Independent Director of a Company for a period of 3 (three) years with effect from March 29, 2024.
Remuneration details	Apart from the sitting fees for attending the meeting of the Board of Directors and Committees of the Board, no other remuneration is being paid to Mr. Sreeram Ranganathan Iyer.
Justification for choosing the appointee for appointment as Independent Director	The Board based on the experience and expertise of Mr. Sreeram Ranganathan Iyer is of the opinion that Mr. Iyer has the requisite qualification to continue to act as the Independent Director.
Chairmanships/Directorships of other companies (excluding Foreign Companies and Section 8 Companies)	None
Chairmanships/Memberships of Committees of other companies	None
Remuneration last drawn in the Company	Apart from sitting fees for attending the Board and Board Committee meetings, Mr. Iyer was not paid any remuneration.
Shareholding in the company	Nil
Relationship with other Directors, Manager and other Key Managerial Personnel of the company	None
Number of meetings of the Board attended during the year ended March 31, 2024	None (no meeting held during the financial year ended March 31, 2024 post his appointment as the Independent Director)
Number of meetings of the Board attended during the period from April 1, 2024 till date	2

Except Mr. Sreeram Ranganathan Iyer, none of the other directors, key managerial personnel or their relatives are concerned or interested in the said Resolution.

The Board of Directors recommend the resolution given in the Notice at item no. 4, for approval of the Members of the Company as a Special Resolution.

Item No. 5:

In view of the recent amendments in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**") on September 7, 2021, where Regulation 15 to 27 of Chapter IV were made applicable to the high value debt listed entities i.e., entities having outstanding value of listed non-convertible debt securities of Rupees Five Hundred Crore and above in addition to the earlier applicability of Chapter V of the Listing Regulations.

Since the Company has been qualified as High Valued Debt Listed entity, it is required to comply with Regulation 15 to 27 of Chapter IV of the Listing Regulations.

Pursuant to Regulation 17(1A) of the Listing Regulations;

"No listed entity shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy five years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person."

Mr. Raichand Sardarmal Lunia (DIN: 01188845), who is liable to retire by rotation, was appointed by the members as a non-executive director on the Board with effect from September 29, 2015.

At the 24th annual general meeting held on September 30, 2021, he was re-appointed by the members.

Mr. Raichand Sardarmal Lunia has crossed the prescribed age of 75 years and accordingly approval of members is required for the continuation of his directorship pursuant to the requirement stated under Regulation 17(1A) of the Listing Regulations, that the Company needs to comply with due to the aforementioned reason.

The Board considers the continuation of Mr. Raichand Sardarmal Lunia to be beneficial in the interest of the Company in view of his expertise and experience, and recommends passing the of the Resolution.

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

Name of the Director	Mr. Raichand Sardarmal Lunia
Director Identification Number	01188845
Date of first appointment on the Board	13/05/2015
Date of birth/Age (in years)	August 3, 1947/ 77

Qualification	• Chartered Accountant (The Institute of Chartered Accountants of India) • Company Secretary (The Institute of Company Secretaries of India) • Master of Commerce
Experience	Mr. Raichand Sardarmal Lunia has over 50 years of experience in company audit, bank and NBFC audits, taxation, working with financial institutions, project finance & SME fund arrangement. In the past, he has served as GM & VP in large textile units of Gujarat.
Terms and conditions of re-appointment/continuation of directorship	Continuation of directorship as the non-executive director. No change in the terms and conditions of appointment.
Remuneration details	Not applicable
Justification for choosing the appointee	The Board based on the experience and expertise of Mr. Raichand Sardarmal Lunia is of the opinion that Mr. Lunia has the requisite qualification, expertise and experience. His continuation as the non-executive Director will be in the interest of the Company.
Chairmanships/Directorships of other companies	Directorship in other companies: 1. Lendingkart Technologies Private Limited 2. Lendingkart Account Aggregator Private Limited
Chairmanships/Memberships of Committees of other companies	**Company Name**: Lendingkart Technologies Private Limited — **Committee Details**: Member – Corporate Social Responsibility Committee
Remuneration last drawn in the Company	Not applicable
Shareholding in the company	Holds 1 share as the nominee of Lendingkart Technologies Private Limited, holding company of the Company.
Relationship with other Directors, Manager and other Key Managerial Personnel of the company	Mr. Raichand Sardarmal Lunia is father of Mr. Harshvardhan Lunia, Chairman and Managing Director of the Company.
Number of meetings of the Board attended during the year ended 31st March, 2024	6

Number of meetings of the Board attended during the period from 1st April, 2024 till date	4

Except Mr. Raichand Sardarmal Lunia, and Mr. Harshvardhan Lunia, Chairman & Managing Director, none of the other directors, key managerial personnel or their relatives are concerned or interested in the said Resolution.

The Board of Directors recommend the resolution given in the Notice at item no. 5, for approval of the Members of the Company as a Special Resolution

By order of the Board of Directors
Lendingkart Finance Limited

Harshvardhan Lunia
Chairman & Managing Director

Date: September 5, 2024
Place: Ahmedabad

Annexure – 3

Subject: Voting by Poll at the 27th Annual General Meeting of Lendingkart Finance Limited.

Item no. 1

I/We, <<*Name of the Member*>>, <<*Registered Folio No/Client ID No.*>> being the Member of Lendingkart Finance Limited ("**Company**") holding <<*No.*>> equity shares, hereby give my/our **[assent/ dissent]**[1] on the Resolution concerning the adoption of the audited Financial Statement of the Company for the financial year ended March 31, 2024 together with Reports of the Auditors and the Board of Directors thereon.

Item no. 2

I/We, <<*Name of the Member*>>, <<*Registered Folio No/Client ID No.*>> being the Member of Lendingkart Finance Limited ("**Company**") holding <<*No.*>> equity shares, hereby give my/our **[assent/ dissent]**[1] on the Resolution concerning the appointment of Mr. Raichand Sardarmal Lunia, Director (DIN: 01188845), who retires by rotation and being eligible, offers himself for re-appointment.

Item no. 3

I/We, <<Name of the Member>>, <<Registered Folio No/Client ID No.>> being the Member of Lendingkart Finance Limited ("Company") holding <<No.>> equity shares, hereby give my/our [assent/ dissent]1 on the Resolution concerning the appointment of M/s. Mukund M. Chitale & Co., Chartered Accountants (Firms Registration No. 106655W), as the Statutory Auditors of the Company.

Item no. 4

I/We, <<*Name of the Member*>>, <<*Registered Folio No/Client ID No.*>> being the Member of Lendingkart Finance Limited ("**Company**") holding <<*No.*>> equity shares, hereby give my/our **[assent/ dissent]**[1] on the Resolution concerning the appointment of Mr. Sreeram Ranganathan Iyer (DIN: 00472961), as a non-executive Independent Director of the Company to hold office for a term of 3 (three) years with effect from March 29, 2024.

Item no. 5

I/We, <<*Name of the Member*>>, <<*Registered Folio No/Client ID No.*>> being the Member of Lendingkart Finance Limited ("**Company**") holding <<*No.*>> equity shares, hereby give my/our **[assent/ dissent]**[1] on the Resolution concerning the continuation of appointment of Mr. Raichand Sardarmal Lunia (DIN: 01188845), as a non-executive Director of the Company.

Note:

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

LENDINGKART

Simplifying MSME Finance

Annual Report

FOR THE YEAR ENDED MARCH 31, 2024

LENDINGKART FINANCE LIMITED

LENDINGKA₹T
Simplifying MSME Finance

MESSAGE FROM THE CHAIRMAN

Dear Stakeholders,

I am privileged to address you through this annual report, reflecting on the incredible journey of Lendingkart over the past year. What started in 2014 as an idea - to support small business owners with access to finance, is now widely recognized as India's leading fintech in digital lending. Congratulations to Team Lendingkart for celebrating this remarkable journey of 10 years! We are the largest digital lending platform in the MSME space!

During our first two years of operations, in 2016, we were evaluating around 5-6k loan applications every month. Fast forward to 2024, and team Lendingkart is evaluating 10 times the number of applications every single month disbursing around 6000 loans across the country. The last two years have been good in terms of growth - we disbursed more than ₹ 9000 crores which is more than the total of the numbers we clocked during the first 8 years.

This growth and profitability have come on the back of our complete focus on micro and small businesses of India. We have always stayed true to our commitment of improving the access to credit for small & micro businesses across the country. We have been able to service the growing requirements of this sector by effectively raising capital and forging partnerships with multiple lenders in India.

We are profitable, again.

Lendingkart finance is profitable, we in fact, made INR 80 CR PBT in FY24. We are proud to be one of the few fintech companies that have been profitable over the last five years, with the exception of FY22 due to the impact of COVID provisions taken on our books. This has resulted in an impressive growth rate of approximately 33% CAGR across the last 5 years.

In the last financial year, we disbursed ~70,000 business loans valued at ~ ₹ 5,600 Crore after processing around 150,000 out of a total ~600 thousand loan applications. This shows not only our operational capacity but also the trust that MSMEs place in us to meet their financial needs. Our revenue growth has been robust, we clocked ₹ 1,146 Crore of revenues, which is a 39% YoY increase.

We are a much larger and influential company today than we were a year ago.

However, the biggest achievement for Lendingkart in the year gone by is to have established a robust co-lending platform trusted by over 20 marquee lenders.

Collaboration is key to bridging India's financial gap and empowering Millions

Co-lending has been a major focus area for us. Back in December 2022, we had 5-6 partners in our ecosystem. Today, we have grown to become a partner of choice for more than 20 financial institutions in India - I feel that a 3x growth of partnerships within a year is a testament to the trust and confidence the ecosystem has in Lendingkart to simplify finance for MSMEs. Through strategic partnerships with esteemed institutions like HDFC Bank, Axis Bank, Punjab National Bank, Bank of Maharashtra, Punjab and Sind Bank, IDFC First Bank and many more, we have expanded our reach and tailored financial solutions to meet the diverse needs of our customers, with over 90% falling under the Priority Sector Lending criteria.

A year of breakthrough reforms & challenges

We've had a breakthrough year in terms of reforms, particularly regarding policies and regulatory frameworks. These reforms prioritize customers, aiming to protect millions of small business owners from predatory practices, ensuring data security, and guarding against fraud. The entire lending ecosystem supports these measures and stands to benefit from them in the long run. Having said that, as things stand today, the rising Interest rates haven't been too kind to the entire lending ecosystem - a 200 basis points increase is significant. It is a huge expense, while we have absorbed some of it, beyond a level that has hurt our profitability in FY24.

We understand that our purpose-driven mission isn't merely pursued in favorable conditions; it's a solemn duty upheld in adversity. As we chart our course forward, our resolve to make a positive impact on the lives of Indian businesses remains unwavering, driving us to redouble our efforts and forge ahead with renewed determination.

Being a Catalyst for Change: Our Commitment to Financial Inclusion and Economic Growth

As we reflect on our achievements, we recognize that our success is not solely measured by financial metrics but by the positive impact we create.

More than 70% of our customer base now hails from Tier 2, 3, and 4 cities, with 40% from Tier 3 and 4 alone. This milestone not only underscores our commitment to driving financial inclusion but also highlights our significant growth and unwavering dedication to empowering the heart of Bharat with technology.

Harnessing tech for seamless access to finance

Our focus on technological advancement has remained steadfast. With cutting-edge data analytics and machine learning capabilities, we have streamlined the lending process, enabling swift and accurate assessment of creditworthiness. From the meticulous implementation of automated disbursal processes to the seamless transition to Google Cloud Platform for heightened efficiency and security, every upgrade has been designed to elevate our operations to unprecedented levels of reliability and agility.

We have diligently adhered to RBI compliance standards, ensuring every facet of our system meets the highest regulatory requirements. Our native cloud transformation and disaster recovery planning underscore our dedication to resilience and scalability, safeguarding our platform against potential disruptions. With the establishment of a comprehensive Data Lake and implementation of robust security measures like XDR and DLP, we have fortified our infrastructure, ensuring the utmost protection of our customers' data. Complementing this infrastructure is Feature Forge, our proprietary ML based platform that produces features for model integration and experimentation at scale. Our investment in AI and cutting edge ML models will not just help us solve for improvement in terms of credit risk identification, fraud detection, and co-lender integration but also improve our ability to analyze portfolio health analytics, revenue and collections. More importantly, from the customers' perspective, this has the potential to enable swift and accurate assessment of their creditworthiness.

These upgrades represent not just technological advancements, but a testament to our unwavering commitment to innovation and excellence, propelling Lendingkart into a future of limitless possibilities. Initiatives like Loan on WhatsApp showcase our commitment to leveraging technology for customer benefit, offering unparalleled convenience and accessibility.

Our dedication to fintech innovation has been recognized, with accolades such as the Business Today-KPMG Summit and Awards for Best Fintech in Lending. Additionally, being named among the Top 50 Financial Technology CEOs of 2023 and achieving Great Place to Work certification for the second consecutive time underscore our commitment to fostering a culture of innovation and collaboration.

As we celebrate these accolades, let us not forget that they serve as milestones in our journey towards greater innovation and societal impact. With your continued partnership, Lendingkart will continue its journey towards pioneering new frontiers in fintech, driving positive change, and shaping a brighter future for all.

Thank you for your trust and partnership.

Yours sincerely,

Harshvardhan Lunia
Chairman & Managing Director

DIRECTORS' REPORT

To,
The Members,
Lendingkart Finance Limited (the '**Company**').

The Directors are pleased to present their 27th Report along with the annual audited financial statement of the Company for the financial year ended 31st March, 2024.

FINANCIAL PERFORMANCE

(Amount - ₹ in Lakh)

Particulars	31st March, 2024	31st March, 2023 [1]
Total income	1,14,644.81	82,407.25
Less: Expenditure	80,981.97	55,667.65
Less: Impairment of financial instruments	25,631.49	11,209.34
Profit/ (Loss) before Tax	8.031.35	15,530.26
Tax [2]	2,023.80	3,964.52
Net Profit/ (Loss) after Tax	6,007.55	11,565.74
Other comprehensive income, net of tax	(24.57)	5.34
Total comprehensive income	5,982.98	11,571.08

Notes:

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

[2] Net of deferred tax.

PERFORMANCE OVERVIEW

During the period under review, the Company had disbursed loans amounting to ₹ 5,72,909.89 Lakh. Revenue from operations increased by 33.48% from ₹ 80,288.93 Lakh in the financial year 2022-23 to ₹ 1,07,165.70 Lakh in financial year 2023-24.

MANAGEMENT DISCUSSION AND ANALYSIS

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

LENDINGKART FINANCE LIMITED
CIN: U65910MH1996PLC258722
Registered Office: Unit Number PS 40 and 41, 3rd Floor, Birla Centurion, Pandurang Budhkar Marg, Worli, Mumbai, Maharashtra - 400030
Corporate Office: 401, 4th Floor, Iconic Shyamal, Nr. Shyamal Cross-Roads, Ahmedabad, 380 015, Gujarat, India.
Phone: +91-79-4913 2800 **Email:** lendingkartfinance@lendingkart.com **Website:** www.lendingkartfinance.com

CHANGE IN THE NATURE OF BUSINESS

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

MATERIAL CHANGES AND COMMITMENTS

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which financial statement relate. However, post closure of the financial year the Company has been qualified as High Valued Debt Listed with effect from 5th June 2024, having an outstanding value of listed non-convertible debt securities of Rupees Five Hundred Crore and above pursuant to the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Lendingkart Finance Limited ("LFL") entered into Business Transfer Agreement with Upwards Capital Private Limited ("UCPL") in March, 2024 to acquire the business of UCPL (including all the assets and liabilities of UCPL), by way of slump sale. The purchase consideration of ₹ 4,10,00,000 was discharged by LFL on April 10, 2024 and the business was also transferred by UCPL to LFL on the same date.

SHARE CAPITAL

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

As on 31st March, 2024, the authorized equity share capital of the Company stood at ₹ 50,72,76,000 divided into 5,07,27,600 equity shares of ₹ 10 each. Further, the paid-up equity share capital of the Company stood at ₹ 44,18,79,310 consisting of 4,41,87,931 equity shares of ₹ 10 each.

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

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

CAPITAL ADEQUACY

As on 31st March, 2024, the overall capital adequacy stood at 21.50%, which is higher than the RBI's requirement of 15% reflecting its confidence in investing and growing the business. Similarly, the Tier 1 Capital is comfortable at 20.32%, compared to the requirement of 15% as laid by RBI.

CREDIT RATINGS

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

Instrument	Year ended 31st March, 2024			
	Rating Date	Rating Agency	Current rating assigned	Valid upto*
Line of Credit/ Bank lines	29/06/2023	ICRA	ICRA BBB+(Positive)/ICRA A2	28/06/2024
	07/08/2023	Infomerics	IVR BBB+/ Negative	06/08/2024
Non-Convertible Debentures / CP	29/06/2023	ICRA	ICRA BBB+(Positive)	28/06/2024
	07/08/2023	Infomerics	IVR BBB+/ Negative	06/08/2024
	29/12/2023	India Ratings	IND BBB+/Stable IND PP-MLD BBB+ / Stable IND A2 (Short term rating for CP)	28/12/2024
	21/11/2023	CRISIL*	CRISIL PPMLD BBB+/Positive (Withdrawn)	-

* Notes:

- In November 2023, CRISIL Ratings had revised its outlook on the long-term Principal Protected Market Linked Debentures (PPMLD) of Lendingkart Finance Limited (LFL) to 'Positive' from 'Stable' while reaffirming the rating at 'CRISIL PPMLD BBB+'. Subsequently in January 2024, the said rating was withdrawn as the instrument was fully redeemed.
- Ratings are valid up to Maturity subject to the annual surveillance.

KEY AWARD AND RECOGNITION

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

- Mr. Harshvardhan Lunia, Managing Director, was recognized as one of the top 50 Financial Technology CEOs of 2023, as per Financial Technology Report;
- Earned the Great Place to Work certification; and
- Earned Best Fintech in Lending Award by Business Today.

During the year under review, Mr. Harshvardhan Lunia, Managing Director of the Company was appointed as the Chairman of Fintech Convergence Council and Lending Committee.

DIVIDEND

The Directors have not recommended any dividend for the financial year 2023-24.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND:

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

RESERVES

During the year under review, the Company transferred ₹ 1,201.51 Lakh to the statutory Reserve Fund in compliance with Section 45-IC of the Reserve Bank of India Act, 1934.

DEBT POSITION

Non – Convertible Debentures

During the year under review, the Company raised ₹ 77,655.50 Lakh through issuance of non-convertible debentures, on private placement basis; out of which the non-convertible secured debentures amounting to ₹ 29,000 Lakh are Listed on the Wholesale Debt Market segment of BSE Limited and secured debentures amounting to ₹ 8,316 Lakh are Listed on the Debt Market segment of India International Exchange (IFSC) Limited; Furthermore, non-convertible secured debentures amounting to ₹ 35,340 Lakh and unsecured debentures amounting to ₹ 5,000 Lakh are unlisted.

As on 31st March, 2024, the total borrowings stood at ₹ 2,43,101.02 Lakh; bank borrowings stood at ₹ 31,922.79 Lakh; borrowings from financial institutions and others stood at ₹ 71,914.55 Lakh; non-convertible debentures stood at ₹ 95,011.40 Lakh; commercial papers stood at ₹ 5,334.41 Lakh and pass through certificates stood at ₹ 38,917.88 Lakh.

DETAILS OF DEBENTURE TRUSTEES

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

Sr. No.	Trustee	Contact details
1.	Catalyst Trusteeship Limited	Registered office Address: GDA House, First Floor, Plot No. 85 S. No. 94 & 95, Bhusari Colony (Right), Kothrud Pune - 411038 Phone No.: +91 20 66807200 / 223 / 224 Email: dt@ctltrustee.com Website: www.catalysttrustee.com
2.	IDBI Trusteeship Services Private Limited	Registered office Address: GR FLR, Universal Insurance Bldg., Sir Phirozshah Mehta Rd., Fort, Bazargate, Mumbai, Maharashtra 400001. Phone: 022–40807000 Fax: 022 – 66311776 Email: itsl@idbitrustee.com Website: www.idbitrustee.com
3.	Orbis Trusteeship Services Private Limited	Registered Office Address: 4A, Ocus Technopolis Golf Club, Sector 54, Gurgaon, Haryana – 122002 Phone: +91 124 454 6565 Fax: +91 124 454 6500 Website: https://www.orbisfinancial.in/

PUBLIC DEPOSITS

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

ANNUAL RETURN

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

BOARD OF DIRECTORS AND STATUTORY BOARD COMMITTEES

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

The details on the number of Board and Committee meetings held during the year under review are provided in the Report of the Directors on Corporate Governance is enclosed as **Annexure-B** to this Report.

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

INTERNAL FINANCIAL CONTROLS

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

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

- Adoption of accounting policies in line with applicable accounting standards;
- Proper recording of transactions with internal checks and reporting mechanism; and
- Compliance with applicable statutes, policies, management policies, and procedures.

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

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

(i) Pursuant to Section 152 of the Companies Act, 2013, Mr. Raichand Sardarmal Lunia (DIN: 01188845), Director of the Company, retire by rotation and being eligible, offers himself for re-appointment at the forthcoming annual general meeting.

(ii) The Board of Directors appointed Mr. Sreeram Ranganathan Iyer (DIN: 00472961) as an additional non-executive Independent Director of the Company for a period of 3 (three) years with effect from 29th March, 2024. It is proposed to appoint (regularize) Mr. Sreeram Ranganathan Iyer (DIN: 00472961) as a non-executive Independent Director of the Company for a period of 3 (three) years effective from 29th March, 2024, at the forthcoming annual general meeting.

(iii) Ms. Uma Subramaniam (DIN: 07434953) was re-appointed as the Independent Director for a period of 5 (five) consecutive years with effect from 27th March, 2024.

(iv) Mr. Pavan Pal Kaushal (DIN: 07117387) was appointed (regularized) as a non-executive Director of the Company at the 26th Annual General Meeting held on 29th September, 2023.

(v) Mr. Darshil Shah (Membership No.: A55488) was appointed as the Company Secretary and Compliance Officer of the Company with effect from 8th August, 2023.

(vi) Mr. Umesh Navani (Membership No.: A40899) resigned as the Company Secretary and Compliance Officer of the Company effective from the closing of business hours of 9th June, 2023.

During the financial year 2024-25, the following changes have taken place:

(i) Ms. Uma Subramaniam (DIN: 07434953) Independent Director passed away on 26th April, 2024. She had been on the Board of the Company since March, 2021 and had immensely contributed with her valuable guidance during her tenure in the Company.

(ii) Mr. Gaurav Singhania resigned as the Chief Financial Officer of the Company effective from close of business hours of 20th June, 2024.

(iii) The Board of Directors appointed Ms. Pallavi Kanchan (DIN: 07545615) as the additional non-executive Independent Director of the Company for a period of 3 (three) years with effect from 19th July, 2024. She recused herself from the independent directorship with effect from 21st August, 2024.

(iv) Mr. Darshil Shah (Membership No.: A55488) resigned as the Company Secretary and Compliance Officer of the Company effective from close of business hours of 24th July, 2024.

(v) Mr. Pankaj Makkar (DIN: 03442209), non-executive Director of the Company, tendered his resignation, with effect from 24th July, 2024.

(vi) Mr. Vikram Godse (DIN: 00230548), non-executive Director of the Company, tendered his resignation, with effect from 31st July, 2024.

INDEPENDENT DIRECTORS

Declaration of independence

The Independent Directors have tendered declaration that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and under Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Statement on integrity, expertise, and experience of the independent directors.

Mr. Venkateswara Rao Thallapaka

Mr. Venkateswara Rao Thallapaka has an extensive experience of about 44 years in the field of Banking, Foreign Trade and Housing Finance Sectors with specialization in management of treasury, investment and corporate finance operations, securitization and structured finance, product development (reverse mortgage, etc.), training, research, capacity building and regulation and supervision of housing finance institutions.

In terms of Section 150 of the Companies Act, 2013 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended Mr. Rao has confirmed that he is registered as an independent director in the data bank of independent directors maintained by The Indian Institute of Corporate Affairs, Manesar ('IICA') and the said registration is active.

Mr. Sreeram Ranganathan Iyer

Mr. Sreeram Ranganathan Iyer is a business leader and a banker for over 28 years. He is the global COO of a large International Bank's Corporate and Institutional business. He leads global teams in around 25 countries. During many years in Banking, he has held several strategic leadership roles covering India, Middle East, Asia, Pacific, Australia, and New Zealand, gaining full exposure to Retail, Corporate and Institutional products and services.

Additionally, Mr. Iyer also heads the bank's Group Capability Centre located in Manila and India with over 10,000 staff. In a highly competitive banking environment of low returns, high compliance costs, regulatory challenges and macro-economic risks, he has overseen strategic long-term Business & Digital Transformation with deep customer focus, adopted new technologies with FinTechs, delivered productivity gains and boosted returns on equity.

Over the decades, Mr. Iyer has earned a global reputation of getting things done. He has led large scale Technology, Digital and Operational transformational projects involving investments of hundreds of millions of dollars. As the former CEO of Scope International, he set up and scaled Standard Chartered's Global BPO Shared Service Centres in India, China and Malaysia. He has also held senior responsibilities in two M&A deals. In both transactions, he was a pivotal member of the Steering Committee and central to realizing maximum monetary benefits from integration and disinvestment.

In terms of Section 150 of the Companies Act, 2013 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended, Mr. Iyer has confirmed that he is registered as an independent director in the data bank of independent directors maintained by The Indian Institute of Corporate Affairs, Manesar ('IICA') and the said registration is active.

In terms of the RBI Regulations, the Chairman of the Nomination and Remuneration Committee confirmed the fit and proper status of Independent Directors.

Furthermore, the Board of Directors at their meeting held on August 14, 2024, evaluated the performance of Mr. Venkateswara Rao Thallapaka and Mr. Sreeram Ranganathan Iyer. The Board of Directors are of the opinion that the Independent Directors fulfill the conditions specified under the Companies Act, 2013.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

(b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for the financial year ended 31st March, 2024;

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

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

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

COMPLIANCE OF APPLICABLE SECRETARIAL STANDARDS

The Company complies with all the applicable secretarial standards.

PARTICULARS OF REMUNERATION

The details as required to be disclosed under Section 197(12) of Companies Act, 2013 are not applicable for the financial year 2023-2024.

INTERNAL COMPLAINTS COMMITTEE

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

RELATED PARTY TRANSACTION

All contracts/ arrangements/ transactions entered into by the Company during the year under review with related parties were on arms' length basis and in the ordinary course of business. Further, as required under Master Direction - Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, "Policy on Related Party Transactions" is available on website of the Company www.lendingkartfinance.com.

The details of material contracts required to be disclosed pursuant to Section 134(3)(h) of the Companies Act, 2013 and rule 8(2) of the Companies (Accounts) Rules, 2014 are enclosed in Form AOC-2 as **Annexure-D.**

The disclosures in compliance with the Accounting Standard on "Related Party" required as per point 1 and point 2 of Part A of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulation") and disclosures of transactions of the Company with any person or entity belonging to its promoter/ promoter group which hold(s) 10% or more shareholding as per point 2A of Part A of Schedule V of SEBI LODR Regulations have been provided in Note No. 36 of Notes to Accounts included in the Financial Statements section of this Annual Report.

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

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

During the year under review, the Company had no foreign exchange earnings. The foreign exchange outgo was ₹ 45.84 Lakh towards professional fees, software expenses and digital marketing.

AUDITORS AND THEIR REPORTS

Statutory Auditors

As per the 'Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs)' dated April 27, 2021 issued by Reserve Bank of India ("RBI Guidelines"), effective from October 1, 2021, a non-banking financial company is required to appoint a statutory audit firm for a period of three years, and that the same audit firm would not be eligible for re-appointment for next six years after completion of full or part of one term of the audit tenure.

M/s. Batliboi & Purohit, Chartered Accountants, Statutory Auditors, have been holding the office for the period of three years and will vacate the office on the conclusion of the 27th Annual General Meeting.

Furthermore, the Statutory Auditors Report for the financial year 2023-24 does not contain any qualification or reservation or adverse remark. Further, no fraud was reported by the auditors of the Company under Section 143(12) of the Companies Act, 2013.

In accordance with the RBI Guidelines, the Company needs to appoint another audit firm to hold the office of the Statutory Auditors of the Company.

In line with the RBI requirements, the Board of Directors, based on the recommendation of the Audit Committee, at their meeting held on 14th August, 2024, have proposed the appointment of M/s. Mukund M Chitale & Co., Chartered Accountants (Firms Registration No. 106655W), as the statutory auditors of the Company for a period of 3 (three) years i.e. to conduct the statutory audit for the financial year ending March 31, 2025, March 31, 2026 and March 31, 2027, to the members of the Company:

First Term – From the conclusion of 27th Annual General Meeting scheduled on 27th September, 2024 till the conclusion of the 28th Annual General Meeting, to conduct audit of the accounts of the Company for the financial year ending 31st March, 2025.

Second Term – From the conclusion of the 28th Annual General Meeting till the conclusion of the 29th Annual General Meeting to conduct audit of the accounts of the Company for the financial year ending 31st March, 2026.

Third Term – From the conclusion of the 29th Annual General Meeting till the conclusion of the 30th Annual General Meeting to conduct audit of the accounts of the Company for the financial year ending 31st March, 2027.

M/s. Mukund M Chitale & Co., Chartered Accountants (Firms Registration No. 106655W) have confirmed that their appointment, if made, will be within the limit specified under the Act and the RBI Guidelines. They have also confirmed that they are not disqualified to be appointed as the Statutory Auditors in terms of the provisions of the Section 141 of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014 and the RBI Guidelines.

The said appointment of the Statutory Auditors shall be in line with the RBI Guidelines and the Policy for Appointment of Statutory Auditors. The Policy can be accessed at https://lendingkartfinance.com/ .

Secretarial Auditors

In accordance with the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s. SKP & Co, Company Secretaries, to conduct the Secretarial Audit of the Company for financial year 2023-24. The Secretarial Audit Report for financial year 2023-24 enclosed as **Annexure-E** to this Report. The Secretarial Audit Report for the financial year 2023-24 does not contain any qualification or reservation or adverse remark.

MAINTENANCE OF COST RECORDS

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

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

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

Committee evaluated the performance of all individual Directors (excluding independent directors).

SEPARATE MEETING OF INDEPENDENT DIRECTORS

During the year under review, independent directors of the Company met on 4th August, 2023 without the presence of non-independent Directors and members of the management, as required under Schedule IV of the Act (Code for Independent Directors). At their meeting, the Independent Directors reviewed the performance of Non-Independent Directors and the Board as a whole including the Chairman of the Board and also assessed the quality, quantity and timeliness of flow of information between the Company's Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

During the year under review, there were no pecuniary relationship or transactions of the non-executive directors with the Company except sitting fees being paid to the Independent Directors.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

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

RISK MANAGEMENT

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

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

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

VIGIL MECHANISM/ WHISTLE BLOWER POLICY

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

The Whistle-Blower Policy comprehensively covers processes for receiving, analyzing, investigating, inquiring, taking corrective action, and reporting of the issues raised.

GENERAL DISCLOSURES:

Your Directors state that no disclosures or reporting is required in respect of the following items as introduced by the Companies (Accounts) Amendment Rules, 2021, effective 1st April, 2021, since the same is not applicable to the Company:

a) the details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status as at the end of the financial year.
b) the details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof.

ACKNOWLEDGMENT

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

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

Harshvardhan Lunia
Chairman & Managing Director
DIN: 01189114
Date: September 5, 2024
Place: Ahmedabad

LENDINGKART FINANCE LIMITED (INDIA)

Annexure A

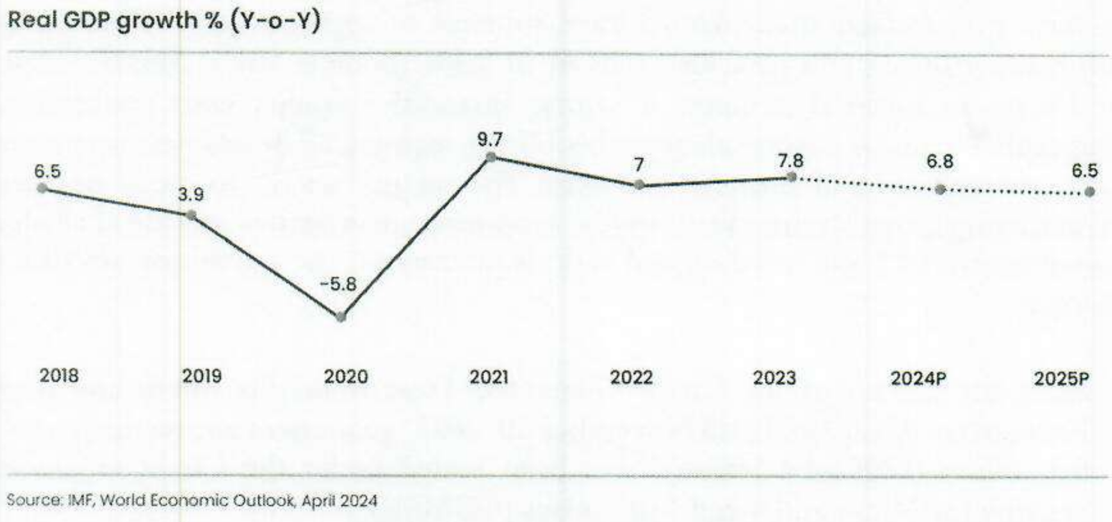
Management Discussion and Analysis (MD&A)

Global Economy

The global economy in FY 2025 is projected to maintain moderate growth, characterized by resilience amid various economic challenges. According to the International Monetary Fund (IMF), global growth is forecasted at 3.2% in 2024 and 3.3% in 2025. This growth rate reflects a steady but slow recovery from the economic disruptions caused by the COVID-19 pandemic and other global shocks. Inflation remains a significant concern for policymakers worldwide. The IMF reports that global inflation is expected to decline from 6.8% in 2023 to 5.9% in 2024 and further to 4.5% in 2025.

India Outlook

The Indian economy demonstrated exceptional performance during FY 2023-24, solidifying its position as one of the fastest-growing economies globally. The nation's GDP growth rate stood at an impressive 8.2% (YoY), FY25 GDP projected to grow at 7.2% primarily driven by robust private sector consumption and the Government's increased focus on infrastructure development. Despite global macroeconomic challenges and tighter domestic monetary policies aimed at addressing inflationary pressures, India's growth momentum remained steady, underscoring the underlying strength of its economy in recovering and revitalizing growth drivers. As per IMF, growth in India is projected to remain strong at 6.8% in 2024 and 6.5% in 2025 as against 5.2% in 2024 and 4.9% in 2025 for Emerging and Developing Asia.



Industry Overview

Indian NBFCs

The NBFC sector has played an important role in promoting inclusive growth in India. The sector has fulfilled diverse financial needs of non-bankable credit requirements of customers. Further, NBFCs often take lead role in providing innovative financial services to Micro, Small, and Medium Enterprises (MSMEs) most suitable to their business requirements, thus providing credit financing to the unorganised and underserved sectors of the country.

NBFCs do play a critical role in participating in the development of an economy by providing a fillip to transportation, employment generation, wealth creation, bank credit in rural segments, emergency financing and thus support financially weaker sections of the society. The sector has been evolving over the years, coupled with changes and reforms by the Government and regulatory bodies to strengthen the industry and thus enhancing its growth prospects.

Indian MSME Sector

The MSME sector stands as a formidable force in the nation's economic landscape, showcasing robust growth and significant contributions across various metrics. With over 44 mn MSMEs registered on the Udyam portal, the sector underscores its vibrancy and dynamism. Micro-enterprises dominate this landscape, representing approximately 98% of registered MSMEs, followed by small enterprises at 1.6% and medium-sized enterprises constituting the remaining portion.

The number of MSMEs in the country is expected to grow from 63 mn (of which only 25 mn have ever availed credit from formal sources) to approximately 75 mn in the coming years, growing at a projected CAGR of 2.5% (Source: IBEF MSME, March 2024). Domestic business requires a strong financial stimulus with concessional working capital loans to ensure adequate liquidity is maintained in business operations from the government and financial institutes. The sector's access to credit has been pivotal in driving growth, particularly amidst economic uncertainties and the challenges The Government of India has designed various policies for the growth of MSMEs in the country.

- Since the launch of the Credit Guarantee Trust Fund for Micro and Small Enterprises (CGTMSE), till November 30, 2023, guarantees amounting to INR 5.3 trillion (US$ 64.4 billion) have been issued under the Credit Guarantee Scheme for Micro and Small Enterprises (CGMSE).
- Under Pradhan Mantri Mudra Yojana (PMMY), In FY24, INR 5.4 trillion (US$ 64.29 billion) was sanctioned under 67 mn Mudra loans to non-corporate and non-farm MSMEs.

Indian MSME lending

NBFCs/Fintechs/Banks cater to the underserved MSME pool for credit requirements. MSME loans grew at a fast pace, registering a CAGR of 17% between FY16- 23. Mid of FY24, the overall MSME loan outstanding stood at INR 28.2 trillion growing at 17% on year. Industry reports estimate MSME loans to grow at 12-14% CAGR between FY23-26 on continued government support, use of technology and data availability making underwriting easier.

The SIDBI MSME Pulse report for February 2024 highlights the increasing share of NBFCs in MSME lending over the years. Between September 2020- September 2023, contribution of NBFC's in the lending mix has gone up from 12% to 26% for Micro enterprises, from 8% to 20% for small enterprises and from 8% to 16% for medium enterprises.

Business Overview

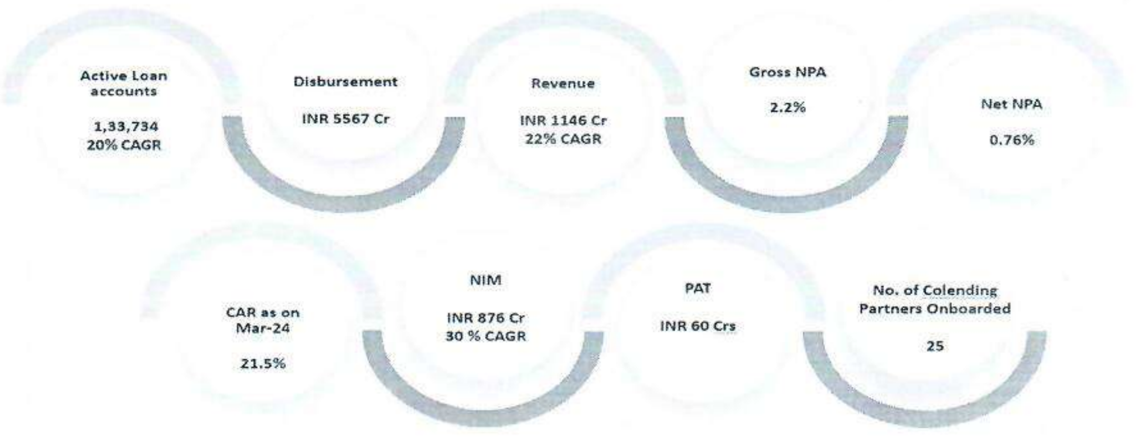
Founded in April 2014, Lendingkart Group is engaged in offering business loans to MSE borrowers through its technology platforms. Lendingkart Finance Ltd, formerly known as Aadri Infin Ltd., is a part of Lendingkart Group. Lendingkart is committed to address the MSME Credit gap estimated at INR 92 trillion and aims to transform small-medium business lending by making it convenient for SMEs to access credit easily and swiftly.

Over the last 10 years, the group has demonstrated tremendous growth in the business driven by its technology-led financing approach where it not only digitized the customer journey & lending operations but also uses proprietary credit analytical tools and machine learning algorithms to assess the creditworthiness of the borrowers.

Financial Performance

Lendingkart has a pan India presence serving 14,000+ Pin Codes (against total 19,000 Pin codes in India), 4,100+ Towns & cities across 28 States & 6 UT. Lendingkart is not only a pioneer in the branchless lending platform but also a market leader in the same. It gives us immense pride to state that we have touched a gross disbursal of Rs 18,000+ crore since inception. In FY 23-24 itself, Lendingkart disbursed ~69,000+ loans to MSMEs amounting to INR ~5,600 crore & has cumulatively touched and improved lives of more than 2.70 lacs small/medium businessmen by enabling them to grow their businesses.

Financial Highlights – FY24



**CAGR represent last 4 years compounded growth rate*

a. Business update

Disbursements increased by 41% YoY to INR 5,567 Cr in FY24 from INR 3,959 Cr in FY23. 25 co-lenders (including 5 PSU Banks) onboarded on the Company's co-origination/co-lending platform with sanction of INR 5000+ Cr from top banks and non-banking institutions strongly supporting the Company's liquidity requirements for expected business growth. 8 diversified Co-lenders onboarded in FY24 (HDFC Bank, Axis Bank, SMICC, IIFL, Unity SFB, PSB, Mahindra & Mahindra, and Tata Capital).

b. Revenue and Profitability

The company has experienced substantial growth due to increased volumes and the exploration of opportunities within the rapidly evolving Fintech lending platform. Collaborating with the MSME sector has also played a significant role in this success. In the fiscal year 2024, the company achieved remarkable results, with revenues reaching INR 1146 Cr grown by ~39% from last year. The company's PBT is INR 80 Cr and PAT is INR 60 Cr for FY24.

c. NPA

Gross NPA as on 31st Mar-24 stood at 2.2% and NNPA stood at 0.8%.

d. CRAR

As of March 31, 2024, the Capital to Risk-Weighted Assets Ratio (CRAR) has been sustained at 21.5%, well above the regulatory mandate of 15%, reflecting a secure and sustainable financial position. This surplus capital not only ensures compliance with regulatory requirements but also positions Lendingkart strategically, providing considerable flexibility to expand its loan portfolio and effectively address the escalating demand for lending services.

e. Credit Rating

The Company (LFL) has an external credit rating of BBB+ from ICRA, India Ratings and Infomerics.

Segment Information

The Company (LFL) 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. The Company operates in a single geographical segment i.e. domestic, and accordingly, there are no separate reportable segments dealing with operating segments.

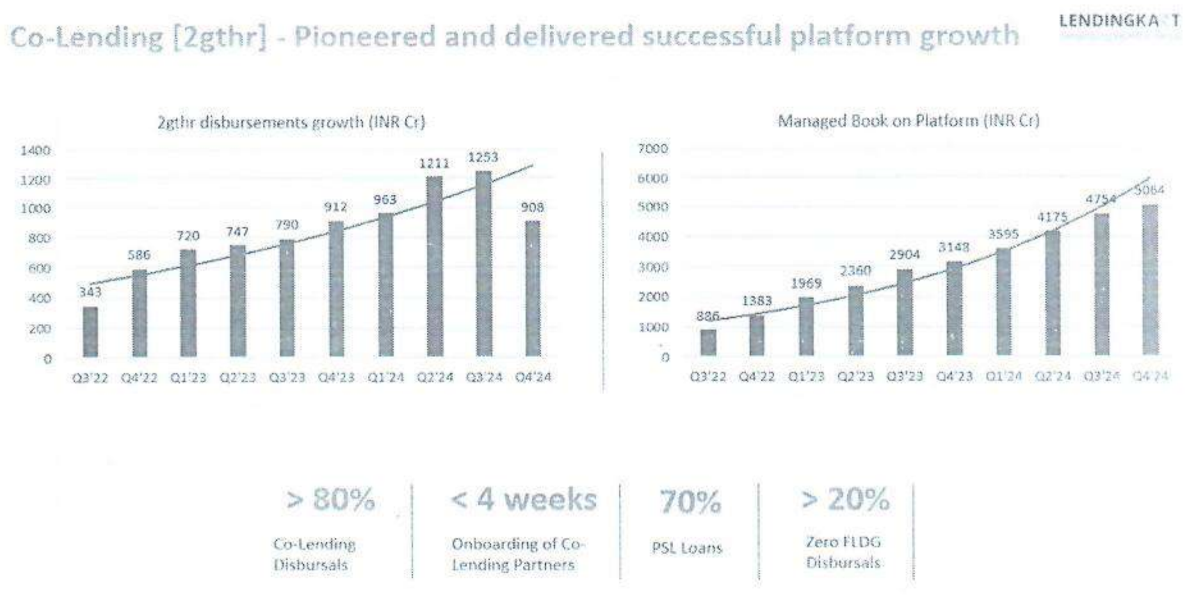
Lendingkart Proprietary Technology

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

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

Underwriting (Cred8): A credit intelligence platform built leveraging Lendingkart's proprietary underwriting models. Cred8 enables segmentation of profile into different risk buckets, provides probability of default, suggest amount to lend and serves the NTC. Cred8 uses AI and ML based models with 5000+ parameters such as bank statements, statutory returns, bureau records along other data sources SMS data, geo-location, platform interaction information for evaluation of credit worthiness. Lendingkart has evaluated 50+ lacs applicants using Cred8 reducing the turnaround process of manual evaluation in 80% of the cases.

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



Assets Liability Management

Lendingkart's objective is to maintain its growth business strategy as well as maintaining a strong and sustainable capital base. The inherent business risks are mitigated through a robust underwriting process, financial analysis, assessments and risk scoring models. Lendingkart endeavours to maintain a higher capital base than the mandated regulatory capital at all times. Lendingkart monitors its capital to risk-weighted asset ratio (CRAR) on a quarterly basis through its Assets Liability Management Committee (ALCO). Accordingly, increase in capital is planned well in advance to ensure adequate funding for its growth. This approach enables us to maintain a healthy loan book and manage credit losses effectively.

Our Capital Markets team focuses on minimising the cost of borrowings, liquidity management and control, diversifying fundraising sources, managing interest rate risk and investing funds in accordance with the criteria set forth in investment policy. Our borrowing sources include public/private & small finance Banks, NBFCs, DFI, AMCs. Short term liquidity is monitored on a dynamic basis to maintain adequate liquidity. Company reviews its policy periodically to factor in macro and micro events. Stress testing forms an integral part of the overall governance and liquidity risk management. The company thus follows a prudent strategy to ensure a solid foundation for its asset liability management

SWOT Analysis

Strengths

- Boosting MSME spending, government initiatives encourage demand for MSME loans, while India's financial inclusion remains at an early stage, offering NBFCs opportunities to reach the unbanked and underbanked population.

- Providing financing solutions to MSMEs that face challenges accessing credit from traditional banks. Opportunities of co-lending with the Banks to the end customer.
- Employs an integrated technology platform for streamlined processes and customer onboarding.

Weakness

- Business and growth correlate closely with the country's GDP growth rate.
- MSME's are susceptible to the adverse impacts of economic downturns.

Opportunities

- The Credit Gap in MSME sector is estimated at Rs 20-35 lakh crore which the company through digital ecosystem seeks to bridge.
- Increased government support through various schemes for Small to Medium Enterprises.

Threats

- Inherent Nature of credit risk which is mitigated by AI/ML algorithm-based credit appraisal models.
- Facing competition from captive finance companies, Banks, Fintechs and emerging players.

Risks Management

Lendingkart places a high priority on risk management to safeguard the interests of customers, stakeholders, and the organisation itself, all while promoting sustainable growth. The Company's risk management framework strictly adheres to industry standards, with a robust control framework serving as its foundation.

The Risk Management Committee oversees major risk categories, encompassing credit, market, legal and regulatory, operational, liquidity, interest rate, cybersecurity, information technology, strategic and economic risks. To effectively address these increasingly intricate risks, the Company's risk management system conducts thorough risk analysis and proactively implements measures.

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

Process

1. Identification of cause of the risk and its effect as it is vital for appropriate plans and controls to address the risk.
2. Assessment of risk considering all possible scenarios and thoroughly examine every aspect of the risk.
3. Respond to Risk: Develop strategies to minimize, accept, transfer, or avoid the risk.
4. Continuous risk monitoring.
5. Evaluation of risk management processes & update

Risk Type and Definition	Mitigation
Credit Risk Lendingkart encounters credit risk, arising from the potential loss due to borrowers and/or counterparties failing to fulfil their contractual obligations. This risk stems primarily from the Company's lending activities.	With advance risk assessment capabilities and evolved models for early warning triggers, phasing out manual interventions which is subjective and prone to errors. LK has pioneered an algorithm driven cash-flow based u/w models for MSME segment and launched a robust "Cred8" platform that provides SME score as output, which includes Lendingkart Score (300-900), Risk Bucket (A to F), Loan amount for 1/ 2/ 3 yr. loan duration, Expected bad amount rate and Key ratios such as EMI/ADB. These models are regularly monitored against desired outcomes for the organization and are reviewed and revised as required.
Market Risk Market risk refers to the potential financial loss stemming from adverse shifts in market factors, encompassing fluctuations in elements like interest rates, credit spreads, foreign exchange rates, commodity prices and other relevant variables. These changes have the capacity to affect both earnings and capital.	The Company effectively mitigates market risk through a comprehensive framework of policies and procedures that are consistently evaluated to align with market standards and regulatory mandates. The Asset Liability Management Committee (ALCO) diligently tracks market dynamics, government policies and regulatory shifts impacting the NBFC industry, promptly adapting strategies as needed. Through the Company's proactive approach, it systematically monitors market risks and safeguards the loan book portfolio via a robust Market Risk Management System. Additionally, Lendingkart conducts routine stress testing across various asset classes to simulate and prepare for the potential impact of sudden market upheavals.
Operational Risk Operational risk encompasses the potential for financial loss stemming from deficiencies or failures within internal	The Company's operational risk framework serves as a guiding structure for departments to achieve their objectives by identifying, assessing, measuring, controlling and mitigating

processes, personnel, systems, organisational structures, non-compliance, external events.	risks effectively. Key pillars in mitigating operational risks encompass advanced corporate governance practices, adherence to a code of conduct, fostering a corporate ethos and implementing organisation-wide risk management strategies. Standard operating procedures and structures are in place to enhance governance in transactions, portfolio assessment and regulatory compliance. Rigorous audit procedures, focussed on risk orientation are conducted at regular intervals to minimise enterprise risk exposure. Furthermore, regular stress testing and audits of the Disaster Recovery (DR) plan and Business Continuity Plan (BCP) evaluate readiness against unforeseen contingencies. Moreover, robust contingency plans are established for data security and recovery to address potential 'force majeure' events.
Cybersecurity Risk The risk stemming from cyberattacks and hacking has escalated due to the heightened reliance on the internet and digital platforms.	Lendingkart has implemented a robust cybersecurity framework to effectively manage and mitigate cyber threats. The Company's critical assets benefit from 24x7 protection by a dedicated Security Operations Centre (SoC), complemented by significant investments in state-of-the-art security systems. Additionally, the Company recruits skilled professionals to ensure the highest level of readiness against cyber threats. Moreover, the Company has obtained ISO 27001 certification for its Information Security Management System, encompassing all IT processes. Email Threat Prevention (ETP) services have been deployed to quarantine potential email threats before they reach the Company's employees.

Internal Controls & their adequacy

Lendingkart has an independent internal management assurance function which is commensurate with its size and scale. Internal control systems comprising policies, procedures, well-defined risk and control matrices. These are designed to ensure orderly and efficient conduct of business operations, safeguard our assets, prevention and detection of errors and frauds, ensure strict compliance with applicable laws, assure reliability of financial statements and financial reporting. An extensive programme of internal audits and regular reviews by the Audit Committee is carried out to ensure compliance with the best practices. The efficacy of internal control systems is tested periodically by Internal Auditors and internal control over financial reporting is tested and certified by Statutory Auditors. During the financial year under review, no material observation has been received from the Statutory Auditors and the Internal Auditors of the Company on such controls.

Our people

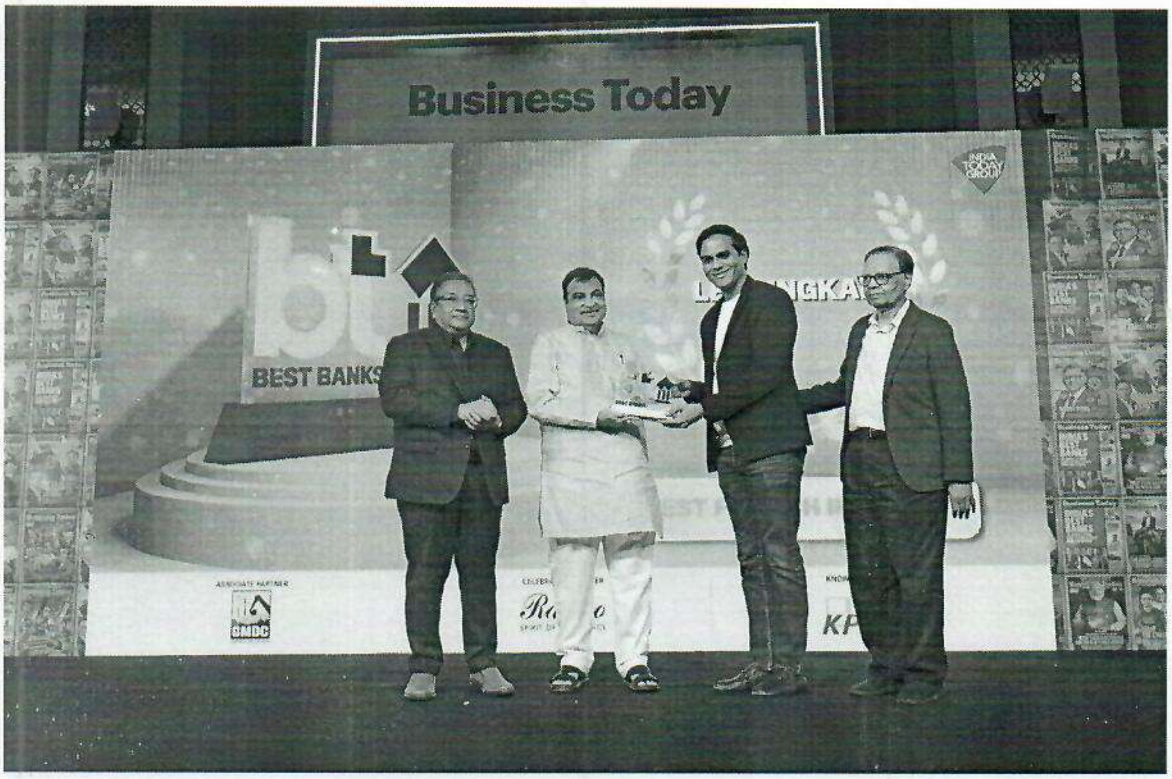
At Lendingkart Group, we believe that every individual can make a difference, if given the right platform to reach their full potential. We take pride in constantly engaging our employees towards continuous improvements and innovation to thrive business excellence. Lendingkart has grown aggressively since its inception and every employee of ours is a face of our organization, helping the company to grow at its zenith. The employee headcount as on March-24 stood at 921 representing 22% growth from previous year.

We promote our internal pool of talents with platforms like Finnovate, Rockstars etc. and also ensure the best practices are in place for our employees to deliver the right excellence at work. Our aim is undoubtedly to create a culture of learning and earning by providing equal opportunities to all genders without being biased.

Awards and Recognitions

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

- Innovation and Emerging Tech award from Business Leader of the year, 2021
- Fintech Personality of the year, Harshvardhan Lunia from Business Leader, 2021
- Best fintech company from ET BSFI, 2022
- Most Admired BFSO Professional, Harshvardhan Lunia from ET BFSI, 2022
- Best BFSI Brand from Economic Times, 2023
- Top 50 Financial Technology CEOs from The Financial Technology Report, 2023
- Certified as Great Place to Work, 2023
- ISO 27001 Certification, 2024
- Certified as Great Place to Work, 2024
- Best Fin-Tech in Lending from Business Today, 2024



Through our diversified channels and innovative data-driven approaches, Lendingkart remains at the forefront of providing comprehensive financial solutions to India's MSMEs. With a clear strategic roadmap, a diversified loan portfolio, and a commitment to innovation & technology, we are confident in our ability to achieve sustained success in providing business loans and supporting the growth of businesses in the dynamic and evolving business lending landscape.

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

Harshvardhan Lunia
Chairman & Managing Director
DIN: 01189114
Date: September 05, 2024
Place: Ahmedabad

LENDINGKART FINANCE LIMITED (INDIA)

Annexure – B

Report of the Directors on Corporate Governance for the Financial Year 2023-24

1. CORPORATE GOVERNANCE PHILOSOPHY

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

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

2. BOARD OF DIRECTORS

2.1. Composition:

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

As on 31st March, 2024, the Board comprised of ten (10) members, including three (3) Independent Directors[1], six (6) Non-Executive Non-Independent Directors and one (1) Managing Director. The three Independent Directors includes one woman director.

In the opinion of the Board, the Independent Directors continue to fulfil the criteria prescribed for an Independent Director as stipulated in Section 149(6) of the Companies Act, 2013 and under Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and are independent of the management of the Company.

Details of the Board of Directors, their directorships in other companies along with the remuneration (including sitting fees) paid to them, number of meetings held during the financial year ended 31st March, 2024 and the related attendance of the Board Members at the said meetings, are given below:

[1] Ms. Uma Subramaniam ceased to be Independent Director of the Company with effect from April 26, 2024, due to her demise.

Sr. No.	Name of Director	Director Since	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter/ nominee/ Independent)	DIN	Number of Board Meetings (During financial year ended 31st March, 2024)		No. of other Directorships as on 31st March, 2024	Remuneration (Paid during the financial year ended 31st March, 2024)			No. of shares held in and convertible instruments held in the NBFC
					Held/ Entitled to attend	Attended		Salary and other compensation	Sitting Fee for the Board and Statutory Board Committee meetings	Commission	
1.	Mr. Harshvardhan Raichand Lunia	13/05/2015	Chairman and Executive (Managing Director)	01189114	6	6	3	-	-	-	1
2.	Mr. Raichand Sardarmal Lunia	13/05/2015	Non-Executive	01188845	6	6	2	-	-	-	1
3.	Mr. Vikram Suhas Godse	03/10/2018	Non-Executive	00230548	6	5	7	-	-	-	-
4.	Mr. Anindo Mukherjee	05/09/2018	Non-Executive	00019375	6	6	1	-	-	-	-
5.	Mr. Pankaj Makkar	05/09/2018	Non-Executive	03442209	6	3	6	-	-	-	-
6.	Mr. Venkateswara Rao Thallapaka	13/11/2019	Independent	05273533	6	6	8	-	₹ 13,00,000	-	-
7.	Mr. Pavan Pal Kaushal	28/12/2022	Non-Executive	07117387	6	5	4	-	-	-	-

Sr. No.	Name of Director	Director Since	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter/ nominee/ Independent)	DIN	Number of Board Meetings (During financial year ended 31st March, 2024)		No. of other Directorships as on 31st March, 2024	Remuneration (Paid during the financial year ended 31st March, 2024)			No. of shares held in and convertible instruments held in the NBFC
					Held/ Entitled to attend	Attended		Salary and other compensation	Sitting Fee for the Board and Statutory Board Committee meetings	Commission	
8.	Ms. Uma Subramaniam	27/03/2021	Independent	07434953	6	5	0	-	₹ 11,00,000	-	-
9.	Mr. Hong Ping Yeo	21/04/2019	Non-Executive	08401270	6	6	1	-	-	-	-
10.	Mr. Sreeram Ranganathan Iyer	29/03/2024	Additional Non-Executive Independent	00472961	0	0	0	-	-	-	-

Notes:

1. Mr. Sreeram Ranganathan Iyer was appointed on 29th March, 2024 and post his appointment no meeting was held during the financial year 2023-24.
2. Mr. Harshvardhan Raichand Lunia and Mr. Raichand Sardarmal Lunia holds 1 (One) share each of the Company as a Nominee of Lendingkart Technologies Private Limited.
3. Mr. Pankaj Makkar has resigned from the position of non-executive Director with effect from 24th July, 2024 and consequently he ceased to be the member of the Nomination and Remuneration Committee.
4. Mr. Harshvardhan Lunia, Managing Director, also holds the position of Managing Director of Lendingkart Technologies Private Limited, holding company of the Company. During the financial year 2023-24, remuneration of ₹ 4,20,42,754/- was paid to Mr. Harshvardhan Lunia by Lendingkart Technologies Private Limited.

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

Sl. No.	Name of Director	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Nature of change (Resignation, appointment/ Cessation)	Effective date
1.	Ms. Pallavi Kanchan	Additional Non-Executive Independent	Cessation (recused herself from the independent directorship)	21/08/2024
2.	Mr. Vikram Godse	Non-Executive	Resignation	31/07/2024
3.	Mr. Pankaj Makkar	Non-Executive	Resignation	24/07/2024
4.	Ms. Pallavi Kanchan	Additional Non-Executive Independent	Appointment	19/07/2024
5.	Ms. Uma Subramaniam	Independent Director	Cessation (due to demise)	26/04/2024
6.	Mr. Sreeram Ranganathan Iyer	Additional Non-Executive Independent	Appointment	29/03/2024
7.	Ms. Uma Subramaniam	Independent Director	Re-appointment	22/03/2024
8.	Mr. Pavan Pal Kaushal	Non-Executive	Regularization/Change in Designation	27/09/2023
9.	Mr. Pavan Pal Kaushal	Non-Executive	Appointment	28/12/2022
10.	Mr. Anand Pande	Non-Executive	Resignation	27/12/2022
11.	Mr. Venkateswara Rao Thallapaka	Independent Director	Re-appointment	12/11/2022
12.	Mr. Harshvardhan Lunia	Chairman & Managing Director	Re-appointment as the Managing Director	30/06/2022

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

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

3. STATUROY BOARD COMMITTEES AND THEIR COMPOSITION

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

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

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

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

1. Audit Committee;
2. Nomination and Remuneration Committee;
3. Risk Oversight Committee;
4. IT Strategy Committee;
5. Corporate Social Responsibility Committee; and
6. Stakeholders Relationship Committee

The role and composition of the Board Committees, including the number of meetings held during the financial year ended 31st March, 2024 and the related attendance of the Committee Members at the said meetings, are given below.

3.1. Audit Committee

The Audit Committee consists of a majority of Independent Directors. The Chairman of the Committee is an Independent Director. The powers and terms of reference of the Committee are in accordance with the provisions of Section 177 of the Companies Act, 2013 and Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, ('RBI Master Directions').

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

3.1.1. Composition:

The Composition of the Audit Committee as on 31st March, 2024 is mentioned hereunder:

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

The Audit Committee was reconstituted on 28th May, 2024 with the composition mentioned hereunder:

Members	Categories
Mr. Venkateswara Rao Thallapaka	Chairman, Independent Director
Mr. Pavan Pal Kaushal	Member, Non-Executive Director
Ms. Sreeram Ranganathan Iyer	Member, Additional Non-Executive Independent Director

Terms of Reference (as amended from time to time) - Roles and Responsibilities of the Audit Committee include the following:

a. To review and make recommendations for appointment and removal, remuneration and terms of appointment, of Internal and external auditors of the company;

b. To review and monitor the auditors' independence and performance, and effectiveness of internal and external audit process;

c. To formulate the scope, functioning, periodicity and methodology for conducting the internal audit and to approve the annual internal audit plans /calendar;

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

e. Review with management, the quarterly financial statements before submission to the Board for their approval;

f. Reviewing the annual financial statements before submission to the Board, focusing primarily on -

- Any changes in accounting policies and practices and the reasons for the same.

- Major accounting entries involving estimates based on exercise of judgment by management.
- Significant adjustments made in the financial statements arising out of audit findings.
- The going concern assumption.
- Compliance with accounting standards.
- Compliance with legal requirements concerning financial statements.
- Matters falling under the terms of reference of the committee and to be included under 'Directors' Responsibility statement' of the Board's report.
- Any related party transactions.

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

h. Review of Compliance Function of the Company to ensure that an appropriate compliance policy is in place to manage compliance risk and ensure that compliance issues are resolved effectively and expeditiously by senior management with the assistance of compliance staff;

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

j. Discussion with internal auditors on any significant findings and follow up thereon;

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

l. Ensure that systems are in place for evaluation of the internal financial controls, risk management policies and risk management systems ;

m. To review customer complaints on a quarterly basis and make recommendations to the Board, where necessary with regard to resolving customer complaints and protecting the interest of the customers and perform such other duties as prescribed by RBI in relation to customer complaints;

n. To review fraud cases committed by the customers, employees, external stakeholders against the company on a quarterly basis and perform such other duties as prescribed by RBI in relation to frauds;

o. Review the functioning of the whistle blower mechanism;

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

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

r. To conduct scrutiny of inter-corporate loans and investments;

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

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

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

v. To review statement of significant related party transactions, submitted by management;

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

x. To review compliance with the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015 at least once in a financial year and to verify that the systems for internal control are adequate and are operating effectively.

3.1.2. Meetings and Attendance during the year:

Sl. No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held/Entitled to attend	Attended	
1.	Mr. Venkateswara Rao Thallapaka	13/11/2019	Chairman - Independent	6	6	Nil
2.	Mr. Pavan Pal Kaushal	03/02/2023	Member - Non-Executive	6	6	Nil
3.	Ms. Uma Subramaniam	05/08/2021	Member - Independent	6	6	Nil

3.2. Nomination and Remuneration Committee

The powers and terms of reference of the Nomination and Remuneration Committee are in accordance with the provisions of Section 178 of the Companies Act, 2013 and Reserve Bank of India Master Direction on Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, ('RBI Master Directions').

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

- Guiding principles for remuneration and other terms of employment;
- Criteria for Determining Qualifications and Positive Attributes of a Director, Key Managerial Personnel and Senior Management Personnel;
- Compensation structure;
- Evaluation process; and
- Disclosure, Approval and Review of Policy.

During the year, the Nomination & Remuneration Policy was amended to align with Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 and other applicable laws.

3.2.1. Composition:

The Composition of the Nomination and Remuneration Committee as on 31st March, 2024 is mentioned hereunder:

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

Note: Mr. Pankaj Makkar ceased to be the Chairman of the Committee with effect from 24th July, 2024.

3.2.2. Terms of Reference (as amended from time to time) - Roles and Responsibilities of the Nomination and Remuneration Committee are as follows:

(i) Nomination Functions:

a. Regularly review the structure, size and composition of the Board, which includes Board diversity, evaluate the balance of skills, knowledge and experience on the Board and make recommendations to the Board with regard to any adjustments that are deemed necessary.
b. Formulate the criteria for determining qualifications, positive attributes and independence of a Director and maintain an external data bank of such suitable candidates.
c. Be responsible for identifying and nominating for the approval of the Board, persons who are qualified to become Directors and who are "fit for purpose" as per RBI guidelines and may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal.
d. Ensure that the proposed and existing Directors meet the 'fit and proper' criteria as prescribed the RBI.
e. Ensure that there is no conflict of interest in appointment of Directors on Board of the Company, KMPs and Senior Management.
f. Carry out evaluation of the Directors' performance.
g. Evaluate suitable candidates and approve the appointment of the MD/CEO and the Company's Senior Management Personnel/ Leadership Team members.
h. Formulate plans for succession for the MD/ CEO, the Senior Management Personnels and Leadership Team members of the Company.
i. Re-appoint any non-executive director at the conclusion of his or her specified term of office, especially when he or she has concluded his/ her term in accordance with the provisions under the Companies Act, 2013.
j. Recommend re-election by shareholders of any director who is retiring by rotation.
k. Be responsible for any matters relating to the continuation in office as a Director of any existing Director at any time.

(ii) Remuneration/ Compensation Functions:

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

(iii) Others:

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

3.2.3. Meetings and Attendance during the year:

Sl. No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held/ Entitled to attend	Attended	
1.	Mr. Pankaj Makkar	13/11/2019	Chairman – Non-Executive	4	3	Nil
2.	Mr. Hong Ping Yeo	13/11/2019	Member - Non- Executive	4	4	Nil
3.	Mr. Venkateswara Rao Thallapaka	13/11/2019	Member - Independent	4	4	Nil

3.3. Risk oversight Committee

The Risk oversight Committee is formed in compliance with the provisions of the Reserve Bank of India Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, ("**RBI Master Directions**").

3.3.1. Composition:

The Composition of the Risk Oversight Committee as on 31st March, 2024 is mentioned hereunder:

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

The Risk Oversight Committee was reconstituted on 28th May, 2024 with the composition mentioned hereunder:

Members	Categories
Mr. Pavan Pal Kaushal	Chairman, Non-Executive Director
Mr. Venkateswara Rao Thallapaka	Member, Independent Director
Mr. Anindo Mukherjee	Member, Non-Executive Director
Mr. Harshvardhan Lunia	Member, Managing Director

3.3.2. Terms of Reference (as amended from time to time) - The role/duties and responsibilities of the Risk Oversight Committee are inclusive of:

(i) Approval of Risk Appetite and Strategy

a. Review and recommend to the Board:
   - Risk Appetite, and risk strategy of the entity. This involves establishing the risk principles and objectives governing the extent to which the entity is willing to assume risk based on the entity's strategic objectives, nature of its business and the ability to absorb losses (risk capacity) in relation to its capital and targeted return
   - Targeted levels of capital and liquidity, credit rating

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

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

(ii) Risk Management Oversight

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

(b) Review key risk management policies proposed by Management to ensure they are adequate for the effective management of the entity's risk exposures. These include but are not limited to the following:

- Overall RMF and risk management organization structure and resources as a key part of the Second Line of Defence
- Scope of risk-taking activities in which the entity is prepared to engage in or is restricted from undertaking and general risk acceptance criteria for taking risk.
- Credit Policy and Models or Tests
- Market Risk Policy including - Interest rate risk, Liquidity risk.

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

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

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

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

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

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

3.3.3. Meetings and Attendance during the year:

Sl. No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held/Entitled to attend	Attended	
1.	Mr. Venkateswara Rao Thallapaka	10/02/2022	Chairman - Independent	5	5	Nil
2.	Mr. Anindo Mukherjee	04/02/2019	Member - Non-Executive	5	5	Nil
3.	Mr. Harshvardhan Lunia	04/02/2019	Member – Executive & Chairman	5	5	1*
4.	Ms. Uma Subramaniam	10/02/2022	Member - Independent	5	5	Nil

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

3.4. IT Strategy Committee

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

3.4.1. Composition:

The Composition of the IT Strategy committee as on 31st March, 2024 is mentioned hereunder:-

Members	Categories
Mr. Venkateswara Rao Thallapaka	Chairman, Independent Director
Mr. Harshvardhan Lunia	Member, Managing Director
Mr. Pavan Pal Kaushal	Member, Non- Executive Director
Ms. Uma Subramaniam	Member, Independent Director
Mr. Mrinmoy Dey	Member, Chief Information Security Officer
Mr. Giridhar Yasa	Member, Chief Technology Officer

The IT Strategy Committee was reconstituted on 28th May, 2024 with the composition mentioned hereunder:

Members	Categories
Mr. Sreeram Ranganathan Iyer	Chairman, Additional Non-Executive Independent Director
Mr. Harshvardhan Lunia	Member, Managing Director
Mr. Pavan Pal Kaushal	Member, Non- Executive Director

3.4.2. Terms of Reference (as amended from time to time) - Role and Responsibilities of IT Strategy Committee are as follows:

(i) Technology:

- Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place.
- Ascertaining that management has put effective IT strategic planning processes and practices in place which ensures that the IT delivers value to the business.
- Ensuring IT investments represent a balance of risks and benefits and that the budgetary allocations for the IT function (including for IT security), cyber security are commensurate with the company's IT maturity, digital depth, threat environment and industry standards and are utilised in a manner intended for meeting the stated objectives.
- Guide in preparation of IT Strategy and ensure that the IT Strategy aligns with the overall strategy of the company towards accomplishment of its business objectives.
- Satisfy itself that the IT Governance and Information Security Governance structure fosters accountability, is effective and efficient, has adequate skilled resources, well defined objectives and unambiguous responsibilities for each level in the organisation.
- Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources.
- Ensuring that the company has put in place processes for assessing and managing IT and cybersecurity risks.
- Ensuring proper balance of IT investments for sustaining the Company's growth and becoming aware about exposure towards IT risks and controls.
- To review the assessment of IT capacity requirements and measures taken to address the issues by the company.
- To approve documented standards and procedures for access to information assets of the Company.

- To review and amend the IT strategies in line with the corporate strategies, Board Policy reviews, cyber security arrangements, and any other matter related to IT Governance.

(ii) IT Services Outsourcing:

- Instituting an appropriate governance mechanism for outsourced processes, comprising of risk based policies and procedures, to effectively identify, measure, monitor and control risks associated with outsourcing in an end to end manner.
- Defining approval authorities for outsourcing depending on nature of risks and materiality of outsourcing.
- Developing sound and responsive outsourcing risk management policies and procedures commensurate with the nature, scope, and complexity of outsourcing arrangements.
- Undertaking a periodic review of outsourcing strategies and all existing material outsourcing arrangements.
- Evaluating the risks and materiality of all prospective outsourcing based on the framework developed by the Board.
- Periodically reviewing the effectiveness of policies and procedures.
- Communicating significant risks in outsourcing to the company's Board on a periodic basis.
- Ensuring an independent review and audit in accordance with approved policies and procedures.
- Ensuring that contingency plans have been developed and tested adequately.
- Ensuring the business continuity preparedness is not adversely compromised on account of outsourcing and seek proactive assurance that the outsourced service provider maintains readiness and preparedness for business continuity on an ongoing basis.
- To review periodic reports on Identification of IT outsourcing risks submitted by senior management.
- To review reports on compliance with the legislations, regulations, Board-approved policy and performance standard submitted by senior management as per the Master Direction on Outsourcing of Information Technology Services.

(iii) Others

- Constitution and oversight of Information Security Committee of the Company.
- To review the adequacy and effectiveness of the Business Continuity Planning and Disaster Recovery Management on an annual basis.
- Carry out such other functions as may be delegated by the Board from time to time, or as may be necessary or appropriate for the performance of its duties or mandatory by any statutory notification, amendment or modification.

3.4.3. Meetings and Attendance during the year:

Sl. No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held/ Entitled to attend	Attended	
1.	Mr. Venkateswara Rao Thallapaka	05/08/2021	Chairman - Independent	4	4	Nil
2.	Mr. Harshvardhan Lunia	20/08/2020	Member - Executive	4	4	1*
3.	Mr. Pavan Pal Kaushal	03/02/2023	Member - Non-Executive	4	4	Nil
4.	Ms. Uma Subramaniam	10/02/2022	Member - Independent	4	4	Nil
5.	Mr. Manish Bhatia	05/08/2021	Member - Chief Information, Technology and Security Officer	4	3	Nil

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

3.5. Corporate Social Responsibility Committee:

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

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

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

During the year, the CSR Policy was amended on February 6, 2024 to align with extant laws and regulatory requirements.

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

3.5.1. Composition:

The Composition of the Corporate Social Responsibility committee as on 31st March, 2024 is mentioned hereunder:

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

The Corporate Social Responsibility Committee was reconstituted on 28th May, 2024 with the composition mentioned hereunder:

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

3.5.2. Terms of Reference (as amended from time to time) - Role and Responsibilities of the Corporate Social Responsibility Committee are inclusive of:

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

(b) Formulate and recommend annual action plan in pursuance of its CSR policy, and any modifications thereof, to the Board comprising of following information

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

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

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

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

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

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

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

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

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

3.5.3. Meetings and Attendance during the year:

Sl. No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held/ Entitled to attend	Attended	
1.	Ms. Uma Subramaniam	10/02/2022	Chairperson - Independent	2	2	Nil
2.	Mr. Harshvardhan Lunia	13/11/2019	Member - Executive	2	2	1*
3.	Mr. Pavan Pal Kaushal	03/02/2023	Member - Non-Executive	2	2	Nil
4.	Mr. Venkateswara Rao Thallapaka	10/02/2022	Member - Independent	2	2	Nil

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

3.6. Stakeholder Relationship Committee:

In accordance with the provisions of Section 178 of the Companies Act, 2013, the Company has constituted a Stakeholder Relationship Committee.

3.6.1. Composition:

The Composition of the Stakeholder Relationship committee as on 31st March, 2024 is mentioned hereunder:-

Members	Categories
Ms. Uma Subramaniam	Chairperson, Independent Director
Mr. Harshvardhan Lunia	Member, Managing Director
Mr. Venkateswara Rao Thallapaka	Member, Independent Director

The Stakeholder Relationship Committee was reconstituted on 28th May, 2024 with the composition mentioned hereunder:

Members	Categories
Mr. Venkateswara Rao Thallapaka	Chairman, Independent Director
Mr. Sreeram Ranganathan Iyer	Member, Additional Non-Executive Independent Director
Mr. Harshvardhan Lunia	Member, Managing Director

3.6.2. Terms of Reference (as amended from time to time) - Role and Responsibilities of the Stakeholder Relationship committee are inclusive of:

- Consider and resolve grievances of security holders (including shareholders, debenture holders or any other security holder) of the Company, including complaints related to transfer/transmission of shares/debentures/other securities, non-receipt of annual report, non-receipt of declared dividends, payment of interest/principal amount, issue of new/duplicate certificates, general meetings, etc.;
- Review of measures taken for the effective exercise of voting rights by shareholders/debentureholders/other security holders;
- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar and Share Transfer Agent;
- Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends/interest/principal and ensuring timely receipt of dividend/interest/principal warrants/annual reports/statutory notices by the shareholders/debentureholders/other security holders of the Company;
- Formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders/debentureholders/other security holders from time to time;
- Ensure proper and timely attendance and redressal of investor queries and grievances.

Others:

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

3.6.3. Meetings and Attendance during the year:

Sl. No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held/ Entitled to attend	Attended	
1.	Ms. Uma Subramaniam	06/02/2024	Chairperson - Independent	1	1	Nil
2.	Mr. Harshvardhan Lunia	06/02/2024	Member - Executive	1	1	1*
3.	Mr. Venkateswara Rao Thallapaka	06/02/2024	Member - Independent	1	1	Nil

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

4. GENERAL BODY MEETINGS

The details of the General Meetings held during the financial year ended 31st March, 2024:

Sl. No.	Type of Meeting (Annual/ Extra-Ordinary)	Date and Place	Special resolutions passed
1.	Annual General Meeting	Date: 29th September, 2023 Place: Through Video Conferencing	– Appointment of Mr. Pavan Pal Kaushal as Non-Executive Director – Alteration of the Articles of Association of the Company
2.	Extra-Ordinary General Meeting	Date: 22nd March, 2024 Place: Through Video Conferencing	– Re-appointment of Mr. Uma Subramaniam, non-executive Independent Director, for a second term of 5 (five) consecutive years with effect from 27th March, 2024

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

None.

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

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

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

None

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

Harshvardhan Lunia
Chairman & Managing Director
DIN: 01189114
Date: September 5, 2024
Place: Ahmedabad

Annexure - C

Annual Report on CSR Activities for the Financial Year 2023-24

1. Brief outline on CSR Policy of the Company.

Corporate Social Responsibility (CSR) initiative aims at having a long-term sustainable impact on the community. The CSR Policy of the Company gives an overview of the projects or programs that could be undertaken by the Company from time to time.

The CSR Policy, *inter alia,* covers the following:

- CSR Vision
- CSR Objectives
- Focus Areas
- Scope of the Policy
- Responsibility of the CSR Committee
- Governance Structure
- CSR budget and expenditure
- CSR implementation process
- CSR activities through external specialized agencies
- Monitoring & reporting

2. Composition of CSR Committee:

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

** 1. Ms. Uma Subramaniam ceased to be Chairperson of the Committee with effect from April 26, 2024, due to her demise.*

2. Mr. Venkateswara Rao Thallapaka appointed as Chairman of the Committee with effect from May 28, 2024.

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

Composition of CSR Committee	Lendingkart Composition of CSR Committee https://www.lendingkartfinance.com/committee-members
CSR Policy	Lendingkart CSR Policy https://media.lendingkart.com/wpcontent/uploads/2024/04/CSR-Policy-25-April-2024.pdf
CSR projects approved by the board	Lendingkart CSR projects approved by the board https://lendingkartfinance.com/csr-activities-of-lendingkart

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

Not applicable for the financial year under review.

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

The average **net loss** incurred by the Company as per section 135(5) is ₹ 21,37,95,356.

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

Not Applicable

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

Not Applicable

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

Not Applicable

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

Not Applicable

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

₹ 35,04,700

(b) Amount spent in Administrative Overheads.

Nil

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

Not Applicable

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

₹ 35,04,700

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

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section (6) of section 135.		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135.		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
₹ 35,04,700	Nil	Not Applicable	Not Applicable	Nil	Not Applicable

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

Sl. No.	Particular	Amount
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135.	Not Applicable
(ii)	Total amount spent for the Financial Year	Not Applicable
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Not Applicable
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Not Applicable
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Not Applicable

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

Sl. No.	Preceding Financial Year(s).	Amount transferred to Unspent CSR Account under subsection (6) of section 135 (in Rs.)	Balance Amount in Unspent CSR Account under subsection (6) of section 135 (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per subsection (5) of section 135, if any.		Amount remaining to be spent in succeeding financial years. (in Rs.)	Deficiency, if any
					Amount (in Rs).	Date of transfer.		
1.	2020-21	₹ 33,60,000	Nil	₹ 33,60,000	Nil	Not Applicable	Nil	Nil
2.	2021-22	₹ 1,44,700	Nil	₹ 1,44,700	Nil	Not Applicable	Nil	Nil
3.	2022-23	Nil	Nil	Nil	Nil	Not Applicable	Nil	Nil

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

No

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

Not Applicable

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

LENDINGKART FINANCE LIMITED (INDIA)

Harshvardhan Lunia	Thallapaka Venkateswara Rao
Chairman & Managing Director	Chairman - CSR Committee
DIN: 01189114	DIN: 05273533

Date: September 05, 2024

Annexure-D

FORM NO. AOC.2

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

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

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

There were no contracts or arrangements or transactions entered into during the year ended 31st March, 2024, which were not at arm's length basis.

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

The Company had entered into transaction/ arrangement with Lendingkart Technologies Private Limited during the year ended 31st March, 2024. The details of the said transaction are as follows:

(a)	**Name(s) of the related party and nature of relationship:**	Lendingkart Technologies Private Limited, holding company of the Company ("**LTPL**").		
(b)	**Nature of contracts / arrangements / transactions**	The Fifth Amendment Agreement, dated 9th August, 2023 ("**Amendment Agreement**"), to the License Agreement dated 19th June, 2015 read with its amendments ("**License Agreement**")	The First Amendment Agreement, dated 1st April, 2024 ("**Amendment Agreement**"), to the Business Support Service Agreement dated 1st December, 2019 ("**Business Support Service Agreement**")	The First Amendment Agreement, dated 9th August, 2023 ("**Amendment Agreement**"), to the Trademark License Agreement dated 24th June, 2019 ("**Trademark License Agreement**")
(c)	**Duration of the contracts / arrangements / transactions**	Effective from 9th August, 2023. Valid up to: 23rd June, 2027	Effective from 1st April, 2024. Valid up to: 31st March, 2029	Effective from 9th August, 2023. Valid up to: 23rd June, 2027

(d)	**Salient terms of the contracts or arrangements or transactions including the value, if any**	The Amendment Agreement lays down, inter-alia, the revised terms and conditions pertaining to: - Extension of the term of the License Agreement from 18th June, 2025 to 23rd June, 2027 unless terminated earlier in accordance with the provisions specified therein; and - Deletion of the provision pertaining to termination of agreement without cause by any Party.	The Amendment Agreement lays down, inter-alia, the revised terms and conditions pertaining to: - LTPL will raise invoices in relation to the business support services rendered to the Company on a quarterly basis, in the quarter following the one in which the services were rendered. - The Business Support Service Agreement is extended to be valid until March 31, 2029, unless terminated earlier by either party as per the provisions specified therein; - The notice details of both parties have been updated; and - The Annexure 1 which provides the details of the business support services along with the basis	The Amendment Agreement lays down, inter-alia, the revised terms and conditions pertaining to: - Deletion of the provision pertaining to termination of agreement without cause by any Party.

			of allocation of costs and / or expenditures, has been updated.	
(e)	**Date of approval by the Board / ~~Shareholders~~**	8th August, 2023	6th February, 2024	8th August, 2023
(f)	**Amount paid in advance, if any:**	Nil	Nil	Nil

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

Harshvardhan Lunia
Chairman & Managing Director
DIN: 01189114

Date: September 5, 2024
Place: Ahmedabad

SECRETARIAL AUDIT REPORT

***

LENDINGKART FINANCE LIMITED

(CIN: U65910MH1996PLC258722)

SKP & CO.
Company Secretaries

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2024

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

To,

The Members,

Lendingkart Finance Limited

CIN: U65910MH1996PLC258722

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2024 , complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

SKP & CO. Vaishali NCR Delhi Company Secretaries

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

We have examined the books, papers, minute books, forms and returns filed and other records, as applicable, maintained by the Company for the financial year ended on March 31, 2024 according to the provisions of:

1. The Companies Act, 2013 ("the Act") and the rules made there under, as applicable;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), wherever applicable :-
    a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
    d) The Securities and Exchange Board Of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
    e) The Securities and Exchange Board of India (Issue and Listing of Non Convertible Securities) Regulations, 2021;
    f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act 2013 and dealing with client;
    g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;

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h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.
i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and;
j) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018

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

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

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

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

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

We further report that:

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance except wherever a meeting was duly called on shorter notice as per the prescribed procedure, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

We further report that during the audit period, the Company has issued and allotted Non Convertible Debentures of Rs. 290 Crores (Rupees Two Hundred and Ninety Crores Only) in aggregate, which have been listed on Bombay Stock Exchange (BSE) whereas the Company has issued and allotted Unlisted Non Convertible Debentures of Rs. 403 Crores (Rupees Four Hundred and Three Only) in aggregate. The Company has also made borrowing through External Commercial Borrowings by issuing US Dollar Denominated Bonds equivalent to Rs. 83 Crores. However, the Company has not undertaken such events as public, rights or preferential issue of shares, or sweat equity; buy-back of securities; major decision by the Members in pursuance to Section 180 of the Companies Act, 2013; merger, amalgamation or reconstruction; Foreign Technical Collaboration or any other like event(s)/action(s) having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, et cetera.

For **SKP & Co.**
Company Secretaries

SKP & CO. Vaishali NCR Delhi Company Secretaries

(CS Sundeep K. Parashar)
M. No. : F6136
C.P. No. : 6575
PR No. : 1323/2021
UDIN : F006136F000959308

Place: Vaishali
Date: 14.08.2024

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report. The figures reported hereinabove have been rounded off to the nearest crore of rupees.

Annexure-A

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

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

For **SKP & Co.**
Company Secretaries

SKP & CO. Vaishali NCR Delhi Company Secretaries

(CS Sundeep K. Parashar)
M. No. : F6136
PR No. : 1323/2021
C.P. No. : 6575
UDIN: F006136F000959308

Date: 14.08.2024
Place: Vaishali

INDEPENDENT AUDITOR'S REPORT

To the Members of LENDINGKART FINANCE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Lendingkart Finance Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2024, 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, 2024, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matter

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

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

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

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

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

Report on Other Legal and Regulatory Requirements

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

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

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

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for the matter stated in the paragraph 2.i) vi. below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.

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

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

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e) On the basis of the written representations received from the directors as on March 31, 2024 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.

f) The modifications relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph 2.b) above on reporting under Section 143(3)(b) of the Act and in paragraph 2.i) vi below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.

g) 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 B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to these financial statements.

h) 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.

i) 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, 2024.

ii. The Company has made provision, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

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, 2024.

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

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

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

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

vi. Based on our examination, which included test checks, the Company has used accounting softwares for maintaining its books of account which have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software, except that, in respect of one accounting software, the audit trail (edit log) facility was enabled during the second half of April 2023 and in respect of another software, audit trail feature is not enabled for changes made using privileged / administrative access rights as mentioned in Note 56 to the financial statements. Further, there was no instance of audit trail feature being tampered with, during the period for which it was enabled.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

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 9, 2024
ICAI UDIN: 24116976BKGWSP7001

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)

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

i. (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, 2023, September 30, 2023, December 31, 2023 and March 31, 2024.

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

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

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(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 ICAI 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 62 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, 2024 is Rs. 6,349.73 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 54 C in the financial statements for details of number of cases and the total amount of principal and interest overdue as at March 31, 2024.

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

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

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

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

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

vi The maintenance of cost records has not been specified by the Central Government under subsection (1) of section 148 of the Companies Act, 2013 for the business activities carried out by the Company. Hence, reporting under clause 3(vi) of the Order is not applicable to the Company.

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vii In Respect of Statutory Dues:

(a) According to the information and explanations given to us and on the basis of our examination of the records, the Company has generally been regular in depositing undisputed statutory dues, including Goods and Services tax, income tax and other material statutory dues applicable to it with the appropriate authorities except for payment of provident fund dues where there has been a slight delay for few cases. 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, 2024 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 except the following:

Name of the Statute	Nature of the Dues	Amount (Rs.)	Period to Which the amount relates	Forum where dispute is pending	Remarks, if any
Income Tax Act, 1961	penalty under section 270A of I.T. Act, 1961	Rs 52.84 lakhs	AY 20-21	CIT (A)	-

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) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender 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.

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(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.

(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) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, no material fraud by the Company or on the Company has been noticed or reported during the year, other than the instances of fraud noticed and reported by the management in terms of the regulatory provisions applicable to the Company amounting to Rs. 220.75 lakhs.

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

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

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

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

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

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

BATLIBOI & PUROHIT * CHARTERED ACCOUNTANTS * Mumbai

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.

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

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

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

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

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

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

BATLIBOI & PUROHIT * Mumbai * CHARTERED ACCOUNTANTS

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

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

Janak Mehta
Partner
Membership No. 116976

BATLIBOI & PUROHIT * Mumbai * CHARTERED ACCOUNTANTS

Place: Mumbai
Date: May 9, 2024
ICAI UDIN: 24116976BKGWSP7001

Annexure - B to the Auditors' Report

(referred to in paragraph '2.g)' 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 with reference to financial statements of **LENDINGKART FINANCE LIMITED** ("the Company") as of March 31, 2024 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 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these 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, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these 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 with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

BATLIBOI & PUROHIT * Mumbai * CHARTERED ACCOUNTANTS

Meaning of Internal Financial Controls With Reference to these Financial Statements

A company's internal financial controls with reference to 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 controls with reference to 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 With Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to 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 with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2024, 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 issued by the ICAI.

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

Janak Mehta
Partner
Membership No. 116976

BATLIBOI & PUROHIT * CHARTERED ACCOUNTANTS * Mumbai

Place: Mumbai
Date: May 9, 2024
ICAI UDIN: 24116976BKGWSP7001

Lendingkart Finance Limited
Balance Sheet as at 31 March 2024

(₹ in lakhs unless otherwise stated)

Particulars	Notes	31 March 2024	31 March 2023
Assets			
Financial assets			
Cash and cash equivalents	6	37,086.60	18,050.89
Bank balances other than cash and cash equivalents	7	34,204.94	23,370.49
Loans	8	2,13,008.22	1,76,927.65
Other financial assets	9	60,269.46	50,196.24
		3,44,569.22	2,68,545.27
Non-financial assets			
Current tax assets (Net)	10	4,507.45	3,626.52
Deferred tax asset (Net)	11	3,593.49	4,942.45
Property, plant and equipment	12	538.06	254.42
Intangible assets	13	52.00	46.30
Right-of-use assets	12	2,984.28	1,598.83
Other non-financial assets	14	416.58	1,914.16
		12,091.86	12,382.68
Total assets		3,56,661.08	2,80,927.95
Liabilities and Equity			
Liabilities			
Financial liabilities			
Trade Payables	15		
(i) total outstanding dues of micro enterprises and small enterprises		91.59	37.72
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		653.97	835.10
Debt Securities	16	1,39,263.69	93,559.88
Borrowings (Other than debt securities)	17	98,366.21	71,934.40
Subordinated Debt	18	5,471.12	2,529.89
Other financial liabilities	19	29,153.85	36,096.98
		2,73,000.43	2,04,993.97
Non Financial liabilities			
Provisions	20	1,011.89	577.89
Other non-financial liabilities	21	2,538.50	2,689.46
		3,550.39	3,267.35
Equity			
Equity share capital	22	4,418.79	4,418.79
Other equity	23	75,691.47	68,247.84
		80,110.26	72,666.63
Total liabilities and equity		3,56,661.08	2,80,927.95

Summary of material accounting policies 3

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

Janak Mehta
Partner
Membership No. 116976

Place: Mumbai
Date: 09th May 2024

BATLIBOI & PUROHIT * Mumbai * CHARTERED ACCOUNTANTS

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

Harshvardhan Lunia
Chairman and Managing Director
DIN No. 01189114

Gaurav Singhania
Chief Financial Officer
Membership No. 503678

Darshil Shah
Company Secretary
Membership No. A55488

LENDINGKART FINANCE LIMITED * INDIA

Place: Mumbai
Date: 09th May 2024

Lendingkart Finance Limited

Statement of Profit & Loss for the year ended 31 March 2024

(₹ in lakhs unless otherwise stated)

Particulars	Notes	31 March 2024	31 March 2023
Revenue from operations			
Interest Income	24	1,01,884.29	75,343.83
Gain on derecognition of financial instruments	25	5,281.41	4,945.10
Total Revenue from operations		1,07,165.70	80,288.93
Other Income	26	7,479.11	2,118.32
Total income		1,14,644.81	82,407.25
Expenses			
Finance Costs	27	27,085.44	24,766.55
Fees and commission expenses	28	12,562.39	7,938.80
Impairment of financial instruments	29	25,631.49	11,209.34
Employee Benefit expenses	30	14,735.02	7,736.46
Depreciation and amortisation expenses	31	941.41	529.75
Other Expenses	32	25,657.71	14,696.09
Total Expenses		1,06,613.46	66,876.99
Profit before Tax		8,031.35	15,530.26
Tax Expense :			
- Current tax	33	666.53	301.70
- Tax of earlier years		-	31.91
- Deferred tax (income) / expense	33	1,357.27	3,630.91
Total Tax Expenses		2,023.80	3,964.52
Profit after tax		6,007.55	11,565.74
Other comprehensive income			
(a) Items that will not be reclassified to profit or loss			
Remeasurement gain / (losses) on defined benefit plans		(32.83)	7.14
Tax impact on above		8.26	(1.80)
Other comprehensive income, net of tax		(24.57)	5.34
Total Comprehensive Income		5,982.98	11,571.08
Earning per equity share: ***[In absolute ₹]***	34		
Basic [Face value of ₹ 10]		13.60	26.17
Diluted [Face value of ₹ 10]		13.60	26.17

Summary of material accounting policies 3

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

Janak Mehta
Partner
Membership No. 116976

Place: Mumbai
Date: 09th May 2024

BATLIBOI & PUROHIT * CHARTERED ACCOUNTANTS * Mumbai

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

Harshvardhan Lunia
Chairman and Managing Director
DIN No. 01189114

Gaurav Singhania
Chief Financial Officer
Membership No. 503678

Darshil Shah
Company Secretary
Membership No. A55488

LENDINGKART FINANCE LIMITED

Place: Mumbai
Date: 09th May 2024

Lendingkart Finance Limited
Statement of changes in equity for the year ended 31 March 2024

(₹ in lakhs unless otherwise stated)

Equity share capital

Particulars	No of shares	Amount
Balance as at April 01, 2022	4,41,87,931	4,418.79
Changes in Equity Share Capital due to prior period errors	-	-
Changes in equity share capital during the year	-	-
Balance at March 31, 2023	4,41,87,931	4,418.79
Changes in Equity Share Capital due to prior period errors	-	-
Changes in equity share capital during the year	-	-
Balance at March 31, 2024	4,41,87,931	4,418.79

Other equity

Particulars	Reserves and Surplus			OCI Reserves	Deemed capital contribution from holding company	Total other equity
	Securities premium	Retained earnings	Statutory Reserve as per RBI Act			
Balance as at April 01, 2022	67,246.84	(13,353.09)	1,657.14	72.16	-	55,623.05
Total comprehensive income	-	11,571.08	-	-	-	11,571.08
Other comprehensive income (net of tax)	-	(5.34)	-	5.34	-	-
Transferred to Statutory Reserve u/s section 45-IC of RBI Act, 1934	-	(2,314.22)	2,314.22	-		-
Deemed capital contribution	-	-	-	-	1,053.71	1,053.71
Balance at March 31, 2023	67,246.84	(4,101.57)	3,971.36	77.50	1,053.71	68,247.84
Total comprehensive income	-	5,981.98	-	-	-	5,982.98
Other comprehensive income (net of tax)	-	24.57	-	(24.57)	-	-
Transferred to Statutory Reserve u/s section 45-IC of RBI Act, 1934	-	(1,201.51)	1,201.51	-	-	-
Deemed capital contribution	-	-	-	-	1,460.65	1,460.65
Balance at March 31, 2024	67,246.84	704.47	5,172.87	52.93	2,514.36	75,691.47

Summary of material accounting policies 3

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

Janak Mehta
Partner
Membership No. 116976

Place: Mumbai
Date: 09th May 2024

BATLIBOI & PUROHIT * Mumbai * CHARTERED ACCOUNTANTS

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

Harshvardhan Lunia
Chairman and Managing Director
DIN No. 01189114

Gaurav Singhania
Chief Financial Officer
Membership No. 503678

Darshil Shah
Company Secretary
Membership No. A55488

LENDINGKART FINANCE LIMITED INDIA

Place: Mumbai
Date: 09th May 2024

Lendingkart Finance Limited

Cash Flow Statement for the year ended March 31, 2024

(₹ in lakhs unless otherwise stated)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Operating activities		
Profit before tax	8,031.35	15,530.26
Adjusted for:		
Impact of EIR of financial assets	(2,992.72)	(11,087.96)
Impact of EIR of financial liabilities	(3,624.71)	(1,529.15)
Upfront gain on direct assignment	(5,281.41)	(4,945.10)
Impact of Corporate Guarantee Fees	1,460.65	1,053.71
Interest on finance lease liability	367.06	300.80
Provision for gratuity	120.86	34.76
Provision for leave benefit	313.14	197.95
Impairment of loans	(197.44)	(3,011.63)
Impairment of other financial assets	4,212.52	2,503.95
Bad debts written offs	21,616.41	11,717.02
Discount on Commercial Paper	351.87	349.65
Depreciation and amortisation	941.41	529.75
Interest on bank deposits	(2,546.74)	(1,362.43)
Interest on term loans	(39,648.89)	(62,344.03)
Finance costs	28,443.75	23,952.03
PPE & Intangible assets under development written off	3.42	1.02
Actuarial gain/(loss) recognised in OCI	(32.83)	7.14
	11,537.70	(28,102.26)
Interest received on bank deposit	2,436.68	1,269.79
Interest received on term loans	35,605.74	59,800.25
Repayment of finance cost	(31,178.41)	(24,276.91)
Cash generated from operating activities before working capital changes	18,401.71	8,690.87
Changes in working capital:		
- (Increase) / decrease in loans	(53,457.80)	8,490.75
- (Increase) / decrease in other financial Assets	(6,011.59)	(17,639.19)
- (Increase) / decrease in other non-financial Assets	(445.13)	(1,022.08)
- Increase / (decrease) in other financial liabilities	(3,081.81)	21,676.83
- Increase / (decrease) in other non financial liabilities	(150.96)	797.68
	(44,745.58)	20,994.86
- Income Tax paid (Net)	(1,547.53)	(2,299.79)
Net cash flows from / (used in) operating activities	(46,293.11)	18,695.07
Investing activities:		
Purchase of PPE and intangible assets	(676.44)	(251.29)
Proceeds from sale of fixed assets	0.96	4.66
Movement in bank balances other than cash and cash equivalents	(10,724.39)	(9,320.53)
Net cash generated from / (used in) investing activities	(11,399.87)	(9,567.16)
Financing activities:		
Proceeds from debt securities	77,655.50	14,500.00
Repayment of debt securities	(23,919.72)	(37,380.94)
Proceeds from borrowings other than debt securities	1,08,870.84	78,210.45
Repayment of borrowings other then debt securities	(77,059.31)	(65,071.88)
Proceeds from subordinated debt	3,000.00	-
Proceeds from issue of commercial paper	7,438.89	4,708.46
Repayment of commercial paper	(4,070.43)	(4,354.41)
Change in Cash Credit / Overdraft	(4,836.70)	1,959.61
Repayment of lease liabilities	(730.94)	(564.22)
Proceeds/(repayment) from securitisation borrowing	(9,619.44)	(4,242.15)
Net cash generated from / (used in) financing activities	76,728.69	(12,235.08)

BATLIBOI & PUROHIT
Mumbai
CHARTERED ACCOUNTANTS

LENDINGKART FINANCE LIMITED
INDIA

Lendingkart Finance Limited

Cash Flow Statement for the year ended March 31, 2024

(₹ in lakhs unless otherwise stated)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Net increase / (decrease) in cash and cash equivalents	19,035.71	(3,107.17)
Cash and cash equivalents as at the beginning of the year	18,050.89	21,158.06
Cash and cash equivalents as at the end of the year	37,086.60	18,050.89
Components of cash and cash equivalents		
Cash in hand	-	-
Balances with banks		
- With banks in current accounts	14,775.54	12,382.94
- In deposit accounts with original maturity of less than 3 months	22,311.06	5,667.95
Cash and cash equivalents	37,086.60	18,050.89

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 material accounting policies 3

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

Janak Mehta
Partner
Membership No. 116976

Place: Mumbai
Date: 09th May 2024

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

Harshvardhan Lunia
Chairman and Managing Director
DIN No. 01189114

Gaurav Singhania
Chief Financial Officer
Membership No. 503678

Darshil Shah
Company Secretary
Membership No. A55488

Place: Mumbai
Date: 09th May 2024

(₹ in Lakhs unless otherwise stated)

1. Corporate information

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

The Company has its registered office at Unit Number PS 40 and PS 41, 3rd Floor, Birla Centurion, Pandurang Budhkar Marg, Worli, Mumbai, Maharashtra - 400 030, India. As at 31 March 2024, 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 54(A).

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

2.2 Use of estimates and judgments

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

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

3. Material accounting policies

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

(i) Revenue recognition

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

BATLIBOI & PUROHIT * CHARTERED ACCOUNTANTS * Mumbai

LENDINGKART FINANCE LIMITED * INDIA

a. **Interest income**

(i) The Company calculates interest income by using the effective interest rate (EIR) method to gross carrying amount of financial asset other than credit impaired assets.

(ii) When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the company reverts to calculating interest income on a gross basis

(iii) Loan processing fee/document fees/stamp fees/ annual maintenance charges 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.

LENDINGKART FINANCE LIMITED INDIA

BATLIBOI & PUROHIT CHARTERED ACCOUNTANTS Mumbai

(₹ in Lakhs unless otherwise stated)

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.

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)

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(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.

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

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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 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

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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.

(vii) Impairment of financial assets

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

a. Overview of the ECL principles

The company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

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

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

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

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

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

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

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

b. The calculation of ECLs

The company calculates ECLs to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

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

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

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

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

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

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

The mechanics of the ECL method are summarised below:

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

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

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- **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 available accumulated loss shall be reversed, and the total amount amount will be provided as write off. However, financial assets that are written off could still be subject to enforcement activities 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 government provident fund. The company recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

b. Gratuity liability

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

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

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

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

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

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

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

c. Compensated absences

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

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

(xix) Provisions

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

(xx) Taxes

a. Current tax

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

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.
Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

b. Deferred tax

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

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

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

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- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

c. Goods and services tax /value added taxes paid on acquisition of assets or on incurring expenses

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

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

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of non-financial assets or liabilities in the balance sheet.

(xxi) Contingent liabilities, contingent assets and commitments

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made

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

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

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

(xxii) Share issue expenses

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

(xxiii) Earnings per share

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

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

4. Critical accounting estimates and judgments

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

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

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

5. The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated 31 March 2023 to amend the following Ind AS which are effective for annual periods beginning on or after 1 April 2023. The Company applied for the first-time these amendments.

i. Definition of Accounting Estimates - Amendments to Ind AS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Company's financial statements.

ii. Disclosure of Accounting Policies - Amendments to Ind AS 1

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

iii. Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12

The amendments narrow the scope of initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases. Company previously recognised for deferred tax on leases on a net basis. As a result of these amendments, Company has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. Since, these balances qualify for offset as per the requirements of paragraph 74 of Ind AS 12, there is no impact in the balance sheet. There was also no impact on the opening retained earnings as of 1 April 2023.

Apart from these, consequential amendments and editorials have been made to other Ind AS like Ind AS 101, Ind AS 102, Ind AS 103, Ind AS 107, Ind AS 109, Ind AS 115 and Ind AS 34.

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6 Cash and cash equivalents

Particulars	31 March 2024	31 March 2023
Cash on hand	-	-
Balances with banks		
- in current accounts	14,775.54	12,382.94
- in deposit accounts with maturity upto 3 months	22,311.06	5,667.95
Total	37,086.60	18,050.89

(i) Balance in current account as at 31 March 2024 includes amount of ₹ 1,022.86 which pertains to Escrow accounts of colenders (31 March 2023: ₹ 745.66).

(ii) Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the company, and earn interest at the respective short-term deposit rates. As at March 31, 2024, fixed deposits of ₹ 173.13 are pledged. (March 31, 2023: ₹ 166.63).

7 Bank balances other than cash and cash equivalents

Particulars	31 March 2024	31 March 2023
Fixed deposits		
Deposits - maturity less than 12 months	29,988.97	21,446.44
Deposits - maturity more than 12 months	4,215.97	1,924.05
Total	34,204.94	23,370.49

As at March 31, 2024, fixed deposits of ₹ 30,387.55 (March 31, 2023: ₹ 22,207.38) are pledged against credit facilities and FLDG to co-lenders.

8 Loans

Particulars	31 March 2024	31 March 2023
Term loans	2,18,952.12	1,83,068.99
Less: Impairment loss allowance	(5,943.90)	(6,141.34)
	2,13,008.22	**1,76,927.65**
(A) Out of Above		
(i) Secured	-	-
Less: Impairment loss allowance	-	-
Total (i)	-	-
(ii) Unsecured	2,18,952.12	1,83,068.99
Less: Impairment loss allowance	(5,943.90)	(6,141.34)
Total (ii)	**2,13,008.22**	**1,76,927.65**
Total (A) = (i) + (ii)	**2,13,008.22**	**1,76,927.65**
(B) Out of Above		
(i) Public Sector	-	-
Less: Impairment loss allowance	-	-
Total (i)	-	-
(ii) Others	2,18,952.12	1,83,068.99
Less: Impairment loss allowance	(5,943.90)	(6,141.34)
Total (ii)	**2,13,008.22**	**1,76,927.65**
Total (B) = (i) + (ii)	**2,13,008.22**	**1,76,927.65**
(C) Out of Above		
(i) In India	2,18,952.12	1,83,068.99
Less: Impairment loss allowance	(5,943.90)	(6,141.34)
Total (i)	**2,13,008.22**	**1,76,927.65**
(ii) Outside India	-	-
Less: Impairment loss allowance	-	-
Total (ii)	-	-
Total (C) = (i) + (ii)	**2,13,008.22**	**1,76,927.65**

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9 Other financial assets

Particulars	31 March 2024	31 March 2023
Interest receivable on assignment of loans	6,276.21	4,508.20
Security deposits	573.97	717.81
Receivable from co-lenders	44,565.32	40,770.35
Others	16,517.94	7,651.34
Total	67,933.44	53,647.70
(Less) : Impairment allowance on other financial assets	(7,663.98)	(3,451.46)
Total	60,269.46	50,196.24

(i) Receivable from co-lenders includes assets recognised as per Ind AS with corresponding Guarantee liability recorded under Other financial liabilities in note no. 19.

10 Current tax assets (net)

Particulars	31 March 2024	31 March 2023
Advance income tax (net)	4,507.45	3,626.52
Total	4,507.45	3,626.52

11 Deferred tax asset (Net)

Particulars	31 March 2024	31 March 2023
Deferred tax asset on account of:		
Carry forward of unabsorbed losses	4,444.10	4,930.99
Provision for expenses allowed for tax purposes on payment basis	258.62	149.39
Expected credit loss	1,829.32	1,703.37
Unamortised processing fee	171.63	67.40
Lease liability	837.58	528.55
Guarantee fees	-	53.62
Unwinding discount of Security Deposit	46.99	24.44
Difference between tax depreciation and depreciation charged for the financial reporting	41.71	34.41
Interest on market linked debentures	347.16	473.91
Gross Deferred Tax Assets	7,977.11	7,966.08
Deferred tax liability on account of:		
On account of securitisation and direct assignment	2,951.18	2,493.74
Right of use Asset	751.08	402.40
Unamortised borrowing cost	681.36	127.49
Gross Deferred Tax Liabilities	4,383.62	3,023.63
Deferred Tax Assets (Net)	3,593.49	4,942.45
Deferred tax asset recognized	3,593.49	4,942.45

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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	
Cost					
As at 01 April 2022	545.71	44.28	102.00	691.99	3,197.32
Additions	210.68	19.92	4.95	235.55	23.91
Disposals	51.58	5.35	1.75	58.68	-
As at 31 March 2023	704.81	58.85	105.19	868.86	3,221.23
Additions	578.99	5.41	42.35	626.75	2,341.86
Disposals	49.78	-	1.41	51.19	399.14
As at 31 March 2024	1,234.02	64.26	146.13	1,444.42	5,163.95
Accumulated depreciation					
As at 01 April 2022	450.55	27.23	78.79	556.57	1,249.49
Charge for the period	90.57	8.21	12.07	110.85	372.91
Disposals	47.84	3.67	1.49	53.00	-
As at 31 March 2023	493.28	31.78	89.37	614.42	1,622.40
Charge for the period	313.98	8.22	18.11	340.31	557.27
Disposals	47.07	-	1.32	48.39	-
As at 31 March 2024	760.19	40.00	106.16	906.34	2,179.67
Net book value					
As at 31 March 2023	211.53	27.07	15.82	254.42	1,598.83
As at 31 March 2024	473.83	24.26	39.97	538.06	2,984.28

(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 2024 (31 March 2023: Nil).

(iii) There have been no revaluation during the year ended 31 March 2024 (31 March 2023: Nil).

13 Intangible assets

Particulars	Computer softwares
Cost	
As at 01 April 2022	278.60
Additions	15.74
Disposals	-
As at 31 March 2023	294.34
Additions	49.70
Disposals	-
As at 31 March 2024	344.04
Accumulated amortisation	
As at 01 April 2022	202.06
Charge for the period	45.98
Disposals	-
As at 31 March 2023	248.04
Charge for the period	44.00
Disposals	-
As at 31 March 2024	292.04
Net book value	
As at 31 March 2023	46.30
As at 31 March 2024	52.00

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14 Other non financial assets

Particulars	31 March 2024	31 March 2023
Indirect tax credits available for utilisation	11.56	478.71
Prepaid expenses	375.71	201.58
Other advances	29.31	1,233.87
Total	416.58	1,914.16

15 Trade Payables

Particulars	31 March 2024	31 March 2023
(i) Total outstanding dues of micro enterprises and small enterprises	91.59	37.72
(ii) Total outstanding dues of other than micro enterprises and small enterprises	653.97	835.10
Total	745.56	872.82

Trade payables ageing - As on 31st March 2024	Less than 1 year	1-2 years	2-3 years	More than 3 years
MSME	91.59	-	-	-
Others	650.72	1.09	1.07	1.09
Total	742.31	1.09	1.07	1.09

Trade payables ageing - As on 31st March 2023	Less than 1 year	1-2 years	2-3 years	More than 3 years
MSME	37.72	-	-	-
Others	831.49	1.47	2.08	0.06
Total	869.21	1.47	2.08	0.06

16 Debt Securities

Particulars	31 March 2024	31 March 2023
(A) At amortised cost		
(i) Secured		
Privately placed redeemable non-convertible debentures	73,286.02	30,432.77
External Commercial Borrowings (ECB)	8,328.20	-
Issue of Pass Through Certificates	38,917.88	48,537.32
(ii) Unsecured		
Privately placed redeemable non-convertible debentures	4,938.98	-
Borrowings by issue of commercial papers	5,334.41	1,965.95
Total	1,30,805.49	80,936.04
(B) At FVTPL		
(i) Secured		
Privately placed redeemable non-convertible debentures	8,458.21	12,623.84
Total	8,458.21	12,623.84
(C) Out of above		
In India	1,13,146.93	73,142.81
Outside India	26,116.76	20,417.07
Total	1,39,263.69	93,559.88

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

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

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

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

(v) The debenture are secured by:

a) A charge by way of hypothecation of book debts and receivables, present and future of the Company (To the extent of 1.05 to 1.10 times of outstanding amount of debentures).

b) Corporate guarantee of the Holding Company for March 31, 2024 is ₹ 86,659.58 (March 31, 2023 is ₹ 34,963.33).

c) Guarantee by third party as at 31 March 2024: Nil (31 March 2023: 3,024.04).

d) Cash collateral in the form of fixed deposits as at 31 March 2024 is Nil (31 March 2023: ₹ 110.26)

vi) First loss default guarantee (FLDG) in the form of fixed deposits for securitisation transactions as at March 31,2024 is ₹ 2,860.08 (March 31, 2023: ₹ 3,643.79)

vii) No non convertible debentures and any other borrowing is guaranteed by directors and/or others.

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Terms of Repayment - Debentures as at March 31, 2024

Original Maturity / Repayment frequency	Monthly/Quarterly repayment			Total
Rate of Interest	9%-12%	>12%-15%	>15%	
Due within 1 year				
No. of instalments	33	84	-	117
Amount	17,586.67	26,229.17	-	43,815.84
Due 1 to 2 years				
No. of instalments	20	47	-	67
Amount	23,932.22	16,045.83	-	39,978.05
Due 2 to 3 years				
No. of instalments	3	4	-	7
Amount	1,000.00	1,131.95	-	2,131.95
Due 3 to 4 years				
No. of instalments	-	1.00	-	1
Amount	-	8,315.50	-	8,315.50
Interest accrued and impact of EIR				770.06
Total	42,518.89	51,722.45	-	95,011.40

Terms of Repayment - Debentures as at March 31, 2023

Original Maturity / Repayment frequency	Monthly/Quarterly repayment			Total
Rate of Interest	9%-12%	>12%-15%	>15%	
Due within 1 year				
No. of instalments	107	101	1	209
Amount	15,541.28	31,400.39	2,000.00	48,941.67
Due 1 to 2 years				
No. of instalments	36	59	-	95
Amount	7,594.65	25,623.30	-	33,217.95
Due 2 to 3 years				
No. of instalments	6.00	14	-	20
Amount	311.35	6,631.72	-	6,943.07
Interest accrued and impact of EIR				2,491.24
Total	23,447.28	63,655.41	2,000.00	91,593.93

Terms of Repayment - Issue of Pass through certificates as at March 31, 2024

Original Maturity / Repayment frequency	Monthly/Quarterly repayment			Total
Rate of Interest	9%-12%	>12%-15%	>15%	
Due within 1 year				
No. of instalments	127	69	-	196
Amount	16,700.12	15,568.78	-	32,268.89
Due 1 to 2 years				
No. of instalments	8	14	-	22
Amount	1,737.30	3,733.01	-	5,470.31
Due 2 to 3 years				
No. of instalments	-	5	-	5
Amount	-	1,115.07	-	1,115.07
Interest accrued and impact of EIR				63.61
Total	18,437.42	20,416.85	-	38,917.88

Terms of Repayment - Issue of Pass through certificates as at March 31, 2023

Original Maturity / Repayment frequency	Monthly/Quarterly repayment			Total
Rate of Interest	9%-12%	>12%-15%	>15%	
Due within 1 year				
No. of instalments	93.00	97.00	-	190.00
Amount	10,207.94	21,700.39	-	31,908.33
Due 1 to 2 years				
No. of instalments	22.00	55.00	-	77.00
Amount	1,761.31	13,123.31	-	14,884.62
Due 2 to 3 years				
No. of instalments	4.00	12.00	-	16.00
Amount	172.46	1,631.73	-	1,804.19
Due 3 to 4 years				
Interest accrued and impact of EIR				-59.82
Total	12,141.72	36,455.43	-	48,537.32

(₹ in lakhs unless otherwise stated)

Terms of Repayment - Commercial papers as at March 31, 2024

Original Maturity / Repayment frequency	Bullet repayment	
Rate of interest	12.50%	Total
Due within 1 year		
No. of instalments	2	2
Amount	5,500.00	5,500.00
Impact of unamortised discount and EIR		(165.59)
Total	5,500.00	5,334.41

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

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

17 Borrowings (Other than debt securities)

Particulars	31 March 2024	31 March 2023
(A) At amortised cost		
(i) Secured		
Term loans		
from banks	27,492.37	25,387.69
from other than banks	58,729.80	39,059.62
Loans repayable on demand		
Overdraft from bank	1,785.71	6,736.27
Cash credit from banks	114.43	0.11
	88,122.31	71,183.69
(ii) Unsecured		
Term loans		
from holding company	9,992.75	-
from other than banks	251.15	750.71
	10,243.90	750.71
Total	98,366.21	71,934.40
(B) Out of above		
In India	98,366.21	71,934.40
Outside India	-	-
Total	98,366.21	71,934.40

(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 are in agreement with the books of accounts of the company.

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

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

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

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

b) Corporate guarantee of the Holding Company as at 31 March 2024 is ₹ 86,207.24 (31 March 2023: ₹ 65,563.14)

c) First loss default guarantee (FLDG) in the form of security deposits as at 31 March 2024 is ₹ 250.00 (31 March 2023: ₹ 565.26)

d) Term loans, Overdraft and cash credit availed from banks secured by pledge of fixed deposits as at 31 March 2024 is ₹ 10,072.71 (31 March 2023: ₹ 10,530.12)

(vi) No term loans and any other borrowing is guaranteed by directors and / or others.

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Terms of Repayment - Term Loans & working capital demand loans as at March 31, 2024

Original Maturity / Repayment frequency	Monthly/Quarterly repayment			Total
Rate of Interest	9%-12%	-	26,116.76	
Due within 1 year				
No. of instalments	120	386	6	512
Amount	15,537.18	40,501.67	250.00	56,288.85
Due 1 to 2 years				
No. of instalments	63	156	-	219
Amount	7,337.15	26,190.07	-	33,527.22
Due 2 to 3 years				
No. of instalments	26	44	-	70
Amount	2,987.62	5,825.75	-	8,813.37
Due 3 to 4 years				
No. of instalments	2	-	-	2
Amount	415.44	-	-	415.44
Interest accrued and impact of EIR				(678.67)
Total	26,277.39	72,517.49	250.00	98,366.21

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

Original Maturity / Repayment frequency	Monthly/Quarterly repayment			Total
Rate of Interest	9%-12%	-	26,116.76	
Due within 1 year				
No. of instalments	93	344	11	448
Amount	18,097.85	32,594.60	659.27	51,351.72
Due 1 to 2 years				
No. of instalments	48	213	-	261
Amount	5,764.60	10,935.97	-	16,700.57
Due 2 to 3 years				
No. of instalments	14	24	-	38
Amount	2,006.44	2,011.30	-	4,017.74
Interest accrued and impact of EIR				(135.63)
Total	25,868.89	45,541.87	659.27	71,934.40

18 **Subordinated Debt**

Particulars	31 March 2024	31 March 2023
(A) At amortised cost		
(i) Unsecured		
Term loans		
from banks	2,530.28	2,529.89
from other than banks	2,940.84	-
Total	5,471.12	2,529.89

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

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

Terms of Repayment - Subordinated Debt as at March 31, 2024

Original Maturity / Repayment frequency	Monthly/Quarterly repayment		Total
Rate of interest	12%-15%	>15%	
Due within 1 year			
No. of instalments	1	-	1
Amount	1,000.00	-	1,000.00
Due 1 to 2 years			
No. of instalments	1	-	1
Amount	1,500.00	-	1,500.00
Due 2 to 3 years			
No. of instalments	-	-	-
Amount	-	-	-
Due 3 to 4 years			
No. of instalments	-	-	-
Amount	-	-	-
Due 4 to 5 years			
No. of instalments	-		
Amount	-		
Due 5 to 6 years			
No. of instalments		2	2
Amount		3,000.00	3,000.00
Interest accrued and impact of EIR			(28.88)
Total	2,500.00	3,000.00	5,471.12

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

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

19 Other financial liabilities

Particulars	31 March 2024	31 March 2023
Expense and other payables	2,654.90	2,795.34
Payable towards Co-lending	562.40	609.15
Payable towards direct assignment of loans	2,416.76	1,696.98
Payables to employees	939.99	592.40
Payables to holding company	1,006.68	681.94
Lease obligation	3,327.97	2,100.06
Guarantee Liability	18,228.88	27,559.77
Service obligation on account of securitisation	16.27	61.34
Total	29,153.85	36,096.98

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

20 Provisions

Particulars	31 March 2024	31 March 2023
Provision for employee benefits		
Provision for gratuity benefits	331.99	211.13
Provision for leave benefits	679.90	366.76
Total	1,011.89	577.89

21 Other non financial liabilities

Particulars	31 March 2024	31 March 2023
Advances from customers	929.18	1,488.59
Statutory dues	1,609.32	1,200.87
Total	2,538.50	2,689.46

22 Equity share capital

Particulars	31 March 2024	31 March 2023
Authorized Shares		
5,07,27,600 Equity shares of ₹ 10 each	5,072.76	5,072.76
Total	5,072.76	5,072.76
Issued, subscribed and fully paid up		
4,41,87,931 Equity shares of ₹ 10 each		
At the beginning of the period	4,418.79	4,418.79
Changes due to prior period errors	-	-
Restated balance at the beginning of the period	4,418.79	4,418.79
Add: Issued during the period	-	-
Total	4,418.79	4,418.79

Terms/ rights attached to equity shares

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

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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 2024	31 March 2023
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 2024	31 March 2023
No. of shares held	4,41,87,931	4,41,87,931
% of share holding	100%	100%

Details of Shares held by promoters

Particulars	31 March 2024	31 March 2023
No. of shares held by Lendingkart Technologies Private Limited*	4,41,87,931	4,41,87,931
% of share holding	100%	100%

* Mr. Harshvardhan Lunia and Mr. Raichand Lunia are the promoters of Lendingkart Technologies Private Limited

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

The Company has not allotted any bonus shares in the five years immediately preceding 31 March 2024.

The Company has not bought back equity shares during five years immediately preceding 31 March 2024, nor has it issued any share for consideration other than cash.

23 Other equity

Particulars	31 March 2024	31 March 2023
Securities Premium		
Balance at the beginning of the year	67,246.84	67,246.84
Add: Premium on issue of Equity Shares	-	-
(Less): Expenses on issue of shares	-	-
Balance at the end of the period	**67,246.84**	**67,246.84**
Deemed capital contribution from holding company		
Balance at the beginning of the year	1,053.71	-
Add: Addition/(Deletion) during the period	1,460.65	1,053.71
Balance at the end of the period	**2,514.36**	**1,053.71**
Retained Earnings		
Balance at the beginning of the year	(4,101.57)	(13,353.09)
Add: Total Comprehensive Income	5,982.98	11,571.08
GAAP Adjustments (P/L)	-	-
Less: Item of other comprehensive income	-	-
Remeasurement gains / (losses) on defined benefit plan (net of tax)	24.57	(5.34)
Less : Transferred to Statutory Reserve u/s section 45-IC of Reserve Bank of India Act, 1934	(1,201.51)	(2,314.22)
Balance at the end of the period	**704.47**	**(4,101.57)**
Statutory Reserve u/s section 45-IC of Reserve Bank of India Act, 1934		
Balance at the beginning of the year	3,971.36	1,657.14
Add : Amount transferred during the period	1,201.51	2,314.22
Balance at the end of the period	**5,172.87**	**3,971.36**
Other Reserves		
Other Comprehensive Income		
Balance at the beginning of the year	77.50	72.16
Remeasurement gains / (losses) on defined benefit plan (net of tax)	(24.57)	5.34
Balance at the end of the period	**52.93**	**77.50**
Total of other equity	**75,691.47**	**68,247.84**

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24 **Interest Income**

Particulars	31 March 2024	31 March 2023
On financial assets measured at Amortised Cost		
Interest on term loans	39,648.89	41,982.60
Interest on fixed deposits with banks	2,546.74	1,362.43
Other charges	548.91	395.03
Other interest income	30.08	183.60
Revenue from colending	59,109.67	31,420.17
Total	**1,01,884.29**	**75,343.83**

25 **Gain/(Loss) on derecognition of financial instruments**

Particulars	31 March 2024	31 March 2023
Gain on assignment of loans	6,172.30	5,305.62
Loss on modificaion of loans	(890.89)	(360.52)
Total	**5,281.41**	**4,945.10**

26 **Other Income**

Particulars	31 March 2024	31 March 2023
Commission Income from Insurance	6,509.41	902.48
Other Commission Income	317.46	681.90
Gain on derecognition of Asset	201.20	-
Unwinding discount of security deposit	60.11	12.90
Interest on income tax refund	101.59	-
Other Income	289.34	521.04
Total	**7,479.11**	**2,118.32**

27 **Finance Costs**

Particulars	31 March 2024	31 March 2023
On Financial liabilities measured at amortised cost		
On debt securities	8,006.61	5,659.22
On borrowings (other than debt securities)	11,296.40	7,051.28
On securitisation liabilities	5,001.62	7,643.24
On commercial papers	351.87	349.65
On lease obligation	367.06	300.80
Others	829.38	1,298.80
On Financial liabilities measured at fair value		
On debt securities	1,232.50	2,463.56
Total	**27,085.44**	**24,766.55**

28 **Fees and commission expenses**

Particulars	31 March 2024	31 March 2023
Commission and Brokerage	12,562.39	7,938.80
Total	**12,562.39**	**7,938.80**

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

Particulars	31 March 2024	31 March 2023
Provision on loans	(197.44)	(3,011.63)
Write offs	8,661.35	7,508.02
Impairment of other financial assets	17,167.58	6,712.95
Total	**25,631.49**	**11,209.34**

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30 **Employee Benefit Expenses**

Particulars	31 March 2024	31 March 2023
Salaries and wages	12,014.38	6,739.89
Contribution to provident and other funds	362.81	209.81
Reimbursement of ESOP expenses	1,173.23	118.29
Leave benefit expense	423.95	253.92
Gratuity	121.86	71.95
Staff welfare expenses	638.79	342.60
Total	**14,735.02**	**7,736.46**

31 **Depreciation and amortisation expenses**

Particulars	31 March 2024	31 March 2023
Depreciation and amortisation expenses*	941.41	529.75
Total	**941.41**	**529.75**

* This includes depreciation/amortisation of Tangible assets, Intangible assets and Right of use assets-Refer Note 12

32 **Other Expenses**

Particulars	31 March 2024	31 March 2023
Power and fuel	89.61	79.85
Rent	104.73	72.80
Repairs and maintenance	111.23	55.45
Insurance	45.52	29.62
Telephone and communication expense	218.05	123.97
Franking and stamping expenses	603.83	428.29
Marketing and sales promotion expense	2,103.97	1,469.11
Auditor's fees and expenses (Refer note 32.1 below)	21.58	18.64
Legal and Professional charges	2,150.43	2,441.99
Service charges of outsourced employees	3,388.11	1,462.32
Sovereign Guarantee fees	7,999.76	1,945.72
License fees	4,548.47	3,600.54
Branding fees	323.95	209.94
Business support services	40.71	64.20
Printing and stationery	27.23	10.62
Travelling expenses	391.20	160.68
Bank charges	35.39	44.06
Courier expenses	136.11	142.42
Software license fees	3,092.66	2,138.11
Rates & taxes	23.06	42.24
Security expenses	33.93	11.31
Loss on sale of property, plant & equipments (net)	3.42	1.02
Director sitting fees	26.16	20.71
Housekeeping expenses	56.93	34.45
CSR Expenditure	-	-
Miscellaneous expenses	81.67	88.03
Total	**25,657.71**	**14,696.09**

32.1 **Auditor's Remuneration**

Particulars	31 March 2024	31 March 2023
Audit fee	15.83	13.41
Tax audit fee	2.40	2.18
In other capacity :		
Certification services	3.35	3.05
Total	**21.58**	**18.64**

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33 Tax expense

Particulars	31 March 2024	31 March 2023
Current tax expense		
Current tax for the year	666.53	301.70
Tax expense of earlier years	-	31.91
	666.53	333.61
Deferred taxes		
Change in deferred tax assets	2.77	(2,401.99)
Change in deferred tax liabilities	(1,360.04)	(1,228.92)
Net deferred tax expense / (income)	1,357.27	3,630.91
Total income tax expense	2,023.80	3,964.52

33.1 Tax reconciliation

Particulars	31 March 2024	31 March 2023
Profit before income tax expense	8,031.35	15,530.26
Effective Tax Rate	25.17%	25.17%
Tax at statutory income tax rate	2,021.33	3,908.66
Tax effect of amounts which are not deductible / not taxable in calculating taxable income		
Expenses disallowed	(5.79)	22.15
Tax expense of earlier years	-	31.91
Deferred tax expense on account of OCI	8.26	1.80
Income tax expense	2,023.80	3,964.52

33.2 Deferred tax movement from 31 March 2023 to 31 March 2024:

Deferred tax assets (net)	31 March 2024	Recognised in Statement of Profit or loss	Recognised in OCI	31 March 2023
Deferred tax asset on account of:				
Carry forward of unabsorbed losses	4,444.10	486.89	-	4,930.99
Provision for expenses allowed for tax purposes on payment basis	258.62	(100.97)	(8.26)	149.39
Expected credit loss	1,829.32	(125.95)	-	1,703.37
Unamortised processing fee	171.63	(104.23)	-	67.40
Lease liability	837.58	(309.03)	-	528.55
Guarantee fees	-	53.62	-	53.62
Unwinding discount of Security Deposit	46.99	(22.55)	-	24.44
Difference between tax depreciation and depreciation charged for the financial reporting	41.71	(7.30)	-	34.41
Interest on market linked debentures	347.16	126.75	-	473.91
	7,977.11	(2.77)	(8.26)	7,966.08
Deferred tax liability on account of:				
On account of securitisation and direct assignment	2,951.18	457.43	-	2,493.74
Right of use Asset	751.08	348.74	-	402.40
Unamortised borrowing cost	681.36	553.87	-	127.49
	4,383.62	1,360.04	-	3,023.63
Deferred tax charge/(credit) for the year	3,593.49	1,357.27	(8.26)	4,942.45

34 Earning Per Share

Particulars	31 March 2024	31 March 2023
(A) Net profit/(loss) after tax for the year	6,007.55	11,565.74
(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)	13.60	26.17
Diluted earning per share in ₹ (A/C)	13.60	26.17
[Nominal value of shares ₹ 10 each (Previous Year : ₹ 10)]		

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35. 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 2024 and 31 March 2023. 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.

36. Related party transactions

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

(a) List of related parties

Nature of Relationship	Name of Related Parties
Holding company	Lendingkart Technologies Private Limited
Entity having significant influence in Holding company	Fullerton Financial Private Limited
Independent director	Mr. Thallapaka Venakateswara Rao
	Mrs. Uma Subramaniam
	Mr. Sreeram Ranganathan Iyer (Appointed on March 29, 2024)
Key Management Personnel	Mr. Harshvardhan Lunia – Chairman and Managing Director*
	Mr. Gaurav Singhania – Chief Financial Officer (appointed on 24 March 2023)
	Mr. Umesh Navani - Company Secretary (Resigned on 9th June, 2023) Mr. Darshil Shah (Appointed on 08th August 2023)

(b) Transactions during the year with related parties

Sr. No.	Nature of transactions**	31 March 2024	31 March 2023
1	**Lendingkart Technologies Private Limited**		
	License fee for use of software (Refer Note 1 below)	5,592.60	3,928.49
	Corporate guarantee fees charged (Refer Note 1 below)	1,460.65	1,053.71
	Fees for use of 'Lendingkart' Brand (Refer Note 1 below)	297.20	209.94
	Business support charges paid	37.35	58.90
	Reimbursement of ESOP expenses	1,076.36	108.52
	Reimbursement of collection on behalf of holding company	1,928.74	578.33
	Unsecured inter-corporate loan taken	10,000.00	-
	Processing fees paid on inter-corporate loan	125.00	-
	Interest expense on inter-corporate loans	1,177.26	-
2	**Mr. Thallapaka Venakateswara Rao**		
	Director sitting fees	13.00	10.00
3	**Mrs. Uma Subramaniam**		
	Director sitting fees	11.00	9.00
4	**Transactions with KMP**		
	Salary and perquisites	127.70	19.23

* No Remuneration paid during the year ended 31 March 2024 and 31 March 2023.

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

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

Sr. No.	Nature of transactions	31 March 2024	31 March 2023
1	Lendingkart Technologies Private Limited	(11,087.01)	(681.94)
2	Salary to Key Management Personnel	-	(1.38)

(d) **Guarantees given by holding Company**

Sr. No.	Nature of transactions	31 March 2024	31 March 2023
1	Loans borrowed from financial institutions and Banks guaranteed by the Holding Company (including CC facility)		
	Sanctioned amount	1,29,350.00	1,13,700.0
	Outstanding amount	86,207.24	65,563.14
2	Non-Convertible debentures issued to financial institutions, banks and other companies guaranteed by the Holding Company		
	Sanctioned amount	96,540.00	33,200.00
	Outstanding amount	86,659.58	34,963.33

Note 1: The Company has entered into License Agreement with Holding Company dated 19 June 2015 for a term of 5 years, which was further renewed on 03 September 2020 for a term of 5 years, for use of the licensed software to digitally lend money to its customers.

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

37. 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	Provided term loans	3.69	Borrower
2	Professional Biotech Private Limited		0.04	Borrower

38. 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 2024 (31 March 2023 – Nil).

39. The Company has not incurred any cash losses in the financial year and in the immediately preceding financial year.

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

41. 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 ₹ 1,173.23 for the year ended 31 March 2024 (31 March 2023: ₹ 118.29).

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42. **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 2024	31 March 2023
Balance at the beginning of the year	**1,598.83**	**1,947.83**
Additions	2,341.86	23.91
Closure	(399.14)	-
Depreciation expense	(557.27)	(372.91)
Balance at the end of the year	**2,984.28**	**1,598.83**

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

Particulars	31 March 2024	31 March 2023
Opening Balance	**2,100.06**	**2,339.57**
Additions	2,204.67	23.91
Accretion of interest	367.06	300.80
Closure	(612.88)	-
Payments	(730.94)	(564.22)
Closing Balance	**3,327.97**	**2,100.06**

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

Particulars	31 March 2024	31 March 2023
Short-term leases	104.73	72.80

iv. The undiscounted maturity analysis of lease liabilities at 31 March 2024 is as follows:

Lease Liability	31 March 2024	31 March 2023
Not later than one year	928.69	547.02
Later than one year and not later than five years	3,116.76	2,127.00
Later than five years	748.11	233.37
Total undiscounted lease liabilities	**4,793.56**	**2,907.39**

v. The effective interest rate of lease liabilities for the year ended 31 March 2024 is 13.58% (31 March 2023: 13.13%).

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

Particulars	31 March 2024	31 March 2023
Depreciation expense right of use of assets	557.27	372.91
Interest expense on lease liabilities	367.06	300.80
Expense relating to short term leases (included in other expenses)	104.73	72.80
Loss/ (Gain) on derecognition of assets	(201.20)	-
Total Amount recognized in statement of profit and loss account	**827.86**	**746.51**

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

Particulars	31 March 2024	31 March 2023
Professional Fees	16.58	4.73
Software Expenses	11.87	3.27
Digital Marketing	8.19	9.16
Miscellaneous Expenses	7.48	-
Other charges (Debt)	1.72	-
Total	**45.84**	**17.16**

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44. Contingent liability and Commitments

a) Contingent Liability

Description of the contingent liability	31 March 2024	31 March 2023
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)	6,846.42	8,342.30
First loss default guarantee in case of co-lending transactions	23,674.28	33,573.76
Penalty appeal u/s 270A for FY 19-20, filed before CIT(A) pending for litigation	52.84	-

b) Capital and other commitments

Description of the capital and other commitments	31 March 2024	31 March 2023
Loan sanctioned not yet disbursed	6,225.08	4,300.69

45. 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 2024	31 March 2023
Discount rate (per annum)	7.15%	7.30%
Rate of salary increase	12.00%	12.00%
Rate of employee turnover (per annum)		
Age band		
25 & Below	40.00%	40.00%
25 to 35	30.00%	30.00%
35 to 45	35.00%	35.00%
45 to 55	35.00%	35.00%
55 & Above	0.00%	0.00%

ii. Movement in defined benefit obligation:

Particulars	31 March 2024	31 March 2023
Defined benefit obligation at the beginning of the year	211.13	176.37
Interest on defined benefit obligation	13.87	9.98
Current service cost	107.99	61.97
(Benefits paid)	(33.83)	(30.05)
Remeasurements due to :		
Actuarial loss/(gain) arising from change in demographic assumptions	-	(27.60)
Actuarial loss/(gain) arising from change in financial assumptions	1.58	(8.62)
Actuarial loss/(gain) arising on account of experience changes	31.25	29.08
Present Value of obligation at the end of the year	**331.99**	**211.13**

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

Particulars	31 March 2024	31 March 2023
Present value of the defined benefit obligation at the end of the year	331.99	211.13
Fair Value of Plan Assets at the end of the year	-	-
Funded Status (Surplus/ (Deficit)	-	-
Net liability recognised in the balance sheet	**331.99**	**211.13**

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

Particulars	31 March 2024	31 March 2023
Current Service Cost	107.99	61.97
Interest cost	13.87	9.98
Net gratuity cost recognised in the current year	**121.86**	**71.95**

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

Particulars	31 March 2024	31 March 2023
Actuarial loss / (gain) on post-employment benefit obligation	32.83	(7.14)
Total remeasurement cost / (credit) for the year recognised in OCI	**32.83**	**(7.14)**

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

Particulars	31 March 2024	31 March 2023
Net defined benefit liability/(asset) as at the beginning of the year	211.13	176.37
Expense charged to Statement of Profit and Loss	121.86	71.95
(Benefit paid)	(33.83)	(30.05)
Amount recognised in other comprehensive income	32.83	(7.14)
Net Liability/(Asset) Recognized in the Balance Sheet	**331.99**	**211.13**

vii. **Sensitivity analysis:**

Particulars	31 March 2024	31 March 2023
Impact of increase in 0.5% on rate of discounting	326.77	207.73
Impact of decrease in 0.5% on rate of discounting	337.38	214.64
Impact of increase in 0.5% on rate of salary increase	336.10	213.94
Impact of decrease in 0.5% on rate of salary increase	327.71	208.36
Impact of increase in 10% on rate of employee turnover	317.03	202.68
Impact of decrease in 10% on rate of employee turnover	348.63	220.51

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

Particulars	31 March 2024	31 March 2023
Expected benefits for year 1	74.47	42.23
Expected benefits for year 2	57.99	43.12
Expected benefits for year 3	63.62	36.95
Expected benefits for year 4	48.03	31.44
Expected benefits for year 5	49.99	28.80
Expected benefits for years 6 to 10	112.16	78.20

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

Particulars	31 March 2024	31 March 2023	31 March 2022	31 March 2021	31 March 2020
Defined benefit obligation	331.99	211.13	176.37	157.29	159.27
Plan assets	-	-	-	-	-
Surplus/ (deficit)	(331.99)	(211.13)	(176.37)	(157.29)	(159.27)
Experience adjustment of plan assets	-	-	-	-	-
Experience adjustment of plan liabilities	31.25	29.08	(2.91)	(65.56)	(6.31)

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B. Compensated absences:

Maturity Profile

Particulars	31 March 2024	31 March 2023
Present value of unfunded obligations	679.90	366.76
Expense recognised in the Statement of Profit and Loss	423.95	253.92
Discount rate (p.a.)	7.15%	7.30%
Salary escalation rate (p.a)	12.00%	12.00%

C. Provident Fund:

The Company contributes to Provident Fund towards employees which is the defined contribution plan for qualifying employees. Under this Scheme, the Company is required to contribute specified percentage of the payroll cost to fund the benefits. The Company recognised ₹ 361.22 (31 March 2023: ₹ 207.88) for provident fund contributions in the Statement of profit and loss.

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

47. **Corporate Social Responsibility Expenses**

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

Particulars	31 March 2024	31 March 2023
Amount required to be spent by the Company during the year	-	-
Amount of expenditure incurred	-	-
Transferred to CSR unspent account for ongoing projects	-	-
Shortfall at the end of the year	-	-
Total of previous years shortfall	-	-
Details of related party transactions	N.A	N.A

Nature of CSR Activities:

For Financial Year 2023-24: Not Applicable.

For Financial Year 2022-23: Not Applicable.

48. The Company does not have any outstanding loans against gold jewellery as at 31st March, 2024 (31st March, 2023: Nil).

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

ii. Regulatory capital

Particulars	31 March 2024	31 March 2023	31 March 2023*
Tier I capital	39,096.02	59,435.98	54,850.27
Tier II capital	2,282.21	-	-
Total capital	**41,378.23**	**59,435.98**	**54,850.27**
Risk weighted assets (RWA)	**1,92,433.63**	**1,65,122.88**	**1,60,614.68**
Tier I CRAR	20.32%	35.99%	34.15%
Tier II CRAR	1.18%	-	-
CRAR	**21.50%**	**35.99%**	**34.15%**

* The CRAR was reassessed by RBI during inspection.

50. Transfers of assets:

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

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

Particulars	31 March 2024	31 March 2023
Carrying amount of transferred assets measured at amortised cost (including loans placed as collateral)	42,627.51	53,697.85
Carrying amount of associated liabilities (Debt securities - measured at amortised cost)	38,917.88	48,537.32
Fair value of assets	42,627.51	53,697.85
Fair value of associated liabilities	38,917.88	48,537.32
Net position at Fair Value	3,709.63	5,160.53

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

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

52. 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 amortized cost except for market linked debentures and cash and bank balances which are measured at fair value through profit and loss.
- Fair value of Market linked debentures is derived from independent valuer. The valuation is done based on discounted cashflow method. The option portion is projected using Monte Carlo simulations and Geometric Brownian Motion is used to project the Index levels into the future. The Index levels are projected based on certain assumptions and the value of debenture is then arrived at by discounting the respective cashflows.
- The Company has determined that the carrying values of expenses payables, bank overdrafts and other current liabilities are a reasonable approximation of their fair value and hence their carrying value are deemed to be fair value.

53. **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 2024		31 March 2023	
	At Amortised cost	At FVTPL	At Amortised cost	At FVTPL
Financial assets:				
Loans	2,13,008.22	-	1,76,927.65	-
Other financial assets	60,269.46	-	50,196.24	-
Total financial assets	**2,73,277.68**	-	**2,27,123.89**	-
Financial liabilities:				
Trade Payables	745.56	-	872.82	-
Debt Securities	1,30,805.48	8,458.21	80,936.04	12,623.84
Borrowings (other than debt securities)	98,366.21	-	71,934.40	-
Subordinated Debt	5,471.12	-	2,529.89	-
Other financial liabilities	29,153.85	-	36,096.98	-
Total financial liabilities	**2,64,542.22**	**8,458.21**	**1,92,370.13**	**12,623.84**

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Fair value of financial instruments measured at amortized cost:

Particulars	Level of hierarchy	31 March 2024	31 March 2023
Financial assets:			
Loans	Level 3	2,13,008.22	1,76,927.65
Other financial assets	Level 3	60,269.46	50,196.24
Total financial assets		**2,73,277.68**	**2,27,123.89**
Financial liabilities:			
Trade Payables	Level 3	745.56	872.82
Debt Securities	Level 3	1,30,805.48	80,936.04
Borrowings (other than debt securities)	Level 3	98,366.21	71,934.40
Subordinated Debt	Level 3	5,471.12	2,529.89
Other financial liabilities	Level 3	29,153.85	36,096.98
Total financial liabilities		**2,64,542.22**	**1,92,370.13**

Fair value of financial instruments designated at FVTPL:

Particulars	Level of hierarchy	31 March 2024	31 March 2023
Financial liabilities:			
Debt Securities	Level 2	8,458.21	12,623.84

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

54. **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 to note 54 (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 continues to diversify its sources of borrowings with an emphasis on longer tenor borrowings. This strategy of balancing varied sources of funds and long tenor borrowings has helped the Company to maintain a healthy asset liability position.

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

Financial assets	31 March 2024		31 March 2023	
	Within 1 year	After 1 year	Within 1 year	After 1 year
Financial Assets				
Cash and Cash equivalents	37,119.45	-	18,062.15	-
Bank balances other than Cash and Cash equivalents	31,444.37	4,676.45	22,091.30	2,123.13
Loans	1,18,899.24	1,57,604.80	1,00,550.48	1,25,182.07
Other financial assets	44,170.36	16,099.10	36,595.12	18,586.81
Total Financial Assets	**2,31,633.43**	**1,78,380.35**	**1,77,299.05**	**1,45,892.01**
Financial Liabilities				
Debt Securities (Other than securitisation liabilities)	59,853.76	57,631.16	24,972.08	27,119.13
Securitisation liabilities	32,372.18	6,545.70	31,956.69	16,580.63
Borrowings (other than debt securities)	65,333.75	46,658.76	56,400.76	22,367.50
Subordinated Debt	1,778.90	6,904.82	359.48	2,837.50
Trade payables	745.56	-	872.82	-
Other financial liabilities	17,518.65	13,100.79	11,365.72	2,916.05
Total Financial Liabilities	**1,77,602.80**	**1,30,841.23**	**1,25,927.55**	**71,820.81**

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 2024	Within 1 year	After 1 year	Total
Assets			
Financial assets			
Cash and Cash equivalents	37,086.60	-	37,086.60
Bank balances other than Cash and Cash equivalents	30,013.06	4,191.88	34,204.94
Loans	83,690.28	1,29,317.94	2,13,008.22
Other financial assets	44,170.36	16,099.10	60,269.46
Non-financial assets			
Current tax assets (Net)	-	4,507.45	4,507.45
Deferred tax asset (Net)	-	3,593.49	3,593.49
Property, plant and equipment	-	538.06	538.06
Other Intangible assets	-	52.00	52.00
Right-of-use assets	-	2,984.28	2,984.28
Other non-financial assets	11.56	405.02	416.58
Total assets	**1,94,971.86**	**1,61,689.22**	**3,56,661.08**
Liabilities			
Financial liabilities			
Trade Payables	745.56	-	745.56
Debt Securities	83,124.16	56,139.53	1,39,263.69
Borrowings (Other than debt securities)	56,618.25	41,747.96	98,366.21
Subordinated Debt	1,036.37	4,434.75	5,471.12
Other financial liabilities	17,103.73	12,050.12	29,153.85
Non-Financial liabilities			
Provisions	200.26	811.63	1,011.89
Other non-financial liabilities	1,609.32	929.18	2,538.50
Total liabilities	**1,60,437.65**	**1,16,113.17**	**2,76,550.82**

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As at 31 March 2023	Within 1 year	After 1 year	Total
Assets			
Financial assets			
Cash and Cash equivalents	18,050.89	-	18,050.89
Bank balances other than Cash and Cash equivalents	21,912.63	1,457.86	23,370.49
Loans	72,253.81	1,04,673.84	1,76,927.65
Other financial assets	31,609.43	18,586.81	50,196.24
Non-financial assets			
Current tax assets (Net)	-	3,626.52	3,626.52
Deferred tax asset (Net)	-	4,942.45	4,942.45
Property, plant and equipment	-	254.42	254.42
Other Intangible assets	-	46.30	46.30
Right-of-use assets	-	1,598.83	1,598.83
Other non-financial assets	1,914.16	-	1,914.16
Total assets	**1,45,740.92**	**1,35,187.03**	**2,80,927.95**
Liabilities			
Financial liabilities			
Trade Payables	872.82	-	872.82
Debt Securities	53,226.81	40,333.07	93,559.88
Borrowings (Other than debt securities)	51,506.71	20,427.69	71,934.40
Subordinated Debt	30.45	2,499.44	2,529.89
Other financial liabilities	19,556.51	16,540.47	36,096.98
Non-Financial liabilities			
Provisions	109.55	468.34	577.89
Other non-financial liabilities	1,200.87	1,488.59	2,689.46
Total liabilities	**1,26,503.72**	**81,757.60**	**2,08,261.32**

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

B. Market Risk:

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

(i) Foreign currency risk

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

Foreign currency exposure risk

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

Particulars	31 March 2024		31 March 2023	
	USD	₹ in Lakhs	USD	₹ in Lakhs
Expenses payable	998.00	0.83	1,739.00	1.43

Foreign currency sensitivity

Foreign current rate	Impact on profit before tax	
	31 March 2024	31 March 2023
Foreign currency exposure risk		
Increase by 5%	0.04	0.07
Decrease by 5%	(0.04)	(0.07)

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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 2024	31 March 2023
Debt Securities (variable)	14,901.89	12,623.84
Debt Securities (fixed)	1,24,361.80	80,936.04
Borrowings (other than debt securities) (variable)	60,397.32	45,876.76
Borrowings (other than debt securities) (fixed)	37,968.89	26,057.64
Subordinated debts (fixed)	5,471.12	2,529.89
Total Borrowings	**2,43,101.02**	**1,68,024.17**

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 2024	31 March 2023
Debt securities, Borrowings (other than debt securities) & subordinate debt		
Increase by 50 basis points	(376.50)	(292.50)
Decrease by 50 basis points	376.50	292.50

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, 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:

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- **Probability of Default (PD)**
  The Company's operates with its internal rating models in which its customers are rated from "A" to "E" using internal grades. The models incorporate both qualitative and quantitative information and, in addition to information specific to the borrower, utilises supplemental external information that could affect the borrower's behaviour.

  The risk segmentation has been based on the behaviour model risk buckets. Behaviour model is scored at regular intervals, and incorporate borrower's updated credit information report, repayment performance & initial risk rating, to assess the future risk of going default. PDs are then adjusted for Ind AS 109 ECL calculations to incorporate forward looking information and the Ind AS 109 Stage classification of the exposure.

  Stage 1: based on internal behaviour model (12 months' probability of default)
  Stage 2: based on days past due (lifetime probability of default)
  Stage 3: 100%

- **Exposure at Default (EAD)**
  The exposure at default represents the outstanding and interest accrued of the financial instruments subject to the impairment calculation.

- **Loss given Default (LGD)**
  LGD values are assessed based on key characteristics that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data.

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

Particulars	31 March 2024				31 March 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance of gross carrying amount	1,73,333.13	4,983.51	4,752.35	1,83,068.99	1,83,208.83	10,132.47	7,836.49	2,01,177.79
Transfers during the year								
Transfers to Stage 1	116.68	(96.45)	(20.23)	-	372.45	(231.29)	(141.16)	-
Transfers to Stage 2	(3,619.72)	3,619.72	-	-	(3,958.10)	4,018.78	(60.68)	-
Transfers to Stage 3	(14,592.54)	(2,733.64)	17,326.18	-	(10,648.22)	(3,097.27)	13,745.49	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-	-	-	-	-
Changes in opening credit exposures (additional disbursement net of repayments)	(89,065.11)	(2,925.11)	(9,485.84)	(1,01,476.06)	(1,01,873.98)	(7,040.14)	(10,619.56)	(1,19,533.68)
New credit exposures during the year, net of repayments	1,41,386.16	2,195.76	2,438.62	1,46,020.54	1,06,232.15	1,200.96	1,499.79	1,08,932.90
Amounts written off	-	-	(8,661.35)	(8,661.35)	-	-	(7,508.02)	(7,508.02)
Closing balance of gross carrying amount	**2,07,558.60**	**5,043.79**	**6,349.73**	**2,18,952.12**	**1,73,333.13**	**4,983.51**	**4,752.35**	**1,83,068.99**

* Number of loans in Stage -3 for the year ended 31 March 2024 is 3,636 (31 March 2023: 2,342)

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Particulars	31 March 2024				31 March 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance of ECL allowance	3,067.21	969.66	2,104.47	6,141.34	3,880.92	1,071.52	4,632.45	9,584.89
Transfers during the year								
Transfers to Stage 1	14.54	(9.36)	(5.18)	-	63.69	(42.06)	(21.63)	-
Transfers to Stage 2	(83.18)	83.18	-	-	(94.65)	99.12	(4.47)	-
Transfers to Stage 3	(391.64)	(670.89)	1,062.53	-	(238.30)	(683.07)	921.37	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-	-	-	-	-
Changes in opening credit exposures (additional disbursement net of repayments)	(1,541.39)	109.40	6,354.84	4,922.85	(2,092.58)	260.57	3,228.66	1,396.65
New credit exposures during the year, net of repayments	1,888.48	381.37	1,271.21	3,541.06	1,548.13	263.58	856.11	2,667.82
Amounts written off	-	-	(8,661.35)	(8,661.35)	-	-	(7,508.02)	(7,508.02)
Closing balance of ECL allowance	2,954.02	863.36	2,126.52	5,943.90	3,067.21	969.66	2,104.47	6,141.34

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 2024:

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	2,07,558.60	5,043.79	6,349.73	2,18,952.12
Allowance for ECL	2,954.02	863.36	2,126.52	5,943.90
ECL Coverage ratio	1.42%	17.12%	33.49%	2.71%

As at 31 March 2023:

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	1,73,333.13	4,983.51	4,752.35	1,83,068.99
Allowance for ECL	3,067.21	969.66	2,104.47	6,141.34
ECL Coverage ratio	1.77%	19.46%	44.28%	3.35%

The company is a registered Member Lending Institute with Credit Guarantee Fund for Micro Units and has claimed benefit in ECL of ₹ 4,987.59 as at 31 March 2024. (31 March 2023: ₹ 3,114.65). The ECL Coverage calculated above is after considering the said benefit.

Measurement uncertainty and sensitivity analysis of ECL estimates:
Expected credit loss impairment loss allowances recognised in the financial statements reflect the effect of a range of possible economic outcomes, calculated on a probability-weighted basis. The recognition and measurement of ECL involves the use of estimation. It is necessary to formulate multiple forward looking economic forecasts and its impact as an integral part of ECL model.

To secure its eligible pool, Company takes guarantee cover for its portfolio under Credit Guarantee Fund Scheme for Micro Units (CGFMU) and Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE). As on 31 March 2024, outstanding amount of ₹ 1,61,957.48 (loan assets) is covered under this scheme (31 March 2023: ₹ 1,22,900.39). The Company has paid Sovereign guarantee fees against the same of ₹ 4,023.61 (31 March 2023: ₹ 1,775.91) which is presented under Note 31 Other expenses. This has helped the Company to offset ₹ 7,295.60 worth of credit losses (31 March 2023: ₹ 5,900.83).

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(₹ in Lakhs unless otherwise stated)

ECL sensitivity to future economic conditions

ECL coverage of financial instruments under forecast economic conditions:

Particulars	31 March 2024	31 March 2023
Gross carrying amount of loans	2,18,952.12	1,83,068.99
Reported ECL	5,943.90	6,141.34
Reported ECL coverage	2.71%	3.35%
ECL amounts for alternate scenario		
Downside scenario (10%)	6,538.29	6,755.47
Upside scenario (10%)	5,349.51	5,527.21
ECL coverage ratios by scenario		
Downside scenario (10%)	2.99%	3.69%
Upside scenario (10%)	2.44%	3.02%

55. **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.

56. The Company has complied with the Rule 3 of Companies (Accounts) Rules, 2014 amended on August 05, 2023 relating to maintenance of electronic books of account and other relevant books and papers. The Company's books of account and relevant books and papers are accessible in India at all times and backup of accounts and other relevant books and papers are maintained in electronic mode within India and kept in servers physically located in India on daily basis. The Company uses only such accounting software for maintaining its books of account that have a feature of recording audit trail of each and every transaction creating an edit log of each change made in the books of account along with the date when such changes were made within such accounting software. This feature of recording audit trail has operated throughout the year, except that, in respect of one accounting software, the audit trail (edit log) facility was enabled during the second half of April 2023 and in respect of another software, audit trail feature is not enabled for changes made using privileged / administrative access rights. Further, there was no instance of audit trail feature being tampered with, during the period for which it was enabled. The Company has established and maintained an adequate internal control framework and based on its assessment, believes that this was effective as of March 31, 2024.

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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:

Particulars	31 March 2024	31 March 2023
Restructured Accounts as on April 01 of the FY (opening figures) (A)	1,240.01	6,398.08
Of (A) above, aggregate debt that slipped into NPA during the year	56.00	195.05
Of (A) amount written off during the year	282.34	3,078.78
Of (A) amount paid by the borrowers during the year ended	747.76	2,067.32
Restructured Accounts as on March 31 of the FY (closing figures)	153.91	1,240.01

58. Change in liabilities arising from financing activities

Particulars	As on 1st April, 2024	Cash Flows	Others	As on 31st March, 2024
Lease Liabilities	2,100.06	-730.94	1,958.85	3,327.97
Debt Securities	93,559.88	47,484.80	-1,780.99	1,39,263.69
Borrowings (Other than debt securities)	71,934.40	26,974.83	-543.02	98,366.21
Subordinate Debt	2,529.89	3,000.00	-58.77	5,471.12
Total liabilities from Financing Activities	**1,70,124.23**	**76,728.69**	**-423.93**	**2,46,428.99**

Particulars	As on 1st April, 2023	Cash Flows	Others *	As on 31st March, 2023
Lease Liabilities	2,339.57	-564.22	324.71	2,100.06
Debt Securities	1,20,026.19	-26769.04	302.73	93,559.88
Borrowings (Other than debt securities)	57,114.59	15098.18	-278.37	71,934.40
Subordinate Debt	2,529.50	-	0.39	2,529.89
Total liabilities from Financing Activities	**1,82,009.85**	**-12,235.08**	**349.46**	**1,70,124.23**

*Includes discount on commercial papers amortized during the year, adjustment for effective interest rate and adjustment on account of lease creation/ modification/ termination.

59. 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 2024: (Excluding transactions entered with respect to circular - RBI/2020-21/63 FIDD.CO.Plan. BC.No.8/ 04.09.01/2020-21).

Particulars	31 March 2024	31 March 2023
Amount of loans transferred through assignment	22,711.82	13,976.58
Retention of beneficial economic interest	10.00%	18.00%
Weighted average residual maturity (in months)	25.42	24.76
Weighted average holding period (in months)	7.90	9.85
Coverage of tangible security coverage	NA	N.A
Rating-wise distribution of rated loans	Unrated	Unrated

(b) The Company has not acquired loans through assignment during the financial year ended 31 March 2024 and during the previous year ended 31 March 2023.

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(c) Details of NPA loans transferred to ARCs during the year ended 31 March, 2024:

Particulars	31 March 2024	31 March 2023
No. of accounts	12,984	-
Aggregate principal outstanding of loans transferred	35,563	-
Weighted average residual tenor of the loans transferred (in months)	0.31	-
Net book value of loans transferred (at the time of transfer)	-	-
Aggregate consideration	3,360	-
Additional consideration realized in respect of accounts transferred in earlier years.	-	-
Excess provision reversed in profit & loss on account of sale of stressed loan	504	-
Investments in Security Receipts (SR)*	2,856	-

*SRs currently not rated, to be rated within timelines as per RBI guidelines.

60. Disclosure as applicable as per RBI Master Direction RBI/Dor/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24, updated as on 21st March,2024 as amended from time to time:

A. Capital Risk Asset Ratio

Sr. No.	Particulars	31 March 2024	31 March 2023	31 March 2023*
(a)	Capital Risk Asset Ratio (%)	21.50%	35.99%	34.15%
(b)	Capital Risk Asset Ratio (%) - Tier I Capital (%)	20.32%	35.99%	34.15%
(c)	Capital Risk Asset Ratio (%) - Tier II Capital (%)	1.18%	0.00%	0.00%
(d)	Amount of subordinated debt raised as Tier-II capital (Raised during the year ₹ 3,000 lakhs, previous year ₹ Nil)	5,500.00	2,500.00	2,500.00

* The CRAR was reassessed by RBI during inspection.

Details of investments

Particulars	31 March 2024	31 March 2023
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		

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Particulars	31 March 2024	31 March 2023
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)		

B. 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 2024	31 March 2023
1	No. of SPVs sponsored by the NBFC for securitisation transactions	22	24
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	44,933.53	54,801.87
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	8,876.05	11,837.95
	Others		
	b. On balance sheet exposure		
	First Loss	3,286.22	3,639.62
	Others (Overcollateralization)	5,074.58	7,022.70
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	90,535.72	1,09,395.55
6	Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc.	-	-

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Sr. No.	Particulars	31 March 2024	31 March 2023
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	NIL	NIL
	(b) Repayment received	NIL	NIL
	(c) Outstanding amount (in the form of Credit enhancement)		
	(I) Corporate Guarantee	8,876.05	11,837.95
	(II) Fixed Deposits	3,286.22	3,639.62
	(III) Others	5,074.58	7,022.7
8	Average default rate of portfolios observed in the past. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans etc.	2.90%	2.60%
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).

C. Disclosure for direct assignment

Details of assignment transactions undertaken by the Company during the year

Particulars	31 March 2024	31 March 2023
No. of accounts	4,462	2,467
Aggregate value (net of provisions) of accounts sold	22,711.82	13,976.58
Aggregate consideration	22,711.82	13,976.58
Additional consideration realised in respect of accounts transferred in earlier years	-	-
Aggregate gain / loss over net book value	-	-

D. Maturity pattern of certain items of assets and liabilities

Particulars	31 March 2024		
	Advances	Investments	Borrowings
0 day to 7 days	8,759.19	-	1,594.30
8 day to 14 days	1,768.29	-	1,381.86
15 days to 1 month	1,600.34	-	7,016.72
Over 1 month to 2 months	6,883.37	-	8,066.35
Over 2 months to 3 months	6,921.14	-	11,859.00
Over 3 months to 6 months	20,835.79	-	41,293.29
Over 6 months to 1 year	40,299.34	-	69,567.25
Over 1 year to 3 years	1,24,277.67	-	90,739.26
Over 3 years to 5 years	5,465.38	-	8,648.23
Over 5 years	15.09	-	2,934.76
Total	2,16,825.60	-	2,43,101.02

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

- Free cash and bank balances of ₹ 40,730.87
- Fixed deposits pledged against the above borrowings of ₹ 12,932.79
- Sanction lines available for utilization of ₹ 19,315.29

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(₹ in Lakhs unless otherwise stated)

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

E. **Exposures**

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

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

(c) **Intra Group Exposure**
The Company has no intra group exposure in the current and previous year.

(d) **Sectoral exposure**

Sectors	2023-24			2022-23		
	Total Exposure	Gross NPAs	GNPA %	Total Exposure	Gross NPAs	GNPA %
1. Agriculture and Allied Activities	-	-	-	-	-	-
2. Industry						
Textiles	28,320.83	965.57	3.41%	26,491.80	726.42	2.74%
Vehicles, Vehicle Parts & Transport Equipment	10,583.18	227.49	2.15%	9,687.58	265.30	2.74%
All Engineering	26,912.89	809.52	3.01%	25,618.90	487.90	1.90%
Other Industries	97,564.12	3,123.81	3.20%	83,950.25	2,262.41	2.69%
Total of Industry	**1,63,381.02**	**5,126.39**	**3.14%**	**1,45,748.53**	**3,742.03**	**2.57%**
3. Services						
Logistics	5,862.69	149.07	2.54%	4,705.70	109.49	2.33%
Manpower Services	5,443.35	126.60	2.33%	4,977.55	156.18	3.14%
Software Services	1,928.41	50.65	2.63%	1,596.32	13.96	0.87%
Other Service Activities	29,437.10	823.96	2.79%	26,040.89	730.69	2.81%
Total of Services	**42,671.55**	**1,150.28**	**2.70%**	**37,320.46**	**1,010.32**	**2.71%**
4. Personal Loans	**12,899.55**	**73.06**	**0.57%**	-	-	-
5. Others (please specify)	-	-	-	-	-	-
Total	**2,18,952.12**	**6,349.73**	**2.90%**	**1,83,068.99**	**4,752.35**	**2.60%**

(₹ in Lakhs unless otherwise stated)

F. 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**.

G. No penalties imposed on the Company by the Reserve Bank of India or any other regulator during the year ended 31 March 2024 (31 March 2023: NIL).

H. 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	As at 31st March, 2024	As at 31st March, 2023
Line of Credit/ Bank lines	ICRA BBB+(Positive)/ICRA A2 IVR BBB+/ Negative	[ICRA]BBB+(Stable) / [ICRA]A2 IVR BBB+ / Stable / IVR A2
Non-Convertible Debentures/ CP	ICRA BBB+(Positive) IVR BBB+/ Negative IND PP-MLD BBB+ / Stable IND BBB+/Stable IND A2 (Short term rating for CP) CRISIL PPMLD BBB+/Positive (Withdrawn)	[ICRA]BBB+(Stable) IND PP-MLD BBB+/Stable IND BBB+/Stable/IND A2 CRISIL PP-MLD BBB+/Stable

I. 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 2024	31 March 2023
Provision on Loans	(197.44)	(3,011.63)
Write offs (including restructured write-offs in previous year)	8,661.35	7,508.02
Impairment of other financial assets	17,167.58	6,712.95

* Net of CGTMSE and CGFMU benefit.

J. Concentration of Deposits, Advances, Exposures and NPAs

i. Concentration of Deposits – NA

ii. Concentration of Advances

Particulars	31 March 2024	31 March 2023
Total Advances to twenty largest borrowers	1,022.37	1,055.71
Percentage of Advances to twenty largest borrowers to Total Advances of the applicable NBFC	0.48%	0.59%

iii. Concentration of Exposures

Particulars	31 March 2024	31 March 2023
Total Exposure to twenty largest borrowers	1,039.27	1,064.76
Percentage of Exposure to twenty largest borrowers to Total Advances of the applicable NBFC	0.47%	0.58%

iv. Concentration of NPAs

Particulars	31 March 2024	31 March 2023
Total Exposure to top four NPA accounts	135.60	96.37

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(₹ in Lakhs unless otherwise stated)

K. Sector-wise NPAs

Sr. No.	Sector	Percentage of NPAs to Total Advances in that sector	
		31 March 2024	31 March 2023
1	Agriculture & allied activities	-	-
2	MSME*	3.05%	2.60%
3	Corporate borrowers	-	-
4	Services	-	-
5	Unsecured personal loans	0.57%	-
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.

L. Movement of NPAs*

Sr. No.	Particulars	31 March 2024	31 March 2023
I	**Net NPAs to net advances (%)****	1.95%	1.46%
ii	**Movement of NPAs (Gross)**		
	i) Opening balance	4,752.35	7,836.49
	ii) Additions during the year	19,531.66	14,191.99
	iii) Reductions during the year	17,934.28	17,276.13
	iv) Closing balance	6,349.73	4,752.35
iii	**Movement of net NPAs**		
	i) Opening balance	2,647.88	3,204.04
	ii) Additions during the year	12,916.55	8,320.38
	iii) Reductions during the year	11,341.21	8,876.54
	iv) Closing balance	4,223.22	2,647.88
iv	**Movement of provisions for NPAs (excluding provision on standard assets)**		
	i) Opening balance	2,104.47	4,632.45
	ii) Provisions made during the year	6,615.12	5,871.61
	iii) Write-off/Write-back	6,593.07	8,399.59
	iv) Closing balance	2,126.52	2,104.47

* represents stage-3 loans

**Net NPA of 1.95% is after considering the benefit accruing to the company from Sovereign guarantee Schemes (CGFMU and CGTMSE). The benefit of these schemes is 0.83% and the Net NPA without considering the benefits stands at 1.12%.

M. Classification and provisions for loan portfolio

Asset classification	31 March 2024	31 March 2023
Loan outstanding		
Standard assets (Stage-1 and Stage-2)	2,12,602.39	1,78,316.64
Non-performing assets (Stage-3)	6,349.73	4,752.35
Loss assets	-	-
Less: Provision		
Standard assets (Stage-1 and Stage-2)	3,817.38	4,023.99
Non-performing assets (Stage-3)	2,126.52	2,104.47
Loss assets	-	-
Loan outstanding (net)		
Standard assets (Stage-1 and Stage-2)	2,08,785.00	1,74,292.65
Non-performing assets (Stage-3)	4,223.22	2,647.88
Loss assets	-	-

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(₹ in Lakhs unless otherwise stated)

N. Customer Complaints

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

Sr. No.		Particulars	31 March 2024	31 March 2023
	Complaints received by the NBFC from its customers			
1		Number of complaints pending at beginning of the year	324	-
2		Number of complaints received during the year	14,112	14,503
3		Number of complaints disposed during the year	14,424	14,179
	3.1	Of which, number of complaints rejected by the NBFC	-	-
4		Number of complaints pending at the end of the year	12	324
	Maintainable complaints received by the NBFC from Office of Ombudsman			
5		Number of maintainable complaints received by the NBFC from Office of Ombudsman	109	152
	5.1	Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	106	151
	5.2	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	-	-
	5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	1	1
6		Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

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

Grounds of complaints, (i.e. complaints relating to)*	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
31 March 2024					
Ground – 1	-	5	100%	-	-
Ground – 2	261	5365	(40.26%)	1	-
Ground – 3	-	0	NA	-	-
Ground – 4	15	939	66.79%	6	-
Ground – 5	48	7803	57.35%	5	1
Total	324	14,112		12	1
31 March 2023					
Ground – 1	-	-	-	-	-
Ground – 2	-	8981	-	261	-
Ground – 3	-	-	-	-	-
Ground – 4	-	563	-	15	-
Ground – 5	-	4959	-	48	-
Total	-	14,503		324	-

*Ground of Complaints is as follows:

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

O. Disclosure On Frauds

The frauds detected and reported for the year amounted to ₹ 220.75 (Previous year ₹ 104.62).

P. Derivatives

a) Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

Sr No.	Particulars	March 31, 2024	March 31, 2023
i)	The notional principal of swap agreements	8,315.50	-
ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreement	-	-
iii)	Collateral required by the Company upon entering into swaps	-	-
iv)	Concentration of credit risk arising from the swaps	-	-
v)	The fair value of the swap book (Asset / (Liability))	-	-

b) Exchange Traded Interest Rate (IR) Derivatives

The Company has not entered into any exchange traded derivative.

c) Disclosures on Risk Exposure in Derivatives

Qualitative Disclosures

i. The Company undertakes the derivatives transaction to prudently hedge the risk in context of a particular borrowing or to diversify sources of borrowing and to maintain fixed and floating borrowing mix. The Company does not indulge into any derivative trading transactions. The Company reviews, the proposed transaction and outline any considerations associated with the transaction, including identification of the benefits and potential risks (worst case scenarios); an independent analysis of potential savings from the proposed transaction. The Company evaluates all the risks inherent in the transaction viz., counter party risk, Market Risk, Operational Risk, basis risk etc.

ii. Credit risk is controlled by restricting the counterparties that the Company deals with, to those who either have banking relationship with the Company or are internationally renowned or can provide sufficient information. Market/ Price risk arising from the fluctuations of interest rates and foreign exchange rates or from other factors shall be closely monitored and controlled. Normally transaction entered for hedging, will run over the life of the underlying instrument, irrespective of profit or loss. Liquidity risk is controlled by restricting counterparties to those who have adequate facility, sufficient information, and sisable trading capacity and capability to enter into transactions in any markets around the world.

iii. The respective functions of trading, confirmation and settlement should be performed by different personnel. The front office and back-office role is well defined and segregated. All the derivatives transactions is quarterly monitored and reviewed. All the derivative transactions have to be reported to the board of directors on every quarterly board meetings including their financial positions.

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Quantitative Disclosures

d) Foreign currency non-repatriate loans availed

Sr No.	Particulars	March 31, 2024		March 31, 2023	
		Currency Derivatives*	Interest Rate Derivatives	Currency Derivatives*	Interest Rate Derivatives
i)	Derivatives (Notional Principal Amount)	-	-	-	-
	- For hedging	8,315.50	-	-	-
ii)	Marked to Market Positions	-	-	-	-
	(a) Asset [+] Estimated gain	-	-	-	-
	(b) Liability [-] Estimated loss	-	-	-	-
iii)	Credit exposure	-	-	-	-
iv)	Unhedged exposures	-	-	-	-

* Cross currency interest rate swap

Q. Unhedged foreign currency exposure

The Company is having NIL Unhedged foreign currency exposure as at 31 March 2024 and 31 March 2023.

R. Details of Single borrower limits (SBL)/ Group borrower limits (GBL) exceeded

The Company has not exceeded the single borrower limits / group borrower limits as set as by Reserve Bank of India.

S. Advances against Intangible securities

The Company has not given any loans against intangible securities.

T. Draw down from reserves

The Company has made no drawdown from existing reserves.

U. Details of financing of parent company products

There is no financing during the current year.

V. Divergence in Asset Classification and Provisioning

a) The additional provisioning requirements assessed by the Reserve Bank exceeds 5 percent of the reported profits before tax and impairment loss on financial instruments for the reference period – **NIL**

b) The additional Gross NPAs identified by the Reserve Bank exceeds 5 percent of the reported Gross NPAs for the reference period.

Sr.	Particulars	March 31, 2024	March 31, 2023
1.	Gross NPAs as on March 31, as reported by the NBFC	NIL	NA
2.	Gross NPAs as on March 31, as assessed by the Reserve Bank		
3.	Divergence in Gross NPAs (2-1)		
4.	Net NPAs as on March 31, as reported by the NBFC		
5.	Net NPAs as on March 31, as assessed by the Reserve Bank		
6.	Divergence in Net NPAs (5-4)		
7.	Provisions for NPAs as on March 31, as reported by the NBFC		
8.	Provisions for NPAs as on March 31, as assessed by the Reserve Bank		
9.	Divergence in provisioning (8-7)		
10.	Reported Profit before tax and impairment loss on financial instruments for the year ended March 31,		
11.	Reported Net Profit after Tax (PAT) for the year ended March 31,		
12.	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, after considering the divergence in provisioning		

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W. **Schedule to the balance sheet of a Non-Banking Financial company**

Sr. No.	Particulars	March 31, 2024	March 31, 2023
	Liabilities Side		
1.	**Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:**		
	(a) Debentures		
	Secured*	90,072.43	43,056.61
	Unsecured*	4,938.98	-
	(other than falling within the meaning of public deposits)		
	(b) Deferred Credits	-	-
	(c) Term Loans*	91,944.44	67,727.91
	(d) Inter-corporate loans and borrowing*	9,992.75	
	(e) Commercial Paper*	5,334.41	1,965.95
	(f) Public Deposits	-	-
	(g) Other Loans (specify nature) *	40,818.01	55,273.70
	* There is no overdue		
2.	**Break-up of (1) (f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):**		
	(a) In the form of Unsecured debentures	-	-
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
	(c) Other public deposits	-	-
	Assets side		
3.	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:**		
	(a) Secured	-	-
	(b) Unsecured	2,13,008.22	1,76,927.65
4.	**Break up of Leased Assets and stock on Hire and other assets counting towards asset financing activities.**		
	(i) Lease assets including lease rentals under sundry debtors:		
	(a) Financial lease	-	-
	(b) Operating lease	-	-
	(ii) Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire	-	-
	(b) Repossessed Assets	-	-
	(iii) Other loans counting towards asset financing activities		
	(a) Loans where assets have been repossessed	-	-
	(b) Loans other than (a) above	-	-
5.	**Break-up of Investments**		
	Current Investments		
	I. Quoted		
	(i) Shares		
	(a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-
	II. Unquoted		

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Notes forming part of financial statements for the year ended 31 March 2024

(₹ in Lakhs unless otherwise stated)

Sr. No.	Particulars	March 31, 2024	March 31, 2023
	(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:		
	I. Quoted		
	(i) Shares		
	(a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-
	II. Unquoted		
	(i) Shares		
	(a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-
6.	**Borrower group-wise classification of assets financed as in (3) and (4) above: Please see Note 2 below**		
	1. Related Parties		
	(a) Subsidiaries		
	(i) Secured	-	-
	(ii) Unsecured	-	-
	Total	-	-
	(b) Companies in the same group		
	(i) Secured	-	-
	(ii) Unsecured	-	-
	Total	-	-
	(c) Other related parties		
	(i) Secured	-	-
	(ii) Unsecured	-	-
	Total	-	-
	2. Other than Related Parties		
	(i) Secured	-	-
	(ii) Unsecured	2,13,008.22	1,76,927.65
	Total	2,13,008.22	1,76,927.65
7.	**Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): Please see Note 3 below**		
	1. Related Parties		
	(a) Subsidiaries		
	i. Market Value / Break up or fair value or NAV	-	-
	ii. Book Value (Net of Provisions)	-	-
	(b) Companies in the same group		
	i. Market Value / Break up or fair value or NAV	-	-

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Sr. No.	Particulars	March 31, 2024	March 31, 2023
	ii. Book Value (Net of Provisions)	-	-
	(c) Other related parties		
	i. Market Value / Break up or fair value or NAV	-	-
	ii. Book Value (Net of Provisions)	-	-
	2. Other than Related Parties		
	i. Market Value / Break up or fair value or NAV	-	-
	ii. Book Value (Net of Provisions)	-	-
8.	**Other Information**		
	(i) Gross Non-Performing Assets		
	(a) Related parties	-	-
	(b) Other than related parties	6,349.73	4,752.35
	(ii) Net Non-Performing Assets		
	(a) Related parties	-	-
	(b) Other than related parties	4,223.21	2,647.88
	(iii) Assets acquired in satisfaction of debt	-	-

X. Disclosure for liquidity coverage ratio as per RBI Master Direction RBI/Dor/2023-24/106 DoR.FIN.REC. No.45/03.10.119/2023-24, updated as on 21st March,2024 as amended from time to time is not applicable as the asset size of the company is less than ₹ 5,00,000 Lakhs.

61. Liquidity Risk Disclosures

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

Particulars	31 March 2024
Number of significant counter parties*	31.00
Amount	2,09,517.38
Percentage of funding concentration to total deposits	N.A
Percentage of funding concentration to total liabilities	75.76%

* 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 2024
Total amount of top 10 borrowings	1,16,269.98
Percentage of amount of top 10 borrowings to total borrowings	47.83%

IV. Funding Concentration based on significant instrument/product*

Particulars	31 March 2024	Percentage of total liabilities
Debt Securities	1,00,345.81	36.28%
Term loans and WCDL	96,466.07	34.88%
Securitisation liabilities	38,917.88	14.07%
CC/OD	1,900.14	0.69%
Sub-debt	5,471.12	1.98%

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

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(₹ in Lakhs unless otherwise stated)

V. Stock ratio:

Sr. No.	Stock ratio	Percentage
1	Commercial papers as a % of total liabilities	1.93%
2	Commercial papers as a % of total assets	1.50%
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	59.04%
6	Other short-term liabilities as a % of total assets	45.78%

VI. Institutional set-up for Liquidity Risk Management
Refer Note-54(A) of financial statements.

62. 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	2,07,558.60	2,954.02	2,04,604.58	836.55	2,117.47
	Stage 2	5,043.79	863.36	4,180.43	21.55	841.81
Subtotal		**2,12,602.39**	**3,817.38**	**2,08,785.00**	**858.10**	**2,959.28**
Non-performing Assets (NPA)						
Substandard	Stage 3	6,334.64	2,111.43	4,223.22	1,266.93	844.50
Doubtful - up to 1 year						
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 Years	Stage 3	15.09	15.09	-	15.09	-
Subtotal of Doubtful	Stage 3	15.09	15.09	-	15.09	-
Loss	Stage 3	-	-	-	-	-
Subtotal of NPA		**6,349.73**	**2,126.52**	**4,223.22**	**1,282.02**	**844.50**
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	2,07,558.60	2,954.02	2,04,604.58	836.55	2,117.47
	Stage 2	5,043.79	863.36	4,180.43	21.55	841.81
	Stage 3	6,349.73	2,126.52	4,223.21	1,282.02	844.50
	Total	2,18,952.12	5,943.90	2,13,008.22	2,140.12	3,803.78

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(₹ in Lakhs unless otherwise stated)

63. In April 2024, the Company has acquired the business of Upwards Capital Private Limited through slump sale for an aggregate cash consideration of Rs. 7.16 crores. The effect of this acquisition shall be given in the books of account during the year ending March 31, 2025.

64. During the year ended 31st March 2024 (31st March 2023 – Nil) the company has not declared dividend.

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

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

Janak Mehta
Partner
Membership No. 116976

Place: Mumbai
Date: 09 May 2024

BATLIBOI & PUROHIT * CHARTERED ACCOUNTANTS * Mumbai

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

Harshvardhan Lunia
Chairman and Managing Director
DIN No. 01189114

Gaurav Singhania
Chief Financial Officer
Membership No. 503678

Place: Mumbai
Date: 09 May 2024

Darshil Shah
Company Secretary
Membership No. A55488

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