Annual Report 2021-22

NEOGROWTH
Lending simplified. Growth amplified.

SIMPLE • DIGITAL • POWERFUL

CONTENTS

HIGHLIGHTS FY 2021–22

₹1,559 Crore
AUM as of March 31, 2022

₹370 Crore
Net worth as of March 2022

₹1,412 Crore
Amount Disbursed

₹7-8 Lakh
Average loan ticket size

₹363 Crore
Revenue

SIMPLE. DIGITAL. POWERFUL.

We are navigating an ever evolving and dynamic post-pandemic world, where intriguing challenges are resulting in unique solutions, every day. As we continue to make way for the Next Normal, the power of digital will remain our steadfast companion, steering our journey by simplifying lending.

Over the past two years, we have been on a quest to safeguard the MSME sector from economic instabilities. With our highly customised and easily accessible offerings, we are paving the way for our customers to unlock their full potential and charge towards their dreams and ambitions with vigour and vitality.

Our **SIMPLE** approach ensures a seamless credit journey for our customers, with easy onboarding, real-time underwriting, quick online disbursals, and hassle-free collections. We adopted this philosophy of simplicity, not just to elevate customer experience but have embedded it across the business value chain at NeoGrowth.

Our end-to-end, integrated platforms are built with cutting-edge technology and analytics to offer a smooth **DIGITAL** experience not only to our customers but to all those who partner with us. We automated our credit decisioning process leveraging data-backed models. Our fully digital loan journey makes the loan process easy for our customers.

With the support of our stakeholders, partners, investors, customers, and employees, we have evolved into a truly **POWERFUL** organisation. Now with our suite of secured Plus loan offerings, we are able to serve diversified needs of MSME customers. Our scalable business proposition creates a strong positive impact by making credit available to underfinanced and unfinanced MSME customers, who are the drivers of our economy.

As we continue to scale new heights and embrace the future with agility, we hope to create new avenues of growth, for all our stakeholders.

ABOUT NEOGROWTH

DIGITISING LENDING SOLUTIONS FOR MSMEs

NeoGrowth Credit Private Limited (NeoGrowth) is a new-age, digital lender focusing on Micro, Small and Medium Enterprises (MSMEs). These enterprises represent the growth engine of the Indian economy. We are a Systemically Important, Non-Deposit taking Non-Banking Financial Company (NBFC-ND-SI).

We offer a wide range of products tailored to the dynamic needs of small businesses. We have served and engaged with 1,00,000+ businesses and supported them in their growth ambitions. We grew at a 9-year CAGR (2013-2022) of 140% to ₹1,559 Crore Asset Under Management (AUM). With innovation at the forefront, we have consistently served our customers with curated products and seamless processes, offering them several benefits and accelerating their growth.

Our digital payments-based lending, modular product suite, analytics-based underwriting, and flexible repayment options are the key attributes that led to our emergence as a leading player in the digital lending space. Our proprietary lending model assists in identifying the credit worthiness of small businesses and helps our customers in unlocking their true potential. Founded by industry veterans, our Board of Directors comprises experts, who guide the leadership team towards our strategic goals.

Mission

To fund small businesses by leveraging the digital ecosystem. Our financing not only helps our clients grow but also creates a positive social impact.

Core values

NeoGrowth is driven by strong core value which are part of our DNA. All our products, processes and services encompass these values. This provides us a competitive edge.

Accountability

Goes hand in hand with empowerment and brings in a sense of ownership in all that we do

Customer Focus

All our actions need to have a positive impact on the customer

Innovation

We are a new-age financial services company and innovation is in our DNA

Key strengths

Unique lending model

Digital payments-based lending and omnichannel route to market

Digital-led platform

Flow-based underwriting model leveraging data science and analytics

Extensive product suite

Collateral-free and secured loan products for diversified need of our customers

Innovative solutions

Addressing the financial needs of businesses through loans, and non-financial needs through our digital-led platform

Integrated digital processes

Technology-driven underwriting, use of artificial intelligence, machine learning, and advanced analytics to integrate all processes digitally

Prudent risk management

Sound liquidity and risk management through pragmantic portfolio management, robust collections framework and proactive mitigation measures supported by data science

Marquee investors supporting our vision

OMIDYAR NETWORK

lightrock

khosla impact

QUONA CAPITAL

IIFL ASSET MANAGEMENT

LEAPFROG INVESTMENTS

NeoGrowth in Numbers

1 Lakh+
Customers engaged

20,000+
Live borrowers

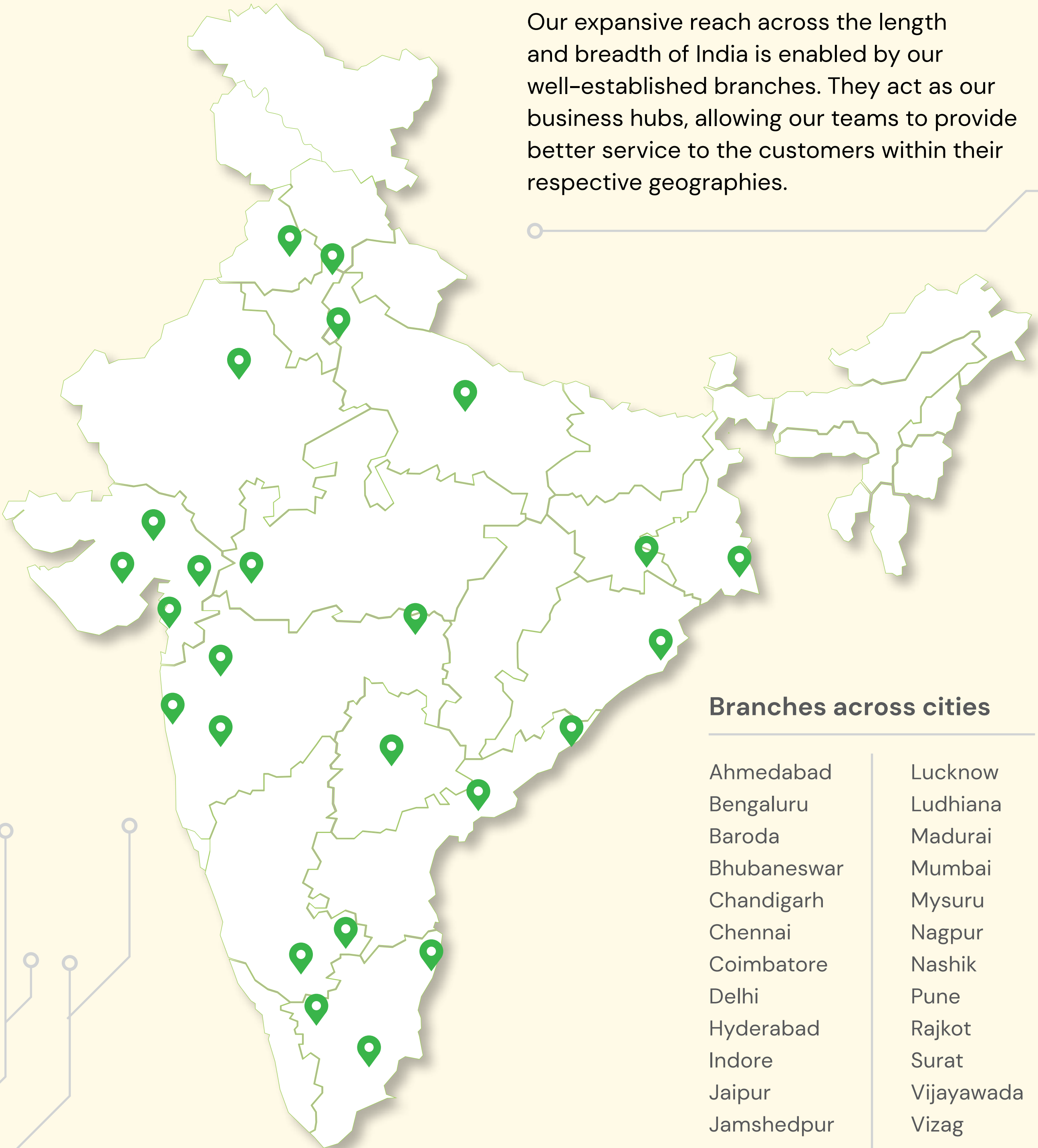
2,000+
Channel partners

25
Locations

15
States and Union Territories

PRESENCE

ACCELERATED GROWTH ACROSS INDIA



Our expansive reach across the length and breadth of India is enabled by our well-established branches. They act as our business hubs, allowing our teams to provide better service to the customers within their respective geographies.

Branches across cities

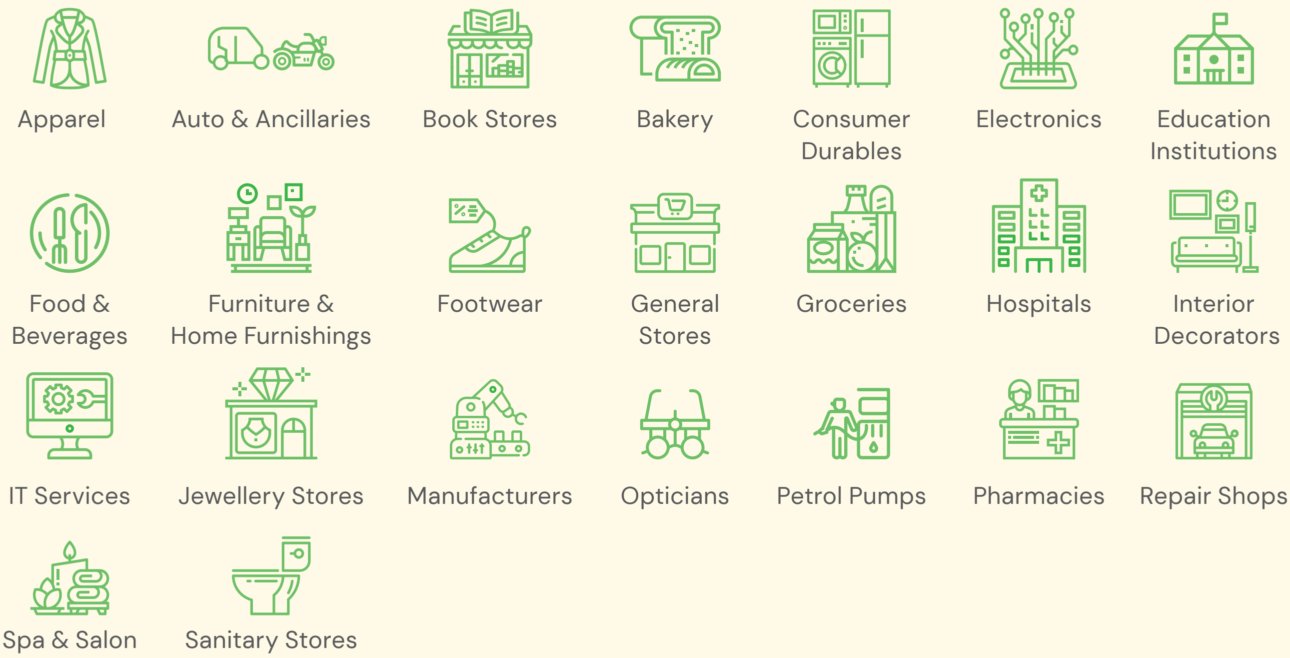
Ahmedabad	Lucknow
Bengaluru	Ludhiana
Baroda	Madurai
Bhubaneswar	Mumbai
Chandigarh	Mysuru
Chennai	Nagpur
Coimbatore	Nashik
Delhi	Pune
Hyderabad	Rajkot
Indore	Surat
Jaipur	Vijayawada
Jamshedpur	Vizag
Kolkata	

PRODUCT PORTFOLIO

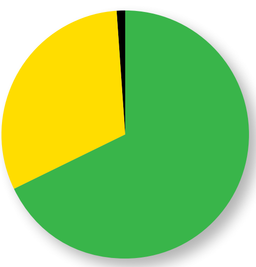
INNOVATIVE PRODUCT BASKET FOR WIDER COVERAGE

We develop unique products that meet the needs of our customers running small and medium-sized businesses. We cater to MSMEs and provide funds for a variety of business needs such as working capital requirements, business expansion, among others. NeoGrowth puts special focus on women entrepreneurs, first-time borrowers, lending in tier-II cities, and so on to create a positive social impact. Our Retail Finance products are designed for customer-facing businesses whereas Supply Chain Finance loans are designed for vendors, manufacturers, suppliers or service providers who serve large corporates.

We serve a wide range of industries



AUM break-up

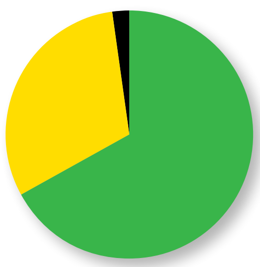


68% Retail Finance

31% Supply Chain Finance

1% Plus

Disbursement break-up



67% Retail Finance

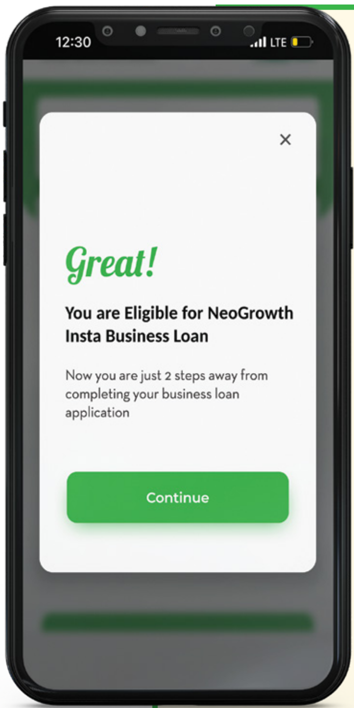
31% Supply Chain Finance

2% Plus

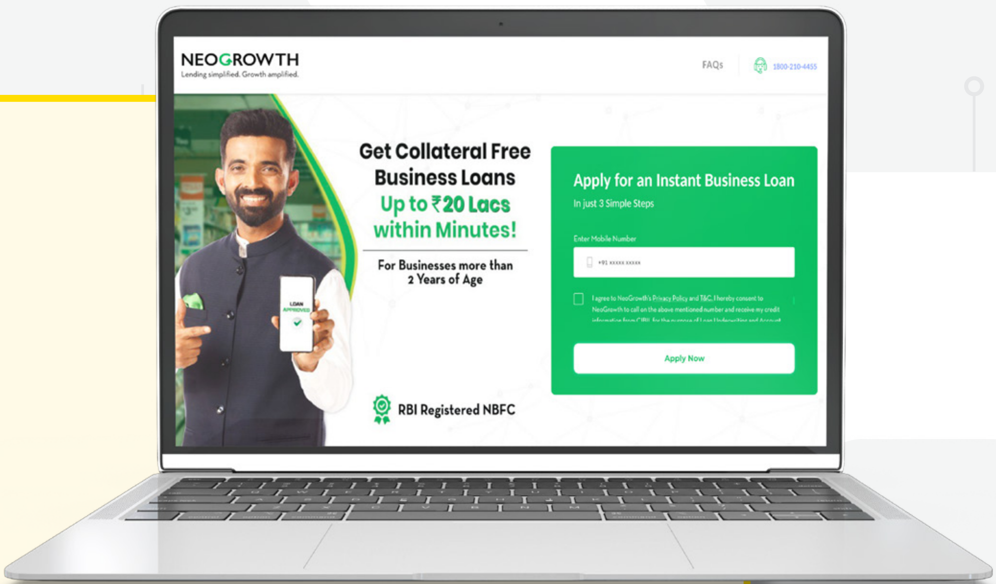
PRODUCT PORTFOLIO

Digital Insta Loan
Simplifying end-to-end digital loan journey

We supported MSMEs in getting their business back on track as well as addressed their credit needs to conduct various business activities through a completely paperless approach. We launched Digital Insta Loans to ramp up the growth of small businesses by fast-tracking loan approval and disbursal, through an end-to-end digital process. We ensure that funds are disbursed to our customer's bank account within minutes, enabling the urgent working capital needs of retailers and sole proprietors.

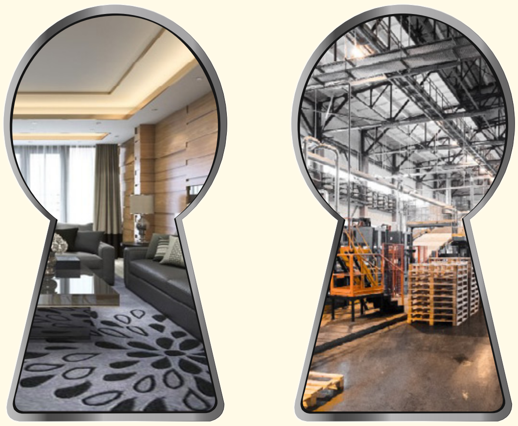


- Digital filters for CIBIL and demography based rejections
- Digital KYC via Digi-locker
- Penny drop bank account verification
- Aadhar based e-signing for application, agreement and sanction letter



Introducing Plus Loans Secured offering

Plus Loans helped us transcend from collateral-free to collateral-based lending. We extended our loan size to ₹1.5 Crore with Plus Loans. One of its USPs is that the loan amount is higher than the property value. These loans are largely targeted at Retailers, Manufacturers, Suppliers, Distributors, Traders, Dealers, and Service providers who wish to get the maximum loan against their residential, commercial, warehousing, or industrial property. We have been promoting this new offering to our customers through unique campaigns, where we felicitate our customers with mementos while creating awareness around Plus Loans.



Unlocking the true value of property

"Our endeavour is to help MSMEs overcome funding challenges by offering business loans that are easy to apply for and convenient to repay. This new Plus suite of secured lending products augments our existing lending solutions and opens up new avenues for growth for a range of MSMEs who are looking for long-term, hassle-free loans."

Arun Nayyar, Whole-Time Director & Chief Executive Officer

NeoCash Plus

- Loan against Residential, Commercial, Industrial, Warehouse, or Vacant Land

Ticket size

₹15 Lakh-1.5 Crore

Average loan duration

Up to 60 months

Vendor Finance Plus

- Loan against Residential, Commercial, Industrial, Warehouse, or Vacant Land

Ticket size

₹15 Lakh-1.5 Crore

Average loan duration

Up to 60 months

Digital Emerger Plus

- Targeting businesses, which are at early stages of digitisation
- Unique eligibility basis LIP
- Loan against Residential, Commercial, Industrial, Warehouse, or Vacant Land

Ticket size

₹15 Lakh-50 Lakh

Average loan duration

Up to 84 months

Retail Finance

Retail Finance loan products are designed for customer-facing businesses

NeoCash Regular

- Collateral-free, short-term loans (online/offline)
- Retailers who accept digital payments such as credit/debit cards, UPI, among others can avail NeoCash

Ticket size

₹ 1-75 Lakh

Average loan duration

18-36 months

NeoCash Express

- Small-ticket loans with quick turnaround
- Low daily repayment option
- Digital journey

Ticket size

₹ 9-20 Lakh

Average loan duration

Up to 24 months

NeoCash Insta

- Collateral-free loan with minimal documents
- End-to-end digital processing of loans with no physical touchpoints
- Instant online approval

Ticket size

₹ 1-8 Lakh

Average loan duration

500 days

Supply Chain Finance

Supply Chain Finance loans are designed for vendors/manufacturers/suppliers/service providers who work with or are in business with large corporates.

Vendor Finance

- Term loans to manufacturers/suppliers of large corporates
- Easy sanction and quick disbursal

Ticket size

₹20-75 Lakh

Average loan duration

24-36 months

Vendor Finance Express

- Small-ticket, quick turnaround loans to manufacturers/suppliers of large corporates

Ticket size

₹10-20 Lakh

Average loan duration

24-30 months

Purchase Finance

- Easy sanction loans to MSMEs purchasing their goods from large corporates
- Pay later option provides the flexibility of term loan and credit limit in a single product

Ticket size

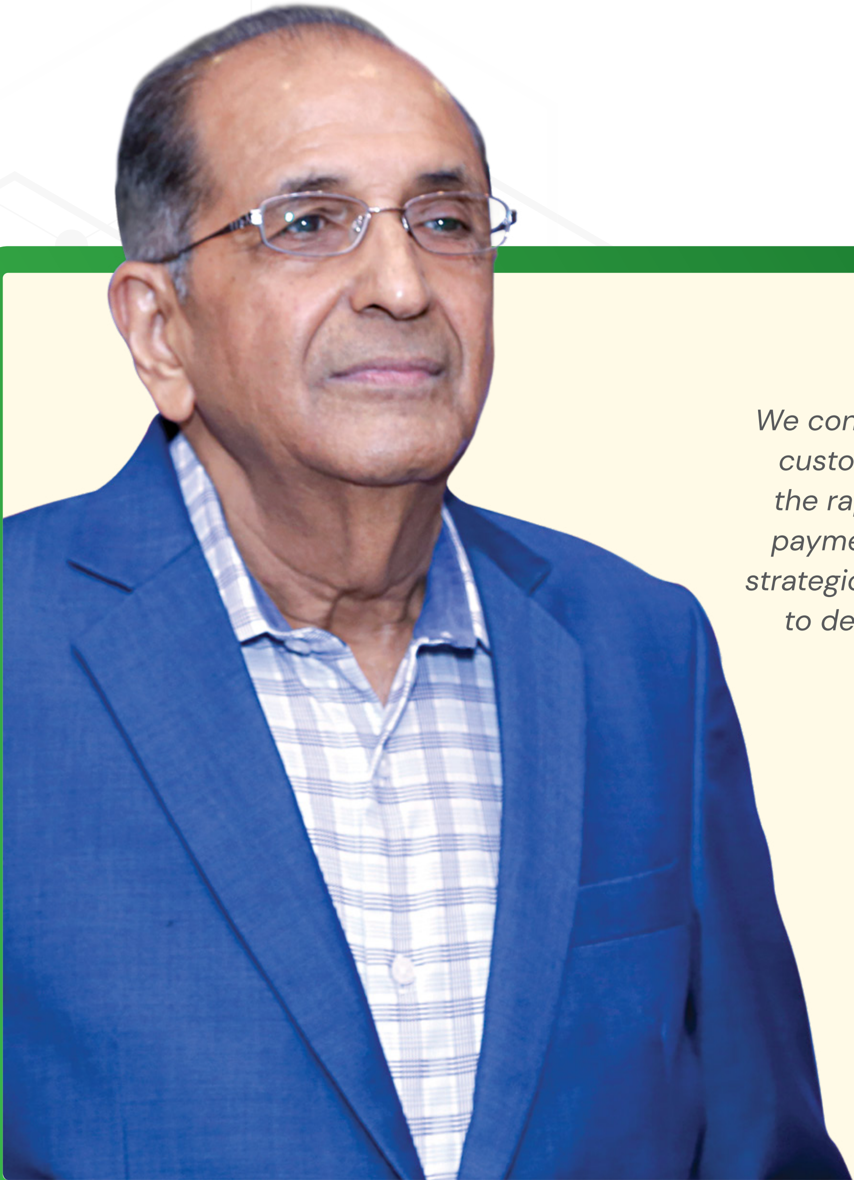
₹5-75 Lakh

Average loan duration

18-36 months

CHAIRMAN'S COMMUNIQUE

BUILDING A FUTURE-READY ORGANISATION



We continued to empower our customers to grow through the rapid adoption of digital payments and implemented strategic digitalisation initiatives to deliver enhanced value.

Dear Shareholders,

We have gone through an extraordinary year with infections from new variants rising to record levels and with each wave, we have gained new insights and learnings. Despite a host of disruptions brought on by the second wave, India witnessed the inception of the world's largest vaccination drive. This came as a saviour to uplift people from their immense hardships faced throughout the pandemic. With most of our adult population vaccinated, we hope that demand growth will put an end to this phase of disruptions that we have been collectively experiencing. I will be eternally grateful to our people, who have been instrumental in helping us sail through this pandemic. As we go back to pre-COVID level of economic activity, the future looks bright with India being projected as the fastest-growing major economy in 2022. The growth rate for FY 2021-22 was pegged at 8.6% by India Ratings. India's positive trajectory towards economic recovery was fast-tracked by higher GST collections, UPI transactions, Passenger and freight traffic via air and rail and FDI influx.

The government has been proactively introducing initiatives to propel this growth with higher spending on infrastructure and social projects, to keep the economy buoyant and demand high. This in turn generated a demand for allied businesses to meet the requirements for raw materials and other supplies, unlocking immense possibilities for MSMEs. A flow of credit is of utmost importance to help turn these possibilities into realities. The MSME sector is expected to bounce back with a jump in credit to ₹18 Lakh Crore.

The pandemic has proved that to survive in the long term, enterprises need to move away from a manual approach by adopting more sophisticated digital channels to ensure last-mile credit delivery. Businesses that comprehended such eventualities managed to sail through the disruptive headwinds. Initiatives like Open Credit Enablement Network (OCEN) launched in 2020, to bridge the $330 Billion credit gap between financial institutions and the underserved sections of the society, are a welcome step to democratise credit disbursement and foster financial inclusion. At NeoGrowth, we already have Account Aggregator capabilities and we believe that our technology-centric model puts us in a strong position to leverage the opportunities that the Account Aggregator framework will open up.

NBFCs are engaged in business that offers different financial services. India Ratings and Research changed the status for NBFCs from 'stable' to 'improving' for H2 FY 2021-22. It is expected that NBFCs will grow at the rate of around 14% in FY 2022-23. This growth would be driven by economic revival, stronger balance sheets, and improved capital positions. Increased internet penetration, smartphone usage, and cheaper data have led to the growth of digital lending practices in India. The digital lending sector is expected to grow at 48% by 2023 with a valuation of $350 Billion. This opens a plethora of opportunities for NBFCs like us to explore this demand.

We continued to empower our customers to grow through the rapid adoption of digital payments and implemented strategic digitalisation initiatives to deliver an enhanced value. Our strategy is to transition our small business customers from an offline to an online mode of operation. For this, NeoGrowth onboarded partners under the DiGibizz initiative to help our MSME loan customers to digitise their businesses. NeoGrowth disbursed payments through digital channels that has increased transparency. Our proprietary customer selection model focuses on leveraging data, which has supported our growth where other NBFCs struggled to survive.

Our journey would not have been possible without the continued dedication of our employees. Maintaining the health and well-being of our people has always been one of our top priorities. We ensured compliance with all the central and state health guidelines across all our offices. We extended work-from-home when mandated and ensured safe and hygienic workplaces once the mobility restrictions were lifted. Vaccination with both doses were completed for all employees except those on maternity leave. We also extended financial and non-financial support to team members affected by COVID-19.

Going forward, we will continue to focus on our mission to empower MSMEs with accelerated digital transformation and innovation. I would like to conclude this message with a vote of thanks to all our stakeholders, including customers, partners, creditors, employees, and above all to you – our valued shareholders, who have consistently reposed trust in our abilities. With your support, I am confident that NeoGrowth will continue to create sustainable value for all.

Warm Regards

Dhruv Khaitan

Founder & Chairman

MANAGING DIRECTOR'S MESSAGE

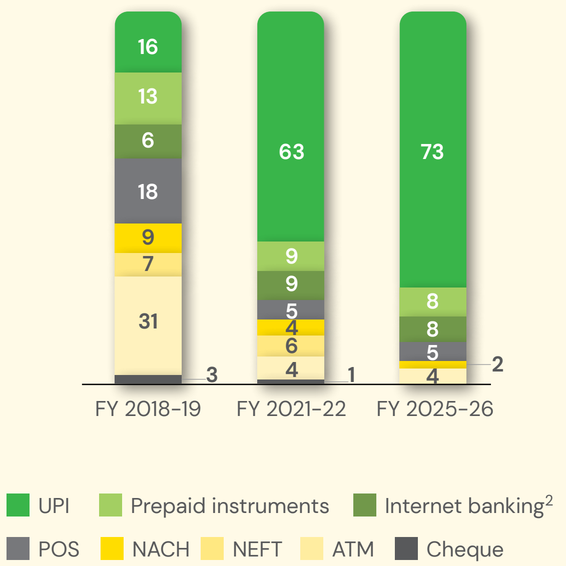
INNOVATING FOR A SECURE FUTURE

During FY 2021-22, we expanded our offerings with new categories of lending solutions, which included secured loans and a completely digital product with no requirement of physical touchpoints.

India's response to the pandemic was agile and decisive, with the government providing safety nets for vulnerable sections while responding iteratively with policy support. With a strong financial system and a conducive economic budget in place to support the economic revival, the country appears well-positioned for a pick-up in private sector investment.

A host of initiatives were announced in the Union Budget 2023, which will only catapult India's journey to becoming a digital-first economy. The digital payments ecosystem in India is stronger than ever. As per the Ministry of Finance, India's fintech industry is set to touch $150 Billion by 2025. The government is also supporting the theme of Digital India through platforms such as e-KYC and e-Aadhar.

Volume of non-cash transactions (%) [1]



Source: RBI data, NPCI, BCG Analysis

1. Non-cash transaction excludes cash transactions and cash transactions at branches includes cash transactions at ATMs
2. Internet transactions include RTGS, AePS, ABPS, NETC and IMPS financial transactions. ATM includes financial transactions only.

Note: Total may not sum to 100 because of differences due to rounding off.

India's UPI transactions crossed the ₹80 Trillion milestone in FY 2021-22 and 5.04 Billion transactions were processed in March 2022, a significant milestone for the country's digital payments ecosystem. UPI's consistent growth is reflective of the growing adoption and acceptance of online payment by India's merchants and consumers. This can be attributed to the increased smartphone penetration, cheap internet rates and a tech-savvy millennial and gen-Z population in India.

Giving further impetus to cashless transactions in India, e-Rupi launched by NPCI in August 2021 can now be used more than once for a maximum of up to ₹1 Lakh and will help in financial inclusion of underserved and unbanked users. For MSMEs, access to financial products is crucial to their growth, and initiatives like Digital Banking Units (DBUs) will enable the delivery of financial services to small businesses. The recent move by the RBI to provide access to credit bureaus to FinTechs will help lenders such as NeoGrowth to better tailor their loan offerings and serve the underserved and creditworthy borrowers. The dedicated support received by MSMEs is enabling their stronger bounce back into the economy and we are continuously innovating to fulfill the credit requirements of our customers.

We continued our #KeepingItSimple campaign with our brand ambassador Ajinkya Rahane to engage with our internal and external stakeholders. Our partners and customers were rewarded with mementos signed by Ajinkya to recognise their efforts. We also rewarded our employees for their excellence through several awards and initiatives such as 'Value Champion'. We continued to reassure our MSME customers of our support with #TogetherWeStand, an inspirational campaign that was launched on World MSME day to support Indian MSMEs.

We expanded our product portfolio with secured loan offerings with the introduction of 'Plus Loans'. Our Insta loans provide an end-to-end digital experience, eliminating the need for physical touchpoints, with instant approval and a quick disbursal rate, to ensure that MSMEs can avail credit with ease and speed.

We continue to strengthen our employee engagement initiatives and drive a culture of continuous learning and innovation. We bagged the 'Great Place to Work' award for the third time this year and are among the Top 30 BFSI companies to be recognised by the Great Place to Work Institution. Giving back to society is one of our foundational values and we imbibe this into our everyday functioning through several initiatives that garner active participation from NeoGrowthians.

NeoGrowth is well-positioned for the next normal, and we are continuously innovating to ensure organisational efficiency and improved customer experience. Our teams are well equipped to deliver operational excellence through an integrated technology approach. We will continue to build on our ongoing journey of digitally serving the credit needs of India's MSMEs by tapping into emerging growth opportunities in India.

Warm Regards

Piyush Khaitan

Founder and Managing Director

IN CONVERSATION WITH THE CEO

BEING CUSTOMER-FIRST: A WIN-WIN APPROACH

Our diversified product offerings supported by data-backed decision-making will continue to facilitate our growth.

1. In FY 2021-22, what were the key strategic changes and choices made to strengthen the organisation? How well equipped is NeoGrowth in managing emerging risks in the operating environment?

FY 2021-22 was the year to restart and reinvent, and we, along with our customers, were more prepared than the previous year to tackle any unconventional situations. We continued to follow a customer-centric approach to create value-based offerings for our customers and there has been a 30% increase in our customer base since March 2020. We focused heavily on building our digital capabilities and digitisation of the entire value chain from app-based onboarding to digitised collections. Our deep understanding of the MSME segment enabled us to meet evolving demands of our customers. We have been able to turn around adjacent offerings to address customer needs and acquire new customers through Insta Loans and encapsulate higher wallet share with the launch of our secured loan product, Plus Loans, this fiscal year. We continued to extend digital services to MSMEs through DiGibizz via our network of partners, with over 46,000 small businesses registering on the platform. As part of our risk management, we took a calculated approach while offering loans through scorecard-based lending. MSMEs are increasingly shifting to digital payment modes and our digital payments-based lending model was well-positioned to cater to this segment of MSMEs.

2. Can you shed some light on the Company's financial performance?

We are happy to share that we recorded the highest-ever AUM in FY 2021-22 at ₹1,559 Crore with a 9-year CAGR of 140%. We have been profitable for the last two consecutive quarters of FY 2021-22. As the COVID-19 impact continues to wane, our credit cost is improving quarter on quarter. There has been a stellar 90% annualised growth from H1 to H2 in loan originations in FY 2021-22, fuelled by a strong digital lending ecosystem, balanced product mix, robust underwriting model coupled with the lifting of restrictions, and increased demand across segments. We were able to maintain margins by leveraging advanced analytics in our operations, diversifying our portfolio, and adopting a robust business model by utilising the entire digital payments ecosystem.

3. How did NeoGrowth support customers as they adjusted to the uncertainties brought about by the pandemic? What were some of the key trends observed in their behaviour?

To tackle such a challenging year, we helped our customers normalise their operations with initiatives such as DiGibizz and Sanjivni. As rapid digitalisation took over in the post-pandemic world, we realised that many of our customers lacked the necessary digital solutions to adapt to these changing trends. We tried to resolve this issue through our platform DiGibizz. Coupled with this, the Sanjivni initiative was a silver lining for our customers, giving them a new lease on life. We launched Plus Loans in FY 2021-22 to fund the long-term credit demands of MSMEs, which enables customers to avail instant loans up to ₹1.5 Crore backed by securities.

Though the credit demand is back to a healthy level, it is spread unevenly across industry segments. FMCG & Retail and Healthcare sectors are showing an uptick in credit demand; however, discretionary demand-oriented businesses are yet to fully return to their pre-COVID levels. MSMEs were certainly better prepared for the challenges brought in by the second wave; the impact was lesser, and they were able to resume operations sooner than before. We ensured regular engagement and communication with our customers through our robust customer contact channels such as telecalling, SMS, email campaigns, and marketing initiatives.

MSMEs act as growth accelerators in the country's economy by promoting employment and eliminating poverty. Currently, they contribute about 30% to the GDP, which is expected to reach up to 40% by 2025. However, a large number of small enterprises still work on a manual approach with little automation. This is set to change rapidly in the coming years. All trends in this sector will revolve around digitisation and technology adoption. MSMEs will increasingly adapt to inventory monitoring systems to manage real-time inventory for quick decision-making. They will depend more on AI-enabled customer support to capture data and customer feedback. It will help in modifying product offerings basis customer needs to drive greater satisfaction. Businesses are learning to enhance their online presence through websites and using social media to increase visibility among the target audience. All this along with numerous government initiatives will define the future of this sector in the coming years.

4. How are the new digital offerings helping NeoGrowth's customer base and supporting the company's expansion plan? Can you talk about the new products launched in FY 2021- 22?

We offer a completely seamless digital experience for customers, where the entire process flow – beginning with lead generation to loan origination, sanction, disbursement, and collections are all taken care of digitally, with minimal human intervention within a few minutes. The entire loan life cycle, right from sourcing to underwriting, risk management, and collections, is tech-enabled and supported by advanced analytics.

In a world undergoing rampant digitisation, more and more businesses are moving online. Our survey on Digital Adoption Trends Among SMBs conducted last year revealed that 66% of MSMEs are moving towards an integrated sales approach with an increased inclination toward online modes. To cater to the digitally savvy MSMEs of India, our product suite is continuously evolving to offer a holistic solution. We have 31 partners and 16 service categories on our DiGibizz platform who are aiding the digital transformation of MSMEs and making them ready for the next normal.

5. Please provide your perspective on the near-term macro-economic changes and their impact on the BFSI segment in India. How is NeoGrowth's strategy aligned to leverage the opportunities?

We are at the cusp of witnessing the growth of economic recovery despite challenging economic and social disruptions such as variations of the pandemic, inflations, supply chain issues, and rising commodity prices. However, the expected long-term impact on India will be marginal, thanks to the government's growth-enhancing measures. MSMEs are key growth drivers of India's economy, which results in a multiplier effect on employment and income of the larger society. Credit demand from MSMEs is gaining momentum since the opening of economic activities, and we are well placed to cater to this demand. India is witnessing a shift in transactions towards digital modes (UPI, credit cards, debit cards, RTGS, NEFT) VS cash. As per the report by CLSA, the value of digital payments in India will grow three-fold to touch $1 Trillion by FY 2025-26 compared to $300 Billion in the FY 2020-21. These digital payment footprints can be leveraged to provide finance to under-served and unserved MSMEs. At NeoGrowth, we cover the entire digital payments ecosystem by providing products that cater to different sectors that use different modes of digital payments. For the BFSI sector, the Account Aggregator (AA) framework and Open Credit Enablement Network (OCEN) will prove to be a disruptor in the lending space and make it inclusive. We are Account Aggregator ready and are consistently tracking the developments unfolding on the OCEN platform.

6. What will be your approach for FY 2022-23 and what role will technology play in the delivery of operational excellence?

We enter FY 2022-23 with learnings of the credit behaviours of India's MSMEs due to the disruptions of the last two years. This has further strengthened our understanding of this sector and enriched our underwriting models. Our diversified product offerings supported by our analytics and data-backed decision-making will continue to facilitate our growth in the next fiscal year. Technology and innovation are going to be central to our long-term growth and in our mission to fund small businesses by leveraging the digital ecosystem. We will continue to follow the cash flow-based lending model. We are well poised to build on the strong demand from the recovery in the economy.

We continue to be optimistic about the opportunities to build and strengthen our loan book. In the last two years, we have unearthed an important insight – When you follow a customer-first approach and provide timely support; it creates a balance between your organisational goals and customer interest, it is a win-win situation for both.

Thank you,

Arun Nayyar

Whole-Time Director & Chief Executive Officer

KEY PERFORMANCE INDICATORS

DELIVERING GROWTH BY OVERCOMING CHALLENGES

Financial highlights

y-o-y growth (9-year CAGR)

Assets under management (AUM)

(₹ in Crore)

FY22	1,559
FY21	1,323
FY20	1,340
FY19	1,056
FY18	867
FY17	608
FY16	266
FY15	47
FY14	4.9
FY13	0.6

140%

Disbursements

(₹ in Crore)

FY22	1,412
FY21	676
FY20	1,442
FY19	1,518
FY18	1,358
FY17	896
FY16	329
FY15	79
FY14	8.9
FY13	1.1

122%

Total Income

(₹ in Crore)

FY22	362.7
FY21	313.3
FY20	367.8
FY19	302.1
FY18	243.0
FY17	138.0
FY16	50.7
FY15	7.8
FY14	2.4
FY13	0.5

108%

Net Interest Income

(₹ in Crore)

FY22	231.7
FY21	200.9
FY20	254.6
FY19	205.7
FY18	156.6
FY17	92.8
FY16	31.9
FY15	4.8
FY14	2.3
FY13	0.5

98%

Operational highlights for FY 2021-22

- Launched a suite of secured loan products for small businesses
- Introduced end-to-end, digital journey with multiple smart integrations
- Automated our underwriting process for more data-backed decision-making

y-o-y growth (9-year CAGR)

CRAR (%)

FY22	**23.2**
FY21	21.6
FY20	26.3
FY19	29.7
FY18	52.3
FY17	30.5
FY16	26.1
FY15	27.7
FY14	73.1
FY13	89.5

Profit Before Tax (%)

FY22	**(51.8)**
FY21	(56.0)
FY20	5.4
FY19	(32.2)
FY18	(23.6)
FY17	6.4
FY16	(11.4)
FY15	(13.7)
FY14	(13.8)

8%

Operational Cost to AUM (%)

FY22	**9.4**
FY21	9.9
FY20	12.5
FY19	15.7
FY18	17.0
FY17	18.0
FY16	25.0
FY15	69.0

Operational Cost to Net Interest Income (%)

FY22	**58.8**
FY21	65.9
FY20	58.8
FY19	73.2
FY18	78.0
FY17	83.0
FY16	124.0
FY15	376.0
FY14	687.0
FY13	1,540.0

OPERATING ENVIRONMENT

CREATING OUR OWN NICHE

As the economy gradually recovers from the impact of the pandemic, the opportunity landscape within the financial services sector is showing vast growth potential. NBFCs are increasingly stepping up to bridge the widening credit gaps, backed by their adaptability to changing trends and deep customer insights.

MSMEs are the backbone of our country's economy. They drive growth and development by promoting entrepreneurship and employment while significantly reducing poverty. The government of India is rolling out several initiatives to boost the contribution of MSMEs to India's GDP.

NBFCs are outperforming banks with their competitive interest rates, quick turnaround time, and accessible loans, even for those with inadequate credit history. As per forecasts, NBFCs will continue on this trajectory owing to their strong digital infrastructure, robust underwriting framework, insights into customer behaviour, and presence within niche market segments.

High unmet credit demand of MSMEs

The MSME segment contributes to ~30% of the nominal GDP and 40% of exports of India. They are an integral part of the economic ecosystem and growth accelerators of the country. The Government of India is committed to driving the growth of the MSME segment and taking their contribution to GDP to 40% by 2025. The segment is expanding at a quick pace with several MSMEs growing at a CAGR of ~19% from 2019 to 2020. [1]

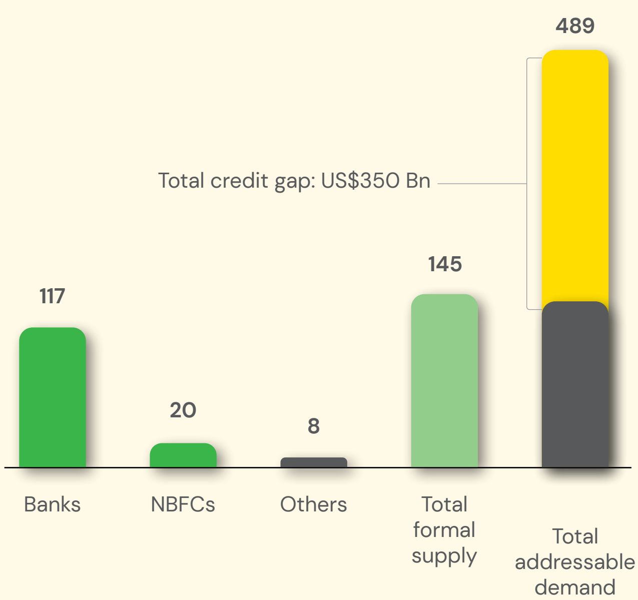
A key need of the segment is the availability of adequate and timely credit to fuel growth aspirations. The segment faces a significant credit gap.

The primary reasons for the credit gap are lack of proper documentation and low or no credit history, which render the traditional channels of credit incompatible to service this credit need.

In FY 2020-21, MSME lending experienced an increase of 40% in comparison to FY 2019-20 indicating a high growth trend in the segment.[2]

Huge untapped MSME lending opportunity

MSME credit demand supply (US$ bn)



[1] https://www.ibef.org/industry/msme
[2] World Bank Estimates

Digitisation – The Way Forward

Over the last few years, an increasing number of financial services have gone digital. This can be attributed to the growing use of smartphones, high-speed internet connectivity, affordable data plans, and the government's push for digitalisation through initiatives like Digital India, UPI and BharatNet. There will be significant growth in digital transactions owing to these factors

- India has been the global leader in real-time payment transactions since FY 2020-21
- Volume of digital payments increased to 33% y-o-y from ~55.5 Billion transactions in FY 2020-21 to 74.2 Billion transactions in FY 2021-22
- In March 2022, UPI transaction value stood at ~ ₹9.6 Trillion, the highest ever transaction value registered from UPI, with a y-o-y growth of ~90%
- UPI volume in India experienced accelerated growth in recent years, with transactions increasing from ~5.4 Billion in FY 2018-19 to ~46.0 billion in FY 2021-22, at a compounded annual growth rate (CAGR) of ~104%, almost nine times, in three years
- Digital payments value in India are expected to touch ~$1 Trillion by FY 2025-26

Government support to MSMEs

Indian MSMEs majorly deal in cash-based transactions. Hence, no transactional data is available with regulators to generate a credit score. This creates a major problem as lenders are unable to grant loans due to a lack of documentation. As operating funds dried up during the pandemic, many businesses had to shut down permanently.

The government introduced several initiatives to help the MSME sector recover from financial instability. This included repo rate reduction, emergency credit line guarantees, Provident Fund (PF) and Employees' Provident Fund (EPF) support, among others. The government also introduced an e-marketplace to provide businesses with guidance on improving their efficiency, product development, and cost reduction. Other important policy initiatives by the government include:

- Offer collateral free loans up to ₹3,00,000 Crore for MSMEs to buy raw materials, manage operating costs and restart business
- Clear MSME debts within 45 days
- Encourage domestic firms to purchase from small businesses, up to a procurement price of ₹200 Crore

Our Response

- End-to-end digital journey for loan products leading to quick turnaround and enhanced customer experience
- 360-degree implementation of analytics across core business functions
- Curated product offerings – NeoCash Insta, NeoCash Express, Plus Loans, Vendor Finance and Purchase Finance with digital applications catering to all segments of the MSME value chain
- Digital payments based underwriting model leveraging the growing digital adoption of MSMEs
- Proprietary platform 'DiGibizz' for servicing the business needs and assisting with digitising MSMEs
- Range of digital apps and systems such as Customer App, Merchant Portal, AdvanceSuite, ENCollect, and PayLater Management System designed to support digital operations
- Extensive use of technologies like artificial intelligence, machine learning and advanced analytics to automate and simplify processes

Liquidity-Enhancing Measures

To counter the pandemic's onslaught on growth, the Government of India and the Reserve Bank of India announced and implemented a host of fiscal measures in terms of massive liquidity infusion, temporary relief to borrowers, and a time-bound window to restructure loan assets.

Over the last 24 months, the Government of India and the RBI implemented various measures to provide liquidity and relief to MSMEs, which are detailed below.

- In May 2020, the Government of India announced 6 schemes under the ₹20 Lakh Crore Aatmanirbhar Bharat stimulus package. The key schemes were the ₹3 Lakh Crore Emergency Credit Line Guarantee Scheme (ECLGS), collateral-free loan scheme, the ₹20,000 Crore subordinated debt for MSMEs, and the ₹50,000 Crore equity infusion through the Funds of Funds (FoF)
- In July 2021, the Indian government announced the inclusion of retail and wholesale trades as MSMEs to strengthen the sector and boost economic growth
- The government also announced ₹3 Lakh Crore (US$ 40.85 Billion) collateral-free, automatic loans for businesses
- In the Union Budget 2021, the government announced funds worth ₹10,000 Crore (US$ 1.36 Billion) for the 'Emergency Credit Line Guarantee Scheme' (ECLGS) facility to eligible MSME borrowers, giving a major boost to the sector
- Additionally in 2022, ECLGS was extended up to March 2023 with its guarantee cover expanded by ₹50,000 Crore to the total cover of ₹5 Lakh Crore. Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE) scheme, which wil be revamped to facilitate additional credit of ₹2 Lakh Crore. Till March 2022, the loans sanctioned under the ECLGS scheme surpassed ~3.2 Lakh Crore. with 95% guarantees issued are for loans sanctioned to MSMEs
- Budget allocation for MSMEs in FY23 increased by 26.71% to ₹21,422 crore, vis-à-vis ₹15,700 crore in FY22, and tripled from ₹7,572 crore in FY21
- To boost the liquidity of MSMEs, the Government of India recently implemented The Factoring Regulation (Amendment) Act 2021, which widened the scope of entities that can engage in factoring and will significantly boost the funding available in the country

Resolution Framework 2.0 was declared by the RBI in May 2021 as an extension to the various stress relief measures undertaken in 2020 to combat the effects of the pandemic and aid the MSME segment in faster recovery from the impact of the resurgence of COVID-19. MSMEs were allowed to avail restructuring of their loans with the extension of the tenure by up to 2 years clubbed with a moratorium for the extended period. Lenders were also permitted to review the working capital limits and drawing power of businesses, which had restructured their dues in 2020 as a one-time activity.

STRATEGIC PRIORITIES

CONSTANT INNOVATION FOR A STRONGER FUTURE

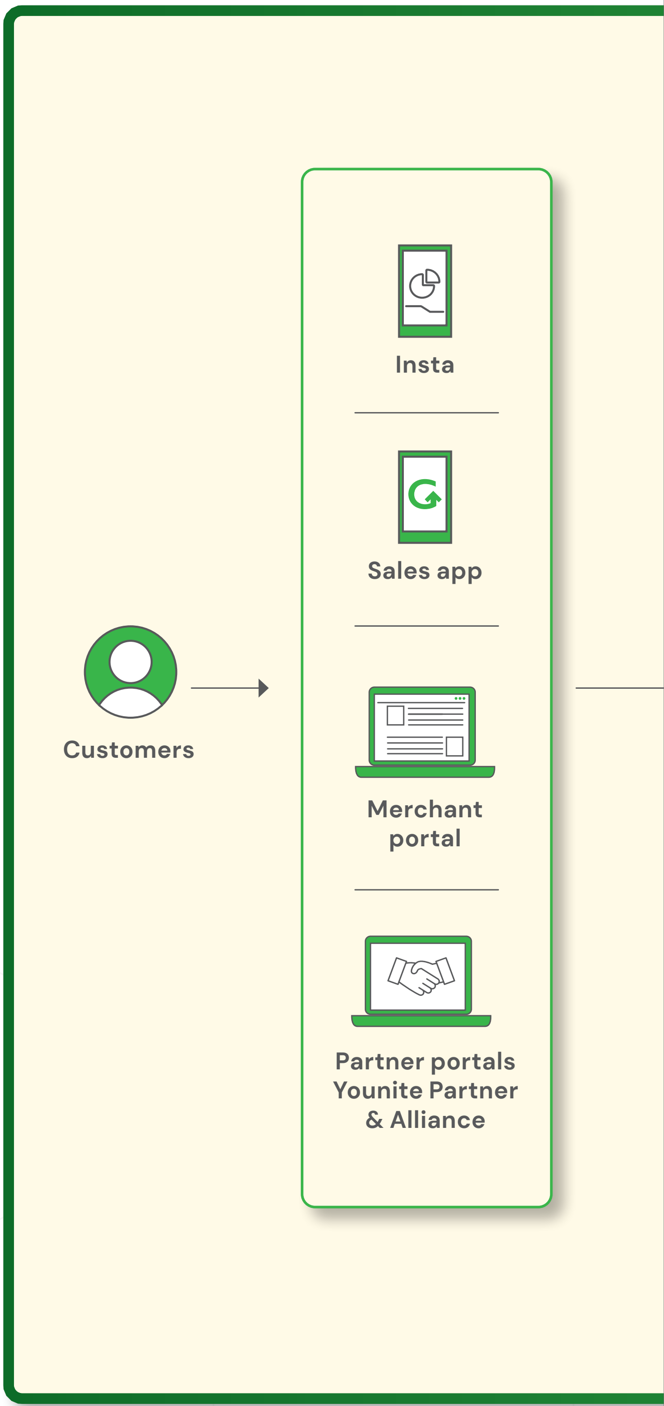
Our strategic priorities are oriented to drive profitable and sustainable growth. We are constantly focused on driving innovation that simplifies customer journeys, improves customer lifetime value, enables the introduction of new products, and optimises risk-adjusted returns.

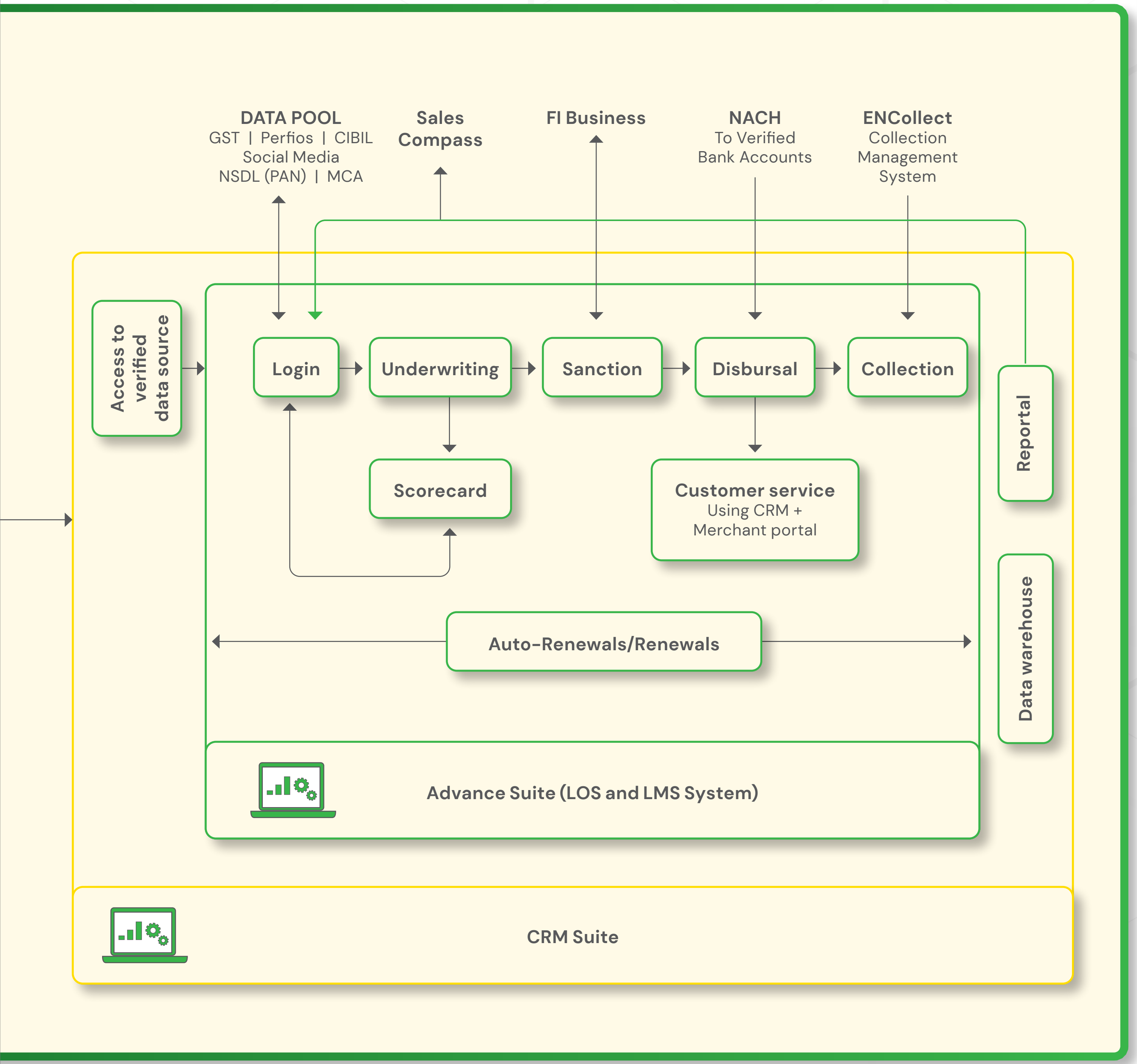
Technology driven approach

We implement the latest technologies across multiple platforms to integrate our operations. We have built a framework that enables paperless and frictionless transactions for our customers, while also driving financial inclusion. We aim to create an ecosystem where lead generation, loan origination, sanction, disbursement, and collections can occur digitally.

This approach adds value to our customers' journeys in the following ways:

- Simple and user-friendly process
- Access to verified digital data through Digilocker and NSDL portal
- Objectivity in underwriting by upfront filtering
- Paperless execution with auto population of data and digital signing




DATA POOL
GST | Perfios | CIBIL
Social Media
NSDL (PAN) | MCA
Sales Compass
FI Business
NACH
To Verified Bank Accounts
ENCollect
Collection Management System
Access to verified data source
Login
Underwriting
Sanction
Disbursal
Collection
Scorecard
Customer service
Using CRM + Merchant portal
Reportal
Data warehouse
Auto-Renewals/Renewals
Advance Suite (LOS and LMS System)
CRM Suite

Digital Assets

PLATFORM	STAKEHOLDER	PURPOSE
Younite	Younite Partners (Direct Selling Agents)	• Vendor management services • Initiates and completes Insta journeys without assistance • Manages pay-outs to DSA
Merchant portal	Customers	• Gathers all loan related information and raises queries • Raises fund requests and registers ENach process
Alliance portal	Alliance partners	• Generates lead and makes conversions through alliance partners
Sales compass	Sales team	• Manages sales performance and sourcing • Tracks loan applications
DiGibizz	Customers	• Digital solutions to upgrade their business

Systems/Suites

SYSTEM NAME	PURPOSE
AdvanceSuite	• Loan management system that tracks the entire loan cycle • Interacts with data warehouse and analytics engine to develop credit model as per changing market dynamics
Paylater Management System	• Loan management system for limit-based products
SuiteCRM	• Tracks service requests, escalations, and communication with existing and potential customers
ENCollect	• Mobile app-based collections management • Helps field staff with customer interaction, feedback, collection, and account views
NeoScore	• In-house proprietary algorithm for scoring the bank statements of a loan applicant for lending decisions

We provide a seamless digital experience to our customers with the following measures:

- Mobile friendly unified Digital Insta journey to secure instant approvals by customers, channel partners, and in-house teams
- Digilocker to obtain PAN and Aadhar details of the customer
- Aadhar based e-sign for digital agreements
- E-NACH mandates for collections
- Scorecard based assessments for customer eligibility

Risk and Asset Management

We have retained a conventional approach towards risk management. Our risk management philosophy focuses on optimising risks related to revenues and profitability.

Our risk management features include:

- Use of risk gradation scorecards for customer selection
- Leveraging technology and analytics to detect any early warning signs and take necessary course correction measures
- Collection strategy supported by payment reminders, collection field force, and an able litigation team
- Creation of sufficient credit provision reserves to compensate for any loss incurred due to pandemic-induced disruptions; also acts as a cover from future economic fluctuations
- Real-time monitoring using assets like risk and collection data marts
- Internal checks to protect from security risks arising out of the operating environment, like transactional errors resulting in legal, reputational or financial impact

Capital to Risk-Weighted Assets Ratio (CRAR) Above Industry Average

Since inception, our Capital to Risk Adjusted Ratio (CRAR) has consistently been above the industry average. Adequate capitalisation and prudent risk management help us maintain our CRAR. We maintained a CRAR of 23.2%, which is above the 15% threshold limit prescribed by the RBI for NBFCs, despite the unconventional socio-economic factors.

Prudent Asset-Liability Management

Our borrowing profile is made up of an ideal mix of domestic and overseas institutions. Our Liquidity Risk Management (LRM) policy, which is Board-approved, includes the Asset Liability Management (ALM) framework.

To ensure that the ALM remains positive even in case of 50% stress on inflows up to one year, we have a longer tenor-average tenor of 38 months for our borrowings, as compared to our lending-average tenor of 21 months. We also maintain prudent liquidity buffers in the form of investments in liquid and overnight schemes of mutual funds and bank fixed deposits.

Data-driven Decision-making

At NeoGrowth, we strive to understand the needs and behaviours of our customers and address them with our products and offerings, supported by a data-driven approach. The success of this approach is showcased by our high customer retention rate and enhanced customer experience across segments.

Importance of analytics at each stage of the customer lifecycle

Data is an important asset for us, which helps us gain insights and integrate our business operations. We use analytics to make customer journeys smooth and hassle-free, starting with the decision on the right customer acquisitions to an automated renewal or customer grievance redressal.

We heavily utilise data science with cutting-edge analytics, artificial intelligence, machine learning, deep learning, data mining, predictive modeling, visualisation, forecasting and business intelligence (BI), along with tools like R, Python, Altair and Tableau, to leverage the power of analytics across all our systems.

Data pools like GST, UPI, ITR, Perfios, CIBIL, social media and MCA act as enablers to automate and authenticate routine data. We ensure a 360-degree application of analytics in risk and collections, customer value management, credit, HR, customer service, marketing and operations. The use of analytics has helped us segment our customers to offer pre-approved top-ups, collection optimisation from early warning signals to deep DPD buckets, HR analytics, customer service experience solution, renewal propensity scorecard, among others. We also use analytics for portfolio monitoring and generating various data insights.

- A unique multi-pronged approach to customer acquisition and lifetime value management through our digital and physical routes to market
- Younite Program established deeper market coverage and partnership approach to channel engagement, enabling insightful decision-making
- Data-oriented model for a segmented approach
- Tech-driven infrastructure for effective communication, simplified tracking and seamless processing
- Partnership-based Sales Leadership connect
- Transparency and quick pay-outs with easy access to data for partners
- Digital Marketing architecture in place to engage with customers through digital modes

Data Intelligence integrated during hiring and retention

HireSmart: It is an analytics tool, developed in-house, which takes key parameters from the CV of a candidate and predicts the performance and longevity of the profile with the organisation, helping the hiring team to screen out an improper fit. In use since a year, HireSmart has significantly enhanced candidate experience with a crisper selection process, reduction in time spent by HR team on CV sourcing and less time spent by sales supervisory hierarchy on screening and interviewing candidates.

Sales Compass: A KPI visualisation tool, it is an interactive dashboard enabling sales teams to evaluate their performance in real time. Sales Compass provides important information at a glance and keeps one aware of key metrics and vital signs that affect current task and performance standards.

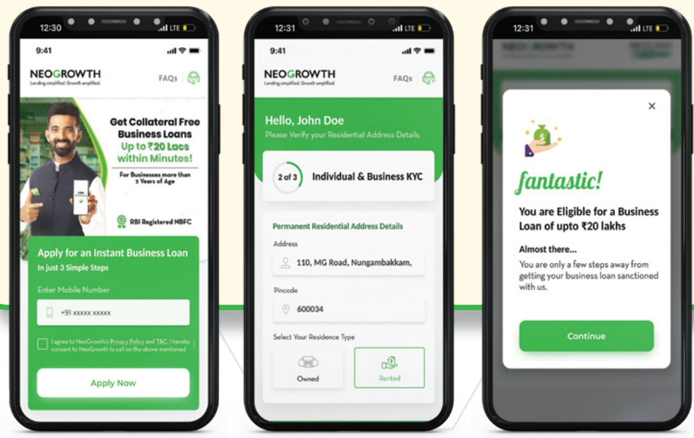
Innovation in offerings

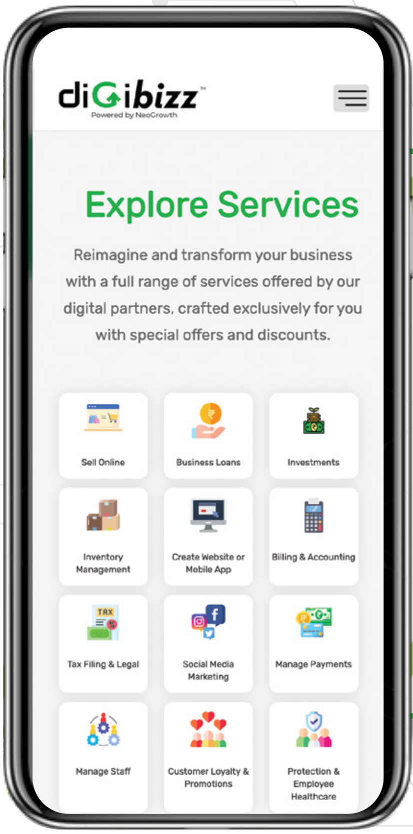
Plus Loans – Secured offering to holistically cover all business fund needs

- The introduction of Plus Loans allows us to service the vast gamut of financing needs of our rapidly expanding customer base
- Customer convenience is prioritised by the availability of a larger ticket size option and an extended product suite
- Enhanced customer engagement and debt consolidation resulting in easier management

End-to-End Digital Journey

We offer a completely seamless, digitised loan journey to our customers, with no physical touchpoints. Customer assessment is backed by our statistical scorecards, which enables us to provide a loan approval within minutes. Since launch, we have saved ~50% of credit efforts.





DiGibizz: One-stop solution for diverse customer needs

Our proprietary platform caters to MSMEs by addressing the various commercial business needs at multiple points of inflection, driven by technology and partnerships.

- A comprehensive MSME platform for all integrated business needs, assisting in building deeper market connect and aiming to overcome the recurring challenges of our customers
- DiGibizz aims to expand NeoGrowth's overall target market and strengthen the overall customer relationship through partnerships
- Over 96,000 MSMEs visited the platform in FY 2021-22 since the launch, 42,000+ MSMEs were registered on the platform and 10,000+ were assessed

BRANDING NEOGROWTH

IMBIBING SIMPLICITY FOR A DEEPER CONNECT

We live by our motto of 'Lending Simplified. Growth Amplified' and keep evolving to make our brand the partner of choice in our customers' journey to success.

While navigating the pervasive effects of the pandemic, we realised that it was the ideal opportunity to engage with our customers. We forged closer ties with them through meticulously crafted initiatives like 'Together We Stand' and 'Business Loan Carnival.'

Together We Stand

MSMEs are the backbone of the Indian economy. While navigating our way out of the pandemic we realised it was of utmost importance to bring the MSME ecosystem together to support one another.

This ignited the thought of the campaign– 'Together We Stand!' to celebrate World MSME Day in June with the motto to create an inclusive environment where all stakeholders – customers, partners, and employees work together to make Indian MSMEs grow. The initiative was undertaken to empower businesses and display solidarity towards these businesses.

'Together We Stand! Together We Are Stronger!' signifies the victory of MSMEs in difficult times, which is paving the way for a brighter future. Being together entails having the support of partners, friends, mentors, and family members. It means getting help from customers, peers, and suppliers. Most importantly, it involves receiving assistance from financial lenders and business consultants.

NeoGrowth collaborated with these segments actively to bring the ecosystem together and help MSMEs.

You will be defined not just by what you achieve but by how you survive.

- Gayatri Menon

Ms. Gayatri Menon

Filter Hair & Beauty Studio | Thane

Gayatri started working for a bank after completing her graduation in business management. But she soon realised that a 9-5 job is not what she would like to do for the rest of her life. As a child, she was always intrigued by the idea of opening her salon.

After juggling different projects, she finally managed to open a salon 'The Filter Studio' in 2018.

The initial capital was brought in from her savings. However, she ended up facing a cash crunch due to a limited footfall owing to low awareness. A friend then introduced her to NeoGrowth's loan offerings. Gayatri was quick to capture this opportunity, making it possible for her to keep her business afloat. The funds helped purchase high-end beauty products, which in turn attracted more customers to her salon.

Gayatri is eternally thankful to NeoGrowth for their credit help at the right time. It has given more power and confidence to small business owners like Gayatri to believe in themselves.

> I believe the key to building a successful customer base is to prioritise every customer.
>
> -Shravan Kumar Gupta

Mr. Shravan Kumar Gupta

Food Needs Bakery | Hyderabad

A labourer who moved to Hyderabad in search of work, Shravan worked at a bakery to make ends meet. In 2011, he pooled his savings to start his tea stall. One day, one of his customers introduced him to NeoGrowth. Later, a loan offered by us helped him scale up his business. Shravan had no credit history, but that did not prevent him from enjoying the benefits of the loan offered by NeoGrowth for his tea and bakery business.

Even during COVID, Shravan could keep his shop open for a couple of hours and pay his employee's full salary. This was possible only because of strong credit support from NeoGrowth.

Shravan is optimistic about the future and wishes to take his business to newer heights.

Mr. Bijoy Kumar Saha

Bijoy Saree | Kolkata

Bijoy Saree sells authentic Bengal sarees in the 'tant' material. A father-son duo has been running the shop for quite a few years. Bijoy had joined his father to expand their saree business, to manufacture and sell handloom and cotton sarees, along with traditional 'tant'. Bijoy realised there is a huge demand during festivals like Eid and Durga Pooja. He got to know about NeoGrowth and its offerings through social media. Bijoy was quick to avail the services that helped them increase their inventories and profit margins. The funds also helped them get past COVID-induced difficulties.

Bijoy aims to grow this legacy business founded by his father, through a franchise model across multiple cities. He is confident that he will be successful in his mission with NeoGrowth's help.

> I want to do justice to the business, which has my name.
>
> – Bijoy Kumar Saha

Business Loan Carnival

'Business Loan Carnival' was launched to strengthen our customer connections in cities across the country. We simplified and digitalised the process to help MSMEs with hassle-free loans for their varied business needs. The loan approvals for small businesses were fast-tracked with instant approval with priority underwriting, merchant referrals, and customer recognition. We also engaged with customers through exciting contests and prizes as part of this initiative.

13+ cities were covered across various metros and non-metros like Mumbai, Bengaluru, Hyderabad, Delhi, Pune, Kolkata, Chennai, Vishakhapatnam, Vijayawada, Nagpur, Surat, Rajkot, Mysore and Jaipur. The initiative was brought to life during the pre-festive season. The idea was to boost credit flow during the most celebrated time of the year. We capitalised on this market sentiment and took Insta, Plus and Vendor Finance offerings to wider base of customers. As a result of the encouraging response rate from our customers, we made Business Loan Carnival an ongoing customer connect program.

14+
Cities covered

32K+
Lives touched

245+
Days

10K+
Loan enquiries

60+
Markets served

97K+
Impressions

Digital footprints

NeoGrowth actively engages with its audience across social media channels like Facebook, Instagram, LinkedIn, Twitter, and the website. We focus on building a strong community and driving customer engagement activities like educational initiatives, financial knowledge, awards and recognition, product information with a customised approach across handles.

1.1 Lakh+
Followers across social media

11 Lakh+
Reach/month

28 Lakh+
Digital impressions per month

22K+
Digital interests/month

75K+
Website page views per month

38K+
Website visits/month

STAKEHOLDER RELATIONSHIPS

VALUING OUR CUSTOMERS AND PARTNERS

Continuing our partnership with Ajinkya Rahane, we follow 'Keeping It Simple' not just as a campaign, but also as a philosophy in the organisation. NeoGrowth simplifies the financing worries of small businesses with easy-to-apply and simple-to-repay loan offerings. This campaign was launched with Ajinkya Rahane's association as NeoGrowth's brand ambassador, as his personality resonates with millions of small businesses who are our target customers. This campaign has built an impactful connection with all the internal and external stakeholders of the Company.

#KeepingItSimple

Customer Appreciation

Taking our #KeepingItSimple association with Ajinkya Rahane forward, we conducted various customer engagement activities, including commending our customers with mementos signed by Ajinkya Rahane as part of recognising their efforts. This has made a lasting impression on them and encouraged customers to deepen their relationship with NeoGrowth.

4K+

Customers recognised

Partner Connect

To recognise our valuable association with Younite Partners, we made them a part of our 'Keeping It Simple' campaign by rewarding them with Ajinkya Rahane mementos as a token of appreciation for their significant contribution to our success.
This gesture was very well appreciated and acknowledged by them.

300+
Partners rewarded

Strengthening Bonds

Employees form the backbone of any organisation, and at NeoGrowth, appreciating and rewarding our employees is core to our values. This is reflected in our employee benefits as well. We continued our annual award ceremony under 'Battle of Champions' and initiated a new felicitation ceremony dedicated to the Collections team under 'Get Set Collect'.

100+
Awards

40+
Categories

500+
Lives touched

60+
Families acknowledged

Customer Connect

Building deep customer connections begins even before their first loan transaction. Our customer connect activity aimed to forge meaningful relationships and involved informing customers about our partnership with Ajinkya Rahane by making them part of a quiz leading to winning rewards and understanding their current status of coping and the situation of the business. Over 32,000 lives were touched across Chennai, Mumbai, Bengaluru, Hyderabad, New Delhi, Mysore, Vizag, Kolkata, Vijayawada, Surat, among others.

32K
Lives touched

CUSTOMER INITIATIVES

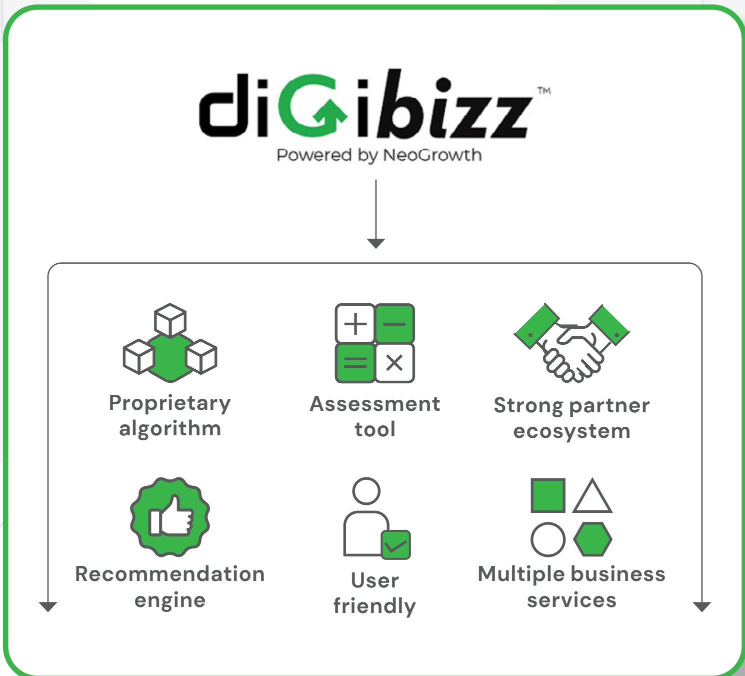
GOING BEYOND OUR MANDATE

We aim to provide superior customer experience by offering customised products and faster disbursals. Our strategic initiatives and partnerships elevate customer journeys, thereby accelerating their growth journey.

Sanjivni – Supporting MSMEs through challenging times

We started the Sanjivni initiative to give a new lease of life to the businesses of customers affected by the pandemic. During lockdowns, we worked with them to understand their unique business challenges and offered customised solutions to help their businesses get back on track. These solutions supported their financial well-being and eased their debt burden. It also provided them with a confidence boost to revive their business.

We curated and released a knowledge series that discussed government policies and measures, industry relevant updates, branding, and business needs. Such innovative solutions strengthened our customer connect and helped carve a path to sustainable growth.



DiGibizz: Accelerating small businesses through digitisation

We created DiGibizz to address the emerging needs of our customers by providing them with integrated solutions on a single platform, to transform their businesses. The platform is powered by our in-house recommendation engine, 'Digit-o-Meter', to evaluate and categorise small businesses based on the level of their digitisation.

This customer-centric approach helped us develop relationships with customers from various industry segments. With a strong network of partners, we are able to serve the MSMEs by upgrading their businesses.

Category	DiGibizz In numbers	Total as on March 31, 2022
Awareness	Platform visits	96K+
Platform users	Registered users	42K+
	Assessed customers	10K+
Leads	Loan leads	22K+
	Disbursement	₹6.52 Crore
	Partner leads	~4K
Partnerships	Partners	31
	Service categories	16

DIGITAL ADOPTION TRENDS AMONG SMBs: A NeoGrowth survey

We surveyed small and medium enterprises (SMEs) last year, with 9,500+ participants based on DiGibizz user data. The survey aimed to understand the digital adoption trends among small and medium businesses and took into account multiple factors, including digital discovery, online selling, digital payments, digital operations, among others.

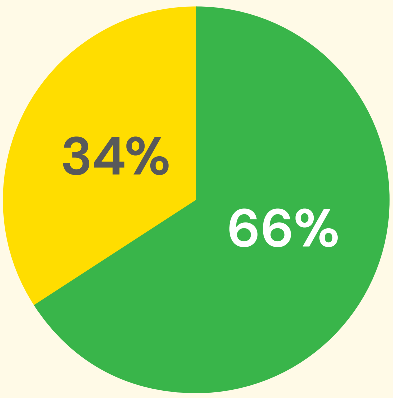
Of the surveyed participants, ~66% shifted from an offline-only to an integrated online and offline operating model. Apparel, mobile and food and beverages were the top segments that sold their products online.

Enterprises from Mumbai, Bengaluru and Hyderabad used social media platforms like Facebook and Instagram to sell their products.

This survey successfully highlights our belief that adopting digital is the only way forward to achieve sustained growth.

66%
MSMEs use online platforms to sell their products

MODE OF SALES OF INDIAN SMBs
(Small and Mudium Businesses)



Online and offline   Only offline

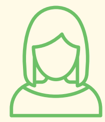
SURVEY OVERVIEW

SMBs in focus

Turnover of SMBs

93% SMBs < ₹1 Crore

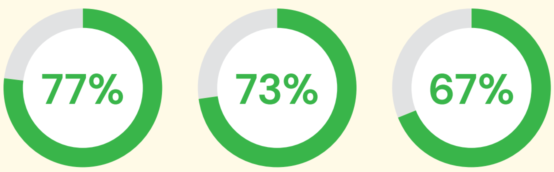
- 69% < ₹50 Lakh
- 21% < ₹50 Lakh



7% Women owners

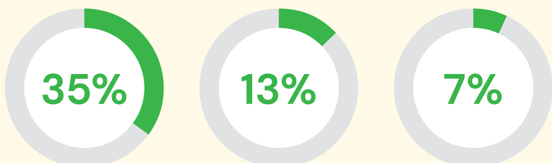
DIGITAL DISCOVERY AND ONLINE SELLING

Top 3 categories of SMBs selling online



Apparel | Mobile & Accessories | Food & Beverages

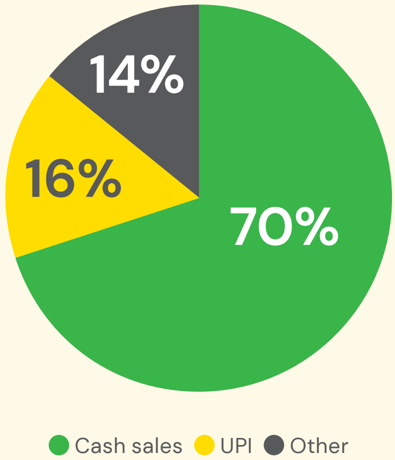
Top 3 digital platforms for SMBs product listings



Google My Business | WhatsApp | Facebook or Instagram

DIGITAL PAYMENTS

Payment mode used by SMBs across cities



SMBs with highest adoption of digital payment

32%
Petrol Pump

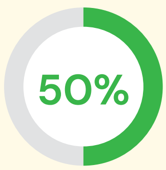
27%
Food & Beverages

28%
Mobile & Accessories

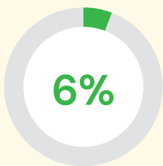
26%
Pharma establishments

DIGITAL DELIVERY

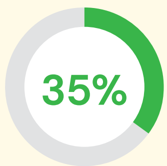
Top 3 categories of SMBs selling using online delivery



Delivery through their own staff



Use online apps such as Swiggy and Zomato



Did not deliver at all

DIGITAL ENGAGEMENT

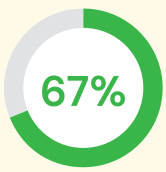
Across segments, digital engagement with customers via

45%
Reviews and ratings on Google and Just Dial

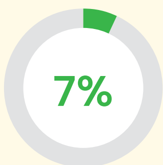
28%
Promotion on SMS, WhatsApp and Email

DIGITAL OPERATION

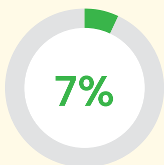
GST and IT filing was the most popular business operation to be digitised



GST & IT Filing



Billing & Accounting



Stock Management

PEOPLE

HAPPY WORKFORCE, PRODUCTIVE WORKFORCE

We strive to help our people achieve their goals and aspirations while ensuring a nurturing environment in the workplace. This has enabled the creation of a committed workforce that has stood by the Company during times of crisis, with steadfast support.

NeoConnect

NeoRecognize

NeoLearn

NeoBenefit

NeoCelebrate

NeoCare

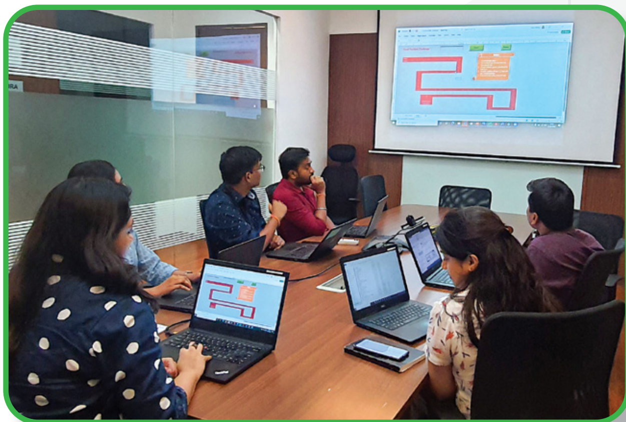
NeoGive-back

Our growth is closely interlinked with that of our employees. Their tireless efforts have paved the way for long-term value creation and steady business continuity. They have consistently upheld our ethos of creating positive social impact and furthered our corporate mission through their contributions.

We attract, engage, and develop appropriate talent and help them evolve into future leaders, backed by our 7 pillars of people engagement

Neo Connect

Neo Connect is our employee engagement initiative to keep our employees engaged and motivated.



- Webinar with CEO every quarter about the organisation's performance and strategic initiatives
- HR, IT and admin staff connect with each branch to convey new initiatives, policy changes and seek active participation in upcoming HR events
- Big picture workshops to highlight the significant roles of employees in achieving organisational goals through a balanced scorecard framework
- World of Women (WOW), a weekly communique providing tips and articles about lifestyle, health, Zumba session, PCOS awareness, among others.
- Ideathon platform to share unique ideas for enhancing functions, work and opportunity areas
- Structured outreach program for smooth onboarding of new joiners, with a regular feedback mechanism to perform course corrections, if required
- 'Abhiruchi' WhatsApp groups for employees with common interests and hobbies
- Multiple contests such as hobby pictures of the day, exercise/yoga, collage on COVID-19 safety tips , among others.

Neo Recognize

Neo Recognize is an initiative to identify and appreciate employees for their outstanding performance.

- Employee of the Month award to recognise an employee for their extraordinary work
- Value Champion award for advancing NeoGrowth values - Accountability, Customer Focus and Innovation
- ACE awards for recognising cross-functional team collaborations on key strategic projects
- Most Valuable Player award for mid-level employees with innovative ideas and solutions
- ~100 Spot Awards (Gift voucher of ₹1,000) for individual contributors to celebrate everyday victories
- A culture badge/coin for senior managers and above for showcasing any of the 5 characteristics:
  - Epitome of ownership and accountability
  - Champion of customer first
  - Prolific 'ideapreneur'
  - Par-excellence at result orientation
  - Class apart in team spirit
- Wall of Fame Award for top performers

- Best practice videos to recognise top performers in customer-facing teams
- Neo Ideas forum to put the spotlight on 'ideapreneurs'
- Think and Act like CEO for a Day contest to nurture thought leadership

Neo Benefit

We offer a host of benefits to our employees to enrich their lives with a sense of security and comfort.

- NeoGrowth employees can voluntarily opt for benefits like National Pension Scheme, Sodexo meal cards, car hire, and so on.
- 60% of program fees for part-time MBA sponsored by NeoGrowth

- A gift card worth ₹5,000 for employees in the event of marriage or childbirth
- Medical services at a discounted price through our tie-up and with Quantum for employees and dependents
- Neo Ambassador referral program enables employees to refer candidates and avail monetary benefits on the closure of the position
- Provision of term cover at corporate rates to employees' parents

Additional assistance provided through Neo Benefit:

- Maternity leave
- Extended maternity leave
- Paternity leave
- Bereavement leave
- VPF & NPS for financial planning
- Discounted food and medicines along with medical counselling

Neo Learn

The Neo Learn framework is one of our Learning and Development initiatives, aimed at honing the skills and knowledge base of our employees.

- Gurukul, a two-day intervention for new joiners, to align them to product features, processes, applications tools and policies related to the business functions. Post completion, a digital certificate is sent as an auto-mailer from Swadhyay- LeMS
- Prarambh introduces new recruits to the management team, organisation structure and our values to initiate them into the Company culture
- Simulation games for higher engagement during training sessions
- Employee upskilling through training modules on soft skills and managerial and leadership skills, to be completed over three-six months
- Gyandhara, a forum where external speakers are invited to address employees on various topics:
    - Cardio-Pulmonary Resuscitation (CPR)
    - Self-defence techniques for women by WARDA (Women Against Rape & Domestic Abuse)
    - PoSH (Prevention of Sexual Harassment at the workplace)
    - Financial awareness program
    - Fire and safety training
    - Polycystic Ovary Syndrome (PCOS)
    - Ergonomics and general fitness workshop
- Womentor, a mentoring program for women to advance their career prospects, providing an opportunity to be mentored by a mid-level woman colleague
- Leadership lessons taught through inspirational movies based on real-life success stories

Learning and Development (L&D)

Our robust L&D framework 'Neo Learn' imparts behavioural, functional and compliance training to all our team members through classrooms, video conferencing, online learning management system (LeMS)- 'Swadhyay' and other mobile app modes. We delivered 80+ training programs through these channels.

Some of our L&D initiatives:

- 'Neo Learn Super' Champions during the pandemic lockdown
- 'Saksham' - Supervisory Development program
- 'Sankalp' - support intervention for field force struggling to meet productivity norms

To make the L&D app more fun and interactive, we added dimensions of gamification and strategy game simulation. We encourage employees to participate in industry body seminars, workshops and conferences to stay updated with latest industry trends.

Impact

₹10,000

Invested per employee in a year

40

Average training hours per employee annually.

Neo Celebrate

We believe in embracing and valuing cultural diversity and cherish the same through various initiatives.

- Celebration of all major national holidays across all religions through dress-ups and thematic decorations
- Commemoration of birthdays, work anniversaries and special occasions such as International Women's Day
- Team outings to keep motivation levels high
- Fun Fridays to bring a casual and fun environment at the workplace
- Yoga sessions guided by experts for improved productivity and better work-life balance and celebration of International Yoga Day

Neo Care

We deeply care for the well-being of all our employees, and this is manifested through several policies adopted by us, which include:

- Regular employee health screenings
- Health and wellness tips through the weekly mailer, Swasthya Chetana
- Fit & Fab challenge to encourage employees to collectively lose a minimum weight of 4 kgs in a team of 4
- Walkathon, a fitness app-based event, aims at challenging employees to walk at least 5,000 steps in a day

Economic and social disruptions, caused by the pandemic, took a toll on the health and well-being of our employees. This prompted us to engage closely with them on a priority basis to address their concerns. We ensured strict adherence to various COVID-19 protocols - creating awareness, inculcating a habit of wearing masks, using hand sanitiser and maintaining social distancing. We also provided COVID-19 insurance cover, activated an HR helpline and organised management interactions with the staff. Flexi-timing policy was introduced to maintain social distancing when office resumed.

Neo Give Back

We conduct multiple activities to uphold our responsibility towards the environment and the society at large, gathering extensive participation from our employees.

Strengthening the talent pool

Talent acquisition and onboarding

We have put in place a strict zero-discrimination hiring policy that enables us to be equal opportunity employers. Through our employee referral program – Neo Ambassador – we acquire talent who is a perfect fit for the organisation at optimal costs. This year, 99% of our recruitment happened through in-house sourcing. Our internal job openings (IJP) provide career opportunities to in-house talent. We launched the 'Second Career for Women' program to drive gender diversity, as well as several employee engagement initiatives.

This year, we conducted a DISC profiling-based psychometric test with customised benchmarking for all job roles up to the Senior Manager level. The test measures personality and behaviour styles to help improve the overall work culture within the organisation by screening the most appropriate candidate. HireSmart, an analytics-driven tool, was developed for screening field executives in Sales. The tool predicts the productivity and longevity of a candidate based on demography, previous experience, and relevant qualifications. We utilised a recruitment module in our HRIS, leveraged social media for hiring, and conducted initial interviews over telephone/video calls to optimise hiring effort, time, and costs.

HR Mitra

For a stress-free onboarding experience, new joiners are provided with a welcome kit, a requirement checklist and a SPOC. A mentor in the form of 'Neo Buddy', corporate induction via 'Prarambh' and a functional induction with 'Gurukul' make the onboarding process smooth and easy for our new employees.

We continue to follow our approach of faster decision-making in hiring and induction of new employees within the organisation:

- Decision on hiring: Within 3 days
- Getting workstations ready: Within 24 hours of joining
- Getting ID cards, visiting cards ready: Within 3 days

Catapult Management Trainee Program for the Leadership Pipeline

This year, we launched the Catapult Program to onboard management trainees from tier-1 B-schools, with the intent to create an in-house pipeline of future leaders, with a comprehensive understanding of the organisation and the values we uphold. The first batch of the year-long Catapult Management Trainee program comprises six trainees, who joined us in June 2022. During the course of the program, they would take up four projects in the following domain areas – Treasury, Corporate Strategy, Product, Sales, Collections, among others. This will provide them with a 360-degree view of our business operations. Post completion of the program, the trainees would get placed at the Manager level at one of our several departments, including Treasury, Risk, Corporate Strategy, Marketing, Product, Data Science, among others, continuing the journey of being a future leader in the making. Apart from project guides, assigned mentors from the leadership team will nurture the trainees as future leaders, from the formative days of their careers.

ENVIRONMENTAL MEASURES

PRESERVING THE PLANET TO SAFEGUARD OUR FUTURE

We endeavour to remain on the path of sustainable development to create value that lasts in the long term. We take great care in minimising our impact on the environment and encourage our employees to uphold these values in their day-to-day activities.

We believe that it is of utmost importance to contribute to the safekeeping of our planet by reducing our carbon footprint. By implementing strong policies and initiatives to create a positive impact on the environment, we are helping make the planet greener and improving customer gratification, employee engagement, and efficiency. The fintech industry has very little direct impact on the environment. Despite that, we keep ourselves involved in activities that help spread awareness on environmental conservation, across the value chain.

Tree plantation

We have partnered with 'Grow Trees' to engage in plantation drives on special occasions like the anniversaries and birthdays of employees and congratulate them with e-tree certificates for the same. A tree is planted for every 1 Lakh steps our employees walk.

No plastic

We replaced plastic consumables with glass/wooden substitutes to make our workplaces zero-plastic zones.

Going Paperless

We always encourage going paperless with a digital approach to ensure better accountability and adaptability.

Energy and water

We aim to optimise the consumption of water and electricity through appropriate measures to cut down our carbon footprint.

Celebration of World Environment Day to raise awareness: Internal mailer on tips to protect our environment. Poster making contests for all the NeoGrowthians, and their families based on **'Help The Earth Heal, Say No to Plastic'** theme.

Earth Day celebration and awareness: On Earth Day, which is celebrated globally on 22nd April, we arranged a **"Best Out of Waste Contest"** for all NeoGrowthians.

We have embraced the **United Nation's Sustainable Development Goals (UN SDGs)** and have also adopted several policies to that end:

- The National Forest Policy
- National Water and Natural Resources Conservation Policy
- Policy Statement for Abatement of Pollution
- National Conservation Strategy and Policy Statement on Environment and Development

CORPORATE SOCIAL RESPONSBILITY

GROWING WITH CARE

Giving back to the communities in which we thrive is embedded into our core values. Engaging in various activities to drive positive social impact does not only help us to uplift and connect with society, but also enriches the lives of our employees and boosts morale.

Blood Donation

We organised blood donation drives by partnering with Think Foundation and Bombay Blood Bank. A blood donation camp was organised at our Bengaluru office, which happens to be our second-largest location, with respect to employee strength. We have also compiled a database of employees who wish to donate blood in emergencies.

Clothes donation drive

An NGO called Goonj organises the Joy of Giving program. NeoGrowth participates in this drive by donating clothes and other materials. These drives are arranged at most of our bigger locations.

Education of underprivileged children

In partnership with NGO Aseema Charitable, we organised an exhibition for the sale of artworks created by underprivileged children to raise funds for their education.

Organ Donation Awareness Session

An awareness session for organ donation was organised in association with I Gift Life for our employees. It provided details on the modalities of the organ donation process. Employees participated actively in this session.

AED machines and CPR training

We have Automated External Defibrillator (AED) machines on standby at our Mumbai offices. In case of emergencies, they can be used by anyone in need, be it NeoGrowth employees or anyone working in the same premises. We also trained our employees at the Mumbai office on Cardiopulmonary Resuscitation (CPR) techniques. This can be life-saving if the need arises.

LIFE AT NEOGROWTH

SOCIAL IMPACT

IMPACT-DRIVEN LENDING

Creating positive social impact through our loan offerings has been central to our growth since our inception. We, at NeoGrowth, give utmost importance to business activities that enable transformative changes in the lives of people.

We are actively innovating to transform the lives of our customers through our loan products and create a multiplier effect on employment generation, financial inclusion, growth of women entrepreneurs, etc. Our aim is to cultivate purpose and inspire positive change among the MSME sector and the communities they interact with.

We commissioned an independent third-party survey to analyse and assess the direct and indirect social impact created by NeoGrowth throughout the year. Based on over 250 in-person NeoGrowth customer interviews across major cities, the key findings of the study are documented in our Social Impact Report 2022.

Key highlights

Catalyzing Bharat's entrepreneurs

About 77.90% of our customers interviewed were first-generation entrepreneurs

Gender inclusive lending

4671 women borrowers in FY 2021-22

Building credit scores

50.8% of surveyed NeoGrowth customers showed improvement or consistency in credit bureau scores after availing loans from NeoGrowth

Meaningful financial inclusion

50.5% of our interviewed customers were first-time borrowers

Impacting indirect employment generation

18% of our interviewed customers showed an increase in the number of employees post availing loan from NeoGrowth

Encouraging environmental sustainability

35.3% of our interviewed customers are taking different environmental initiatives

Accelerating digitisation of MSMEs

55% of the total daily sales transactions of our customers were in digital mode

Driving Economic Growth

84.1% of our interviewed customers registered an increase in revenue post availing a loan from NeoGrowth

Localised sourcing

52.9% of the interviewed customers sourced their raw material and stock from manufacturers within the same state

Contribution to United Nations Sustainable Development Goals (UN SDGs)

UN SDG	GOALS	UN SDG TARGET	NEOGROWTH INDICATORS	TARGET FY 2021-2022	Achievement FY 2021-2022
3 GOOD HEALTH AND WELL-BEING	Ensure healthy lives and promote well-being for all	Achieve universal health coverage including financial risk protection, access to quality essential healthcare services and access to safe, effective and affordable essential medicines and vaccines for all	• % of loans advanced to pharmacies, clinics, labs, and healthcare businesses (by value)	7%	7%
			• % of borrowers who availed health insurance (by volume)	78%	92%
5 GENDER EQUALITY	Achieve gender equality and empower women and girls	Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic, and public life	• % of loans advanced to businesses that were run by women either as sole proprietors, partners or directors (by value)	12%	16%
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation	Increase the access of small scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets	• Financial inclusion -% of loans advanced to first-time borrowers from NeoGrowth (by volume)	NA	51%*
			• % of loans advanced to businesses with vintage <=5 years (by volume)	60%	60%
			• % of digital sales in business transactions of borrowers (by value)	NA	55%
8 DECENT WORK AND ECONOMIC GROWTH	Promote sustained and inclusive economic growth, full and productive employment and decent work for all	Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation and encourage the formalisation and growth of MSMEs including thorough access to financial services	• % of loans advanced to tier-II cities (by value)	22%	28%
			• % of loan portfolio less than ₹10 Lakh	35%	38%
10 REDUCED INEQUALITIES	Reduced inequalities	By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status	• % of loans advanced to first-generation entrepreneurs (by volume)	NA	78%*
			• % of loans advanced to first-generation women entrepreneurs (by volume)	NA	6%*
			• % of loans to entrepreneurs of age greater than 50 years (by volume)	NA	10%*
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns	By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	• % of borrowers taking different environmental initiatives	NA	46%

*Based on interviews of 250+ NeoGrowth customers across: Mumbai, Pune, Delhi, Chennai, Ahmedabad, Bengaluru, and Hyderabad for the Social Impact Report 2022

LEADERSHIP TEAM*

Arun Kumar Nayyar
Whole Time Director and Chief Executive Officer

Deepak Goswami
Chief Financial Officer

Manmeet Singh Sawhney
Chief Business Officer

Amol Mohan Deherkar
Chief Product Officer

Vivek Sapre
Senior Vice President - Corporate Affairs and Human Resource

Yogesh Suresh Nakhwa
Senior Vice President - Operations, Customer Service and Business Excellence

Gauri Shah
Vice President - Risk and Credit Policy

Vasudha Chaudhry
Vice President - Credit

Argho Prateep Chatterjee
Vice President - Business Alliances

* As on 25th July 2022

BOARD OF DIRECTORS

Dhruv Kumar Khaitan

Chairman and Founder

Mr. Khaitan (DK) is our Founder and has been instrumental in guiding the leadership team, enabling NeoGrowth to achieve its strategic goals. An entrepreneur at heart, he has been involved in conceptualising, creating and scaling high technology ventures in the country. He mentored these companies through various stages of their life cycle, including start-up, growth, market leadership and eventual divestment to strategic buyers. Prior to chairing NeoGrowth's Board, he was the Chairman of Venture Infotek, until it became a part of Atos Origin. He established an industrial automation start-up, which evolved into a joint venture and eventually divested to Rockwell Automation, a Fortune 500 Company located in the USA. Mr. Khaitan holds a master's degree from the University of California, Berkley, USA, a bachelor's degree in Electrical Engineering from MIT, the USA and one in Physics from the University of Calcutta. He is a philanthropist and supports many NGOs across India.

Piyush Kumar Khaitan

Founder and Managing Director

Mr. Khaitan (PK) is our Founder and MD and has nurtured numerous businesses that scaled up to the highest levels of success, often with profitable divestitures. He is a visionary with 30+ years of expertise in the fintech and payments industry, SME lending, corporate development, business operations, technology and strategy. Before NeoGrowth, Mr. Khaitan was the Founder and Managing Director of Venture Infotek and DEI, India's largest secured card personalisation bureau and the Founder Chairman of the 'ePayments Focus Group' of the Smart Card Forum of Indian (SCFAI). He has worked closely with card networks, the RBI and the Indian Banking Association in framing policies and guiding the payments industry in India. Mr. Khaitan holds a bachelor's degree from Mumbai University and has successfully completed the Small and Medium Enterprises Programme (SMEP) from IIM, Ahmedabad. He is currently the Chair of the Knowledge Committee of the Digital Lenders Association of India (DLAI)

Mahesh Krishnamurthy

Investment Partner at Omidyar Network

Mr. Krishnamurthy has 20+ years of experience in investment management. His most recent stint was at True North, a highly successful private equity fund in India. Earlier, he worked for ~20 years in the US in investment, management consulting and technology for Accelyrs, KT Venture Group, Idanta Partners, McKinsey and Honeywell. Mr. Krishnamurthy is an MBA from Stanford University, an M.S. in computer science from the University of Wisconsin, Madison and holds a B.Tech in computer science and engineering from IIT.

Ganesh Rengaswamy

Co-Founder and Partner at Quona Capital

Mr. Rengaswamy, the Co-Founder and Partner at Quona Capital, is a seasoned entrepreneur and has been an impact technology venture investor across India, Asia and Silicon Valley. Prior to Quona, he was a general partner at Lok Capital, a venture growth fund investing in social enterprises. He was a part of Unitus Inc as Asia Director, a global organisation working towards reducing poverty by funding commercially sustainable solutions in financial inclusion. He is also credited with leading the India entry of Greylock Partners, a Silicon Valley venture growth fund and is a co-founder of travelguru.com. Mr. Ganesh holds an MBA from Harvard Business School, USA.

Amit Mehta

Principal & Fund Manager Private Equity
at IIFL AMC (resigned w.e.f. May 13, 2022)

Mr. Mehta has 15+ years of experience in investment management in India. He joined IIFL AMC in 2016 and is a member of the private equity team. In his current role, he is responsible for identifying and generating investment ideas in the financial services, customer and healthcare sectors. He currently serves as a Director on the Board of Kogta Financial, Northern Arc Capital and Happily Unmarried (Ustraa.com). Prior to IIFL AMC, he worked with marquee private equity funds such as MayField Fund and Motilal Oswal Private Equity. He is an MBA from IIM Ahmedabad and has done his B.Tech from LIT, Nagpur.

Michael Fernandes

Partner at LeapFrog Investments

Mr. Fernandes is a partner at LeapFrog Investments, co-leading the firm's South and Southeast operations. He has 20+ years of experience in operations, consulting and investing. He has led several of LeapFrog's landmark deals, including IFMR Capital, Fincare and NeoGrowth in India and Reliance Capital, a local financial service player in Indonesia. Prior to LeapFrog, he was the India Country Head for Malaysia's sovereign fund Khazanah Nasional, responsible for managing $700 Million of investments, including Yes Bank, L&T Finance and Uniquest and served on the Boards of IDFC and Apollo Hospitals. He also led a $250 Million global custom manufacturing business for Piramal Healthcare Group and was a partner at McKinsey & Co. where he was leading the healthcare and customer services sectors in the Southeast Asia market. Working out of UK, Singapore, Israel and South Africa, he acquired an MBA from IIM, Calcutta and a B.Sc. in Economics from St. Xavier's College, Kolkata.

Pranav Kumar

Director
LeapFrog Investments

Mr. Kumar is a member of LeapFrog's Asia team for sourcing, evaluating and managing investments across South and Southeast Asia. He has 10 years of experience in private equity investments, management consulting and development financing. Prior to LeapFrog, Mr. Pranav worked with World Bank Group, based in Singapore, managing strategy and design of investment funds and was an Engagement Manager at McKinsey & Co., India leading strategy and business transformation teams for banks, insurance and NBFC projects. Mr. Kumar is an MBA from IIM, Ahmedabad and has a B.Tech in computer science and engineering from IIT, Bombay.

Bindu Ananth

Independent Director

Ms. Ananth is the Chairperson and Co-Founder of the Dvara Group of Companies. She has 20+ years of diverse experience in leadership, strategy and governance in the financial services industry. Prior to Dvara, she worked with ICICI Bank for ~7 years and founded the microfinance practice and headed the new product development at the rural banking group. Ms. Bindu has been a member of the Taskforce of the Insolvency and Bankruptcy Board of India since 2017 and on the Advisory Boards of Columbia University's India Initiative and a part of the Consultative Group to Assist the Poor (CGAP). She was also a member of three RBI Committees earlier, including the Government of India's High-Level Committee on Women in 2014-15. She has co-edited 'Financial Engineering for Low-Income Households', a book published by SAGE and in the Economic and Political Weekly, OECD Trade Paper Series and Small Enterprise Development Journal.

Ms. Ananth has a master's degree from the Institute of Rural Management (IRMA) and Harvard University and has an undergraduate degree in Economics from Madras University.

Arun Nayyar

Whole Time Director & Chief Executive Officer

Mr. Nayyar has 20+ years of varied experience in the commercial and customer lending space. He has been the CEO of the company since 2018. A Chartered Accountant by qualification, he was earlier heading the SME lending business of Edelweiss Group. Prior to that, he held several key positions in business development and risk management with Citi Bank India. He started his career as an analyst with CRISIL in 2000. As a seasoned finance service professional, he is driving the company to be a market leader in the digital MSME lending space. He has helped build a strong leadership team by hiring experienced professionals from across the financial services and payments industry. His focus is more on creating a data-driven culture and bringing in new-age analytics for Risk management, productivity improvement, customer selection, collections, and recovery.

AWARDS AND RECOGNITIONS

Top 30 – India's Best Workplaces in BFSI 2022

Great Place to Work – March 2022 to March 2023 (Third time in a row)

Quantic India's NBFC and Fintech Excellence Awards 2022 – Best SME Finance Company

Distinguished NBFC Awards 2021 by Banking Frontiers – Best Collections Initiative

HR Distinction Awards 2021 – Outstanding Employee Engagement Strategy

Distinguished NBFC Awards 2021 by Banking Frontiers – Best Brand Building Campaign

STATUTORY REPORTS

FINANCIAL STATEMENTS

CORPORATE INFORMATION

Board of Director(s)

Mr. Dhruv Kumar Khaitan	Founder and Non-Executive Chairperson
Mr. Piyush Kumar Khaitan	Founder and Managing Director
Mr. Ganesh Rengaswamy	Non-Executive Director
Mr. Michael Fernandes	Non-Executive Director
Mr. Pranav Kumar	Non-Executive Director
Mr. Mahesh Krishnamurthy	Nominee Director
Ms. Bindu Ananth	Director Categorized as Independent
Mr. Amit Mehta	Non-Executive Director (resigned w.e.f. May 13, 2022)
Mr. Arun Kumar Nayyar	Whole Time Director & CEO

Committees of the Board

Audit Committee

Ms. Bindu Ananth	Chairperson
Mr. Piyush Kumar Khaitan	Member
Mr. Ganesh Rengaswamy	Member
Mr. Michael Fernandes	Member
Mr. Mahesh Krishnamurthy	Member
Mr. Arun Kumar Nayyar	Permanent Invitee

Nomination and Remuneration Committee

Mr. Michael Fernandes	Chairperson
Mr. Piyush Kumar Khaitan	Member
Mr. Ganesh Rengaswamy	Member
Mr. Mahesh Krishnamurthy	Member
Ms. Bindu Ananth	Member
Mr. Arun Kumar Nayyar	Permanent Invitee

Credit and Risk Management Committee

Mr. Mahesh Krishnamurthy	Chairperson
Mr. Piyush Kumar Khaitan	Member
Mr. Pranav Kumar	Member
Mr. Arun Kumar Nayyar	Member

Resources & Mobilisation committee

Mr. Dhruv Kumar Khaitan	Chairperson
Mr. Piyush Kumar Khaitan	Member
Mr. Pranav Kumar	Member
Mr. Mahesh Krishnamurthy	Member
Mr. Amit Mehta	Member (resigned w.e.f. May 13, 2022)
Mr. Arun Kumar Nayyar	Member

Corporate Social Responsibility Committee

Ms. Bindu Ananth	Chairperson
Mr. Piyush Kumar Khaitan	Member
Mr. Michael Fernandes	Member
Mr. Mahesh Krishnamurthy	Member
Mr. Arun Kumar Nayyar	Member

Management Committee

Mr. Dhruv Kumar Khaitan	Chairperson
Mr. Piyush Kumar Khaitan	Member
Mr. Ganesh Rengaswamy	Member
Mr. Michael Fernandes	Member
Mr. Pranav Kumar	Member
Mr. Mahesh Krishnamurthy	Member
Ms. Bindu Ananth	Member
Mr. Amit Mehta	Member (resigned w.e.f. May 13, 2022)
Mr. Arun Nayyar	Member
Mr. Kushal Agrawal	Member

Shareholders

1. Mr. Dhruv Kumar Khaitan – Founder and Chairperson
2. Mr. Piyush Kumar Khaitan – Founder and MD
3. M/s ON Mauritius
4. M/s. WestBridge Crossover Fund LLC
5. M/s Aspada Investment Company
6. M/s Khosla Impact I Mauritius
7. M/s Accion Frontier Inclusion Mauritius
8. IIFL Seed Ventures Fund I
9. M/s Trinity Inclusion Ltd.

Statutory Auditors

ASA & ASSOCIATES LLP

Lotus Corporate Park, D-401, CTS No. 185/A, Graham 5th Compound, Western Express Highway, Goregaon (E), Mumbai – 400 063

Secretarial Auditors

SACHIN DEDHIA & ASSOCIATES

104, Sushila Apt, Devidas Lane, Borivali (W), Mumbai – 400 103.

Registrar and Share Transfer Agent

Kfin Tech Limited

Karvy Selenium Tower B, Plot 31 and 32, Gachibowli, Financial District, Hyderabad - 500 008

Debenture Trustee

Catalyst Trusteeship Limited (Formerly GDA Trusteeship Ltd.)

GDA House, Plot No. 85, Bhusari Colony (Right), Paud Road, Pune – 411 038

Bankers

- RBL Bank Limited
- HDFC Bank Ltd
- Indian Bank
- Federal Bank
- ICICI Bank

Lenders, Subscribers & Holders of Debt issues

Bank

- RBL Bank
- Federal Bank

FI

- Small Industries Development Bank of India (SIDBI)
- Vivriti Asset Management (AIF)

FI (NBFC)

- Caspian Impact Investments Private Limited
- Hinduja Leyland Finance
- Kisetsu Saison Finance (India) Pvt Ltd
- Maanaveeya Development & Finance
- Nabkisan Finance Ltd
- Sundaram Finance Limited
- Vivriti Capital Private Limited
- Ambit Finvest Private Limited
- A.K. Capital Services Limited
- Northern Arc Capital Limited
- Hero FinCorp Limited

Offshore funds

- BlueOrchard Microfinance Fund
- Proparco (Societe De Promotion Et De Participation Pour La Cooperation Economique S.A.)
- Microvest Short duration Fund, LP
- NEDERLANDSE FINANCIERINGS-MAATSCHAPPIJ VOOR ONTWIK (FMO)
- Triodos SICAV – II Triodos Microfinance Fund
- Tridos Fair Shair Fund
- Triple Jump - Pettelaar Effectenbewaarbedrijf NV
- AAV SARL (Symbiotics)
- Masala SARL (Symbiotics)
- UTI International wealth creator 4 (ResponsAbility)
- Stichting Juridisch Eigenaar ACTIAM Institutional Microfinance Fund III (DWM)

Registered Office

802, Tower A, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400 013
CIN: U51504MH1993PTC251544

Geographical Coverage:

No of Branches Including HO: 30
No of States: 15 (14 states and 1 Union Territory)

MANAGEMENT DISCUSSION & ANALYSIS

Economic Review

Global economy

The COVID-19 pandemic continued to immobilise the world economy in 2021 through newer variants, increased infections and subsequent lockdowns. Crude oil prices in the global market and disrupted supply chains led to rising inflations. Both developed and emerging economies faced the brunt of the price rise. According to the International Monetary Fund (IMF) outlook, global growth is predicted to be at 3.6% in 2022, down from 6.1% in 2021. On the other hand, countries made considerable efforts in vaccinating their population. Mass vaccination drives helped economies across the world recover.

Central banks proposed an array of measures to ensure credit was available to businesses and individuals. Large-scale vaccination drives around the world, coupled with accommodative policy measures, boosted economic recovery.

While many sectors were quick to get back in action, some like tourism and hospitality continued to suffer due to travel restrictions imposed by several countries. Countries with sturdy healthcare infrastructure, large industries and strong fiscal policies found it easier to reboot themselves.

Outlook

The ongoing Russia-Ukraine conflict will have strong consequences on the rest on the world. Global growth is projected to slow down in 2022. Both countries are exporters of crude oil, natural gas, wheat, edible oil, among others. Disrupted supply chains will cause the cost of fuel and other commodities to go up substantially.

While the vaccines offered a new glimpse of hope to the world, it was shadowed by the Ukraine-Russia crisis. It is imperative for global superpowers and emerging markets bring a new collaborative approach to counter the challenges in this post pandemic world.

Economic growth projections

Region	2021 (%)	2022 (P) (%)	2023 (P) (%)
World	6.1	3.6	3.6
Advanced Economies	5.2	3.3	2.4
USA	5.7	3.7	2.3
UK	7.4	3.7	1.2
Emerging Markets	6.8	3.8	4.4
India	8.9	8.2	6.9
China	8.1	4.4	5.1

Source: International Monetary Fund (IMF)

Indian Economy

India has been the fastest growing world economy owing to consistent endeavours taken by the government such as rising exports, newer foreign investments and tax collections. The government is pushing in medium to long-term growth through higher capital expenditures. India's GDP is expected to grow at 9.2% in FY 2021-22 as per the Economic survey 2021-22.

The central government has allocated ₹7.5 Lakh Crore on infrastructure development, a 35% increase over previous year, with a view to propel growth of other industries. RBI projection says that economic output will stand at 7.8% in FY 2022-23. However, the Consumer Price Index (CPI) will remain elevated at 7.9% as of April 2022 due to high input cost, increased crude oil prices in the global markets and supply chain breakdowns.

As per RBI estimates, the economy will possibly grow by 7.2% in FY 2022-23. This bullish outlook comes from the fact that vaccine coverage has drastically increased and there are now very limited restrictions on mobility. The upper middle/high income class population who were relatively less affected are already on their way back to normalcy. There is a burst of pent up spendings as people begin to travel, visit restaurants, movie theatres, among others, more enthusiastically. Once this demand kicks in, it will boost employment and income among the labour class who were financially hit during the pandemic. Digitisation trends will continue as businesses ramp up their online presence. The 2022 Union budget continues to prioritise growth with 36% increase in allocation to capital expenditure to 2.9% of the GDP. The government is banking on private investment. However, there is a chance that high oil prices and supply distortions could slide down the projections. The Russia-Ukraine situation may destabilise the energy market.

Towards the second half of 2021, many restrictions were removed by the government, which came in as a huge relief. Almost all industries, including tourism saw a positive traction towards the third quarter of 2021. India exited the recession phase in the third quarter with a growth of 0.4%. Indian services sector that contributes 60% of the GDP, expanded for the first time in October 2021.

Outlook

Both the World Bank and the IMF proposed a positive outlook for the Indian economy in the coming year. However, internal and external uncertainties will determine how the economy will perform in FY 2022-23. India has managed to vaccinate over a billion people. It should help provide protection against any new variant. We are in a better position to manage any contingency with an arsenal of policy measures and upgraded medical infrastructure. The task at hand is to continue the pace of economic recovery across all sectors. With increase in spendings, we expect its translation into more demand for credit.

Industry Overview

NBFCs

Non-Banking Financial Companies along with the public sector banks, private banks and financial institutions, form one of the four broad constituents of the credit ecosystem of the Indian Financial Sector. They have witnessed immense growth over the years. Right from the early 2000s to date, the Asset Under Management (AUM) of NBFCs increased from less than ₹2 Lakh Crore to over ₹25 Lakh Crore now.

NBFCs are playing an integral role in promoting financial inclusion and their primary objective is to provide financial assistance to one and all. They are proving crucial for small and medium enterprises (SMEs), which are the backbone of the Indian economy.

NBFC Lending

NBFCs managed to carve out a strong presence in MSME loans due to their focus on serving the needs of the customer segment, faster turnaround time, customer service provided and expansion in geographic reach. Over the years, the MSME portfolio of NBFCs have grown at a faster rate than the overall MSME portfolio at a systemic level. The share of NBFCs in total credit to MSMEs is estimated to have increased to ~20% at end of FY 2020-21 from 14% as of FY 2014-15. As of FY 2020-21, the cumulative market share of NBFCs in small business loans of less than ₹10 Lakh ticket size outstanding is estimated to be at ~41%, which is higher than any other player groups. It is expected that the market share of NBFCs will continue to increase with increasing demand.

Impact of COVID on NBFCs

COVID-19 has had a major impact on businesses worldwide. However, the micro, small and medium enterprises were the worst affected of all. The asset quality of NBFCs deteriorated between April and September 2021 (H1FY 2021-22) owing to the second wave of the pandemic. The gross non-performing assets (NPAs) also rose to 6.8% in September 2021 from 6% in March 2021.

However, NBFCs navigated the challenges by focusing on higher liquidity, capital, and provisioning buffers. These, combined with improving economic activity, have put the sector in a comfortable position to capitalise on growth opportunities.

Key initiatives and guidelines launched by the RBI to support the NBFCs

The Reserve Bank of India has taken immense steps to support the NBFCs in their time of need. These initiatives have not only helped them recover from the impact of the pandemic but also bounce back stronger than before.

- It announced targeted long-term repo operations (TLTROs) of up to three years' tenure for a total of up to ₹1 Trillion. Subsequently, TLTROs worth ₹500 Billion were announced specifically for non-banking financial companies (NBFCs) and micro finance institutions (MFIs), with 50% targeted towards small and mid-sized firms.
- The Government of India, through the Ministry of Finance, Department of Financial Services introduced the emergency credit line guarantee scheme (ECLGS). Pursuant to the ECLGS, the National Credit Guarantee Trustee Company, a wholly owned trustee company of the Government of India, provided a 100% credit guarantee with respect to eligible credit facilities extended by NBFCs in the form of additional term loans

Incremental credit growth

Incremental credit growth crossed ₹10 Lakh Crore mark in FY 2021-22. The credit growth was 1.8 times higher the ₹5.8 Lakh Crore achieved in the previous fiscal. The increase in credit to MSMEs and infrastructure was strong at ₹2.3 Lakh Crore while the credit to housing and the NBFC sector was close to ₹2 Lakh Crore. The share of large industry in the total credit to the industry by the NBFC sector increased from 82% at end of March 2019 to 90% at end of September 2021.

In addition to the above, there was a higher credit to GDP ratio for the financial year. This indicates that there was immense participation of the BFSI sector in the real economy.

The economy was able to shrug off the after-effects of the pandemic to a large extent as credit growth was broad-based across all sectors.

Key growth drivers

NBFCs in small business lending developed expertise in serving the underserved and niche customer segments through customised products and building strong credit appraisal mechanisms to serve their target segment. Hence there is immense potential for the growth of such NBFCs. The other factors that contribute to the growth and development of NBFCs include:

- High credit gap in the target customer segment
- Rising digitalisation boosting business for digital-first and technology-focused NBFCs
- Increase in availability of data and transparency leading to increased awareness among possible customers
- Growth in branch network of players in small business loan segments
- Reduction in risk premiums due to information asymmetry

Outlook

The Non-Banking Finance Companies (NBFC) sector in India holds an important place in the Indian Financial System. Over years, they have been instrumental in contributing to the Government's financial inclusion agenda by extending credit to unbanked and unserved populace of the country, including the farm, retail, infra and MSME sectors. Their share in the overall credit pie has risen from 12% in FY 2007-08 to 17% in FY 2020-21.

The leveraging of technology helped increase overall lending and ease of doing business. They will remain a force to reckon with the Indian credit landscape given their inherent strength of providing last-mile funding and catering to customer segments that are difficult to address.

MSME

The National Sample Survey (NSS) 73rd round dated June 2016 estimated that there are ~63.5 Million MSMEs in India. Since then, the number of MSMEs is estimated to have increased further to around 70 Million as of on FY 2020-21. The segment currently contributes to 30% of the GDP, over 40% of exports and creates employment for ~110 Million people in the country, thus supporting economic development and growth.

The total size of MSME lending market across ticket sizes and various player groups (banks, NBFCs, small finance banks, and other formal lenders) was around ₹19 Trillion as of March 2021. It is estimated that the loans to MSMEs have increased at 10% CAGR between FY 2011-12 and FY 2020-21.

Over the last few years, expansion in branch network, more data availability and government initiatives like GST, UDYAM, and increasing thrust to adoption of digital payments has led to increasing focus of lenders, especially the NBFCs, on the underserved segment of MSME customers, including individuals and micro-entrepreneurs. The market share of small business loans with ticket size at less than ₹10 Lakh in overall disbursements has increased from 12% in FY 2016-17 to 20% in FY 2020-21. Small business loans grew at a fast pace with portfolio registering a CAGR of 36% over FY 2016-17 and FY 2019-20.

Impact of COVID-19 on MSMEs

The MSMEs sector was among the most vulnerable sectors during the pandemic because of its size, scale of business and availability of financial resources. Studies and surveys showed that ~95% firms were impacted negatively due to national lockdown imposed in April 2020, 70% of businesses remained disrupted till August 2020. Even after progressive unlocking, reports suggest that ~40% businesses remained interrupted till the end of February 2021. The three critical barriers faced by MSMEs are market access, overall productivity and getting access to more finances. An average 11% decline in business volume of Indian MSMEs was recorded because of the lockdown in 2021 in comparison to 46% decline during nationwide lockdown in 2020.

However, the Government took a lot of initiatives to foster the growth of the affected sector. Various schemes launched by the government such as making available of the subordinated debt, equity infusion along with the modification of the definition of MSMEs are aiding revival. Additionally, collaboration of the MSMEs with research institutions, tech start-ups, existing foreign players may prove to be an effective business strategy for them to develop a low-cost production base and further penetrate the Indian market.

Government's measures for the MSMEs

To bring in more enterprises under the ambit of MSMEs and the relief package being offered by the regulator, the government revised the MSME investment limit across each category and introduced an alternate/additional criterion of turnover buckets to the definition.

Existing MSME classification			
Criteria: Investment in plant and machinery or equipment			
Classification	Micro	Small	Medium
Manufacturing enterprises	Investment < ₹2.5 Million	Investment < ₹50 Million	Investment < ₹100 Million
Servises enterprises	Investment < ₹1 Million	Investment < ₹20 Million	Investment < ₹50 Million
Revised MSME classification			
Composition criteria: Investment and annual turnover			
Classification	Micro	Small	Medium
Manufacturing and service enterprises	Investment < ₹10 Million	Investment < ₹100 Million	Investment < ₹500 Million
	Turnover < ₹50 Million	Turnover < ₹500 Million	Turnover < ₹2.5 Billion

Source: Ministry of MSME, CRISIL Research

- The Udyog Aadhaar memorandum launched by the Government lends MSMEs the ease in availing credit, loans, and subsidies from government by either registering online or offline.
- The incubation scheme launched by the government helps the innovators implement their new designs, ideas, or products. Under this, 75% to 80% of the project cost can be financed by the government. This scheme promotes new ideas, designs, products and so on.

Outlook

MSMEs played a major role in bringing back Indian economy on a firm path of recovery. Measures taken by the government under Aatmanirbhar Bharat such as ₹50,000 Crore equity infusion through SRI fund, ₹3 Lakh Crore emergency credit line guarantee scheme have immensely helped these enterprises to survive pandemic disruptions. In the long-term, the segment will continue to attract opportunities as large players want to diversify their supply chains. The Union Cabinet approved ₹6,062 Crore in funding, in association with the World Bank for MSMEs. Known as 'Raising and Accelerating MSME Performance' (RAMP), it will complement the Atmanirbhar Bharat mission through enhancement in industry standards, capacity building, skill development, technological upgradation and marketing promotions.

Business Review

Operational Performance

FY 2021-22 started with the impact of the third wave. But we bounced back strongly with disbursals and collections reaching pre-COVID levels quickly. Our AUM grew by 17% from ₹1,323 Crore in FY 2020-21 to ₹1,559 Crore in FY 2021-22.

New product launches

We launched two new products in the retail and B2B segments.

1. Insta Loans – Collateral-free loans with minimal documentation, instant online approval and disbursal within 24 hours, were extended to ₹8 Lakh

2. Plus loans – Longer tenured loans against property as collateral. Plus Loans helped us foray into the secured lending business

Branding and marketing

During FY 2021-22, we executed 'Keeping it Simple' campaign with our brand ambassador Ajinkya Rahane. The objective of the campaign was building brand awareness and enhancing brand recall for NeoGrowth among customers and other stakeholders.

Sanjivni

In line with the regulatory guidance, customers were provided the option to avail moratorium, helping them manage their finances during the lockdown/restrictions.

Higher partner engagement levels

During FY 2021-22, we executed several Younite Partner engagement initiatives as well as R&R programs, along with a dedicated support service to resolve partner queries.

Digital enablement of customers

DiGibizz was launched to help businesses go digital, and the platform managed to onboard 42,000+ users, registered 96,000+ platform visits and ~4,000 users requested for partner services.

Digital loans

A new digital journey was launched to enable instant online approval and super-fast disbursals with zero paperwork for retail loans up to ₹8 Lakh.

Real-time performance management

Sales Compass is an interactive visualisation tool for the sales force to evaluate their performance in real time. This tool provides a quick report card to the field team as well as highlights team performance, enabling them to review and conduct course corrections in a standardised manner. Sales Compass greatly enhanced the performance and productivity of the field teams.

Financial performance

The analysis of major items of the audited standalone financial statements is summarised below:

Particulars	2021-22 (₹ In Crore)	2020-21 Restated (₹ In Crore)
Revenue from Operations	361.6	311.4
Other Income	1.2	1.9
Total Income	362.8	313.3
(Less) Financial costs	153.4	135.7
Net Interest Income	209.4	177.6
(Less) Operational costs	106.1	99.3
(Less) Loan losses and provisions	147.3	124.6
(Less) Depreciation and amortization	7.8	9.7
Profit/(Loss) Before Tax	(51.8)	(56.0)
(Less) Tax Expenses/ (credit)	(12.3)	(14.1)
Net Profit/(Loss)	(39.4)	(41.9)

Previous year numbers are based on Ind AS Financial statements.

Net worth and key ratios

Particulars	As on March 31, 2022 (₹ In Crore)	As on March 31, 2021 Restated (₹ In Crore)
Net Worth	370.1	342.7
Debt/Equity Ratio	3.3	3.8
Capital Adequacy Ratio (%)	23.2	21.6
Operating cost/NIM (%)	58.77	65.87

Net Worth excludes the 'Other Comprehensive Income' shown as part of 'Other Equity' and includes compulsorily convertible debentures (CCD).

Risk management

Risk management is an integral part of our business strategy. The risk management philosophy at NeoGrowth focuses on maximising risk adjusted returns i.e. optimising risk relative to the revenues and targeted profitability.

Pillars of risk management policy

1. Robust customer selection methodology, using risk gradation scorecards
2. Pro-active portfolio monitoring (including detection of early warning signals) and course corrections, wherever required
3. Leveraging technology and analytics to monitor, detect, collect and improve the selection framework
4. Multi-pronged collection strategy through automated collections, payment reminders, strong collection field force and backing from an able litigation team

Each of the above pillars are supported by predictive and prescriptive analytics, resulting in sharper customer selection, deeper understanding of customer behaviour and focused collection strategies. Agility in implementing relevant collection strategies and risk solutions are based on emerging scenarios.

Our response to managing portfolio risk during this challenging year was proactive and also dependent on the developing situation and its possible impact.

During the second wave lockdown (April – May 2021)

Active customer engagement and communication strategy with tele-calling, SMS and email campaigns, serving multiple purposes were undertaken to the following end:

- Establishing contact
- Expressing our support to the customer
- Facilitating intermittent payments in a frictionless manner, whenever customers were in a position to pay
- Offering a customised solution (Sanjivni scheme) vide digital interface, for each customer

Resumption of normal business (Post Unlock - June 21 onwards)

- Calibrated resumption of lending through improved selection framework
- Expansion of product offering by way of introduction of property collateral backed loans
- Higher intensity of digital modes of processing, with clear focus on superior customer experience and risk management
- Increased focus on off balance sheet Lending vide Business Correspondent partnerships

Additionally, we created adequate credit cost provision reserves to factor in the portfolio impact of the second wave of the pandemic, as well as to stay adequately insulated from future economic variations.

Our risk management is enhanced with the following assets during:

Pre-Origination

Enhanced scrutiny of potential borrowers, using proprietary scorecards integration of online assets for financial, transactional and reputational information

Post-Origination

- Real-time monitoring using technologies, such as risk and collections datamart
- Agility using the above assets, which are relevant, timely and customised, increasing their probability of success

Governance

Corporate governance is about promoting fairness, transparency, accountability and commitment to values. Integrity and quality governance are the key to a healthy and robust business. We, at NeoGrowth, adhere to the highest standards of corporate governance and are constantly striving to adopt to the best industry practises.

Please refer to Directors' Report on page 65 for more information.

Compliance

FY 2021-22 witnessed various changes in NBFC regulations such as Scale Based Regulation, Asset Classification and Income Recognition following the expiry of COVID-19 regulatory package, Prompt Corrective Framework, Appointment of Internal Ombudsman by non-banking financial companies, Prudential Norms on Income Recognition, Asset Classification and Provisioning Pertaining to Advances, Core Financial Services Solution by NBFC, among others. We managed without diluting any of the compliance and governance standards to navigate these challenging times. We constantly endeavour to raise the standard for regulatory compliances and governance metrics.

Please refer to the Directors' Report on page 65 for more information.

Human resources

We recognise employees as the biggest assets in realising our business objectives. NeoGrowth's people strategy is 'To drive competitive advantage through purposeful direction and positive workplace'. Hence, we emphasise on right talent acquisition, and grooming their capabilities so that they drive our organisation on a path to prosperity. Being a FinTech player, we leverage data and technology for talent acquisition as well. To minimise manual intervention, we deployed a recruitment module in HRIS. We use HireSmart, an analytics driven tool to screen sales candidates and predict the productivity and longevity of a role, on the basis of demography, previous experience and relevant qualifications. We have DISC based psychometry test till Senior Manager level hiring. Our aim is to continuously engage with our employees to keep their motivation level high. We develop, nurture and retain talent through a structured engagement, which involves initiatives under 7 pillars namely Neo Connect, Neo Recognise, Neo Learn, Neo Benefit, Neo Celebrate, Neo Care and Neo GiveBack.

Please refer to the Directors' Report on page 65 for more information.

Asset liability management

We have a strong borrowing profile, comprising a mix of domestic and overseas institutions

Partial List of Lenders	Country	Instrument	Tenor	Sanctioned Exposure (Crore)	Outstanding (Crore)
DFI					
FMO [2 Transactions]	Netherlands	NCD	4 yrs	134.0	115.5
Proparco (AFD Subsidiary)	France	ECB	5 yrs	118.9	89.8
Small Industries Development Bank of India (SIDBI) [1 Transaction]	India	TL	3 yrs	20.0	20.0
FPI					
Blue Orchard [4 Transactions]	Switzerland	NCD	3-5 yrs	175.6	175.6
Responsibility [3 Transactions]	Switzerland	NCD	2-6 yrs	170.0	135.0
Symbiotics [4 Transactions]	Switzerland	NCD	3-5 yrs	161.5	110.7
MicroVest	USA	ECB	3 yrs	42.5	42.5
Developing World Markets – DWM [2 Transactions]	USA/Netherlands	NCD	3 yrs	64.5	64.5
Triodos	Netherlands	NCD	3 yrs	31.0	31.0
Triple Jump	Netherlands	NCD	3 yrs	31.0	31.0
Domestic Institutions					
RBL Bank (USIDFC Guarantee backed)	India (USA)	TL	5 yrs	32.1	19.3
RBL Bank	India	TL	6M	13.0	13.0
RBL Bank	India	CC	-	10.0	-
Indian Bank	India	CC	-	25.0	24.8
HDFC Bank	India	OD	-	23.8	23.1
ICICI Bank	India	OD	-	4.5	3.3
Nabkisan Finance (NABARD Subsidiary)	India	TL	3 yrs	20.0	5.0
Others domestic high rated NBFCs	India	TL / NCD	2 - 3yrs	210.0	146.5
Others domestic high rated NBFCs	India	PTC	1 yr	257.7	158.5

Glossary: NCD – Non-Convertible Debenture, ECB – External Commercial Borrowing, TL – Term Loans, CC – Cash Credit, OD – Overdraft

We have a robust, Board approved Liquidity Risk Management (LRM) policy in place, which also covers the Asset Liability Management (ALM) framework. The LRM policy meets the following objectives:

- Defining organisation structure for the LRM and ALM framework
- Design of the LRM information systems
- Process to assess liquidity risk, interest rate risk and short-term liquidity risk
- Identification and measurement, on a consistent basis, of the liquidity risks and interest rate risks to which we may be exposed
- Identification of risk mitigation strategies to be adopted
- Establishing guidelines to meet various applicable regulatory rules and statutes

While the overall asset-liability management at the Board level is entrusted with the Audit Committee members, at the strategic policy level, the execution is managed by the Asset Liability Management Committee (ALCO), comprising the Managing Director, Chief Executive Officer, Chief Financial Officer, and the Senior Vice President – Treasury. The ALCO has further constituted an ALM Support Group (ASG) and delegated a few of the responsibilities and authority to the ASG to execute the stated policies.

By virtue of our strategy of borrowing for longer tenor, despite having a shorter maturity loan portfolio (average tenor of loans and advances at 21 months, compared average tenor of borrowings at 38 months), our ALM remains robust and cumulatively positive across all maturity buckets.

We have a strong business model built on prudent fundamentals and astute borrowing policy of not carrying any negative ALM gaps, and ability to withstand stress. During the period of the pandemic, we offered moratorium to all our eligible customers, but did not avail moratorium from any of our lenders. Despite this action, we maintained positive cumulative gap in the ALM due to our conservative policy of ensuring longer average tenor of borrowings compared to advances.

During FY 2021-22, we diversified our sources of borrowings by adding new types of lenders and borrowing through innovative on-balance sheet and off-balance sheet structures.

At the same time, we maintained prudent liquidity buffers under the guidance of the ALCO and the Board, in the form of investments in liquid and overnight schemes of mutual funds and bank fixed deposits. As on March 31, 2022, the total liquidity on the balance sheet (including undrawn bank lines) was at ₹105.56 Crore.

Technology

We use technology to parse one year of digital bank statement data and gain insights into daily card-based sales for the last 365 days. We then use proprietary algorithms to build predictive models into the future sustainability and growth of the business. This helps us determine the eligibility for loans and create a bespoke offering in terms of loan amount, tenure and pricing. We developed APIs interacting with other permission-based rich data sources such as the credit bureaus, GST data, merchant acquiring databases, among others. Our platform analyses data from these sources, both at the time of loan underwriting, and ongoing basis (sometimes even daily) during the lifetime of the loan. Even the repayment of our loans is based on a daily repayment model, where the amount repayable to us is remitted directly by the card acquiring bank to NeoGrowth. This is only possible because of our digital interfaces with the banks, and thanks to Advance Suite, our proprietary Loan Origination System (LOS) and Loan Management System (LMS), which is purpose-built for NeoCash, our unique loan product.

Digital Assets at NeoGrowth

Sales app

We have an Android and iOS enabled mobile application, which is used by the sales team for sourcing and tracking loan application. The key benefits are outlined below

- Customer Acquisition Manager (CAM) can easily create a lead and record visits to the customer
- On-board the customer by filling in the application form
- Auto-population of fields
- Upload and digitise documents easily at source
- Remain updated with notifications on status change
- Check the loan progress
- Dashboard to access the entire analytics of leads and their status in AS
- Enables lead assignment from CRM to CAM
- CAM can change lead status in CRM from sales app integration with Perfios for instant bank statement analysis
- Tracking of active cases with rate of interest, processing fees, disbursements till date

Customer app

We launched a mobile app on both Android Playstore and Apple Appstore for customers in FY 2020-21.

Existing customers

- Track and manage loan account 24x7
- Customers with limit accounts can raise request for funds.
- Instant access to statements, loan certificate, interest certificate and repayment schedule
- Digital repayments using Rupay debit card, net banking and UPI

New customers

- Capture interest and allocate to sales team for fulfilment
- Digital onboarding planned in FY 2021-22 to improve direct customer sourcing

Younite Portal for Direct Selling Agents (DSA)

We have an extensive online portal for our channel partners (DSAs), the key benefits of which are outlined below:

- Generate higher leads and conversions.
- Initiate Insta journey from YP portal and complete it without any assistance
- To manage process of payouts to DSA
- For transparent lead status dissemination to DSAs – easy lead tracking and monitoring
- For accurate data capture during DSA empanelment

Alliances portal

We have built an online portal for managing our network of alliance partners. The major features and benefits of this portal include:

- Generating higher leads and conversions through alliance partners
- Minimising journey breaks during lead transmission from alliance partners
- For transparent lead status dissemination to alliance partners – easy lead tracking and monitoring
- Live partners integrated with alliance portal – Ftcash, Bajaj Markets, Meesho, CoinTribe, and so on

Merchant portal

We have a portal exclusively designed for our customers, where the merchant can login and get all the loan related information and raise queries. The key benefits are:

- Customer logins to the portal to access his account
- Features include loan statement, interest certificate, repayment schedule
- Customer can request for funds
- Customer can initiate and register ENach process using the portal
- Customer can make payments and raise any query for support or complaint

Advance Suite

Advance Suite (AS) is our custom-built loan originating and management system at NeoGrowth. The AS tool helps keep a complete track of the entire loan cycle from login to disbursement. The key features are as follows:

- Enables tracking of loan from login to disbursement
- Repository for end-to-end customer information with application ID, deal details, documents, credit assessment details, KYC, financial and bank statements, sanction letter, loan agreement, etc.
- Generates repayment schedule for the loan account
- Supports multiple loan products
- New module has been created, to automate the process to refer loan applications with data and documentations to multiple BC partners and track status from application submission, acceptance, underwriting, disbursal and status till closure at BC partners side

Advance Suite also directly interfaces with our data warehouse, which is a critical repository of all data sources and serves as a 'single source of truth' for all management reporting and 'Deep Analytics'. We use Deep Analytics extensively to continuously tweak and evolve our credit risk models in tune with changing market conditions and macro-economic scenario.

We added secure products like Plus loans and digital emerger to AS in FY 2021-22.

Paylater Limit Management System (PLMS)

PLMS is a loan management system custom-built for limit- based products. The key features are as follows:

- Tracking of limit utilisation from activation till closure
- Processing of requests for funds requested by customer using the customer app/merchant portal
- Generate statement where interest is calculated at pro rata for all accounts at the end of the month
- Support dynamic limit updating at the end of the month, basis business rules
- Real-time repayment allocation to ensure maximum limit availability for customers at all times

SuiteCRM

SuiteCRM is a software that records all interactions with potential customers from a sales aspect and existing customers from a servicing aspect. It has a robust helpdesk/ticketing functionality with configurable SLAs for various categories, escalation matrices and communication triggers. The system ensures that customer queries and complaints are closed within appropriate time with a satisfactory resolution.

It also caters to sales workflow as all lead information flows into this system from our various partner portals and lead forms. SuiteCRM is also integrated with AdvanceSuite, our LMS, which enables it to show status of all leads in the Sales App, Alliance Portal and Younite Portal. The CRM acts as a bridge for all the leads coming to NeoGrowth ecosystem and all its systems, such as the sales app and the partner portals.

We upgraded to CRM 2.0 in FY 2021-22 to enhance platform performance and add new dashboards for leads and alert notifications to sales heads.

ENCollect

ENCollect is a collection management software used for managing delinquent accounts. The system enables the following:

- Rule-based allocation of delinquent accounts
- Issuance and tracking of digital receipts – from the time of issuance of the receipt to the time of the repayment
- Recording all collections feedback
- A mobile app for field agents for instant recording of customer interaction feedback, collecting money, and customer account views

All collections feedback, repayment history and behavior flows into our data warehouse for further analytics.

Banking Score Card (NeoScore)

This is an in-house proprietary algorithm for scoring the bank statements of a loan applicant, which helps make better lending decisions with a 360-degree understanding of the customer. NeoScore leverages the power of the transactional data in a customer's bank statement to identify the areas of strengths and weakness for credit worthiness.

Insta

We launched Insta portal in FY 2021-22 to enable retailer customers to create loan application within minutes digitally. It includes following features

- Digital filter of cases, including CIBIL and Demog based rejections
- Leverages India Stack's digilocker for digital KYC
- Eliminates the need for physical file storage
- Enhanced e-document capabilities combining agreement, sanction letter, application using Aadhaar based e-signing
- Added penny drop bank account verification
- Enhanced productivity to benefit internal teams

DiGibizz

We launched DiGibizz platform to help small businesses become digital-ready providing consultation and financial or non-financial technology solutions customised to business owners uniquely identified through Digit-O-Meter smart analysis.

Services offered through digital partners include sales, loans, investments, marketing, payments, and inventory management, among others.

Internal Controls

Our internal controls framework is designed to ensure appropriate safeguarding of assets, maintaining accurate accounting records, and providing reliable financial information and other data to our stakeholders. This system is supplemented by internal audit, reviews by the management, and documented policies, guidelines, and procedures. We believe that a strong internal controls framework is an important pillar of Corporate Governance. We have a well-defined organisational structure, authority levels and internal rules and guidelines for conducting business transactions. We intend to undertake further measures, as necessary, in line with our intent to adhere to procedures, guidelines and regulations, as applicable, in a transparent manner.

We have high focus on internal controls to protect our business from the various risks emerging from our operating environment. These risks may arise due to transactional errors and may result in legal, reputational or financial impact. We ensure adequacy of internal controls with

- Maintenance of clear, detailed and updated operating procedures with Standard Operating Procedure (SOP) documents
- Rigorously monitoring the adherence of these procedures through
    1. Process level self-certifications and third party certifications such as ISO, ISMS and so on
    2. Independent audits by external auditors with high expertise and repute
- Continuously improving processes and controls, basis monitoring results, aided by technology

BOARD'S REPORT

To
All Members,

Your Directors' have the pleasure of presenting the Tenth Annual Report of your Company with the Audited Financial Statements for the financial year ended March 31, 2022.

Economic Environment:

The global economy got severally impacted by the spread of COVID-19 and India was not alone.

According to the National Statistical Office (NSO) data released, the Indian economy grew by 5.4% in the October-December quarter of FY 2022. The gross domestic product (GDP) had expanded by 0.7% in the corresponding period of FY 2021. In NSO's second advance estimates of national accounts, the NSO has projected 8.9% growth in FY 2022. In its first advance estimates released in January, it had projected 9.2% growth for 2021-22 as against a contraction of 6.6% in FY 2021.

The economy had grown by 20.3% in the first quarter of this fiscal due to the lower base effect. In the second quarter, the GDP grew by 8.5%. Going forward, growth in Q4 FY 2022 will benefit from the unlocked trade as most states have removed the pandemic-related restrictions, but weak rural demand and geopolitical shock due to the Russia-Ukraine war may disrupt global growth and supply chains.

The International Monetary Fund (IMF) has forecasted growth for the Indian economy to 8.2% in 2022 and this is by far the best growth rate among all the major economies in the world. It is more than double the average growth rate of both the advanced economies (3.3%) as well as the emerging economies (3.8%).

According to projections made by the International Monetary Fund (IMF), India is charting a different course of recovery from the rest of the world. India is poised to grow at the fastest pace year-on-year among major economies. This recovery is supported by large-scale vaccination and sustained fiscal and monetary support.

The third wave of COVID-19, driven by the Omicron variant, did not disrupt industrial activity in the Indian economy significantly, showed by Index of Industrial Production (IIP) data for January 2022. According to the data released by NSO, IIP grew by 1.32% on an annual basis in January 2022, which is an improvement from the 0.7% annual growth in December 2021.

The Reserve Bank has accorded the highest priority to preserving financial stability by taking quick and decisive steps to ease liquidity constraints, restore market confidence, and prevent contagion to other segments of the financial market. RBI has also been strengthening the regulatory and supervisory framework for both banking and non-bank financial sectors to proactively identify, assess and mitigate vulnerabilities.

GST Collections trend continues to be above ₹1 lac Crore on account of various measures taken by the tax administration to nudge taxpayers to file returns timely, making compliance easier and smoother, and strict enforcement action taken against errant taxpayers. GST Collections touched an all-time high of ₹1.42 lac Crore in March 2022 and it grew further to ₹1.68 lac Crore in April 2022.

While presenting Budget 2022-23, Finance Minister announced a slew of measures to help bolster India's MSME sector. The segment, touted to be the backbone of the country's economy, has been reeling under the strain of the pandemic. A significant takeaway of the FM's Budget Speech was the extension of the Emergency Credit Line Guarantee Scheme (ECLGS) to March 2023. Besides, the guaranteed cover has also been extended by an additional ₹50,000 Crore. The total allotment under the scheme would increase to ₹5 lac Crore. In the previous Budget, the finance minister unveiled ECLGS of ₹20 lac Crore to help the COVID-hit MSMEs. One key highlight of the FM's announcement was the increase in budgetary allocation for MSMEs from last year's ₹15,699.65 Crore to ₹21,422 Crore now (up by 26.71%).

As per Rating Agency CRISIL, NBFCs may see an improvement in their bad loans ratio by as much as 150-200 basis points, going forward, due to the Reserve Bank of India (RBI)'s postponement of the timeline for adhering to upgraded non-performing assets (NPA) norms and improved economic activity are likely to act as tailwinds for the sector. The gross NPAs of the NBFC sector rose 150 basis points to 6.8 percent as of December 2021, compared to September 2021, primarily due to the adherence to the clarifications provided by the RBI circular on NPA recognition issued on November 12, 2021.

The pandemic has motivated the industry to reconsider its operation model and client acquisition strategy. Digitisation and automation have taken center stage. A total of 7,422 Crore digital payment transactions were recorded in the fiscal year 2022. The value of digital payments in India will grow three-fold to touch $1 Trillion in the next four years. UPI was among the most popular digital payment methods in 2022 and its transaction volume doubled compared to the previous year.

The Reserve Bank of India recently issued 'Revised Regulatory Framework for NBFCs - A Scale-based Approach'. As the Scale Based Regulations (SBR) framework encompasses different facets of regulation of NBFCs covering capital requirements, governance standards, prudential regulation, etc., it has been decided to first issue an integrated regulatory framework for NBFCs under SBR providing a holistic view of the SBR structure, set of fresh regulations being introduced and respective timelines. These guidelines shall be effective from October 01, 2022. Additionally, RBI has issued a circular on the Prompt Corrective Action (PCA) Framework for NBFCs which will be effective from October 1, 2022, based on the financial position of NBFCs on or after March 31, 2022.

India's accelerated digital adoption:

The Indian digital payment space has seen extraordinary growth in the last few years, with the volume of transactions increasing at an average compound annual growth rate (CAGR) of 23%. The launch of new and innovative payment products like Unified Payments Interface (UPI), National Electronic Toll Collection (NETC), and Bharat Bill Pay Service (BBPS) have firmly placed the digital payment industry on an upward growth trajectory.

With new payment technologies and use cases across sectors emerging, this growth momentum is expected to continue. COVID-19 will be a minor blip in the growth story and then prove to be an inflection point as transactions saw a minor drop in the early months of FY 2020-21 and have now begun to go back to pre-COVID-19 levels. A V-shaped recovery post the pandemic has been observed as the outbreak accelerated the shift to digital platforms. Businesses are now looking to integrate both online and offline channels to provide an omnichannel experience to their customers. UPI recorded the highest number of transactions ever in September and volumes have already gone back to pre-lockdown levels. A similar recovery in NETC transactions has also been observed.

Banks and non-banking financial companies are now more focused on providing integrated solutions. Digital payments have evolved from being viewed as a cost center for banks to a revenue center and a key lever for customer acquisition. Financial companies have stepped up their efforts to strengthen their payment infrastructure and have started offering other adjacent services such as lending, wealth management, microinsurance, and the use of data analytics to offer more customised solutions for customers.

New payments paradigm

Since its launch in 2016, UPI has seen an exponential CAGR of 414% until FY19-20 and has become the most preferred payment product in terms of volumes. Person-to-merchant (P2M) payment, which accounts for approximately 40% of the total number of UPI transactions, has become the preferred mode of payment for both online and offline merchants. The volume of UPI transactions is expected to grow by seven times by 2025.

Source: PWC The Indian payments handbook -2020-2025.

Player-wise split of UPI transactions (%)

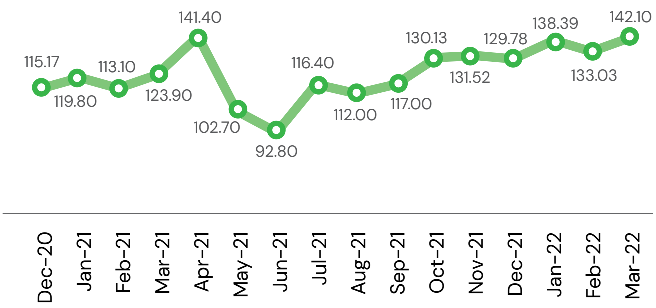
Volume-wise market share of various UPI Apps March 2022

Phone Pe	45.80
Amazon Pay	1.40
Google Pay	33.40
Axis Bank App	1.10
PayTM Payments Bank App	15.20
Others	3

GST Revenue Collections

Accelerated digital adoption has also helped increase the government's revenue receipts in a pandemic year. The GST revenues during March 2022 are the highest since the introduction of GST, indicating the trend in the recovery of GST revenues as well as the economy. Closer monitoring against fake billing, deep data analytics using data from multiple sources including GST, income tax, and customs IT systems, and effective tax administration have contributed to the steady increase in tax revenue.

GST Revenue Collections (in ₹'000 Crs)



Source: http://gstcouncil.gov.in/gst-returns & Press release, Ministry of Finance

Distribution of POS terminals (%)

HDFC Bank Ltd.	18
Axis Bank Limited	16
ICICI Bank Ltd.	15
State Bank of India	15
Ratnakar Bank Limited	12
Paytm Payments Bank	7
Union Bank of India	4
IndusInd Bank Ltd.	4
Yes Bank Ltd.	1
Kotak Mahindra Bank Ltd.	1
Others	7

Source: RBI (As of YTD Feb'22)

Growth in digital payments has been driven by multiple factors such as:

- Proactive launch of new and innovative payment products
- Increasing smartphone and internet adoption
- Tech-savvy millennial population
- Regulatory and government intervention

From a macro perspective, India's digital payment landscape in the coming years will be defined by:

1. Overlay services – Businesses are leveraging overlay services such as RTP (request to pay) to reduce their collection costs and strengthen customer relationships.

2. Contextual payments – Companies or banks are migrating towards contextual payments by leveraging data analytics and artificial intelligence (AI) to have better insight into customer requirements by analysing their past transactional or behavioural data.

3. Offline payments – The launch of the NCMC (National Common Mobility Card) based open-loop smart card, which can be used offline on all payment systems (transit operators, retail, e-commerce, etc.) across India – using stored value (offline value/amount stored in physical cards) will further boost the digital payment industry.

4. Invisible payments – Real-time payments will drive the digital payment market owing to traction in the post-COVID operating environment.

5. New Umbrella Entity – With aspirations to fuel a less-cash and more-digital micro-payments economy, the RBI has set up a framework to authorize pan-India new umbrella entities (NUEs) that will focus on retail payment systems.

Implications for NeoGrowth:

- Increased digital penetration in the economy will be positive for NeoGrowth and will allow for increased loan eligibility of small merchants (especially with the usage of QR codes)
- NeoGrowth's e-payment business would have to be compatible with multiple modes of payment acceptance (with each having its operations and settlement mechanism) to add value to the merchant.
- With the growing digital adoption within the MSME segment and lending processes, NeoGrowth holds the opportunity to utilize technological advancements like the Account Aggregator Framework via partner integrations which would lead to higher accessibility to verify data and quicker turnaround.
- NeoGrowth can also explore overlay services such as RTP (request to pay) to reduce its collection costs and enhance customer relationships.
- Availability of robust GST data can be leveraged as an alternate data source for finer credit assessment and deep customer understanding.

Moving Forward with Innovation

NeoGrowth has embedded digitalisation deeply within its core business processes, which has enabled it to automate and simplify core processes, such as underwriting, loan origination, disbursements, and collections.

The Company's PoS and digital sales-based lending model needs simple documentation and aids in hassle-free quick disbursals. The Company's underwriting is based on proprietary technology is using digital transaction data, and automated collections are facilitating collections. The use of advanced analytics, artificial intelligence, and machine learning is expected to digitally integrate all processes. NeoGrowth's new products such as NeoCash Insta now focus on instant online loan approvals, improving efficiency, and reducing the overall turnaround time. MSMEs have bounced back since the lockdown was removed and consumer demand returned; there is an increased loan requirement from the MSME sector. Thus, to cater to this growing demand, NeoGrowth launched a new Plus suite of secured lending solutions to augment our existing lending solutions and open up new avenues for growth for a range of MSMEs who are looking for long-term, hassle-free loans.

We use technology to parse one year of digital bank statement data and gain insights into daily card-based sales for the last 365 days. We then use proprietary algorithms to build predictive models for the future sustainability and growth of the business. This helps us determine the eligibility for loans, and also create a bespoke offering in terms of the loan amount, tenure and pricing.

Even the repayment of our loans is based on a daily repayment model, where the amount repayable to us is remitted directly by the card acquiring bank to NeoGrowth. This is only possible because of our digital interfaces with the banks, and thanks to Advance Suite, our proprietary Loan Origination System (LOS), and Loan Management System (LMS) which is purpose-built for NeoCash, our unique loan product.

It gives us great pleasure to share with you the Company's progress made during the reporting period.

NeoGrowth launched "diGibizz", a platform to help small businesses meet their growing business needs as well as transform themselves digitally, in February 2021. The platform aims to fulfill the financial and non-financial business needs, by offering access to integrated, best-in-class solutions via a network of partners. Powered by an in-house expert recommendation engine, the diGibizz platform guides small business owners to evaluate their digital readiness across 4 key parameters: digital discovery, digital delivery, digital operations, and digital customer engagement. The recommendation engine, Digit-O-Meter, to drive business transformation, provides a customised report of actionable measures, based on real-time, instant evaluation. We have tied up with 31 partners and offer 16 service categories for small businesses to digitise their operations as per their requirements. At the end of the financial year 2021-2022, there were 96741 platform visits, 42968 registered customers, and 3894 partner leads.

1. Operational Highlights

During the year 2021-22, your Company achieved disbursements of ₹1,412 Crores. Assets under management (AUM) grew by 18% year on year on year to ₹1,559 Crores, aided by the longer tenor of the loans and growth in disbursals.

Your Company served the customers within the current geographical presence, by tapping more business from current customers as well as expanding the customer base within the present geographical locations. Your Company also offered new products in the supply chain segment within these established geographies to ensure deeper relationships.

2. Financial Highlights

The financial statements of the Company for the year ended March 31, 2022, have been prepared in accordance with Ind AS and the revised Schedule III to the Act, as mandated by Ministry of Corporate Affairs (MCA).

The summarized financial results of the Company for the year ended March 31, 2022, compared with the previous financial year are as below:

(₹ In Lakh)

Particulars	2021-22	2020-21 - Restated
Revenue from Operations	36,159	31,135
Other Income	117	195
Total Income	**36,276**	**31,330**
Finance costs	(15,342)	(13,572)
Operational Costs (including employee	(10,600)	(9,930)
Impairment of Financial Instruments	(14,730)	(12,459)
Depreciation and amortization	(781)	(968)
Loss Before Tax	**(5,177)**	**(5,599)**
Tax Expenses / (Credit)	(1,232)	(1,412)
Loss After Tax	**(3,945)**	**(4,187)**

#Previous year's numbers have been restated.

(₹ In Lakh)

Particulars	As of March 31, 2022	As of March 31, 2021 - #Restated
Networth	37,008	34,272
Debt / Equity Ratio	3.31	3.8
Capital Adequacy Ratio (%)	23.22	21.62

NetWorth excludes the "Other Comprehensive Income" and is shown as part of "Other Equity" but includes the Compulsorily Convertible Debentures.

A comprehensive customer service and collections strategy were put in place during the later part of the year to ensure maintaining assets sets quality. The company continues to engage in proactive risk management practices. The credit policy of the company was reviewed in the light of external environmental stress on the MSME economy and a revised customer credit score card mechanism was developed to enhance the asset quality risk management framework.

3. Amount carried to Statutory Reserves

Based on the financial results of the Company for the financial year 2021-22, the Board of Directors has not transferred Statutory reserves under Section 45-IC of the RBI Act, 1934 as the company had incurred the loss.

4. Dividend

The company a has policy on deploying the internal accruals for growth.

5. Business from Insurance as Corporate Agent

Your Company has been offering insurance products to the borrowers on a cross-sell strategy as well as a risk mitigation action to ensure recovery of dues in the unfortunate event of the death of the owner. Your Company has put in place a policy on Open Architecture for Retail Insurance Business in terms of the Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015. It lays down the manner of soliciting and servicing insurance products and addresses the manner of adopting the philosophy of open architecture and its implementation. The Company ensures that there is no forced selling of any insurance policies to any of its customers.

6. Change in Charter documents

There was a change in the Articles of Association (AOA) of the Company during the period of review and details of the same are mentioned below:

1. The AOA of the Company was amended on June 10, 2021, in order to amend Article 120 of the Articles of Association of the Company to give effect to increase in quantum of ESOP pool pursuant to amendment in Clause 11 of Investment Agreement dated 20th December 2017.

2. The AOA of the Company was amended on September 27, 2021, in order to encapsulate the provisions of the Securities Subscription Agreement dated 14 September 2021 entered between the Shareholders and the Company.

3. The AOA of the Company was amended on January 6,2022 to in-corporate certain terms of the second amendment agreement entered amongst the Shareholders and the Company.

7. Share Capital

During the year under review there was no change in authorised and paid-up share capital of the Company and as on March 31, 2022, the authorised share capital is ₹67,00,00,000 divided into 2,10,00,000 Equity shares of ₹10 each and 4,60,00,000 0.01% CCPS of ₹10 each and paid-up share capital is ₹63,64,46,090 divided into 1,80,00,600 Equity shares of ₹10 each and 4,56,44,009, 0.01% CCPS of ₹10 each.

8. Details of Subsidiaries/Joint ventures/ Associate Companies

The Company has no subsidiaries, JVs or Associate companies. Also, During the financial year under review, your Company has not incorporated any subsidiary or joint venture or associate Company.

9. Capital Adequacy

The Capital adequacy ratio, of the Company is healthy at 23.22% as on March 31, 2022. (21.62% on March 31, 2021) as against minimum capital adequacy requirement of 15% as mandated by RBI.

10. Asset - Liability Management and Financial Leverage

The Company has a well-defined Liquidity Risk Management policy to address the risk of mismatch between assets and liabilities either due to liquidity or changes in interest rates. The Company's Asset-Liability Committee (ALCO), set up in line with the guidelines issued by the RBI, monitors asset-liability mismatches to ensure that the ALM is managed within RBI prudential norms and ALM policy as laid down by company.

(i) Your Company follows a conservative and prudent cash flow management policy. The Company borrows money for a longer tenor than the maturity of its assets and is supported by a conservative gearing ratio (measured by Net Debt/Net worth. The Company raised fresh borrowings of ₹410 Crore during FY 2021-22. The original contracted average maturity of outstanding borrowings is over 32 months and the average maturity of outstanding loans to customers is at 21 months. This positive maturity Gap has helped the company to keep the ALM positive across all time buckets.

(ii) Your company has always maintained a conservative ALM policy, by deploying longer tenor funds towards a relatively shorter maturity loan portfolio. As a result of this conservative practice, the company was un-impacted during this COVID-19 crisis period and was able to maintain more than adequate liquidity for meeting its ongoing operating expenses, disbursal requirements and debt repayment obligations.

(iii) As a prudent practice and recognizing the risks of the business segment, the Company operates in, the Company aims to operate with lower than market average levels of gearing on an ongoing basis. The gearing levels (measured by Net Debt/ Net worth) were relatively conservative at 3.31 times as on March 31, 2022 (3.8 times as on March 31, 2021).

11. Debt Sourcing and Credit Rating

During the year, your Company raised fresh external debt of ₹410.20 Crore from various Financial Institutions in India and overseas. Out of this ₹64.50 Crore was through issuances of Non-Convertible Debentures (NCDs) to various overseas and domestic lenders and ₹345.70 Crore through term loans from domestic financial institutions. In the current year company has diversified the sources of borrowings by adding new types of lenders and borrowing via innovative on balance sheet and off-balance sheet structures.

The Company has Cash Credit and Overdraft facilities totaling ₹63.30 Crore as on March 31, 2022 (of which ₹12.14 Crore was unutilized on that date). Total debt repayments of ₹662.88 Crore (including interest) were made during the year. The outstanding debt portfolio was at ₹1,227.52 Crore as on March 31, 2022 (₹1,301.29 Crore as on March 31, 2021).

The Company has borrowed through Compulsorily Convertible Debentures (CCD) from its existing shareholders totaling to ₹66.25 Crore. The existing lenders have been supportive of the company's endeavors by providing incremental funding, not exercising put option and rolling maturities of debt for longer tenor. During the year, the marginal borrowing cost remained relatively stable, despite the relative uncertainty in the debt markets (due to risk aversion by lending institutions amid COVID-19 pandemic). The company endeavors to raise debt funding at the most competitive cost as possible.

Your company's credit rating was reaffirmed during the year by ICRA (a Moody's associate Company) - "[ICRA] BBB" and revised by CARE Ratings - "CARE BBB" (from CARE BBB+).

12. Classification as a Systematically Important NBFC

The Company continues to be classified as a Middle Layer Systematically Important Non-deposit taking NBFC (NBFC-ND-SI), for FY 2021-22. This subjects your Company to enhanced regulatory oversight and reporting requirements, thereby creating a stronger culture of good governance within the Company.

13. RBI Guidelines, public deposits, and asset classification

Your Company has complied with all applicable regulations of the Reserve Bank of India (RBI). As per Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the Directors hereby report that the Company did not accept any public deposits during the year and did not have any public deposits outstanding at the end of the year.

14. Fair Practices Code

Your Company has in place a Fair Practice Code (FPC), which includes guidelines on the terms and conditions relating to receipt of loan applications from the prospective borrowers and processing thereof, sanction, monitoring and recovery of loans and other financial products being offered by it, the Grievances Redressal Mechanism in place etc. The said policy is available on the website of the Company at the URL: https://www.neogrowth.in/fair-practice-code.

15. Vigil Mechanism:

The Company has a whistle-blower policy in place as part of the vigil mechanism for reporting of genuine concerns by any stakeholder about any other one. The policy, displayed on the website of the Company. This policy also provides safeguards against victimization of stakeholders, who report their concerns. The policy can be accessed at https://www.neogrowth.in/company-policies

Company Policies

1. A. Human Capital

Your Company believes in People First and is consistently looking for opportunities to enrich their experience at the organization, offering opportunities to employees to always upskill themselves with challenging assignments and matching rewards. Your Company invests considerably in employee engagement and development to make NeoGrowth a happier and productive workplace. With full conviction, your Company believes in the philosophy of a happy workforce is a productive workforce and People remain the most important asset for us.

The employee strength of your Company is 600 at the end of March 2022. There is a constant endeavor to ensure it onboards right talent at right time and in alignment to organizational ethos and values. This enables timely growth and onboards right set of capabilities in the organization. Thereafter, substantial employee engagement and learning & development ensures a highly motivated and productive work force. To this end, your Company follows a structured engagement and development framework with initiatives arranged under 7 pillars namely Neo Connect, Neo Recognize, Neo Learn, Neo Benefit, Neo Celebrate, Neo Care and Neo GiveBack. During the FY21-22, your Company has taken up a multitude of People initiatives, a snapshot of the same is given in the sections below.

Your Company is pleased to inform you that a gamut of employee engagement and development initiatives taken up during FY20-21 has helped it achieve the prestigious Great Place To Work certificate for third consecutive year. Moreover, we are delighted to inform you that your Company has been recognized amongst India's Best Workplaces in BFSI 2022 - Top 30.

a. Initiatives for Talent Acquisition and smooth employee onboarding:

For right talent acquisition at optimal cost, your Company promotes employee referral under Neo Ambassador and direct hiring. It also provides career opportunity to inhouse talent through Internal Job Postings. We are pleased to inform you that this year, 99% of our Talent Acquisition happened through in-house sourcing. To drive gender diversity, along with multiple employee engagement initiatives, we are glad to inform that your Company this year launched 'Second Career for Women' program. To felicitate right Talent Acquisition, your Company has added DISC profiling-based psychometry test with customised benchmarking done for all job roles till Senior Manager level. This helps with better fitment of selected candidate with the organizations' work culture. Also, in-house Analytics driven tool HireSmart has been developed for screening field executives in Sales, where the tool predicts likely productivity and longevity of a profile basis demographic, work experience and qualification parameters.

Once a candidate is offered a job with us, through 'HR Mitra', your Company ensures the prospect candidate always has a helping hand to address any queries as part of joining formalities to your Company. A Welcome Kit, an assigned NeoBuddy and 'Prarambh' Corporate Induction along with 'Gurukul' Functional Induction ensures a smooth onboarding experience.

To create an in-house pipeline of future leaders, this year Your Company launched Catapult program of Management Trainees from tier-I b-schools. The first batch of Catapult would be joining in June 2022.

b. People Connect Initiatives:

Under Neo Connect, your Company ensures outreach to employees under programs like quarterly Webinar with CEO, Leadership Connect, quarterly 'Samvaad' HR Connect etc. Program of 4-3-2 structured outreach to new joinees during initial months helps with their smooth settling down. To convey organizational goals and significance of each role in achieving it, your Company conducts Big Picture workshop more so for all its branch employees. For employees to come together informally in areas of common interests and hobbies, your Company has 'Abhiruchi' WhatsApp groups in 10 areas such as sports, music, cooking etc. This year, your Company also conducted a 360-degree feedback survey for its Leadership Team so that leaders can fine-tune their work rhythm to be even more effective at leading.

Under Neo Celebrate, various employee delight initiatives are undertaken such as celebrating national festivals, employee birthdays, organization milestones etc. Your Company celebrates work anniversaries and birthdays of employees and their family members by sending warm wishes over a mailer. Fun Friday, Quarterly team outings and annual employee picnic/offsite and sports day are cornerstones of employee engagement with fun and frolic with team. Your Company also celebrates events like Women's Day and International Yoga Day through contests, guest talks etc. A surprise gift to all women employees on Women's Day resonated very positively amongst them. Each year, through a photo contest, your Company selects top 12 photographs taken by its employees to have an 'in-house' annual calendar printed. Additionally, for better engagement of women employees, your Company has forums like World of Women, a weekly communique for Women employees on self-development, career development and common areas of interest.

c. Reward and Recognition initiatives:

Your Company follows a robust and fair performance assessment framework based on Balanced Score Card. It helps align Company's strategic objectives with individual goals. Your Company distinctively rewards high performance in its appraisal process. Furthermore, under Neo Recognize, separate recognition programs for mid management and individual contributors are in place. Alongside Employee of the Month, Value Champion Award, Spot Award, Most Valuable Player Award and Wall of Fame, this year your Company introduced Culture Badge to drive work culture and spontaneously recognize the individuals who can be considered the role models for any of 5 key traits we want our employees to have at workplace. A key recognition program of your Company is to recognize Neo-Buddies and Super-Buddies who help with good welcoming and smooth onboarding of new joiners. To elicit innovative ideas from employees, your Company conducted Ideathon workshops which generated over 500 ideas and dozens of those got executed as well. Additionally, to further drive ideation and innovation (one of the Core Value), your Company has NeoIdeas forum, and it organizes contests such as Think and Act like CEO for a Day, where high participation is witnessed. Initiatives like this ensures a culture that promotes performance, ideation and striving for continuous improvement.

d. Learning & Development Initiatives:

Under Neo Learn, your company has significant in-house Learning and Development capabilities. It follows a robust and mandatory Compliance training rigor. Your Company has devised over 80 training programs and e-learning modules in functional and soft skills. Your Company has mobile app-based L&D platform to an already highly scalable 'Swadhyay' LeMS (Learning Management System) and VC based L&D infra. This has enabled on the go delivery of micro trainings. Along with 'Saksham' Supervisory Development program, for human capital development your Company launched this year Learning Path initiative, where a customised offering of e-modules is assigned by role to employees for them to take up at their own pace. The module helps develop key behavioural and soft skill required for the role and has been highly leveraged by the employees. Your Company believes in Learn with Fun and thereby it has added Corporate and Leadership Lessons from Movies to its L&D repository. Additionally, under the approach of Learn with Fun, the L&D framework of your Company has dimensions of Gamification and Strategy Game Simulation in many of its Learning programs. To enhance professional skills, your Company has a program to sponsors part-time MBA of its employees. Additionally, to help its employees stay up to date with latest action and trends in the market, your Company encourages and sponsor employees to participate in industry body seminars, work-shops and conferences.

e. Initiatives for employee healthcare and giving back to society:

Employee Safety, Health, and Well-being in the times of COVID-19 In the consecutive year that witnessed COVID waves, your Company continued to give paramount importance to employee safety, health, and well-being. To this effect, your Company created awareness amongst its employees to get vaccinated and sponsored vaccination of employee and spouse. Your Company also arranged for vaccination camps for its employees at large locations of its presence. HR helpline support to all its employees and their families continued this year as well. We are pleased to inform you that with proactive action to drive vaccination, 100% of employees and off-roll staff at your Company is at least with one vaccination, while over 98% are fully vaccinated.

Under Neo Care, your Company has taken initiatives to promote employee health and safety. Initiatives like 'Swasthya Chetna' mailer with weekly tips for health and fitness, 'Gyandhara' expert talk sessions on topics like Stress Management, PCOS, Nicotine Free Life, Diet and Nutrition, Yoga, Meditation, Zumba etc. are promoted to encourage well-being, reduce stress, and create positivity at workplace. Team contests like Walkathon and Fit and Fab challenge are conducted to promote healthy lifestyle and enhance camaraderie.

Committed to positive Social Impact, under NeoGiveBack, your Company has Cardio-Pulmonary Resuscitation - Automated External Defibrillator (CPR – AED) devices installed at its Head Office with suitable training to CPR marshals. It conducts blood donation camp, NGO stalls for fund raising for a social cause, old clothes donation drives, sessions to create awareness on Organ Donation and supports plantation on birthday of its employees. With books donated by employees, it has started an in-house employee library 'Pustak-kosh' at multiple locations, which have some of the best-seller management and self-development titles. Also, one of the Abhiruchi groups is dedicated to drive dialog and interaction on CSR initiatives amongst employees.

B. Employee Benefits:

Under Neo Benefit, your Company provides multiple avenues of employee benefit, few major ones are given below:

a. Maternity Leave Policy:

The policy is effective since April 2017 under which a maternity leave shall be availed as per the provisions of Maternity Benefit Act 1961. The Company gives 26 weeks maternity leave, and an extended maternity benefits up to 12 weeks (over and above 26 weeks) to its women employees.

b. Paternity Leave and Bereavement leave:

The Company introduced Paternity Leave and Bereavement leave from January 2019. These are of 3 days which can be availed over and above the Paid Leaves.

Your Company this year has re-launched the 5-day mandatory leave policy. Additionally, policies like payment of salaries on 25th of a month, Pink Day (1 day a month Work from Home) for women employees, Creche tie-up, Gift cheque (to celebrate key milestones of marriage and childbirth) are other key employee benefits.

Option of gift voucher, meal card and options of VPF and NPS for financial planning and tax saving make employee benefits of your Company stand out. Apart from standard mediclaim cover for family, term cover and accident cover, Your Company also has tie-ups for discounts on medical tests, doctors' consultation, medicines, and free basic health check-up camps to ensure it stays up the curve and amongst the best in class in employee engagement. Parents Mediclaim is made available at Corporate rates.

17. Corporate Social Responsibility

Corporate Social Responsibility is not applicable to the Company under section 135 of the Companies Act, 2013 as the Company doesn't meet the eligible criteria.

18. Customer Service/Retention Measures

Customer experience enhancement through proactive customer connect was the major focus area for the Company in the FY 21-22. In continuation to the proactive customer connect that NeoGrowth established during the COVID – 19 lockdown scenario where in we were in touch with our customer base thru our Field force and had engaged with them to understand their business impact and their repayment challenges, we have been offering many value added services to the customer by deploying our Customer App which gave lots of self-help information to the customers. We have also deployed a Customer Communication mechanism which is used to circulate lots of informative content (including self-explanatory videos) with regards to their loan accounts , or any generic process such as TDS refund claims, ENACH registration and alternate repayment modes using various payment platforms .The digital roadmap for operational process to further improve the turnaround time for disbursal and provide a hassle free experience to customer onboarding are being digitalized and technology enabled.

19. Material changes and commitments affecting the financial position of the Company

While the COVID-19 pandemic impact is universal and every entity whether corporate or individual has been impacted in one way or the other, your company is resilient enough to withstand the shock and has taken actions which protected the company with enough liquidity and enough liquidity and keeping the asset quality maintained with measures, which mitigated the negative impacts of the pandemic included risks, substantially.

20. Risk Management Policy

NeoGrowth has adopted Risk Management Polices & Practices to proactively identify, assess, monitor, and mitigate various risks to key business objectives. Major risks identified by critical functions are systematically addressed through mitigating actions, on a continuing basis. Automated Reports & Analytics, along with various associated tools, aid us in identification of risks & monitoring its effective implementation.

The Company's internal control systems are continuously reviewed and upgraded, commensurate with the nature & size of its business, along with its complexity.

Your Company has in place, a review mechanism by an external agency to evaluate Internal Financial Controls, by assessing processes across functions and information security measures, that are in place. These processes & controls are tested for their robustness, in order to further strengthen them, where required.

21. Details of Loans, Guarantees or Investments

The Company has not given any loan or made investment in other companies during the period under review and accordingly Section 186 of the Companies Act 2013 is not applicable to the Company.

22. Details of contracts or arrangements with related parties referred to in Section 188

Details of the transactions as prescribed in Form AOC - 2 of the rules prescribed under Chapter IX relating to Accounts of Companies under the Companies Act, 2013 is attached as Annexure -1 and forms part of this Report.

23. A) Change in Directors & KMP

a. Mr. B Ravi Kumar has retired as Chief Financial Officer and Company Secretary of the Company w.e.f. June 10, 2021.

b. Mr. Deepak Goswami has been appointed as Chief Financial Officer of the Company w.e.f. June 11, 2021.

c. Mr. Muthiah Ganapathy has been appointed as Company Secretary and Compliance Officer on October 1, 2021.

d. Mr. Arun Kumar Nayyar (CEO) has been appointed as Whole Time Director & CEO of the Company. w.e.f. January 6, 2022.

e. Mr. Muthiah Ganapathy has resigned from company as Company Secretary and Compliance Officer w.e.f. February 18,2022

f. Ms. Tanushri Yewale has been appointed as Company Secretary & Compliance Officer on February 19, 2022.

B) Meetings of the Board

During the financial year 2021-22, the Board duly met 14 times on:

April 29, 2021	September 17, 2021	February 12, 2022
May 12, 2021	October 21, 2021	March 4, 2022
June 14, 2021	November 18, 2021	March 29, 2022
July 23, 2021	January 6, 2022	March 31, 2022
September 2, 2021	January 21, 2022	

The time gap between two Board Meetings was less than 120 days with at least one meeting being held every quarter.

24. Directors' Responsibility Statement

As required under Section 134 of the Companies Act, 2013, the Directors confirm that:

a) in the preparation of the annual accounts the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.

b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent 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 of the Company for that period;

c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the Directors have prepared the annual accounts on a going concern basis.

e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively

f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

25. Conservation of Energy, Technology Absorption

Your Company is in the Service Industry wherein the cost of Energy in its operation is not substantial. However, all necessary steps are taken to conserve energy wherever possible. The Company continues its emphasis on innovation and technology improvement at all levels.

26. Foreign Exchange Earnings and Outgo

The Foreign Exchange earned in terms of actual inflows during the year was NIL and the Foreign Exchange outgo during the year in terms of actual outflows was ₹195.75 Lakh.

27. Details of Employees & Employees Stock Option Plan

Employees Stock Option plan is in compliance with the provisions of Section 62(1)(b) of the Companies Act, 2013 and Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014. An Annexure disclosing the details of the ESOP is annexed herewith as Annexure-2.

28. Disclosure under Sexual Harassment of Women At workplace (Prevention, Prohibition and Redressal) Act 2013.

Your Company has made sure the workplace is safe and harassment free for every women working in Company's premises through various intervention and practices.

A policy on prevention of sexual harassment at workplace is in place from 12th September 2018 and Sexual Harassment Redressal Committee (SHRC) is formed under the policy to monitor and act on cases reported. This policy aims at preventing harassment and lays down the guidelines for identification, reporting and prevention of undesired behavior.

There were no cases reported during the year under review.

29. Statutory Auditors

M/s. ASA & ASSOCIATES LLP, Chartered Accountants (ICAI Firm Registration no: 009571N/N500006) was appointed as the Statutory Auditors of the Company by the Members in their Extra-Ordinary General Meeting held on October 25, 2021 holding office till conclusion of 29th Annual General Meeting under section 139 of the Companies Act 2013.

The Statutory Auditors Report on the financial statements for the financial year 2021-22 does not contain any qualification, reservation, or adverse remark.

30. Extract of the annual return

Annual Return in Form MGT–7 will be available on the website of the Company at https://www.neogrowth.in/annual-return/

31. Secretarial Audit

Sachin Dedhia & Associates, Practicing Company Secretary was appointed to conduct the Secretarial audit of the Company for the FY 2021-22, as required under section 204 of the Companies Act 2013 and rules thereunder.

The Secretarial Audit Report as required u/s 204 of the Companies Act, 2013 is attached as Annexure-3 and forms part of this Report.

32. Acknowledgment

Your directors would like to place on record their gratitude for the valuable guidance and support received from the valued customers, members, lenders and Bankers. The Directors also recorded their appreciations of all the employee of the Company for their continued commitment, dedication and delivering their responsibilities. We place on record our thanks to Regulatory authorities for their valuable guidance and support.

For and On Behalf of the Board of Directors

Dhruv Kumar Khaitan
Chairman
DIN: 00002584
Address: 802, Tower A, Peninsula Business Park,
Ganpatrao Kadam Marg, Lower Parel,
Mumbai – 400 013.

Place: Mumbai
Date: May 26, 2022

ANNEXURE - 1

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 third proviso thereto.

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

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

Name(s) of the related party and nature of relationship	Dilta Services LLP
Nature of contracts/arrangements/ transactions	Provision of office for space
Duration of the contracts / arrangements/ transactions	Annually
Salient terms of the contracts or arrangements or transactions including the value, if any	₹8.28 Lakh shared service cost recovered from Dilta Services LLP.
Date(s) of approval by the Board, if any	October 19, 2015 and subsequently on January 29, 2021
Amount paid as advances, if any	-

ANNEXURE - 2

Details of Employment Stock Option Plan as on 31st March 2022

Sr. No	Particulars	ESOP Scheme, 2018	ESOP Scheme, 2017
1.	Date of shareholders' approval	March 21, 2018	November 30, 2017
2.	Total Number of Options approved	2,163,884 stock options are approved under ESOP 2018 Scheme. (Including to ESOPs granted to resigned employees)	4,21,000 stock options are approved under ESOP 2017 Scheme. (Including to ESOPs granted to resigned employees)
3.	Vesting requirement	Options granted under ESOP 2018 vested in not less than one year from the date of grant.	Options granted under ESOP 2017 vested in not less than one year from the date of grant.
4.	Exercise price or pricing formula//	This price will be determined by the Board at the time of Grant of Options and detailed in the Letter of Grant.	This price will be determined by the Board at the time of Grant of Options and detailed in the Letter of Grant.
5.	Maximum term of options granted	Expire at the end of five years from the date of vesting	Expire at the end of five years from the date of vesting
6.	Variation in terms of ESOP	The words "or without cause" in sub- clause 13.1.3 shall be deleted and the words "or without clause" in sub- clause 13.1.4 shall be deleted. The words without cause shall be added in clause 13.1.14. The other clauses of the scheme shall remain same.	The words "or without cause" in sub- clause 13.1.3 shall be deleted and the words "or without clause" in sub- clause 13.1.4 shall be deleted. The words without cause shall be added in clause 13.1.14. The other clauses of both the scheme shall remain same.

The movement of options during the year are as follows:

Sr. No	Particulars	ESOP Scheme, 2018	ESOP Scheme, 2017
1.	Number of options outstanding at the beginning of the year	16,83,384	397,200
2.	Number of options granted during the year	2,50,000	NIL
3.	Number of options issued due to Bonus during the year	NIL	NIL
4.	Number of options forfeited / lapsed during the year	1,19,500	NIL
5.	Number of options Vested during the year	3,18,877	26,000
6.	Number of options Exercised during the year	NIL	NIL
7.	Number of shares arising as a result of exercise of options	NIL	NIL
8.	Money realized by exercise of options	NIL	NIL
9.	Loan Repaid to Trust	NIL	NIL
10.	Number of options outstanding at the end of the year	18,13,884	3,97,200
11.	Number of options exercisable at the end of the year	9,43,130	3,91,200

Employee-wise details of Options granted to

i) Key managerial personnel

Name of Employee	Designation	No of options granted during the year	Exercise price (in ₹)
Mr. Deepak Goswami	Chief Financial Officer	250,000	159.47

ii) Employees who were granted, during any one year, Options amounting to 5% or more of the Options granted during the year

Name of Employee	Designation	No of options granted during the year	Exercise price (in ₹)
Mr. Deepak Goswami	Chief Financial Officer	250,000	159.47

iii) Identified employees who were granted Options, during any one year, equal or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant

Name of Employee	Designation	No of options granted during the year	Exercise price (in ₹)
NA	NA	NA	NA

ANNEXURE - 3

FORM NO. MR-3

Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED 2021-22

[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,
NeoGrowth Credit Private Limited

We have conducted the secretarial audit of all applicable statutory provisions for the financial year 2021-22 of NeoGrowth Credit Private Limited (hereinafter called the Company), incorporated on 17th May 1993 having CIN: U51504MH1993PTC251544 and Registered Office at 802, 8th floor, Tower A, Peninsula Business Park, Ganapatrao Kadam Marg, Lower Parel (W), Mumbai - 400013. 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 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 31st March 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder wherever applicable;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) 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;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

  (a) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

  (b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and 2018;

  (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

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

(vi) Following other laws as may be applicable specifically to the Company

  (a) The Reserve Bank of India Act, 1934

  (b) Prevention of Money Laundering Act, 2002

  (c) Information Technology Act, 2000

  (d) With respect to the Company's business activity of acting as Corporate Agent for sale of Life and General Insurance products, to the extent applicable, the following Acts / laws / Rules / Regulations:

    i. The Insurance Act, 1938 and Rules framed thereunder, the Insurance Regulatory and Development Authority of India Act, 1999, the Insurance Laws (Amendment) Act, 1999 and the regulations, guidelines, notifications, circulars and directives issued thereunder and in force, from time to time, to the extent applicable to Corporate Agents.

    ii. IRDA (Registration of Corporate Agents) Regulations, 2002 read with IRDAI (Registration of Corporate Agents) Regulations, 2015 and guidelines for the purpose,

  I/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 Debt Listing Agreements entered into by the Company with Stock Exchange.

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 and Non-Executive 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 as per the provisions of the Act, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions are taken unanimously. None of the members are interested. The same are captured and recorded as part of the minutes.

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

We further report that during the audit period the Company has transacted following material activities through the approval of Board/Members, wherever applicable:

Board resolutions for

1) Allotment of 2,450 senior, secured, rated, unlisted, taxable, redeemable, transferable, non-convertible debentures of ₹1,00,000/- each on Private Placement basis on 18th June 2021 to AAV Sarl and Masala Investments Sarl

2) Allotment of 6,62,500 compulsorily convertible debentures of ₹1,000/- each on Rights issue basis on 23rd September 2021 to existing shareholders of the Company.

3) Allotment of 200 secured, rated, listed, redeemable, transferable, non-convertible debentures of ₹10,00,000/- each on Private Placement basis on 10th March 2022 to Blue Orchard Microfinance Fund.

4) Allotment of 200 senior, secured, rated, unlisted, taxable, redeemable, transferable, non-convertible debentures of ₹10,00,000/- each on Private Placement basis on 31st March 2022 to Vivriti India Impact Bond Fund (acting through its trustee, Vistra (ITCL) India Limited;

UDIN: A020401D000391486
Date: May 26, 2022
Mumbai:

ANNEXURE-A

To the Secretarial Audit Report

To,
The Members,
NeoGrowth Credit Private Limited

Our Report of even date 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 the random 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 Records 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 are the responsibility of Management. Our examination was limited to the verification of procedures on random 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.

Date: May 26, 2022
Mumbai

CORPORATE GOVERNANCE REPORT

NeoGrowth recognises its role as a corporate citizen and endeavours to adopt the best practices and the highest standards of Corporate Governance through transparency in business ethics, accountability to its customers, Regulators, and all other stakeholders. The activities of NeoGrowth are carried out in accordance with good corporate practices and the Company is constantly striving to improve them and adopt the best practices. The philosophy of NeoGrowth on Corporate Governance is founded upon a rich legacy of fair, ethical and transparent governance practices.

The Corporate Governance philosophy has been strengthened with the implementation by the Company of the Code of Conduct applicable to the Company and its employees.

Philosophy

The commitment of NeoGrowth to the highest standards of good corporate governance practices predates the Listing and other Corporate Regulations. Ethical dealings, transparency, fairness, disclosure and accountability are the main thrust on which NeoGrowth works.

NeoGrowth is committed to maintaining a high standard of corporate governance in complying with Master Direction on Non-Banking Financial Companies

Corporate Governance (Reserve Bank), DNBR. PD. 008/03.10.119/2016-17, September 1, 2016, updated time to time. Your Company, practices trustworthy, transparent, moral and ethical conduct, both internally and externally, and is committed towards maintaining the highest standards of Corporate Governance practices in the best interest of all its stakeholders. A detailed report on the Company's commitment at adopting good Corporate Governance Practices is given below:

Board of Directors

The Corporate Governance principles of the Company ensure that the Board remains informed, independent and provides guidance to the Company. Further, the Board is fully aware of its fiduciary responsibilities and recognises its responsibilities to stakeholders to uphold the highest standards in all matters concerning NeoGrowth. All the Directors of the Company are well qualified persons of proven competence and possess the highest level of personal and professional ethics, integrity and values. The Directors exercise their objective judgment independently. The Board is committed towards representing the long-term interests of its stakeholders. The Board members actively participate in all strategic issues which are crucial for the long-term development of the organisation.

Composition

The size of the Board is commensurate with the size and business of the Company. At present, the Board comprises of two Executive Director and Six Non-Executive Directors The Chairman of Company is a Non-Executive Directors

As per Master Direction DNBR. PD. 008/03.10.119/2016-17 dated 1st September 2016 and updated thereof from time to time, all the Fit and Proper criteria in the appointment of Directors are duly followed by the Board of Directors.

Number of Meetings of the Board

The Company holds a minimum of four pre-scheduled Board meetings annually, one in each quarter. As a matter of good governance, the dates of the Board meetings are fixed in advance for the full calendar year to enable maximum attendance and participation from all the Directors. The relevant background materials of the agenda items are distributed well in advance of the meetings. All material information is presented for meaningful deliberations at the meeting. The Board on a continuous basis reviews the actions and decisions taken by it and by the Committees constituted by it. The Board members meet the senior management personnel every month.

During the FY 2021-22, the Board duly met 14 times on 29.04.2021, 12.05.2021, 14.06.2021, 23.07.2021, 02.09.2021, 17.09,2021, 21.10.2021, 18.11.2021, 06.01.2022, 21.01.2022, 12.02.2022, 04.03.2022, 29.03.2022, 31.03.2022 and the gap between the two meetings did not exceed 120 days.

Attendance Record of Directors

The Company ensures attendance of each director either physically or through audio-video means so that there is full participation by all the Members of the Board

Remuneration to the Directors

The remuneration to the Directors is approved by the Nomination and Remuneration Committee and is commensurate with the industry practices. No sitting fees is paid to the Directors. The Company also has a Remuneration Policy in line with the regulatory requirements. The details of the remuneration paid to the Directors is provided in the Notes to Accounts.

Committees of the Board

To focus effectively on the issues and ensure expedient resolution of diverse matters, the Board has constituted a set of Committees with specific terms of reference/scope

The Committees operate as empowered agents of the Board as per their Charter/ Terms of reference.

A. Audit Committee:

The Members of the Committee possess strong accounting and financial management knowledge. The composition of the Audit Committee as on 31st March 2022 is as under

Name of the Member	Status	No. of Meeting attended
Bindu Ananth	Chairperson	7
Piyush Kumar Khaitan	Member	7
Ganesh Rengaswamy	Member	6
Michael Fernandes	Member	7
Mahesh Krishnamurthy	Member	6

The terms of reference of this Committee are in line with the regulatory requirements mandated in the Companies Act, 2013 and Rules made thereunder as amended from time to time. The scope of the Committee includes discussion with the Auditors on periodical basis, the observations of the Auditors, recommendation for appointment, review and monitor the auditor's independence, performance and effectiveness of audit process, remuneration and terms of appointment of auditors, evaluation of internal financial controls and risk management systems, examination of financial statement before submission to the Board, effective implementation of vigil mechanism of the Company and also oversee compliance of internal control systems

During the FY 2021-22, the Audit Committee met 7 times on 29.04.2021, 12.05.2021, 23.07.2021, 21.10.2021, 18.11.2021, 21.01.2022, 12.02.2022.

B. Nomination and Remuneration Committee (NRC)

The composition of the Nomination and Remuneration Committee (NRC) as on 31st March 2022 is as under

Name of the Member	Status	No. of Meeting attended
Michael Fernandes	Chairman	7
Piyush Kumar Khaitan	Member	7
Ganesh Rengaswamy	Member	5
Mahesh Krishnamurthy	Member	4
Bindu Ananth	Member	7

The terms of reference of this Committee are in line with the regulatory requirements mandated in the Companies Act, 2013 and Rules made thereunder as amended from time to time. The scope of the Committee includes to recommend to the Board appointment and removal of the Directors, carry out Director Performance evaluation, to consider the appointment of Key Managerial Personal, to do performance evaluation of KMP's, formulate the criteria for determining qualifications, review remuneration paid to the employees & directors and consider giving stock options to the employees of the Company.

During the FY 2021-22, NRC met 7 times on 29.04.2021, 21.05.2021, 23.07.2021, 17.09.2021, 18.11.2021, 21.01.2022 and 12.02.2022.

C. Credit and Risk Management Committee (CRMC)

The Credit and Risk Management Committee monitors risk management strategy of the Company. The composition of this Committee as on 31st March 2022 is as follows

Name of the Member	Status	No. of Meeting attended
Mahesh Krishnamurthy	Chairperson	3
Piyush Kumar Khaitan	Member	4
Pranav Kumar	Member	4
Arun Kumar Nayyar	Member	0

The terms of reference of the Committee includes approval and monitoring of the Company's risk management policies and procedures, review of operational risk, information technology risk and integrity risk, appraise the Board of Directors at regular intervals regarding the process of putting in place a progressive risk management system, risk management policy and strategy and to lay down procedures about the risk assessment and minimisation procedures.

During the FY 2021-22, the Credit and Risk Committee met 4 times on 29.04.2021, 23.07.2021, 18.11.2021 and 21.01.2022.

D. Management Committee

The Management Committee of the Board comprises of all Directors. The Committee meets every month to review the performance of the Company. The composition of the Committee as on 31st March 2022 is as under:

The Management Committee of the Board comprises of all Directors. The Committee meets every month to review the performance of the Company. The composition of the Committee as on 31st March 2022 is as under

Name of the Member	Status
Dhruv Kumar Khaitan	Chairperson
Piyush Kumar Khaitan	Member
Ganesh Rengaswamy	Member
Michael Fernandes	Member
Pranav Kumar	Member

Name of the Member	Status
Mahesh Krishnamurthy	Member
Bindu Ananth	Member
Amit Mehta*	Member
Arun Kumar Nayyar	Member
Kushal Agrawal	Member
Chirag Harwani	Member

*Amit Mehta resigned w.e.f May 13, 2022

The Company through its functional/business heads makes presentations regularly to the Board in respect of operational performance, business strategies, quarterly and annual results, review of Internal Audit Report and statutory compliances, risk management and discuss upon the areas of improvement and prospective opportunities. This enables the Directors to get a regular and deeper insight into the operations of the Company

E. CSR Committee

The Corporate Social Responsibility (CSR) Committee was formed as per the provisions of Section 135 of the Companies Act, 2013. The composition of the Committee as on 31st March 2022 is as under:

Name of the Member	Status
Bindu Ananth	Chairman
Piyush Kumar Khaitan	Member
Michael Fernandes	Member
Mahesh Krishnamurthy	Member
Arun Kumar Nayyar	Member

The terms of reference of this Committee are in line with the regulatory requirements. The terms of reference of this Committee includes to formulate and recommend to the Board CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013, to recommend the amount of expenditure to be incurred on the CSR activities and to institute a transparent monitoring mechanism for implementation of CSR activities.

As the company didn't have profits to contribute to CSR activities and there were no other matters hence no meeting was held in FY 2021-22.

F. Asset Liability Management Committee

As per the Reserve Bank of India's guidelines on Asset- Liability Management (ALM) System in NBFCs, the Asset Liability Committee (ALCO) is formed to oversee the implementation of ALM system and review its functioning periodically. The composition of ALCO as on 31st March 2022 is as under:

Name of the Member	Status	No. of Meeting attended
Piyush Kumar Khaitan	Chairman	11
Arun Kumar Nayyar	Member	11
Deepak Goswami	Member	11
B.Ravikumar*	Member	2
G.K. Shettigar*	Member	4

*B.Ravikumar retired w.e.f. June 10,2021

*G.K. Shettigar retired w.e.f. August 31,2021

The terms of reference of this Committee are in line with the regulatory requirements. The terms of reference of this Committee include review and management of liquidity gaps and structural liquidity of the Company, review and management of interest rate sensitivity and develop a view on future direction on interest rate movements and decide on funding mixes.

Also, during the FY 2021-22, the ALCO has met 11 times on 28-04-2021, 31-05-2021, 30-06-2021, 30-07-2021, 30-09-2021, 18-10-2021, 23-11-2021, 29-12-2021, 28-01-2022, 21-02-2022, 24-03-2022

G. IT Strategy Committee:

As per the RBI Master Direction – Information Technology Framework for the NBFC Sector dated 8th June 2017, The IT Strategy Committee is formed 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. The composition as on 31st March 2022 is as under

Name of the Member	Status	No. of Meeting attended
Bindu Ananth	Chairperson	2
Piyush Kumar Khaitan	Member	2
Michael Fernandes	Member	2
Mahesh Krishnamurthy	Member	1
Arun Kumar Nayyar	Member	2
Deepak Goswami	Member	1
Vamkrishna Ithamraju*	Member	2

* Vamkrishna Ithamraju resigned w.e.f January 21,2022

The terms of reference of this Committee are in line with the regulatory requirements. The terms of reference of this Committee include approving IT strategies, 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 resource, ensuring proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls.

During the FY 2021-22, the IT Strategy committee met 2 times on 23.07.2021 and 21.01.2022.

H. Borrowing and Resources Committee:

The purpose of creating this committee was to approve all debt related matters of behalf of the board with short notice. The Board has delegated all powers for approval of any borrowing and resource raising within the overall borrowing limits as approved by shareholders to this committee except the private placement of Non-Convertible Debenture, as the same can be approved only by the Board of Directors as per Companies Act 2013. The Composition of the committee as on 31st March 2022 is as follows:

Name of the Member	Status
Dhruv Kumar Khaitan	Chairperson
Piyush Kumar Khaitan	Member
Pranav Kumar	Member
Mahesh Krishnamurthy	Member
Amit Mehta*	Member
Arun Kumar Nayyar	Member

*Amit Mehta resigned w.e.f May 13, 2022.

There were no meetings held for FY 2021-22.

Whistle-blower policy/vigil mechanism

The Company has a whistle- blower policy encompassing vigil mechanism pursuant to the requirements of the Section 177(9) of the Act. The policy/vigil mechanism enables directors and employees to report to the Management their concerns about unethical behaviors, actual or suspected fraud or violation of the Company's code of conduct or ethics policy and leak or suspected leak of unpublished price sensitive information.

Nodal Officer/Grievance Redressal Officer

The Company has appointed a Nodal Officer to represent and furnish information to the RBI Ombudsman in terms of Ombudsman Scheme for Non-Banking Financial Companies, 2021. The Company also had a Grievance Redressal Policy and a Grievance Redressal Officer to address queries and grievances of the customers.

Disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company strives to impart knowledge to its employees in this regard through trainings and awareness programs. Prevention of Sexual Harassment (PoSH) Awareness Session was conducted for Pan India Locations. The Company also conducted workshops on for employees to protect and learn to take control.

During the year, no Complaint of PoSH nature was received by the Sexual Harassment Redressal Committee .

Secretarial Audit

The Company annually conducts a secretarial audit by an independent practicing company secretary. For the year ended 31st March 2022, M/s. Sachin Dedhia & Associates, company secretaries, have conducted the secretarial audit and the certificate was placed before the board and attached to this report

ISO 9001:2015 certification

NeoGrowth has successfully sustained the ISO 9001 Certification by clearing the second Surveillance Audit at Delhi, Pune, Bengaluru and Mumbai.

Related Party Transactions

During the financial year 2021-22, no transactions of material nature had been entered into by the Company that may have a potential conflict with interest of the Company. The details of related party transactions are disclosed in Notes to Financial Statement.

General Meetings

The details of the Annual General Meetings (AGM) of the Company held in the last three years are as follows:

Year	Annual General Meeting	Location	Date and Time	Details of Special Resolutions passed
2020-21	28th Annual General Meeting	Through Video Conferencing	June 10, 2021 Time: 4:00 P.M.	Approve limit of private Placement of NCDs and approval and ratification for grant of ESOP's
2019-20	27th Annual General Meeting	Through Video Conferencing	August 7, 2020 Time: 12:30 P.M.	Approve limit of private Placement of NCDs
2018-19	26th Annual General Meeting	503, Tower 2B, One IndiaBulls Centre, 841, S. B. Marg, Elphinstone Road, Mumbai – 400 013	July 4, 2019 Time: 3:30 P.M.	Increase in limit for private placement of NCDs

INDEPENDENT AUDITOR'S REPORT

To the Members of Neogrowth Credit Private Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying financial statements of Neogrowth Credit Private Limited (the "Company"), which comprise the balance sheet as at March 31, 2022, and the statement of profit and loss (including other comprehensive income), and the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Other Matter

The financial statements of the Company for the year ended March 31, 2021, included in these financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements as per Audit report dated May 12, 2021.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements 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.

Sr No	Key Audit Matter	Auditor's Response
1	**Impairment of financial assets (including provision for expected credit loss)** (as described in note 8 and 42 of the Ind AS financial statements)	
	The Company's impairment provision for financial assets (designated at amortised cost and fair value through other comprehensive income) is based on the expected credit loss approach ('ECL') laid down under 'Ind AS 109 Financial instruments'. ECL involves an estimation of probability-weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances. In the process, a significant degree of judgement has been applied by the management for: ◆ Grouping of borrowers on the basis of homogeneity given the variety of products; ◆ Staging of loans and estimation of behavioural life; ◆ Calculation of past default rates; ◆ Assigning rating grades to loans for which external rating is not available; ◆ Calibrating scores-linked probability of default to align with past default rates; ◆ Calibrating the loss given default where the impairment provision is calculated on a pool level; ◆ Applying macro-economic factors to arrive at forward looking probability of default;	◆ Read and assessed the Company's accounting policy for impairment of financial assets and its compliance with Ind AS 109 and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines issued on 13th March 2020. ◆ Tested the operating effectiveness of the controls for staging of loans based on their past-due status. Tested a sample of performing (stage 1) loans to assess whether any Significant Increase in Credit Risk ('SICR') or loss indicators were present requiring them to be classified under stage 2 or 3. ◆ Performed tests of details, on a sample basis and inspected the repayment schedule from the underlying borrower agreements and collections made on the due dates which formed the basis of the staging of loans. ◆ Tested the ECL model and computation for its: → Model/methodology used for various loan products including; → Management's grouping of borrowers on basis of different product lines and customer segments with different risk characteristics; → Various assumptions for calculation of expected loss viz. probability of default, loss given defaults, exposure at default, discounting factors applied by the management along with Management's governance process and documentation of its assumptions; → Basis of floor/minimum rates of provisioning applied by the Company for loan products with inadequate historical defaults; → We performed test of details of the inputs information used in the ECL computation, on a sample basis.

Sr No	Key Audit Matter	Auditor's Response
	- Significant assumptions regarding the probability of various scenarios and discounting rates for different loan products.	- Tested the arithmetical accuracy of computation of ECL provision performed by the Company. - Performed analytical procedures by determining various ratios or percentage-based measures to review overall reasonableness of the estimate determined by the management. - Assessed disclosures included in the Ind AS financial statements in respect of expected credit losses.
2	**IT systems and controls** The reliability and security of IT systems play a key role in the business operations and financial accounting and reporting process of the Company. Since large volume of transactions are processed daily, the IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner. Any gaps in the IT control environment could result in a material misstatement of the financial accounting and reporting records. Therefore, due to complexity of the IT environment, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.	We performed the following procedures for testing IT general controls and for assessing the reliability of electronic data processing, assisted by specialised IT auditors: - The aspects covered in the IT General Control audit were (i) User Access Management (ii) Programme Change Management (iii) Other related ITGCs – to understand the design and test the operating effectiveness of such controls; - Assessed the changes that were made to the key systems during the audit period and assessing changes that have impact on financial reporting; - Tested the periodic review of access rights. We inspected requests of changes to systems for appropriate approval and authorisation; - Performed tests of controls (including other compensatory controls wherever applicable) on the IT application controls and IT dependent manual controls in the system; - Tested the design and operating effectiveness of compensating controls, where deficiencies were identified and, where necessary, extended the scope of our substantive audit procedures.

Other Information

The Company's Board of Directors is responsible for 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.

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 in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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, the management and the Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Materiality is the magnitude of misstatement in the financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatement in the financial statements.

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

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

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

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 of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

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

   (c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account;

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

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

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

   (g) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act, in our opinion, according to the information and explanation given to us, the provisions of section 197 read with Schedule V of the Act are not applicable to the Company as it is a private limited company, and

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

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

      ii. The Company has made provisions, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 6 to the financial statements.

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

      iv. (a) The management has represented that, to the best of its knowledge and belief, as disclosed in the note 49(A) to the financial statement, no funds 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 persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company, or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The management has represented, that, to the best of it's knowledge and belief, as disclosed in the note 49(B) to the financial statement, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, 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.

(c) Based on 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) contain any material mis-statement.

v. The Company has neither declared nor paid any dividend with respect to equity share capital during the year.

For ASA & Associates LLP
Chartered Accountants
Firm Registration No: 009571N/N500006

Prateet Mittal
Partner
Membership No. 402631
UDIN: 22402631AJQEEF8167

Place: Mumbai
Date: May 26, 2022

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' of our report of even date

(i) a) A) According to the information and explanations given to us and audit procedures performed by us, the Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

B) According to the information and explanations given to us and audit procedures performed by us, 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 explanations given to us, no material discrepancies were noticed on such verification.

c) The Company does not have immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee). Accordingly, reporting under clause 3(i)(c) of the Order is not applicable.

d) According to information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

e) According to information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or are pending 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 hold any physical inventories during the year. Accordingly, reporting under clause 3(ii)(a) of the Order is not applicable.

b) The Company has been sanctioned working capital limits (i.e Cash Credit /Overdraft facility) in excess of five Crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets (i.e. loan assets). According to information and explanations given to us and on the basis of our examination of the records of the Company, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company.

(iii) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the principal business of the Company is to give loans. Accordingly, reporting under clause 3(iii)(a) of the Order is not applicable.

b) According to the information and explanations given to us and audit procedures performed by us, we are of the opinion that the guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are, prima facie, not prejudicial to the Company's interest. The Company has not made any investment during the year.

c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in respect of loans given by the Company, the repayment of principal and payment of interest has been stipulated and the repayments or receipts of principal amount and interest have been regular except for the following:

Name of the entity	Amount (Principal and interest to be given separately)	Due Date	Extent of Delay (no. of days/ months)	Remarks, if any
Number of customers not paying on regular basis – 4264*. (*Customers having day-past-dues of more than 30.)	Principle amount – ₹24562.03 Lakh Interest amount – ₹3420.45 Lakh	Respective Due dates maintained in system	More than 30 days. (Respective Delays in respect of each customer is maintained in system)	Company is NBFC with 20,868 customers having active loan accounts as at 31st March 2022. The details of all the due dates and delays thereon are maintained in the system.

Further, the Company has not given any advance in the nature of loan to any party during the year.

d) According to the information and explanations given to us and audit procedures performed by us, there is no overdue amounts for more than ninety days in respect of the loans given by the Company except an amount of ₹15,859.67 Lakh (principal amount) and ₹2,756.12 Lakh (interest) overdue for more than ninety days as at March

31, 2022. In our opinion, reasonable steps have been taken by the Company for recovery of the principal and interest.

Further, the Company has not given any advance in the nature of loan to any party during the year.

e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the principal business of the Company is to give loans. Accordingly, reporting under clause 3(iii)(e) of the Order are not applicable.

f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, 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.

(iv) According to information and explanations given to us and on the basis of our examination of the records of the Company, the Company is registered as a non-banking finance company to which provisions of Section 185 and 186 of the Companies Act, 2013 are not applicable. Accordingly, reporting under clause 3(iv) of the Order is not applicable.

(v) According to the information and explanations given to us, during the financial year, the Company has not accepted deposits within the meaning of Section 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, paragraph 3(v) of the Order is not applicable.

(vi) According to information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013 for the services provided by it. Accordingly, reporting under clause 3(vi) of the Order is not applicable.

(vii) a) According to the information provided and explanations given to us and based on our examination of the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Goods and Services Tax, provident fund, employee's state insurance, income-tax, cess and other material statutory dues applicable to it. There are no material outstanding statutory dues existing as on the last day of the financial year which is outstanding for more than six months from the day these becomes payable.

b) According to the information provided and explanations given to us, statutory dues relating to Goods and Services Tax, provident fund, income-tax, value added tax, cess or other statutory dues, which have not been deposited with the appropriate authorities on account of any dispute are as follows:

Name of the Statute	Nature of Dues	Amount (₹ In Lakh)	Period	Forum	Remark
Goods and service Tax	GST, Interest and Penalty	₹28.04 Lakh	Financial Year 2017-18	Office of the Deputy Commissioner of State Tax, (E-626/510), LTU-1	The Company has filed the reply against this demand order (DRC-01A) on 14th February 2022 and no further communication received from department till the date of this report.

(viii) According to the information provided and explanations given to us, and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessment under the Income Tax Act, 1961 as income during the year.

(ix) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowings or in the payment of interest thereon to the lenders during the year.

b) According to the information and explanations given to us, the Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

c) According to the information and explanations given to us and audit procedures performed by us, term loans were applied for the purposes for which they were obtained.

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

e) The Company does not hold any investment in any subsidiary, associate or joint venture as defined under the Companies Act, 2013 during the year. Accordingly, reporting under clause 3(ix)(e) of the Order is not applicable.

f) The Company does not hold any investment in any subsidiary, associate or joint venture as defined under the Companies Act, 2013 during the year. Accordingly, reporting under clause 3(ix)(f) of the Order is not applicable.

(x) a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable.

b) According to the information provided and explanations given to us, and on the basis of our examination of the records of the Company, the Company has not made any private placement of shares or preferential allotment of equity shares (fully, partially or optionally convertible) during the year. In respect of convertible debentures (fully, partially or optionally convertible) made during the year, the Company has duly complied with the requirements of section 42 and 62 of the Companies Act, 2013. The proceeds from issue of convertible debentures have been used for the purpose for which the funds were raised.

(xi) a) According to the information and explanations given by the management and based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements, we report that no fraud by the Company or any fraud on the Company has been noticed or reported during the year.

b) According to the information and explanations available with us, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

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

(xii) According to the information and explanation given to us, the Company is not a Nidhi Company. Accordingly, reporting under clause 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the transactions entered with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and details have been disclosed in the financial statements as required by the applicable Indian accounting standards.

(xiv) a) According to the information and explanations given to us and audit procedures performed by us, in our opinion, 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 till date, for the period under audit.

(xv) According to the information and explanations given to us, in our opinion the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

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

b) According to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

c) The Company is not Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, reporting under clause 3(xvi)(c) and (d) of the Order are not applicable.

(xvii) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has incurred cash losses in the immediately preceding financial year amounting to ₹4,588 Lakh. No cash losses were incurred in the financial year.

(xviii) There has been resignation of the statutory auditors during the year, and as per the communication shared by the outgoing auditors, they have not raised any issues, objections or concerns. The previous auditors have completed their term of appointment as per RBI Circular no. 2021-22/25 dated 27 April 2021. Accordingly, they have rotated out as statutory auditors of the Company after limited review for the half year ended 30 September 2021.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, 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 that the 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) The requirements as stipulated by the provisions of Section 135 of the Companies Act, 2013 are not applicable to the Company. Accordingly, reporting under clause 3(xx)(a) and (b) of the Order are not applicable.

For ASA & Associates LLP
Chartered Accountants
Firm Registration No: 009571N/N500006

Prateet Mittal
Partner
Membership No. 402631
UDIN: 22402631AJQEEF8167

Place: Mumbai
Date: May 26, 2022

ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT

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

We have audited the internal financial controls over financial reporting of Neogrowth Credit Private Limited (the "Company") as of March 31, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

For ASA & Associates LLP
Chartered Accountants
Firm Registration No: 009571N/N500006

Prateet Mittal
Partner
Membership No. 402631
UDIN: 22402631AJQEEF8167

Place: Mumbai
Date: May 26, 2022

BALANCE SHEET
as at March 31, 2022

(₹ in Lakhs)

Particulars	Notes	As at March 31, 2022	As at March 31, 2021 – Restated
I ASSETS			
1 Financial assets			
Cash and cash equivalents	4	9,042.37	5,453.22
Bank balance other than above	5	4,842.05	25,807.81
Derivative financial instruments	6	595.26	-
Receivables	7		
Trade receivables		304.60	0.01
Loans	8	1,37,971.77	1,20,766.65
Investments	9	–	8,255.93
Other financial assets	12	2,891.65	1,954.13
2 Non-financial assets			
Deferred tax assets (net)	32	5,928.81	4,524.06
Property, Plant and Equipment	10	147.24	172.13
Right-of-use assets	11	2,080.21	2,636.39
Other intangible assets	13	60.40	46.25
Other non-financial assets	14	1,389.76	979.33
Total assets		**1,65,254.12**	**1,70,595.91**
II LIABILITIES AND EQUITY			
Liabilities			
1 Financial liabilities			
Derivative financial instruments	6	6.26	26.65
Trade Payables			
(i) total outstanding dues of micro enterprises and small enterprises		10.76	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	15	1,017.24	1,161.58
Debt securities	16	79,297.94	88,842.98
Borrowings (other than debt securities)	17	50,079.59	41,285.73
Other financial liabilities	18	3,496.32	4,228.95
2 Non-financial liabilities			
Provisions	19	808.72	805.83
Other non-financial liabilities	20	262.21	230.09
Total liabilities		**1,34,979.04**	**1,36,581.81**
Equity			
Equity share capital	21	1,800.06	1,800.06
Other equity	22	28,475.02	32,214.04
Total equity		**30,275.08**	**34,014.10**
Total liabilities and equity		**1,65,254.12**	**1,70,595.91**

Summary of significant accounting policies
The accompanying notes are an integral part of the financial statements.
As per our report of even date

For ASA & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration No: 009571N/N500006

per **Prateet Mittal**
Partner
Membership No. 402631
Place: Mumbai
Date: May 26, 2022

For and on behalf of the Board of Directors

Dhruv Khaitan
Chairman
(DIN 00002584)
Place: Mumbai

Piyush Khaitan
Managing Director
(DIN 00002579)
Place: Bengaluru

Arun Nayyar
Whole - time Director & CEO
Place: Mumbai

Deepak Goswami
Chief Financial Officer
Place: Mumbai

Tanushri Yewale
Company Secretary
(M.No A31273)
Place: Mumbai
Date: May 26, 2022

STATEMENT OF PROFIT AND LOSS
for the year ended March 31, 2022

(₹ in Lakhs)

	Particulars	Notes	For the year ended March 31, 2022	For the year ended March 31, 2021 – Restated
	Revenue from operations			
	(i) Interest income	23	35,812.87	30,689.94
	(ii) Fee and commission income	24	286.89	341.22
	(iii) Net gain on fair value changes	25	59.39	103.90
(I)	**Total revenue from operations**		**36,159.15**	**31,135.06**
(II)	Other income	26	116.59	195.39
(III)	**Total income (I + II)**		**36,275.74**	**31,330.45**
	Expenses			
	(i) Finance cost	27	15,341.70	13,571.68
	(ii) Impairment on financial instruments	28	14,730.38	12,458.84
	(iii) Employee benefit expense	29	6,775.29	7,185.75
	(iv) Depreciation, amortisation and impairment	30	781.42	968.47
	(v) Other expenses	31	3,824.41	2,744.81
(IV)	**Total expenses**		**41,453.20**	**36,929.55**
(V)	**Profit / (loss) before exceptional items and tax (III – IV)**		**(5,177.46)**	**(5,599.10)**
(VI)	Exceptional items		–	–
(VII)	**Profit / (loss) before tax (V – VI)**		**(5,177.46)**	**(5,599.10)**
(VIII)	Tax expense:			
	(1) Current tax	32	223.15	–
	(2) Earlier year adjustments	32	–	–
	(3) Deferred tax charge / (credit)	32	(1,455.20)	(1,412.02)
(IX)	**Profit / (loss) for the year (VII – VIII)**		**(3,945.41)**	**(4,187.08)**
(X)	**Other comprehensive income**			
	A Items that will not be reclassified to profit or loss			
	Remeasurement gain/(loss) on defined benefit plan		(8.58)	(5.71)
	Income tax impact		2.16	1.44
			(6.42)	**(4.27)**
	Total (A)		**(6.42)**	**(4.27)**
	B Items that will be classified to profit or loss			
	Cash flow hedge			
	Net Gain / (Loss) for the year		209.03	(0.53)
	Income tax impact		(52.61)	0.13
	Net gain/(loss) on cash flow hedge		**156.42**	**(0.40)**
	Total (B)		**156.42**	**(0.40)**
	Other comprehensive income (A + B)		**150.00**	**(4.67)**
(XI)	**Total comprehensive income (IX + X)**		**(3,795.41)**	**(4,191.75)**
(XII)	**Earnings per equity share**			
	Basic (₹)	33	(5.44)	(6.58)
	Diluted (₹)	33	(5.44)	(6.58)

Summary of significant accounting policies — 3

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For ASA & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration No: 009571N/N500006

per **Prateet Mittal**
Partner
Membership No. 402631
Place: Mumbai
Date: May 26, 2022

For and on behalf of the Board of Directors

Dhruv Khaitan
Chairman
(DIN 00002584)
Place: Mumbai

Piyush Khaitan
Managing Director
(DIN 00002579)
Place: Bengaluru

Arun Nayyar
Whole - time Director & CEO
Place: Mumbai

Deepak Goswami
Chief Financial Officer
Place: Mumbai

Tanushri Yewale
Company Secretary
(M.No A31273)
Place: Mumbai
Date: May 26, 2022

STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2022

A. Equity Share Capital

As at March 31, 2022

(₹ in Lakhs)

Balance as at April 1, 2021	Change in Equity Share Capital due to prior period errors	Restated balance as at April 1, 2021	Changes in equity share capital during 2021 - 2022	Balance as at March 31, 2022
6,355.36	(4,555.30)	-	-	1,800.06

As at March 31, 2021

(₹ in Lakhs)

Balance as at April 1, 2020	Change in Equity Share Capital due to prior period errors	Restated balance as at April 1, 2020	Changes in equity share capital during 2020 - 2021	Balance as at March 31, 2021
6,355.36	(4,555.30)	-	-	1,800.06

B. Other Equity

As at March 31, 2022

(₹ in Lakhs)

Particulars	Equity component of compound financial instrument	Reserves and Surplus				Other comprehensive income		Total
		Statutory reserve	Share options outstanding account	Securities premium account	Retained Earnings	Cash flow hedge reserve	Actuarial gains/ (losses)	
Balance as at April 1, 2021	4,555.30	202.45	888.96	42,518.24	(14,514.84)	(298.20)	38.73	33,390.64
Changes in accounting policy/prior period errors	-	-	-	-	(1,178.04)		1.44	(1,176.60)
Restated balance at the beginning of the current reporting period	4,555.30	202.45	888.96	42,518.24	(15,692.88)	(298.20)	40.17	32,214.04
Dividends	-	-	-	-	(0.46)	-	-	(0.46)
ESOP Cost recognised during the year	-	-	56.85	-	-	-	-	56.85
Profit / (loss) for the year after income tax	-	-	-	-	(3,945.41)	-	-	(3,945.41)
Other Comprehensive Income for the year before income tax	-	-	-	-	-	209.03	(8.58)	200.45
Less: Income Tax	-	-	-	-	-	(52.61)	2.16	(50.45)
Total Comprehensive Income for the year	-	-	56.85	-	(3,945.87)	156.42	(6.42)	(3,739.02)
Balance as at March 31, 2022	4,555.30	202.45	945.81	42,518.24	(19,638.75)	(141.78)	33.75	28,475.02

STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2022

As at March 31, 2021

(₹ in Lakhs)

Particulars	Equity component of compound financial instrument	Reserves and Surplus				Other comprehensive income		Total
		Statutory reserve	Share options outstanding account	Securities premium account	Retained Earnings (Restated)	Cash flow hedge reserve	Actuarial gains/ (losses) (Restated)	
Balance as at April 1, 2020	**4,555.30**	**202.45**	**729.92**	**42,518.24**	**(11,505.34)**	**(297.80)**	**44.44**	**36,247.21**
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-
Restated balance at the beginning of the previous reporting period	4,555.30	202.45	729.92	42,518.24	(11,505.34)	(297.80)	44.44	36,247.21
Dividends	-	-	-	-	(0.46)	-	-	(0.46)
ESOP Cost recognised during the year	-	-	159.04	-	-	-	-	159.04
Profit / (loss) for the year after income tax	-	-	-	-	(4,187.08)	-	-	(4,187.08)
Other Comprehensive Income for the year before income tax	-	-	-	-	-	(0.53)	(5.71)	(6.24)
Less: Income Tax	-	-	-	-	-	0.13	1.44	1.57
Total Comprehensive Income for the period	**-**	**-**	**159.04**	**-**	**(4,187.54)**	**(0.40)**	**(4.27)**	**(4,033.17)**
Balance as at March 31, 2021 - Restated	**4,555.30**	**202.45**	**888.96**	**42,518.24**	**(15,692.88)**	**(298.20)**	**40.17**	**32,214.04**

Summary of significant accounting policies
The accompanying notes are an integral part of the financial statements.
As per our report of even date

For ASA & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration No: 009571N/N500006

per **Prateet Mittal**
Partner
Membership No. 402631
Place: Mumbai
Date: May 26, 2022

For and on behalf of the Board of Directors

Dhruv Khaitan
Chairman
(DIN 00002584)
Place: Mumbai

Piyush Khaitan
Managing Director
(DIN 00002579)
Place: Bengaluru

Arun Nayyar
Whole - time Director & CEO
Place: Mumbai

Deepak Goswami
Chief Financial Officer
Place: Mumbai

Tanushri Yewale
Company Secretary
(M.No A31273)
Place: Mumbai
Date: May 26, 2022

CASH FLOW STATEMENT
for the year ended March 31, 2022

(₹ in Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021 - Restated
Operating activities		
Profit / (Loss) before tax	(5,177.46)	(5,599.10)
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation, amortisation and impairment	781.42	968.47
Fair value movement of embedded derivative	6.26	-
Non cash adjustment made for creation and foreclosure of Right-of-use assets	11.07	(152.78)
Effective Interest Rate adjustment in Borrowings	97.41	(146.79)
Interest Income on security deposits	(35.90)	(131.33)
Interest on Lease liability	293.24	320.04
Interest on Debt Securities	10,309.53	9,346.60
Interest on Borrowings	3,264.97	2,551.56
Employee Benefit expenses	168.56	671.04
Profit on sale of property, plan and equipment	-	3.42
Impairment on financial instruments	14,730.38	12,458.84
Remeasurement gain/(loss) on defined benefit plan	(8.58)	(5.71)
Net Gain on fair value of Investments	(65.65)	(103.90)
Working capital changes		
(Increase) / Decrease in Loan	(31,926.96)	(8,751.27)
(Increase) / Decrease in Receivables	(304.58)	(0.01)
(Increase) / Decrease in Other Financial Assets	(905.25)	(124.24)
(Increase) / Decrease in Other Non Financial Assets	(150.04)	(4.90)
(Increase) / Decrease in Bank balance other than cash and cash equivalents	20,965.76	(25,801.90)
Increase / (Decrease) in Trade payable	(133.58)	240.97
Increase / (Decrease) in Other financial liabilities	(312.32)	647.98
Increase / (Decrease) in Provisions	(114.19)	(20.84)
Increase / (Decrease) in Other non-financial Liabilities	(76.66)	9.68
Interest Paid on Debt Securities and Borrowings	(13,741.00)	(11,321.75)
Income tax paid / refund received (Net of refunds / payments)	(374.66)	402.39
Net cash flows used in operating activities	**(2,698.26)**	**(24,543.52)**
Investing activities		
Proceeds from sale of property, plant and equipment	2.48	5.59
Purchase of property, plant and equipment	(76.16)	(108.87)
Purchase of intangible assets	(44.99)	-
Proceeds from redemption of Investments at fair value through profit and loss (net)	45,204.74	86,123.28
Investments in Mutual Fund at fair value through profit and loss	(36,883.16)	(94,275.31)
Net cash flows used in investing activities	**8,202.91**	**(8,255.31)**

CASH FLOW STATEMENT

for the year ended March 31, 2022

(₹ in Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021 - Restated
Financing activities		
Debt securities issued	13,075.00	23,721.40
Debt securities repaid	(22,429.49)	(8,600.00)
Borrowings other than debt securities taken	39,685.78	17,444.85
Borrowings other than debt securities repaid	(31,426.27)	(9,910.18)
Interest paid on lease liability	(293.24)	(320.04)
Principal portion of lease liability except short term lease payments	(527.28)	(644.59)
Net cash flows from financing activities	**(1,915.50)**	**21,691.44**
Net increase / (decrease) in cash and cash equivalents	**3,589.15**	**(11,107.39)**
Cash and cash equivalents at April 1	5,453.22	16,560.61
Cash and cash equivalents at the end (refer Note 4)	**9,042.37**	**5,453.22**
Operational cash flows from interest and dividends		
Interest paid	13,741.00	11,321.75
Short-term lease payments	-	6.45

Notes :

- The above Statement of Cash Flows has been prepared under the indirect method as set out in Ind AS 7 'Statement of Cash Flows'
- Components of cash and cash equivalents are disclosed in Note 4.
- For disclosures relating to changes in liabilities arising from financing activities, refer Note 37."

As per our report of even date

For ASA & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration No: 009571N/N500006

per **Prateet Mittal**
Partner
Membership No. 402631
Place: Mumbai
Date: May 26, 2022

For and on behalf of the Board of Directors

Dhruv Khaitan
Chairman
(DIN 00002584)
Place: Mumbai

Piyush Khaitan
Managing Director
(DIN 00002579)
Place: Bengaluru

Arun Nayyar
Whole - time Director & CEO
Place: Mumbai

Deepak Goswami
Chief Financial Officer
Place: Mumbai

Tanushri Yewale
Company Secretary
(M.No A31273)
Place: Mumbai
Date: May 26, 2022

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2022

Accounting Policies

Note 1: Corporate Information

NeoGrowth Credit Private Limited (the 'Company' or 'NeoGrowth') is a Private Limited Company domiciled in India and incorporated on May 17, 1993 under the provisions of Companies Act, 1956. The Company has received a Certificate of Registration from the Reserve Bank of India ('RBI') under Section 45 - IA of the Reserve Bank India Act, 1934 on September 13, 2001 to commence / carry on the business of Non-Banking Financial Institution ('NBFC') without accepting public deposits. Presently the Company is engaged in providing business loans to small and medium enterprise. The financial statements has been approved in its Board meeting held on May 26, 2022

Note 2: Basis of preparation and presentation

a. Basis of preparation

The financial statements of the company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended ('Ind AS Rules') (as amended from time to time).

Ministry of Corporate Affairs ("MCA") through a notification dated March 24, 2021, amended Division III of Schedule III of the Companies Act, 2013 and applicable for the reporting period beginning on or after April 1, 2021. The amendment encompasses certain additional disclosure requirements. The Company has applied and incorporated the requirements of amended Division III of Schedule III of the Companies Act, 2013, to the extent applicable while preparing these financial statements.

Presentation of financial statements:

The Company presents its balance sheet in order of liquidity in compliance with the Division III of the Schedule III to the Companies Act, 2013. 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 36: Maturity Profile".

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, the parties also intend to settle on a net basis in all of the following circumstances:

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Company and or its counterparties

b. Basis of measurement

The financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained in the accounting policies below. 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.

c. Functional and presentation currency

The financial statements are presented in Indian Rupees which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates and all values are rounded to the nearest lakhs, except when otherwise indicated.

Note 3: Significant accounting policies

3.1. Use of estimates, judgments and assumptions

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.

3.2. Recognition of Income

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

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

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to provide service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration

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to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when or as the Company satisfies a performance obligation.

a.) Interest and similar Income

Under Ind AS 109 interest income is recorded using the Effective Interest Rate (EIR) method for all financial instruments measured at amortised cost, debt instrument measured at FVOCI and debt instruments designated at FVTPL. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset 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 in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

The company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. 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.

b.) All other charges such as cheque return charges, overdue charges etc are recognised on realization basis. These charges are treated to accrue on realization, due to the uncertainty of their realization.

c.) Revenue from fee-based activities are recognized as and when the services are rendered. Fees earned from contract with customer is recognised point in time when performance obligation is satisfied (when the trade is executed). Fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement/ participation, syndication fees, consortium fees, are recognised on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognised after fulfilling the corresponding criteria.

d.) The Company designates certain financial assets for subsequent measurement at Fair Value Through Profit or Loss (FVTPL). The Company recognises gains on fair value change of financial assets measured at FVTPL and realised gains on derecognition of financial asset measured at FVTPL on net basis.

3.3. Property, Plant and equipment (PPE)

An item is recognised as an asset, if and only if, it is probable that the future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. PPE are initially recognised at cost. The initial cost of PPE comprises its purchase price (including non-refundable duties and taxes but excluding any trade discounts and rebates), and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Subsequent to initial recognition, PPE are stated at cost less accumulated depreciation and any impairment losses. When significant parts of property, plant and equipment are required to be replaced in regular intervals, the Company recognises such parts as separate component of assets. When an item of PPE is replaced, then its carrying amount is de-recognised from the balance sheet and cost of the new item of PPE is recognised. The expenditures that are incurred after the item of PPE has been put to use, such as repairs and maintenance, are normally charged to the statement of profit and loss in the period in which such costs are incurred. However, in situations where the said expenditure can be measured reliably, and is probable that future economic benefits associated with it will flow to the Company, it is included in the asset's carrying value or as a separate asset, as appropriate.

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Depreciation on fixed assets is calculated using the Written Down Value (WDV) method and Straight Line Method (SLM) as per the remaining useful life of assets estimated by the management.

The estimated useful lives are, as follows:

Particulars	Useful Life of Assets	Depreciation Method
Leasehold Improvements	As per Lease period	SLM
Office Equipments	5 years	WDV
Computers		
Servers	6 years	WDV
Others	3 years	WDV
Software		
Advance Suite	7 years	SLM
PayLater Software	5 years	SLM
SUN Infor	3 years	SLM
CRM 2.0	4 years	SLM
Furniture & Fixtures	10 years	WDV

The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

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.

No salvage value has been estimated in case of license property improvement work and advance suite.

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

Property 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 operating income in the Statement of profit and loss in the year in which 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.

3.4. Intangible assets

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. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment loss. Intangible assets are amortized on a straight line basis over the estimated useful economic life. The company considers that the useful life of an intangible asset will not exceed 6 years from the date when the asset is available for use.

Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

3.5. Impairment of non-financial assets

An assessment is done at each Balance Sheet date to ascertain whether there is any indication that an asset may be impaired. If any such indication exists, an estimate of the recoverable amount of asset is determined. If the carrying value of relevant asset is higher than the recoverable amount, the carrying value is written down accordingly.

3.6. Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Company as a lessee

Identifying a lease

At the inception of the contract, the Company assesses whether a contract is, or contain, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether:

i. The contract involves the use of an identified asset, this may be specified explicitly or implicitly.

ii. The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use, and

iii. The Company has right to direct the use of the asset.

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This policy is applied to contracts entered into, or changed, on or after April 1, 2018

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component based on their relative stand-alone prices.

Recognition of right of use asset

The Company recognises a right of use asset at the lease commencement date of lease and comprises of the initial lease liability amount, plus any indirect costs incurred.

Subsequent measurement of right of use asset

The right of use asset is subsequently amortized using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term, whichever is lesser. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurement of the lease liability.

Recognition of lease liability

The lease liability is initially measured at the present value of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate.

Subsequent measurement of lease liability

Lease liability is measured at amortised cost using the effective interest method. The lease payments are apportioned between the finance charges and reduction of the lease liability using the incremental borrowing rate implicit in the lease to achieve a constant rate of interest on the remaining balance of the liability.

It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. Whenever the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right of use asset or is recorded in profit or loss of the carrying amount of the right of use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The company has elected by class of underlying asset to not recognise right of use assets and lease liabilities for short term leases that have a lease term of 12 months and leases for which the underlying asset is of low value.

In case of short-term leases and leases for which the underlying asset is of low value, the company has elected not to apply the requirements of Ind AS 116 and the lease payments associated with those leases are recognised as an expense on a straight-line basis.

3.7. Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The company recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Gratuity

The company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund.

The fund is administered by Life Insurance Corporation of India (LIC). The gratuity liability is calculated using the Projected Unit Credit Method which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation, is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations.

The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Re-measurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to

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retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods. The effect of any planned amendments are recognised in Statement of Profit and Loss.

Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include compensated absences such as paid annual leave and sickness leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized in the Statement of Profit and Loss during the year.

Long-term employee benefits

Company's liabilities towards compensated absences to employees are accrued on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary using Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Statement of Profit and Loss.

Compensated absence

Compensated absence which is a defined benefit, is accrued based on an actuarial valuation at the balance sheet date carried out by an independent actuary.

Share-based Payment Arrangements

Share-based Payment Arrangements estimating fair value for share-based payment transactions requires use of an appropriate valuation model. The Company measures the cost of equity-settled transactions with Option holders using Black-Scholes Model to determine the fair value of the options on the grant date.

Inputs into the valuation model, includes assumption such as the expected life of the share option, volatility and dividend yield.

The stock options granted to employees pursuant to the Corporation's Stock Options Schemes, are measured at the fair value of the options at the grant date using Black Scholes Model. The fair value of the options determined at grant date is accounted as employee compensation cost over the vesting period on a straight line basis over the period of option, based on the number of grants expected to vest, with corresponding increase in equity.

3.8. Foreign currency translation

Functional and presentational currency – The financial statements are presented in INR which is also functional currency of the company.

Transactions and balances – Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of ex-change 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.

3.9. Borrowing cost

Borrowing cost includes interest, amortization of ancillary costs based on Effective Interest Rate method (EIR), incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

3.10.Taxes

Income tax expense comprises of current and deferred tax. Current / Deferred tax is recognized in the Statement of Profit and Loss except to the extent it relates to a business combination or to an item which is recognized directly in equity or in other comprehensive income in which case the related income tax is also recognised accordingly. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority. The Company only off-sets its deferred tax assets against liabilities when there is both a legal right to offset and it is the Company's intention to settle on a net basis

i) Current Taxes

Current tax is the amount of income taxes payable/ receivable in respect of taxable profit/ loss for a period. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible in accordance with applicable tax laws. Current tax assets and liabilities for the current and prior years are measured at the amount expected

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to be recovered from, or paid to, the taxation authorities. Interest income / expenses and penalties, if any, related to income tax are included in current tax expense. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the end of reporting date in India 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.

ii) Deferred Taxes

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:

A deferred tax liability is recognised based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted, or substantively enacted, by the end of the reporting period. 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 only 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.

The carrying amount of deferred tax assets are 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 reassessed at each reporting date and are recognised to the extent that it becomes probable that future taxable profit 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.

Current and deferred taxes are recognised as income tax benefits or expenses in the Statement of profit and loss except for tax related to the fair value re-measurement of financial assets classified through other comprehensive income, foreign exchange differences and the net movement on cash flow hedges, which are charged or credited to Other Comprehensive Income (OCI). These exceptions are subsequently reclassified from OCI to the statement of profit and loss together with the respective deferred loss or gain. The Company also recognises the tax consequences of payments and issuing costs, related to financial instruments that are classified as equity, directly in equity.

3.11. Earnings per share

Basic earnings per share (EPS) is calculated by dividing the net profit for the year attributable to equity holders of the company by the weighted average number of ordinary shares outstanding during the year.

As per Ind AS 33, Para 23 Ordinary shares that will be issued upon the conversion of a mandatorily convertible instrument are included in the calculation of basic earnings per share from the date the contract is entered into. Consequently CCPS and CCD have been included in the computation of Basic EPS.

Diluted EPS is calculated by dividing the net profit attributable to equity holders of company (after adjusting for interest on the convertible preference shares, in each case, net of tax) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

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3.12. Share based payment

Equity-settled share based payments to employees and others providing similar services are measured at the fair value of equity instruments at the grant date. Details regarding determination of the fair value of equity settled share based payments transactions are set out in Note 34.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of original estimates, if any, is recognised in Statement of Profit and Loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the Share Based payments reserve.

On cancellation or lapse of option granted to employees, the compensation cost charged to statement of profit & loss is credited with corresponding decrease in equity.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

3.13. Provisions and other Contingent liabilities

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 increase in the provision due to un-winding of discount over passage of time is recognised within finance costs. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement in other operating expenses. Where it is more likely that no present obligation exists at the end of the reporting period, the entity discloses a contingent liability, unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

3.14. Dividend on Ordinary Shares

Company recognises dividends on ordinary shares and related dividend tax as a liability and deducted from equity when they are approved by the Company's shareholders.

Proposed dividends on equity shares which are subject to approval at the annual general meeting are not recognised as a liability (including tax thereon) and is disclosed as an event after the reporting date.

3.15. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

3.16. Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past / future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

3.17. Insurance claims

Insurance claims are accrued for on the basis of claims admitted and/or to the extent there is no uncertainty in receiving the claims. The Company re-assesses the claims made at each reporting period for recoverability.

3.18. Expenditure on Corporate Social Responsibility (CSR)

The Company accounts the expenditure incurred towards Corporate Social Responsibility as required under the Companies Act 2013 as a charge to the statement of profit and loss.

3.19. Determination of Fair Value

The Company measures financial instruments at fair value in accordance with the accounting policies mentioned above at each balance sheet date.

Fair value is the price at the measurement date, at which an asset can be sold or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

The Company's accounting policies require, measurement of certain financial / non-financial assets and liabilities at fair values (either on a recurring or non-recurring basis). Also, the fair values of financial instruments measured at amortised cost are required to be disclosed in the said financial statements.

The Company is required to classify the fair valuation method of the financial / non-financial assets and liabilities, either measured or disclosed at fair value in the financial statements, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurement).

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for the year ended March 31, 2022

Accordingly, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy described as follows:

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 includes one or more unobservable input where there is little market activity for the asset/liability at the measurement date that is significant to the measurement as a whole.

3.20. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the Entity becomes a party to the contractual provisions of the instruments.

Financial Assets

Initial Recognition – All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the asset.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in four categories:

Debt instruments at amortised cost

Debt instruments at fair value through other comprehensive income (FVTOCI).

Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL).

Equity instruments measured at fair value through other comprehensive income FVTOCI.

Financial assets measured at amortised cost

A 'debt instrument' is measured at amortised cost if both the following conditions are met:

a) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

b) 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.

After initial measurement at fair value plus directly attributable costs, these financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

The measurement of credit impairment is based on the three-stage expected credit loss model described below.

Business model: The business model reflects how the company manages the assets in order to generate cash flows. That is, whether the company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely

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payments of principal and interest (the 'SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. The amortised cost, as mentioned above, is computed using the effective interest rate method.

Effective interest method – The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. The amortised cost of the financial asset is adjusted if the company revises its estimates of payments or receipts. The adjusted amortised cost is calculated based on the original or latest re-estimated EIR and the change is recorded as 'Interest and similar income' for financial assets. Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets measured at fair value through other comprehensive income

Debt Instrument – Investments in debt instruments are measured at fair value through other comprehensive income where they have:

a) contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest (SPPI) on the principal amount outstanding; and

b) Are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest revenue and foreign exchange gains and losses are recognised in profit and loss. Upon disposal, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the income statement. The measurement of credit impairment is based on the three-stage expected credit loss model as applied to financial assets at amortised cost. The expected credit loss model is described below :

Financial Instrument measured at fair value through profit or loss

Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVOCI criteria may be designated as at FVTPL upon initial recognition, if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Company's investment are classified as FVTPL, if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term, or forms part of a portfolio of financial instruments that are managed together and for which there is evidence of short-term profit taking, or it is a derivative not in a qualifying hedge relationship. Trading derivatives and trading securities are classified as held for trading and recognised at fair value.

Financial instruments held at fair value through profit or loss, are initially recognised at fair value, with transaction costs recognised in the income statement as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the income statement as they arise. Where a financial asset is measured at fair value, a credit valuation adjustment is included to reflect the credit worthiness of the counterparty, representing the movement in fair value attributable to changes in credit risk.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

Financial liabilities

Initial Measurement

Financial liabilities are classified and measured at amortized cost. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

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Subsequent Measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method.

Embedded Derivative

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified acccording to a specific interest rate, value of an underlying security, or other variable.

The embedded derivative, which are not closely related to the host contract are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging intstruments.

Modification of loans

The company sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the company assesses whether or not the new terms are substantially different to the original terms.

If the terms are substantially different, the company derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the company also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on de recognition. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be Purchased or originated credit impaired financial assets (POCI).

If the terms are not substantially different, the renegotiation or modification does not result in de recognition, and the company recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss to the extent that an impairment loss has not already been recorded. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets.

Derivative financial instruments

Derivative financial instruments are contracts whose value is derived from one or more underlying price, index or other variable, and typically comprise of instruments such as swaps, forward rate agreements, futures and options. All derivatives are recognised in the balance sheet at fair value and are classified as trading except where they are designated as a part of an effective hedge relationship and classified as hedging derivatives. The carrying value of a derivative is re measured at fair value throughout the life of the contract. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Credit Valuation Adjustments (CVA) - Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded on the statement of financial position. In the case of credit derivatives, the company is also exposed to or protected from the risk of default of the underlying entity referenced by the derivative. Hence, to reflect potential losses, the company applies CVA to all relevant over-the-counter positions with the exception of positions settled through central clearing houses.

Impairment of financial assets

The company applies the expected credit loss (ECL) model for recognising impairment loss as against hitherto IRAC norms of RBI.

ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the company expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months from the reporting date.

The company assesses at each reporting date whether a financial asset such as investments, loans and advances, non-fund based limits not designated as FVTPL and security deposits held at amortised cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue cost or effort. Lifetime Expected credit losses are assessed and loss allowances recognised if the credit quality of the financial asset has deteriorated significantly since initial recognition.

The company applies a three-stage approach to measuring expected credit losses (ECLs) for the

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for the year ended March 31, 2022

following categories of financial assets that are not measured at fair value through profit or loss:

- debt instruments measured at amortised cost and fair value through other comprehensive income;
- loan commitments; and
- Financial guarantee contracts.

No ECL is recognised on equity investments.

PD estimation process
Probability of Default (PD) is an estimate of the likelihood of default in a homogenous pool of loans, over a 12 month time horizon. PD estimation process is done based on historical & empirical internal data available with the company. 'Company calculates the 12 month PD by taking into account the past historical trends of the portfolio and its credit performance. In case of assets where there is 'a significant increase in credit risk (SICR), lifetime PD is applied which is computed based on survival analysis. 'For credit impaired assets, a PD of 100% is applied.

Exposure at Default (EAD)
Exposure at Default is considered as 100% of Outstanding balance in respect of loan receivables.

In case of undrawn loan commitments, a credit conversion factor of 75 % is applied for expected drawdown. For credit impaired assets (i.e. Stage 3 assets), an EAD factor of 100% is applied.

Loss Given Default (LGD)
Loss Given Default (LGD) is an estimate of the ultimate loss arising , when a default occurs. It is based on empirical contractual realisations from credit impaired assets (i.e. Stage 3 assets). after event of default (& till the time the exposure is written off) including from the realization of any security.

Financial assets are classified through the following three stages based on the change in credit risk since initial recognition:

Stage 1: 12-months ECL
All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The company has assessed that all standard advances and advances upto 30 days default (SMA 0) would fall under this category. For these assets, 12-month ECL are recognized and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance).

Stage 2: Lifetime ECL – not credit impaired
Financial instruments that have had a significant increase in credit risk since initial recognition are classified under this stage. 30 Days Past Due is considered as significant increase in credit risk and classified under this category. For these assets, lifetime ECL are recognized, but interest revenue is still calculated on the gross carrying amount of the asset.

Stage 3: Lifetime ECL – credit impaired
All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified in this stage. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

Credit-impaired financial assets:
At each reporting date, the company assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

a) Significant financial difficulty of the borrower or issuer;

b) A breach of contract such as a default or past due event;

c) The restructuring of a loan or advance by the company on terms that the company would not consider otherwise;

d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

e) The disappearance of an active market for a security because of financial difficulties.

Measurement of ECLs
The measurement of ECL reflects:

a) An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes

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for the year ended March 31, 2022

b) The time value of money

c) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

ECLs are derived from unbiased and probability-weighted estimates of expected loss, and are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows due to the company in accordance with the contract and the cash flows that the company expects to receive.
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the effective interest rate.
- Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the company if the commitment is drawn down and the cash flows that the company expects to receive.

ECLs are recognised using a provision for doubtful debts account in profit and loss. In the case of debt instruments measured at fair value through other comprehensive income, the measurement of ECLs is based on the three-stage approach as applied to financial assets at amortised cost. The company recognises the provision charge in profit and loss, with the corresponding amount recognised in other comprehensive income, with no reduction in the carrying amount of the asset in the balance sheet.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the company's procedures for recovery of amounts due.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

a) Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;

b) Loan commitments and financial guarantee contracts: generally, as a provision;

c) Where a financial instrument includes both a drawn and an undrawn component, and the company cannot identify the ECL on the loan commitment component separately from those on the drawn component: the company presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and

d) Debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Derecognition of financial assets and financial liabilities

Financial assets

The Company derecognizes a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

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 de recognition 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.

Offsetting

Financial assets and financial liabilities are generally reported gross in the balance sheet. Financial assets and liabilities are offset and the net amount is presented in the balance sheet when the Company has a legal right to offset the amounts and intends to settle on a net basis or to realise the asset and

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2022

settle the liability simultaneously in all of the following circumstances:

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Company and/or its counterparties

Derivative assets and liabilities with master netting arrangements (e.g. ISDAs) are only presented net when they satisfy the eligibility of netting for all of the above criteria and not just in the event of default.

Hedge Accounting

The company makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the company applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, the company formally designates and documents the hedge relationship to which the company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Fair value hedges

Fair value hedges hedge the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss.

For designated and qualifying fair value hedges, the cumulative change in the fair value of a hedging derivative is recognised in the statement of profit and loss in net gain on fair value changes. Meanwhile, the cumulative change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item in the balance sheet and is also recognised in the statement of profit and loss in net gain on fair value changes.

The company classifies a fair value hedge relationship when the hedged item (or Company of items) is a distinctively identifiable asset or liability hedged by one or a few hedging instruments. The financial instruments hedged for interest rate risk in a fair value hedge relationships fixed rate debt issued and other borrowed funds. If the hedging instrument expires or is sold, terminated or exercised, or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is discontinued prospectively. If the relationship does not meet hedge effectiveness criteria, the company discontinues hedge accounting from the date on which the qualifying criteria are no longer met. For hedged items recorded at amortised cost, the accumulated fair value hedge adjustment to the carrying amount of the hedged item on termination of the hedge accounting relationship is amortised over the remaining term of the original hedge using the recalculated EIR method by recalculating the EIR at the date when the amortisation begins. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the statement of profit and loss.

Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit or loss.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in net gain/loss on fair value changes in the profit and loss statement.

When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When the forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in OCI are reversed and included in the initial cost of the asset or liability.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2022

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time re-mains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

Cost of hedging

The company also may separate forward element and the spot element of a forward contract and designate as the hedging instrument only the change in the value of the spot element of a forward contract. Similarly currency basis spread may be separated and excluded from the designation of a financial instrument as the hedging instrument.

When an entity separates the forward element and the spot element of a forward contract and designates as the hedging instrument only the change in the value of the spot element of the forward contract, or when an entity separates the foreign currency basis spread from a financial instrument and excludes it from the designation of that financial instrument as the hedging instrument, such amount is recognised in OCI and accumulated as a separate component of equity under Cost of hedging reserve. These amounts are reclassified to the statement of profit or loss account as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

Financial guarantee

Financial guarantee are contracts that require the Company to make specified payments to reimburse the holder for loss that it incur because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument.

Financial Gurantee contract is initially recognised at Fair Value. Subsequently, this guarantee is to be measured at the higher of an amount determined based on the expected loss method (as per guidance in Ind AS 109) or the amount originally recognised less, the cumulative amount recognised as income on a straight-line basis.

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2022

Note 4: Cash and cash equivalents

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021 – Restated
Cash on hand	55.43	31.75
Balances with bank	2,554.53	3,221.47
Bank deposit with maturity of less than 3 months	6,432.41	2,200.00
TOTAL	**9,042.37**	**5,453.22**

Balances with banks earn interest at fixed rates based on daily bank deposit rates. Short term deposits are made for varying periods 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. The Company has not taken bank overdraft against these Bank deposits, therefore the cash and cash equivalent for cash flow statement is same as cash and cash equivalent given above.

Note 5: Bank balance other than cash and cash equivalents

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021 – Restated
Deposits with original maturity for more than 3 months but less than 12 months	–	797.96
Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments	4,842.05	25,009.85
TOTAL	**4,842.05**	**25,807.81**

Fixed deposit earns interest at fixed rate based on applicable bank deposit rates.

Note 6: Derivative financial instruments

The Company enters into derivatives for risk management purposes. Derivatives held for risk management purposes include hedges that meet the hedge accounting requirements.

The table below shows the fair value of derivative financial instruments recorded as assets or liabilities together with their notional amounts and the fair values of embedded derivatives.

The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

(₹ in Lakhs)

Particulars	As at March 31, 2022				As at March 31, 2021 - Restated			
	Notional amounts	Fair value assets	Notional amounts	Fair value liabilities	Notional amounts	Fair value assets	Notional amounts	Fair value liabilities
Part I								
(i) Currency derivatives								
-Currency swaps	4,245.00	197.56	–	–	–	–	4,245.00	(64.08)
Sub total (i)	**4,245.00**	**197.56**	**–**	**–**	**–**	**–**	**4,245.00**	**(64.08)**
(ii) Other derivatives - Cross Currency Interest Rate Swaps	8,494.49	397.70	–	–	–	–	11,892.29	90.73
(iii) Embedded Derivatives	–	–	–	6.26	–	–	–	–
Total derivative financial instruments (i+ii)	**12,739.49**	**595.26**	**–**	**6.26**	**–**	**–**	**16,137.29**	**26.65**
Part II								
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:								
Cash flow hedging	12,739.49	595.26	–	–	–	–	16,137.29	26.65
Embedded Derivative	–	–	–	6.26	–	–	–	–
Total Derivative Financial Instruments	**12,739.49**	**595.26**	**–**	**6.26**	**–**	**–**	**16,137.29**	**26.65**

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2022

6.1: Hedging activities and derivatives

The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk and interest rate risk. The Company's risk management strategy and how it is applied to manage risk are explained in Note 44.

6.1.1: Embedded Derivative

Embedded Derivative arising from the CCD issued is accounted for separately since the economic characteristic is different from the host liability contract. The embedded derivative is initially recorded at fair value and subsequently will be carried at fair value through Profit & Loss.

6.1.2 Derivatives designated as hedging instruments

6.1.2.1 Cash flow hedges

The Company is exposed to foreign currency risk arising from its foreign currency borrowing, as well as interest rate risk on floating rate foreign currency borrowings - both aggregating to a notional amount of USD 17.84 Million as on March 31, 2022 (as on March 31, 2021 USD 22.58 Million).

The Company has economically hedged

(i) the foreign currency risk arising from the fixed rate non-INR borrowing using the cross currency swap, and

(ii) the foreign currency risk and interest rate risk arising from the floating rate non-INR borrowing using the cross currency interest rate swap

The swap contracts above effectively convert the cash outflows of the foreign currency borrowing to fixed rate cash outflows in INR

There is an economic relationship between the hedged item and the hedging instrument as the terms of the all the swap contracts matches that of the foreign currency borrowing (notional amount, interest payment dates, principal repayment date etc.).

The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the derivative are identical to the hedged risk components.

To test the hedge effectiveness, the Company uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The hedge ineffectiveness can arise mainly if there is a change in the credit risk of the Company or the counterparty.

The Company has recorded notional Cash flow hedge gain of ₹209.03 Lakh for the year ended March 31, 2022 which is routed through Other Comprehensive Income. The Company has entered into effective hedge and hence such notional gain would be nullified at the time of actual cash settlement. Hence increase in equity to the extent of ₹156.42 (net of tax) Lakh is notional in nature.

The impact of the hedging instruments on the balance sheet is as follows:

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2022

March 31, 2022

(₹ in Lakhs)

Particulars	Notional amount	Carrying amount	Line item in the balance sheet
Cross Currency Interest Rate Swaps	8,494.49	397.70	Derivative financial instruments
Currency Swaps	4,245.00	197.56	Derivative financial instruments

March 31, 2021

(₹ in Lakhs)

Particulars	Notional amount	Carrying amount	Line item in the balance sheet
Cross Currency Interest Rate Swaps	11,892.29	90.73	Derivative financial instruments
Currency Swaps	4,245.00	(64.08)	Derivative financial instruments

The impact of hedged items on the balance sheet is as follows:

(₹ in Lakhs)

Particulars	Cash flow hedge reserve as at March 31, 2022	Cash flow hedge reserve as at March 31, 2021
External Commercial Borrowings	(141.78)	(298.20)

The effect of cash flow hedge in the statement of profit or loss and other comprehensive income is as follows:

(₹ in Lakhs)

Particulars	Total hedging gain / (loss) recognised in OCI for the year ended March 31, 2022	Total hedging gain / (loss) recognised in OCI for the year ended March 31, 2021
External Commercial Borrowings	209.03	(0.53)

Note 7: Receivables

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021 – Restated
Trade Receivables		
Unsecured considered good	304.60	0.01
TOTAL	**304.60**	**0.01**

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Trade Receivables ageing

(₹ in Lakhs)

Particulars		Outstanding for following periods from due date of payment						
		Unbilled & Not due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade receivables – considered good	As at March 31, 2022	304.60	-	-	-	-	-	304.60
	As at March 31, 2021 – Restated	-	0.01	-	-	-	-	0.01
TOTAL	As at March 31, 2022	**304.60**	**0.01**	-	-	-	-	**304.61**
	As at March 31, 2021 – Restated	-	**0.01**	-	-	-	-	**0.01**

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2022

Note 8: Loans (at amortised cost)

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021 – Restated
Term loans	1,55,917.83	1,32,833.41
Total - Gross	**1,55,917.83**	**1,32,833.41**
Less: Impairment loss allowance	17,946.06	12,066.76
Total - Net	**1,37,971.77**	**1,20,766.65**
Secured by tangible assets	2,500.04	-
Unsecured	1,53,417.79	1,32,833.41
Total - Gross	**1,55,917.83**	**1,32,833.41**
Less: Impairment loss allowance - Secured	17,946.06	12,066.76
Total - Net	**1,37,971.77**	**1,20,766.65**
Loans in India		
i) Public Sector	-	-
ii) Others (Private sector)	1,55,917.83	1,32,833.41
Total - Gross	**1,55,917.83**	**1,32,833.41**
Less: Impairment loss allowance	17,946.06	12,066.76
Total - Net	**1,37,971.77**	**1,20,766.65**
Loans outside India	-	-
Less: Impairment loss allowance	-	-
Total - Net	**-**	**-**
Total	**1,37,971.77**	**1,20,766.65**

Summary of loans by stage distribution

Details of Company's Risk Management process and policies are set out in Note 44 - Risk Management.

(₹ in Lakhs)

Particulars	As at March 31, 2022				As at March 31, 2021 - Restated			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	1,30,282.52	8,760.99	16,874.30	1,55,917.82	83,907.21	40,428.89	8,497.29	1,32,833.39
Less: Impairment loss allowance	(4,987.08)	(2,584.87)	(10,374.13)	(17,946.09)	(2,748.26)	(4,130.54)	(5,187.96)	(12,066.76)
Net carrying amount	**1,25,295.44**	**6,176.12**	**6,500.17**	**1,37,971.73**	**81,158.95**	**36,298.35**	**3,309.33**	**1,20,766.63**

Gross Carrying amount and Impairment loss allowance excludes amounts written off which are still subject to enforcement activity

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to business loan is, as follows:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2022				For the year ended March 31, 2021 - Restated			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	83,907.21	40,428.89	8,497.29	1,32,833.39	1,27,279.71	3,976.82	4,136.88	1,35,393.41
New assets originated or purchased	1,07,965.00	6,438.12	13,084.68	1,27,487.80	76,038.14	40,109.15	8,122.48	1,24,269.77
Assets derecognised or repaid (excluding write offs)	(66,389.05)	(27,029.65)	(3,686.75)	(97,105.45)	(1,18,902.54)	(3,926.63)	(1,135.84)	(1,23,965.01)
Transfers to Stage 1	7,873.19	(7,591.51)	(281.68)	-	1.60	(0.28)	(1.33)	-
Transfers to Stage 2	(1,117.87)	1,344.71	(226.85)	-	(328.27)	328.27	-	-
Transfers to Stage 3	(1,255.50)	(2,094.36)	3,349.86	-	(152.27)	(21.21)	173.47	-
Assets written Off	(700.46)	(2,735.21)	(3,862.25)	(7,297.92)	(29.16)	(37.23)	(2,798.37)	(2,864.76)
Gross carrying amount closing balance	**1,30,282.52**	**8,760.99**	**16,874.30**	**1,55,917.82**	**83,907.21**	**40,428.89**	**8,497.29**	**1,32,833.41**

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2022

Reconciliation of ECL balance is given below:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2022				For the year ended March 31, 2021 – Restated			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance – opening balance	2,748.26	4,130.54	5,187.96	12,066.76	7,443.25	262.36	3,156.78	10,862.39
New assets originated or purchased	5,238.46	6,005.65	9,733.50	20,977.61	1,827.03	4,027.81	5,424.79	11,279.63
Assets derecognised or repaid (excluding write offs)	(2,312.33)	(2,821.85)	(2,666.20)	(7,800.38)	(6,281.84)	(236.12)	(692.54)	(7,210.50)
Transfers to Stage 1	896.57	(844.90)	(51.67)	0.00	0.02	(0.02)	-	-
Transfers to Stage 2	(84.95)	217.70	(132.74)	-	(126.03)	126.03	-	-
Transfers to Stage 3	(798.47)	(1,367.06)	2,165.53	-	(85.01)	(12.29)	97.30	-
Assets written Off	(700.46)	(2,735.21)	(3,862.25)	(7,297.92)	(29.16)	(37.23)	(2,798.37)	(2,864.76)
ECL allowance – closing balance	**4,987.08**	**2,584.87**	**10,374.13**	**17,946.07**	**2,748.26**	**4,130.54**	**5,187.96**	**12,066.76**

Concentration of loans and advances (%)

(₹ in Lakhs)

Industry	As at March 31, 2022	As at March 31, 2021 – Restated
Food and Beverage	10.94%	14.66%
Apparel	11.70%	13.66%
Petrol Pump	7.09%	7.90%
Groceries	6.51%	5.51%
Hardware and Electrical	4.48%	3.85%
Engineering and Capital Goods	3.51%	2.87%
Contractor	5.03%	3.69%
Mobile	3.90%	3.62%
Pharmacy	3.20%	3.16%
FMCG	3.45%	2.69%
Hotels	0.43%	1.07%
Spa and Salon	1.74%	2.29%
CDIT	1.64%	1.92%
Logistics	1.90%	1.38%
Others	34.50%	31.73%

Note:
Others consist a list of more than 50 industries, over which this portion of the portfolio is distributed.

Note 9: Investments

(₹ in Lakhs)

Particulars	As at March 31, 2021 – Restated
As at March 31, 2022	
Mutual funds in India	-
Total Gross	**-**
Less : Impairment loss allowance	-
Total – Net	**-**
As at March 31, 2021 – Restated	
Mutual funds in India	8,255.93
Total Gross	**8,255.93**
Less : Impairment loss allowance	-
Total – Net	**8,255.93**

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2022

All the Mutual Fund units have been redeemed at the end of the reporting period, March 31 2022

More information regarding the valuation methodologies can be found in Note 43 - Fair value measurement.

Note 10: Property, Plant and Equipment

(₹ in Lakhs)

Particulars	Leasehold property improvement work	Office equipment	Computer Equipment	Furniture & Fixtures	Total
Cost:					
As at April 1, 2020	40.94	80.49	324.63	61.33	507.39
Additions	38.55	13.97	56.31	-	108.83
Disposals	-	(37.36)	(214.78)	(11.57)	(263.71)
As at March 31, 2021 - Restated	**79.49**	**57.10**	**166.16**	**49.76**	**352.51**
Additions	0.00	7.85	58.96	9.33	76.14
Disposals	(4.99)	(1.99)	(12.87)	(0.08)	(19.93)
As at March 31, 2022	**74.50**	**62.96**	**212.25**	**59.01**	**408.72**
Depreciation and impairment:					
As at April 1, 2020	31.10	41.09	212.47	27.15	311.81
Depreciation charge for the year	12.61	21.87	80.06	8.74	123.27
Disposals	-	(34.80)	(210.17)	(9.74)	(254.71)
As at March 31, 2021 - Restated	**43.71**	**28.16**	**82.36**	**26.15**	**180.37**
Depreciation charge for the year	8.16	17.26	64.78	8.37	98.56
Disposals	(4.97)	(1.07)	(11.41)	-	(17.45)
As at March 31, 2022	**46.90**	**44.35**	**135.73**	**34.52**	**261.48**
Net book value:					
As at March 31, 2021 - Restated	**35.78**	**28.94**	**83.80**	**23.61**	**172.13**
As at March 31, 2022	**27.60**	**18.61**	**76.52**	**24.48**	**147.24**

Note : The company has not done any revaluation in respect of the above Property, plant and equipment during the year.

Note 11: Right-of-use assets

The company has elected not to apply the requirement of Ind AS 116 to short term leases of all assets that have a lease term of 12 months or less. The lease payments associated with these leases are recognized as an expenses on a straight line basis over the lease term.

(₹ in Lakhs)

Particulars	Right-of-use Premises	Total
Cost:		
As at April 1, 2020	4,181.20	4,181.20
Additions	2,250.94	2,250.94
Adjustments	(290.67)	(290.67)
Disposals	(2,895.60)	(2,895.60)
As at March 31, 2021 - Restated	**3,245.87**	**3,245.87**
Additions	179.94	179.94
Adjustments	0.38	0.38
Disposals	(141.54)	(141.54)
As at March 31, 2022	**3,284.65**	**3,284.65**

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2022

(₹ in Lakhs)

Particulars	Right-of-use Premises	Total
Depreciation and impairment:		
As at April 1, 2020	1,754.63	1,754.63
Depreciation charge for the year	799.58	799.58
Adjustments	52.19	52.19
Disposals	(1,996.92)	(1,996.92)
As at March 31, 2021 - Restated	**609.48**	**609.48**
Depreciation charge for the year	652.02	652.02
Adjustments	-	-
Disposals	(57.06)	(57.06)
As at March 31, 2022	**1,204.44**	**1,204.44**
Net book value:		
As at March 31, 2021 - Restated	**2,636.39**	**2,636.39**
As at March 31, 2022	**2,080.21**	**2,080.21**

Note 12: Other financial assets

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021 - Restated
Unsecured considered good, unless stated otherwise		
Security deposits	267.03	244.94
Interest accrued on Loan Portfolio (Secured, considered good)	-	-
Cash Collateral Placed for hedge transaction	-	115.50
Others		
Fixed deposits with bank with original maturity for more than 12 months	2,034.78	1,400.24
Other receivables	593.47	193.45
Less: Impairment allowance	-3.63	-
Total	**2,891.65**	**1,954.13**

Note: Out of the above, fixed deposit ₹1,443.03 Lakh (as at March 31, 2021 - ₹1,249.01 Lakh) are marked as lien against term loans.

Note 13: Other intangible assets

(₹ in Lakhs)

Particulars	Computer Software
Cost:	
As at April 1, 2020	182.24
Additions	-
As at March 31, 2021 - Restated	**182.24**
Additions	44.99
As at March 31, 2022	**227.23**
Accumulative amortisation and impairment:	
As at April 1, 2020	90.37
Amortisation charge for the year	45.62
As at March 31, 2021 - Restated	**135.99**
Amortisation charge for the year	30.84
As at March 31, 2022	**166.83**
Net book value:	
As at March 31, 2021 - Restated	**46.25**
As at March 31, 2022	**60.40**

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2022

Note 14: Other non-financial assets

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021 – Restated
Advance tax (net of Provisions for taxation and tax deducted at source)	623.36	362.97
Goods & Service Tax cash ledger	0.03	0.03
Goods & Service Tax credit (input) receivable	353.27	339.49
Prepaid expenses	268.17	151.60
Advance to vendors	144.93	125.24
Total	**1,389.76**	**979.33**

Note 15: Trade Payable

(₹ in Lakhs)

Particulars		Outstanding for following periods from due date of payment				
		Less than 1 years	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	As of March 31, 2022	10.76	–	–	–	10.76
	As of March 31, 2021	–	–	–	–	–
(ii) Others	As of March 31, 2022	1,016.14	1.10	–	–	1,017.24
	As of March 31, 2021	1,161.58	–	–	–	1,161.58
TOTAL		**1,026.90**	**1.10**	**–**	**–**	**1,028.00**
		1,161.58	**–**	**–**	**–**	**1,161.58**

Notes:

The Following details relating to Micro, Small and Medium Enterprises shall be disclosed:

(a) The Principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year.

- Principal is 10.76 lakh as on 31st March 22 (Nil in 31st March 21)
- Interest is Nil.

(b) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year: Current year Nil (Previous year Nil).

(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act : Current year Nil (Previous year Nil).

(d) The amount of interest accrued and remaining unpaid at the end of each accounting year : Current year Nil (Previous year Nil).

(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 : Current year Nil (Previous year Nil).

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2022

Note 16: Debt securities

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021 – Restated
	Amortised cos	Amortised cost
Liability component of compound financial instruments	9.10	9.10
Senior secured notes		
Non Convertible Debentures (Secured)		
Privately placed debentures	72,315.93	88,833.88
Compulsorily Convertible Debentures (Unsecured)		
Privately placed debentures	6,972.91	–
Total	**79,297.94**	**88,842.98**
Debt securities in India	79,297.94	88,842.98
Debt securities outside India	–	–
TOTAL	**79,297.94**	**88,842.98**

The Company has sought and obtained waiver / amendment etc in respect of any breach of loan covenants. No loans have been recalled by lender as of March 31, 2022

Particulars of Privately Placed Redeemable Non Convertible Debentures (Secured):

(₹ in Lakhs)

Redemption Date	Put/Call option date	Repayment details	Face Value	As at March 31, 2022	As at March 31, 2021 – Restated
September 29, 2021	–	Bullet	10,00,000	–	4,000.00
October 26, 2021	–	Two Equal Instalments	10,00,000	–	6,500.00
August 07, 2022	–	Bullet	10,00,000	5,060.00	5,060.00
November 16, 2022	–	Two Equal Instalments	10,00,000	6,000.00	6,000.00
February 07, 2023	–	Bullet	10,00,000	3,500.00	3,500.00
February 15, 2023	–	Bullet	10,00,000	10,500.00	10,500.00
April 26, 2023	–	Two Instalments	10,00,000	3,250.00	3,250.00
May 13, 2023	–	Two Instalments	10,00,000	0.51	5,080.00
August 28, 2023	–	Bullet	10,00,000	6,500.00	6,500.00
September 03, 2025	September 03, 2022	Bullet	10,00,000	6,200.00	6,200.00
February 26, 2026	August 25, 2022	Bullet	10,00,000	3,500.00	7,000.00
November 24, 2023	–	Bullet	10,00,000	3,200.00	3,200.00
December 9, 2024	–	Four Equal Instalments	10,00,000	5,550.00	7,400.00
May 13, 2024	–	Two Instalments	5,000	4,521.40	4,521.40
February 13, 2026	–	Two Instalments	10,00,000	4,100.00	4,100.00
March 18, 2024	March 18, 2023	Six Instalments	1,00,000	1,667.00	2,500.00
March 19, 2024	March 19, 2023	Six Instalments	1,00,000	1,333.00	2,000.00
June 13, 2026	–	Two Instalments	1,00,000	2,450.00	–
March 10, 2027	March 10, 2025	Bullet	10,00,000	2,000.00	–
March 30, 2025	March 30, 2024	Six Equal Instalments	10,00,000	2,000.00	–
Total				**71,331.91**	**87,311.40**
Add: Interest Component (including EIR)				984.02	1,522.48
Total				**72,315.93**	**88,833.88**

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2022

Interest rates range from 11.65% p.a. to 14% p.a. for the year ended March 31, 2022 (for the year ended March 31, 2021 - Interest rate range from 11.65% p.a. to 14% p.a.)

Security details for Non Convertible Debentures ('NCDs')

The NCDs are fully secured by first pari passu charge over the loan to merchants of the Company or cash deposits / fixed deposits of the company in cases where the funds are pending deployment towards loan to merchants. The total asset cover has been maintained as per the terms and condition stated in the respective debenture trust deeds.

Particulars of Privately Placed Cumulative Convertible Debentures (Unsecured):

(₹ in Lakhs)

Redemption Date	Put/Call option date	Repayment details	Face Value	As at March 31, 2022	As at March 31, 2021 - Restated
September 23, 2040	-	Bullet	1,000	6,625.00	-
Total				**6,625.00**	**-**
Add: Interest Component (including EIR)				347.91	-
Total				**6,972.91**	**-**

Interest rate is 13.5% p.a. for the year ended March 31, 2022 (for the year ended March 31, 2021 - Nil)

CCD is classified as Financial Liability for the first two years from the date of issuance since it does not meet the fixed for fixed test criteria as per Ind AS 109

Each CCD shall have a maximum maturity period of 19 years from the date of its issuance , on the expiry of which it shall compulsorily and automatically convert into Series D CCPS at Floor Price (INR 75) ie fair value of the equity shares of the Company in the valuation report obtained by the Company prior to issuance of CCD in accordance with the requirements of the Foreign Exchange Management Act 1999.

The CCD shall convert into CCPS in the following manner:

- Conversion within 12 months - at a discount of 20% of the Next Qualified Round Price
- Conversion within 24 months - at a discount of 30% of the Next Qualified Round Price
- Conversion after 24 months - Floor Price

Note 17: Borrowings other than debt securities

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021 - Restated
	Amortised cos	Amortised cost
Term Loan		
from bank in INR (secured)	5,225.83	4,085.80
from third party in INR (secured)	10,110.13	12,670.42
from third party in INR (Unsecured)	-	2,004.11
Cash credit / Overdraft facilities from banks (secured)	5,115.96	2,455.72
External Commercial Borrowings	13,698.92	16,648.32
Others: PTC	15,928.75	3,421.36
Total	**50,079.59**	**41,285.73**
Borrowings in India	36,380.67	24,637.41
Borrowings outside India	13,698.92	16,648.32
Total	**50,079.59**	**41,285.73**

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2022

The Company has sought and obtained waiver / amendment etc in respect of any breach of loan covenants. No loans have been recalled by lender as of March 31, 2022

Term loan from bank:

These are secured by an exclusive first charge by way of hypothecation of specific identified book debts (loan assets). Of the total, loans of ₹1,927 Lakh (March 31, 2021: ₹2,569 Lakh) are secured by additional third party guarantee.

Coupon rate range from 6.85% to 11.50% for the year ended March 31, 2022 (for the year ended March 31, 2021 - Interest rate range from 6.85% p.a. to 11.50%). RBL - Hypothecation Coupon Rate SIDBI & RBL

Term loan from third party:

These are secured by an exclusive first charge by way of hypothecation of specific identified book debts. Of the total, loans of ₹500 Lakh (March 31, 2021: ₹1,166.67 Lakh) are secured by additional fixed deposit. Further, of the total, loans of ₹1,357 Lakh (March 31, 2021: ₹2,140.59) are secured by additional third party guarantee.

Coupon rates range from 11.5% p.a. to 14% p.a. for the year ended March 31, 2022 (for the year ended March 31, 2021 interest rate range from 11.5% p.a. to 14.45% p.a.). Nabkisan - cash collateral Guarantee - Hinduja

Cash credit / Overdraft facilities from banks:

These are secured by an exclusive first charge by way of hypothecation of specific identified book debts. Of the total, ₹5,115 Lakh (March 31, 2021: 2,455 Lakh) are partially secured by lien marked Fixed Deposits.

Coupon rates range from 6% to 11.05% p.a. for the year ended March 31, 2022 (for the year ended March 31, 2021 - 9.75% to 11.05% p.a.). Check lien marked FD. Why it is Nil in 2021

External Commercial Borrowings:

These loans represent the External Commercial Borrowings (ECB) of the company. These are secured by an exclusive first charge by way of hypothecation of specific identified book debts.

Coupon rates range from 4.15% p.a. to 6.15% p.a. for the year ended March 31, 2022 (for the year ended March 31, 2021 4.19% p.a. to 6.15% p.a.).

Others : Pass Through Certificate (PTC)

These are Pass Through Certificates issued by securitisation Trust which meets the criteria of True Sale as per the RBI guidelines.For the year ended 31st March 2022, ₹15,853 Lakh (March 31, 2021: ₹3,411 Lakh) are partially secured by lien marked Fixed Deposits

Note 18: Other financial liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021 - Restated
Merchant balances	1,150.42	1,466.46
Lease liabilities for premises on rent (refer Note 18A)	2,259.60	2,679.98
Other liabilities	86.30	82.51
Total	**3,496.32**	**4,228.95**

Note 18A: Lease liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021 - Restated
Lease liabilities for premises on rent	2,259.60	2,679.98
Total	**2,259.60**	**2,679.98**

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2022

Maturity analysis of contractual undiscounted cash flow

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021 – Restated
Less than 1 year	828.32	800.65
1 - 5 years	1,909.16	2,586.75
6 - 10 years	88.11	122.99
More than 10 years	-	-
Total undiscounted lease liabilities	**2,825.58**	**3,510.39**

The following is the movement in lease liabilities for the year ended March 31, 2022:

(₹ in Lakhs)

Particulars	Amount
Balance as at April 1, 2020	2,592.84
Add: Finance Cost accrued during the year	320.04
Add: Lease liability recognised during the year (Net of foreclosure)	731.74
Less: Payment of Lease Liabilities	(964.64)
Balance as at March 31, 2021 – Restated	**2,679.98**
Add: Finance Cost accrued during the year	304.31
Add: Lease liability recognised during the year (Net of foreclosure)	76.32
Less: Payment of Lease Liabilities	(801.01)
Balance as at March 31, 2022	**2,259.60**

Note 19: Provisions

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021 – Restated
Employee benefits		
- Gratuity (refer Note 35)	84.19	31.71
- Provision for compensated absences (refer Note 35)	41.87	45.68
- Retention & performance bonus	336.14	520.42
Provision for non-fund based exposure	15.78	10.86
Provision for Stock Appreciation Rights (SAR)	66.41	174.90
Financial Guarantee	261.62	-
Others	2.71	22.26
TOTAL	**808.72**	**805.83**

Loan commitment

Details of Company's Risk Management process and policies are set out in Note 44 – Risk Management.

Provision for non-fund based exposure:

a) Credit Quality of Assets

(₹ in Lakhs)

Particulars	As at March 31, 2022				As at March 31, 2021 – Restated			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Carrying amount of non-fund based exposure (refer Note 38)	1,099.31	-	-	1,099.31	620.35	-	-	620.35
Total	**1,099.31**	**-**	**-**	**1,099.31**	**620.35**	**-**	**-**	**620.35**

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2022

b) An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans is, as follows:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2022				For the year ended March 31, 2021 – Restated			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount – opening balance	620.35	–	–	620.35	1,082.26	20.90	9.25	1,112.41
New assets originated or purchased	1,099.31	–	–	1,099.31	620.35	–	–	620.35
Assets derecognised or repaid (excluding write offs)	(620.35)	–	–	(620.35)	(1,082.26)	(20.90)	(9.25)	(1,112.41)
Gross carrying amount – closing balance	**1,099.31**	**–**	**–**	**1,099.31**	**620.35**	**–**	**–**	**620.35**

c) Reconciliation of ECL balance is given below:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2022				For the year ended March 31, 2021 – Restated			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance – opening balance	10.86	–	–	10.86	50.10	0.93	7.22	58.25
New assets originated or purchased	15.78	–	–	15.78	10.86	–	–	10.86
Assets derecognised or repaid (excluding write offs)	(10.86)	–	–	(10.86)	(50.10)	(0.93)	(7.22)	(58.25)
ECL allowance – closing balance	**15.78**	**–**	**–**	**15.78**	**10.86**	**–**	**–**	**10.86**

Movement of provisions other than employee benefit during the year

The movement in provisions for the year ended March 31, 2022 is, as follows:

(₹ in Lakhs)

Particulars	Litigation	Other	Total
As at March 31, 2021 – Restated	–	22.26	22.26
Additional provisions during the year	–	0.44	0.44
Utilised (Incurred or charged against that provision)	–	(20.00)	(20.00)
As at March 31, 2022	**–**	**2.70**	**2.70**

Other Provisions:

Other provisions include allocated amounts related to Provision for regular expenses. It is expected that the costs will be incurred over the next 12 months.

Stock Appreciation Rights (SAR PLAN 2015)

SAR grants was cancelled by the shareholders at their Extra Ordinary General Meeting held on November 30, 2017. The SAR's already granted to continuing employees as on March 31, 2018 is replaced by the Employee Stock Options under the ESOP 2017 scheme at the Special resolution passed by the members on November 30, 2017. The vesting schedule of each employee under ESOP scheme is aligned to the vesting schedule as per the original SAR scheme except the first vesting shall happen only after completion of 12 months from the date of the grant of option under ESOP scheme 2017.

Details of activity under SARs is summarized below:

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021 – Restated
	Nos	Nos
SARs Outstanding at the beginning of the year	1,69,400	1,69,400
Outstanding at the end of the year	1,69,400	1,69,400
Total Liability of SAR (₹ In Lakh)	**66.41**	**174.90**

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2022

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021 – Restated
Opening balance of provision for SARs	174.90	174.90
Change in employee compensation cost pertaining to SARs for the year	(108.49)	–
Closing balance of provision for SARs (Net off)	**66.41**	**174.90**

Details of activity under Value Distribution Scheme (VDS) is summarized below:

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021 – Restated
Opening balance of provision for VDS	198.00	–
Change in employee compensation cost pertaining to VDS for the year	(194.40)	198.00
Closing balance of provision for VDS (Net off)	**3.60**	**198.00**

During the year, company cancelled VDS scheme through Board Resolution dated 18th November 2021 except for 2 employees for whom the VDS scheme will continue as per the original terms of VDS scheme.

Note 20: Other non-financial liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021 – Restated
Statutory dues payable	262.21	230.09
TOTAL	**262.21**	**230.09**

Note 21: Share capital

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021 – Restated
Authorised		
2,10,00,000 (March 31, 2021: 2,10,00,000) equity shares of ₹10 each	2,100.00	2,100.00
4,60,00,000 (March 31, 2021: 4,60,00,000) preference shares of ₹10 each	4,600.00	4,600.00
TOTAL	**6,700.00**	**6,700.00**
Issued, Subscribed and Fully paid-up Share Capital		
1,80,00,600 (March 31, 2021: 1,80,00,600) equity shares of ₹10 each	1,800.06	1,800.06
TOTAL	**1,800.06**	**1,800.06**

Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year

(₹ in Lakhs)

Particulars	Equity		Compulsory Cumulative Convertible Preference Shares (CCCPS)	
	Numbers	Amount	Numbers	Amount
As at April 1, 2020	1,80,00,600	1,800.06	4,56,44,009	4,555.30
Issued during the year	–	–	–	–
As at March 31, 2021 – Restated	**1,80,00,600**	**1,800.06**	**4,56,44,009**	**4,555.30**
Issued during the year	–	–	–	–
As at March 31, 2022	**1,80,00,600**	**1,800.06**	**4,56,44,009**	**4,555.30**

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2022

Rights, preferences and restrictions attached to Equity Shares:

The Company has a single class of equity shares having a par value of ₹10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed, if any, by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. During the year ended March 31, 2022, the amount of per share dividend recognized as distributions to equity shareholders was Nil (for the year ended March 31, 2021: ₹Nil per share). In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

Details of shareholders holding more than 5% shares in the Company as on reporting date

Particulars	As at March 31, 2022			As at March 31, 2021 - Restated		
	Nos.	% holding in the class	% holding in all classes	Nos.	% holding in the class	% holding in all classes
i) Dhruv Kumar Khaitan	90,00,000	49.998%	14.141%	90,00,000	49.998%	14.141%
ii) Piyush Kumar Khaitan	90,00,000	49.998%	14.141%	90,00,000	49.998%	14.141%

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer Note 34

Details of Promoters Shareholding

Shares held by promoters at the end of the year			% Change during the year
Promoter name	No of Shares	% of total shares	
i) Dhruv Kumar Khaitan	90,00,000	49.998%	0.00%
ii) Piyush Kumar Khaitan	90,00,000	49.998%	0.00%
Total	**1,80,00,000**	**100.00%**	

Note 22: Other Equity

Other equity movement during the year

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021 - Restated
4,56,44,009 (March 31, 2021: 4,56,44,009) 0.01% Compulsory Cumulative Convertible Preference Shares (CCCPS) of ₹10/- each fully paid up		
Balance as at the beginning of the year	4,555.30	4,555.30
Addition/Deletion	-	-
Balance at the end of the year	**4,555.30**	**4,555.30**
Statutory Reserve (pursuant to section 45-IC(1) of the Reserve Bank of India Act, 1934)		
Balance as at the beginning and at the end of the year	**202.45**	**202.45**
Securities Premium		
Balance as at the beginning and at the end of the year	**42,518.24**	**42,518.24**
Retained Earnings		
Balance as at the beginning of the year	(14,514.84)	(11,505.34)
Changes in accounting policy/prior period errors	(1,178.04)	-
Restated balance at the beginning of the current reporting period	(15,692.88)	(11,505.34)
Profit for the year	**(3,945.41)**	**(4,187.08)**
Less: Dividend declared during the year on CCPS (a)	(0.46)	(0.46)
Less: Transferred to statutory reserves during the year	-	-
Balance as at the end of the year	**(19,638.75)**	**(15,692.88)**
Share options outstanding account		
Balance as at the beginning of the year	888.96	729.92
Add: Cost recognised during the year	56.85	159.04
Balance as at the end of the year	**945.81**	**888.96**
Other Comprehensive Income		
Balance as at the beginning of the year	(258.03)	(253.36)
Add: Additions during the year	**150.00**	**(4.67)**
Balance as at the end of the year	**(108.03)**	**(258.03)**
Total	**28,475.02**	**32,214.04**

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2022

Nature and purpose of Reserves:

Securities Premium Reserve:

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

Share options outstanding account:

The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees as per IND AS 102 'Share Based Payments', including key management personnel, as part of their remuneration. Refer to Note 34 for further details of these plans.

Cash flow hedging reserve:

The Company uses hedging instruments as part of its management of foreign currency risk and interest rate risk associated on borrowings as described within note 6. For hedging foreign currency and interest rate risk, the Company uses foreign currency swaps and cross currency interest rate swaps. To the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the cash flow hedging reserve. Amounts recognised in the cash flow hedging reserve is reclassified to the statement of profit or loss when the hedged item affects profit or loss.

Statutory reserve:

Statutory reserve is created as per the terms of section 45-IC(1) of the Reserve Bank of India Act, 1934.

In compliance with the provisions, the Management has provided for dividend on Series A, B and C of Compulsory Cumulative Convertible Preference Shares at the rate of 0.01% on a prorate basis.

Rights, preferences and restrictions attached to Preference Shares(CCCPS):

Each holder of CCCPS is entitled to one vote per share only on resolutions placed before the Company which directly affect the rights attached to CCCPS. Each share of the series A, B & C CCCPS shall be converted into one equity share of face value of ₹10 each subject to any adjustments required for any possible corporate action, e.g. share split, issue of bonus shares, etc. The Series A, B & C CCCPS shall be compulsorily convertible at the end of 20 (twenty) years from the date of issuance of each Series CCCPS. The conversion can be done by investors on any date, provided 30 days advance written notice is given to the Company by the respective investor. The Series A, B & C CCCPS shall carry a cumulative coupon rate of 0.01% per annum. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

Details of shareholders holding more than 5% preference shares in the Company as on reporting date

Particulars	As at March 31, 2022			As at March 31, 2021 - Restated		
	Nos.	% holding in the class	% holding in all classes	Nos.	% holding in the class	% holding in all classes
Aspada Investment Company	53,80,758	11.79%	8.45%	53,80,758	11.79%	8.45%
ON Mauritius	69,65,181	15.26%	10.94%	69,65,181	15.26%	10.94%
Khosla Impact I Mauritius	32,51,470	7.12%	5.11%	32,51,470	7.12%	5.11%
Accion Frontier Inclusion Mauritius	62,80,638	13.76%	9.87%	62,80,638	13.76%	9.87%
IIFL Seed Ventures Fund I	48,59,845	10.65%	7.64%	48,59,845	10.65%	7.64%
West Bridge Crossover Fund LLC	26,89,900	5.89%	4.23%	26,89,900	5.89%	4.23%
Trinity Inclusion Ltd	1,62,16,217	35.53%	25.48%	1,62,16,217	35.53%	25.48%

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

The Company has not issued any shares for a consideration other than cash during the year and immediately preceding five years from the reporting date.

Terms of any securities convertible into equity / preference shares issued along with the earliest date of conversion in descending order starting from the farthest such date:

7,462,587 shares - 0.01% fully Compulsory convertible cumulative preference shares of ₹10/- each are convertible into equity share in the ratio of 1 equity share for every 1 preference shares held at the end of twenty years from the date of allotment (May 22, 2013) or earlier at the option of the preference shareholder. The conversion can be done by investors on any date , provided 30 days advance written notice is given to the Company by the respective investor, ten days prior to the proposed filing of draft red herring prospectus by the Company in pursuance of Qualified Institutional Placement Offer ('QIPO').

1,697,479 shares - 0.01% fully Compulsory convertible cumulative preference shares of ₹10/- each are convertible into equity share in the ratio of 1 equity share for every 1 preference shares held at the end of twenty years from the date of allotment (March 25, 2014) or earlier at the option of the preference shareholder. The conversion can be done by investors on any date , provided 30 days advance written notice is given to the Company by the respective investor,

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2022

ten days prior to the proposed filing of draft red herring prospectus by the Company in pursuance of QIPO.

1,131,720 shares - 0.01% fully Compulsory convertible cumulative preference shares of ₹10/- each are convertible into equity share in the ratio of 1 equity share for every 1 preference shares held at the end of twenty years from the date of allotment (June 19, 2014) or earlier at the option of the preference shareholder. The conversion can be done by investors on any date , provided 30 days advance written notice is given to the Company by the respective investor, ten days prior to the proposed filing of draft red herring prospectus by the Company in pursuance of QIPO.

4,680,752 shares - 0.01% fully Compulsory convertible cumulative preference shares of ₹10/- each are convertible into equity share in the ratio of 1 equity share for every 1 preference shares held at the end of twenty years from the date of allotment (March 31, 2015) or earlier at the option of the preference shareholder. The conversion can be done by investors on any date , provided 30 days advance written notice is given to the Company by the respective investor, ten days prior to the proposed filing of draft red herring prospectus by the Company in pursuance of QIPO.

13,232 shares - 0.01% fully Compulsory convertible cumulative preference shares of ₹10/- each are convertible into equity share in the ratio of 1 equity share for every 1 preference shares held at the end of twenty years from the date of allotment (April 6, 2015) or earlier at the option of the preference shareholder. The conversion can be done by investors on any date , provided 30 days advance written notice is given to the Company by the respective investor, ten days prior to the proposed filing of draft red herring prospectus by the Company in pursuance of QIPO.

2,357,650 shares - 0.01% fully Compulsory convertible cumulative preference shares of ₹10/- each are convertible into equity share in the ratio of 1 equity share for every 1 preference shares held at the end of twenty years from the date of allotment (July 29, 2015) or earlier at the option of the preference shareholder. The conversion can be done by investors on any date , provided 30 days advance written notice is given to the Company by the respective investor, ten days prior to the proposed filing of draft red herring prospectus by the Company in pursuance of QIPO.

94,88,272 shares - 0.01% fully Compulsory convertible cumulative preference shares of ₹10/- each are convertible into equity share in the ratio of 1 equity share for every 1 preference shares held at the end of twenty years from the date of allotment (June 21, 2016) or earlier at the option of the preference shareholder. The conversion can be done by investors on any date , provided 30 days advance written notice is given to the Company by the respective investor, ten days prior to the proposed filing of draft red herring prospectus by the Company in pursuance of QIPO.

10,660,312 shares - 0.01% fully Compulsory convertible cumulative preference shares of ₹10/- each are convertible into equity share in the ratio of 1 equity share for every 1 preference shares held at the end of twenty years from the date of allotment (January 23, 2018) or earlier at the option of the preference shareholder. The conversion can be done by investors on any date , provided 30 days advance written notice is given to the Company by the respective investor, ten days prior to the proposed filing of draft red herring prospectus by the Company in pursuance of QIPO.

8,152,005 shares - 0.01% fully Compulsory convertible cumulative preference shares of ₹10/- each issued by way of right issue are convertible into equity share in the ratio of 1 equity share for every 1 preference shares held at the end of twenty years from the date of allotment (March 21, 2018) or earlier at the option of the preference shareholder. The conversion can be done by investors on any date, provided 30 days advance written notice is given to the Company by the respective investor, ten days prior to the proposed filing of draft red herring prospectus by the Company in pursuance of QIPO. Right issue of share to existing shareholders.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2022

Note 23: Interest income

(₹ in Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021 – Restated
	On Financial Assets measured at Amortised cost	On Financial Assets measured at Amortised cost
Interest on Loans		
Business loans	34,962.35	29,594.81
Interest on deposits with Banks	814.62	963.80
Other interest income		
Unwinding of security deposit	35.90	131.33
Total	**35,812.87**	**30,689.94**

Note 24: Fees and commission income

(₹ in Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021 – Restated
Other financial services- Commission	123.79	56.90
Merchant Service Fees	91.66	281.15
Service Fees on Syndication	71.44	3.17
Total	**286.89**	**341.22**

Revenue from contracts with customers

Set out below is the revenue from contracts with customers and reconciliation to profit and loss account

(₹ in Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021 – Restated
Type of Services or Service		
Fee and commission income	286.89	341.22
Total revenue from contract with customers	**286.89**	**341.22**
Geographical markets		
India	286.89	341.22
Outside India	–	–
Total revenue from contract with customers	**286.89**	**341.22**
Timing of revenue recognition		
Services transferred at a point in time	286.89	341.22
Services transferred over time		
Total revenue from contracts with customers	**286.89**	**341.22**

Contract Balances

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021 – Restated
Trade receivables	304.60	0.01
Fees and other receivables	41.05	49.23

Impairment allowance recognised on contract balances is ₹Nil (March 2021 ₹Nil)

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2022

Note 25: Net gain on fair value changes

(₹ in Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021 – Restated
Net gain/ (loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
Realised	65.65	97.56
Unrealised	–	6.34
Embedded Derivative in respect of CCD	(6.26)	–
Total	**59.39**	**103.90**

Note 26: Other Income

(₹ in Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021 – Restated
Income from other Services	8.28	11.27
Interest on Income Tax Refund	–	88.31
Cheque bounce charges	108.05	95.56
Miscellaneous Income	0.26	0.25
Total	**116.59**	**195.39**

Note 27: Finance Cost

(₹ in Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021 – Restated
	On Financial liabilities measured at Amortised Cost	On Financial liabilities measured at Amortised Cost
Interest expense on:-		
- Debt securities	10,309.53	9,346.60
- Borrowings (other than debt securities)	3,264.97	2,551.56
Interest expense on lease liability	293.24	176.28
Other borrowing costs		
Other borrowing cost	1,473.96	1,497.24
Total	**15,341.70**	**13,571.68**

Note 28: Impairment on financial instruments

The below table show impairment loss on financial instruments charge to statement of profit and loss based on category of financial instrument.

(₹ in Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021 – Restated
	On Financial instruments measured at Amortised cost	On Financial instruments measured at Amortised cost
Loans	14,725.46	12,515.64
Non Fund Based Exposure	4.92	(47.40)
Security Deposits	–	(9.40)
Total	**14,730.38**	**12,458.84**

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2022

During the year, the Company has written off loans amounting to ₹8,842.53 Lakh (for the year ended March 31, 2021 – ₹11,311.27 Lakh). Also the Company has recovered an amount of ₹4,044.83 Lakh (for the year ended March 31, 2021 – ₹1,629.95 Lakh) against current year and previous years' written off amounts.

The table below shows the ECL charges on financial instruments for the year recorded in the profit and loss based on evaluation stage:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2022					For the year ended March 31, 2021 - Restated				
	Stage 1	Stage 2	Stage 3	Simplified approach	Total	Stage 1	Stage 2	Stage 3	Simplified approach	Total
Loans and advances to customers	2,238.82	(1,545.67)	5,189.80	-	5,882.95	(4,694.99)	3,868.18	2,031.18	-	1,204.37
Bad debts written off	-	-	-	-	4,385.91	-	-	-	-	9,064.53
Principal loss on settlement	-	-	-	-	4,456.62	-	-	-	-	2,246.73
Sub - Total	2,238.82	(1,545.67)	5,189.80	-	14,725.48	(4,694.99)	3,868.18	2,031.18	-	12,515.63
Non Fund Based Exposure	4.92	-	-	-	4.92	(39.23)	(0.93)	(7.22)	-	(47.39)
Security deposits	-	-	-	-	-	-	-	-	(9.40)	(9.40)
Sub - Total	4.92	-	-	-	4.92	(39.23)	(0.93)	(7.22)	(9.40)	(56.79)
Total impairment loss	2,243.74	(1,545.67)	5,189.80	-	14,730.40	**(4,734.22)**	**3,867.25**	**2,023.96**	**(9.40)**	**12,458.84**

Note 29: Employee benefit expense

(₹ in Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021 - Restated
Salaries and wages	6,275.89	6,631.57
Contribution to provident and other funds	154.78	150.56
Gratuity expenses	48.84	51.34
Share based payments to employees	56.85	159.04
Staff welfare expenses	238.93	193.24
Total	6,775.29	**7,185.75**

Note 30: Depreciation, amortisation and impairment

(₹ in Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021 - Restated
Depreciation of tangible assets	98.57	123.27
Amortisation of intangible assets	30.84	45.62
Depreciation on right-of-use asset	652.01	799.58
Total	781.42	**968.47**

Note 31: Other expenses

(₹ in Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021 - Restated
Marketing Expenses	172.34	61.09
Professional & Legal Fees	569.34	369.82
Rent - Short term leases	-	6.45
Travelling & Lodging Expenses	58.00	25.39
IT Services Expenses	530.22	401.00
Fee & Stamp Charges	0.20	-
Terminal deployment charges	61.83	121.74
Service Tax & GST expensed out	409.68	381.04

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2022

(₹ in Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021 – Restated
Rates & Taxes	3.37	5.40
Auditors' Remuneration (a)	38.92	28.57
Insurance expenses	5.75	6.71
Office and Maintenance Expenses	175.49	207.05
Power and Fuel Charges	105.85	81.59
Telephone & Internet Charges	137.05	115.56
Verification and Rating charges	257.35	150.59
Bank charges	83.56	51.20
Outsource Agency Cost	1,041.45	633.66
Miscellaneous Expenses	174.01	97.95
Total	**3,824.41**	**2,744.81**

(a) Audit Remuneration include fees payable to auditor as analysed below:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021 – Restated
As auditor:		
Statutory audit of the Company	31.25	24.50
Certification fees	5.80	4.00
Out of Pocket expenses	1.87	0.07
TOTAL	**38.92**	**28.57**

Amounts recognised in profit and loss for ROU Assets and Lease Liabilities

(₹ in Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021 – Restated
Depreciation expense on right-of-use assets	652.01	799.58
Interest expense on lease liabilities	293.24	176.28

Note 32: Income Tax

The components of income tax expense for the year ended March 31, 2022 and March 31, 2021 are:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021 – Restated
Current tax	223.15	-
Deferred tax charge / (credit) relating to origination and reversal of temporary differences	(1,455.20)	(1,412.02)
Total tax charge	**(1,232.05)**	**(1,412.02)**

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2022

Reconciliation of the total tax charge:

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended March 31, 2022 and March 31, 2021 is, as follows:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021 – Restated
Accounting profit before tax	(5,177.46)	(5,599.10)
At India's statutory income tax rate of 25.168% (for the year ended March 31, 2021: 25.168%)	(1,303.06)	(1,409.18)
Effects of:		
Creation of Deferred Tax on account of Other Ind AS adjustments of the previous period	71.01	(2.84)
	(1,232.05)	(1,412.02)
Adjustment in respect of current income tax of prior years	–	–
Deferred tax charge / (credit) relating to change in tax rates	–	–
Income tax expense reported in the statement of profit & Loss	**(1,232.05)**	**(1,412.02)**

Deferred Tax

The following table shows deferred tax recorded in the balance sheet and changes recorded in the Income tax expense:

(₹ in Lakhs)

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Income Statement	OCI
	As at March 31, 2022	As at March 31, 2022	For the year ended March 31, 2022	For the year ended March 31, 2022
Brought Forward Loss	487.65	–	(405.83)	–
Depreciation, amortisation and impairment	63.80	–	0.92	–
Lease Adjustments	75.42	–	24.31	–
Impairment allowance for financial assets	4,521.55	–	1,424.02	–
Derivative instruments in Cash flow hedge relationship	47.68	–	–	(52.61)
Gratuity	21.19		11.05	2.16
ESOP Expenses	238.04	–	14.31	–
Other temporary differences includes deferred tax on unamortised costs on Borrowings and unamortised net income on Loan, deferred tax on Allowable / disallowable expenses under Income Tax etc.	473.48	–	386.42	–
Total	**5,928.81**	**–**	**1,455.20**	**(50.45)**
Net Amount	**5,928.81**			

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2022

(₹ in Lakhs)

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Income Statement	OCI
	As at March 31, 2021 – Restated	As at March 31, 2021 – Restated	For the year ended March 31, 2021 – Restated	For the year ended March 31, 2021 – Restated
Brought Forward Loss	893.48	-	246.66	-
Depreciation, amortisation and impairment	62.88	-	8.92	-
Lease Adjustments	51.11	-	(30.01)	-
Impairment allowance for financial assets	3,097.53	-	982.23	-
Derivative instruments in Cash flow hedge relationship	100.29	-	-	0.13
Gratuity	7.98		6.54	1.44
ESOP Expenses	223.73	-	124.59	-
Other temporary differences includes deferred tax on unamortised costs on Borrowings and unamortised net income on Loan, deferred tax on Allowable / disallowable expenses under Income Tax etc.	87.06	-	73.09	-
Total	**4,524.06**	**-**	**1,412.02**	**1.57**
Net Amount	**4,524.06**			

Note 33: Earnings per share

Basic earnings per share (EPS) is calculated by dividing the net profit for the year attributable to equity holders of Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the net profit attributable to equity holders of Company (after adjusting for dividend on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

(₹ in Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021 – Restated
Net profit / (loss) attributable to ordinary equity holders of the parent	(3,945.41)	(4,187.08)
Less: Dividend to Preference Shareholders	(0.46)	(0.46)
Profit / (loss) available for equity shareholders (A)	(3,945.87)	(4,187.54)
Weighted average number of ordinary shares for basic earnings per share (B)	**7,24,77,942**	**6,36,44,609**
Weighted average number of ordinary shares for dilutive earnings per share (C)	**7,46,81,492**	**6,56,68,292**
Weighted average number of equity shares outstanding during the year	1,80,00,600	1,80,00,600
Weighted average number of Compulsory Cumulative Convertible Preference Shares (CCPS)	4,56,44,009	4,56,44,009
Weighted average number of Compulsory Convertible Debentures (CCD)	88,33,333	-
Dilutive impact of weighted average number of ESOP	22,03,550	20,23,683
Face value of per share	10.00	10.00
Earnings per share		
Basic earnings per share (₹) [A / B]	(5.44)	(6.58)
Diluted earnings per share (₹) [A / C] (Refer Note 1)	(5.44)	(6.58)

Notes:

1. Since diluted EPS are anti-dilutive hence, the disclosure is restricted to basic EPS.
2. Weighted average shares mentioned above are numbers.
3. As per Ind AS 33, Para 23 " Ordinary shares that will be issued upon the conversion of a mandatorily convertible instrument are included in the calculation of basic earnings per share from the date the contract is entered into". Consequently CCPS and CCD have been included in the computation of Basic EPS.

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2022

Note 34: Employee Stock Option Scheme (ESOS)

ESOP Scheme 2018

The Employee Stock Options Scheme (ESOP Scheme) 2018 was approved by the shareholders at their Extra Ordinary General Meeting held on March 21, 2018. The Scheme has been formulated in accordance with the provisions of the Companies Act, 2013, as amended read with applicable provisions of the Companies Rules, 2014. The Company has granted stock options to the eligible employees as per ESOP scheme 2018. All the options are exercisable on liquidity event or Initial Public Offer (IPO), whichever is earlier. The Employee Stock Option Scheme 2018 is being administered and monitored by the Nomination and Remuneration Committee of the Company set up by the Board. The Company is authorised to issue 27,99,589 (Twenty Seven Lakhs Ninety Nine Thousand Five Hundred and Eighty Nine) number of equity shares of the Company having face value of ₹10 per share, under the ESOP Scheme 2018 to the eligible employees upon meeting of such vesting criteria as may be fixed or determined by the Board.

ESOP Scheme 2017

No further options were granted during the year under this scheme. All the options are exercisable on liquidity event or Initial Public Offer (IPO), whichever is earlier. The Board at its meeting held on March 21, 2018 approved for short closing the ESOP 2017 and approved revised ESOP 2018 scheme.

For the year ended March 31, 2022 following Employee Stock Option Plans (ESOPs) were in existence. The relevant details of the schemes and the grants are as below :

Details of Employee Stock Option Schemes	ESOP 2018	ESOP 2017
Date of Shareholder's approval of plan	March 21, 2018	November 30, 2017
Date of grant	Various dates	Various dates
Number of options granted	21,63,884	4,21,000
Method of settlement	Equity	Equity
Vesting Period	5 years	5 years
Details of vesting condition	Continued service	Continued service
Exercise Price	₹159.47	₹10 to ₹113.17

Details of Vesting

Vesting period from the grant date *	ESOP 2018	ESOP 2017
Completion of 1 year	20.00%	20.00%
Completion of 2 year	20.00%	20.00%
Completion of 3 year	20.00%	20.00%
Completion of 4 year	20.00%	20.00%
Completion of 5 year	20.00%	20.00%

There were no cancellations or modifications to the schemes in March 31, 2022, March 31, 2021

* The SAR's already granted to continuing employees as on March 31, 2018 is replaced by the Employee Stock Options under the ESOP 2017 scheme at the Special resolution passed by the members on November 30, 2017.The vesting schedule of each employee under ESOP scheme is aligned to the vesting schedule as per the original SAR scheme except the first vesting shall happen only after completion of 12 months from the date of the grant of option under ESOP scheme 2017.

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2022

Details of activity under each plan

Particulars	ESOP 2018		ESOP 2017	
	No. of Options	Weighted Avg. Exercise Price	No. of Options	Weighted Avg. Exercise Price
Outstanding as at April 1, 2020	16,53,384	159.47	3,97,200	60.81
Granted during the year	30,000	159.47	-	-
Outstanding as at March 31, 2021	16,83,384	-	3,97,200	-
Outstanding as at April 1, 2021	**16,83,384**	**159.47**	**3,97,200**	**60.81**
Granted during the year	2,50,000	159.47	-	-
Forfeited during the year	(1,19,500)	159.47	-	-
Outstanding as at March 31, 2022	**18,13,884**	**159.47**	**3,97,200**	**60.81**
Vested and exercisable as at March 31, 2022	**9,43,130**		**3,91,200**	
Weighted average remaining contractual life (in years)	2		1	

The value of the underlying shares has been determined by an independent valuer. The following assumptions were used for calculation of fair value of grants in accordance with Black Scholes model, for options granted during the financial year:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021 - Restated
Risk-free interest rate	3.82% to 5.35%	4.44% to 5.71%
Expected life of options (years)	5 years	5 years
Expected volatility (%)	38.13%	24.08%
Dividend yield	0%	0%
Exercise price	159.47	159.47
Weighted average share price (₹)	159.47	159.47

The risk free interest rates are determined based on the Government bond yields with maturity equal to the expected term of the option. Volatility calculation is based on historical stock prices of comparable companies using standard deviation of change in stock price. The historical period is taken into account to match the expected life of the option.

The expense recognised for employee services received during the year is shown in the following table:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021 - Restated
Expense arising from equity-settled share based payment transactions	56.85	159.04
Expense arising from cash-settled share based payment transactions	-	-
Total expense arising from share based payment transactions	**56.85**	**159.04**

Note 35: Retirement benefit plan

Defined Contribution Plan

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized ₹154.68 Lakh (for the year ended March 31, 2021: ₹150.34 Lakh) for Provident Fund contributions (including admin charges) and ₹0.10 Lakh (for the year ended March 31, 2021: ₹0.22 Lakh) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the Schemes.

Defined Benefit Plan

The Company has defined benefit gratuity plan and 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. Gratuity expense has been disclosed separately in Note 29.

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2022

The following tables summaries the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.

Statement of Profit and Loss

(1) Net employee benefit expense recognised in the employee cost

(₹ in Lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021 - Restated
Current service cost	47.45	48.55
Interest expense	8.11	7.06
Interest income	(6.72)	(5.34)
Total Expenses recognised in Statement of profit and loss	**48.84**	**50.27**
Remeasurement (or Actuarial) (gain) / loss arising from:		
-change in demographic assumptions	(7.24)	-
-change in financial assumptions	(2.33)	(7.87)
-experience variance (i.e. Actual experience vs assumptions)	16.03	9.50
-others		
Return on plan assets excluding interest income	2.12	4.08
Total Expenses recognised in other comprehensive income	**8.58**	**5.71**

Balance Sheet

(2) Reconciliation of present value of the obligation and the fair value of plan assets:

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021 - Restated
Defined benefit obligation	221.09	184.45
Fair value of plan assets	136.92	152.74
Asset/(liability) recognized in the balance sheet	(84.18)	(31.71)

(3) Changes in the present value of the defined benefit obligation are as follows:

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021 - Restated
Opening defined benefit obligation	184.45	141.22
Transfer in/Out		
Interest cost	8.11	7.06
Current service cost	47.45	48.55
Benefits paid	(25.37)	(14.01)
Past Service Cost	-	-
Remeasurement (or Actuarial) (gain) / loss arising from:		
-change in demographic assumptions	(7.24)	-
-change in financial assumptions	(2.33)	(7.87)
-experience variance (i.e. Actual experience vs assumptions)	16.03	9.50
Closing defined benefit obligation	**221.09**	**184.45**
Less: Amount paid by Fund but yet to be paid to employee	-	-
Net Closing defined benefit obligation	**221.09**	**184.45**

Note:

Amount of ₹Nil (as of March 31, 2021: Nil) has been released by LIC to the company w.r.t. gratuity payment to a left employee, while the same has not yet been received by the employee.

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2022

(4) Changes in the fair value of plan assets are as follows:

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021 – Restated
Opening fair value of plan assets	152.74	106.85
Transfer in/Out		
Interest income	6.72	5.34
Contributions by employer	4.95	58.64
Benefits paid	(25.37)	(14.01)
Return on plan assets excluding interest income	(2.12)	(4.08)
Closing fair value of plan assets	**136.92**	**152.74**

(5) The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

Particulars	As at March 31, 2022	As at March 31, 2021 – Restated
Discount rate	4.75%	4.40%
Salary growth rate	6.00%	6.00%
Attrition rate		
Customer Acquisition Manager ('CAMS')	58%	70%
Other than CAMS	41%	35%
Mortality rate	100% of IALM 2012-14	100% of IALM 2012-14

(6) Investments quoted in active markets:

Particulars	As at March 31, 2022	As at March 31, 2021 – Restated
Funds managed by the issuer	100%	100%
Total	**100%**	**100%**

(7) Expected payment for future years

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021 – Restated
Within the next 12 months (next annual reporting period)	81.03	55.60
Between 2 and 5 years	142.30	116.48
Between 6 and 10 years	24.77	35.09
Beyond 10 years	2.30	5.94
Total expected payments	**250.40**	**213.11**

The Company expects to contribute ₹120.72 Lakh to the fund in the next financial year.

The weighted average duration of the defined benefit obligation as at March 31, 2022 is 2 years (as at March 31, 2021 : 3 years).

The fund is administered by Life Insurance Corporation of India ("LIC"). The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2022

The salary growth rate indicated above is the Company's best estimate of an increase in salary of the employees in future years, determined considering the general trend in inflation, seniority, promotions, past experience and other relevant factors such as demand and supply in employment market, etc.

The principal assumptions used in determining leave encashment obligations for the Company's plans are shown below:

Particulars	As at March 31, 2022	As at March 31, 2021 - Restated
Discount rate	4.75%	4.40%
Salary growth rate	6.00%	6.00%
Normal retirement age	58 years	58 years
Mortality Rate	100% of IALM 2012-14	100% of IALM 2012-14
Attrition rate		
Customer Acquisition Manager ('CAMS')	58%	70%
Other than CAMS	41%	35%

The discount rate indicated above reflects the estimated timing and currency of benefit payments. It is based on the yields / rates available on applicable bonds as on the current valuation date.

The salary growth rate indicated above is the Company's best estimate of an increase in salary of the employees in future years, determined considering the general trend in inflation, seniority, promotions, past experience and other relevant factors such as demand and supply in employment market, etc.

Asset Liability Matching Strategies

The Company has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance Company, as part of the policy rules, makes payment of all gratuity outgoes happening during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset).

Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021 - Restated
Defined Benefit Obligation (Base)	221.09	184.45

(₹ in Lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021 - Restated	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%)	226.80	215.65	190.46	178.77
(% change compared to base due to sensitivity)	2.60%	-2.50%	3.30%	-3.10%
Salary Growth Rate (- / + 1%)	215.97	226.36	178.90	190.17
(% change compared to base due to sensitivity)	-2.30%	2.40%	-3.00%	3.10%
Attrition Rate (- / + 50% of attrition rates)	265.48	191.45	237.58	150.93
(% change compared to base due to sensitivity)	20.10%	-13.40%	28.80%	-18.20%
Mortality Rate (- / + 10% of mortality rates)	221.07	221.11	184.42	184.47
(% change compared to base due to sensitivity)	0.00%	0.00%	0.00%	0.00%

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2022

Note 36: Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. With regard to loans and advances to customers, the Company uses the same basis of expected repayment behaviour as used for estimating the EIR. Issued debt reflect the contractual coupon amortisations.

(₹ in Lakhs)

Particulars	As at March 31, 2022			As at March 31, 2021 - Restated		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	9,042.37	-	9,042.37	5,453.22	-	5,453.22
Bank Balance other than above	4,842.05	-	4,842.05	25,807.81	-	25,807.81
Derivative financial instruments	-	595.26	595.26	-	-	-
Trade receivables	227.72	76.88	304.60	0.01	-	0.01
Loans	90,282.71	47,689.06	1,37,971.77	79,726.24	41,040.41	1,20,766.65
Investments	-	-	-	8,255.93	-	8,255.93
Other financial assets	704.35	2,187.29	2,891.64	317.62	1,636.51	1,954.13
Non-financial Assets						
Deferred tax assets (net)	0.00	5,928.81	5,928.81	0.00	4,524.06	4,524.06
Property, plant and equipment	0.01	147.23	147.24	0.00	172.13	172.13
Right-of-use assets	-	2,080.21	2,080.21	-0.01	2,636.40	2,636.39
Other intangible assets	-	60.40	60.40	-	46.25	46.25
Other non financial assets	755.77	633.99	1,389.76	613.96	365.37	979.33
Total assets	**1,05,854.98**	**59,399.13**	**1,65,254.12**	**1,20,174.78**	**50,421.13**	**1,70,595.91**
Liabilities						
Financial Liabilities						
Trade payables						
total outstanding dues of micro enterprises and small enterprises	10.76	-	10.76	-	-	-
total outstanding dues of creditors other than micro enterprises and small enterprises	1,017.24	-	1,017.24	1,161.58	-	1,161.58
Derivative financial liabilities	6.26	-	6.26	26.65	-	26.65
Debt Securities	45,798.49	33,499.45	79,297.94	27,703.84	61,139.14	88,842.98
Borrowings (other than debt securities)	41,237.15	8,842.44	50,079.59	21,217.00	20,068.73	41,285.73
Other Financial liabilities	1,812.66	1,683.66	3,496.32	1,201.08	3,027.87	4,228.95
Non-financial Liabilities						
Provisions	523.47	285.25	808.72	551.13	254.70	805.83
Other non-financial liabilities	262.21	-	262.21	230.09	-	230.09
Total Liabilities	**90,668.24**	**44,310.80**	**1,34,979.04**	**52,091.37**	**84,490.44**	**1,36,581.81**
Net	**15,186.74**	**15,088.33**	**30,275.07**	**68,083.41**	**(34,069.31)**	**34,014.10**

Note:

1. The Company considers Put/Call option dates for the purpose of reporting maturity pattern of Borrowings including debt securities.
2. In the preparation of the above disclosure, certain assumption have been considered by the management which have been relied upon by the auditors.
3. The Maturity Profile in respect of loans given has been prepared based on the contractual cash inflows from the loans disbursed agreed with customers as the company expects the behaviour to be similar.

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2022

Note 37: Change in liabilities arising from financing activities

Changes in liabilities arising from financing activities

(₹ in Lakhs)

Particulars	As at March 31, 2021 – Restated	Cash Flows (net)	Exchange difference	*Others	As at 31 March 2022
Debt Securities	88,842.98	(9,354.49)	–	(190.55)	79,297.94
Borrowings other than debt securities	41,285.74	8,259.51	412.88	121.46	50,079.59
Total	**1,30,128.72**	**(1,094.98)**	**412.88**	**(69.09)**	**1,29,377.53**

(₹ in Lakhs)

Particulars	As at April 1, 2020	Cash Flows (net)	Exchange difference	*Others	As at March 31, 2021 – Restated
Debt Securities	73,302.22	15,121.41	–	419.36	88,842.98
Borrowings other than debt securities	34,317.77	7,534.66	(576.96)	10.26	41,285.74
Total	**1,07,619.99**	**22,656.07**	**(576.96)**	**429.62**	**1,30,128.72**

*Others Includes amortised cost impact and incremental interest liability at the year end

Note 38: Contingent liabilities, commitments

(A) Contingent Liability

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021 – Restated
Contingent Liability	–	–
Total	–	–

(B) Commitments

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021 – Restated
Commitments related to loans sanctioned but undrawn		
PayLater Open Limits (refer Note 19)	1,465.74	827.14
Other Commitments		
Capital commitments	0.35	7.48
Total	**1,466.09**	**834.62**

Note 39: Details of transactions with struck off company / under process of strike off

Name of struck off Company/under process of strike off *	Nature of transactions with struck-off Company/under process of strike off	As at 31 March 2022	Relationship with the struck off Company, if any, to be disclosed
Mn & C Supply Links Retails Pvt Ltd	Loans and Advances	69,47,156	Un related party, Customers
Tanvi Express Logistics Solution Pvt. Ltd	Loans and Advances	45,42,197	Un related party, Customers
Volando Tours Pvt Ltd	Loans and Advances	23,97,082	Un related party, Customers
Mysore Bakery And Restaurant Pvt Ltd	Loans and Advances	22,43,794	Un related party, Customers
Viva Concrete Technologies Private Limited	Loans and Advances	21,76,768	Un related party, Customers
Mentor Corporation Management Consultants Pvt Ltd	Loans and Advances	20,54,166	Un related party, Customers
Kaffee Concepts Gurgaon Private Limited	Loans and Advances	19,78,251	Un related party, Customers

NOTES TO FINANCIAL STATEMENTS
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Name of struck off Company/under process of strike off *	Nature of transactions with struck-off Company/under process of strike off	As at 31 March 2022	Relationship with the struck off Company, if any, to be disclosed
Tei Medias Pvt. Ltd.	Loans and Advances	19,12,830	Un related party, Customers
Boudoir Lounge Private Limited	Loans and Advances	18,68,930	Un related party, Customers
Sanka India Pvt Ltd	Loans and Advances	18,34,719	Un related party, Customers
The Next Automotive Era Private Limited	Loans and Advances	18,25,383	Un related party, Customers
Cgn Research Labs Private Limited	Loans and Advances	17,43,825	Un related party, Customers
Dominion Expo Ventures Pvt Ltd	Loans and Advances	16,02,075	Un related party, Customers
Day2Day Restaurant India Private Limited	Loans and Advances	15,01,666	Un related party, Customers
Magpie Fashions Pvt. Ltd.	Loans and Advances	13,74,823	Un related party, Customers
Smart M K Trade World Pvt Ltd	Loans and Advances	13,47,332	Un related party, Customers
White Feathers Hospitality Pvt. Ltd.	Loans and Advances	13,43,462	Un related party, Customers
Nature Bless International Private Limited	Loans and Advances	12,79,216	Un related party, Customers
Tamarai Hotels Private Limited	Loans and Advances	11,64,176	Un related party, Customers
Benze Vacations Club - Hyderabad	Loans and Advances	11,45,610	Un related party, Customers
23 Chefs Private Limited	Loans and Advances	11,15,829	Un related party, Customers
City Fresh Retail Pvt Ltd	Loans and Advances	10,73,892	Un related party, Customers
Grandway Innovations India Pvt Ltd	Loans and Advances	9,52,371	Un related party, Customers
Brg Sales Pvt Ltd	Loans and Advances	8,74,575	Un related party, Customers
Cellcom Computers Solutions Pvt Ltd	Loans and Advances	8,19,278	Un related party, Customers
Sukhsagar Textiles Pvt Ltd	Loans and Advances	8,04,992	Un related party, Customers
Meenu Gems Private Limited	Loans and Advances	7,84,300	Un related party, Customers
Sinhas Home Pvt Ltd	Loans and Advances	7,68,143	Un related party, Customers
Dalchini (Opc) Private Limited	Loans and Advances	7,41,344	Un related party, Customers
Backhome Hospitality Services Private Limited	Loans and Advances	7,29,360	Un related party, Customers
The Elbo Room	Loans and Advances	6,99,188	Un related party, Customers
Brydan Foods Pvt Ltd	Loans and Advances	6,76,597	Un related party, Customers
The Elbo Room - Chq	Loans and Advances	6,61,570	Un related party, Customers
I We Hotels Private Limited	Loans and Advances	6,31,050	Un related party, Customers
Apm Air Travels (India) Private Limited	Loans and Advances	6,15,161	Un related party, Customers
Prateek Intimate Products Pvt Ltd- Parallel	Loans and Advances	6,03,026	Un related party, Customers
Enchanting Destination Tours Pvt Ltd	Loans and Advances	5,91,597	Un related party, Customers
Rage Fitness & Adventure Private Limited	Loans and Advances	5,64,838	Un related party, Customers
Jarota Enterprises Private Limited	Loans and Advances	5,00,261	Un related party, Customers
Niche Events And Promotions Pvt Ltd	Loans and Advances	4,90,000	Un related party, Customers
Beauty Channel Salon & Spa Private Limited	Loans and Advances	4,65,372	Un related party, Customers
M/S Aditya Inkjet Technologies Pvt Ltd	Loans and Advances	4,39,582	Un related party, Customers
Avisons Works Private Limited	Loans and Advances	4,12,059	Un related party, Customers
Maa Bhook Lagi Food Services Private Limited	Loans and Advances	3,87,388	Un related party, Customers
Diya Hospitality Private Limited	Loans and Advances	3,06,464	Un related party, Customers
Delictable Gnosh Private Limited	Loans and Advances	2,75,701	Un related party, Customers
Sagayam Hospitalities Pvt Ltd	Loans and Advances	2,50,542	Un related party, Customers
Pawanputra Oil Technologies Private Limited	Loans and Advances	2,40,853	Un related party, Customers
Srt Fitness Private Limited	Loans and Advances	2,04,749	Un related party, Customers
Pan Club Hotel Pvt Ltd	Loans and Advances	1,93,231	Un related party, Customers
Golden Gate Residency Hotels Opc Pvt Ltd	Loans and Advances	1,76,011	Un related party, Customers
Wega Lifestyle Pvt Ltd.	Loans and Advances	1,68,518	Un related party, Customers
Sevenoaks Engineering Private Limited	Loans and Advances	1,48,800	Un related party, Customers
Pure Proteen Pvt. Ltd.	Loans and Advances	1,40,633	Un related party, Customers
Kalpavruksh Hotels Pvt Ltd	Loans and Advances	1,29,436	Un related party, Customers
Sarika Craft Bazaar Private Limited	Loans and Advances	1,21,847	Un related party, Customers
Bq Automobiles Private Limited	Loans and Advances	1,07,056	Un related party, Customers
Cellcom Computers Solutions Private Limited	Loans and Advances	38,850	Un related party, Customers
Total		6,11,87,927	

*Notes: Out of outstanding principal balance of ₹6,11,87,927/-, 50 loans amounting to ₹5,53,77,250/- has been write off loan and advances as at 31st March 2022.

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2022

Note 40: Related party disclosures

(A) List of Related Parties with whom Company had transaction

Enterprise where Key Managerial Personnel has significant influence or control

Dilta Services LLP
KFO Enterprises LLP

Key Managerial Personnel

Mr. Piyush Kumar Khaitan	Managing Director
Mr. Arun Nayyar	Whole Time Director & Chief Executive Officer (CEO)
Mr. B Ravi Kumar	Chief Financial Officer (CFO) & Company Secretary (CS) (till June 10, 2021)
Mr. Deepak Goswami	Chief Financial Officer (CFO) (from June 11, 2021)
Mr. Muthiah Ganapatty	Company Secretary (CS) (from October 01, 2021 to February 18, 2022)
Ms. Tanushri Yewale	Company Secretary (CS) (from February 19, 2022)

Directors

Mr. Dhruv Kumar Khaitan	Chairman
Ms. Bindu Ananth	Independent Director
Mr. Mahesh Krishnamurthy	Director
Mr. Ganesh Rengaswamy	Director
Mr. Prashasta Seth (upto January 1, 2021)	Director
Mr. Micheal Fernandes	Director
Mr. Pranav Kumar	Director
Mr Amit Mehta (from February 12, 2021)	Additional Director

(B) Related Party transactions during the year:

Particulars	Enterprise where Key Managerial Personnel has significant influence or control		Key Management Personnel / Managing Director		Directors		Relatives of Key Management Personnel / Directors	
	For the year ended / as at March 31, 2022	For the year ended / as at March 31, 2021 - Restated	For the year ended / as at March 31, 2022	For the year ended / as at March 31, 2021 - Restated	For the year ended / as at March 31, 2022	For the year ended / as at March 31, 2021 - Restated	For the year ended / as at March 31, 2022	For the year ended / as at March 31, 2021 - Restated
Transactions								
For infrastructure maintenance charges recovered	8.28	11.27	-	-	-	-	-	-
Managerial Remuneration	-	-	47.06	47.30	-	-	-	-
Interest Expense	-	-	23.07	-	23.07	-	-	-
Professional fees	-	-	-	-	24.00	24.00	-	-
Remuneration	-	-	529.38	347.57	-	-	-	-
Balances								
Deposit for accommodation	-	-	-	7.00	-	-	-	-
Compulsorily Converted Debentures (CCD)	-	-	330.00	-	330.00	-	-	-
Interest accrued on CCD	-	-	16.83	-	16.83	-	-	-

Note:

a) Related parties have been identified on the basis of the declaration received by the management and other records available.

b) Provisions for gratuity, compensated absences and other long-term service benefits are made for the Company as a whole and the amounts pertaining to the key managerial personnel are not specifically identified and hence are not included above.

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2022

c) The Company enters into transactions, arrangements and agreements involving related parties in the ordinary course of business under the same commercial and market terms, interest and commission rates that apply to non-related parties.

Note 41: Capital

Capital Management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

(₹ in Lakhs)

Regulatory capital	As at March 31, 2022	As at March 31, 2021 – Restated
TIER I capital	23,389.24	28,662.72
TIER II capital	7,554.06	1,758.68
Total capital	**30,943.30**	**30,421.40**
Risk weighted assets	1,33,243.32	1,40,694.03
Tier I CRAR	17.55%	20.37%
Tier II CRAR	5.67%	1.25%
Tier I + II CRAR	23.22%	21.62%

Regulatory capital consists of TIER I capital, which comprises share capital, share premium, retained earnings including current year loss less accrued dividends.

As per RBI guidelines, the Company being a Non-Banking Finance Company has to maintain 15% of capital adequacy ratio for NBFC business.

Note 42: Events after reporting date

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

Note 43: Fair value measurement

43.1 Valuation Principle

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

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 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.

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43.2 Fair Value Hierarchy of assets and liabilities

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

March 31, 2022

(₹ in Lakhs)

Assets measured at fair value on a recurring basis	Level-1	Level-2	Level-3	Total
Derivative financial instruments				
Currency Swaps	-	197.56	-	197.56
Cross Currency Interest Rate Swaps		397.70		397.70
Total derivative financial instruments	**-**	**595.26**	**-**	**595.26**
Financial assets held for trading				
Mutual funds	-	-	-	-
Total Financial assets held for trading	**-**	**-**	**-**	**-**
Total assets measured at fair value on a recurring basis	**-**	**595.26**	**-**	**595.26**
Total financial assets measured at fair value	**-**	**595.26**	**-**	**595.26**

(₹ in Lakhs)

Liabilities measured at fair value on a recurring basis	Level-1	Level-2	Level-3	Total
Derivative financial instruments				
Embedded Derivatives	-	6.26	-	6.26
Total derivative financial instruments	**-**	**6.26**	**-**	**6.26**
Total financial liabilities measured at fair value on a recurring basis	**-**	**6.26**	**-**	**6.26**
Total financial liabilities measured at fair value	**-**	**6.26**	**-**	**6.26**

March 31, 2021 - Restated

(₹ in Lakhs)

Assets measured at fair value on a recurring basis	Level-1	Level-2	Level-3	Total
Financial assets held for trading				
Mutual funds	8,255.93	-	-	8,255.93
Total Financial assets held for trading	**8,255.93**	**-**	**-**	**8,255.93**
Total assets measured at fair value on a recurring basis	**8,255.93**	**-**	**-**	**8,255.93**
Total financial assets measured at fair value	**8,255.93**	**-**	**-**	**8,255.93**

(₹ in Lakhs)

Liabilities measured at fair value on a recurring basis	Level-1	Level-2	Level-3	Total
Derivative financial instruments				
Currency Swaps	-	(64.08)	-	(64.08)
Cross Currency Interest Rate Swaps	-	90.73	-	90.73
Total derivative financial instruments	**-**	**26.65**	**-**	**26.65**
Total financial liabilities measured at fair value on a recurring basis	**-**	**26.65**	**-**	**26.65**
Total financial liabilities measured at fair value	**-**	**26.65**	**-**	**26.65**

There are no financial instruments measured at fair value on non-recurring basis.

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for the year ended March 31, 2022

Investments in Mutual Fund are fair valued through Profit & Loss account. Derivative Financial Instruments are fair valued through Other Comprehensive Income.

43.3 Valuation techniques

Derivative contracts

Derivatives contracts include Cross Currency Swaps and Cross Currency Interest Rate Swaps. These instruments are valued by (a) observable foreign exchange rates; and (b) observable or calculated forward points (implied yield curves).

The Company classifies Derivatives contracts as Level 2 financial instruments when no unobservable inputs are used for their valuation or the unobservable inputs used are not significant to the measurement (as a whole).

Foreign exchange contracts

Foreign exchange contracts include foreign exchange forward and swap contracts and over-the-counter foreign exchange options. These instruments are valued by either observable foreign exchange rates, observable or calculated forward points and option valuation models. With the exception of contracts where a directly observable rate is available which are disclosed as Level 1, the Company classifies foreign exchange contracts as Level 2 financial instruments when no unobservable inputs are used for their valuation or the unobservable inputs used are not significant to the measurement (as a whole).

Mutual Funds

Mutual Funds include investment in liquid funds and overnight funds. These are debt-based funds .The amounts mentioned is the fair value of the portfolio basis the NAV of the underlying schemes which are published by respective AMCs on a daily basis. The cost of the portfolio as at March 31, 2022 is ₹Nil (As at March 31, 2021 - ₹8,249.59 Lakhs)

43.4 Fair value of financial instruments not measured at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non–financial assets.

(₹ in Lakhs)

March 31, 2022	Valuation		Fair Value			
		Carrying Value	Level-1	Level-2	Level-3	Total
Financial assets:						
Cash and cash equivalents	At amortised cost	9,042.37	2,609.95	6,432.41	-	9,042.37
Bank balance other than above	At amortised cost	4,842.05	-	4,842.05	-	4,842.05
Trade receivables	At amortised cost	304.60	-	-	304.60	304.60
Loans	At amortised cost	1,37,971.77	-	-	1,37,971.77	1,37,971.77
Other Financial Assets	At amortised cost	2,891.65	-	-	2,891.65	2,891.65
Total financial assets		**1,55,052.44**	**2,609.95**	**11,274.46**	**1,41,168.02**	**1,55,052.44**
Financial liabilities:						
Trade payables	At amortised cost	1,028.00	-	-	1,028.00	1,028.00
Debt securities	At amortised cost	79,297.94	-	-	79,297.94	79,297.94
Borrowings (other than debt securities)	At amortised cost	50,079.59	-	-	50,079.59	50,079.59
Other Financial liabilities	At amortised cost	3,496.32	-		3,496.32	3,496.32
Total financial liabilities		**1,33,901.85**	**-**	**-**	**1,33,901.85**	**1,33,901.85**
Off balance sheet items						
Other commitments	At amortised cost	1,465.74	-	-	1,465.74	1,465.74
Total off-balance sheet items		**1,465.74**	**-**	**-**	**1,465.74**	**1,465.74**

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There are no transfer of assets / liabilities between Level 1, Level 2 and Level 3 during the current year as well as previous year. - to confirm this statement

(₹ in Lakhs)

March 31, 2021 - Restated	Valuation	Carrying Value	Fair Value			
			Level-1	Level-2	Level-3	Total
Financial assets:						
Cash and cash equivalents	At amortised cost	5,453.22	3,253.22	2,200.00	-	5,453.22
Bank balance other than above	At amortised cost	25,807.81	-	25,807.81	-	25,807.81
Trade receivables	At amortised cost	0.01	-	-	0.01	0.01
Loans	At amortised cost	1,20,766.65	-	-	1,20,766.65	1,20,766.65
Other Financial Assets	At amortised cost	1,954.13	-	-	1,954.13	1,954.13
Total financial assets		**1,53,981.82**	**3,253.22**	**28,007.81**	**1,22,720.79**	**1,53,981.82**
Financial liabilities:						
Trade payables	At amortised cost	1,161.58	-	-	1,161.58	1,161.58
Debt securities	At amortised cost	88,842.98	-	-	88,842.98	88,842.98
Borrowings (other than debt securities)	At amortised cost	41,285.73	-	-	41,285.73	41,285.73
Other Financial liabilities	At amortised cost	4,228.95	-	-	4,228.95	4,228.95
Total financial liabilities		**1,35,519.24**	**-**	**-**	**1,35,519.24**	**1,35,519.24**
Off balance sheet items						
Other commitments	At amortised cost	827.14	-	-	827.14	827.14
Total off-balance sheet items		**827.14**	**-**	**-**	**827.14**	**827.14**

43.5 Valuation methodologies of financial instruments not measured at fair value

The Company has determined that the carrying values of cash and cash equivalents, bank balances, trade receivables, loans, trade payables, debt securities, borrowings, other financial assets, other financial liabilities and off-balance sheet item are a reasonable approximation of their fair value and hence their carrying values are deemed to be fair values.

Note 44: Risk management

44.1 Introduction and Risk Profile

44.1.1 Risk management structure

The Board of Directors are responsible for the overall risk management approach and for approving the risk management strategies and principles. The Board has constituted the Credit and Risk Management Committee which is responsible for monitoring the overall risk process within the Company.

The Credit and Risk Management Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. This Committee is also responsible for managing portfolio risk decisions and monitoring risk levels.

The Company's Treasury is responsible for managing its assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Company.

The Company's risk management processes are audited annually by the Internal Auditors, who examine both the adequacy of the procedures and the Company's compliance with the procedures. The Internal Auditors discuss the results of all assessments with the management and reports their findings and recommendations to the Audit Committee of the Board.

44.1.2 Risk mitigation and risk culture

As part of its overall risk management, the Company can use derivatives and other instruments to manage exposures resulting from changes in interest rates and foreign currencies, equity risks and credit risks. Currently, the Company uses derivatives to manage its interest rate and foreign exchange risk arising from the USD denominated borrowings

In accordance with the Company's policy, its risk profile is assessed before entering into hedging transactions, which are authorised by the appropriate level of seniority within the Company. The effectiveness of hedges is assessed by the ALCO (based on economic considerations rather than the Ind AS hedge accounting regulations). The effectiveness of all the hedge relationships is monitored by the ALCO on a monthly basis. It is the Company's policy that in situations of ineffectiveness, it will enter into a new hedge relationship to mitigate risk on a continuous basis. Currently, the positions are fully hedged (i.e. 100% risk of interest rate and/or foreign exchange movement) in line with the Board approved policies.

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44.1.3 Risk measurement and reporting systems

The Company's loan asset portfolio risk is measured using a method that reflects expected loss likely to arise in normal circumstances based on statistical models. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment, whenever required. This risk measurement is quantified by way of the Expected Credit Loss (ECL). Unexpected losses resulting from unforeseen event risks e.g., natural disasters / events / pandemic situations etc., are estimated by applying judgmental inferences to lead indicators of portfolio behavior.

The Company's policy is to measure and monitor the overall risk, in relation to the aggregate risk exposure across all risk types and activities.

Information compiled from all the departments is examined and processed to analyse, control and identify operational risks on a timely basis. This information is presented and explained to the Head of each Department, the Audit Committee of the Board. The Audit Committee of the Board & the Credit and Risk Management Committee receives a comprehensive risk report once a quarter (from the Auditors & the Risk Head respectively) which is designed to provide all the necessary information to interpret, assess and conclude on the risks of the Company.

It is the Company's policy to ensure that a robust risk awareness is embedded in its organisational risk culture. Employees are expected to take ownership and be accountable for the risks the Company is exposed to. The Company continuously trains its employees to build awareness of the Company's risk appetite and support them in their roles and responsibilities to monitor risk.

44.2 Credit Risk

Credit risk is the possbility that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept on its Loan Portfolio, and by monitoring exposures in relation to such limits.

The Company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties.

The credit quality review process aims to allow the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

44.2.1 Derivative financial instruments

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded on the balance sheet.

With gross-settled derivatives, the Company is also exposed to a settlement risk, being the risk that the Company honours its obligation, but the counterparty fails to deliver the counter value. The Company deals with only high rated Banking Counterparty(ies) to ensure mitigation of counterparty credit risk and settlement risk.

44.2.2 Impairment assessment

The references below show where the Company's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the Summary of significant accounting policies.

The Company's definition and assessment of default (Note 44.2.2.1).

- How the Company defines, calculates, monitors and validates the Probability of Default (PD) and Loss Given Default (LGD) (Notes 44.2.2.2 to 44.2.2.3)
- When the Company considers there has been a significant increase in credit risk (SICR) of an exposure (Note 44.2.2.4)
- The details of the ECL calculations for Stage 1, Stage 2, Stage 3 and it's respective sub-stage assets

44.2.2.1 Definition of default

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events may include (and not be limited to):

- All the facilities of a borrower from all the borrowed accounts are treated as Stage 3 when one of his facility becomes 90 days past due i.e. credit impaired.
- A covenant breach not waived by the Company
- The Company on selective Basis does consider restructuring of loans after due assessment of its viability from time to time, in line with regulatory /judicial norms & dispensations

44.2.2.2 PD estimation process

Probability of Default (PD) is an estimate of the likelihood of default in a homogenous pool of loans, over it's performance period of following 12 month / lifetime horizon. PD estimation process is done based on historical & empirical internal data available with the company. 'Company calculates the 12-month PD by taking into account the past historical trends of the portfolio and its credit performance. In case of assets where there is 'a significant increase in credit risk (SICR) i.e when a borrower becomes 30 Days past Due and is classified as Stage 2, a higher PD is applied basis empirical data of such customers defaulting. 'For credit impaired assets (Stage 3), a PD of 100% is applied.

NOTES TO FINANCIAL STATEMENTS
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PD represents the empirical residual value of loans at the time of default (during the performance period), relative to the principal balance of all Non-Default accounts at the start point of the performance period. 12 month period for which performance has been empirically measured. The Company assesses and empirically measure the possible default events within 12 months or lifetime. This PD factor is applied to all Stage 1 & Stage 2 loans, to estimate the likely of Default

For credit impaired assets (i.e. Stage 3 assets), PD of 100% is applied.'In case of undrawn loan commitments (for accounts that are live & unexpired), a credit conversion factor of 75 % is applied for expected drawdown.

44.2.2.3 Loss Given Default (LGD) & Exposure at Default (EAD)

Loss Given Default (LGD) is an estimate of the ultimate loss arising when a default occurs. It is based on empirical contractual realizations from credit impaired assets (i.e. Stage 3 assets). after event of default including from the realization of any security This is computed basis seasoned defaulted loans.

Exposure at Default (EAD) is considered as 100% of Outstanding balance in respect of loan receivables.

In case of undrawn loan commitments, a credit conversion factor of 75% is applied for expected drawdown. For credit impaired assets (i.e. Stage 3 assets), an EAD is considered at 100%.

44.2.2.4 Significant increase in credit risk

The Company continuously monitors its Loan Portfolio in order to assess whether there has been an event which could cause a significantly increase in the credit risk (SICR) of the underlying asset or the customer's ability to pay and accordingly applies a higher PD rate. An asset can move in & out of SICR category based upon whether it has undergone SICR events that may include (and not be limited to):

- When one of the facilities of a borrower becomes 30 days past due
- Borrowers of a segment / industry / geography under stress

44.3 Liquidity risk and funding management

Liquidity risk arises from mismatches in the timing of cash flows, these mismatches originates due to difference in average maturity of assets and liabilities in the books. It is a risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities as and when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances.

Liquidity Risk is primarily monitored by a Board appointed Asset Liability Committee (ALCO) and is managed by the Company's treasury team under the guidance of ALCO.

Liquidity Risk is measured by identifying gaps in the structural and dynamic liquidity statements. Key practices employed by the company for assessment and monitoring of liquidity risk are as below:

1. Monitoring the external operating environment, regulatory framework for NBFCs, capital market instruments and bank loans, debt market conditions and liquidity, and risk appetite of investors
2. Mapping of near to medium-term outflows on liabilities and expected inflows from assets, thereby performing a gap assessment for incremental fund raising
3. Periodic reviews by ALCO relating to the liquidity position, plan of action for incremental fund raising and stress tests of the ALM position

The Company continues to closely monitor liquidity in the market and as part of its ALCO strategy maintains a liquidity buffer to reduce any liquidity risk. This liquidity buffer is maintained in the form of unencumbered investments in units of mutual funds (Liquid and/or Overnight Schemes), Fixed Deposits with high rated scheduled Commercial Banks and undrawn Bank lines.

The Company maintains a diverse mix of borrowings from various sources, including banks, developmental financial institutions, foreign portfolio investors and high rated NBFCs. The Company continued to borrow long-term debt with longer contractual maturity compared to its loans and advances portfolio, in order to maintain positive cumulative gaps in its ALM. The average maturity of liabilities is higher than average maturity of assets, which has caused positive gap in the ALM. During the year, the Company strenthened its banking partnerships by onboarding Small Industries Bank of India (SIDBI) as debt provider. The Company also continues to explore borrowing opportunities in the market and concluded multiple borrowings transactions in form of Term loans, PTC securitization and NCDs during the financial year FY 2021 - 2022.

Considering the COVID-19 pandemic, the company had augmented its liquidity buffers by taking measured steps on disbursements and expenses during H1 FY2022. However, the Company deployed these surplus liquidity buffer towards business growth in H2-FY2022. At the same time, a strong borrowings pipeline has been built from a diverse set of domestic and overseas financing institutions. The liquidity buffer is sufficient to support ongoing debt repayments and operating expenses of the company, along with regular collections, the incremental debt fund raising pipeline is sufficient to support business growth.

44.3.1. Liquidity ratios

Public Disclosure on Liquidity Risk (in accordance with RBI Circular - RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20), as on March 31, 2022 as below:

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2022

a. Funding Concentration based on significant counterparty

(₹ in Lakhs)

Particulars	As at March 31, 2022
Number of significant counter parties	22
Amount	1,25,205.33
Percentage of funding total borrowings	**96.78%**

Significant Counterparties are defined as - A single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the Company's total borrowings.

b. Top 10 borrowings (by counterparty)

(₹ in Lakhs)

Particulars	As at March 31, 2022
Total Borrowings	1,29,377.53
Top 10 Borrowings	99,034.58
Top 10 as a percentage of total borrowings	**76.55%**

c. Funding Concentration by Instrument

(₹ in Lakhs)

Name of the instrument	As at March 31, 2022	% of Total
Non-Convertible Debentures (NCD)	72,315.93	55.90%
Compulsory Convertible Debentures (CCD)	6,972.91	5.39%
CCPS	9.10	0.01%
Term Loans	15,335.96	11.85%
External Commercial Borrowings (ECB)	13,698.92	10.59%
Cash Credit (CC)	5,115.96	3.95%
Others	15,928.75	12.31%
Total	**1,29,377.53**	

Significant Counterparties are defined as - A single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the Company's total borrowings.

d. Stock Ratios

Particulars	Percentage
Commercial Paper - as a percentage of total public funds	NA
Commercial Paper - as a percentage of total liabilities *	Nil
Commercial Paper - as a percentage of total assets	Nil
NCD (original maturity < 1year) - as a percentage of total public funds	NA
NCD (original maturity < 1year) - as a percentage of total liabilities *	Nil
NCD (original maturity < 1year) - as a percentage of total assets	Nil
Other Short Term Debt - as a percentage of total public funds	NA
Other Short Term Debt - as a percentage of total liabilities *	16.55%
Other Short Term Debt - as a percentage of total assets	13.52%

* Total Liabilities does not include Total Equity.

e. Institutional set-up for liquidity risk management

The Liquidity Risk Management Policy of the Company is approved by the Board of Directors of the Company.

The Board of Directors or other sub-Committee of the Board including Audit Committee / Sub-Committee have approved the formation of the Asset Liability Committee (ALCO), comprising the Managing Director, Chief Executive Officer, Chief Financial Officer, Senior Vice President - Treasury.

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44.3.2. Analysis of financial assets and liabilities by remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cashflow of Debt Securities and Borrowings (other than debt securities):

(₹ in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021 – Restated
Within 1 Year	97,122.00	59,597.31
Over 1 year to 2 Years	28,552.13	61,878.86
Over 2 years to 3 Years	13,141.89	23,313.44
Over 3 years to 5 Years	1,789.50	5,759.41
Over 5 years	19,155.35	–
	1,59,760.87	**1,50,549.02**

Notes:

1. The Company considers Put/Call option dates for the purpose of reporting maturity pattern of Borrowings including debt securities.

The table below summarises the maturity profile of the undiscounted cashflow of Trade Payable and Other Financial Liabilities:

(₹ in Lakhs)

Particulars	As at 31 March 2022		As at March 31, 2021 – Restated	
	Trade Payable	Other Financial Liabilities	Trade Payable	Other Financial Liabilities
Within 1 Year	1,028.00	2,056.12	1,161.58	1,201.04
Over 1 years to 3 Years	–	1,510.39	–	1,828.08
Over 3 years to 5 Years	–	407.68	–	890.16
Above 5 Years	–	88.10	–	309.63
TOTAL	**1,028.00**	**4,062.29**	**1,161.58**	**4,228.91**

The table below shows the contractual expiry by maturity of the company's contingent liabilities and commitments: Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down.

For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

(₹ in Lakhs)

Particulars	Carrying Value	On demand	Less than 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
31st March 2022									
Other undrawn commitments to lend	1,465.74	1,465.74	–	–	–	–	–	–	1,465.74
Total commitments	**1,465.74**	**1,465.74**	**–**	**–**	**–**	**–**	**–**	**–**	**1,465.74**
As at March 31, 2021 – Restated									
Other undrawn commitments to lend	827.14	827.14	–	–	–	–	–	–	827.14
Total commitments	**827.14**	**827.14**	**–**	**–**	**–**	**–**	**–**	**–**	**827.14**

44.4 Market Risk

Market risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Company classifies exposures to market risk into either trading or non–trading portfolios and manages each of those portfolios separately. Such risks the market risk for the trading portfolio is managed and monitored based on a VaR methodology that reflects the interdependency between risk variables. Non–trading positions are managed and monitored using other sensitivity analyses.

NOTES TO FINANCIAL STATEMENTS
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44.4.1 Total market risk exposure

(₹ in Lakhs)

Particulars	As at 31 March 2022			As at March 31, 2021 - Restated			Primary Risk sensitivity
	Carrying amount	Traded risk	Non-traded risk	Carrying amount	Traded risk	Non-traded risk	
Assets							
Cash and cash equivalents	9,042.37	-	9,042.37	5,453.22	-	5,453.22	Interest Rate
Other bank balances	4,842.05		4,842.05	25,807.81	-	25,807.81	Interest Rate
Derivative financial instruments	595.26	595.26	-	-	-	-	Interest Rate / Foreign Exchange
Trade receivables	304.60	-	304.60	0.01	-	0.01	Interest Rate
Loans	1,37,971.77	-	1,37,971.77	1,20,766.65	-	1,20,766.65	Interest Rate
Financial investments at FVTPL	-	-	-	8,255.93	8,255.93	-	Interest Rate / Equity Price
Other Financial Assets	2,891.65		2,891.65	1,954.13	-	1,954.13	Interest Rate
Total	**1,55,647.70**	**595.26**	**1,55,052.44**	**1,62,237.75**	**8,255.93**	**1,53,981.82**	
Liabilities							
Derivative financial instruments	6.26	6.26	-	26.65	26.65	-	Interest Rate / Foreign Exchange
Trade payables	1,028.00	-	1,028.00	1,161.58	-	1,161.58	Interest Rate
Debt securities	79,297.94	-	79,297.94	88,842.98	-	88,842.98	Interest Rate
Borrowings (other than debt securities)	50,079.59	-	50,079.59	41,285.73	-	41,285.73	Interest Rate / Foreign Exchange
Other financial liabilities	3,496.32	-	3,496.32	4,228.95	-	4,228.95	Interest Rate
Total	**1,33,908.11**	**6.26**	**1,33,901.86**	**1,35,545.89**	**26.65**	**1,35,519.24**	

44.4.1 Market risk non-trading

44.4.1.1 Interest rate risk

Interest rate sensitivity on fixed and floating rate assets and liabilities with differing maturity profiles is measured by using the duration gap analysis. The same is monitored by the ALCO periodically. All the Company loans and advances are on a Fixed Interest basis. The Company has floating rate borrowings primarily in two categories – (a) Domestic borrowings linked to the Lender's Base Rate/MCLR; (b) USD denominated borrowings linked to USD LIBOR. The USD LIBOR linked borrowings are fully hedged for the interest rate risk in accordance with the company's Foreign Exchange Risk Management Policy. Most of the borrowings in NCD and Term loans are fixed rate borrowings, hence not exposed interest rate risk.

Change in Interest Rate

(₹ in Lakhs)

Particulars	As at 31 March 2022		As at March 31, 2021 - Restated	
	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
25 basis point down	24.08	18.02	12.69	9.50
50 basis point down	48.15	36.03	25.38	18.99
25 basis point up	(24.08)	(18.02)	(12.69)	(9.50)
50 basis point up	(48.15)	(36.03)	(25.38)	(18.99)

Borrowings with floating rate structure has been considered for interest rate sensitivity analysis

44.4.1.2 Currency risk

In the normal course of its business, the Company does not deal in foreign exchange significantly, except for its USD denominated External Commercial Borrowings. Any foreign exchange exposure on account of foreign exchange borrowings is hedged fully to safeguard against exchange rate risk in accordance with the company's Foreign Exchange Risk Management Policy.

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2022

(₹ in Lakhs)

Particulars	As at 31 March 2022		As at March 31, 2021 - Restated	
	USD in Lakh	Amount	USD in Lakh	Amount
External Commercial Borrowings (ECB)	178.44	13,524.22	225.81	16,509.14
Derivative Financial Instrument *	(178.44)	(13,524.22)	(225.81)	(16,509.14)

* represents the notional amount of the derivative financial instrument

44.4.1.3 Equity price risk

The Company does not have any exposure to equity price risk.

44.4.1.4 Operational and business risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events.

The operational risks of the company are managed through comprehensive internal control systems and procedures and key back up processes. In order to further strengthen the control framework and effectiveness, the company has established risk control self-assessment at branches to identify process lapses by way of exception reporting. This enables the management to evaluate key areas of operational risks and the process to adequately mitigate them on an ongoing basis. The company also undertakes Risk based audits on a regular basis across all business units / functions. While examining the effectiveness of control framework through self-assessment, the risk-based audit would assure effective implementation of self-certification and internal financial controls adherence, thereby, reducing enterprise exposure.

The company has put in place a robust Disaster Recovery (DR) plan, which is periodically tested. Business Continuity Plan (BCP) is further put in place to ensure seamless continuity of operations including services to customers, when confronted with adverse events such as natural disasters, technological failures, human errors, terrorism, etc. Periodic testing is carried out to address gaps in the framework, if any. DR and BCP audits are conducted on a periodical basis to provide assurance regarding the effectiveness of the company's readiness.

Note 44A: Restatement of Comparative Information relating to material transactions

BALANCE SHEET AS AT MARCH 31, 2021 - RESTATED

(₹ in Lakh)

Particulars	Notes	As previously reported	Adjustments	As at March 31, 2021 - Restated
I ASSETS				
1 **Financial assets**				
Cash and cash equivalents		5,453.22	-	5,453.22
Bank balance other than above		25,807.81	-	25,807.81
Derivative financial instruments		-	-	-
Receivables				
Trade receivables		0.01	-	0.01
Loans	1	1,21,690.53	(923.88)	1,20,766.65
Investments		8,255.93	-	8,255.93
Other financial assets		1,954.13	-	1,954.13
2 **Non-financial assets**				
Deferred tax assets (net)		4,524.06	-	4,524.06
Property, Plant and Equipment		172.13	-	172.13
Right-of-use assets		2,636.39	-	2,636.39
Other intangible assets		46.25	-	46.25
Other non-financial assets		979.33	-	979.33
Total assets		**1,71,519.79**	**(923.88)**	**1,70,595.91**

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2022

(₹ in Lakh)

Particulars	Notes	As previously reported	Adjustments	As at March 31, 2021 - Restated
II LIABILITIES AND EQUITY				
Liabilities				
1 Financial liabilities				
Derivative financial instruments		26.65	-	26.65
Trade Payables				
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	2	1,118.55	43.03	1,161.58
Debt securities		88,842.98	-	88,842.98
Borrowings (other than debt securities)		41,285.73	-	41,285.73
Other financial liabilities	3	4,019.25	209.70	4,228.95
2 Non-financial liabilities				
Provisions		805.83	-	805.83
Other non-financial liabilities		230.09	-	230.09
Total liabilities		**1,36,329.08**	**252.73**	**1,36,581.81**
Equity				
Equity share capital	6	6,355.36	(4,555.30)	1,800.06
Other equity	6	28,835.35	3,378.69	32,214.04
Total equity		**35,190.71**	**(1,176.61)**	**34,014.10**
Total liabilities and equity		**1,71,519.79**	**(923.88)**	**1,70,595.91**

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED

(₹ in Lakh)

Particulars	Notes	For the year ended March 31, 2021	Adjustments	For the year ended March 31, 2021 - Restated
Revenue from operations				
(i) Interest income	1 & 4	32,673.25	(1,983.31)	30,689.94
(ii) Fee and commission income		341.22	-	341.22
(iii) Net gain on fair value changes		103.90	-	103.90
(I) Total revenue from operations		**33,118.37**	**(1,983.31)**	**31,135.06**
(II) Other income		195.39	-	195.39
(III) Total income (I + II)		**33,313.76**	**(1,983.31)**	**31,330.45**
Expenses				
(i) Finance cost		13,571.68	-	13,571.68
(ii) Impairment on financial instruments	1	12,731.21	(272.37)	12,458.84
(iii) Employee benefit expense	5	7,376.04	(190.29)	7,185.75
(iv) Depreciation, amortisation and impairment		968.47	-	968.47
(v) Other expenses	4	3,088.86	(344.05)	2,744.81
(IV) Total expenses		**37,736.26**	**(806.71)**	**36,929.55**
(V) Profit / (loss) before exceptional items and tax (III - IV)		**(4,422.50)**	**(1,176.60)**	**(5,599.10)**
(VI) Exceptional items		-	-	-
(VII) Profit / (loss) before tax (V - VI)		**(4,422.50)**	**(1,176.60)**	**(5,599.10)**

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2022

(₹ in Lakh)

Particulars	Notes	For the year ended March 31, 2021	Adjustments	For the year ended March 31, 2021 – Restated
(VIII) Tax expense:				
(1) Current tax		-	-	-
(2) Earlier year adjustments		-	-	-
(3) Deferred tax charge / (credit)	6	(1,413.46)	1.44	(1,412.02)
(IX) Profit/(loss) for the period from continuing operations		**(3,009.04)**	**(1,178.04)**	**(4,187.08)**
(X) Profit/(loss) from discontinued operations		-	-	-
(XI) Tax expense of discontinued operations		-	-	-
(XII) Profit/(loss) from discontinued operations (after tax)		-	-	-
(IX) Profit / (loss) for the year (VII – VIII)		**(3,009.04)**	**(1,178.04)**	**(4,187.08)**
(X) Other comprehensive income				
A Items that will not be reclassified to profit or loss				
Remeasurement gain/(loss) on defined benefit plan		(5.71)	-	(5.71)
		(5.71)	**-**	**(5.71)**
Income tax impact	6	-	1.44	1.44
Total (A)		**(5.71)**	**1.44**	**(4.27)**
B Items that will be classified to profit or loss				
Cash flow hedge				
Net Gain / (Loss) for the year		(0.53)	-	(0.53)
Income tax impact		0.13	-	0.13
Net gain/(loss) on cash flow hedge		**(0.40)**	**-**	**(0.40)**
Total (B)		**(0.40)**	**-**	**(0.40)**
Other comprehensive income (A + B)		**(6.11)**	**1.44**	**(4.67)**
(XI) Total comprehensive income (IX + X)		**(3,015.15)**	**(1,176.60)**	**(4,191.75)**
(XII) Earnings per equity share				
Basic (₹)		(16.72)		(6.58)
Diluted (₹)		(16.72)		(6.58)

Note for Restatement

1. Impact of change in the Interest calculation as per contractually agreed terms of repayment schedule (earlier interest was computed on 'daily' basis) & Modification loss (net of ECL).
2. Provision of GST expenses, forming part of directly attributable cost amortised as per the Effective Interest Rate (EIR) method in respect of loan asset.
3. Appropriation adjustment of the principal amount relating to the change in interest calculation referred to in point no 1.
4. Directly attributable transaction cost (Referrral commission & GST on YP / Alliance Commission)with respect to the loan asset has been considered as a part of EIR
5. Directly attributable transaction cost (Sales Incentive)with respect to the loan asset has been considered as a part of EIR
6. Break up of Movement in Other equity provided below.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2022

Reconciliation of other equity as at March 31, 2021 & Statement of profit and loss and other comprehensive income for the year ended March 31, 2021

(₹ in Lakh)

Particulars	Other equity restated as of March 31, 2021	Statement of profit and loss for the year ended March 31, 2021	Other comprehensive income for the year ended March 31, 2021
As previously reported (A)	28,835.35	(3,009.04)	(6.11)
Impact of correction			
Interest Income recognition (Net of ECL)	(296.61)	(296.61)	-
Modification loss accounting and restructured loans (Net of ECL)	(1,316.00)	(1,316.00)	-
Amortisation of Loan Acquisition Costs	436.00	436.00	-
Tax Provision		(1.44)	1.44
Reclassified from Equity to SOCIE			
CCPS reclassified from Equity share capital to Other Equity	4,555.30	-	-
Increase/(Decrease) by (B)	**3,378.69**	**(1,178.05)**	**1.44**
Restated (A+B)	**32,214.04**	**(4,187.09)**	**(4.67)**

Note 45: Regulatory disclosures

45.1 Capital

Particulars	March 31, 2022	March 31, 2021 - Restated
i) CRAR (%)	23.22%	21.62%
ii) CRAR - Tier I Capital (%)	17.55%	20.37%
iii) CRAR - Tier II Capital (%)	5.67%	1.25%
iv) Amount of subordinated debt raised as Tier-II capital	-	-
v) Amount raised by issue of Perpetual Debt Instruments	-	-

45.2 Investments

(₹ in Lakhs)

Particulars	March 31, 2022	March 31, 2021 - Restated
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	-	8,255.93
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	-	8,255.93
(b) Outside India	-	-
a Movement of provision held toward Depreciation on Investment		
(i) Opening balance	-	-
(ii) Add : Provisions made during the year	-	-
(iii) Less : Write-off / write-back of excess provisions during the year	-	-
(iv) Closing Balance	-	8,255.93

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2022

45.3 Derivatives

45.3.1 Forward Rate Agreement / Interest Rate Swap

(₹ in Lakhs)

Particulars	March 31, 2022	March 31, 2021 - Restated
i) The notional principal of swap agreements	12,739.49	-
ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	-
iii) Collateral required by the Company upon entering into swaps	1,149.01	1,264.51
iv) Concentration of credit risk arising from the swaps	-	-
v) The fair value of the swap book	595.26	-26.65

45.3.2 Exchange Traded Interest Rate Derivatives

The Company has not entered into any Exchange Traded Interest Rate Derivatives.

45.3.3 Disclosures on Risk Exposure in Derivatives

(₹ in Lakhs)

Particulars	As at 31 March 2022		As at March 31, 2021 - Restated	
	Currency Derivatives	Interest rate derivatives	Currency Derivatives	Interest rate derivatives
Derivatives (Notional Principal Amount)				
a) For hedging	8,494.49	4,245.00	11,892.29	4,245.00
b) For trading	-	-	-	-
Marked to Market Positions				
a) Asset (+)	397.70	197.56	64.08	-
b) Liability (-)*	(6.26)	-	-	(90.73)
Credit Exposure	-	-	-	-
Unhedged Exposures	-	-	-	-

* This is the MTM movement for Embedded Derivative

45.4 Disclosures relating to Securitisation

i) The Company has entered into Securitisation transactions for the year ended March 31, 2022.

(₹ in Lakhs)

Particulars	No. / Amount in ₹ Lakh
No of SPVs sponsored by the NBFC for securitisation transactions	9
Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	-
Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet	
On-balance sheet exposures	
* First Loss	1,472.96
* Others	17,177.76

ii) Details of financial assets sold to Securitisation/Reconstruction Company for Asset Reconstruction:

The Company has not sold any financial assets to Securitisation/Reconstruction Company for Asset Reconstruction for the year ended March 31, 2022 and March 31, 2021.

iii) Details of assignment transactions

The Company has not assigned any financial assets for the year ended March 31, 2022 and March 31, 2021.

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2022

vi) Details of non-performing assets purchased / sold

a) Details of non-performing financial assets purchased

Particulars	March 31, 2022	March 31, 2021 - Restated
1 (a) No. of accounts purchased during the year	-	-
(b) Aggregate outstanding	-	-
2 (a) Of these, number of accounts restructured during the year	-	-
(b) Aggregate outstanding	-	-

b) Details of non-performing financial assets sold

Particulars	March 31, 2022	March 31, 2021 - Restated
1. No of accounts sold	-	-
2. Aggregate outstanding	-	-
3. Aggregate consideration received	-	-

45.5 Exposures

i) The Company has no exposure to real estate sector during the March 31, 2022 and March 31, 2021.

ii) The Company has no exposure to capital market during the March 31, 2022 and March 31, 2021.

iii) Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC

During the year, the Company has not exceeded SGL & GBL limits as prescribed under NBFC Regulation.

iv) Unsecured Advances

During the year, the Company has not given any advance against collateral of rights, licenses, authority, etc.

45.6 - Miscellaneous

45.6.1 - Registration obtained from other financial sector regulators

RBI registration no	B-13.02077
IRDA registration no.	CA0472
Company Identification Number (CIN)	U51504MH1993PTC251544

45.6.2 - Disclosure of Penalties imposed by RBI and other regulator

During the year ended March 31, 2022, no penalties have been levied by any regulator on the Company.

45.6.3 - Related Party Transaction

Refer note no. 40 for transactions with related party.

45.6.4 - Ratings assigned by credit rating agencies and migration of ratings during the year

Instruments	Credit Rating Agency	March 31, 2022	March 31, 2021 - Restated
Long Term Bank lines	ICRA	[ICRA] BBB (Negative)	[ICRA] BBB (Stable)
Non-Convertible Debenture	ICRA	[ICRA] BBB (Negative)	[ICRA] BBB (Stable)
Cash Credit	ICRA	[ICRA] BBB (Negative)	[ICRA] BBB (Stable)
Working Capital Demand Loan	ICRA	[ICRA] BBB (Negative)	[ICRA] BBB (Stable)
Non-Convertible Debenture	CARE	CARE BBB (Negative)	CARE BBB+ (Negtaive)
Long Term Bank lines	CARE	CARE BBB (Negative)	CARE BBB+ (Negative)
Series A - Pass Through Certificates (Securitisation) - Ambit, AK Capital & Northern Arc	CARE	Provisional CARE Single A (Structured Obligation)	Provisional CARE Single A (Structured Obligation)
Series A - Pass Through Certificates (Securitisation) - Vivriti Capital	CARE	Provisional CARE Single A- (Structured Obligation)	-

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2022

45.6.5 - Remuneration of Directors

No Remuneration or Sitting fees paid or provided to non-executive directors during the year ended March 31, 2022 and March 31, 2021.

45.7.1 - Provisions and contingencies

(₹ in Lakhs)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	March 31, 2022	March 31, 2021 - Restated
Provisions for depreciation on Investment	-	-
Provision towards Stage 3	5,189.80	2,023.96
Provision made towards Income tax	223.15	-
Other Provision and Contingencies (with details)	-	-
Provision for Standard Assets	698.08	(866.98)

45.7.2 - Draw Down from Reserves

During the year, the Company has not drawn down any amount from Reserves.

45.7.3 - Concentration of Advances, Expenses & NPAs

45.7.3.1 - Concentration of Advances

(₹ in Lakhs)

	March 31, 2022
Total Advances to twenty largest borrowers	1,838.94
Percentage of Advances to twenty largest borrowers to Total Advances of the applicable NBFC	1.19%

45.7.3.2 - Concentration of Exposures

(₹ in Lakhs)

	March 31, 2022
Total Exposure to twenty largest borrowers / customers	1,877.58
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the applicable NBFC on borrowers / customers	1.21%

45.7.3.3 - Concentration of Stage 3 assets

(₹ in Lakhs)

	March 31, 2022
Total Exposure to top four Stage 3 accounts	380.66

45.7.3.4 - Sector-wise Stage 3 assets

(₹ in Lakhs)

Sector (As certified by management and relied by Auditors)	Percentage of Stage 3 assets to Total Advances in that sector
Agriculture & allied activities	-
MSME	10.55%
Corporate borrowers	-
Services	-
Unsecured personal loans	-
Auto loans	-
Other personal loans	-

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2022

45.7.4 - Movement of Stage 3 assets

(₹ in Lakhs)

Particulars	March 31, 2022	March 31, 2021 – Restated
Stage 3 assets net of stage 3 provision to net advances (%)	4.71%	2.74%
Movement of Stage 3 (Gross)		
Opening balance	8,497.29	4,136.88
Additions during the year	16,434.54	8,295.95
Reductions during the year	(8,057.53)	(3,935.54)
Closing balance	16,874.30	8,497.29
Movement of Net Stage 3		
Opening balance	3,309.33	980.10
Additions during the year	4,535.51	2,773.86
Reductions during the year	(1,344.66)	(444.63)
Closing balance	6,500.18	3,309.33
Movement of provisions for Stage 3 (excluding provisions on standard assets)		
Opening balance	5,187.96	3,156.78
Provisions made during the year	11,899.03	5,522.09
Write-off / Write-back of excess provisions	(6,712.87)	(3,490.91)
Closing balance	**10,374.12**	**5,187.96**

45.8 Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

Name of the Joint Venture/ Subsidiary	Other Partner in the JV	Country	Total Assets
The company does not have any joint venture or subsidiary abroad, hence, not applicable.	NA	NA	NA

45.9 Off-balance Sheet SPVs sponsored

The company does not have any off balance sheet SPV sponsored.

45.10 Disclosure of Complaints

Customer Complaints (As certified by management and relied by Auditors)	Numbers
No. of complaints pending at the beginning of the year	11
No. of complaints received during the year	605
No. of complaints redressed during the year	616
No. of complaints pending at the end of the year	-

45.11 Asset Liability Management (ALM) Maturity pattern of certain items of Assets and Liabilities

(₹ in Lakhs)

Particulars	Deposits	Advances	Investments	Borrowings *	Foreign Currency assets	Foreign Currency liabilities
Over 1 day to 7 days	-	5,519.33	-	5,115.96	-	-
Over 8 days to 14 days	-	5,818.80	-	1,283.62	-	-
Over 15 days to 30 days	-	3,150.93	-	3,303.85	-	-
Over 1 month to 2 months	-	7,707.17	-	10,585.18	-	-
Over 2 months to 3 Months	-	7,448.60	-	3,789.01	-	-
Over 3 months to 6 months	-	22,146.92	-	26,428.52	-	-
Over 6 months to 1 Year	-	38,490.97	-	36,529.50	-	-
Over 1 year to 3 Years	-	37,255.89	-	35,359.44	-	-
Over 3 years to 5 Years	-	10,210.86	-	0.64	-	-
Over 5 Years	-	222.31	-	6,981.81	-	-
Total	**-**	**1,37,971.78**	**-**	**1,29,377.53**	**-**	**-**

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2022

Notes:

1. Borrowings include debt securities and borrowings other than debt securities (including External Commercial Borrowings).

2. The Company considers Put/Call option dates for the purpose of reporting maturity pattern of Borrowings including debt securities.

3. In the preparation of the above disclosure, certain assumption have been considered by the management which have been relied upon by the auditors.

45.12 Disclosure as per RBI notification DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 & RBI/DNBR/2016-17/45 DNBR.PD.008/03.10.119/2016-17 dated March 03, 2022- A comparison between provisions required under IRACP and impairment allowances made under Ind AS 109 'Financial Instruments'

(₹ in Lakhs)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	1,30,282.52	4,987.08	1,25,295.44	521.13	4,465.95
Standard	Stage 2	8,760.99	2,584.87	6,176.12	35.04	2,549.83
Subtotal		**1,39,043.52**	**7,571.95**	**1,31,471.56**	**556.17**	**7,015.78**
Non-Performing Assets (NPA)						
Substandard*	Stage 3	16,874.30	10,374.13	6,500.17	1,687.43	8,686.70
Total		**1,55,917.82**	**17,946.08**	**1,37,971.73**	**2,243.60**	**15,702.48**

*Includes asset classified as doubtful assets since specific identification/classification is not available. Accordingly RBI Provision is computed considering rate applicable for Substandard assets. Further, as per Company policy loan assets are written off at 240 DPD, hence loans written off are not included above.

45.12.1 Disclosures pursuant to RBI Notification - RBI/2021-22/32 DOR.STR.REC.12/21.04.048/2021-22 dated May 5, 2021

During the year, the Company has done One time Restructuring of loans amounting to ₹24,378.54 Lakh (cases: 3,472).

Note 46: 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 hence they are collectively operating under a single segment. The Company operates in a single geographical segment i.e. domestic.

Note 47: Transferred financial assets that are not derecognised in their entirety

The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities.

(₹ in Lakhs)

Particulars	For the year ended March 31,2022	For the year ended March 31,2021
Securitisations		
Carrying amount of the transferred assets (held as collateral)	17,229.87	3,536.28
Carrying amount of associated liabilities	15,928.75	3,421.36

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2022

Note 48: Registration of Charge

Company has created charges within the statutory period.

Note 49: Utilisation of Borrowed funds and share premium

(A) Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) 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;

(B) 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 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.

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For ASA & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration No: 009571N/N500006

per **Prateet Mittal**
Partner
Membership No. 402631
Place: Mumbai
Date: May 26, 2022

For and on behalf of the Board of Directors

Dhruv Khaitan
Chairman
(DIN 00002584)
Place: Mumbai

Piyush Khaitan
Managing Director
(DIN 00002579)
Place: Bengaluru

Arun Nayyar
Whole - time Director & CEO
Place: Mumbai

Deepak Goswami
Chief Financial Officer
Place: Mumbai

Tanushri Yewale
Company Secretary
(M.No A31273)
Place: Mumbai
Date: May 26, 2022

SCHEDULE TO THE BALANCE SHEET OF A NON-DEPOSIT TAKING NON-BANKING FINANCIAL COMPANY (AS REQUIRED IN TERMS OF PARAGRAPH 18 OF MASTER DIRECTION - NON-BANKING FINANCIAL COMPANY - SYSTEMICALLY IMPORTANT NON-DEPOSIT TAKING COMPANY AND DEPOSIT TAKING COMPANY (RESERVE BANK) DIRECTIONS, 2016

Amount in Lakhs

Particulars	Amount Outstanding	Amount Overdue
LIABILITIES SIDE:		
1 Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		
a. Debentures (other than falling within the meaning of public deposits*)		-
- Secured	72,315.93	-
- Unsecured	-	-
b. Deferred Credits	-	-
c. Term Loans	44,963.63	-
d. Inter-corporate loans and borrowings	-	-
e. Commercial Paper	-	-
f. Other Loans - Demand loans	5,115.96	-
* Please see Note 1 below		-
ASSET SIDE:		
2 Break-up of Loans and Advances including bills receivables [other than those included in(4) below]:		
a. Secured		1,55,917.82
b. Unsecured		-
3 Break up of Leased Assets and stocks on hire and other assets counting towards AFC activities		
i. Lease Assets including lease rentals under sundry debtors:		-
a. Finance Lease		-
b. Operating Lease		-
ii. Stocks on hire including hire charges under sundry debtors:		-
a. Assets on hire		-
b. Repossessed Assets		-
iii. Other Loans counting towards AFC activities:		-
a. Loans where assets have been repossessed		-
b. Loans other than (a) above		-
4 Break up of Investments:		
Current Investments		
1. Quoted		
i. Shares: a. Equity		-
b. Preference		-
ii. Debentures and Bonds		-
iii. Units of mutual funds		-
iv. Government Securities		-
v. Others		-
2. Unquoted		
i. Shares: a. Equity		-
b. Preference		-
ii. Debentures and Bonds		-
iii. Units of mutual funds		-
iv. Government Securities		-
v. Others		-

Amount in Lakhs

Particulars	Amount Outstanding	Amount Overdue
Long Term Investments		
1. Quoted		
i. Shares - Equity		-
- Preference		-
ii. Debentures and Bonds		-
iii. Units of mutual funds		-
iv. Government Securities		-
v. Others		-
2. Unquoted		
i. Shares - Equity		-
- Preference		-
ii. Debentures and Bonds		-
iii. Units of mutual funds		-
iv. Government Securities		-
v. Others		-

5 Borrower group-wise classification of assets financed as in (2) and (3) above :

Please see Note 2 below

Amount in Lakhs

Category	Amount net of provision		
	Secured	Unsecured	Total
1 Related Parties**			
a. Subsidiaries	-	-	-
b. Companies in the same group	-	-	-
c. Other related parties	-	-	-
2 Other than related parties	1,37,971.77	-	-
Total	**1,37,971.77**	**-**	**-**

6 Investor group-wise classification of all investments (current and long-term) in shares and securities (both quoted and unquoted):

Please see note 3 below"

Amount in Lakhs

	Market Value/ Break up of fair value or NAV	Book Value (Net of Provisions)
1 Related Parties**		
a. Subsidiaries	-	-
b. Companies in the same group	-	-
c. Other related parties	-	-
2 Other than related parties	-	-
	-	**-**

** As per Accounting Standard of ICAI (Please see Note 3)

7 Other information

Amount in Lakhs

Particulars	Market Value/ Break up of fair value or NAV
i. Gross Non-Performing Assets	
a. Related Parties	-
b. Other than related parties	16,874.30
ii. Net Non-Performing Assets	
a. Related Parties	-
b. Other than related parties	6,500.18
iii. Assets acquired in satisfaction of debt	-

Notes:

1 As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.

2 Provisioning norms shall be applicable as prescribed in the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

3 All Indian Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debts. However, market value in respect of quoted investments and break up/ fair value/ NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long-term or current in category (4) above.

NOTES

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