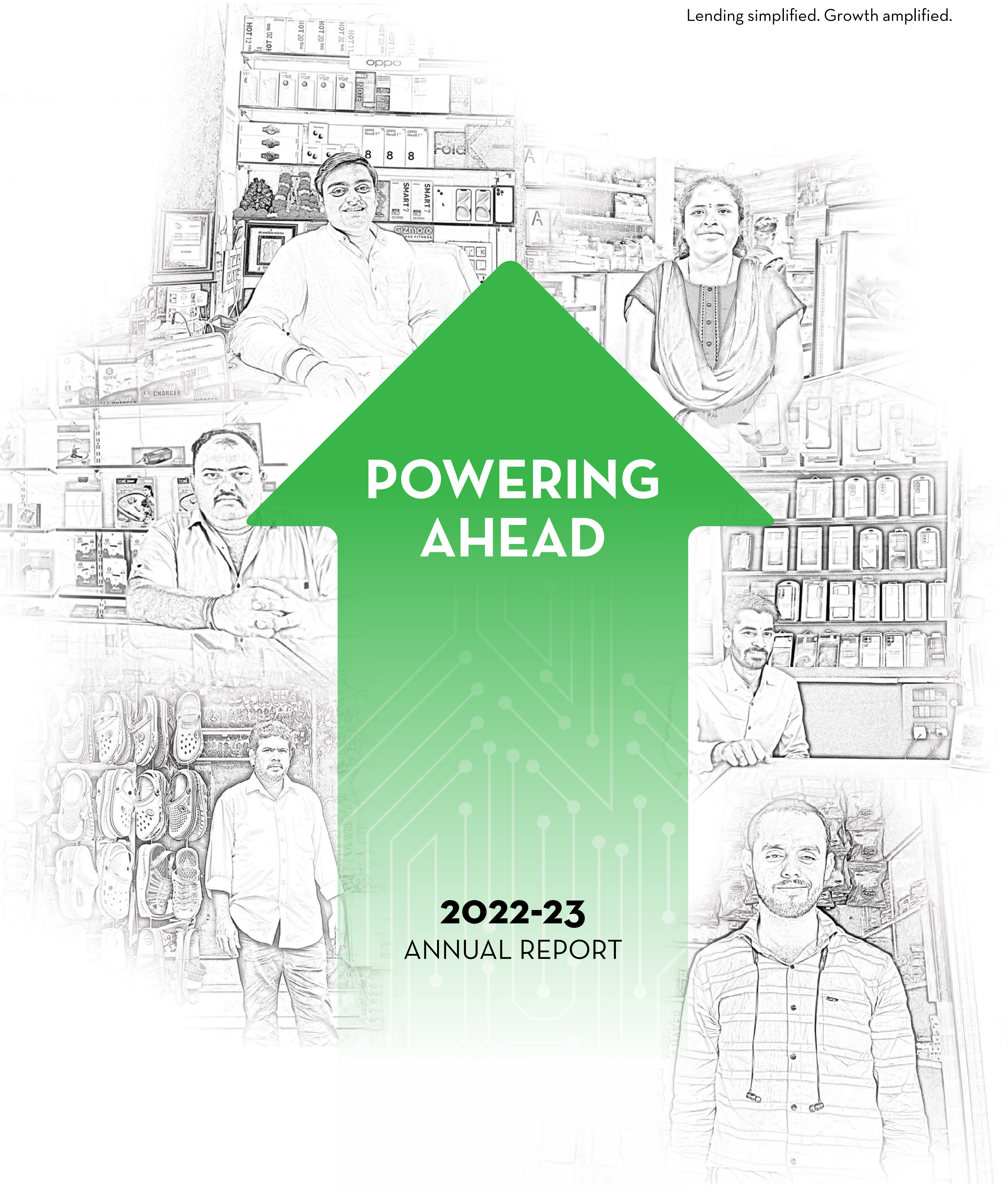
NEOGROWTH

Lending simplified. Growth amplified.



POWERING AHEAD

2022-23

ANNUAL REPORT

Contents

To read this report, visit online
https://www.neogrowth.in/annual-report/

POWERING AHEAD

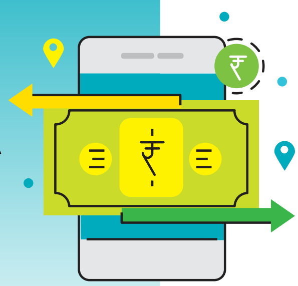
At NeoGrowth, we are powering ahead as a new-age digital lender for the MSME sector. The past year has been momentous for us, as we continued to grow and accelerate our business in multiple ways. We are proud to have launched new products, raised funds in the Series D round, successfully leveraged India Stack to optimise our processes, disbursed ₹10,000 crore to date, expanded to new locations, and are back to profitability post-COVID impact.

Our philosophy of keeping it simple by leveraging technology to expand the accessibility of credit drives our growth story. We believe that every small business in India deserves easy access to credit, and we are committed to providing just that to drive inclusive growth. Our dedicated efforts to enhance our capabilities and our scalable business proposition have made us well-equipped to serve the growing credit needs of our customers and enter the next phase of our journey.

Our vision goes beyond business growth, driven by a higher purpose of creating a positive impact in alignment with the United Nations Sustainable Development Goals. We believe that our value proposition has the power to create a ripple effect of meaningful change, not just in our ecosystem but in society as a whole, to drive India's socio-economic growth and for MSMEs to contribute to a larger share to India's GDP.

We are grateful for the unwavering support of our key stakeholders, and we promise to continue delivering on our mission to power ahead and make a real difference in the lives of small business owners across India by leveraging India's expanding digital landscape.

AS WE MOVE TOWARDS A STRONGER VERSION OF OURSELVES, WE ARE COMMITTED TO LEADING THE WAY IN THE DIGITAL LENDING SPACE AND CREATING A LASTING IMPACT THAT TRANSCENDS TIME AND PLACE. TOGETHER, WE CAN POWER AHEAD AND BUILD A BRIGHTER FUTURE FOR ALL.



NEOGROWTH
Lending simplified. Growth amplified.

Our Strong Performance

FINANCIAL HIGHLIGHTS

₹1,852 Cr
AUM

₹593 Cr
Net Worth

₹1,893 Cr
Total Disbursements

₹383 Cr
Total Income

₹24 Cr
Net Profit Before Tax

₹16.40 Lakhs
Average Loan Ticket Size

PROGRESS IN KEY RATIOS

32.7%
Capital to Risk Weighted Asset Ratio

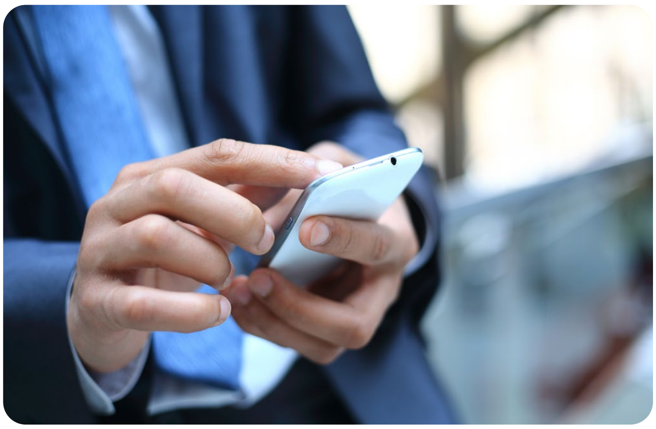
1.1%
Return on Assets

2.2%
Net NPA

Key Achievements FY 2022-23

CAPITAL INFUSION

- Series D equity round led by Dutch entrepreneurial development bank FMO and existing investors



OUR STRENGTH IN NUMBERS

Customers Engaged Since Inception
1,50,000+

Industry Segments
75+

Live borrowers
25,000+

Locations
25+

Channel partners
2,900+

States and Union Territories
15

NEW PRODUCT AND DIGITAL INTEGRATIONS

- Launched Accelerator, collateral-free term loan of up to ₹25 lakhs
- Among one of the first few NBFCs to go live on Account Aggregator

KEY IMPACT MEASURES

- **48%** loans extended to emerging businesses with vintage <= 5 years
- **35%** loans advanced to young entrepreneurs under 35 years of age
- **24%** loans extended to women borrowers
- **95%** reduction in paper usage per loan with end-to-end digital loan journey

GREAT PLACE TO WORK

Great Place To Work® Certified FEB 2023 – FEB 2024 INDIA™

4th consecutive year received the Great Place To Work certification

84% Trust Index Score against **70%** cut-off score

AWARDS AND RECOGNITION

We have been duly recognised as a small business focussed digital lender through a host of awards:

- Awarded **'Best MSME Lending Company of the Year'** at Quantic India's 2nd Annual NBFC & FinTech Excellence Awards 2023
- Won **'Content Marketing Award for Social Impact'** at Mint Marketing Award 2022
- Recognised for **'Best Analytics Implementation'** at Quantic India Technology Excellence Awards 2022
- Awarded for **'Excellence in Customer Centricity'** at Elets 12th NBFC100 Tech Awards 2022
- Won **'Best Big Data/AI/ML Initiative'** for 'HireSmart'-HR analytics tool, at the NBFCs Tomorrow Conclave & DNA Awards 2022 By Banking Frontiers

Founder & Chairman's Message

THE UNIFIED PAYMENTS INTERFACE (UPI), A LAYER OF THE INDIA STACK, HAS BEEN A GAME-CHANGER, PROPELLING INDIA TO THE FOREFRONT OF REAL-TIME DIGITAL PAYMENTS BY ACCOUNTING FOR NEARLY 40% OF ALL SUCH TRANSACTIONS WORLDWIDE.

Dear Shareholders,

I am delighted to present NeoGrowth's Annual Report for the financial year 2022-23. With our extensive industry knowledge, customer-focussed strategy and strong digital capabilities, we have been able to effectively cater to the credit requirements of India's MSMEs while creating significant value for all our stakeholders.

Amidst the global economic downturn, the Indian economy has demonstrated remarkable resilience and emerged as a shining beacon of stability and growth. As per the recently released RBI data, the Indian GDP grew by 7.2% in FY 2022-23, amidst global volatility.[1] In contrast, as per the International Monetary Fund (IMF) data, the global economy grew by just 3.4% during 2022[2], indicating India's lesser dependence on global demand. The GDP growth in FY 2022-23 has propelled India's economy to $3.3 trillion, bringing it closer to its $5 trillion target. Additionally, India's growth has been spurred by an uptick in private investment, backed by favourable government policies.

Looking ahead, India is poised to lead the global economy, a feat not achieved in many decades. The IMF projects that India's economy will grow by 6.3% in FY 2023-24[3]. One of the key factors driving this economic transformation is India's rapidly growing digital economy. Built on the India Stack, a comprehensive digital identity, payment, and data-management system, India's digital infrastructure is revolutionising the way goods and services are being accessed and delivered across the country.

Aadhaar ID

A distinctive 12-digit identification number derived from biometric and demographic information

DigiLocker

A digital platform that enables the issuance and authentication of documents through cloud storage linked with Aadhaar

UPI

Enables instant money transfers between all bank account holders using smartphones, eliminating the need for sharing bank account details

e-Sign

Replaces traditional paper-based signatures by enabling Aadhaar holders to electronically sign documents

e-KYC

Paperless KYC method where the subscriber's identity and address are electronically validated through Aadhaar

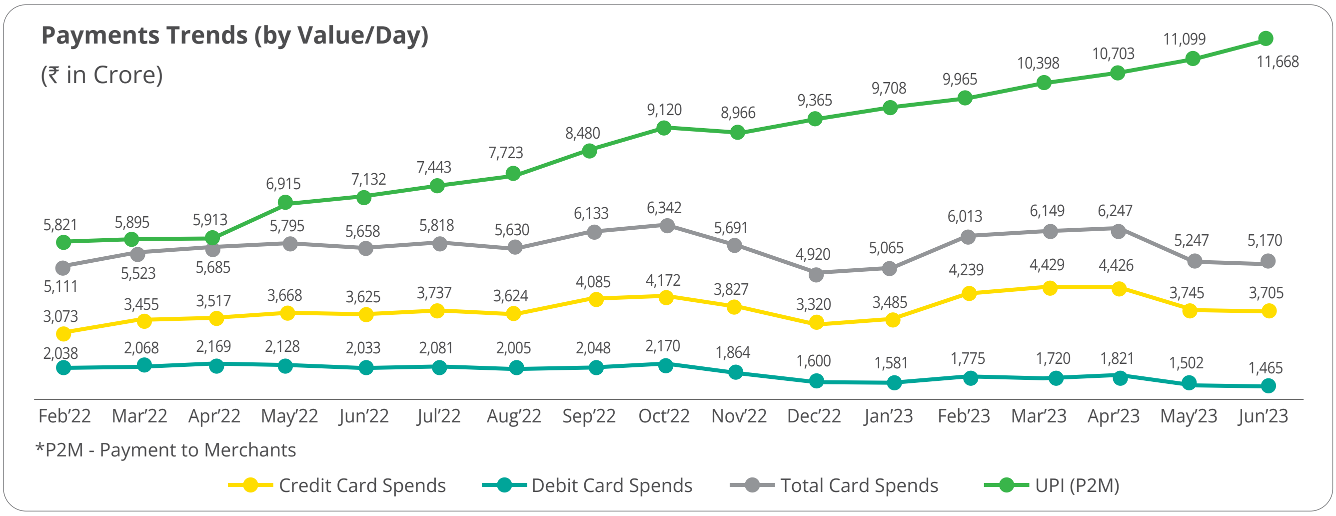
Account Aggregator

Helps an individual securely and digitally access and share information from one financial institution they have an account with to any other regulated financial institution in the AA network

[1] https://timesofindia.indiatimes.com/business/india-business/indias-gdp-grows-by-7-2-in-fy23-govt-data/articleshow/100651861.cms?from=mdr
[2] https://www.imf.org/en/Publications/WEO/Issues/2023/04/11/world-economic-outlook-april-2023
[3] https://economictimes.indiatimes.com/news/economy/indicators/world-bank-trims-india-growth-forecast-but-lifts-global-outlook/articleshow/100800788.cms

The Unified Payments Interface (UPI), a layer of the India Stack, has been a game-changer, propelling India to the forefront of real-time digital payments by accounting for nearly 40% of all such transactions worldwide. Today, most small retail payments in India are routed through the UPI.

It is estimated that nearly 65% of all payments in India will be digital by 2026 in terms of value[4]. India's retailers are increasingly adopting UPI as their primary mode of transacting with their customers. NeoGrowth recently conducted a survey with approx. 4000 retailers, and 70% said that UPI will be the driver of digital sales for them.



Source: RBI, NPCI, NeoGrowth Analysis

Factors such as expanding merchant acceptance, digitisation of value chains, and establishment of financial services marketplaces in underpenetrated segments will primarily drive the rapid growth of digital payments in India. As MSMEs enhance their digital footprint, they become more visible to banks and financiers, and can effortlessly access credit as financial institutions can use digital data to more accurately assess credit risks.

Moreover, India's anticipated rapid economic growth will lead to an increase in opportunities for MSMEs to expand their operations. The robust backing of the Indian government for this sector is also poised to stimulate its future development.

Throughout the year, we continued to strengthen our position as a leading digital lender to support MSMEs in overcoming funding challenges and fuelling business growth. The infusion of funds from marquee investors further solidified our capital position, enabling us to better empower MSMEs. Our customer-centric approach also involved expanding our product portfolio, growing our reach, and leveraging the digital payments ecosystem, Account Aggregator (AA) network, and India Stack to help MSMEs transition to online operations.

We firmly believe that our employees are the driving force behind our success. Our focus on providing a supportive and nurturing work environment that fosters personal and professional growth has been recognised for the fourth consecutive year with the Great Place to Work® Certification. We have introduced several new capability-building programmes that enable our team members to develop advanced skills and progress seamlessly to senior roles.

Our responsibility to give back to the communities where we operate is a top priority for us. We strive to create a positive impact on the environment, society and economy through our business practices. We remain dedicated to promoting the well-being of our communities and contributing to a better world.

Looking forward, we will continue to uphold our mission of empowering MSMEs through digital transformation and innovation. We remain steadfast in our commitment to provide exceptional service to our customers, and we would like to express our gratitude to all our stakeholders, including our valued partners, creditors, employees and shareholders, for their unwavering support. With your continued trust and support, we are confident that NeoGrowth will continue to create sustainable value for all.

Warm Regards,

Piyush Khaitan
Founder & Chairman

[1]https://www.prnewswire.com/in/news-releases/digital-payments-in-india-projected-to-reach-10-trillion-by-2026-phonepe-pulse-and-bcg-release-report-on-digital-payments-876213993.html

MD & CEO Message

Message from the MD & CEO

THE GROWING DIGITAL PENETRATION IN THE ECOSYSTEM, AND OUR STRENGTHS IN DIGITAL LENDING AND CUSTOMER CENTRICITY ENABLED US TO ACHIEVE IMPRESSIVE FINANCIAL RESULTS FOR FY 2022-23.

Dear Shareholders,

NeoGrowth deeply values your trust and is committed to delivering value and driving positive impact. During the reporting period, we achieved significant operational milestones, which position us to further advance our mission of facilitating access to credit while driving superior business performance. We are constantly embracing new digital innovations to simplify credit for MSME customers. We were the early adopters in integrating the Account Aggregator framework.

Performance Review

The growing digital penetration in the ecosystem, and our strengths in digital lending and customer-centricity enabled us to achieve impressive financial results for FY 2022-23. We closed the year with a strong quarter and a profitable year. Our profit before tax was ₹23.63 crore for FY 2022-23. Our disbursements for FY 2022-23 were ₹1,893 crore. Our Assets Under Management (AUM) also saw a healthy growth, reaching ₹1,852 crore at the end of the fiscal year, representing an increase of ~19% from the previous year. Our Capital to Risk-Weighted Assets Ratio (CRAR) stood strong at 33%, well above the statutory requirement of 15%. Reflecting our unwavering focus on maintaining asset quality, our Net NPA ratio stood at 2.2%.

Our total net worth was ₹593.27 crore and Debt/ Equity ratio at 2.31 as on March 31, 2023.

Capital Infusion

The year's highlight was the closure of Series D equity fundraising round led by Dutch entrepreneurial bank FMO and existing investors, at ₹276 crore ($35 million). FMO's investment stood at ₹160 crore ($19.2 million) of the total equity infusion.

The capital infusion by our investors and lenders has strengthened our overall capital position and will accelerate our growth plans. We are utilising the funds to scale geographical expansion and consolidation along with further developing our digital lending product portfolio.

Stakeholder Connect

Throughout the year, we implemented a range of initiatives to strengthen our relationships with key stakeholders. Ajinkya Rahane continues to remain our brand ambassador, helping us promote our various products across small businesses in India. We organised several customer engagement events, such as the MSME Festival and Loan Mela, to enhance our connections with customers. The launch of '40 under 40 Promising Leaders' and 'Digital Lending Stalwarts' has further deepened our connect with our distribution network by recognising outstanding contributions by our Younite Partners.

Our new initiative, NeoInsights, utilises our large pool of MSME data and in-house resources to analyse India's evolving MSME ecosystem. These insights are shared with the industry in various formats to spark new ideas and disseminate valuable information. So far, we have released four reports under NeoInsights.

Our employees have always been our greatest strength and their continued dedication has enabled us to make important strides in the year. We implemented several initiatives under our employee engagement framework to support our employees' holistic development; we have been felicitated with the Great Place To Work certification for the fourth consecutive year.

Outlook

According to the NeoGrowth MSME Business Confidence Study 2023, 75% of MSME owners expect to avail a business loan for various needs this year, while 60% plan to increase investments in technology. India is experiencing high growth driven by a consumption-led market with rising purchasing power and evolved aspirations. The digital payments ecosystem, spearheaded by UPI, presents a huge opportunity to extend credit to MSMEs and reduce the existing credit gap in India.

At NeoGrowth, we are well-positioned to capitalise on these emerging opportunities for MSME credit and propel the next phase of our growth journey. Our

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confidence emanates from our unique strengths, strong balance sheet and our ability to successfully leverage the evolving digital payments ecosystem, Account Aggregator and India Stack.

Last but not the least, we extend our gratitude to all our stakeholders for their unwavering support. Your trust in our capabilities has paved the way for an exciting growth trajectory in the coming years and beyond.

In the coming year, we will continue to power ahead with our strong digital capabilities, resilient digital payments-based lending model, strong risk and governance mechanisms and a diverse and dedicated workforce.

Thank you,

Arun Nayyar
Managing Director & Chief Executive Officer

NeoGrowth Ecosystem

Empowering MSMEs Digitally

NeoGrowth Credit Private Limited (NeoGrowth) offers innovative digital lending solutions to Micro, Small and Medium Enterprises (MSMEs), the backbone of India's socio-economic growth. We are a Systemically Important, Non-Deposit taking RBI Registered Non-Banking Financial Company (NBFC-ND-SI) and a founding member of the Digital Lender's Association of India.

ABOUT US

With over a decade's experience in serving the credit needs of India's MSMEs, we offer a dynamic range of loan offerings. We leverage the Indian digital payments ecosystem and India Stack in our products. Through our digitally-enabled loan offerings, we have served 1,50,000+ MSMEs and disbursed over $1 billion in loans to support their growth ambitions and create a positive impact on their lives.

Our Assets Under Management (AUM) stood at ₹1,852 crore at the end of FY 2023, at a 10-year CAGR of 123%.

We cover MSMEs across 75+ industry segments, right from modest neighbourhood Kirana stores to friendly eateries and even to chic salon operators in over 25+ locations in India.

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 creditworthiness of small businesses and helps our customers in unlocking their true potential.

Our esteemed Board of Directors comprises industry veterans with diverse experience, who continue to guide our 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 thrives on the three core values of accountability, customer focus and innovation. All our products, processes and services stand by these values, helping us gain a competitive edge in the evolving marketplace.

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

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OUR STRENGTHS

Strong leadership
Rich experience in financial services across the management and leadership team

Unique lending model
Digital payments-based lending solutions with omnichannel route to market; offering daily repayment option

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

Analytics-led digital platform
Leveraging data analytics, digital ecosystem and technology tools for a flow-based underwriting model

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

Diverse product portfolio
Driving financial inclusion by offering innovative collateral-free and secured loan products to meet evolving customer needs

PROMINENT INVESTORS BACKING OUR VISION

OMIDYAR NETWORK

lightrock

khosla impact

QUONA

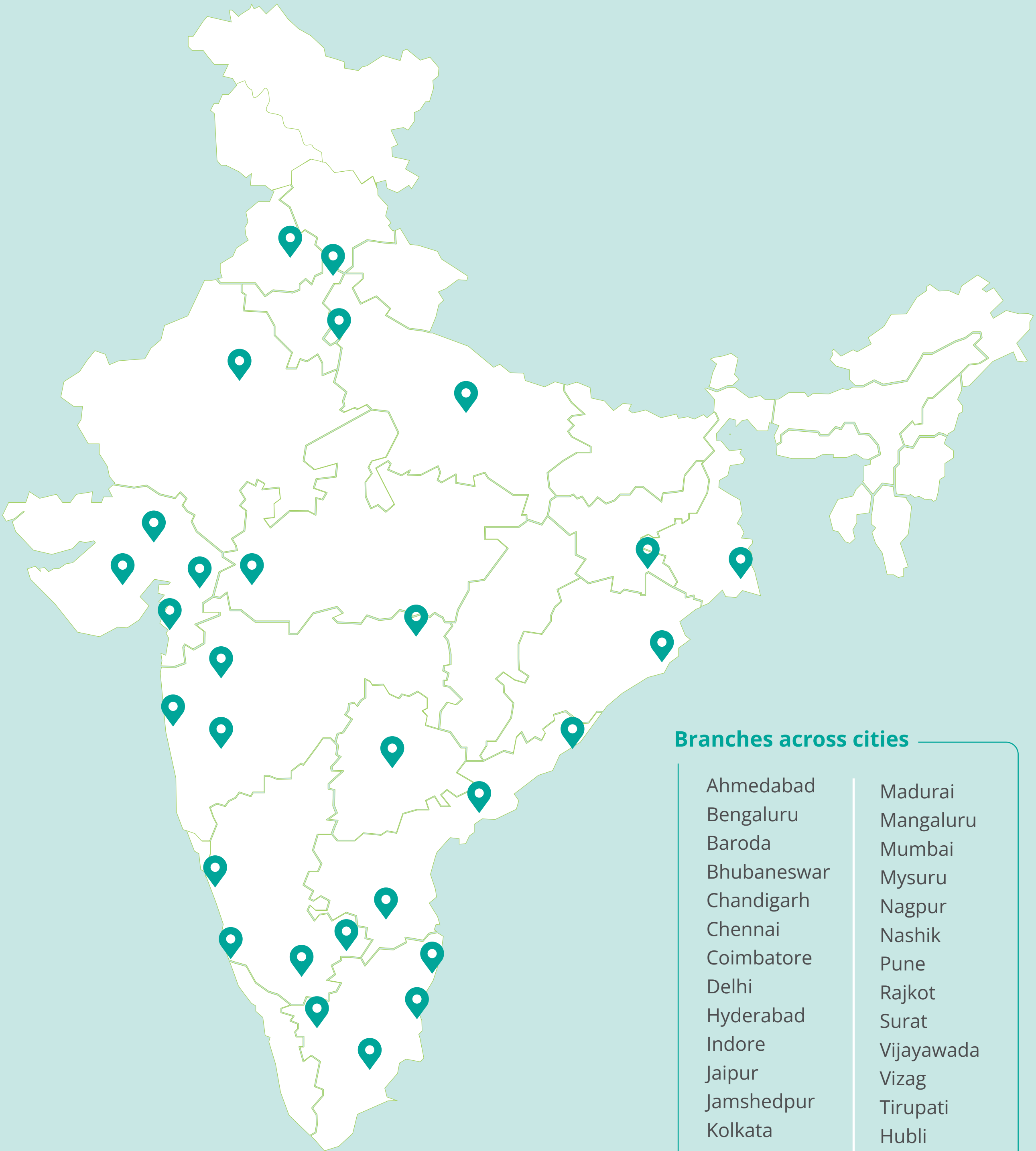
asset 360 ONE

LEAPFROG INVESTMENTS

FMO Entrepreneurial Development Bank

Our Growing Footprint

We continue to expand into new locations to extend credit to a larger segment of small businesses spread across the breadth and length of the country and help them thrive.



Map not to scale. For illustrative purposes only

Branches across cities

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

Our Diversified Product Basket

Unique Product Suite for Various Business Needs

Our innovative product offerings, Retail Finance and Supply Chain Finance, meet the diverse business need for funds of our MSME customers. Our unique offerings help us to better serve, engage and understand the evolving customer segment. Our products come with multiple repayment options and end-to-end digital loan journey.

We offer loans to small businesses, based on underwriting of their digital transactions and cash flows to assess business health. MSMEs are the architects of India's economy. We cater to the credit needs of India's creditworthy MSMEs, promoting financial inclusion and economic growth for more underserved and unserved MSMEs. We are keeping it simple for MSMEs to access finance by leveraging the digital ecosystem and India Stack. We are constantly innovating to bridge the MSME credit gap in India. Our customised products serve various purposes which include funding working capital requirements, business expansion plans and so on.

To widen our financial outreach and create a positive social impact, we extend our offerings to women entrepreneurs, first-time borrowers, MSMEs in Tier-II cities, etc. to help them become self-reliant.

We help small businesses by providing quick loan approval and disbursal via an end-to-end digital journey. We are also live on the Account Aggregator ecosystem to strengthen digital lending for MSME borrowers across our offerings.

SERVING THE CREDIT NEEDS OF MSMEs ACROSS SEGMENTS

We serve a wide range of industries

- Apparel
- Auto & Ancillaries
- Book Stores
- Bakery
- Consumer Durables
- Electronics
- Education Institutions
- Food & Beverages
- Furniture & Home Furnishings
- Footwear
- General Stores
- Groceries
- Hospitals
- Interior Decorators
- IT Services
- Jewellery Stores
- Manufacturers
- Opticians
- Petrol Pumps
- Pharmacies
- Repair Shops
- Spa & Salon
- Sanitary Stores

RETAIL FINANCE

61% OF AUM

Retail Finance products help our consumer facing businesses. Our retail flow-based lending comes with end-to-end digital journeys, processes & loan fulfilment right from onboarding to disbursal with minimal or no touchpoints with the customers.

NeoCash Insta (25% of AUM)

- End-to-end digital lending to micro retailer segment

Ticket Size

Up to ₹15 Lakhs

NeoCash Express (19% of AUM)

- Captures small scale customers by leveraging digital processes

Ticket Size

₹16 - 25 Lakhs

NeoCash Regular (16% of AUM)

- Retailers with sizeable business

Ticket Size

₹25 - 75 Lakhs

SUPPLY CHAIN FINANCE

37% OF AUM

Our Supply Chain flow-based lending is suited to serve the credit needs of customers' vendor, manufacturers, suppliers or service providers serving large corporates.

Vendor Finance (20% of AUM)

- Finance sales of small businesses to large corporates

Ticket Size

Up to ₹75 Lakhs

Purchase Finance (6% of AUM)

- Finance purchase of small businesses from large corporates

Ticket Size

Up to ₹75 Lakhs

Accelerator (12% of AUM)

- Financing emerging MSMEs on path to build strong business linkages with large corporates

Ticket Size

Up to ₹25 Lakhs

PLUS LOANS

2% OF AUM

The recently launched NeoGrowth Plus Loan suite of secured lending solutions strives to supplement our existing lending offerings. Our Plus Loans are targeted to retailers, manufacturers, suppliers, distributors, traders, dealers, and service providers who wish to get the maximum loan against their residential, commercial, warehousing or industrial property.

- Secured by Property

Ticket Size

Up to ₹75 Lakhs

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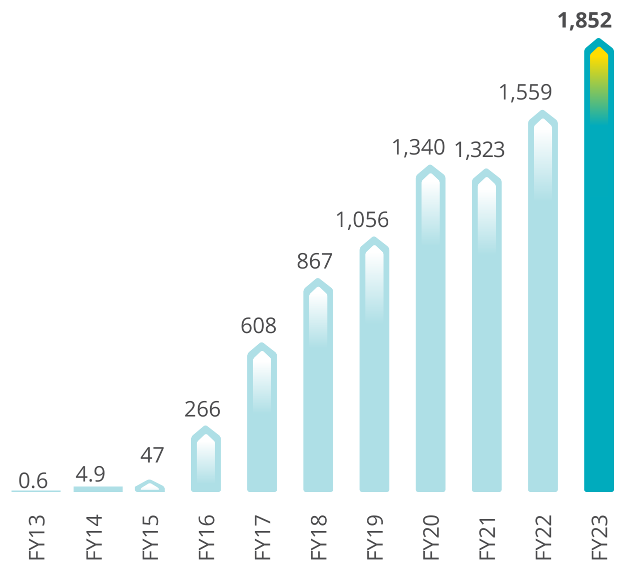
Key Performance Indicators

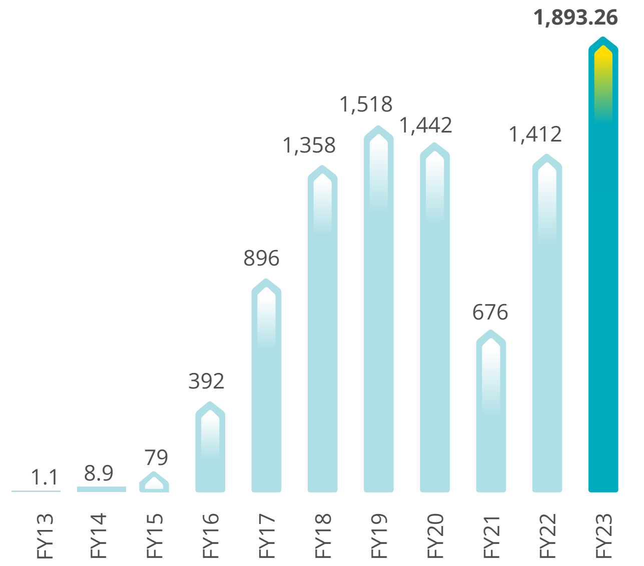
AUM

(₹ In Crore)



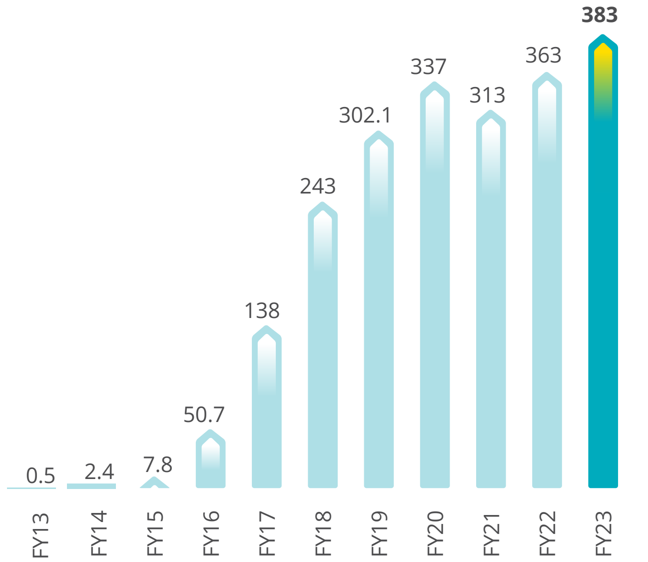
Disbursements

(₹ In Crore)



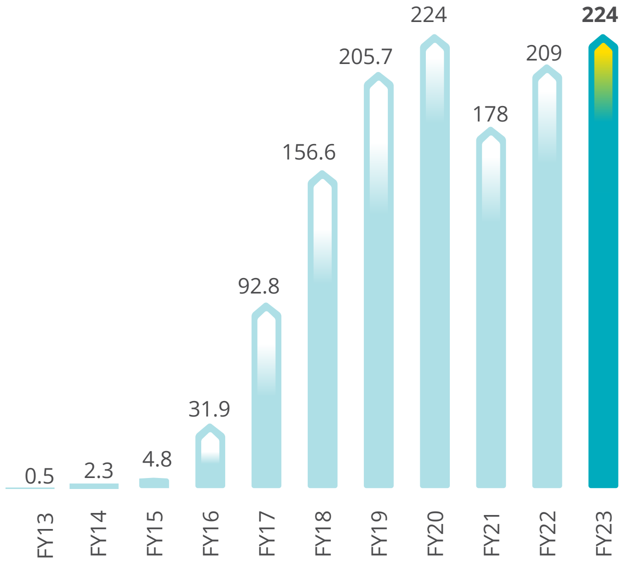
Total Income

(₹ In Crore)



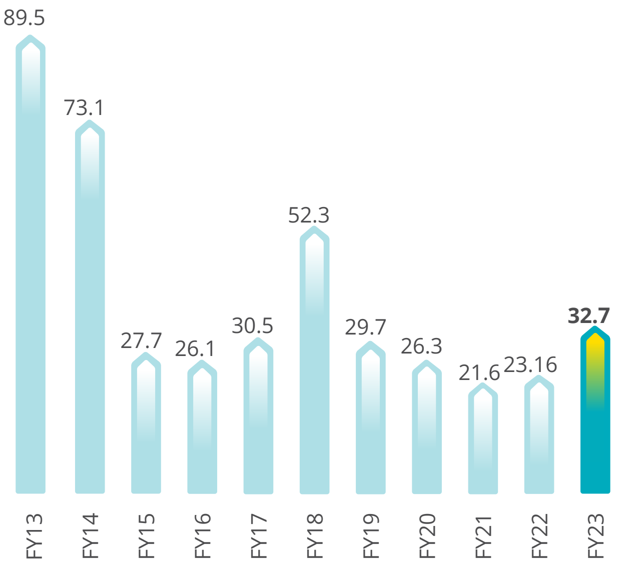
Net Interest Income

(₹ In Crore)



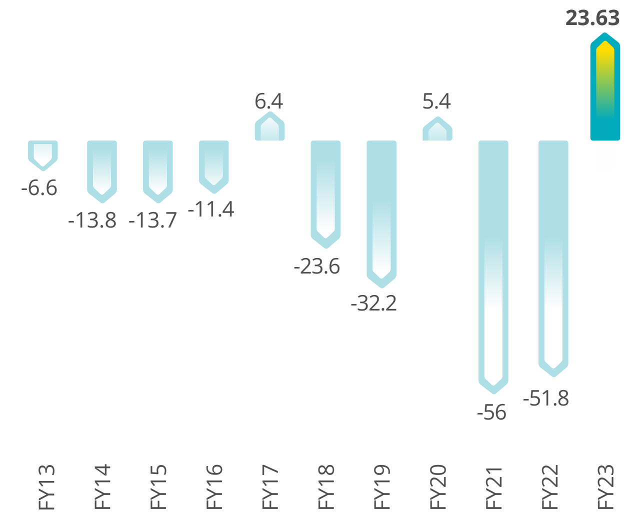
CRAR

(%)



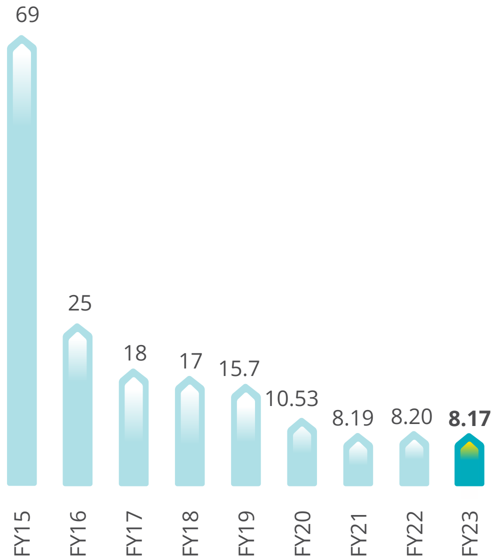
Profit Before Tax

(₹ In Crore)



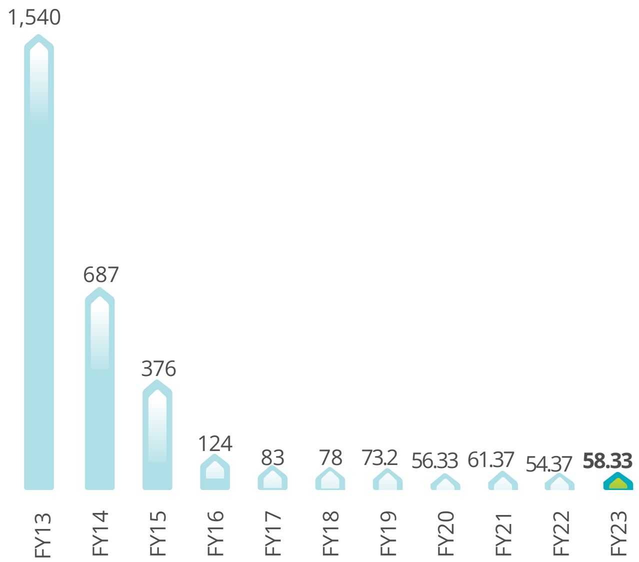
Operational Cost to AUM

(%)



Operational Cost to Net Interest Income

(%)



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Operating Environment

LEADING THE WAY

Digitally-enabled NBFCs are transforming the Indian lending ecosystem with their unique lending models that integrate the best of digital and traditional credit features. NBFCs are leveraging technology to increase digital penetration across the MSME segment to reduce the widening credit gaps and enrich customer experiences.

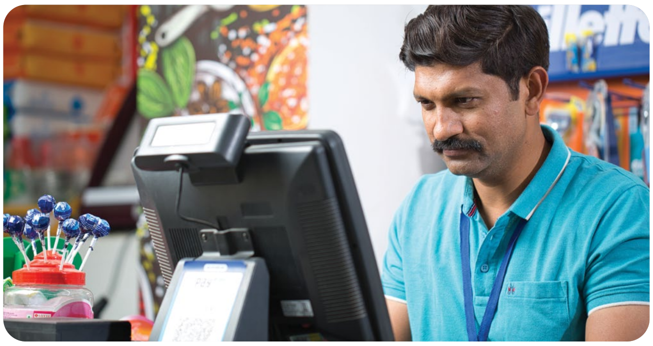
MSMEs are an integral part of the Indian economy, contributing significantly to the country's socioeconomic development by creating job opportunities and promoting entrepreneurs while reducing poverty and regional imbalances. To encourage more MSME participation to boost India's GDP, the Government of India has introduced various MSME-oriented initiatives.

NBFCs offer competitive interest rates, and quick and easy loans even for borrowers with low credit history, enabling high credit offtake for the sector. NBFCs are poised for growth backed by a risk-calibrated approach, strong capital buffers, requisite provisions and adequate liquidity measures.

TAPPING HUGE MSME CREDIT GAP

The MSME sector in India accounts for over 30% and 45% of the country's annual GDP and overall exports respectively. The sector provides employment to around 110 million people and is the second largest employer in India, next only to the agriculture sector. The Government of India strives to provide an enabling environment for MSME growth as they are the key player in the Indian economic value chain.

Despite its significance to the Indian economy, the MSME sector faces a huge credit gap. A key MSME challenge relates to the timely and sufficient availability of credit to boost its overall development. As many MSMEs primarily undertake cash-based transactions, financial institutions find it difficult to assess their credit scores. There is also the challenge of lack of proper documents apart from low credit history faced by MSMEs. Such issues prohibit lenders from offering credit, leading to an increased credit gap.



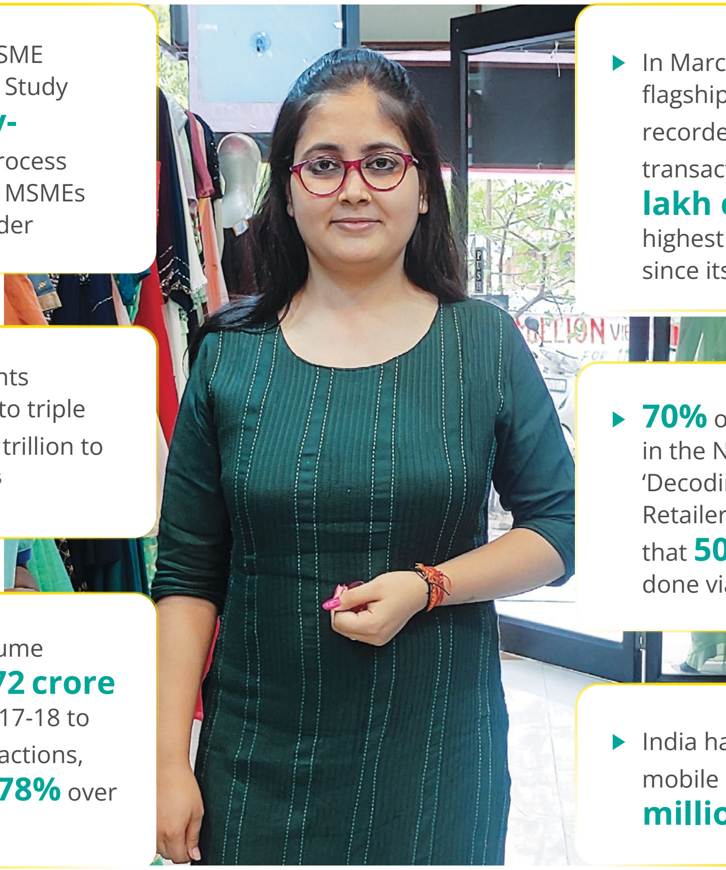
DIGITALLY ACCELERATED GROWTH

India's financial sector has adopted digital technologies rapidly in recent times to accelerate growth and competitiveness. High-speed internet, increased smartphone use, low-priced internet plans and the government's 'Digital India' vision to transform India into a digital and cashless economy via mechanisms like UPI are spearheading this digital transformation.

- In the NeoGrowth MSME Business Confidence Study 2023, the **digitally-enabled loan** process took the top spot for MSMEs when choosing a lender

- India's digital payments industry is expected to triple from the current **$3** trillion to **$10** trillion by 2026[5]

- Digital payments volume increased from **4,572 crore** transactions in FY 2017-18 to **12,735** crore transactions, indicating a rise of **178%** over the past three years[6]



- In March 2023, UPI – India's flagship payment platform recorded **865 crore** transactions valued at **₹14.05 lakh crore**, a record highest number of transactions since its inception in 2016[7]

- **70%** of the MSMEs surveyed in the NeoGrowth study, 'Decoding Digital Payments – A Retailer Perspective', believe that **50%** of their sales will be done via UPI

- India has over **1.2 billion** mobile phone users and **600 million** smartphone users

[5]https://cio.economictimes.indiatimes.com/news/next-gen-technologies/indias-digital-payments-market-will-more-than-triple-to-10-trillion-by-2026-report/98535279#:~:text=4%20min%20read-,India's%20digital%20payments%20market%20will%20more%20than%20triple%20.
[6]https://government.economictimes.indiatimes.com/news/digital-payments/rbi-draws-new-credit-line-for-digital-payments-via-upi-as-transactions-swell-178-in-3-years/99292546
[7]https://government.economictimes.indiatimes.com/news/digital-payments/rbi-draws-new-credit-line-for-digital-payments-via-upi-as-transactions-swell-178-in-3-years/99292546

Strategic Priorities

Strong Digital Ecosystem

NeoGrowth is all set to enter the next phase of its growth journey to become a stronger version of itself. Our growth is expected to ride on India's rapidly expanding digital payments ecosystem, our robust data and analytics strengths, understanding of MSMEs and their needs, and our digital capabilities.

As a digital-focussed MSME lender, we adopt the latest technologies across all our processes to create an easy and seamless experience for our customers while fostering financial inclusion. Enabling a digital ecosystem for lead generation, loan origination, sanction, disbursement, and collections has resulted in straight-through operations and simplified customer journey.

Robust Inhouse Tech and Digital Architecture

- Scalable, Flexible, Agile systems capable of handling variable load and data volumes, use cases complexities and integrations across different operations
- Observable and Reliable performance monitoring and measuring for consistency and accuracy

INNOVATIVE DIGITAL LENDING OFFERINGS

For NeoGrowth, the Account Aggregator and Digital KYC have been the biggest disruptors during the year.

Integrating Account Aggregator

To leverage the expanding Account Aggregator (AA) ecosystem, we integrated with AA during FY 2022-23. It helped us improve our first time right (FTR) and get accurate banking data of our customers via a safe and secure fraud-proof channel. Thus, improving turnaround time and productivity!

Automating Business KYC document fetch with GST integrations

Majority of our customers are proprietors. With digital KYC, we are able to access the authentic KYC and banking data quickly and directly from the source, leading to quicker application processing turnaround time. This results in enriched customer experience and improved resource productivity.

SIMPLIFIED DIGITAL CUSTOMER ONBOARDING JOURNEY

Digital Onboarding → Intelligent System-based Decisioning → Account Aggregator based banking → Aadhaar-based KYC and Signing → Dedicated Customer App and Call Support → AI & ML-based Models for Pre-approved Loan

Sales App

Insta · **CRM**

Customer Onboarding

DIY: Customer can Apply for loan in very simple 3 steps

Assisted: Strong field team to assist for loan application

e-KYC

Eligibility

Quick Eligibility evaluation in real time for faster loan processing

Account Aggregator & Scorecard

GST

Loan Sanction

Automated Assessment of Banking and financials for faster loan processing

Inhouse LOS/LMS

E-Sign

Loan Disbursal

Digital signing of documents and 2-day disbursal for customer delight

Customer App

e-NACH

Loan Management

Digital loan management with e-NACH and multiple payment options

Digital Payments

Pre-Approved Offers

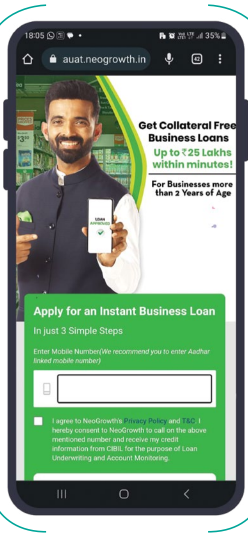
Renewal and Top-up

Instant Renewal offer for upgrading existing loan basis

Please refer to page 50 in MD&A for detailed descriptions.

END-TO-END DIGITAL JOURNEY

- Web-based loan application journey for proprietor and retailer customers who complete the loan application by themselves
- Complete Digital application with no physical paper required



- Seamless tech processes for assessment and disbursement
- Digital touchpoints for customer service and loan management

DATA-DRIVEN INTELLIGENCE ACROSS THE VALUE CHAIN

We heavily leverage data and analytics for objective and data-backed decision-making. 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. Our digital assets and systems are deeply integrated with each other for seamless data and information flow across the value chain.

A 360-degree application of analytics:

Sourcing

- Omnichannel client touchpoints
- Sales app based onboarding journey
- Younite Platform with digitised lead sharing to Payouts
- Seamless data pull through account aggregator and Video KYC

Underwriting

- Agile in-house loan management platform
- NeoScore-algorithmic banking analysis
- Scorecards for underwriting
- Bureau integration

Customer Service

- Daily repayment capabilities, multiple modes of repayment acceptance
- CRM platform for sales funnel management & customer service
- 360-degree customer experience through Web and App

Portfolio Management

- Portfolio Monitoring & Early warning signs framework
- Supervised Machine Learning
- Smart DataMarts and tableau analytics

Collections

- Efficiency through intensity/capacity management
- Analytics-powered auto allocation of collection agents
- Single click repayment capabilities
- Daily monitoring
- Collections field force digitisation

DYNAMIC RISK MANAGEMENT

Our dynamic risk management model retains a conventional approach while focussing on optimising revenue and profitability risks.

NEOGROWTH RISK MANAGEMENT MODEL

ROBUST RISK FRAMEWORK

Selection Framework/ Underwriting Approach

- Segmented risk management approach; balance of straight-through underwriting and physical verification
- Objective credit decisions driven by scorecards by consuming data from numerous sources – CIBIL, Banking, Financials
- Proactive policy measures leveraging data and analytics

Portfolio Monitoring

- Robust data infrastructure with availability of structured data driving risk management through analytics-based models
- Behavioural scorecards to provide sharp risk segmentation providing modularity to risk selection process

Collection Process

- Digital modes of repayments with wide range of frequencies prioritising NG receivables
- Portfolio segmentation providing insights and priority for maximum Impact
- Multiple customer touchpoints with optimum mix of field resources, remote connect, payment gateways, legal tools

Key NeoGrowth Initiatives to Combat Risk

AI-enabled Video KYC	Feature for remote customer identity verification to prevent fraud and error
Account Aggregator	To get verified customer bank account in an easy and aggregated manner, eliminating the need for physical bank statements and enabling frictionless onboarding
Analytics, Technology and Strategy (ATS)	Enable collections approach
Seamless Digital Experience	For customers with end-to-end digital loan processing with 100% digital workflows eliminating physical touchpoints and approval within minutes
Digital KYC by leveraging India Stack	To obtain the customer's PAN and Aadhaar digitally
Aadhaar-based E-Sign	For Digital Agreements and multiple APIs for enhancing stakeholder's digital journey
E-Nach mandates	As a single physical touchpoint for cheque collection
Score-based assessment	To evaluate instant eligibility checks in the digital journey
Digital Assets	For various stages of loan journey
Customer App	To help customers access and manage their loan accounts

Strengthening the Brand

Deepened Engagement with Stakeholders

We focus on year-round engagement and brand visibility for NeoGrowth, undertaking various stakeholder engagement initiatives to strengthen our relationship, increase visibility and reward them in their growth journey.

OUR BRAND AMBASSADOR

Ajinkya Rahane has been associated with NeoGrowth since 2021 as the Company's brand ambassador. Rahane, known for his consistency, reliability, and hard work, is a perfect fit and holds immense resonance with the journey of India's small businesses, who continue to forge ahead despite setbacks.

The ace cricketer has helped us promote our diverse product offerings to small and medium-sized businesses across India and increase our audience outreach while building trust and credibility among potential customers.

Through Rahane's presence, we have managed to successfully establish a deeper connection with both our internal and external stakeholders.

MSME FESTIVAL
STRONG BONDS = STRONGER BRAND

NeoGrowth MSME Festival was launched on World MSME Day, June 27, 2022. We felicitated and rewarded the growth journeys of our customers and partners as part of the MSME festival.

The event was organised across 3 locations – Mumbai, Bengaluru and Hyderabad. The MSME Festival helped us connect with our stakeholders, build long-term relationships and create a positive impact.

Visit the website to know more.
https://msmefestival.neogrowth.in/

We introduced new award categories to felicitate and reward our customers and partners in their growth journey.

- Business Champion Awards
- Younite Partner Awards
- 40 under 40
- Digital Lending Stalwart

DIGITAL OUTCOMES

2.6 Mn
Impressions

2 Mn
Reach

3 Lakh+
Engaged users

STAKEHOLDER ENGAGEMENT

500+
Employees Engaged

750+
Customers Engaged

80+
Partners Recognised

BUSINESS CHAMPION AWARDS

Our customers showcasing a resilient growth journey were awarded the Business Champion Awards. The festival served as a platform for them to talk about their entrepreneurial journeys.

20+

Customers awarded in events organised across 3 cities

"NeoGrowth for me is a lifeline. For all entrepreneurs, these loan amounts create a positive impact and give you the strength to move ahead irrespective of the challenges and circumstances. NeoGrowth was there for us as support when we needed them."

- Mrs. Pavithra YS, *Bengaluru*

"Getting a loan amount via any organisation is a big thing and getting a loan with less documentation and in a short time is a very good thing. NeoGrowth is 100% beneficial to all the businessmen associated with them. I am one of the businessmen associated with NeoGrowth and they have been very helpful."

- Mr. Shyam Shankala, *Hyderabad*

YOUNITE PARTNER AWARD

PARTNER ENGAGEMENT INITIATIVES

To celebrate the contribution of our robust channel partner network, we felicitated our Younite partners under '40 under 40' and 'Digital Lending Stalwart' categories during the MSME festival.

80+
Younite Partners Awarded across

25+
cities pan India

'40 UNDER 40' AWARDS

Felicitating the young promising Younite Partners under 40 years of age.

DIGITAL LENDING STALWART AWARDS

We rewarded pioneers in the digital lending space for their pivotal role in building the future.

Unique in-house channel engagement programme for YOUNITE™ Partners

YOUNITE®
PARTNER FOR GROWTH

- Dedicated Central Support
- Deep Relationship Management
- Transparency and Quick Payouts
- Data-Oriented
- Technology-Driven

"MSMEs who suffer in the initial days of their business, need funds to help them out. So, loan amounts from companies like NeoGrowth are important for them."

- Mr. Abburu Shrikant Chaudhary, *Hyderabad*

EMPLOYEES FOR MSME

We conducted various contests and quizzes as part of the MSME festival for our employees. We provided a platform for them to talk about what inspires them to serve India's MSMEs.

1,100
Entries in MSME Trivia Contest

6
Pride Stories of serving the MSMEs

BATTLE OF CHAMPIONS & GET SET COLLECT

Get Set Collect

BATTLE OF CHAMPIONS

We hold annual felicitation ceremonies – 'Battle Of Champions' for our sales & credit team and 'Get Set Collect' for our collections team.

100+
Awards

40+
Categories

500+
Lives Touched

"Dedication, a well-defined target, and resilience are inspirational traits of MSME for me."

-Ms. Papia Mishra,
Sr. Manager, Learning & Development - HR, Mumbai

CUSTOMER CONNECT

Since our inception, NeoGrowth has engaged with 1,50,000+ MSMEs. We continue to foster our ties with them through our holistic customer engagement initiatives such as Loan Mela and DiGibizz.

LOAN MELA

The Business Loan Mela helped connect with MSMEs and offer faster business loan approvals. Through our digital process, we simplified customer onboarding journey and offered them business loan approvals in a day.

12+
cities covered

36,000+
Lives touched

248+
Days of Activity

9,000+
Number of enquiries

200+
Markets Served

DIGIBIZZ – ONE-STOP INTEGRATED DIGITAL SOLUTION PLATFORM

We created DiGibizz to address our customers' evolving needs by offering integrated solutions via a strong network of partners offering various digital services on a single platform and helping them to transform their businesses.

1,20,000
Users on DiGibizz

diGibizz™
Powered by NeoGrowth

Powered by NeoGrowth

- Proprietary algorithm
- Assessment tool
- Strong partner ecosystem
- Recommendation engine
- User-friendly
- Multiple business services

ALLIANCE PARTNERS

Alliance Partners help expand our presence and increase financial inclusion outreach for MSMEs.

11
new partners added in FY 2022-23

NEOGROWTH
Lending simplified. Growth amplified.

NeoInsights

Launched in FY 2022-23, under the NeoInsights initiative, we leverage primary data gathered by the Company over the years and other sources to identify new and interesting trends on India's evolving MSME ecosystem. End-to-End creation of the report, right from analysis, content, and designing is done by our in-house teams.

THREE RESEARCH REPORTS FROM THE DESK OF NEOGROWTH IN FY 2022-23:

- MSME Insights Report 2022
- Festive Credit Demand Trends among MSMEs in 2022
- MSME Business Confidence Study 2023

MSME INSIGHT REPORT 2022

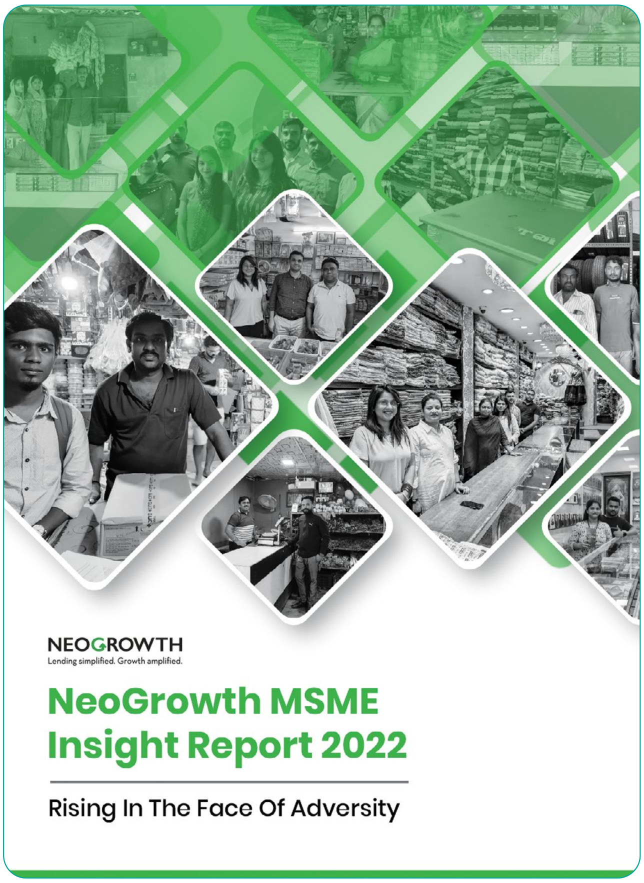
The report identifies key MSME trends based on the analysis of 40,000+ MSMEs as observed by NeoGrowth during the various phases of COVID-19 disruption.

88
Unique Industries

40,000+
MSMEs

25+
Cities

Between March 2020 to March 2022



The report insights stand a true testimony to the strength and resilience shown by MSME during the testing pandemic times.

MSMEs BOUNCED BACK STRONGER POST THE PANDEMIC

66%
MSMEs are now online

64%
MSMEs used digital mediums to engage with their customers

72%
MSMEs experienced business growth

95%
MSMEs wish to expand their business

FESTIVE MSME CREDIT DEMAND TRENDS 2022

We studied over 30,000 MSMEs during the pre-pandemic festive months of 2019 and 2022, i.e., July-October to analyse their credit demand basis the credit enquiries received by us.

70+
Industry Segments

25
Cities

30k
MSMEs Analysed

Demand-Oriented Businesses

~70% Growth
In credit demand from Consumer Durables & Electronics

2X Growth
In credit demand from FMCG & Retail segment

~40% Rise
In demand from Fashion & Lifestyle segment

Women-Led MSMEs Shine

Women entrepreneurs showed a two-fold increase in credit demand

TOP 3 Cities
Bengaluru, Hyderabad and Mumbai

TOP 3 Industries
With credit demand from women-owned MSMEs
Fashion & Lifestyle, F&B, FMCG & Retail

MSME BUSINESS CONFIDENCE STUDY 2023

Year 2022 was full of global shocks: Geopolitical tensions, record inflation, interest rate hikes, a surging US dollar, supply chain disruptions, fluctuating consumer demand, lingering threat of another COVID-19 breakout etc. The MSME Business Confidence Study 2023 evaluated the preparedness and expectations of India's MSME owners for 2023, amidst global volatility.

The nationwide survey collected responses from

~3,000 MSME
owners in India

25+
cities

70+
segments

Focus Areas for Study

- Business sentiments
- Plans to adapt in an evolving ecosystem
- Measures in place to address challenges
- Sustainable views

Survey Highlights

Optimism Amidst Global Economic Volatility
76% MSME owners feel confident of India's economic growth in 2023

MSMEs Expect Consumer Demand to Surge
MSMEs owners from Chennai are most optimistic about consumer demand

Healthy Credit Demand
75% MSME Owners expect to avail a business loan in 2023 for various business needs

Profitability Expected To Grow
96% MSME owners expect their profits to increase in 2023

Future Outlook: Sustainability-focussed 2023
71% MSME owners plan to include Sustainable Business Practices in 2023

NEOINSIGHTS REPORTS ACROSS MEDIA AND INDUSTRY

120+
media articles across national and vernacular publications

100+
report downloads

ACROSS NATIONAL AND VERNACULAR PUBLICATIONS

- YOURSTORY
- ET BFSI.com From The Economic Times
- TOI
- BW BUSINESSWORLD
- The Asian Age
- ZEE BUSINESS
- Deccan Chronicle
- BusinessToday.In
- The Mangalore ಮಿರರ್.in
- Entrepreneur India
- goodreturns
- the pioneer
- The New Indian Express
- महाराष्ट्र टाइम्स
- UNI United News of India
- सकाळ
- CXO Outlook
- Financial Express
- The Times of India சமயம்
- the Banking & Finance Post
- mint

To read the reports, visit: https://www.neogrowth.in/neoinsights/

NEOGROWTH
Lending simplified. Growth amplified.

Our Workforce

Nurturing an Empowered Workforce

We believe in holistic development of our employees and our endeavour remains to build well-rounded individuals, helping our employees fulfil their broader goals and enabling us to build a conducive workplace environment.

Our comprehensive employee engagement framework, backed by 7 pillars of employee engagement, is interlinked with our organisational values. The framework strives to attract, engage and retain the right talent for long-term value creation while nurturing them to become potential leaders of repute.

7 Pillars of Employee Engagement at NeoGrowth

NeoBenefit
- Mediclaim
- NPS
- VPF
- Part time MBA
- Quarterly team outing
- Comp off, Pink Day
- Crèche tie-up
- Emp gift

NeoConnect
- Webinar with MD
- Samvaad HR Connect
- Leadership Connect
- 4-3-2 new joiner connect
- Big picture workshop
- Neoideas
- Ideathon
- B'day mailers

NeoRecognize
- Employee of the Month
- Value Champion Award
- ACE Award
- Most Valuable Player
- Wall of Fame
- Spot Award
- Culture Badge
- Superbuddy

NeoCelebrate
- National Days
- B'day celebrations
- Milestone celebrations
- National Festivals
- Regional Festivals
- Fun Friday
- Women's day
- Thank You day

NeoCare
- Basic health checks
- Stress mgmt. sessions
- Yoga day
- Fit and Fab contest
- Walkathon
- Zumba sessions
- Self care and wellbeing
- First Aid kit

NeoLearn
- Prarambh Corp Induction
- Gurukul Functional Ind
- Saksham Supervisory Dev
- Leadership Dev Program
- Learning Path
- Leadership from Movie
- Gyandhara expert talk
- Gamification

NeoGive-back
- Tree Plantation
- Cloth donation
- Blood donation
- NGO stalls
- Emp and Org contribution
- To National disasters
- AED Machine
- Organ donation awareness

TALENT ACQUISITION AND ONBOARDING

Right from the talent acquisition onboard stage to the employee's lifetime at NeoGrowth, we have created various touchpoints to ensure NeoGrowth values always hold top priority to an employee. We primarily focus on direct hiring via sources like Naukri and LinkedIn.

We leverage data and technology for our talent acquisition.

- **HireSmart,** our in-house analytics scorecard driven tool, for a better data-driven screening of a prospective sales candidate. HireSmart won two industry awards during the year.
- **DISC profiling** based psychometric test as a selection screen, for evaluating a potential candidates behavioural traits in sync with our values and work. The module is applied for hiring across multiple roles till the Senior Manager level.
- **HRIS-based recruitment model** to reduce manual intervention by enabling end-to-end human resources management like tracking candidate information and matching job openings to suitable candidates.
- **Internal Job Postings (IJPs)** published regularly to advance career opportunities for our in-house talent. Almost 95% of our Talent Acquisition happened through in-house sourcing this year.
- **Neo Ambassador,** an employee referral programme to acquire the right talent at optimal cost

IMMERSIVE INDUCTION PROGRAM FOR NEW JOINEES

- **HR Mitra:** A unique practice where NeoGrowth HR acts as a Mitra to enhance a new joineee's onboarding experience. We ensure that HR department regularly interacts with the prospective hire 30 days, 15 days and 1 day prior to their joining date to assist with any kind of query or support.
- **Welcome Kit:** To ensure a smooth onboarding experience, we provide all new joinees a welcome kit, checklist of requirements and SPOC contact details.
- **New Hire Connect: '4-3-2':** We go the extra mile with our welcoming effort through our 4-3-2 feedback survey of a new joinee. Here, HR team connects with a new hire on the 4th day, 3rd week and 2nd month from the date of joining with a structured questionnaire to gain feedback on their onboarding experience.
- **Prarambh:** Prarambh familiarises a new hire with our values, Management team, overall structure, and working, helping with the all-round harmonisation of various teams at NeoGrowth.
- **Gurukul - Functional Induction:** It is conducted for new hires across functions like Sales, Renewals, Collections, Credit, Customer Service for roles involving regular customer interaction. Gurukul is a 2-day intervention conducted within a week of joining for new joinees to familiarise them with the product features, processes, applications, tools, and policies related to the respective department.

DIVERSITY AT WORKPLACE

Our zero-discrimination acquisition policy helps us to be an equal opportunity employer. Our multiple employee engagement initiatives help drive gender diversity at NeoGrowth, helping increase our women employee strength to 16%.

Our gender diversity initiatives include:

- NeoGrowth Second Career Program
- WoMentor Program
- World of Women (WoW)
- Gender Diversity orientation training for Field Leadership
- Pink Day, eligibility of women employees for one day work from home a month
- Crèche Facility

LEARNING AND DEVELOPMENT

NeoLearn, our robust L&D framework has over 90 training modules covered to impart behavioural, functional and compliance trainings via classroom, video conferencing, 'Swadhyay' - online learning management system (LeMS) and mobile app modes to all our team members.

Apart from our flagship programs, corporate induction initiatives like 'Prarambh' our other key L&D initiatives include 'Gurukul' functional induction programme, 'Saksham' - Supervisory Development programme and 'Sankalp' Support intervention for field-force struggling to meet the productivity norms.

Our simulation-based training modules help a new joiner simulate real-time app usage experience providing suitable instructions and commentary for better understanding and quick tech adaption, to increase productivity and effectiveness.

This year, we launched our Leadership Path initiative in addition to the Learning Path launched last year. Under the Leadership Path, we offer customised e-modules that get assigned based on roles across 1st and 2nd line supervisory roles. Additionally, we sponsor part-time MBA for our employees to enhance their leadership and professional skills.

Our Catapult program of Management Trainees continues to scout for in-house pipeline of future leaders, who are imbibed in our organisation culture right from the inception. This year, the 2nd batch of trainees from Tier-I B-schools joined us in June 2023. The first batch of Catapult Management Trainees have been placed in important departments like Treasury/ Corporate Finance, Data Science, Digital Product, Risk and Marketing.

LIFE AT NEOGROWTH






NEOGROWTH
Lending simplified. Growth amplified.

NeoGrowth for Impact

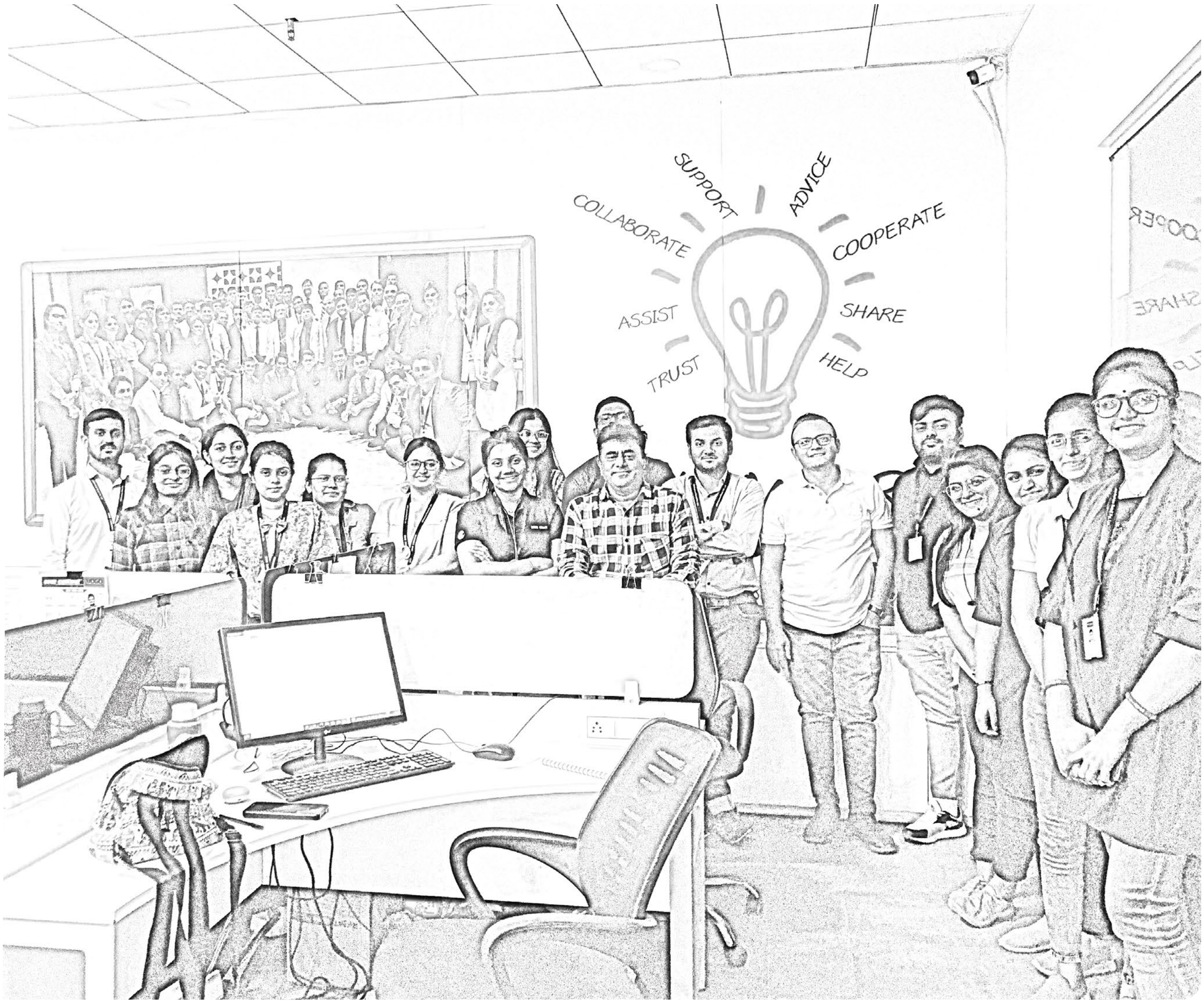
Building A Purposeful Organisation

We are fostering a culture of creating a positive impact on society, the communities, environment and our employees. We understand the value of building a sustainable, inclusive and purposeful organisation, and are focussed on leading with responsibility.

SOCIAL IMPACT

CREATING AN ECOSYSTEM OF INCLUSIVE LENDING

We strive for inclusive lending through our innovative loan offerings to support the growth of businesses we serve and create a multiplier effect on employment generation, financial inclusion, enlivening women entrepreneurs among others helps. Our indicators of social impact have been developed within the framework of the United Nations Sustainable Development Goals for clarity and ease of measurement.



Social Impact Created on Customers

UN SDG	Goals	UN SDG Target	NeoGrowth Indicators	Target FY 2022-23	Achievement FY 2022-23
3 GOOD HEALTH AND WELL-BEING	Ensure healthy lives and promote wellbeing 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) ▸ % of borrowers who availed health insurance (by volume)	7.5% 85%	**8%** **86%**
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)	13%	**24%**
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) ▸ % of loan portfolio less than ₹20 lakhs	22% 45%	**26%** **54%**
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	▸ % of loans advanced to businesses with vintage <=5 years (by volume)	55%	**48%**
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)*		**84%**
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*		**55%**

*Based on Social Impact Survey 2023 of 250 NeoGrowth Customers across Mumbai, Pune, Delhi, Chennai, Ahmedabad, Bengaluru, and Hyderabad, conducted by ALSiSAR Impact

ENCOURAGING PLANET-FRIENDLY BEHAVIOUR

Being in the services industry, our business operations do not have a direct or considerable impact on the environment. However, we continue to focus on adopting technology and digital interventions for reduced paper usage and regularly engage with our customers and employees with environmentally friendly activities.

Some key initiatives at our offices:

- Sensored water taps resulting in conservation of ~1.4 lakh litres of water annually at the Head Office
- Only LED technology nationally – no more CFL or Tungsten lights/bulbs are used
- 3 star rated – energy saving appliances (50+ devices)
- Replaced single-use plastic bottles and cutlery in our office pantries across India
- Password-protected printers and monitoring of printing and photocopying operations by employees across our large offices to regulate and reduce the paper wastage

SPREADING AWARENESS

World Water Day: 20K+ Customers encouraged to 'Take a Pledge' as part of our endeavour to be a water conscious business

Sustainability Resolutions 2023: Employees shared their environment-focussed resolutions at the beginning of the new year

World Environment Day: A Poster-Making Contest was launched for NeoGrowth employees, and their members. This year's theme was 'Help The Earth Heal, Say No To Plastic'

Click here to read our impact initiatives in detail: Impact Report 2022-23

CORPORATE SOCIAL RESPONSIBILITY

BLOOD DONATION

We organised blood donation events at all our major offices including Mumbai HO, witnessing the highest-ever participation from our employees with 115 employees donating blood this year. We also maintain a database of employees who are ready to donate blood voluntarily, for meeting any future emergencies.

CLOTH & MATERIAL DONATION

Cloth and material donation drives were organised at our major offices in collaboration with the NGO Goonj.

AED MACHINES AND CPR TRAININGS

Automated External Defibrillator (AED) machines are installed at Mumbai - HO and Andheri office. Apart from NeoGrowth team members, these machines can be also used by other organisations present within the same premises, in case of emergencies. Additionally, we provide Cardiopulmonary Resuscitation (CPR) training to our Mumbai team members to help them save lives in an hour of need.

NGO PRODUCT STALL TO RAISE FUNDS FOR THE EDUCATION OF UNDERPRIVILEGED CHILDREN

On Diwali, we held an exhibition-cum-sale of products made by underprivileged/orphan children of NGO Aseema Charitable Trust, at our Mumbai HO and Andheri office. Employees extended their full support and contribution to buy these products to raise funds for the education of underprivileged children.

CSR AS A FORUM

Our Abhiruchi WhatsApp groups have been created to bring together our employees with common hobbies and interests across departments and locations. These informal groups are of the employees, for the employees and by the employees. One such Abhiruchi WhatsApp group is dedicated to drive dialogue, interaction and liaison on CSR initiatives amongst employees.

Board of Directors

Arun Nayyar

Managing Director & Chief Executive Officer

- A Chartered Accountant having a well-diversified experience of around 20 years in the financial services domain
- Successful track record of building businesses from scratch, scaling up established businesses and managing stressed portfolios
- Led businesses across Micro Enterprise Lending, SME Lending and Consumer Finance
- Deep understanding of key business drivers, risk and product Management, Route to Market and digital lending
- Experience includes a large retail financing NBFC (Edelweiss), Citibank & CRISIL (A S&P Global Company)

Bindu Ananth

Independent Director

- Ms. Bindu Ananth has an under-graduate degree in Economics from Madras University and Master's Degrees from the Institute of Rural Management (IRMA) and Harvard University's John. F. Kennedy School of Government
- Bindu is the Chair & Co-founder of Dvara Trust. Prior to this, Bindu worked in ICICI Bank's microfinance team between 2001 and 2005 and was head of the new product development team within their Rural Banking Group in 2007
- Bindu has co-edited "Financial Engineering for Low-Income Households", a book published by SAGE. She has also published in the Economic and Political Weekly, OECD Trade Paper Series and the Small Enterprise Development Journal. She has been a member of 3 RBI Committees: Comprehensive Financial Services for Low-Income Households and Small Businesses (2013), Housing Finance Securitisation (2019) and Committee on MSMEs (2019). She was a member of the Government of India's High-Level Committee on Women (2014-15). She is a member of the Taskforce of the Insolvency & Bankruptcy Board of India (2017 - present)
- She is a member of the Advisory Boards of Columbia University's India Initiative and Consultative Group to Assist the Poor (CGAP). In 2017, Bindu was featured by Forbes as one of India's leading women leaders

Deepa Bachu

Professional and nominee of FMO

- Ms. Deepa Bachu is the Co-Founder and CEO of Pensaar
- She is a product and design leader who spent the last 25 years at large multinationals and Tech Startups leading their Engineering, Design, Innovation and Product Management functions. Deepa has led distributed, global product teams that serve millions of customers across 100+ countries
- Her work on Project Agrinova, that helped farmers in India make more money for their produce, and Improving Worker Safety using Design Thinking, went on to become Harvard Business Case Studies and one of HBR's Top 10 Innovation must-reads
- She is an active member of several Design, Innovation and Women forums

Dhruv Khaitan

Founder

- D.K Khaitan (DK) has been involved as a founder, in conceptualising, creating and scaling high technology ventures in India. He has been a strategic mentor in these companies, and guided these companies through their stages of start-up, growth, market leadership and eventual divestment to strategic buyers who wanted to establish their leadership in India.
- Chairman of Venture Infotek until divestiture
- Established an industrial automation start-up which evolved into a joint venture with, and eventually a divestment to the Fortune 500 Rockwell International of USA
- Bachelors' degree in Physics from the University of Kolkata, Bachelor's degree in Electrical Engineering from MIT, USA; Master's Degree from University of California, Berkley, USA
- Along with his family, DK has participated and supported various cultural, spiritual and philanthropic organisations in India

Ganesh Rengaswamy

Nominee of minority shareholder interests

- He is the Co-founder and Partner at Quona Capital and joined the board of NeoGrowth in July 2015
- He is seasoned entrepreneur and has been an impact technology venture investor across India, Asia and Silicon Valley
- Earlier he was General Partner at Lok Capital, a venture growth fund that invests in social enterprises with innovative and technologically advanced services in financial inclusion, education, and employability
- He has also served as Asia Director for Unitus Inc., global organisation that works to reduce poverty by finding commercially sustainable solutions in financial inclusion. Prior to Unitus Inc., he led the entry of Greylock Partners, a leading Silicon Valley venture growth fund, into the Indian market
- He holds MBA from Harvard Business School and is co-founder of Travelguru.com

Michael J. Fernandes

Nominee of Trinity Inclusion Limited

- Michael Fernandes is Partner at LeapFrog Investments and co-leads LeapFrog's work in South and Southeast Asia
- He has over 20 years of experience in operations, consulting and investing and has led several of LeapFrog's landmark investments, including IFMR Capital, Fincare and NeoGrowth in India and Reliance Capital, a local financial services player in Indonesia
- Michael was the former Country Head for India for Khazanah Nasional, Malaysia's sovereign fund, Michael led the global healthcare team, also focusing on financial services and infrastructure. He was responsible for over $700 million of investments in India, including Yes Bank, L&T Finance and Uniquest; and served on the boards of IDFC, and Apollo Hospitals. He managed the Khazanah healthcare portfolio, ranging from hospitals to health insurance providers, that was consolidated under IHH Healthcare and listed in Singapore for a $7 billion valuation
- Previously, Michael led the $250 million global custom manufacturing business for the Piramal Healthcare Group, focusing on global acquisitions, business development, supply chain management and talent

Piyush Khaitan

Founder & Chairman

- P.K. Khaitan (PK) is a seasoned operating executive who has successfully founded a number of businesses and operated them to high levels of success
- Prior to NeoGrowth, PK was the Managing Director of Venture Infotek until divestment. He had also founded DEI, India's largest secure card personalisation bureau which merged into Venture Infotek in 2007
- He has worked closely with the Card Networks, RBI and IBA in framing policies and giving direction to the card payments industry in India. He was also the Founder Chairman of the 'ePayments Focus Group' of the Smart Card Forum of India (SCAFI) from 2000 thru 2005
- Bachelor's degree with honors from Mumbai University, Small and Medium Enterprises Program (SMEP) from IIM, Ahmedabad

Ramakrishnan Subramanian

Professional and nominee of Trinity Inclusion Limited

- Mr. Ramakrishnan S is a career banker and financial services industry leader with 30+ years experience. He has done roles in Strategy, Board, Governance coupled with a strong execution track record across Retail & SME businesses, M&A, and commercial banking. He has run and built businesses in Retail Financing for HDFC bank & other entities from start-up to scale-up in Mortgage, LAP, personal Loans, business loans, SME, LAS, gold loans, auto-finance, commercial vehicles, equipment financing, securitisation
- He has worked in several senior roles at large universal banks, and NBFCs involving strategy, business setup, scale-up, transformation, JVs, franchise sales & exits, across India, Singapore, Hong Kong & Thailand managing multiple ASEAN countries. He has held leadership roles at Citibank, HDFC bank, Standard Chartered, ING, etc. since 1992
- He currently serves as a Sr. Advisor, Operating Partner equivalent, and Domain Consultant with select private equity, venture capital, and Fintechs in India & ASEAN
- He is a Board member of IIFL finance, IIFL OPEN and has also served as a Board member of ING Vysya Bank (Kotak Bank) and Shriram Capital Ltd, Shriram Transport Finance Ltd, Shriram City Union, Shriram Life & General insurance
- He is a Chartered Accountant, Cost & Management Accountant, M Com. & has done the Fintech program from Harvard University

Suresh Jayaraman

Independent Director

- J. Suresh was the Managing Director & CEO of Arvind Fashions Ltd. He joined the company in September 2005 and turned it around by strengthening its brands and retail portfolio through organic growth and acquisitions, and aggressively growing Unlimited as a leading value retail chain in apparel. During his 16-year tenure, the company's turnover increased 30 times with a multifold increase in profits leading to the listing of Arvind Fashions Ltd.
- Prior to joining Arvind, he held several senior positions during his 18-year-old stint in Hindustan Unilever Ltd and served as a member of the management committee of the foods and beverages business
- He was appointed by JP Morgan Chase as CEO when they invested in MTR Foods and was instrumental in growing a regional brand to a national brand with a global presence
- He was the past Chairman of the CII National Committee on Retail in 2013-2014, Chairman of India Fashion Forum, and is a member of the National Council of Retailers Association of India
- Post retirement, he has taken up the role of Senior Advisor with Boston Consulting Group (BCG). He is also on the Board of four companies and advises companies as an Independent consultant
- Suresh is a mechanical engineer and has an MBA from IIM Bangalore

Leadership Team

Arun Kumar Nayyar
Managing Director & CEO

Deepak Goswami
Chief Financial Officer

Amol Deherkar
Chief Product Officer

Manmeet Singh
Chief Business Officer

Vikas Dhankhar
Chief Technology Officer

Vivek Sapre
EVP – Corporate Affairs and Human Resource

Yogesh Nakhwa
EVP - Operations, Customer Service and Business Excellence

Gauri Shah
SVP - Risk & Credit Policy

Vasudha Chaudhry
SVP – Credit

Awards and Recognition

Awarded as 'Best MSME Lending Company of the Year' at Quantic India's 2nd Annual NBFC & FinTech Excellence Awards 2023

Awarded the 'Content Marketing Award for Social Impact' at Mint Marketing Award 2022

Awarded as 'Best Analytic Implementation' at Quantic India Technology Excellence Awards 2022

Awarded for 'Excellence in Customer Centricity' at Elets 12th NBFC100 Tech Awards 2022

Awarded as the 'Best Big Data/AI/ML Initiative' for 'HireSmart', the HR-analytics tool, at the NBFC's Tomorrow Conclave & DNA Awards 2022 by Banking Frontiers

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INDIA ™

Corporate Information

BOARD OF DIRECTOR(S)

Dhruv Kumar Khaitan	Founder & Director
Piyushkumar Kusum Khaitan	Chairman
Ganesh Venkateshwaran Rengaswamy	Director
Michael Jude Fernandes	Director
Bindu Ananth	Independent Director
Arun Kumar Nayyar	Managing Director & CEO
Deepa Bachu	Nominee Director
Ramakrishnan Subramanian	Nominee Director
Suresh Jayaraman	Independent Director

COMMITTEES OF THE BOARD

Audit Committee

Ms. Bindu Ananth	Chairperson
Suresh Jayaraman	Member
Ramakrishnan Subramanian	Member

Nomination and Remuneration Committee

Suresh Jayaraman	Chairperson
Michael Fernandes	Member (Interim Chairperson for 6 months)
Piyush Kumar Khaitan	Member
Bindu Ananth	Member

Risk Management Committee

Ramakrishnan Subramanian	Chairperson
Piyush Kumar Khaitan	Member (Interim Chairperson for 6 months)
Bindu Ananth	Member
Arun Kumar Nayyar	Member

Resources & Mobilisation Committee

Arun Kumar Nayyar	Chairman
Piyush Kumar Khaitan	Member
Michael Fernandes	Member
Bindu Ananth	Member
Ramakrishnan Subramanian	Member

Corporate Social Responsibility Committee

Arun Kumar Nayyar	Chairperson
Bindu Ananth	Member
Deepa Bachu	Member

IT Strategy Committee

Suresh Jayaraman	Chairperson
Dhruv Kumar Khaitan	Member
Deepa Bachu	Member
Ramakrishnan Subramanian	Member
Arun Kumar Nayyar	Member
Vikas Dhankhar	Member
Deepak Nath Goswami	Member
Naveen Kumar	Member
Yogesh Nakhwa	Member

Equity Raise Committee

Michael Fernandes	Chairperson
Deepa Bachu	Member
Piyush Kumar Khaitan	Member
Ganesh Rengaswamy	Member
Arun Kumar Nayyar	Member
Suresh Jayaraman	Invitee

SHAREHOLDERS

1. Mr. Dhruv Kumar Khaitan – Founder and Director
2. Mr. Piyush Kumar Khaitan – Chairman
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. M/s IIFL Seed Ventures Fund I
9. M/s Trinity Inclusion Ltd.
10. M/s WestBridge Crossover Fund LLC
11. FMO
12. Mr. Arun Kumar Nayyar – Managing Director and CEO

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 Technologies Limited
(Formerly known as KFin Technologies Private 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
- DCB Bank

LENDERS, SUBSCRIBERS & HOLDERS OF DEBT ISSUES

Bank

- RBL Bank
- Federal Bank
- DCB Bank

FI

- United States International Development Finance Corporation
- Small Industries Development Bank of India (SIDBI)
- Vivriti Asset Management (AIF)
- Northern Arc Investments (AIF)

FI (NBFC)

- Caspian Impact Investments Private Limited
- Hinduja Leyland Finance Limited
- Kisetsu Saison Finance (India) Private Limited
- Maanaveeya Development & Finance Private Limited
- InCred Financial Services Limited
- Sundaram Finance Limited
- Vivriti Capital Private Limited
- Ambit Finvest Private Limited
- AK Capital Finance Limited
- Northern Arc Capital Limited
- Manappuram Finance 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)
- DWM Income Funds S.C.A. SICAV SIF - The Trill Impact-DWM SDGS Credit Fund (DWM)
- MultiConcept Fund Management S.A. acting in its own name for responsAbility Global Micro and SME Finance Fund
- responsAbility SICAV (Lux) acting for its sub-fund responsAbility SICAV (Lux) Financial Inclusion Fund
- responsAbility SICAV (Lux) acting for its sub-fund responsAbility SICAV (Lux) Micro and SME Finance Leaders
- Blue Orchard COVID-19 Emerging and Frontier Markets MSME Support Fund

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: 32

No. of States: 15 (14 States and 1 Union Territory)

STATUTORY REPORTS

FINANCIAL STATEMENTS

Management Discussion and Analysis

ECONOMIC REVIEW

Global Economy

The global economy witnessed slow growth during 2022 due to an unprecedented mix of challenges. The ongoing Russia-Ukraine war aggravated supply chain disruptions and increased fuel and commodity prices globally. High inflation and the resultant rise in interest rates to rein in inflation, reduced liquidity and the resurgence of the COVID-19 pandemic in China further dampened economic activity.

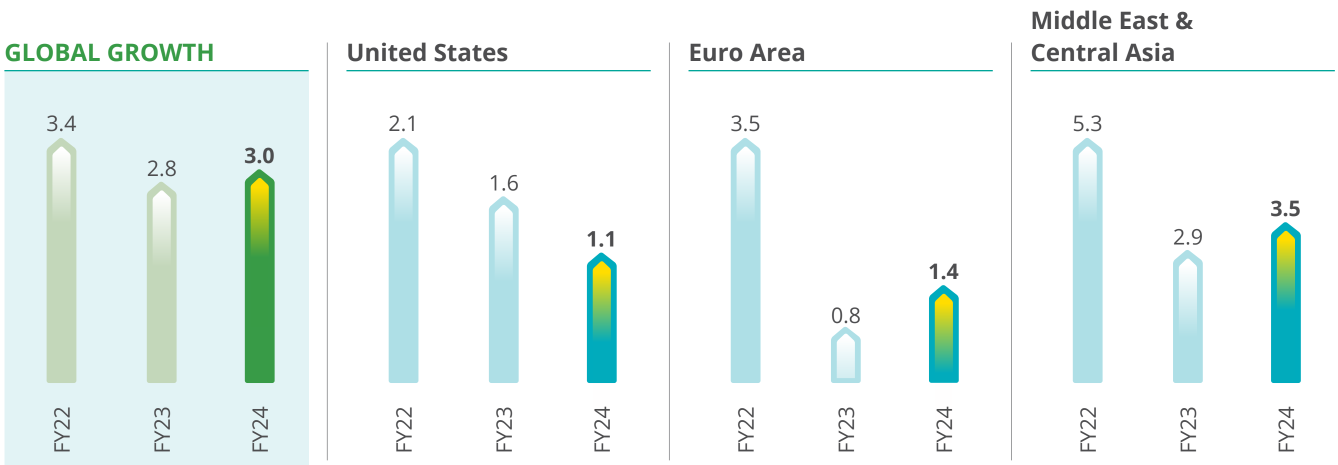
The global economic situation remains uncertain in 2023 with many advanced economies still facing considerable challenges. As per International Monetary Fund's (IMF) April 2023 World Economic Outlook update, global growth is expected to be at 2.8% in 2023 compared to 3.4% in 2022.

Improving economic indicators in several advanced nations, though, provide optimism that inflation may have peaked, and recovery might happen sooner than expected. Other factors that could help accelerate the global economic rebound could be the easing of the labour market crisis in some advanced economies, the reopening of China's economy, strong household/corporate balance sheets, and an upward wage revision bolstering better-than-expected private demand. Also, easing supply chain bottlenecks could mean less monetary tightening in the wake of rising consumer demand.

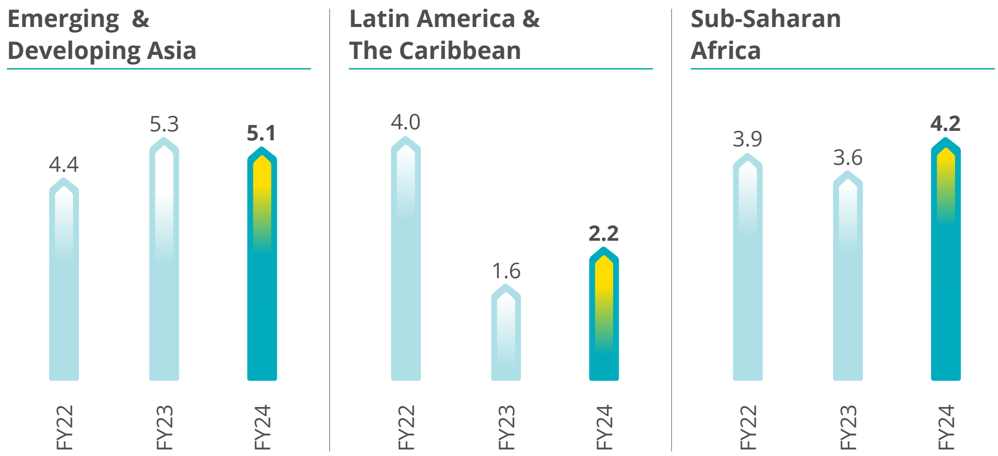
In 2024, global growth is expected to rise to 3% on the premise of gradual recovery from the effects of the geopolitical crisis and subsiding inflation. As per the April 2023 IMF report, the global inflation rate is pegged at 7% for 2023 and 4.9% for 2024.

World Economic Outlook April 2023

GROWTH PROJECTIONS BY REGION



(Real GDP growth, percent)



Source: IMF's World Economic

Outlook Source: IMF, World Economic Outlook, April 2023. Note: Order of bars for each group indicates (left to right): 2022, 2023 projections, and 2024 projections.

Indian Economy

India continued to be the fastest-growing economy globally, surpassing growth across emerging and developing Asian regions, including China. As per RBI estimates, India's economy is expected to show a 7% (real terms) growth by the year ending March 2023. India's growth as per IMF projections for FY23 stands at 5.9%.

Global Economy Projections – Advanced vs Emerging Economies

Latest World Economic Outlook Growth Projections

(Real GDP, annual percent change)	2022	2023 (Projections)	2024 (Projections)
World Outputs	3.4	2.8	3.0
Advanced Economies	2.7	1.3	1.4
Emerging Market and Developing Economies	4.0	3.9	4.2
Emerging and Developing Asia	4.4	5.3	5.1
India	6.8	5.9	6.3

Source: IMF World Economic Outlook

While India remains a relatively bright spot amid a global downturn, the country's economic growth was lower in FY23 compared to FY22. Global monetary policy tightening by developed economies saw fewer portfolio outflows and depreciation in Indian Rupee. Rising inflation saw an increase in global commodity prices resulting in a wider current account deficit for the Indian economy. RBI projections for India's headline inflation remain at 6.8% in FY23, outside its target range of 6%. In March 2023, India's retail inflation was back within RBI's tolerance band at 5.66%, sliding below the 6% tolerance limit of the central bank for the first time in 2023 aided by base effects. This inflation level was last seen in December 2021.

Key drivers of the Indian economy 2022-23

Despite global headwinds weighing on its growth prospects, the Indian economy showed strong resilience compared to other emerging economies. Buoyant domestic drivers were seen to help the Indian economy and industries sustain momentum in FY23.

India's well-drafted fiscal and monetary policies helped the economy manage global and domestic challenges during FY23. RBI's measured approach while withdrawing accommodative monetary policy settings helped balance the need to curtail inflation and support economic growth. Robust high goods and services tax (GST) and direct tax collections enabled the government sufficient cash inflows to manage the economy and have a buffer to mitigate any global challenges.

There was a recovery in business confidence from the lows of the pre-pandemic years (2019-20) and the subsequent two pandemic years, though the sequential softening of sentiments continued during the first three quarters of the current fiscal. The National Council of Applied Economic Research (NCAER)-NSE Business Confidence Index rose to 126.6 during the third quarter of FY 2022-23 compared to 124.4 reported during the same period last year.

Amid the Q4 disruptions in the global banking system, the Indian banking system remains stable and resilient. Reduced corporate leverage helped banks to improve their balance sheets. Developing the next generation real time payments (RTP) infrastructure has helped India emerge as a global leader in digital payments. According to the data by RBI and NCPI, United Payments Interface (UPI), Digital India's flagbearer, processed a historic 8.7 billion transactions valued at ₹14.05 trillion in March 2023, which is a 60% increase in volume and 46% increase in transaction value from the same period last year.

Indian economy – real GDP growth projections

Indicator (percent y-o-y, unless otherwise indicated)	FY19/20	FY20/21	FY21/22	FY22/23	FY23/24
Real GDP Growth, at constant market prices	3.9	-5.8	9.1	6.9	6.3
Privated Consumption	5.2	-5.2	11.2	8.3	6.9
Government Consumption	3.9	-0.9	6.6	1.2	-1.1
Gross Fixed Capital Formation	1.1	-7.3	14.6	10.1	9.3
Exports, Goods and Services	-3.4	-9.1	29.3	11.5	9.2
Imports, Goods and Services	-0.8	-13.7	21.8	19.0	11.6
Real GDP Growth, at constant factor prices	3.9	-4.2	8.8	6.6	6.3
Agriculture	6.2	4.1	3.5	3.2	3.4
Industry	-1.4	-0.9	11.6	3.6	6.8
Services	6.4	-8.2	8.8	9.5	6.7

Source: World Bank

India's overall economy remains robust and growth in FY23 was driven by strong investment activity, government's capex push and buoyant private consumption. Improved private consumption at 58.4% of GDP in Q2 FY23, owing to the recovery of contact-intensive service sectors like trade, hotel, and transport (highest among Q2 GDP percentages since 2013-14), helped drive the economy. The rise in labour force participation and job creation across certain sectors also helped revive the economy during FY23.

Private consumption is anticipated a 7.7% growth in FY23 bolstered by an increase in spending on high-value items. Yet, government spending is expected to stay put at 3.1%. Based on the sustained focus on capex in the 2022-23 Union Budget, the National Statistics Office (NSO) has anticipated a double-digit recovery in investment demand of 11.5% in FY23 across the gross fixed capital formation.

Outlook

Though economic and escalating geo-political situations characterise the global economy, the Indian economy is fairly insulated from most global conditions. The Indian economy, ably supported by strong domestic indicators and increased digital access, is expected to continue stoking the wheels of positive change over the medium term.

During FY24, the growth is expected to be well backed by agile credit disbursal mechanism, and capital investment cycle via strong corporate and banking sector balance sheets. The 2023-24 Union Budget continues its growth-oriented focus on capex. The increased capital expenditure (capex) is budgeted at 3.3% of GDP in 2023-24 compared to the 1.7% average during 2010-20. Revenue expenditure growth is capped at 1.2%.

India's strong reliance on increasing digital technology will continue to help bring efficiency, transparency, and agility across most sectors. India's digital payments sector is expected to more than triple to $10 trillion by 2026 from the current $3 trillion, according to a recent Boston Consulting Group Report.

Digitisation is a major focus of the 2023-24 Union Budget as part of its financial inclusion plan. Digital initiatives include setting up a national e-commerce policy and developing a digital industrial policy. The eCourt project is to be launched with a budget of ₹ 7,000 crore.

Other Government initiatives like enhanced employment generation, encouraging agricultural productivity, and promoting the private sector are expected to boost economic recovery across India. Finally, supported by robust domestic demand, the Indian economy is expected to continue as the fastest-growing emerging global economy in FY24.

These positive factors have prompted RBI to estimate India's FY24 growth at 6.4%. The Organisation for Economic Co-operation and Development (OECD) has raised India's growth FY24 growth forecast to 5.9% from 5.7% in November 2022 backed by its strong reforms taken over the years. India is expected to be the fastest-growing major economy globally.

INDUSTRY OVERVIEW

NBFCs

The financial sector has been integral in providing economic stability for households and businesses across India for many years. Non-Banking Financial Companies (NBFCs) form a core aspect of the financial ecosystem in India. They have played a crucial role in driving the sustainable fiscal growth of the financial sector by boosting last-mile funding. NBFCs deploy credit mainly across the industrial sector, retail, services, and agriculture.

NBFCs continue to be the primary catalyst for the growth of micro, small, and medium enterprises (MSMEs) in India. NBFCs also significantly help evaluate the credit requirements of people in the unbanked and underserved category.

With a focus on a digital ecosystem, NBFCs have invested majorly in technologies and platforms' last-mile connectivity and agile systems ensuring personalised and seamless credit disbursement. The government introduced new rules and regulations in FY23 to help NBFCs build a robust lending ecosystem. This gives ample opportunity for NBFCs to have a fast-tracked flow of credit to businesses and households. As per an EY Report, the domestic fintech sector is slated to reach $1 trillion in AUM and $200 billion in revenue by 2030.

NBFCs have become the growth engine across the Indian economic landscape and are playing a pivotal role in enabling capital access to MSMEs. They now provide around 20% of India's credit across sectors.

As per World Bank, there exists over $565 billion funding deficit across the small ticket MSME lending segment. High quality specialised and agile NBFCs are helping address this credit gap. Their focus on serving the vast MSME customer segment, with quicker turnaround time, use of data analytics for underwriting, and deep penetration across MSME customers across the length and breadth of India have acted in their favour.

Incremental credit growth

For FY23, the credit offtake hit a 11-year high, indicating a 15% growth supported by broad-based credit growth. NBFCs' incremental credit stood at ₹ 1,96,391 crore which accounted for nearly 1/5th of the overall incremental advances during FY23.

With borrowers gradually recovering from the pandemic-induced stress, the asset quality indicators for NBFCs also improved steadily during the year. Since October

2022, backed by strong demand across the secured asset class segment, credit to large industries has seen double-digit growth.

The robust overall credit growth for FY23 has been largely driven by lower base of the previous year, unsecured personal/housing/auto loans, rupee depreciation and higher demand from NBFCs, according to CARE report.

Key growth drivers

Adequate capital buffers, stable margins, and sizeable on-balance sheet provisioning have made NBFCs a major driving force for India's economic growth. NBFCs' personalised products/services, improved asset quality, and advanced technology across the small and medium enterprises (SME) credit market have helped MSMEs expand their economic outreach in India. The integration of digital lending space with the expanding Account Aggregator (AA) ecosystem has paved the way for an open banking system in India and faster access to financial products for the consumer.

Most registered businesses in India belong to the micro category requiring loans of small ticket size, for which NBFCs are the major source of funding. A huge credit gap existing in the unbanked and underserved customer segment is also mostly managed by NBFCs.

There has been an increase in demand for loans in FY23 which has been further augmented owing to NBFCs adopting digital technology, increasing transparency and access to customers and businesses alike. Strategic partnerships with players in the lending sector have helped increase customer outreach. Government initiatives have helped the NBFC sector provide effortless credit disbursement to the target segment.

With liquidity position in a post-pandemic recovery mode, NBFCs continue to be instrumental in ensuring financial inclusion and development across the Indian economy.

Outlook

The NBFC sector is a key player in the financial system in India apart from banks and financial institutions. Rising competition from banks and other large lenders, funding constraints, and stringent regulatory tightening in the future could, however, dampen AUM growth for the sector.

Still, NBFCs' ability to leverage technology to offer personalised services and last-mile funding for small businesses and people with no access to mainstream financial systems will continue to work in their favour. Also, the strong standalone tailwinds across MSME segment provide small ticket lenders like NBFCs a potential market of around $15 billion over the next 10 years, 10 times increase over the past decade. The lending market is expected to mature and balance sheets become stronger in the near term leading to lower operating expenditure and rationalisation of cost of funds.

These favourable tailwinds along with the government's push for a digital economy will help NBFCs transform the lending landscape in India in the years to come.

MSME

The MSME sector is a key pillar of the Indian economy that has shown strong performance and protected the economy against global and domestic challenges. MSMEs have also helped strengthen other industries by providing them with raw materials and ancillary products.

Currently, there are around 63 million MSMEs in India, out of which around 51.25% are in the rural sector (51.25%) while the remaining 48.74% operate in urban areas. The sector contributes over 30% to the GDP, 6.11% of the manufacturing GDP, 25.63% of the services GDP as well as 45% of the overall country's exports annually. As India's second largest employer after agriculture, the MSME sector employs about 110 million people, thus helping reduce regional imbalances.

The government recognises the importance of the MSME sector in the development and growth of the Indian economy. However, the sector faces challenges majorly related to procuring raw materials and funding. Many MSMEs largely deal in cash-based transactions. So, there is no transactional data available with credit bureaus to help evaluate their credit scores. Lack of documentation prohibits major lenders from granting loans to the sector, leading to a paucity of funds.

To help MSMEs sustain financial stability and withstand such challenges, the government has introduced several initiatives over the years. These include Emergency Credit Line Guarantee Scheme (ECLGS), Prime Minister's Employment Generation Programme (PMEGP) and Credit Guarantee Scheme (CGS). These schemes aim to strengthen the credit delivery system, generate employment and facilitate credit flow to MSMEs seamlessly. The government's focus on a digital ecosystem has also enabled better data availability and access to digital technology for the sector.

In the 2023-24 Union Budget, the government has allocated a higher amount of ₹ 22,138 crore for the MSMEs ministry compared to the revised estimate of ₹15,629 crore for the FY23 budget, a huge increase of nearly 42%.

MSMEs Credit Growth

The credit growth balances for micro grew at 13% YoY, whereas the small and medium segments' books grew at 10% and 8%, respectively. Outstanding balances increased YoY by 3% NBFCs during the period.

Demand for MSME loans in terms of commercial credit enquiries has accelerated and grown to around 1.7 times during the year compared to the demand two years back. FY23-Q2 MSME disbursements by amount grew by 24% Y-O-Y with micro, small and medium segments growing by 54%, 23% and 9% in disbursements, respectively.

For NBFCs, the credit demand crossed 2x times as on Sep'22 over 2 years. NBFC sector's MSME disbursements grow by 34%, compared to FY22-Q2. The rise in this demand was attributed to the efforts shown by the government and financial sector to support the development and implementation of multiple support mechanisms. Their support towards encouraging digital public infrastructure across the MSME sector also contributed to the NBFCs credit growth in FY23.

The government's extended ECLGS scheme saw the MSME sector report a credit growth of an average of over 30.6% during Jan – Nov 2022, helping the sector rebound at a faster pace.

Renewed interest in domestic consumption, especially across the service sector was a major reason for the growth in credit to MSMEs during the year under review.

With digital lending on the rise, many lenders especially NBFCs, offer loans and have helped to digitally enable the underprivileged MSME segment, including individuals and micro businesses.

New Government initiatives for MSMEs

Many government initiatives for the MSME sector were launched in June 2022 as part of the 'Udyami Bharat' programme to increase credit access for the sector. 'Raising and Accelerating MSME Performance' (RAMP), 'Capacity Building of First-Time MSME Exporters' (CBFTE) and new features to the 'Prime Minister's Employment Generation Programme' (PMEGP) like digital transfer of assistance to its beneficiaries for 2022-23 were some of such initiatives introduced. Key facts about major MSME schemes during FY23 are –

- PMEGP Scheme - The credit-linked subsidy assisted 95,271 units to generate a total estimated employment of 7.62 lakhs between Jan 2022 – Nov 2022.

- Credit Guarantee Scheme for Micro and Small Enterprises (CGTMSE) – For 2022-23 till 30.11.2022, the scheme has approved 7.07 lakh guarantees worth a whopping ₹ 60,376 crore – the highest since its inception in 2000-01. Effective December 1, 2022, the maximum guarantee cover under the scheme has been raised to 85% for a credit ceiling of up to ₹ 2 crore. Women-owned enterprises are eligible for this enhanced guarantee cover.

Outlook

To help the MSME sector overcome its major challenges related to funding and logistics, the government continues to support the sector through new initiatives.

The 2023-24 Union Budget has set aside funds worth around ₹ 9,000 crore into the MSME corpus to launch a revamped credit guarantee MSME scheme. This would help bring stability, financial inclusion, and employment growth to the sector. The CGTMSE scheme, effective from April 1, 2023, aims to facilitate an additional collateral-free guaranteed credit access of ₹ 2 lakh crore for MSMEs and reduce credit cost by 1%. It will especially boost the NBFCs and provide last-mile lending to extend better financing to the underserved MSMEs.

Other budget measures to boost MSME performance include extending ECLGS until March 31, 2023, the rollout of a ₹ 6,000 crore outlay RAMP programme, and improving DigiLocker for lenders to increase their efficiency and reduce TAT.

MSME lending is gearing towards being a granular and replicating platform-based consumer lending ecosystem. So, apart from the various MSME initiatives that are in the fray, innovative solutions coupled with the adoption of digital technology are expected to help revamp the MSME sector to make it more competitive over the medium term.

COMPANY OVERVIEW

NeoGrowth's journey

Starting commercial operations in 2013, NeoGrowth Credit Private Limited (NeoGrowth) is a systemically Important, Non-Deposit taking Non-Banking Financial Company (NBFC-ND-SI) registered with the RBI. We are a value-driven new-age digital lender offering a wide array of products to support the funding requirements of small businesses in India.

We are the founding member of the Digital Lender's Association of India. NeoGrowth has been instrumental in leveraging the digital payments landscape and India Stack to build an inclusive digital lending ecosystem for Indian retailers.

We strive to create a positive social impact by leveraging tech, digital, and analytics across lending and aligning it with UN SDGs. With nearly a decade of operations to our credit, we have enabled the growth journey for India's MSMEs through our digital payments based lending model focussed on financial inclusion at the grassroots level across India.

BUSINESS REVIEW

Performance highlights

- Operational performance
  FY 2022-23 saw the company recovering from the COVID impact. Our AUM grew by 19% from

₹1,559 crore in FY 2021-22 to ₹1,852 crore in FY 2022-23. FY 2022-23 was a profitable year with the highest ever AUM reported in the company's history.

New product launches and branch expansion

- Launched new product in the supply chain segment and expanded the scope of its scope to B2B segment
    - o Accelerator: Financing **emerging MSMEs** on path to build strong business linkages with large corporates, with ticket size of up to ₹ 25 lakhs
- Expanded into Tier II cities, with branch launch in Tirupati

Higher partner engagement levels

We executed several Younite Partner engagement initiatives as well as R&R programmes ably supported by a dedicated support service to resolve partner queries.

Leveraging India Stack

We leveraged the Account Aggregator ecosystem to serve the financial needs of MSMEs.

- Financial performance

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

(₹ In Crore)

Particulars	2022-23	2021-22
Revenue from Operations	380.9	361.6
Other Income	2.1	1.2
Total Income	383	362.8
(Less) Financial Costs	159.0	153.4
Net Interest Income	224	209.4
(Less) Operational costs	123.0	106.1
(Less) Loan losses and Provisions	69.7	147.3
(Less) Depreciation and amortisation	7.6	7.8
Profit/(Loss) Before Tax	23.7	(51.8)
(Less) Tax Expenses/ (credit)	6.4	(12.3)
Net Profit/(Loss	17.3	(39.4)

Previous year numbers are based on Ind AS Financial statements.

Net worth and key ratios

(₹ In Crore)

Particulars	As on March 31, 2023	As on March 31, 2022
Net Worth	593	370.1
Debt/Equity Ratio	2.31	3.3
Capital Adequacy Ratio (%)	32.7	23.2
Operating Cost/NIM (%)	58.33%	54.3%

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

Risk management

The nature of our business and business activities, the regulatory environment and the external environment at large expose us to several types of risks. Our key business risks include Credit concentration risk, Strategic risk, Liquidity risk, IT & Cyber Security Risk, Governance risk and ESG risk. To address these risks, we have put an aggregate risk assessment framework in place.

Apart from our business functions, we have separate Risk, Audit and Compliance functions. This helps us deploy stringent checks and balances while eliminating any possible conflict of interest between revenue generation, and risk management and control.

Our risk management framework focusses on a clear understanding of various risks, robust risk assessment and measurement procedures with constant monitoring. Also, our structured management framework- the Internal Capital Adequacy Assessment Process (ICAAP) helps to identify, assess and manage risks that significantly impact our business/financial position/capital adequacy.

Pillars of risk management policy

- Dynamic customer selection mechanism using risk gradation scorecards
- Dedicated portfolio monitoring that proactively analyses and detects stressed cases enabling early warning signals and course corrections
- Leverage technology and analytics to monitor, detect, collect and enhance selection
- Integrated collection strategy via automated collections and setting payment reminders that are backed by an expert litigation team

The above pillars are ably supported by extensively leveraged analytics to monitor transactions and portfolio quality. We have internal checks to protect from security risks in the operating environment like transactional errors which could create a legal, reputational or financial impact. Our strong risk management practices while managing our portfolio enhance its quality by reducing concentration risks and focussing on granular lending. These measures have led to improvement in the overall quality of our corporate portfolio.

Additionally, we have employed effective risk management practices across products with ongoing reviews for early risk identification.

Listed below are a few of our key risk management tools:

Application Scorecard

- To assess a potential borrower's creditworthiness by evaluating the probability of them defaulting on a loan based on historical data
- Precise identification of customers leading to increase in loan approval rates without an increase in corresponding credit risk

Collection Optimisation Scorecard

- To identify customers who will auto cure during the month
- To optimise the collection team's effort to focus better on the residual set
- Multiple scorecards built as per DPD bucket-wise

Hiresmart

- Gives early warning trigger system to screen out outlier sales candidates
- To select the right candidates and thus reduce early sales attrition and low productivity

Our risk framework is further strengthened by using several measures at the time of pre-origination and post origination as shown below:

Post-Origination

- Monitoring via technologies including risk and collections datamart
- Robust underwriting process through integrating digital tools including bank statement analysis and automatic fetching of customer social footprints data for regulatory considerations like sanctions, suits filed etc.
- Regular capture and reporting of risk exposures to the concerned management authority for initiating appropriate mitigation measures
- Constant evaluation of the existing scorecard model assumptions and parameters efficiency and refinement to suit evolving needs

Collection Analytics & Recovery Scorecards

Use of analytics in each stage to diligently assess the propensity to pay of the customer.

Our net non-performing assets decreased from 5.7% on March 31, 2022, to 2.2% on March 31, 2023.

We aim to constantly evaluate our various business risks and develop appropriate risk management strategies while meeting our objective of risk-calibrated growth and long-term sustainability.

Governance

Corporate governance is about promoting fairness, transparency, accountability, and commitment to values. Integrity and quality governance are the keys 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 practices.

Please refer to the Board's Report on page 61 for more information.

Compliance

FY 2022-23 witnessed various changes in NBFC and Listing Regulations such as Guidelines on Digital Lending, Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances, Master direction on outsourcing of IT services, Amendment in KYC Master Direction 2016, Amendment in Master Direction - NBFC - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, Amendment in the Prevention of Money Laundering (Maintenance of Records) 2005, Amendment in SEBI (Listing of Obligation and Disclosure Requirement) 2015, Amendment in SEBI (Issue and Listing of Non-convertible Securities) 2021, among others. We constantly endeavour to raise the standard for regulatory compliance and governance metrics.

Please refer to the Board's Report on page 61 for more information.

Human resources

Our employees are our backbone and biggest assets in our growth journey. At NeoGrowth, we believe in the well-rounded development of our employees with a key focus on building their essential skills along with professional skills. Our people strategy is 'to drive competitive advantage through purposeful direction and positive workplace'. It aims at fostering a harmonious, conducive and inclusive workplace for our employees to keep them constantly motivated and engaged.

As part of our people strategy, we follow robust talent management practices at NeoGrowth.

Our focus is to acquire the right talent and offer them skill development and training programmes to foster capability building. For this, we have developed a comprehensive and structured employee engagement/development framework. It is woven around 7 pillars, viz., Neo Connect, Neo Recognise, Neo Learn, Neo Benefit, Neo Celebrate, Neo Care and Neo Give Back.

True to the spirit of being a digital lender, we leverage data and technology across HR functionalities. Every month, we conduct multiple training sessions to update our workforce on any new regulatory or company-level development. Over 100 initiatives under this framework get conducted at a varied frequency annually. We have been certified with the prestigious Great Place to Work for the 4th consecutive year.

Some of our innovative digital HR initiatives include:

- Deployment of award-winning tool, HireSmart, an in-house developed, analytics-driven scorecard tool for screening sales candidates. The tool makes candidate screening less subjective and evaluates likely role productivity and longevity based on demography, qualification and past experience parameters.
- Swadhyay - online learning management system (LeMS) as part of our NeoLearn initiative to impart behavioural, functional and compliance trainings available to all our team members on their smartphones for 'On the Go' learning.
- Launched Leadership Path programme to provide customised offering of e-modules assigned by role to those in 1st and 2nd line supervisory roles.
- To encourage Learn with Fun, we introduced simulation-based training of our tech assets like Sales App, Collections App etc. These modules help a new joiner simulate real-time app usage experience providing suitable instructions and commentary for better understanding and quick tech adaption, to increase productivity and effectiveness
- Conduct Corporate and Leadership Lessons from Movies to help imbibe corporate and leadership lessons, while enlivening the learning experience.
- Quarterly webinar with MD & CEO, Leadership Connect, quarterly 'Samvaad' HR Connect, etc. to improve employee outreach and keep them informed about key organisational updates.

The strategic employee engagement framework and use of digital technology help us to attract, nurture, engage and retain the right talent to fulfil our broader corporate and social goals.

Asset liability management

We have a sound Liquidity Risk Management (LRM) policy. The Board-approved LRM policy includes the Asset Liability Management (ALM) framework.

LRM policy objectives

- Define organisation structure for the LRM and ALM framework
- Design LRM information systems
- Process to evaluate liquidity and interest rate risks

The Asset Liability Committee (ALCO) appointed by the Board:

- Reviews market movements regularly to monitor market liquidity and liquidity risks
- Ensures the company maintains adequate liquidity buffer
- Reviews expected future borrowings frequently and mobilises resources to benefit from timely funding
- Maps liabilities across various maturity buckets versus the corresponding bucket expected inflows to conduct the gap analysis for the incremental borrowings

Our Board-approved treasury policies are well documented. We have SOPs to manage various treasury functionalities. We have checks and balances in place apart from periodic internal audits conducted across the treasury department. Our in-house capabilities help manage different borrowing instruments including ECB, listed NCD, Securitisation, Direct Assignment, etc.

Technology

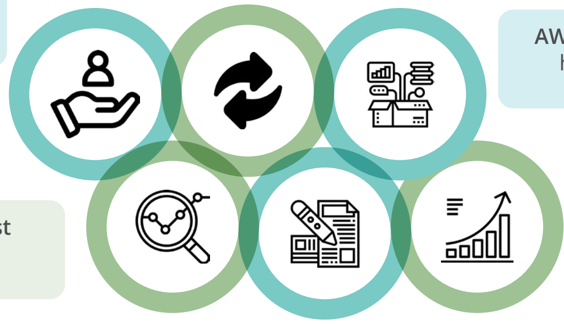
We have a suite of inhouse and closely integrated ecosystem of applications for the entire loan value chain, right from lead management to loan management and collections. Our customer facing web platforms and mobile app ensure digital onboarding and servicing for our customers. The ecosystem has integrated with multiple application programming interfaces (APIs) that interact with regulatory sources and niche technology service providers including credit bureaus, the GST database, and the like. This helps us analyse data from both sources via our platform during the underwriting of loans and as an ongoing evaluation during the loan tenure to provide early warning signals and give actionable insights.

Overview of NeoGrowth's capabilities derived through a robust technological architecture

Analytics using **proprietary algorithms, big data & non-conventional data**

New-age LOS architecture: asset-light, cost-efficient & nimble

AWS cloud servers: auto-scalable, highly secure & operationally efficient architecture



Continuous **adoption of latest tech stack** to automate new product launches

Ownership of apps for all key digital journeys (sales app, customer app, Younite portal)

Data science and analytics driven decision-making for superior asset quality

Agile tech competencies to rapidly integrate with other ecosystem players for multiple capabilities including sourcing (with alliance partners) or scaling up the off-balance sheet franchise (with lenders)

NeoGrowth loan repayments are undertaken via a daily repayment module wherein the amount to be repaid is auto debited through eNACH and credited directly to us by the card-acquiring bank. We have provided multiple other digital modes of payments for our customers for hassle-free repayment.

Leveraging artificial intelligence and machine learning tools driven by robust core systems and user-friendly journeys has helped us improve our customer experience, increase customer value, recruit talent and make better decisions across our key business areas.

NeoGrowth digital assets

NeoGrowth has majorly in-built robust digital capabilities aiding faster modifications as per product and policy changes, giving it a competitive edge over its peers.

Our innovative digital assets across functionalities offer key benefits as below:

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
- Account Aggregator based banking data capture and validation
- 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 see 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

Insta Web Application Journey

We have a web-based loan application journey for proprietor and retailer customers to complete the loan application by themselves:

- Fully digitised application with no physical paper required
- Intelligent journey that quickly establishes eligibility in few steps
- Digital Aadhaar based KYC
- GST-based business KYC for faster verification and validation
- Account Aggregator integrated journey for Banking validations
- Penny drop based bank account verification
- Integrated within journey eligibility scorecard for evaluating eligibility
- CAM assistance and call centre assistance options available

- Aadhaar-based document signing for faster processing and disbursement
- Enhanced UI/UX for enhancing customer delight and low drop offs

Customer app

The NeoGrowth customer app is for our existing customers for their loan management. They can login to check the loan details, documents or raise queries.

Existing customers

- Round-the-clock tracking and managing of loan account
- Customers with limit accounts can raise funding requests
- Instant access to statements, loan certificate, interest certificate and repayment schedule
- Digital repayments via Rupay debit card, net banking and UPI
- Verify pending payments, upcoming payments and break-up of dues
- Capture interest and assign to sales team for fulfilment

Younite Portal for Younite Partners

Our comprehensive online portal for our Younite partners:

- Create more leads and conversions
- Initiate Insta journey from YP portal and complete it independently
- Manage payout process to DSA
- Transparency in lead status dissemination to DSAs through easy lead tracking and monitoring
- Accurate data capture during DSA empanelment

Alliances portal

Our online portal for managing our network of alliance partners comes with major features and benefits that include:

- Generation of higher leads and conversions through alliance partners
- Minimise journey breaks during lead transmission from alliance partners
- Transparency in lead status dissemination to alliance partners through easy lead tracking and monitoring

Merchant portal

Our merchant portal is exclusively designed for our customers. Through the portal, they can login and retrieve all loan-related information and raise queries. The major benefits include:

- Customer logins to access their account
- Features like loan statement, interest certificate and repayment schedule available
- Customer can raise funding requests
- Customer can initiate and register for eNACH process via the portal
- Customer can undertake payments and raise any query for support or complaint

Advance Suite

Advance Suite (AS), our custom-built loan originating and management system keeps end-to-end tracking of the entire loan cycle from login to disbursement. The key features are outlined below:

- Enables loan tracking right from login to disbursement
- Repository storing complete customer information with application ID, deal details, documents, credit assessment details, KYC, financial and bank statements, sanction letter and loan agreement among others
- Creates repayment schedule for the loan account
- Sustains multiple loan products
- New module created to automate the process for referring loan applications with data and documentations to multiple BC partners and track status from application submission, acceptance, underwriting, disbursal and status till closure from BC partners side

Advance Suite also directly interacts with our data warehouse - a critical repository of all data sources serving as a 'single source of truth' for all management reporting and 'Deep Analytics'. We make extensive use of Deep Analytics to constantly alter and evolve our credit risk models aligned to changing market conditions and macro-economic situations.

Paylater Limit Management System (PLMS)

PLMS is our custom-built loan management system for limit-based products, the key features of which are indicated below:

- Track limit utilisation from activation till closure
- Process funding requests by customer via the customer app/merchant portal
- Generate statement for pro rata interest calculation for all accounts at month-end
- Support dynamic limit updation at month-end based on business rules
- Real-time repayment allocation to always ensure maximum limit availability for customers

SuiteCRM

SuiteCRM is a software for recording all interactions with potential customers from a sales perspective and existing customers from a servicing perspective. The software has robust helpdesk/ticketing functionality with configurable SLAs for various categories, escalation matrices and communication triggers. The comprehensive features ensure timely and satisfactory resolution of customer queries and complaints.

Additionally, it supports sales workflow with all lead information flowing into this system from our various partner portals and lead forms. We have also integrated SuiteCRM with AdvanceSuite, our LMS, to enable 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.

The CRM has also been integrated with dailer solution for quick and easy customer management to our customer support and onboarding team.

Collection Management System

We have a collection management software to manage delinquent accounts. The system undertakes

- 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
- Geotagging feature enabled to track and monitor resource productivity

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

INTERNAL CONTROLS

Our internal controls framework is designed to ensure appropriate safeguarding of assets, maintain accurate accounting records, and provide reliable financial information and other data to our stakeholders. This system is supplemented by internal audit, management reviews 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 operational risks. These risks include transactional errors that 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

Dear Shareholders,

Your directors have the pleasure of presenting the Eleventh Annual Report of your Company with the Audited Financial Statements for the financial year ended March 31, 2023.

1. OPERATIONAL HIGHLIGHTS

During the year 2022-2023, your Company achieved disbursements of ₹1893 Crores. Assets under management (AUM) grew by 19 % year on year to ₹1852 Crores.

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. During the year, your Company opened new Branches at Tirupati and Hubballi. Your Company also offered new and existing 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, 2023, 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, 2023, compared with the previous financial year are as below:

(₹ In lakhs)

Particulars	2022-2023	2021-22
Revenue from Operations	38090	36,159
Other Income	205	117
Total Income	**38,295**	**36,276**
Finance costs	(15,901)	(15,342)
Operational Costs (including employee benefit cost)	(12,304)	(10,600)
Impairment of Financial Instruments	(6,968)	(14,730)
Depreciation and amortization	(758)	(781)
Profit / (Loss) Before Tax	2,363	(5,177)
Tax Expenses / Credit	(637)	1,232
Profit / (Loss) After Tax	1,727	(3,945)
Transfer to Reserve Fund u/s 45-IC of the RBI Act, 1934	345	-
Surplus carried to Balance Sheet	1,381	-

(₹ In lakhs)

Particulars	As of March 31, 2023	As of March 31, 2022
Net worth	59,327	36,929
Debt / Equity Ratio	2.31	3.33
Capital Adequacy Ratio (%)	32.70	23.16

The previous year's numbers have been restated, wherever required.

Net worth 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 is in place to ensure maintaining asset's quality. The company continues to engage in proactive risk management practices.

State of Company's affairs, Economy, Industry Overview, future outlook etc.

A detailed overview of the state of affairs of the Company, Economy, Industry Overview, future outlook etc. is provided in the 'Management Discussion and Analysis' section.

3. AMOUNT CARRIED TO STATUTORY RESERVES

During the year, the Company transferred ₹345.31 Lakhs (20% of the profit for the year) to Statutory reserve created under Section 45-IC of the RBI Act, 1934

4. DIVIDEND

The company has a 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 charter documents of the Company during the period under review and details of the same are mentioned below:

1. The AOA of the Company was amended on June 21, 2022, in order to amend encapsulate the provisions of the Securities Subscription Agreement dated 14 September 2021 entered between the Shareholders and the Company.
2. The Articles of Association (AOA) of the Company was amended on December 12, 2022, to encapsulate the provisions of the Investment Agreement dated 25th November 2022 entered between the Shareholders and the Company and amended terms of CCDs.
3. The Memorandum of Association (MOA) of the Company was amended on October 26, 2022, to increase the authorized share capital of the company.

7. SHARE CAPITAL

During the year under review, there was a change in authorised and paid-up share capital of the Company. As on March 31, 2023,

a. the authorised share capital is ₹117,00,00,000 divided into ₹21,00,00,000 divided into 2,10,00,000 Equity shares of ₹10 each and ₹96,00,00,000 divided into 9,60,00,000 0.01%CCPS of ₹10 each and

b. paid-up share capital is ₹89,27,02,260 divided into ₹18,00,07,000 divided into 1,80,00,700

Equity shares of ₹10 each and ₹71,26,95,260 divided into 7,12,69,526 0.01% CCPS of ₹10 each.

During the year, the Company allotted 100 equity shares and 1,51,82,630 CCPS to FMO having face value of ₹10 each at a premium of ₹95.38 per share aggregating to ₹160 Crores, on private placement basis.

Further, the Company had issued 6,62,500 CCDs and 5,00,000 CCDs having face value of ₹1000 each in September 2021 and June 2022 respectively. These CCDs (except 3,07,500 CCDs held by Trinity Inclusion Limited) were converted into 1,04,42,887 CCPS of ₹10 each in December 2022.

Further, an application for approval of change in shareholding was filed by the Company with the Reserve Bank of India ("RBI") on 17th January 2023 pursuant to Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit Taking Company and Deposit taking Company (Reserve Bank) Directions 2016 (as updated). The remaining 3,07,500 CCDs shall be converted into CCPS on receipt of approval from RBI on change in shareholding.

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 32.70% as on March 31, 2023. (23.16% on March 31, 2022) 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 ₹1100 crore during FY 2022-23. The original contracted average maturity of outstanding borrowings is over 38 months and the average maturity of outstanding loans to customers is at 25 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 largely unimpacted by the global economic uncertainties, increasing interest rate scenarios and geo-political issues 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 2.31 times as on March 31, 2023 (3.33 times as on March 31, 2022).

11. DEBT SOURCING AND CREDIT RATING

During the year, your Company raised fresh external debt of ₹1099.98 Crore from various Financial Institutions in India and overseas. Out of this ₹170.80 Crore was through issuances of Non-Convertible Debentures (NCDs) to various overseas and domestic lenders and ₹325.00 Crore through term loans from domestic financial institutions. The company raised the fund through diversified sources of borrowings via innovative on balance sheet and off-balance sheet structures.

The Company has Cash Credit and Overdraft facilities totaling ₹42.80 Crore as on March 31, 2023 (of which ₹4.44 crore was utilized on that date). Total debt repayments of ₹1080.13 crore (including interest) were made during the year. The outstanding debt portfolio was at ₹1,363.00 crore as on March 31, 2023 (₹1,227.52 Crore as on March 31, 2022).

The Company has borrowed through Compulsorily Convertible Debentures (CCD) from its existing shareholders totaling ₹50 Crore which was converted into Series D Compulsorily Convertible Preference Shares (CCPS). Further, 3,55,000 CCDs out of 6,62,500 CCDs were converted into 47,33,333 CCPS and 3,07,500 CCDs remain outstanding for conversion. The Company has applied to RBI for prior approval for change in shareholding to convert these remaining CCDs into CCPS. 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 possible.

Your Company's credit rating was changed during the year by ICRA (a Moody's associate Company) with revised outlook - ICRA BBB (Stable Outlook) from ICRA BBB (Negative Outlook) and by CARE from CARE BBB negative to CARE BBB- Stable.

12. CLASSIFICATION AS A MIDDLE LAYER NBFC

The Company continues to be classified as a Middle Layer, Systemically Important Non-deposit taking NBFC (NBFC-ML), for FY 2022-23. 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/wp-content/themes/neogrowth/assets/images/pdf/PolicyonFairPraticeCode.pdf

15. VIGIL MECHANISM:

The Company has a whistle-blower policy in place as part of the vigil mechanism for reporting 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's people strategy is 'To drive competitive advantage through purposeful direction and positive workplace'. Your Company recognizes that employees are our biggest assets to realize our corporate objectives. Therefore, it always emphasizes right talent acquisition, their right engagement and development, so that right organizational capabilities get built. 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 593 at the end of March 2023. 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 FY 22-23, 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 FY 22-23 has helped it achieve the prestigious Great Place To Work certificate for a fourth consecutive year.

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 opportunities to inhouse talent through Internal Job Postings. Your Company has a zero-discrimination policy for hiring. We are pleased to inform you that this year, almost 95% of our Talent Acquisition happened through in-house sourcing. The in-house Analytics driven tool HireSmart we utilize for screening field executives in Sales, where the tool predicts likely productivity and longevity of a profile basis demographic, work experience and qualification parameters. The tool has made a significant impact in onboarding right talent in our frontlines sales. HireSmart helped your Company win 'Best Analytics Implementation' for HR Analytics project at Quantic India Technology Excellence Awards 2022 and at the NBFC's Tomorrow Conclave & DNA Awards 2022 by Banking Frontiers. To drive gender diversity, along with multiple employee engagement initiatives, your Company continue to have initiatives like 'Second Career for Women' program and World of Women etc.

Once a candidate is offered a job with us, through 'HR Mitra', your Company ensures the prospective 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, last year Your Company launched Catapult program of Management Trainees from tier-I b-schools. The first batch of Catapult has been successfully placed in key Departments at HO. The second batch under Catapult Program would be joining us in June this year.

b. **People Connect Initiatives:**

Under Neo Connect, your Company ensures outreach to employees under programs like quarterly Webinar with MD & CEO, Leadership

Connect, quarterly 'Samvaad' HR Connect etc. Program of 4-3-2 structured outreach to new joiners during initial months helps with their smooth settling down. To convey organizational goals and the 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 Power of 3 feedback survey seeking up to 3 supports required by employees to help make them more productive and effective at their work. Some useful insights were drawn and are put into practice.

Under Neo Celebrate, various employee delight initiatives are undertaken such as celebrating national festivals, employee birthdays, organization milestones etc. This year, Your Company organized live screening of India-England T-20 World cup semi-final at its offices. 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 Thank You day are cornerstones of employee engagement with fun and frolic with team. Your Company also celebrates events like Women's Day, World Environment Day, 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 the top 12 photographs taken by its employees to have an 'in-house' annual calendar printed.

c. **Reward and Recognition initiatives:**
Your Company follows a robust, fair and meritocratic performance assessment. It helps align individual goals with Company's strategic objectives. 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, branch wise Wall of Fame and Culture Badge are in place to drive work culture and spontaneously recognize the individuals who can be considered the role models for key traits we want our employees to have at workplace. From time to time, Your Company also organizes mega quarterly contests like Battle of Champions in a gamification way and Reward top performers. A key R&R program of your Company is to recognize Neo-Buddies and Super-Buddies who help with good welcoming and smooth onboarding of new joiners. 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 ensure 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 100 training programs and e-learning modules in functional and soft skills. Your Company has a mobile app-based L&D platform in addition to an already highly scalable 'Swadhyay' LeMS (Learning Management System) and VC based L&D infra. This has enabled on the go delivery of a multitude of training modules. Your Company provides an average of 40 training hours per employee per year. Along with VC/Classroom based 'Saksham' Supervisory Development program and e-modules based Learning Path, for human capital development your Company launched this year VC/Classroom based Leadership Development Program and e-modules based Leadership Path initiatives. Your Company believes in Learn with Fun and thereby it has modules like Corporate and Leadership Lessons from Movies in 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 sponsor part-time MBA of its employees. Additionally, to help its employees stay up to date with the latest action and trends in the market, your Company encourages and sponsor employees to participate in industry body seminars, workshops, and conferences.

e. **Initiatives for employee healthcare and giving back to society:**
Employee Safety, Health, and Well-being continue to be given paramount importance by your Company. Under Neo Care, your Company has taken initiatives to promote employee health and safety. Initiatives like '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 for 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. The option of VPF and NPS for financial planning and tax saving are amongst the key employee benefits your Company gives to its employees. 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. Your Company this year has launched a Compensatory Off policy. In addition to Privilege Leaves, 5 days Mandatory Leave and Maternity Leave, Paternity Leave, Bereavement Leave are there. 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 in employee engagement. Parents Mediclaim is made available to employees at corporate rates.

17. CORPORATE SOCIAL RESPONSIBILITY

The Company has constituted the Corporate Social Responsibility Committee (CSR) as per section 135 of the Companies Act, 2013. Considering the loss incurred by the Company in the past years, the CSR spend was not required to be undertaken by the Company. The CSR Policy is disclosed on the website of the Company at https://www.neogrowth.in/company-policies/

18. CUSTOMER SERVICE/RETENTION MEASURES

Customer experience journey enhancement has been one of the focus areas for the Company in FY 22-23. All the touch points starting from the onboarding to the exit of the customer have been developed in the communication and customer app workflows in addition to the existing channels of calls and emails support. We have developed integrated workflows in the onboarding journey where the customer information gets captured after validating and verifying with the relevant authorities and thereby reduces the data entry requirements from the customer. Similarly easy repayment options, access to the required customers loan documents, self-help options on information on the loan account and raising a query or request to the helpdesk - all these features are LIVE on the customer app. These initiatives have increased the usage of the customer app by our customers thereby reducing the inflow of queries and requests to the customer service teams. The renewal strategy for our customers is also being revamped and more emphasis is being given on auto renewal workflows, where with a minimal document and information requirements, NeoGrowth can retain the customer by renewal or top of the exiting loan.

19. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There have been no such material changes and commitments affecting the financial position of the Company which have occurred during the year under review.

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, alongwith 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 and size of its business, alongwith 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

In terms of Rule 11(2) of the Companies (Meetings of Board and its Powers) Rules, 2014 NBFCs are excluded from the applicability of Section 186 of the Act, 2013, where the loans, guarantees and securities are provided in the ordinary course of its business.

Details of Loans, Guarantees and Investments are given in the notes to the Financial Statements.

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

The Company's Board lays down the strategic objectives of the Company and guides the management in meeting the interests of the shareholders.

The following changes have taken place in the composition of the Board, during FY 2022-23:

1. Mr. Amit Mehta, representing IIFL Seed resigned from the Board w.e.f 13th May 2022
2. Mr. Mahesh Krishnamurthy, representing ON Mauritius resigned from the Board w.e.f 5th December 2022
3. Mr. Pranav Kumar, representing Trinity Inclusion Ltd., resigned from the Board w.e.f close of hours on 8th December 2022

   The Board appreciates the support and contribution provided by these Directors towards the growth of the Company, during their tenure.
4. Mr. Dhruv Kumar Khaitan resigned as Chairman of the Company w.e.f 8th December 2022
5. Mr. Piyush Kumar Khaitan resigned from the post of Managing Director w.e.f 8th December 2022 and was appointed as Chairman of the company w.e.f 8th December 2022
6. Mr. Arun Kumar Nayyar was elevated from Whole-time Director & CEO to Managing Director & CEO w.e.f 12th December 2022 for a period of 5 years from 12th December 2022
7. Ms. Deepa Bachu, representing FMO, was appointed as Nominee Director w.e.f 8th December 2022
8. Mr. Ganesh Rengaswamy was re-designated as Minority Investor Director from Nominee Director of Accion Frontier Inclusion Mauritius w.e.f 8th December 2022
9. Mr. Ramakrishnan Subramanian, representing Trinity Inclusion Ltd. was appointed as an Additional Director (Nominee Director) w.e.f 27th March 2023
10. Mr. Suresh Jayaraman was appointed as an Additional Director (in capacity of Independent, Non-Executive Director) on 27th March 2023 for a period of 5 years from 27th March 2023

B) Meetings of the Board

During the financial year 2022-23, the Board duly met 16 times on:

22.04.2022	30.06.2022	**24.08.2022**	**15.12.2022**
18.05.2022	11.07.2022	08.11.2022	24.01.2023
26.05.2022	20.07.2022	30.11.2022	02.02.2023
08.06.2022	09.08.2022	08.12.2022	27.03.2023

The time gap between the 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 ₹197.61 lakhs.

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.

During the year, the Company has modified the exercise price for Employee Stock Option Plan (ESOP) issued under the ESOP 2017 and ESOP 2018 scheme. The exercise price which was between ₹113.17 - ₹159.47 per share has been modified to ₹105.38 per share. The impact of the modification in exercise price is disclosed as Exceptional Items.

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 woman 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.

During the year under review 1 instance was reported and necessary actions were taken by the Company.

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 Annual General Meeting held on June 28, 2022, to hold office till conclusion of 31st Annual General Meeting under section 139 of the Companies Act 2013.

The Statutory Auditors Report on the financial statements for the financial year 2022-23 does not contain any qualification, reservation, or adverse remark.

30. ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3)(a) of the Companies Act, 2013, the Annual Return as on 31 March, 2022 will be available on the Company's website at https://www.neogrowth.in/annual-return/ once it is filed with the Ministry of Corporate Affairs.

31. SECRETARIAL AUDIT

M/s. Sachin Dedhia & Associates, Practicing Company Secretary (Membership number A20401, COP 9427) was appointed to conduct the Secretarial audit of the Company for FY 2022-23, 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 employees 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	**Arun Kumar Nayyar**
Director	MD & CEO
DIN: 00002584	DIN: 06804277

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

Place: Mumbai
Date: 16-05-2023

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	KFO ENTERPRISES 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	₹8,62,500 shared service cost recovered from KFO ENTERPRISES LLP.
Date(s) of approval by the Board, if any	-
Amount paid as advances, if any	-

ANNEXURE - 2

Details of Employment Stock Option Plan as on 31st March 2023

Sr. No	Particulars	ESOP Scheme, 2022	ESOP Scheme, 2018	ESOP Scheme, 2017
1.	Date of shareholders' approval	December 1, 2022	March 21, 2018	November 30, 2017
2.	Total Number of Options approved	8,09,871 stock options are approved under ESOP 2022 Scheme. (Including to ESOPs granted to resigned employees)	27,99,589 stock options are approved under these ESOP Schemes. (Including ESOPs granted to resigned employees)	
3.	Vesting requirement	All the Options granted under the Plan shall Vest upon Liquidity Event.	Options granted under ESOP 2018 shall vest in not less than one year from the date of grant.	Options granted under ESOP 2017 shall vest in not less than one year from the date of grant.
4.	Exercise price or pricing formula	This price will bedetermined 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.	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	Till Liquidity event or such other event as defined in the Scheme.	Till Liquidity event or such other event as defined in the Scheme.	Till Liquidity event or such other event as defined in the Scheme.
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- clause13.1.4 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	ESOP Scheme, 2022
1.	Number of options outstanding at the beginning of the year	18,13,884	397,200	Nil
2.	Number of options granted during the year	6,15,000	NIL	7,89,871
3.	Number of options issued due to Bonus during the year	NIL	NIL	Nil
4.	Number of options forfeited /lapsed during the year	69,000	NIL	Nil
5.	Number of options Vested during the year	3,41,377	6,000	Nil
6.	Number of options Exercised during the year	NIL	NIL	Nil
7.	Number of shares arising as a result of exercise of options	NIL	NIL	Nil
8	Money realized by exercise of options	NIL	NIL	Nil
9	Loan Repaid to Trust	NIL	NIL	Nil
10	Number of options outstanding at the end of the year	23,59,884	3,97,200	7,89,871
11	Number of options exercisable at the end of the year	12,60,507	3,97,200	Nil

Employee-wise details of Options granted during FY 2022-23, to:

i) Key managerial personnel:

Name of Employee	Options granted
Mr. Arun Kumar Nayyar	3,23,948
Mr. Deepak Goswami	1,55,923
Ms. Tanushri Yewale	20,000

ii) Any other employees who were granted, during any one year, Options amounting to 5% or more of the Options granted during that year:

Name of Employee	Options granted
Mr. Yogesh Nakhwa	30,000
Mr. Vivek Sapre	30,000
Mr. Amol Deherkar	70,000
Mr. Manmeet Sawhney	70,000

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 – None.

ANNEXURE - 3

FORM NO. MR-3

Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED 2022-2023

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

To,
The Members,
NeoGrowth Credit Private Limited

We have conducted the secretarial audit of all applicable statutory provisions for the financial year 2022-23 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, Ganpatrao 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 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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 2023 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 Non-Convertible Securities) Regulations, 2021;

(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 4,90,000 13.5% Compulsorily Convertible Debentures of ₹1,000/- each on Rights issue basis on 17th June 2022 to existing shareholders of the Company.

2) Allotment of 10,000 13.5% Compulsorily Convertible Debentures of ₹1,000/- each on Private Placement basis on 17th June 2022 to Mr. Arun Kumar Nayyar.

3) Allotment of 800 secured, rated, unlisted, redeemable, transferable, non-convertible debentures of ₹10,00,000/- each on Private Placement basis on 19th July 2022 to Nederlandse Financierings – Maatschappij voor Ontwikkelingslanden N. V. (FMO).

4) Allotment of 3080 secured, rated, unlisted, senior, redeemable, taxable, transferable, non-convertible debentures of ₹1,00,000/- each on Private Placement basis on 26th August 2022 to AAV Sarl & Masala Investments Sarl.

5) Allotment of 100 Equity Shares of ₹10/- each at a premium of ₹95.38/- and 1,02,48,243 Series D Compulsorily Convertible Preference Shares of ₹10/- each at a premium of ₹95.38/- on Private Placement basis on 7th December 2022 to Nederlandse Financierings – Maatschappij voor Ontwikkelingslanden N. V. (FMO).

6) Allotment of 49,34,387 Series D Compulsorily Convertible Preference Shares of ₹10/- each at a premium of ₹95.38/- on Private Placement basis on 15th December 2022 to Nederlandse Financierings – Maatschappij voor Ontwikkelingslanden N. V. (FMO).

7) Conversion of 3,55,000 Compulsorily Convertible Debentures (CCD) 1 into 47,33,333 Series D Compulsorily Convertible Preference Shares (CCPS) of ₹10/- each; Conversion of 5,00,000 CCD 2 into 57,09,554 Series D CCPS of ₹10/- each on 15th December 2022

8) Allotment of 2500 rated, unlisted, redeemable, taxable, transferable, non-convertible debentures of ₹1,00,000/- each on Private Placement basis on 28th February 2023 to IFMR Finance for Freedom Fund III.

9) Allotment of 3500 rated, secured, listed, redeemable, taxable, transferable, non-convertible debentures of ₹1,00,000/- each on Private Placement basis on 21st March 2023 to Northern Arc Capital Limited.

For, **Sachin Dedhia & Associates Company Secretaries**
Mumbai

Sd/-
Sachin Dedhia
Membership no. A20401, COP no. 9427
PR no. - 3394
UDIN: A020401E000296600

Date: 12th May 2023
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 is 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.

For, **Sachin Dedhia & Associates Company Secretaries**

Sd/-
Sachin Dedhia
Membership no. A20401, COP no. 9427
PR no. - 3394

Date: 12th May 2023
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 from time to time. The 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 1 (one) Executive Director and 8 (eight) Non-Executive Directors including 2 (two) Independent Directors. The Chairman of the Company is a Non-Executive Director.

As per Master Direction DNBR. PD. 008/03.10.119/2016-17 dated 1st September 2016 and any amendment made thereof, the Fit and Proper criteria in selection and appointment of Directors has been duly followed by the Company.

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.

During the FY 2022-23, the Board duly met 16 times on 22.04.2022, 18.05.2022, 26.05.2022, 08.06.2022, 30.06.2022, 11.07.2022, 20.07.2022, 09.08.2022, 24.08.2022, 08.11.2022, 30.11.2022, 08,12,2022, 15.12.2022, 24.01.2023, 02.02.2022 and 27.03.2023 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 paid to the Directors is approved by the Nomination and Remuneration Committee. No sitting fees is paid to any Director. The Company has formulated a Nomination and Remuneration Policy which is 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

The Company has 7 (seven) Board level committees: Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, Corporate

Social Responsibility Committee, Information Technology Strategy Committee, Resource and Mobilisation Committee and Equity Raise and Liquidity Committee. All decisions pertaining to the constitution of Committees, appointment of members and Charters / terms of reference for Committee members are taken by the Board of Directors. Details pertaining to the role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below:

All the Committees were re-constituted on 27th March 2023.

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 2023 is as under:

Name of Director	Role	No. of meeting attended
Bindu Ananth	Chairperson	8
Suresh Jayaraman*	Member	1
Ramakrishnan Subramanian*	Member	1

*Inducted in the Audit Committee on 27th March 2023.

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 2022-23, the Audit Committee met 8 times on 22.04.2022, 26.05.2022, 20.07.2022, 09.08.2022, 08.11.2022, 30.11.2022, 02.02.2023 and 27.03.2023 and the gap between the two meetings did not exceed 120 days.

B. NOMINATION AND REMUNERATION COMMITTEE (NRC)

The composition of the Nomination and Remuneration Committee (NRC) as on 31st March 2023 is as under

Name of the Member	Role	No. of Meeting attended
Suresh Jayaraman*	Chairman	1
Michael Fernandes	Member (Interim chairperson for 6 months)	5
Piyush Kumar Khaitan	Member	5
Bindu Ananth	Member	4

* Inducted in the Nomination and Remuneration Committee on 27th March 2023.

The terms of reference of this Committee are in line with the regulatory requirements mandated in the RBI Master directions and guidelines, the Companies Act, 2013 and Rules made thereunder, as amended from time to time. The scope of the Committee includes an annual review of the Nomination and Remuneration Policy, ensuring 'fit and proper' status of proposed and existing directors, recommend to the Board appointment and removal of the Directors, carry out Director Performance evaluation, 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 2022-23, the Committee met 5 times on 22.04.2022, 26.07.2022, 21.10.2022, 30.11.2022 and 27.03.2023 and the gap between the two meetings did not exceed 120 days.

C. RISK MANAGEMENT COMMITTEE (RMC)

The Risk Management Committee monitors risk management strategy of the Company. The composition of this Committee as on 31st March 2023 is as follows:

Name of the Member	Role	No. of Meeting attended
Ramakrishnan Subramanian*	Chairman	1
Piyush Kumar Khaitan	Member (Interim chairperson for 6 months)	4
Bindu Ananth*	Member	1
Arun Kumar Nayyar	Member	4

* Inducted in the Risk Management Committee on 27th March 2023.

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 2022-23, Committee met 4 times on 22.04.2022, 20.07.2022, 30.11.2022 and 27.03.2023.

D. 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 2023 is as under:

Name of the Member	Role
Arun Kumar Nayyar	Chairperson
Bindu Ananth	Member
Deepa Bachu	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 areas where the Company can contribute for CSR, amount to be spent by the Company as a contribution towards CSR initiative, 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. The Company has formulated CSR Policy as per the provisions of Companies Act 2013.

The Committee meets as and when required. As there was no agenda to be transacted during the year, the Committee did not meet, during the year.

E. IT STRATEGY COMMITTEE:

The Information Technology (IT) Strategy Committee was formed as per the provisions of RBI Master Direction – Information Technology Framework for the NBFC Sector dated June 8,2017. The Committee is formed to review and amend the IT strategies in line with the corporate strategies, policy reviews, cyber security arrangements and any other matter related to IT Governance.

The composition as on 31st March 2023 is as under:

Name of the Member	Role	No. of Meeting attended
Suresh Jayaraman*	Chairperson	1
Bindu Ananth	Interim chairperson for 6 months	4
Dhruv Kumar Khaitan	Member	4
Ramakrishnan Subramanian*	Member	1
Deepa Bachu**	Member	0
Arun Kumar Nayyar	Member	4
Deepak Nath Goswami	Member	4
Vikas Dhankhar	Member	1
Naveen Kumar	Member	3
Yogesh Nakhwa	Member	4

* Inducted in the IT Strategy Committee on 27th March 2023.

** Inducted in the IT Strategy Committee on 8th December 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 2022-23, the IT Strategy committee met 4 times on 20.07.2022, 08.11.2022, 30.11.2022 and 27.03.2023 and the gap between the two meetings did not exceed 6 months.

F. RESOURCES AND MOBILISATION COMMITTEE (R&MC)

The Resource and Mobilisation Committee is constituted to enhance and meet timely requirements of funds by the Company. Subject to applicable laws, the Board of Directors have delegated powers for approval of any borrowing and resource raising within the overall borrowing limits as approved by shareholders to this committee. The Composition of the committee as on 31st March 2023 is as follows:

Name of the Member	Role	No. of Meeting attended
Arun Kumar Nayyar	Chairperson	2
Piyush Kumar Khaitan	Member	2
Michael Fernandes	Member	0
*Bindu Ananth	Member	0
Ramakrishnan Subramanian	Member	0

*Included in the Resource Mobilisation committee on 27th March 2023.

During the FY 2022-23, the Committee met twice on 22.02.2023 and 17.03.2023.

G. EQUITY RAISE AND LIQUIDITY COMMITTEE (ERC):

The Equity Raise and Liquidity Committee was constituted by the Board on 8th December 2022 with the objective to explore opportunities of growth for equity capital. The Composition of the committee as on 31st March 2023 is as follows:

Name of the Member	Role	No. of Meeting attended
Michael Fernandes	Chairman	2
Piyush Kumar Khaitan	Member	2
Deepa Bachu	Member	1
Ganesh Rengaswamy	Member	2
Arun Kumar Nayyar	Member	2

During the FY 2022-23, the Committee met twice on 23.02.2023 and 14.03.2023.

H. OTHER COMMITTEES

The Board has also constituted Asset and Liability Committee (ALCO), IT Steering Committee, IS Audit Committee and Management Reporting Committee. These are not Board Level Committees. However, Mr. Arun Kumar Nayyar, Managing Director & CEO, is a member of these Committees along with other senior executives of the Company.

a. Asset Liability Committee (ALCO):

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 2023 is as under:

Name of the Member	Role	No. of Meeting attended
Name of the Member	**Role**	**No. of Meeting Attended**
Arun Kumar Nayyar	Member	12
Deepak Goswami,	Member	12
Pradeep Prajapati	Member	11
Ritesh Prajapati	Member	10

CPO, CBO, and Risk Head are invitees to the ALCO meetings.

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 2022-23, Committee met 12 times i.e., 20-04-2022, 18-05-2022, 22-06-2022, 25-07-2022, 17-08-2022, 21-09-2022, 19-10-2022, 16-11-2022, 21-12-2022, 25-01-2023, 22-02-2023, 15-03-2023.

b. IT STEERING COMMITTEE:

In reference to the RBI Master Directions – Information Technology Framework, the Company has constituted IT Steering Committee, operating at an executive level and focusing on priority setting, resource allocation and project tracking and any other matter related to IT Governance.

The composition as on 31st March 2023 is as under:

Name of the Member	Role	No. of Meeting attended
Deepak Nath Goswami	Chairman	4
Gauri Shah	Member	2
Naveen Kumar K	Member	4
Yogesh Nakhwa	Member	4
Nikhil Subhaschandra Patil	Member	4
Vikas Dhankhar*	Member	0

*Inducted in the Committee on 27th March 2023.

The terms of reference of this Committee are in line with the regulatory requirements and IT Policy of the Company.

During the FY 2022-23, Committee met 4 times i.e. 21.09.2022, 17.10.2022, 28.10.2022 and 13.01.2023.

c. IS Audit Committee:

In reference to the RBI Master Directions – Information Technology Framework, the Company has constituted Information System Audit (IS Audit) Committee to provide an insight on the effectiveness of controls that are in place to ensure confidentiality, integrity and availability of the organization's IT infrastructure. IS Audit shall identify risks and methods to mitigate risk arising out of IT infrastructure such as server architecture, local and wide area networks, physical and information security, telecommunications etc.

The composition as on 31st March 2023 is as under:

Name of the Member	Role	No. of Meeting attended
Vikas Dhankhar*	Chairman	0
Naveen Kumar K	Member	1
Arun Kumar Nayyar	Member	1
Deepak Nath Goswami	Member	1
Yogesh Nakhwa	Member	1
Gauri Shah	Member	1
Nikhil Subhaschandra Patil	Member	1

*Inducted in the Committee on 27th March 2023.

The terms of reference of this Committee are in line with the regulatory requirements and Information Security Audit Policy and IT Policy of the Company.

During the FY 2022-23, Committee met once, as stipulated in the IT framework of RBI on 28th September 2022.

d. Management Reporting Committee (MRC):

In line with the requirements of the Investment Agreement dated 25th November 2023, the Management Reporting Committee was constituted by the Board on 8th December 2022 for the management to effectively communicate with the Investors. It is a reporting committee by management to Investors. The Committee comprises of Managing Director and authorised representatives of the entitled shareholders. The Committee is chaired by the Managing Director and meets monthly to review the performance of the Company.

During the FY 2022-23, the Committee met 4 times on 16.12.2022, 19.01.2023, 17.02.2023 and 17.03.2023.

GENERAL MEETINGS

Following are the general body meetings and details of special resolution(s) passed:

a. Annual General Meeting:

The details of last three years are as follows:

Year	Annual General Meeting	Location	Date and Time	Details of Special Resolutions passed
2022-23	29th Annual General Meeting	Through Video Conferencing	June 28 2022 Time: 12 Noon	Approve the limit for Private Placement of Non- Convertible Debentures.
2021-22	28th Annual General Meeting	Through Video Conferencing	June 10 2021 Time: 4:00 P.M	a. Approve limit of private Placement of NCDs and b. Approval and ratification for grant of ESOP.
2020-21	27th Annual General Meeting	Through Video Conferencing	August 7 2020 Time: 12:30 P.M.	Approve limit of Private Placement of NCDs

b. Extra-Ordinary General Meeting:

During the FY 2022-23, Extra-Ordinary General Meetings of the Company were held on 10th June 2022, 21st June 2022, 26th October 2022, 1st December 2022 and 12th December 2022. The details on the special resolutions transacted in these meetings can be referred to in Note no.51 Section XI in the financial statements.

DISCLOSURES

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 has 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 programmes. Prevention of Sexual Harassment (PoSH) Awareness Session was conducted for Pan India Locations.

During the year under review 1 instance was reported and necessary actions were taken by the Company.

SECRETARIAL AUDIT

The Company annually conducts a secretarial audit by an independent practicing company secretary. For the year ended 31st March 2023, M/s. Sachin Dedhia & Associates, Practising Company Secretaries, conducted the secretarial audit and the report presented is forming part to this Report.

ISO 9001:2015 certification

NeoGrowth has successfully sustained the ISO 9001 Certification by clearing the Surveillance Audit at Mumbai (Andheri & Lower Parel), Delhi, Hyderabad, Pune, Jaipur, Vijaywada, Bengaluru, Chennai and Kolkata.

RELATED PARTY TRANSACTIONS

During the financial year 2022-23, there have been no materially significant related party transactions that may have potential conflict with the interest of the Company. Pursuant to the provisions of the Companies Act 2013, the Board has adopted a policy on related party transactions and the said policy is available on the website of the Company at https://www.neogrowth.in/company-policies/. The details of related party transactions are disclosed in Notes to Financial Statement.

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, 2023, 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, 2023, and its profit 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.

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 29 of the Ind AS financial statements)	
	Ind AS 109 – 'Financial Instruments', requires the Company to provide for impairment of its financial assets using the expected credit loss (the "ECL") approach which 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 estimates and judgement has been applied by the management including but not limited to the following matters: • Qualitative and quantitative factors used in staging the loan assets; • Basis used for estimating Probabilities of Default ("PD") and Loss Given Default ("LGD"); • Staging of loans and estimation of behavioural life • Grouping of borrowers on the basis of homogeneity given the variety of products; • Calculation of past default rates;	In view of the significance of the matter, our audit procedures performed included, but not limited to the following: • 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 March 13, 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. • Verified on a test check basis underlying data related to estimates and judgements: – Model/methodology used for various loan products;

Sr No	Key Audit Matter	Auditor's Response
	• Assigning rating grades to loans for which external rating is not available; • 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; • Significant assumptions regarding the probability of various scenarios and discounting rates for different loan products. Given the high degree of management's judgement involved in estimation of ECL, it is a key audit matter.	– 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 information used in the ECL computation, on a sample basis. • Tested the arithmetical accuracy of computation of ECL provision performed by the Company. • Verified the ECL provision on restructured cases pursuant to the Reserve Bank of India ("the RBI") circular on a sample basis. • 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 our internal specialist 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 authorization; • 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 are responsible for the other information. The other information comprises the Director's Report but does not include the financial statements and our auditor's report thereon. The Director's report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will 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 identified above when it becomes available 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.

When we read the Director's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;

   (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 give 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 has disclosed the impact of pending litigations as at March 31, 2023 on its financial statements – Refer Note No. 39 to the financial statements.

      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 45.4 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 45.5 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 misstatement.

v. The Company has neither declared nor paid any dividend during the year.

vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from April 1, 2023, reporting under clause (g) of Rule 11 is not applicable.

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

Prateet Mittal
Partner
Membership No. 402631
UDIN: 23402631BGXJTZ6525

Place: Mumbai
Date: May 12, 2023

Annexure- A

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 identified 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 favor 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 unaudited books of account of the Company.

(iii) a) 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 investment made, 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.

c) The Company, being a Non-Banking Financial Company, is registered under provisions of the RBI Act, 1934, in pursuance of its compliance with provisions of the said Act, particularly, the Income Recognition, Asset Classification and Provisioning Norms and generally accepted business practices by the lending institutions, repayments scheduled are stipulated basis the nature of the loan products. The repayment of the principal and the payment of interest by the borrowers are as per the stipulated repayment schedule except in case of default cases.

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 ₹ 5,647.00 lakhs (principal amount) and ₹ 790.87 lakhs (interest) overdue for more than ninety days as at March 31, 2023. 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) The principal business of the Company is to give loans. Accordingly, reporting under clause 3(iii)(e) of the Order is 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) In our opinion and according to the information and explanations given to us, the Company has not either directly or indirectly, granted any loan to any of its directors or to any other person in whom the director is interested, in accordance with the provisions of section 185 of the Act and the Company has not made investments through more than two layers of investment companies in accordance with the provisions of section 186(1) of the Act. The other sub-sections of Section 186 of the Act are not applicable to the Company.

(v) In our opinion and according to the information and explanations given to us, the Company being NBFC registered with RBI, provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended, are not applicable to the Company. We are informed by the Management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal against the Company in this regard.

(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, to the appropriate authorities. There were 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	Period	Forum	Remark
Goods and Service Tax, 2017	GST, interest, and penalty	₹ 31.77 lakhs	Financial Year 2017- 18	Commissioner of Appeal	The Company has filed appeal against order of Deputy Commissioner of State Tax against this demand order (DRC-01A) on 14th February 2022 and no further communication received from department till the date of this report.

(viii) Acccording 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 underclause 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, the Company has made private placement of shares and convertible debentures (fully) during the year and has duly compiled with the requirements of section 42 and 62 of the Companies Act, 2013. In our opinion and according toinformation and explanations given to us, the Company has utilised funds for the purpose for which they 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 other than instances of fraud noticed and reported by the management in terms of regulatory provision applicable to the Companyamounting to ₹ 51.35 lakhs comprising of 8 instances.

b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, report under section 143(12) of the Act, in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under Clause 3(xi)(b) of the Order is not applicable to the Company.

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) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 ('RBI Act') and it has obtained the registration.

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 not incurred cash losses in the financial year and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly reporting under clause 3(xviii) of the Order is not applicable.

(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) ofthe Order are not applicable.

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

Prateet Mittal
Partner
Membership No. 402631
UDIN: 23402631BGXJTZ6525

Place: Mumbai
Date: May 12, 2023

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, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITORS' RESPONSIBILITY

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including theassessment 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, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Prateet Mittal
Partner
Membership No. 402631
UDIN: 23402631BGXJTZ6525

Place: Mumbai
Date: May 12, 2023

NEOGROWTH
Lending simplified. Growth amplified.

Balance Sheet

as at March 31, 2023

(₹ in Lakhs)

Particulars			Notes	As at March 31, 2023	As at March 31, 2022
I	**ASSETS**				
	1	**Financial assets**			
		Cash and cash equivalents	4	17,522.75	9,000.22
		Bank balance other than above	5	6,148.91	4,842.05
		Derivative financial instruments	6	381.90	595.26
		Receivables	7		
		Trade receivables		123.59	29.17
		Other receivables		1,261.09	275.43
		Loans	8	164,580.24	137,971.77
		Other financial assets	9	4,428.81	2,933.79
	2	**Non-financial assets**			
		Deferred tax assets (net)	33	5,437.83	5,928.81
		Property, plant and equipment	10	107.26	147.27
		Right-of-use asset	11	1,569.54	2,080.21
		Intangible assets under development	12	101.93	-
		Other intangible assets	13	38.26	60.40
		Other non-financial assets	14	1,481.07	1,389.76
		Total assets		**203,183.18**	**165,254.15**
II	**LIABILITIES AND EQUITY**				
	Liabilities				
	1	**Financial liabilities**			
		Derivative financial instruments	6	-	6.26
		Trade payables			
		(i) total outstanding dues of micro enterprises and small enterprises	15	32.64	10.76
		(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	15	1,191.85	1,017.24
		Debt securities	16	53,301.05	79,297.94
		Borrowings (other than debt securities)	17	86,714.18	50,079.59
		Other financial liabilities	18	3,408.91	3,496.35
	2	**Non-financial liabilities**			
		Provisions	19	2,463.42	808.72
		Other non-financial liabilities	20	338.09	262.21
		Total liabilities		**1,47,450.14**	**1,34,979.07**
		Equity			
		Equity share capital	21	1,800.07	1,800.06
		Other equity	22	53,932.97	28,475.02
		Total equity		**55,733.04**	**30,275.08**
		Total liabilities and equity		**2,03,183.18**	**1,65,254.15**

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

For and on behalf of the Board of Directors

Prateet Mittal
Partner
Membership No. 402631
Place: Mumbai
Date: May 12, 2023

Dhruv Khaitan
Chairman
(DIN 00002584)
Place: Mumbai

Arun Nayyar
Managing Director & CEO
(DIN 06804277)
Place: Mumbai

Deepak Goswami
Chief Financial Officer
Place: Mumbai

Tanushri Yewale
Company Secretary
(M.No A31273)
Place: Mumbai
Date: May 12, 2023

Statement of Profit and Loss

for the year ended March 31, 2023

(₹ in Lakhs)

		Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue from operations				
	(i) Interest income	23	36,312.71	35,754.13
	(ii) Fee and commission income	24	1,277.77	345.63
	(iii) Income on derecognition of loan assets	25	181.15	-
	(iv) Net gain on fair value changes	26	317.91	59.39
(I)	**Total revenue from operations**		**38,089.54**	**36,159.15**
(II)	Other income	27	204.95	116.59
(III)	**Total income (I + II)**		**38,294.49**	**36,275.74**
Expenses				
	(i) Finance cost	28	15,900.97	15,341.70
	(ii) Impairment on financial instruments	29	6,967.98	14,730.38
	(iii) Employee benefit expense	30	7,877.72	6,775.29
	(iv) Depreciation, amortisation and impairment	31	758.45	781.42
	(v) Other expenses	32	4,241.89	3,824.41
(IV)	**Total expenses**		**35,747.01**	**41,453.20**
(V)	**Profit / (loss) before exceptional items and tax (III - IV)**		**2,547.48**	**(5,177.46)**
(VI)	**Exceptional items**		**184.37**	**-**
	Impact of modification of exercise price of Employee Stock Option Plan	35	184.37	-
(VII)	**Profit / (loss) before tax (V - VI)**		**2,363.11**	**(5,177.46)**
(VIII)	Tax expense:			
	(1) Current tax	33	-	223.15
	(2) Earlier year adjustments	33	(32.52)	-
	(3) Deferred tax charge / (credit)	33	669.08	(1,455.20)
(IX)	**Profit / (loss) for the year (VII - VIII)**		**1,726.55**	**(3,945.41)**
(X)	**Other comprehensive income**			
	A Items that will not be reclassified to profit or loss:			
	Remeasurement gain/(loss) on defined benefit plan		(12.18)	(8.58)
	Income tax impact		3.07	2.16
	Total (A)		**(9.11)**	**(6.42)**
	B Items that will be reclassified to profit or loss:			
	Cash flow hedge			
	Net Gain / (Loss) for the year		(537.45)	209.03
	Income tax impact		135.26	(52.61)
	Total (B)		**(402.19)**	**156.42**
	Other comprehensive income (A + B)		**(411.30)**	**150.00**
(XI)	**Total comprehensive income (IX + X)**		**1,315.25**	**(3,795.41)**
(XII)	**Earnings per equity share**			
	Basic (₹)	34	2.11	(5.78)
	Diluted (₹)	34	2.05	(5.78)

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

For and on behalf of the Board of Directors

Prateet Mittal
Partner
Membership No. 402631
Place: Mumbai
Date: May 12, 2023

Dhruv Khaitan
Chairman
(DIN 00002584)
Place: Mumbai

Arun Nayyar
Managing Director & CEO
(DIN 06804277)
Place: Mumbai

Deepak Goswami
Chief Financial Officer
Place: Mumbai

Tanushri Yewale
Company Secretary
(M.No A31273)
Place: Mumbai
Date: May 12, 2023

Statement of changes in Equity

for the year ended March 31, 2023

A. EQUITY SHARE CAPITAL

As at March 31, 2023

Balance as at April 1, 2022	Changes in equity share capital during the year	Balance as at March 31, 2023
1,800.06	0.01	1,800.07

As at March 31, 2023

Balance as at April 1, 2021	Changes in equity share capital during the year	Balance as at March 31, 2022
1,800.06	-	1,800.06

B. OTHER EQUITY

As at March 31, 2023

(₹ 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, 2022	4,555.30	202.45	945.81	42,518.24	(19,638.75)	(141.78)	33.75	28,475.02
Dividends	-	-	-	-	(0.71)	-	-	(0.71)
Issued during the year	1,515.23							1,515.23
Compulsorily Convertible Debentures converted during the year	1,042.20							1,042.20
Transfer to reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934	-	345.31	-	-	(345.31)	-	-	-
ESOP Cost recognised during the year	-	-	310.95	-	-	-	-	310.95
Utilised during the year	-	-	-	-	-	-	-	-
Premium received during the year	-	-	-	21,987	-	-	-	21,987.00
Share issue expenses				(751.70)				(751.70)
Less: Income tax on the above	-	-	-	39.77	-	-	-	39.77
Profit / (loss) for the year	-	-	-	-	1,726.55	-	-	1,726.55
Other Comprehensive Income for the year	-	-	-	-	-	(537.45)	(12.18)	(549.63)
Less: Income Tax	-	-	-	-	-	135.26	3.07	138.33
Total Comprehensive Income for the year	**2,557.43**	**345.31**	**310.95**	**21,275.08**	**1,380.53**	**(402.19)**	**(9.11)**	**25,457.98**
Balance as at March 31, 2023	**7,112.73**	**547.76**	**1,256.76**	**63,793.31**	**(18,258.22)**	**(543.97)**	**24.64**	**53,933.00**

Statement of changes in Equity

for the year ended March 31, 2023

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	(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	-	-	-	-	(3,945.41)	-	-	(3,945.41)
Other Comprehensive Income for the year	-	-	-	-	-	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)**	**(3,739.00)**
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**

Summary of significant accounting policies 3

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

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

For and on behalf of the Board of Directors

Prateet Mittal
Partner
Membership No. 402631
Place: Mumbai
Date: May 12, 2023

Dhruv Khaitan
Chairman
(DIN 00002584)
Place: Mumbai

Arun Nayyar
Managing Director & CEO
(DIN 06804277)
Place: Mumbai

Deepak Goswami
Chief Financial Officer
Place: Mumbai

Tanushri Yewale
Company Secretary
(M.No A31273)
Place: Mumbai
Date: May 12, 2023

Cash Flow Statement

for the year ended March 31, 2023

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Operating activities		
Profit / (Loss) before tax	2,363.11	(5,177.46)
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation, amortisation and impairment	758.45	781.42
Fair value movement of embedded derivative	(6.25)	6.26
Non cash adjustment made for creation and foreclosure of Right-of-use assets	-	11.07
Effective Interest Rate adjustment in Borrowings	(317.24)	97.41
Interest Income on security deposits	(35.51)	(35.90)
Interest on Lease liability	251.19	293.24
Interest on Debt Securities	8,278.25	10,309.53
Interest on Borrowings	5,754.83	3,264.97
Income on Derecognition of Loan Assets	(181.15)	-
Employee Benefit expenses	1,486.92	168.56
Profit on sale of property, plan and equipment	(0.08)	-
Impairment on financial instruments	6,967.98	14,730.38
Remeasurement gain/(loss) on defined benefit plan	(12.18)	(8.58)
Net Gain on fair value of Investments	(311.66)	(65.65)
Working capital changes		
(Increase) / Decrease in Loan	(33,165.13)	(31,926.96)
(Increase) / Decrease in Receivables	(1,081.32)	(304.58)
(Increase) / Decrease in Other Financial Assets	(1,689.74)	(947.39)
(Increase) / Decrease in Other Non Financial Assets	48.74	(150.04)
(Increase) / Decrease in Bank balance other than cash and cash equivalents	(1,306.86)	20,965.76
Increase / (Decrease) in Trade payable	196.48	(133.58)
Increase / (Decrease) in Other financial liabilities	371.43	(312.29)
Increase / (Decrease) in Provisions	467.54	(114.19)
Increase / (Decrease) in Other non-financial Liabilities	75.87	(76.66)
Interest Paid on Debt Securities and Borrowings	(14,692.95)	(13,741.00)
Income tax paid / refund received (Net of refunds / payments)	(107.56)	(374.66)
Net cash flows used in operating activities	**(25,886.81)**	**(2,740.38)**

Cash Flow Statement

for the year ended March 31, 2023

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Investing activities		
Proceeds from sale of property, plant and equipment	0.08	2.47
Purchase of property, plant and equipment	(42.04)	(76.18)
Intangible assets under development	(101.93)	
Purchase of intangible assets	0.01	(44.99)
Proceeds from redemption of Investments at fair value through profit and loss	2,70,598.18	45,204.74
Investments in Mutual Fund at fair value through profit and loss	(2,70,286.52)	(36,883.16)
Net cash flows from investing activities	**167.78**	**8,202.88**
Financing activities		
Debt securities issued	17,080.00	13,075.00
Debt securities repaid	(38,873.58)	(22,429.49)
Borrowings other than debt securities taken	89,362.11	39,685.78
Borrowings other than debt securities repaid	(52,809.43)	(31,426.27)
Proceeds from issuance of Equity Shares	0.01	-
Proceeds from issuance of Compulsorily Convertible Preference Shares	15,999.46	-
Compulsorily Convertible Debenture (CCD) issued	5,000.00	-
Payment towards share issue expenses	(615.25)	-
Expenses towards issuance of Cmpulsorily Convertible Debentures	(59.89)	-
Interest paid on lease liability	(251.19)	(293.24)
Principal portion of lease liability except short term lease payments	(590.70)	(527.28)
Net cash flows from / (used in) financing activities	**34,241.54**	**(1,915.50)**
Net increase / (decrease) in cash and cash equivalents	**8,522.51**	**3,547.00**
Cash and cash equivalents at April 1	9,000.22	5,453.22
Cash and cash equivalents at the end (refer Note 4)	**17,522.73**	**9,000.22**
Operational cash flows from interest and dividends		
Interest paid	14,692.95	13,741.00
Short-term lease payments	(0.56)	-

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 38.

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

Prateet Mittal
Partner
Membership No. 402631
Place: Mumbai
Date: May 12, 2023

For and on behalf of the Board of Directors

Dhruv Khaitan
Chairman
(DIN 00002584)
Place: Mumbai

Arun Nayyar
Managing Director & CEO
(DIN 06804277)
Place: Mumbai

Deepak Goswami
Chief Financial Officer
Place: Mumbai

Tanushri Yewale
Company Secretary
(M.No A31273)
Place: Mumbai
Date: May 12, 2023

Notes to Financial Statements

for the year ended March 31, 2023

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 12, 2023.

NOTE 2: STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) issued by the Ministry of Corporate Affairs in exercise of the powers conferred by section 133 of the Companies Act, 2013. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied along with compliance with other statutory promulgations which require a different treatment. Any directions issued by the RBI or other regulators are implemented as and when they become applicable.

Further, the Company has complied with all the directions related to Implementation of Indian Accounting Standards prescribed for Non-Banking Financial Companies (NBFCs) in accordance with the RBI notification no. RBI/2019-20/170 DOR NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020.

Accounting policies have been consistently applied.

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 from time to time.

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 37: Maturity Profile".

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. Any revisions to accounting estimates are recognised prospectively in the period in which the estimate is revised and future periods.

3.2. Revenue Recognition

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.

Notes to Financial Statements

for the year ended March 31, 2023

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 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 gross 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.

Gains arising out of de-recognition transactions comprise the difference between the interest on the loan portfolio and the applicable rate at which the transaction is entered into with the assignee, also known as the right of Excess Interest Spread (EIS). The future EIS basis the scheduled cash flows on execution of the transaction, discounted at the applicable rate is recorded upfront in the statement of profit and loss. EIS is evaluated and adjusted for ECL, expected prepayment & expected collection cost..

b) All other charges such as cheque return charges, overdue charges etc are recognised on realization basis. For term loans, these charges are treated to accrue on realization, due to the uncertainty of their realization. For other loan assets, charges are accounted on accrual basis.

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.

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
Customer Relationship Management 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.

Accelerated depreciation is used for assets amounting to less than ₹ 5,000.

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

Notes to Financial Statements

for the year ended March 31, 2023

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.

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 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 Company'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

Notes to Financial Statements

for the year ended March 31, 2023

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 capitalized 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 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.

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.

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 35.

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.

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On modification of terms of the ESOP scheme, the Company shall include the incremental fair value granted in the measurement of the amount recognised for services received as consideration for the equity instruments granted. The incremental fair value granted is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. If the modification occurs during the vesting period, the incremental fair value granted is included in the measurement of the amount recognised for services received over the period from the modification date until the date when the modified equity instruments vest, in addition to the amount based on the grant date fair value of the original equity instruments, which is recognised over the remainder of the original vesting period. If the modification occurs after vesting date, the incremental fair value granted is recognised immediately, or over the vesting period if the employee is required to complete an additional period of service before becoming unconditionally entitled to those modified equity instruments.

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, if applicable.

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).

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.

Notes to Financial Statements

for the year ended March 31, 2023

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 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 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 gross carrying amount on initial recognition. Transaction cost and income which is directly attributable to financial assets are amortised over the tenor of the loan. 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.

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

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for the year ended March 31, 2023

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 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.

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

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, credit performance including actual default data and Macro economic variables. 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.

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

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.

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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.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the statement of profit and loss.

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 derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

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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 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

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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.

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.

The Company's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant IndAS. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed.

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.

Intangible Assets under Development

An intangible asset is recognised only when its cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the company. Intangible assets acquired separately are measured on initial recognition at cost. 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.

Notes to Financial Statements

for the year ended March 31, 2023

When it is certain that the future economic benefit attributable to the use of such intangible assets are probable to flow to the compacny and the expenditure incurred for development of such intangible assets can be measured reliably. The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by the Company. The intangible assets including those internally generated are amortised using the straight line method over a period of six years, which is the Management's estimate of its useful life. The useful lives of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate. Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as 'Intangible assets under development'

Recent pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

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

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

Notes to Financial Statements

for the year ended March 31, 2023

NOTE 4: CASH AND CASH EQUIVALENTS

(₹ In Lakhs)

	As at March 31, 2023	As at March 31, 2022
Cash on hand	13.83	13.28
Balances with bank*	5,008.87	2,554.53
Bank deposit with maturity of less than 3 months	12,500.05	6,432.41
Total	**17,522.75**	**9,000.22**

*Balance with Bank includes ₹ 451 lakhs (March 31, 2022 : ₹ Nil) payable to assignee under the Direct Assignment.

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, 2023	As at March 31, 2022
Deposits with original maturity for more than 3 months but less than 12 months	554.41	-
Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments (under lien)*	5,594.50	4,842.05
Total	**6,148.91**	**4,842.05**

*Of the above, (i) Fixed Deposits amounting to ₹ 3,552.62 lakhs (March 31, 2022 - ₹ 3,474.01 lakhs) have been lien marked against Cash Credit and overdraft facility, (ii) ₹ 987.77 lakhs (March 31, 2022 - ₹ 970.04 lakhs) have been line marked against Pass Through Certificates, (iii) ₹ 965 lakhs (March 31, 2022 - ₹ 298 lakhs) have been lien marked against External Commercial Borrowings (ECB), (iv) Nil lien marked against term loans (March 31, 2022 - ₹ 100 lakhs) (Refer Note no 17 for details of borrowing) and (v) ₹ 89.10 lakhs (March 31, 2022 - Nil) have been lien marked against Business Correspondence arrangement.

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 Company has adopted hedge accounting principles as per Ind AS 109.

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, 2023				As at March 31, 2022			
	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	24,269.50	(20.93)	-	-	4,245.00	197.56		
Sub total (i)	**24,269.50**	**(20.93)**	**-**	**-**	**4,245.00**	**197.56**	**-**	**-**
(ii) Other derivatives - Cross Currency Interest Rate Swaps	23,353.64	402.83	-	-	8,494.49	397.70		
(iii) Embedded Derivatives	-	-	-	-	-	-	-	6.26
Total derivative financial instruments (i+ii)	**47,623.14**	**381.91**	**-**	**-**	**12,739.49**	**595.26**	**-**	**6.26**

Notes to Financial Statements

for the year ended March 31, 2023

(₹ In Lakhs)

Particulars	As at March 31, 2023				As at March 31, 2022			
	Notional amounts	Fair value assets	Notional amounts	Fair value liabilities	Notional amounts	Fair value assets	Notional amounts	Fair value liabilities
Part II								
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:								
Cash flow hedging	47,623.14	381.91	-	-	12,739.49	595.26	-	-
Embedded Derivative	-	-	-	-			-	6.26
Total Derivative Financial Instruments	**47,623.14**	**381.91**	**-**	**-**	**12,739.49**	**595.26**	**-**	**6.26**

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 47.

6.1.1: Embedded Derivative

Embedded Derivative arising from the CCD's 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 59.31 million as on March 31, 2023 (as on March 31, 2022 USD 17.84 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 loss of ₹ 537.45 lakhs for the year ended March 31, 2023 (cash flow hedge gain of ₹ 209.03 lakhs for year ended March 31, 2022) which is routed through Other Comprehensive Income. The Company has entered into effective hedge and hence such notional loss would be nullified at the time of actual cash settlement. Hence decrease in equity to the extent of ₹ 402.18 lakhs (net of tax) (increase in equity to the extent of ₹156.42 lakhs (net of tax) for the year ended March 31, 2022) is notional in nature.

Notes to Financial Statements

for the year ended March 31, 2023

The impact of the hedging instruments on the balance sheet is as follows:

(₹ In Lakhs)

Particulars	As at March 31, 2023			As at March 31, 2022		
	Notional amount	Carrying amount	Line item in the balance sheet	Notional amount	Carrying amount	Line item in the balance sheet
Cross Currency Interest Rate Swaps	23,353.64	402.83	Derivative financial instruments	8,494.49	397.70	Derivative financial instruments
Currency Swaps	24,269.50	(20.93)	Derivative financial instruments	4,245.00	197.56	Derivative financial instruments

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, 2023	Total hedging gain / (loss) recognised in OCI for the year ended March 31, 2022	Cash flow hedge reserve as at March 31, 2023	Cash flow hedge reserve as at March 31, 2022
External Commercial Borrowings	(537.45)	209.03	(543.97)	(141.78)

NOTE 7: RECEIVABLES

(₹ In Lakhs)

	As at March 31, 2023	As at March 31, 2022
Trade Receivables (Unsecured considered good)	123.59	29.17
Other Receivables (Unsecured considered good)	1,262.32	275.43
Unsecured considered good	1262.3	275.43
Less: Impairment Loss Allowance	(1.23)	-
	1,261.09	**275.43**
Total	**1,384.68**	**304.60**

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

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, 2023	-	123.59	-	-	-	-	123.59
	As at March 31, 2022	-	29.17	-	-	-	-	29.17
Total	As at March 31, 2023	**-**	**123.59**	**-**	**-**	**-**	**-**	**123.59**
	As at March 31, 2022	**-**	**29.17**	**-**	**-**	**-**	**-**	**29.17**

Notes to Financial Statements

for the year ended March 31, 2023

Other Receivables ageing

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, 2023	1,262.32	-	-	-	-	-	1,262.32
	As at March 31, 2022	275.43	-	-	-	-	-	275.43
TOTAL	As at March 31, 2023	**1,262.32**	**-**	**-**	**-**	**-**	**-**	**1,262.32**
	As at March 31, 2022	**275.43**	**-**	**-**	**-**	**-**	**-**	**275.43**

NOTE 8: LOANS (AT AMORTISED COST)

(₹ In Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Total loans	171,992.96	155,917.83
Total - Gross	**171,992.96**	**155,917.83**
Less: Impairment loss allowance	7,412.71	17,946.06
Total	**164,580.24**	**137,971.77**

Note 8.1: Nature of Loans

(₹ In Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
(A) Term loans	167,401.14	151,555.43
Less: Impairment loss allowance	7,139.67	17,828.76
Total - Net	**160,261.47**	**133,726.67**
(B) Others (Limit Loans)	4,591.81	4,362.41
Less: Impairment loss allowance	273.04	117.30
Total - Net	**4,318.77**	**4,245.10**

Note 8.2: Nature of Security

(₹ In Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Secured against tangible assets	171,992.96	155,917.83
Total - Gross	**171,992.96**	**155,917.83**
Less: Impairment loss allowance - Secured	(7,412.71)	(17,946.06)
Total - Net	**164,580.24**	**137,971.77**

Note 8.3: Location

(₹ In Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Loans in India		
i) Others (Private sector)	171,992.96	155,917.83
Less: Impairment loss allowance	(7,412.71)	(17,946.06)
Total - Net	**164,580.24**	**137,971.77**

Notes to Financial Statements

for the year ended March 31, 2023

Summary of loans by stage distribution

Details of Company's Risk Management process and policies are set out in Note 47 - Risk Management.

(₹ In Lakhs)

Particulars	As at March 31, 2023				As at March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	160,915.51	5,539.55	5,537.95	171,993.00	130,282.52	8,761.00	16,874.30	155,917.82
Less: Impairment loss allowance	(3,563.08)	(222.22)	(3,627.41)	(7,412.70)	(4,987.08)	(2,584.87)	(10,374.12)	(17,946.07)
Net carrying amount	**157,352.43**	**5,317.33**	**1,910.54**	**164,580.30**	**125,295.44**	**6,176.13**	**6,500.18**	**137,971.76**

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, 2023				For the year ended March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	130,282.52	8,761.00	16,874.30	155,917.82	83,907.21	40,428.89	8,497.29	132,833.39
New assets originated or purchased	215,412.07	1,777.43	2,795.10	219,984.61	168,604.73	23,610.51	20,030.81	212,246.05
Assets derecognised or repaid (excluding write offs)	(169,120.50)	(6,898.81)	(6,936.73)	(182,956.03)	(128,188.85)	(29,933.29)	(11,028.39)	(169,150.54)
Transfers to Stage 1	2,883.11	(2,489.80)	(393.30)	0.01	28,985.42	(26,402.71)	(2,582.71)	-
Transfers to Stage 2	(18,519.43)	19,234.77	(715.35)	-	(22,995.42)	27,245.84	(4,250.42)	-
Transfers to Stage 3	(34.20)	(14,927.64)	14,961.84	-	(12.91)	(17,464.21)	17,477.13	-
Assets written Off	11.93	82.59	(21,047.92)	(20,953.40)	(17.67)	(8,724.02)	(11,269.40)	(20,011.08)
Gross carrying amount closing balance	**160,915.51**	**5,539.55**	**5,537.95**	**171,993.01**	**130,282.52**	**8,761.00**	**16,874.30**	**155,917.82**

Reconciliation of ECL balance is given below:

(₹ In Lakhs)

Particulars	For the year ended March 31, 2023				For the year ended March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	4,987.08	2,584.87	10,374.12	17,946.07	2,748.26	4,130.54	5,187.96	12,066.76
New assets originated or purchased	6,955.74	7,023.28	7,124.17	21,103.18	12,248.99	19,435.00	16,420.50	48,104.49
Assets derecognised or repaid (excluding write offs)	(7,235.37)	(1,977.48)	(3,152.05)	(12,364.90)	(7,601.44)	(8,004.67)	(8,439.55)	(24,045.66)
Transfers to Stage 1	257.78	(211.67)	(46.10)	-	2,038.66	-1,542.35	-496.30	-
Transfers to Stage 2	(1,375.23)	1,574.02	(198.80)	-	(4,440.79)	6,516.51	(2,075.72)	-
Transfers to Stage 3	(24.42)	(8,799.06)	8,823.48	-	(5.52)	(10,071.09)	10,076.61	-
Assets written Off	(2.49)	28.26	(19,297.41)	(19,271.64)	(1.09)	(7,879.06)	(10,299.38)	(18,179.53)
ECL allowance - closing balance	**3,563.08**	**222.22**	**3,627.41**	**7,412.70**	**4,987.08**	**2,584.87**	**10,374.12**	**17,946.06**

Notes to Financial Statements

for the year ended March 31, 2023

Concentration of loans and advances (%)

(₹ In Lakhs)

Industry	As at March 31, 2023	As at March 31, 2022
Food and Beverage	9.32%	10.94%
Apparel	10.32%	11.70%
Petrol Pump	5.88%	7.09%
Groceries	5.15%	6.51%
Hardware and Electrical	4.96%	4.48%
Engineering and Capital Goods	5.01%	3.51%
Contractor	5.81%	5.03%
Mobile	3.23%	3.90%
Pharmacy	2.88%	3.20%
FMCG	3.21%	3.45%
Hotels	0.39%	0.43%
Spa and Salon	1.49%	1.74%
CDIT	1.57%	1.64%
Logistics	2.13%	1.90%
Others	38.62%	34.50%

Note: Others consist a list of more than 50 industries, over which this portion of the portfolio is distributed.

NOTE 9: OTHER FINANCIAL ASSETS

(₹ In Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured considered good, unless stated otherwise		
Security deposits	311.57	267.03
Others		
Fixed deposits with bank with original maturity for more than 12 months	3,549.96	2,034.78
Excess Interest Spread (EIS) on Direct Assignment	150.10	-
Less: Impairment allowance on EIS on Direct Assignment	(3.36)	-
Other receivables	820.44	635.61
Less: Impairment allowance	(399.90)	(3.63)
Total	**4,428.81**	**2,933.79**

Note: Of the above, fixed deposit amounting to i) ₹ 1,943.01 lakhs (March 31, 2022 - ₹ 851.01 lakhs) are lien marked against External Commercial Borrowings (refer note no 17), ii) ₹ 555.43 lakhs (March 31, 2022 - ₹ 502.92 lakhs) are lien marked against Pass Through Certificates (refer note no 17) iii) 463.55 lakhs (March 31, 2022 - ₹ 89.10 lakhs) are lien marked against Business Correspondence arrangement.

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

Particulars	Leasehold improvement	Office equipment	Computer Equipment	Furniture & Fixtures	Total
Cost:					
As at April 1, 2021	79.49	57.10	166.16	49.76	352.51
Additions	0.00	7.85	58.96	9.33	76.14
Disposals	(4.97)	(1.99)	(12.87)	(0.08)	(19.91)
As at March 31, 2022	**74.52**	**62.96**	**212.25**	**59.01**	**408.74**
Additions	-	9.44	30.74	1.86	42.05
Disposals	-	(1.74)	(1.89)	-	(3.62)
As at March 31, 2023	**74.52**	**70.66**	**241.11**	**60.87**	**447.18**

Notes to Financial Statements

for the year ended March 31, 2023

Particulars	Leasehold improvement	Office equipment	Computer Equipment	Furniture & Fixtures	Total
Depreciation and impairment:					
As at April 1, 2021	43.71	28.16	82.36	26.14	180.37
Depreciation charge for the year	8.16	17.26	64.78	8.37	98.57
Disposals	(4.96)	(1.08)	(11.40)	-	(17.44)
As at March 31, 2022	**46.90**	**44.34**	**135.74**	**34.51**	**261.49**
Depreciation charge for the year	8.14	11.46	55.77	6.68	82.04
Disposals	-	(1.73)	(1.89)	-	(3.62)
As at March 31, 2023	**55.04**	**54.07**	**189.62**	**41.19**	**339.93**
Net book value:					
As at March 31, 2022	**27.62**	**18.63**	**76.51**	**24.49**	**147.27**
As at March 31, 2023	**19.48**	**16.59**	**51.49**	**19.68**	**107.26**

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.

Particulars	Right-of-use Premises
Cost:	
As at April 1, 2021	3,245.87
Additions	179.94
Adjustments	0.38
Disposals	(141.54)
As at March 31, 2022	**3,284.65**
Additions	166.51
Disposals	(77.27)
As at March 31, 2023	**3,373.89**
Depreciation and impairment:	
As at April 1, 2021	609.48
Depreciation charge for the year	652.02
Adjustments	-
Disposals	(57.06)
As at March 31, 2022	**1,204.44**
Depreciation charge for the year	654.25
Adjustments	-
Disposals	(54.34)
As at March 31, 2023	**1,804.35**
Net book value:	
As at March 31, 2022	**2,080.21**
As at March 31, 2023	**1,569.54**

NOTE 12: INTANGIBLE ASSETS UNDER DEVELOPMENT

(₹ In Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Intangible assets under development	101.93	-
Total	**101.93**	**-**

Notes to Financial Statements

for the year ended March 31, 2023

(₹ In Lakhs)

Intangible assets under development ageing	Less than 1 year	1-2 Years	2-3 Years	More than 3 Years	Total
Projects in progress	101.93	-	-	-	101.93

Note: Above Intangible asset under development is not overdue or has not exceeded its cost compared to its original plan.

NOTE 13: OTHER INTANGIBLE ASSETS

(₹ In Lakhs)

Particulars	Computer Software
Cost:	
As at April 1, 2021	182.24
Additions	44.99
As at March 31, 2022	**227.23**
Additions	-
As at March 31, 2023	**227.23**
Accumulative amortisation and impairment:	
As at April 1, 2021	135.99
Amortisation charge for the year	30.84
As at March 31, 2022	**166.83**
Amortisation charge for the year	22.14
As at March 31, 2023	**188.96**
Net book value:	
As at March 31, 2022	**60.40**
As at March 31, 2023	**38.26**

NOTE 14: OTHER NON-FINANCIAL ASSETS

(₹ In Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Advance tax (net)	763.41	623.36
(net of provision for tax ₹ 223.14 lakhs [March 31, 2022 ₹ 223.14 lakhs])		
Goods & Service Tax credit (input) receivable	232.64	353.30
Prepaid expenses	282.61	268.17
Advance to vendors	202.42	144.93
Total	**1,481.07**	**1,389.76**

NOTE 15: TRADE PAYABLE

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, 2023	32.64	-	-	-	32.64
	As of March 31, 2022	10.76	-	-	-	10.76
(ii) Others	As of March 31, 2023	1,191.85	-	-	-	1,191.85
	As of March 31, 2022	1,016.14	1.10	-	-	1,017.24
Total		**1,224.48**	**-**	**-**	**-**	**1,224.48**
		1,026.90	**1.10**	**-**	**-**	**1,028.00**

Notes to Financial Statements

for the year ended March 31, 2023

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 32.64 lakh as on March 31, 2023 (10.76 lakhs in March 31, 2022)
- 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).

NOTE 16: DEBT SECURITIES

(₹ In Lakhs)

Particulars	As at March 31, 2023 Amortised cost	As at March 31, 2022 Amortised cost
Liability component of compound financial instruments	14.22	9.10
Senior secured notes		
Non Convertible Debentures (Secured)		
Privately placed debentures	50,011.95	72,315.93
Compulsorily Convertible Debentures (Unsecured)		
Rights issue for CCDs	3,274.89	6,972.91
Total	**53,301.05**	**79,297.94**
Debt securities in India	8,839.68	5,872.62
Debt securities outside India	44,461.37	73,425.32
Total	**53,301.05**	**79,297.94**

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, 2023	As at March 31, 2022
August 07, 2022	-	Bullet	1,000,000	-	5,060.00
November 16, 2022	-	Two Equal Instalments	1,000,000	-	6,000.00
February 07, 2023	-	Bullet	1,000,000	-	3,500.00
February 15, 2023	-	Bullet	1,000,000	-	10,500.00
April 26, 2023	-	Two Instalments	1,000,000	1,625.00	3,250.00
May 13, 2023	-	Two Instalments	1,000,000	-	0.51
August 28, 2023	-	Bullet	1,000,000	6,500.00	6,500.00
September 03, 2025	September 03, 2022	Bullet	1,000,000	6,200.00	6,200.00
February 26, 2026	August 25, 2022	Bullet	1,000,000	-	3,500.00
November 24, 2023	-	Bullet	1,000,000	3,200.00	3,200.00
December 9, 2024	-	Four Equal Instalments	1,000,000	5,550.00	5,550.00
May 13, 2024	-	Two Instalments	5,000	-	4,521.40

Notes to Financial Statements

for the year ended March 31, 2023

(₹ In Lakhs)

Redemption Date	Put/Call option date	Repayment details	Face Value	As at March 31, 2023	As at March 31, 2022
February 13, 2026	-	Two Instalments	1,000,000	4,100.00	4,100.00
March 18, 2024	March 18, 2023	Six Instalments	100,000	833.33	1,667.00
March 19, 2024	March 19, 2023	Six Instalments	100,000	666.67	1,333.00
June 13, 2026	-	Two Instalments	100,000	2,450.00	2,450.00
March 10, 2027	March 10, 2025	Bullet	1,000,000	2,000.00	2,000.00
March 30, 2025	March 30, 2024	Six Equal Instalments	1,000,000	1,333.33	2,000.00
July 19, 2026	-	Four Equal Instalments	1,000,000	6,000.00	-
August 31, 2026	-	Two Instalments	100,000	3,080.00	-
February 28, 2026	August 28, 2024	Bullet	100,000	2,500.00	-
March 25, 2024	-	Four Equal Instalments	100,000	3,500.00	-
Total				**49,538.33**	**71,331.91**
Add: Interest Component (including EIR)				473.62	984.02
Total				**50,011.95**	**72,315.93**

Redeemable Non Convertible Debentures (Secured) carries Interest rates ranging from 11.65% p.a. to 14% p.a. for the year ended March 31, 2023 (March 31, 2022 - 11.65% p.a. to 14% p.a.)

Security details for Non Convertible Debentures ('NCDs')

The NCDs are fully secured by first charge over the loan receivable from borrowers of the Company or fixed deposits of the Company specifically lien marked against respective lender. The total asset cover has been maintained as per the terms and condition stated in the respective debenture trust deeds.

Particulars of Privately Placed Compulsorily Convertible Debentures (CCD) (Unsecured):

(₹ In Lakhs)

Maturity Date	Put/Call option date	Repayment details	Face Value	As at March 31, 2023	As at March 31, 2022
September 23, 2040	-	Bullet	1,000	3,075.00	6,625.00
Total				**3,075.00**	**6,625.00**
Add: Interest Component (including EIR)				199.89	347.91
Total				**3,274.89**	**6,972.91**

CCD carries interest rate at 13.5% p.a. for the year ended March 31, 2023 (March 31, 2022 - 13.5% p.a.). All CCD has been converted into Compulsorily Convertible Preference Shares except ₹ 3,075 lakhs which is awaiting RBI approval.

NOTE 17: BORROWINGS OTHER THAN DEBT SECURITIES

(₹ In Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
	Amortised cost	Amortised cost
Term Loan		
from bank in INR (secured)	3,662.38	5,225.83
from third party in INR (secured)	27,358.32	10,110.13
Cash credit / Overdraft facilities from banks (secured)	443.93	5,115.96
External Commercial Borrowings (secured)	48,832.79	13,698.92
Others: Pass Through Certificates (secured)	6,416.76	15,928.75
Total	**86,714.18**	**50,079.59**
Borrowings in India	37,881.39	36,380.67
Borrowings outside India	48,832.79	13,698.92
Total	**86,714.18**	**50,079.59**

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, 2023

Notes to Financial Statements

for the year ended March 31, 2023

The Company has utilised the funds raised from banks and financial institutions for the specific purpose for which they were borrowed.

The Company has borrowed funds from banks and financial institutions on the basis of security of current assets. It has filed quarterly returns or statements of current assets with banks and financial institutions and the said returns/ statements are in agreement with books of accounts.

Term loan from bank:

These are secured by first charge by way of hypothecation of specific identified book debts (loan assets). Coupon rate ranges from 8.85% to 12.50% for the year ended March 31, 2023 (March 31, 2022 - Interest rate range from 6.85% p.a. to 11.50% p.a.).

Term loan from third party:

These are secured by first charge by way of hypothecation of specific identified book debts. Of the total, loans of ₹ Nil (March 31, 2022: ₹ 500 lakhs) are secured by additional fixed deposit. Further, of the total, loans of ₹ 478 lakhs (March 31, 2022: ₹ 1,357) are secured by additional third party guarantee.

Coupon rates range from 11.5% p.a. to 13.90% p.a. for the year ended March 31, 2023 (for the year ended March 31, 2022) interest rate range from 11.5% p.a. to 14% p.a.).

Cash credit / Overdraft facilities from banks:

These are secured by first charge by way of hypothecation of specific identified book debts. Of the total, ₹ 443.93 lakhs (March 31, 2022 5,115.96 lakhs) are partially secured by lien marked Fixed Deposits.

Coupon rates range from 6.8% p.a. to 10.90% p.a. for the year ended March 31, 2023 (March 31, 2022 - 6.% p.a. to 11.05% p.a.).

External Commercial Borrowings:

These are secured by first charge by way of hypothecation of specific identified book debts.

Coupon rates range from 4.25% p.a. to 9.61% p.a. for the year ended March 31, 2023 (March 31, 2022 4.15% p.a. to 6.15% p.a.).

Others : Pass Through Certificate (PTC)

PTC's issued by Trust meets the criteria of True Sale as per the RBI guidelines. For the year ended 31st March 2023, ₹ 6,390 lakhs (March 31, 2022: ₹ 15,853 lakhs) are partially secured by lien marked Fixed Deposits.

NOTE 18: OTHER FINANCIAL LIABILITIES

(₹ In Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Merchant balances	1,116.30	1,150.42
Lease liabilities for premises on rent (refer Note 18A)	1,800.74	2,259.60
Other liabilities	491.94	86.30
Total	**3,408.98**	**3,496.35**

Notes to Financial Statements

for the year ended March 31, 2023

NOTE 18A: LEASE LIABILITIES

(₹ In Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Lease liabilities for premises on rent	1,800.74	2,259.60
Total	**1,800.74**	**2,259.60**

The Company has taken various office premises under lease. Certain agreements provide for cancellation by either party or certain agreements contains clause for escalation and renewal of agreements. The non-cancellable operating lease agreements are ranging for a period 18 to 108 months. There are no restrictions imposed by lease arrangements.

Maturity analysis of contractual undiscounted cash flow

(₹ In Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Less than 1 year	810.65	828.32
1 - 5 years	1,294.79	1,909.16
6 - 10 years	56.19	88.11
More than 10 years	-	-
Total undiscounted lease liabilities	**2,161.63**	**2,825.58**

The following is the movement in lease liabilities for the year ended March 31, 2023:

(₹ In Lakhs)

Particulars	As at March 31, 2022
Balance as at April 1, 2022	2,679.98
Add: Finance Cost accrued during the year	293.24
Add: Finance Cost reversed due to foreclosure during the year	11.07
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**
Add: Finance Cost accrued during the year	251.19
Add: Finance Cost reversed due to foreclosure during the year	4.16
Add: Lease liability recognised during the year (Net of foreclosure)	126.32
Less: Payment of Lease Liabilities	(840.53)
Balance as at March 31, 2023	**1,800.74**

NOTE 19: PROVISIONS

(₹ In Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Employee benefits		
- Gratuity (refer Note 36)	139.82	84.19
- Provision for compensated absences (refer Note 36)	28.42	41.87
- Retention and performance bonus	838.99	336.14
Provision for non-fund based exposure	26.25	15.78
Provision for Stock Appreciation Rights (SAR)	107.66	66.41
Financial Guarantee	1,318.84	261.61
Others	3.44	2.72
Total	**2,463.42**	**808.72**

Loan commitment

Details of Company's Risk Management process and policies are set out in Note 47 - Risk Management.

Notes to Financial Statements

for the year ended March 31, 2023

NOTE 19.1 - PROVISION FOR NON-FUND BASED EXPOSURE:

a) Credit Quality of Assets

(₹ In Lakhs)

Particulars	For the year ended March 31, 2023				For the year ended March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Carrying amount of non-fund based exposure (refer Note 39)	716.93	-	-	716.93	1,099.31	-	-	1,099.31
Total	**716.93**	**-**	**-**	**716.93**	**1,099.31**	**-**	**-**	**1,099.31**

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, 2023				For the year ended March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - opening balance	1,099.31	-	-	1,099.31	620.35	-	-	620.35
New assets originated or purchased	716.93	-	-	716.93	1,099.31	-	-	1,099.31
Assets derecognised or repaid (excluding write offs)	(1,099.31)	-	-	(1,099.31)	(620.35)	-	-	(620.35)
Gross carrying amount - closing balance	**716.93**	**-**	**-**	**716.93**	**1,099.31**	**-**	**-**	**1,099.31**

c) Reconciliation of ECL balance is given below:

(₹ In Lakhs)

Particulars	For the year ended March 31, 2023				For the year ended March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	15.78	-	-	15.78	10.86	-	-	10.86
New assets originated or purchased	26.25	-	-	26.25	15.78	-	-	15.78
Assets derecognised or repaid (excluding write offs)	(15.78)	-	-	(15.78)	(10.86)	-	-	(10.86)
ECL allowance - closing balance	**26.25**	**-**	**-**	**26.25**	**15.78**	**-**	**-**	**15.78**

NOTE 19.2 - MOVEMENT OF PROVISIONS OTHER THAN EMPLOYEE BENEFIT DURING THE YEAR

The movement in provisions for the year ended March 31, 2023 is, as follows:

(₹ In Lakhs)

Particulars	Litigation*	Other	Total
As at March 31, 2021	**20.00**	**22.26**	**42.26**
Additional provisions during the year	-	0.46	0.46
Utilised (Incurred or charged against that provision)	-	(20.00)	(20.00)
As at March 31, 2022	**20.00**	**2.72**	**22.72**
Additional provisions during the year	-	0.72	0.72
Utilised (Incurred or charged against that provision)	-	-	-
As at March 31, 2023	**20.00**	**3.44**	**23.44**

* Included in Trade Payable (Note 15)

Notes to Financial Statements

for the year ended March 31, 2023

NOTE 19.3 - 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.

NOTE 19.4 - 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 Option Plan 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, 2023	As at March 31, 2022
SARs Outstanding at the beginning of the year	169,400	169,400
Outstanding at the end of the year	**169,400**	**169,400**
Total Liability of SAR (₹ In lakhs)	**107.66**	**66.41**

(₹ In Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance of provision for SARs	66.41	174.90
Change in employee compensation cost pertaining to SARs for the year	41.25	(108.49)
Closing balance of provision for SARs (Net off)	**107.66**	**66.41**

NOTE 19.5 - RETENTION AND PERFORMANCE BONUS INCLUDES VALUE DISTRIBUTION SCHEME -

During FY 22, 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.

Details of activity under Value Distribution Scheme (VDS) is summarized below:

(₹ In Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance of provision	3.60	198.00
Change in employee compensation cost for the year	12.43	(194.40)
Closing balance of provision for VDS (Net off)	**16.03**	**3.60**

NOTE 20: OTHER NON-FINANCIAL LIABILITIES

(₹ In Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Statutory dues payable	338.09	262.21
Total	**338.09**	**262.21**

Notes to Financial Statements

for the year ended March 31, 2023

NOTE 21: SHARE CAPITAL

(₹ In Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Authorised		
2,10,00,000 (March 31, 2022: 2,10,00,000) equity shares of ₹ 10 each	2,100.00	2,100.00
9,60,00,000 (March 31, 2022: 4,60,00,000) preference shares of ₹ 10 each	9,600.00	4,600.00
Total	**11,700.00**	**6,700.00**
Issued, Subscribed and Fully paid-up Share Capital		
1,80,00,700 (March 31, 2022: 1,80,00,600) Equity Shares of ₹ 10 each	1,800.07	1,800.06
7,12,69,526 (March 31, 2022: 4,56,44,009) Preference Shares of ₹ 10 each	7,126.95	4,564.40
Total	**8,927.02**	**6,364.46**

Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year

Particulars	Equity		Compulsorily Convertible Preference Shares (CCCPS)	
	Numbers	Amount	Numbers	Amount
As at April 1, 2021	18,000,600	1,800.06	45,644,009	4,555.30
Issued during the year	-	-	-	-
As at March 31, 2022	**18,000,600**	**1,800.06**	**45,644,009**	**4,555.30**
Issued during the year	100.00	0.01	15,182,630	1,515.23
CCD's converted during the year	-	-	10,442,887	1,042.20
As at March 31, 2023	**18,000,700**	**1,800.07**	**71,269,526**	**7,112.73**

Rights, preferences and restrictions attached to Equity Shares:

The Company has a single class of equity shares having a face 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, 2023, the amount of per share dividend recognized as distributions to equity shareholders was Nil (for the year ended March 31, 2022: ₹ 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, 2023			As at March 31, 2022		
	Nos.	% holding in the class	% holding in all classes	Nos.	% holding in the class	% holding in all classes
i) Dhruv Kumar Khaitan	9,000,000	49.998%	10.85%	9,000,000	49.998%	14.14%
ii) Piyush Kumar Khaitan	9,000,000	49.998%	10.85%	9,000,000	49.998%	14.14%

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer Note 35

Details of Promoters Shareholding - Nil

Notes to Financial Statements

for the year ended March 31, 2023

NOTE 22: OTHER EQUITY

Other equity movement during the year

(₹ In Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
7,12,69,526 (March 31, 2022: 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
Issued during the year	1,515.23	-
CCD's converted during the year	1,042.20	-
Balance at the end of the year	**7,112.73**	**4,555.30**
Statutory Reserve (pursuant to section 45-IC(1) of the Reserve Bank of India Act, 1934)		
Balance as at the beginning of the year	202.45	202.45
Add: Transferred from profit during the year	345.31	-
Balance at the end of the year	**547.76**	**202.45**
Securities Premium		
Balance as at the beginning and at the end of the year	**42,518.24**	**42,518.24**
Add: Premium on issue / allotment of shares	21,987.00	-
Less: Share issue expense as per section 52 of the Companies Act, 2013	(751.70)	-
Add : Income Tax benefit on the above	39.77	-
Balance as at the end of the year	**63,793.31**	**42,518.24**
Retained Earnings		
Balance at the beginning of the year	(19,638.76)	(15,692.88)
Profit / (loss) for the year	1,726.54	(3,945.41)
Less: Dividend declared during the year on CCPS (a)	(0.71)	(0.46)
Less: Transferred to statutory reserves during the year	(345.31)	-
Balance as at the end of the year	**(18,258.24)**	**(19,638.75)**
Share options outstanding account		
Balance as at the beginning of the year	945.81	888.96
Add: Cost recognised during the year	310.95	56.85
Balance as at the end of the year	**1,256.76**	**945.81**
Other Comprehensive Income		
Balance as at the beginning of the year	(108.03)	(258.04)
Add: Additions during the year	(411.32)	150.00
Balance as at the end of the year	**(519.35)**	**(108.03)**
Total	**53,932.97**	**28,475.02**

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 35 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.

Notes to Financial Statements

for the year ended March 31, 2023

Statutory reserve:

Statutory reserve is created as per the terms of section 45-IC(1) of the Reserve Bank of India Act, 1934.

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 & D 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 & D 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 & D 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

(₹ In Lakhs)

Particulars	As at March 31, 2023			As at March 31, 2022		
	Nos.	% holding in the class	% holding in all classes	Nos.	% holding in the class	% holding in all classes
Aspada Investment Company	6,580,758	9.23%	7.37%	5,380,758	11.79%	8.45%
ON Mauritius	7,098,514	9.96%	7.95%	6,965,181	15.26%	10.94%
Khosla Impact I Mauritius	3,251,470	4.56%	3.64%	3,251,470	7.12%	5.11%
Accion Frontier Inclusion Mauritius	6,767,305	9.50%	7.58%	6,280,638	13.76%	9.87%
IIFL Seed Ventures Fund I	5,126,512	7.19%	5.74%	4,859,845	10.65%	7.64%
West Bridge Crossover Fund LLC	2,689,900	3.77%	3.01%	2,689,900	5.89%	4.23%
Trinity Inclusion Ltd	23,105,476	32.42%	25.88%	16,216,217	35.53%	25.48%
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V	15,182,630	21.30%	17.01%	-	0%	0%

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.

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:

Due Date of Conversion*	Date of Allotment of convertible securities	No. of shares post conversion	Share exchange ratio	Tenure (in years)
December 15, 2042	December 15, 2022	4,934,387	1:1	20
December 15, 2042	December 15, 2022	10,442,887	1:1	20
December 7, 2042	December 7, 2022	10,248,243	1:1	20
September 23, 2040	September 23, 2021	4,100,000	13.33:1	19
March 21, 2038	March 21, 2018	8,152,005	1:1	20
January 23, 2038	January 23, 2018	10,660,312	1:1	20
June 21, 2036	June 21, 2016	9,488,272	1:1	20
July 29, 2035	July 29, 2015	2,357,650	1:1	20
April 6, 2035	April 6, 2015	13,232	1:1	20
March 31, 2035	March 31, 2015	4,680,752	1:1	20
June 19, 2034	June 19, 2014	1,131,720	1:1	20
March 25, 2034	March 25, 2014	1,697,479	1:1	20
March 22, 2033	March 22, 2013	7,462,587	1:1	20

*The conversion can be done by preference shareholder on any date, provided 30 days advance written notice is given to the Company or ten days prior to the proposed filing of draft red herring prospectus by the Company in pursuance of QIPO.

*The conversion can be done by preference shareholder on any date, provided 30 days advance written notice is given to the Company or ten days prior to the proposed filing of draft red herring prospectus by the Company in pursuance of 'IPO' or ten days prior to Trade Sale.

Notes to Financial Statements

for the year ended March 31, 2023

NOTE 23: INTEREST INCOME

(₹ In Lakhs)

Particulars	For the year ended March 31, 2023 On Financial Assets measured at Amortised cost	For the year ended March 31, 2022 On Financial Assets measured at Amortised cost
Interest on Loans		
Business loans	35,695.41	34,903.61
Interest on deposits with Banks	581.79	814.62
Other interest income		
Unwinding of security deposit	35.51	35.90
Total	**36,312.71**	**35,754.13**

NOTE 24: FEES AND COMMISSION INCOME

(₹ In Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Other financial services- Commission	99.36	123.79
Merchant Service Fees	33.46	91.66
Service Fees on Direct Assignment	8.34	-
Service Fees on FI business	1,136.61	130.18
Total	**1,277.77**	**345.63**

Revenue from contracts with customers

Set out below is the revenue from contracts with customers and reconciliation to statement of profit and loss

(₹ In Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Type of Services or Service		
Fee and commission income	1,277.77	345.63
Total revenue from contract with customers	**1,277.77**	**345.63**
Geographical markets		
India	1,277.77	345.63
Outside India	-	-
Total revenue from contract with customers	**1,277.77**	**345.63**
Timing of revenue recognition		
Services transferred at a point in time	1,277.77	345.63
Services transferred over time	-	-
Total revenue from contracts with customers	**1,277.77**	**345.63**

Contract Balances

(₹ In Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Trade receivables	1,262.32	275.43
Fees and other receivables	120.88	41.05

Impairment allowance recognised on contract balances is ₹ 1.23 lakhs (March 31, 2022 ₹ Nil)

Notes to Financial Statements

for the year ended March 31, 2023

NOTE 25: INCOME ON DERECOGNITION OF LOAN ASSETS

(₹ In Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Gain on derecognition of loan asset	181.15	-
Total	**181.15**	**-**

NOTE 26: NET GAIN ON FAIR VALUE CHANGES

(₹ In Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Net gain/ (loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
Realised	311.66	65.65
Unrealised	-	-
Embedded Derivative in respect of CCD	6.25	(6.26)
Total	**317.91**	**59.39**

NOTE 27: OTHER INCOME

(₹ In Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Income from other Services	8.63	8.28
Interest on Income Tax Refund	77.40	-
Cheque bounce charges	118.56	108.05
Miscellaneous Income	0.36	0.26
Total	**204.95**	**116.59**

NOTE 28: FINANCE COST

(₹ In Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
	On Financial liabilities measured at Amortised Cost	On Financial liabilities measured at Amortised Cost
Interest expense on:-		
- Debt securities	8,278.25	10,309.53
- Borrowings (other than debt securities)	5,754.83	3,264.97
Interest expense on lease liability	251.19	293.24
Other borrowing costs		
Other borrowing cost	1,616.70	1,473.96
Total	**15,900.97**	**15,341.70**

NOTE 29: 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, 2023	For the year ended March 31, 2022
	On Financial liabilities measured at Amortised Cost	On Financial liabilities measured at Amortised Cost
Loans	6,556.66	14,721.84
Non Fund Based Exposure	10.47	4.92
Other receivables - FI business	397.50	3.62
Excess Interest Spread on Direct Assignment	3.35	-
Total	**6,967.98**	**14,730.38**

Notes to Financial Statements

for the year ended March 31, 2023

During the year, the Company has written off loans amounting to ₹ 17,090.01 lakhs (for the year ended March 31, 2022 – ₹ 8,842.53 lakhs). Also the Company has recovered an amount of ₹ 3,782.93 lakhs (for the year ended March 31, 2022 – ₹ 4,044.83 lakhs) 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:

Particulars	For the year ended March 31, 2023					For the year ended March 31, 2022				
	Stage 1	Stage 2	Stage 3	Simplified approach	Total	Stage 1	Stage 2	Stage 3	Simplified approach	Total
ECL provision on Loans and advances	(1,424.00)	(2,362.65)	(6,746.71)	-	(10,533.37)	2,238.82	(1,545.67)	5,186.18	-	5,879.33
Bad debts written off	-	-	-	-	11,963.26	-	-	-	-	4,385.91
Principal loss on settlement	-	-	-	-	5,126.75	-	-	-	-	4,456.62
Sub - Total	**(1,424.00)**	**(2,362.65)**	**(6,746.71)**	**-**	**6,556.64**	**2,238.82**	**(1,545.67)**	**5,186.18**	**-**	**14,721.85**
Non Fund Based Exposure	10.47	-	-	-	10.47	4.92	-	-	-	4.92
Other receivables - FI business	-	-	397.50	-	397.50	-	-	3.62	-	3.62
Excess Interest Spread on Direct Assignment	3.35	-	-	-	3.35	-	-	-	-	-
Sub - Total	**13.82**	**-**	**397.50**	**-**	**411.32**	**4.92**	**-**	**3.62**	**-**	**8.54**
Total impairment loss	**(1,410.19)**	**(2,362.65)**	**(6,349.21)**	**-**	**6,967.96**	**2,243.74**	**(1,545.67)**	**5,189.80**	**-**	**14,730.39**

NOTE 30: EMPLOYEE BENEFIT EXPENSE

(₹ In Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries and wages	7,280.88	6,275.89
Contribution to provident and other funds	136.54	154.78
Gratuity expenses (Refer note no 36)	51.56	48.84
Share based payments to employees (Refer note no 35)	126.58	56.85
Staff welfare expenses	282.16	238.93
Total	**7,877.72**	**6,775.29**

NOTE 31: DEPRECIATION, AMORTISATION AND IMPAIRMENT

(₹ In Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation of tangible assets	82.05	98.57
Amortisation of intangible assets	22.15	30.84
Depreciation on right-of-use asset	654.25	652.01
Total	**758.45**	**781.42**

Notes to Financial Statements

for the year ended March 31, 2023

NOTE 32: OTHER EXPENSES

(₹ In Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Marketing Expenses	217.82	172.34
Professional & Legal Fees	559.94	569.34
Travelling & Lodging Expenses	117.72	58.00
IT Services Expenses	660.13	570.22
Fee & Stamp Charges	0.98	0.20
Terminal deployment charges	27.13	61.83
Service Tax & GST expensed out	538.07	409.68
Rates & Taxes	14.65	3.37
Auditors' Remuneration (a)	38.76	38.92
Insurance expenses	13.83	5.75
Office and Maintenance Expenses	241.06	175.49
Power and Fuel Charges	111.80	105.85
Telephone & Internet Charges	140.38	137.05
Verification and Rating charges	288.07	257.35
Bank charges	80.95	83.56
Outsource Agency Cost	1,007.15	1,001.45
Miscellaneous Expenses	183.45	174.01
Total	**4,241.89**	**3,824.41**

(a) Audit Remuneration include fees payable to auditor as analysed below:

(₹ In Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
As auditor:		
Statutory audit of the Company	32.01	31.25
Certification fees	4.50	5.80
Out of Pocket expenses	2.25	1.87
Total	**38.76**	**38.92**

Amounts recognised in statement of profit and loss for right-of-use assets and lease liabilities

(₹ In Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation expense on right-of-use assets	654.25	652.01
Interest expense on lease lia1bilities	251.19	293.24

NOTE 33: INCOME TAX

The components of income tax expense for the year ended March 31, 2023 and March 31, 2022 are:

(₹ In Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current tax	-	223.15
Adjustment in respect of current income tax of prior years	(32.52)	-
Deferred tax charge / (credit) relating to origination and reversal of temporary differences	669.08	(1,455.20)
Total tax charge	**636.57**	**(1,232.05)**

Notes to Financial Statements

for the year ended March 31, 2023

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, 2023 and March 31, 2022 is, as follows:

(₹ In Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Accounting profit before tax	2,363.11	(5,177.46)
At India's statutory income tax rate of 25.168% (for the year ended March 31, 2022: 25.168%)	594.75	(1,303.06)
Effects of:		
Creation of Deferred Tax on account of Other Ind AS adjustments of the previous period	41.81	71.01
Total	**636.56**	**(1,232.06)**
Income tax expense reported in the statement of Profit & Loss	**636.56**	**(1,232.06)**

Deferred Tax

The following table shows deferred tax recorded in the balance sheet and changes recorded in the Income tax expense:

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Income Statement	Other Comprehensive Income	Securities Premium
	As at March 31, 2023	As at March 31, 2023	For the year ended March 31, 2023	For the year ended March 31, 2023	For the year ended March 31, 2023
Brought Forward Loss	2,547.71	-	2,060.04	-	-
Depreciation, amortisation and impairment	61.98	-	(1.82)	-	-
Lease Adjustments	82.35	-	6.93	-	-
Impairment allowance for financial assets	1,973.19	-	(2,548.36)	-	-
Derivative instruments in Cash flow hedge relationship	182.95	-	-	135.26	-
Gratuity	35.19		10.93	3.07	-
ESOP Expenses	316.30	-	78.26	-	-
Excess Interest Spread on Direct Assignment	-	37.78	(37.78)	-	-
Share issue expenses	39.77		-		39.77
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.	236.16	-	(237.31)	-	-
Total	**5,475.61**	**37.78**	**(669.08)**	**138.33**	**39.77**
Net Amount	**5,437.83**				

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Income Statement	Other Comprehensive Income	Securities Premium
	As at March 31, 2023	As at March 31, 2023	For the year ended March 31, 2023	For the year ended March 31, 2023	For the year ended March 31, 2023
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	-

Notes to Financial Statements

for the year ended March 31, 2023

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Income Statement	Other Comprehensive Income	Securities Premium
	As at March 31, 2023	As at March 31, 2023	For the year ended March 31, 2023	For the year ended March 31, 2023	For the year ended March 31, 2023
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**				

NOTE 34: 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, 2023	For the year ended March 31, 2022
Net profit / (loss) attributable to ordinary equity holders of the parent	1,726.55	(3,945.41)
Less: Dividend to Preference Shareholders	(0.71)	(0.46)
Profit / (loss) available for equity shareholders (A)	1,725.83	(3,945.87)
Weighted average number of ordinary shares for basic earnings per share (B)	**81,658,532**	**68,266,983**
Weighted average number of ordinary shares for dilutive earnings per share (C)	**84,253,354**	**70,470,533**
Weighted average number of equity shares outstanding for the year	18,000,700	18,000,600
Weighted average number of Compulsory Cumulative Convertible Preference Shares (CCPS)	59,557,832	45,644,009
Weighted average number of Compulsory Convertible Debentures (CCD)	4,100,000	4,622,374
Dilutive impact of weighted average number of ESOP	2,594,822	2,203,550
Face value of per share	10.00	10.00
Earnings per share		
Basic earnings per share (₹) [A / B]	2.11	(5.78)
Diluted earnings per share (₹) [A / C] (Refer Note 3)	2.05	(5.78)

Notes:

1. For the year ended March 31, 2022 diluted EPS are antidilutive 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.

NOTE 35: EMPLOYEE STOCK OPTION SCHEME (ESOS)

ESOP Scheme 2022

The Employee Stock Options Scheme (ESOP Scheme) 2022 was approved by the shareholders at their Extra Ordinary General Meeting held on December 01, 2022. 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 2022. All the options are exercisable within 5 yrs from Initial Public Offer (IPO) event. The Employee Stock Option Scheme 2022 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 8,09,871 (Eight Lakhs Nine Thousand Eight Hundred and Seventy One) number of equity shares of the Company having face value of ₹ 10 per share, under the ESOP Scheme 2022 to the eligible employees upon meeting of such vesting criteria as may be fixed or determined by the Board.

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, 2023 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 2022	ESOP 2018	ESOP 2017
Date of Shareholder's approval of plan	December 1, 2022	March 21, 2018	November 30, 2017
Date of grant	December 1, 2022	Various dates	Various dates
Number of options granted	789,871	2,778,884	421,000
Method of settlement	Equity	Equity	Equity
Vesting Period	Bullet Vesting	5 years	5 years
Details of vesting condition	Continued service	Continued service	Continued service
Exercise Price	₹ 105.38	₹ 105.38 to ₹ 159.47	₹ 10 to ₹ 105.38

Details of Vesting

Vesting period from the grant date *	ESOP 2022	ESOP 2018	ESOP 2017
Completion of 1 year		20.00%	20.00%
Completion of 2 year		20.00%	20.00%
Completion of 3 year	Bullet Vesting	20.00%	20.00%
Completion of 4 year		20.00%	20.00%
Completion of 5 year		20.00%	20.00%

Notes to Financial Statements

for the year ended March 31, 2023

The exercise price was modified for the employees who were granted ESOP's in the 2017 & 2018 scheme. The exercise price was modified to ₹ 105.38 for employees whose exercise price was more than ₹ 105.38 & who hadn't resigned as on December 15, 2022.

* 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 each plan

Particulars	ESOP 2022		ESOP 2018		ESOP 2017	
	No. of Options	Weighted Avg. Exercise Price	No. of Options	Weighted Avg. Exercise Price	No. of Options	Weighted Avg. Exercise Price
Outstanding as at April 1, 2021	-	-	1,683,384	159.47	397,200	60.81
Granted during the year	-	-	250,000	159.47	-	-
Forfeited during the year	-	-	(119,500)		-	-
Exercised during the year	-	-	-	-	-	-
Outstanding as at March 31, 2022	**-**	**-**	**1,813,884**	**-**	**397,200**	**-**
Outstanding as at April 1, 2022	-	-	1,813,884	159.47	397,200	60.81
Granted during the year	789,871	105.38	615,000	105.38	-	-
Forfeited during the year	-	-	(69,000)	159.47	-	-
Outstanding as at March 31, 2023	**789,871**	**105.38**	**2,359,884**	**107.74**	**397,200**	**59.05**
Vested and exercisable as at Mar 31, 2023	**-**		**1,260,507**		**397,200**	
Weighted average remaining contractual life (in years)	2.35		2.35		2.35	

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, 2023	For the year ended March 31, 2022
Risk-free interest rate	6.94% to 7.12%	3.82% to 5.35%
Expected life of options (years)	2.35 - 4.85 years	5 years
Expected volatility (%)	42.53% - 46.52%	38.13%
Dividend yield	0%	0%
Exercise price	105.38	159.47
Weighted average share price (₹)	105.38	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.

Notes to Financial Statements

for the year ended March 31, 2023

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, 2023	For the year ended March 31, 2022
Expense arising from equity-settled share based payment transactions	126.58	56.85
Total expense arising from share based payment transactions	**126.58**	**56.85**

During the year, the Company has modified the exercise price for ESOP's issued under the ESOP 2017 & ESOP 2018 scheme. The exercise price has been modified to ₹ 105.38. The impact of the modification in exercise price is reflected under the head Exceptional Items. Below is the impact.

(₹ In Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Expense arising from equity-settled share based payment transactions shown as exceptional item	184.37	-
Total expense arising from share based payment transactions	**184.37**	**-**

*During the year, the Company has modified the exercise price for ESOP's issued under the ESOP 2017 & ESOP 2018 scheme. The exercise price has been modified to ₹ 105.38. The impact of the modification in exercise price is reflected under the head Exceptional Items.

NOTE 36: RETIREMENT BENEFIT PLAN

Note 36.1: 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 ₹ 136.54 lakhs (for the year ended March 31, 2022: ₹ 154.78 lakhs) for Provident Fund contributions (including admin charges) and Nil (for the year ended March 31, 2022: ₹ 0.10 lakhs) 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.

Note 36.2: 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 30.

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.

(1) Net employee benefit expense recognised in the employee cost

(₹ In Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current service cost	47.56	47.45
Interest expense	10.49	8.11
Interest income	(6.51)	(6.72)
Total Expenses recognised in Statement of profit and loss	**51.56**	**48.84**
Remeasurement (or Actuarial) (gain) / loss arising from:		
-change in demographic assumptions	(11.73)	(7.24)
-change in financial assumptions	(14.87)	(2.33)
-experience variance (i.e. Actual experience vs assumptions)	36.71	16.03
-others		
Return on plan assets excluding interest income	2.07	2.12
Total Expenses recognised in other comprehensive income	**12.18**	**8.58**

Notes to Financial Statements

for the year ended March 31, 2023

(2) Reconciliation of present value of the obligation and the fair value of plan assets:

(₹ In Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Defined benefit obligation	229.78	221.09
Fair value of plan assets	89.97	136.92
Asset/(liability) recognized in the balance sheet	**(139.81)**	**(84.18)**

(3) Changes in the present value of the defined benefit obligation are as follows:

(₹ In Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening defined benefit obligation	221.09	184.45
Transfer in/Out		
Interest cost	10.49	8.11
Current service cost	47.56	47.45
Benefits paid	(59.47)	(25.37)
Remeasurement (or Actuarial) (gain) / loss arising from:		
-change in demographic assumptions	(11.73)	(7.24)
-change in financial assumptions	(14.87)	(2.33)
-experience variance (i.e. Actual experience vs assumptions)	36.71	16.03
Closing defined benefit obligation	**229.78**	**221.09**
Net Closing defined benefit obligation	**229.78**	**221.09**

(4) Changes in the fair value of plan assets are as follows:

(₹ In Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening fair value of plan assets	136.92	152.74
Transfer in/Out		
Interest income	6.50	6.72
Contributions by employer	8.11	4.95
Benefits paid	(59.49)	(25.37)
Return on plan assets excluding interest income	(2.07)	(2.12)
Closing fair value of plan assets	**89.97**	**136.92**

(5) The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

(₹ In Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Discount rate	7.20%	4.75%
Salary growth rate	6.00%	6.00%
Attrition rate		
Customer Acquisition Manager ('CAMS')	84%	58%
Other than CAMS	55%	41%
Mortality rate	100% of IALM 2012-14	100% of IALM 2012-14

Notes to Financial Statements

for the year ended March 31, 2023

(6) Investments quoted in active markets:

(₹ In Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Funds managed by the issuer	100%	100%
Total	**100%**	**100%**

(7) Expected payment for future years

Particulars	As at March 31, 2023	As at March 31, 2022
Within the next 12 months (next annual reporting period)	130.47	81.03
Between 2 and 5 years	124.27	142.30
Between 6 and 10 years	7.54	24.77
Beyond 10 years	0.17	2.30
Total expected payments	**262.45**	**250.40**

The Company expects to contribute ₹ 162.84 lakhs to the fund in the next financial year.

The weighted average duration of the defined benefit obligation as at March 31, 2023 is 1 year (as at March 31, 2022 : 2 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.

The salary growth rate indicated above is the Company's best estimate of an increase in salary for the purpose of gratuity 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:

(₹ In Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Discount rate	7.20%	4.75%
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')	84%	58%
Other than CAMS	55%	41%

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.

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).

Notes to Financial Statements

for the year ended March 31, 2023

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, 2023	As at March 31, 2022
Defined Benefit Obligation (Base)	229.78	221.09

(₹ In Lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%)	233.87	225.81	226.80	215.65
(% change compared to base due to sensitivity)	1.80%	-1.70%	2.60%	-2.50%
Salary Growth Rate (- / + 1%)	226.01	233.59	215.97	226.36
(% change compared to base due to sensitivity)	-1.60%	1.70%	-2.30%	2.40%
Attrition Rate (- / + 50% of attrition rates)	253.86	214.32	265.48	191.45
(% change compared to base due to sensitivity)	10.50%	-6.70%	20.10%	-13.40%
Mortality Rate (- / + 10% of mortality rates)	229.75	229.79	221.07	221.11
(% change compared to base due to sensitivity)	0.00%	0.00%	0.00%	0.00%

NOTE 37: 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, 2023			As at March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	17,522.75	-	17,522.75	9,042.37	-	9,042.37
Bank Balance other than above	6,148.91	-	6,148.91	4,842.05	-	4,842.05
Derivative financial instruments	-	381.90	381.90	-	595.26	595.26
Trade receivables	123.59	-	123.59	227.72	76.88	304.60
Other receivables	945.02	316.06	1,261.09			
Loans	100,988.59	63,591.65	164,580.24	90,282.71	47,689.06	137,971.77
Other financial assets	494.78	3,889.65	4,384.43	704.35	2,187.29	2,891.65
Non-financial Assets						
Deferred tax assets (net)	-0.01	5,437.84	5,437.83	-	5,928.81	5,928.81
Property, plant and equipment	0.03	107.23	107.26	-	147.23	147.23
Right-of-use assets	-	1,569.54	1,569.54	-	2,080.21	2,080.21
Intangible assets under development	-	101.93	101.93	-	-	-
Other intangible assets	-	38.26	38.26	-	60.40	60.40
Other non financial assets	454.34	1,026.73	1,481.07	755.77	633.99	1,389.76
Total assets	**126,678.01**	**76,460.79**	**203,138.80**	**105,854.97**	**59,399.13**	**165,254.10**

Notes to Financial Statements

for the year ended March 31, 2023

(₹ In Lakhs)

Particulars	As at March 31, 2023			As at March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Liabilities						
Financial Liabilities						
Trade payables						
total outstanding dues of micro enterprises and small enterprises	32.64	-	32.64	10.76	-	10.76
total outstanding dues of creditors other than micro enterprises and small enterprises	1,191.85	-	1,191.85	1,017.24	-	1,017.24
Derivative financial liabilities	-	-	-	6.26	-	6.26
Debt Securities	24,519.60	28,781.45	53,301.05	45,798.49	33,499.45	79,297.94
Borrowings (other than debt securities)	29,448.10	57,266.09	86,714.18	41,237.15	8,842.44	50,079.59
Other Financial liabilities	1,389.67	2,019.25	3,408.91	1,812.66	1,683.66	3,496.32
Non-financial Liabilities						
Provisions	1,728.49	734.93	2,463.42	523.47	285.25	808.72
Other non-financial liabilities	338.09	-	338.09	262.21	-	262.21
Total Liabilities	**58,648.43**	**88,801.71**	**147,450.14**	**90,668.24**	**44,310.79**	**134,979.03**
Net	**68,029.58**	**(12,340.93)**	**55,688.65**	**15,186.74**	**15,088.34**	**30,275.09**

Note:

1. In the preparation of the above disclosure, certain assumption have been considered by the management which have been relied upon by the auditors.
2. 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.
3. The Company considers Put/Call option dates for the purpose of reporting maturity pattern of Borrowings including debt securities.

NOTE 38: CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Changes in liabilities arising from financing activities

As on March 31, 2023

(₹ In Lakhs)

Particulars	As at March 31, 2022	Cash Flows (net)	Exchange difference	*Others	As at March 31, 2023
Debt Securities	79,297.94	(21,793.58)	-	(4,203.31)	53,301.05
Borrowings other than debt securities	50,079.59	36,552.68	324.08	(242.17)	86,714.18
Total	**129,377.53**	**14,759.10**	**324.08**	**(4,445.48)**	**140,015.24**

As on March 31, 2022

(₹ In Lakhs)

Particulars	As at April 1, 2021	Cash Flows (net)	Exchange difference	*Others	As at March 31, 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	**130,128.72**	**(1,094.98)**	**412.88**	**(69.09)**	**129,377.53**

*Others Includes amortised cost impact and incremental interest liability at the year end

Notes to Financial Statements

for the year ended March 31, 2023

NOTE 39: CONTINGENT LIABILITIES, COMMITMENTS

(A) Contingent Liability

(₹ In Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Contingent Liability		
Disputed GST demand:		
Pending before appellate authorities in respect of which the Company is in appeal	31.77	-
Total	**31.77**	**-**

(B) Commitments

(₹ In Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Commitments related to loans sanctioned but undrawn		
PayLater Open Limits (refer Note 19)	955.91	1,465.74
Other Commitments		
Capital commitments	580.74	0.35
Total	**1,536.65**	**1,466.09**

NOTE 40: 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	Principal balance as at March 31, 2023	Relationship with the struck off Company, if any, to be disclosed
After Hours Hospitality Private Limited	Loans and Advances	6.99	Un related party, Customers
City Fresh Retail Private Limited	Loans and Advances	10.74	Un related party, Customers
After Hours Hospitality Private Limited	Loans and Advances	6.62	Un related party, Customers
Kalpavruksh Hotels Private Limited	Loans and Advances	1.29	Un related party, Customers
Enchanting Destination Tours Private Limited	Loans and Advances	5.92	Un related party, Customers
Backhome Hospitality Services Private Limited	Loans and Advances	7.29	Un related party, Customers
Mn&C Supply Links Retail Private Limited	Loans and Advances	69.47	Un related party, Customers
Brg Sales Private Limited	Loans and Advances	8.75	Un related party, Customers
Prateek Intimate Products Private Limited	Loans and Advances	6.03	Un related party, Customers
Wega Lifestyle Private Limited	Loans and Advances	1.69	Un related party, Customers
Tanvi Express Logistics Solution Private Limited	Loans and Advances	40.00	Un related party, Customers
Aditya Inkjet Technologies Private Limited	Loans and Advances	4.40	Un related party, Customers
Pure Protein Private Limited	Loans and Advances	1.41	Un related party, Customers
Cellcom Computers Solutions Private Limited	Loans and Advances	0.39	Un related party, Customers
Pan Club Hotels Private Limited	Loans and Advances	1.93	Un related party, Customers
Cellcom Computers Solutions Private Limited	Loans and Advances	8.19	Un related party, Customers
Magpie Fashions Private Limited	Loans and Advances	13.72	Un related party, Customers
Sagayam Hospitalities Private Limited Opc	Loans and Advances	2.51	Un related party, Customers
I We Hotels Private Limited	Loans and Advances	6.31	Un related party, Customers
Niche Events And Promotions Private Limited	Loans and Advances	4.90	Un related party, Customers
Sukhsagar Textiles Private Limited	Loans and Advances	7.94	Un related party, Customers
Seven Oaks Engineering Private Limited	Loans and Advances	1.49	Un related party, Customers
Bq Automobiles Private Limited	Loans and Advances	1.07	Un related party, Customers
Sanka India Private Limited	Loans and Advances	18.13	Un related party, Customers

Notes to Financial Statements

for the year ended March 31, 2023

Name of struck off Company/under process of strike off *	Nature of transactions with struck-off Company/ under process of strike off	Principal balance as at March 31, 2023	Relationship with the struck off Company, if any, to be disclosed
Sinhas Home Private Limited	Loans and Advances	7.27	Un related party, Customers
Mentor Corporate Management Consultants (Ap) Private Limited	Loans and Advances	17.24	Un related party, Customers
Tei Medias Pvt Ltd	Loans and Advances	19.13	Un related party, Customers
Jarota Enterprises Private Limited	Loans and Advances	4.74	Un related party, Customers
White Feathers Hospitality Private Limited	Loans and Advances	13.12	Un related party, Customers
Cgn Research Labs Private Limited	Loans and Advances	17.44	Un related party, Customers
Pawanputra Oil Technologies Private Limited	Loans and Advances	2.41	Un related party, Customers
Meenu Gems Private Limited	Loans and Advances	7.08	Un related party, Customers
Srt Fitness Private Limited	Loans and Advances	1.95	Un related party, Customers
Diya Hospitality Private Limited	Loans and Advances	3.06	Un related party, Customers
Boudoir Lounge Private Limited	Loans and Advances	17.92	Un related party, Customers
Dominion Expo Ventures Private Limited	Loans and Advances	14.93	Un related party, Customers
Smart M K Trade World Private Limited	Loans and Advances	11.51	Un related party, Customers
Nature Bless International Private Limited	Loans and Advances	11.38	Un related party, Customers
23 Chefs Private Limited	Loans and Advances	8.87	Un related party, Customers
Volando Tours Private Limited	Loans and Advances	20.46	Un related party, Customers
Day2Day Restaurant India Private Limited	Loans and Advances	11.93	Un related party, Customers
Viva Concrete Technologies Private Limited	Loans and Advances	16.43	Un related party, Customers
Beauty Channel Salon & Spa Private Limited	Loans and Advances	4.60	Un related party, Customers
The Next Automotive Era Private Limited	Loans and Advances	18.25	Un related party, Customers
Brydan Foods Private Limited	Loans and Advances	6.46	Un related party, Customers
Mysore Bakery And Restaurants Private Limited	Loans and Advances	17.28	Un related party, Customers
Maa Bhook Lagi Food Services Private Limited	Loans and Advances	3.86	Un related party, Customers
Sarika Craft Bazaar Private Limited	Loans and Advances	1.22	Un related party, Customers
Rainbow Infrastructure Private Limited	Loans and Advances	39.22	Un related party, Customers
Tamarai Hotels Private Limited	Loans and Advances	11.62	Un related party, Customers
Dalchini (Opc) Private Limited	Loans and Advances	7.22	Un related party, Customers
Vans Hospitality Private Limited	Loans and Advances	6.11	Un related party, Customers
Golden Gate Residency Hotel(Opc) Private Limited	Loans and Advances	1.67	Un related party, Customers
Kaffee Concepts Gurgaon Private Limited	Loans and Advances	17.67	Un related party, Customers
Grandway Innovations India Private Limited	Loans and Advances	8.08	Un related party, Customers
Rage Fitness & Adventure Private Limited	Loans and Advances	4.58	Un related party, Customers
Avisons Works Private Limited	Loans and Advances	3.79	Un related party, Customers
Apm Air Travels (India) Private Limited	Loans and Advances	4.92	Un related party, Customers
Sathva Spire Technologies Pvt Ltd	Trade Payable	0.17	Un related party, Customers
Total		**600.75**	

*Notes: Out of outstanding principal balance of ₹ 600.75 lakhs, 50 loans and advances amounting to ₹ 508.71 lakhs has been writen off as at March 31, 2023.

Notes to Financial Statements

for the year ended March 31, 2023

NOTE 41: RELATED PARTY DISCLOSURES

(A) List of Related Parties with whom Company had transaction

Enterprise where Director / Key Managerial Personnel has significant influence or control

Dilta Services LLP

KFO Enterprises LLP

Key Managerial Personnel

Mr. Piyush Kumar Khaitan	Managing Director (Till December 8, 2022)
Mr. Arun Nayyar	Managing Director & Chief Executive Officer (CEO)(MD from December 12, 2022)
Mr. Deepak Goswami	Chief Financial Officer (CFO)
Ms. Tanushri Yewale	Company Secretary (CS)

Directors

Mr. Dhruv Kumar Khaitan	Director (Chairman Till December 8, 2022)
Mr. Piyush Kumar Khaitan	Director (Chairman from December 8,2022)
Ms. Bindu Ananth	Independent Director
Mr. Mahesh Krishnamurthy	Director (Till December 5, 2022))
Mr. Amit Mehta	Director (Till May 13, 2022)
Mr. Ganesh Rengaswamy	Director
Mr. Micheal Fernandes	Director
Mr. Arun Kumar Nayyar	Managing Director (From December 12,2022)
Mr. Pranav Kumar	Director (Till December 8,2022)
Ms. Deepa Bachu	Director (From December 8, 2022)
Mr. Suresh Jayaraman	Additional Director (From March 27, 2023)
Mr. Ramakrishnan Subramanian	Additional Director (From March 27, 2023)

Entity having significant influence in the Company

Trinity Inclusion Limited

(B) Related Party transactions during the year:

Particulars	Enterprise where Key Managerial Personnel has significant influence or control		Key Management Personnel / Managing Director		Directors		Entity having significant influence in the Company	
	For the year ended / as at March 31, 2023	For the year ended / as at March 31, 2022	For the year ended / as at March 31, 2023	For the year ended / as at March 31, 2022	For the year ended / as at March 31, 2023	For the year ended / as at March 31, 2022	For the year ended / as at March 31, 2023	For the year ended / as at March 31, 2022
Transactions								
For infrastructure maintenance charges recovered	8.63	8.28	-	-	-	-	-	-
Managerial Remuneration	-	-	664.56	47.06	-	-	-	-
Interest Expense	-	-	55.29	23.07	48.56	23.07	839.86	307.57
Professional fees	-	-	-	-	36.00	24.00	-	-
Remuneration	-	-	190.83	529.38	-	-	-	-
Compulsorily Convertible Debentures (CCD)	-	-	100.00	330.00	500.00	330.00	4,400.00	4,400.00
CCD converted into CCPS	-	-	680.00	-	580.00	-	5,725.00	-
Balances								
Compulsorily Convertible Debentures (CCD)	-	-	-	330.00	-	330.00	3,075.00	4,400.00
Interest accrued on CCD	-	-	-	16.83	-	16.83	216.09	307.57

Notes to Financial Statements

for the year ended March 31, 2023

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.

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 42: 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, 2023	As at March 31, 2022
TIER I capital	49,484.30	23,389.24
TIER II capital	4,361.74	7,475.62
Total capital	53,846.04	30,864.86
Risk weighted assets	164,667.37	133,285.50
Tier I CRAR	30.05%	17.55%
Tier II CRAR	2.65%	5.61%
Tier I + II CRAR	32.70%	23.16%

Regulatory capital consists of TIER I capital, which comprises share capital, share premium, retained earnings including current year loss less accrued dividends and TIER II capital which comprises of Hybrid debt instruments & general provision of standard assets

As per RBI guidelines, the Company being a Non-Banking Finance Company has to maintain 15% of capital adequacy ratio for NBFC business.

NOTE 43: EVENTS AFTER REPORTING DATE

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

NOTE 44: SOCIAL SECURITY CODE

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

Notes to Financial Statements

for the year ended March 31, 2023

NOTE 45: OTHER DISCLOSURES

45.1 The Company does not have any Benami property , where any proceeding has been initiated or pending against the Company for holding any Benami property.

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

45.3 The Company have not traded or invested in Crypto currency or Virtual Currency during the period.

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

45.5 The Company have 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 Intermediary 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:

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

45.7 The Company does not have any immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company

45.8 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 46: FAIR VALUE MEASUREMENT

46.1 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.

Notes to Financial Statements

for the year ended March 31, 2023

46.2 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, 2023

Assets measured at fair value on a recurring basis	Level-1	Level-2	Level-3	Total
Derivative financial instruments				
Currency Swaps	-	(20.93)	-	(20.93)
Cross Currency Interest Rate Swaps		402.83		402.83
Total derivative financial instruments	**-**	**381.91**	**-**	**381.91**
Financial assets held for trading				
Mutual funds	-	-	-	-
Total Financial assets held for trading	**-**	**-**	**-**	**-**
Total assets measured at fair value on a recurring basis	**-**	**381.91**	**-**	**381.91**
Total financial assets measured at fair value	**-**	**381.91**	**-**	**381.91**

Liabilities measured at fair value on a recurring basis	Level-1	Level-2	Level-3	Total
Derivative financial instruments				
Embedded Derivatives	-	-	-	-
Total derivative financial instruments	**-**	**-**	**-**	**-**
Total financial liabilities measured at fair value on a recurring basis	-	-	-	-
Total financial liabilities measured at fair value	**-**	**-**	**-**	**-**

March 31, 2022

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**

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**

There are no financial instruments measured at fair value on non-recurring basis.

Investments in Mutual Fund are fair valued through Profit & Loss account. Derivative Financial Instruments are fair valued through Other Comprehensive Income.

Notes to Financial Statements

for the year ended March 31, 2023

46.3 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, 2023 is ₹ Nil (As at March 31, 2022 - Nil)

46.4 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 in clude the fair values of non–financial assets.

March 31, 2023	Valuation	Carrying Value	Fair Value			
			Level-1	Level-2	Level-3	Total
Financial assets:						
Cash and cash equivalents	At amortised cost	17,522.75	5,022.70	12,500.05	-	17,522.75
Bank balance other than above	At amortised cost	6,148.91	-	6,148.91	-	6,148.91
Trade receivables	At amortised cost	123.59	-	-	123.59	123.59
Loans	At amortised cost	164,580.24	-	-	164,580.24	164,580.24
Other Financial Assets	At amortised cost	4,428.81	-	-	4,428.81	4,428.81
Total financial assets		**192,804.32**	**5,022.70**	**18,648.95**	**169,132.66**	**192,804.32**
Financial liabilities:						
Trade payables	At amortised cost	1,224.48	-	-	1,224.48	1,224.48
Debt securities	At amortised cost	53,301.05	-	-	53,301.05	53,301.05
Borrowings (other than debt securities)	At amortised cost	86,714.18	-	-	86,714.18	86,714.18
Other Financial liabilities	At amortised cost	3,408.91	-		3,408.91	3,408.91
Total financial liabilities		**144,648.64**	**-**	**-**	**144,648.63**	**144,648.63**
Off balance sheet items						
Other commitments	At amortised cost	955.91	-	-	955.91	955.91
Total off-balance sheet items		**955.91**	**-**	**-**	**955.91**	**955.91**

There are no transfer of assists / liabilities between Level 1, Level 2 and Level 3 during the current year as well as previous year. - to confirm this statement.

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for the year ended March 31, 2023

March 31, 2023	Valuation	Carrying Value	Fair Value			
			Level-1	Level-2	Level-3	Total
Financial assets:						
Cash and cash equivalents	At amortised cost	9,000.22	2,567.81	6,432.41	-	9,000.22
Bank balance other than above	At amortised cost	4,842.05	-	4,842.05	-	4,842.05
Trade receivables	At amortised cost	29.17	-	-	29.17	29.17
Other receivables	At amortised cost	275.43			275.43	275.43
Loans	At amortised cost	137,971.77	-	-	137,971.77	137,971.77
Other Financial Assets	At amortised cost	2,933.79	-	-	2,933.79	2,933.79
Total financial assets		**155,052.43**	**2,567.81**	**11,274.47**	**141,210.16**	**155,052.43**
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	3,496.35	-	-	3,496.35	3,496.35
Total financial liabilities		**133,901.88**	**-**	**-**	**133,901.88**	**133,901.88**
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**

46.5 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 47: RISK MANAGEMENT

47.1 Introduction and Risk Profile

47.1.1 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 Risk Management Committee which is responsible for monitoring the overall risk process within the Company.

The 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.

47.1.2 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.

Notes to Financial Statements

for the year ended March 31, 2023

47.1.3 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.

47.2 Credit Risk

Credit risk is the possibility 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.

47.2.1 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.

47.2.2 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 47.2.2.1).

- How the Company defines, calculates, monitors and validates the Probability of Default (PD) and Loss Given Default (LGD) (Notes 47.2.2.2 to 47.2.2.3)
- When the Company considers there has been a significant increase in credit risk (SICR) of an exposure (Note 47.2.2.4)
- The details of the ECL calculations for Stage 1, Stage 2, Stage 3 and it's respective sub-stage assets

47.2.2.1 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

Notes to Financial Statements

for the year ended March 31, 2023

47.2.2.2 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, credit performance including actual default data and Macro economic variables. 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.

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.

47.2.2.3 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%.

47.2.2.4 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

47.2.2.5 Change in accounting estimates

Impact of updating the Expected Credit Loss (ECL) Model

The company periodically reviews and updates the model in line with the new inputs and performance trends to reflect the reasonableness and adequacy of ECL amount recognised as at reporting date. During the Financial Year 2022-23 , the ECL model was reviewed and updated, and it has resulted into increase/decrease in expected credit cost for various cohorts of the Portfolio due to deterioration/ improvement in performance of the cohort. The net impact of this exercise was ₹ 519.99 lakhs positive for the year ended March 31, 2023.

(₹ in lakhs)

Stage	Principal Balance as at March 31, 2023	ECL as per March 22 (PD and LGD) ECL	ECL as per March 23 (PD and LGD) ECL	Impact of Model refresh & improvement in performance
Stage 1	157,114.77	4,523.40	3,499.00	1,024.40
Stage 2	4,433.57	130.73	152.00	(21.27)
Stage 3	4,023.55	2,533.86	2,610.00	(76.14)
Grand Total	**165,571.89**	**7,187.99**	**6,261.00**	**926.99**

Settlement cases moved directly to Stage 3	(119.00)
Secured Loans against immovable property (LGD increased from 10% to 40%)	(12.00)
100% Accrued Interest Reversal on Stage 3	(276.00)
Net Impact of changes	**519.99**

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for the year ended March 31, 2023

47.3 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. 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 year ended March 31, 2023. During the year, the Company strenthened its banking partnerships by onboarding DCB Bank as debt provider by way of securitization.

Considering the COVID-19 pandemic, the company had augmented its liquidity buffers by taking measured steps on disbursements and expenses during the period ended September 30, 2021. However, the Company deployed these surplus liquidity buffer towards business growth in six month ended March 31, 2022. 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.

47.3.1. 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, 2023 as below:

a. Funding Concentration based on significant counterparty

Particulars	As at March 31, 2023
Number of significant counter parties	21
Amount	131,348.21
Percentage of funding total borrowings	93.81%

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)

Particulars	As at March 31, 2023
Total Borrowings	140,015.24
Top 10 Borrowings	99,068.55
Top 10 as a percentage of total borrowings	**70.76%**

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for the year ended March 31, 2023

c. Funding Concentration by Instrument #

(₹ In Lakhs)

Name of the instrument	As at March 31, 2023	As at March 31, 2022
Non-Convertible Debentures (NCD)	50,011.95	35.72%
Compulsory Convertible Debentures (CCD)	3,274.89	2.34%
CCPS	14.22	0.01%
Term Loans	31,020.70	22.16%
External Commercial Borrowings (ECB)	48,832.79	34.88%
Cash Credit (CC)	443.93	0.32%
Others	6,416.76	4.58%
Total	**140,015.24**	

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 *	36.60%
Other Short Term Debt - as a percentage of total assets	26.56%

* 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, Deputy Vice President - Treasury.

47.3.2. 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, 2023	As at March 31, 2022
Within 1 Year	93,434.01	97,122.00
Over 1 year to 2 Years	24,723.76	28,552.13
Over 2 years to 3 Years	35,610.14	13,141.89
Over 3 years to 5 Years	11,721.53	1,789.50
Over 5 years	14.23	19,155.35
Total	**165,503.67**	**159,760.87**

Notes:

1. The Company considers Put/Call option dates for the purpose of reporting maturity pattern of Borrowings including debt securities.

Notes to Financial Statements

for the year ended March 31, 2023

The table below summarises the maturity profile of the undiscounted cashflow of Trade Payable and Other Financial Liabilities:

(₹ In Lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Trade Payable	Other Financial Liabilities	Trade Payable	Other Financial Liabilities
Within 1 Year	1,224.48	2,233.80	1,028.00	2,056.12
Over 1 years to 3 Years	-	985.79	-	1,510.39
Over 3 years to 5 Years	-	137.54	-	407.68
Above 5 Years	-	51.82	-	88.10
Total	**1,224.48**	**3,408.95**	**1,028.00**	**4,062.29**

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.

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 2023									
Other undrawn commitments to lend	955.91	955.91	-	-	-	-	-	-	955.91
Total commitments	**955.91**	**955.91**	**-**	**-**	**-**	**-**	**-**	**-**	**955.91**
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**

47.4 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.

47.4.1 Total market risk exposure

(₹ In Lakhs)

Particulars	As at March 31, 2023			As at March 31, 2022			Primary Risk sensitivity
	Carrying amount	Traded risk	Non-traded risk	Carrying amount	Traded risk	Non-traded risk	
Assets							
Cash and cash equivalents	17,522.75	-	17,522.75	9,000.22	-	9,000.22	Interest Rate
Other bank balances	6,148.91		6,148.91	4,842.05	-	4,842.05	Interest Rate
Derivative financial instruments	381.90	-	381.90	595.26	-	595.26	Interest Rate / Foreign Exchange
Trade receivables	123.59	-	123.59	29.17	-	29.17	Interest Rate
Other Receivables	1,261.09	-	1,261.09	275.43		275.43	Interest Rate
Loans	164,580.24	-	164,580.24	137,971.77	-	137,971.77	Interest Rate
Other Financial Assets	4,428.81		4,428.81	2,933.79	-	2,933.79	Interest Rate
Total	**194,447.30**	**-**	**194,447.30**	**155,647.70**	**-**	**155,647.69**	

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for the year ended March 31, 2023

(₹ In Lakhs)

Particulars	As at March 31, 2023			As at March 31, 2022			Primary Risk sensitivity
	Carrying amount	Traded risk	Non-traded risk	Carrying amount	Traded risk	Non-traded risk	
Liabilities							
Derivative financial instruments	-	-	-	6.26	6.26	-	Interest Rate / Foreign Exchange
Trade payables	1,224.48	-	1,224.48	1,028.00	-	1,028.00	Interest Rate
Debt securities	53,301.05	-	53,301.05	79,297.94	-	79,297.94	Interest Rate
Borrowings (other than debt securities)	86,714.18	-	86,714.18	50,079.59	-	50,079.59	Interest Rate / Foreign Exchange
Other financial liabilities	3,408.91	-	3,408.91	3,496.35	-	3,496.35	Interest Rate
Total	**144,648.63**	**-**	**144,648.64**	**133,908.13**	**6.26**	**133,901.87**	

47.4.1 Market risk non-trading

47.4.1.1 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 SOFR/LIBOR. The USD SOFR/ 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 March 31, 2023		As at March 31, 2022	
	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
25 basis point down	108.12	80.91	24.08	18.02
50 basis point down	216.23	161.81	48.15	36.03
25 basis point up	(108.12)	(80.91)	(24.08)	(18.02)
50 basis point up	(216.23)	(161.81)	(48.15)	(36.03)

Borrowings with floating rate structure has been considered for interest rate sensitivity analysis

47.4.1.2 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.

(₹ In Lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022	
	USD in lakhs	Amount	USD in lakhs	Amount
External Commercial Borrowings (ECB)	593.06	47,623.14	178.44	12,739.49
Derivative Financial Instrument *	(593.06)	(47,623.14)	(178.44)	(12,739.49)

* represents the notional amount of the derivative financial instrument

Notes to Financial Statements

for the year ended March 31, 2023

47.4.1.3 Equity price risk

The Company does not have any exposure to equity price risk.

47.4.1.4 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 48: REGULATORY DISCLOSURES

48.1 Capital

(₹ In Lakhs)

Particulars	March 31, 2023	March 31, 2022
i) CRAR (%)	32.70%	23.16%
ii) CRAR - Tier I Capital (%)	30.05%	17.55%
iii) CRAR - Tier II Capital (%)	2.65%	5.61%
iv) Amount of subordinated debt raised as Tier-II capital	-	-
v) Amount raised by issue of Perpetual Debt Instruments	-	-

48.2 Investments

The Company does not have any investments as on March 31, 2023 and March 31, 2022.

48.3 Derivatives

48.3.1 Forward Rate Agreement / Interest Rate Swap

(₹ In Lakhs)

Particulars	March 31, 2023	March 31, 2022
i) The notional principal of swap agreements	47,623.14	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	2,908.01	1,149.01
iv) Concentration of credit risk arising from the swaps	-	-
v) The fair value of the swap book	381.91	595.26

48.3.2 Exchange Traded Interest Rate Derivatives

The Company has not entered into any Exchange Traded Interest Rate Derivatives.

Notes to Financial Statements

for the year ended March 31, 2023

48.3.3 Disclosures on Risk Exposure in Derivatives

(₹ In Lakhs)

Particulars	March 31, 2023		March 31, 2022	
	Currency Derivatives	Cross Currency Interest rate derivatives	Currency Derivatives	Cross Currency Interest rate derivatives
Derivatives (Notional Principal Amount)				
a) For hedging	23,353.64	24,269.50	8,494.49	4,245.00
b) For trading	-	-	-	-
Marked to Market Positions				
a) Asset (+)		402.83	197.56	397.70
b) Liability (-)*	(20.93)		(6.26)	-
Credit Exposure	-	-	-	-
Unhedged Exposures	-	-	-	-

* ₹ 6.26 lakhs in the year ended March 31, 2022 is the MTM movement for Embedded Derivative.

48.4 Disclosures relating to Securitisation

i) The Company has entered into Securitisation transactions for the year ended March 31, 2023.

Particulars	No. / Amount in ₹ lakhs
No of SPVs sponsored by the NBFC for securitisation transactions	5
Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	6,390.37
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	1,543.21
*** Others**	2,267.90

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, 2023 and March 31, 2022.

iii) Details of assignment transactions

The Company has sold financial assets by way of Direct Assignment in the year ended March 31, 2023.

(₹ In Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Count of loans accounts assigned	507	-
Amount of loan accounts assigned	4,866	-
Weighted average maturity (in months)	14.40	-
Weighted average holding period (in months)	10.2	-
Retention of beneficial economic interest	10%	-
Coverage of tangible security	100%	-
Rating wise distribution of rated loans	Not Rated	-

iv) The Company has not sold / purchased any non-performing assets during March 31, 2023 and March 31, 2022

48.5 Exposures

i) The Company has no exposure to real estate sector during the March 31, 2023 and March 31, 2022.

ii) The Company has no exposure to capital market during the March 31, 2023 and March 31, 2022.

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.

Notes to Financial Statements

for the year ended March 31, 2023

48.6 - Miscellaneous

48.6.1 - Registration obtained from other financial sector regulators

RBI registration no	B-13.02077
IRDA registration no.	CA0472
Company Identification Number (CIN)	U51504MH1993PTC251544

48.6.2 - Disclosure of Penalties imposed by RBI and other regulator

During the year ended March 31, 2023, no penalties have been levied by any regulator on the Company.

48.6.3 - Related Party Transaction

Refer note no. 41 for transactions with related party.

48.6.4 - Ratings assigned by credit rating agencies and migration of ratings during the year

Instruments	Credit Rating Agency	March 31, 2023	March 31, 2022
Long Term Bank lines	ICRA	[ICRA] BBB (Stable)	[ICRA] BBB (Negative)
Non-Convertible Debenture	ICRA	[ICRA] BBB (Stable)	[ICRA] BBB (Negative)
Cash Credit	ICRA	[ICRA] BBB (Stable)	[ICRA] BBB (Negative)
Working Capital Demand Loan	ICRA	[ICRA] BBB (Stable)	[ICRA] BBB (Negative)
Non-Convertible Debenture	CARE	CARE BBB- (Stable)	CARE BBB (Negative)
Long Term Bank lines	CARE	CARE BBB- (Stable)	CARE BBB (Negative)
Series A - Pass Through Certificates (Securitisation) - Ambit & DCB Bank	ICRA	Provisional ICRA Single A (Structured Obligation)	-
Series A - Pass Through Certificates (Securitisation) - Vivriti Asset Management	ICRA	Provisional ICRA A- (Structured Obligation)	-
Series A - Pass Through Certificates (Securitisation) - Ambit, AK Capital & Northern Arc	CARE	CARE Single A (Structured Obligation)	Provisional CARE Single A (Structured Obligation)
Series A - Pass Through Certificates (Securitisation) - Vivriti Capital	CARE	CARE Single A- (Structured Obligation)	Provisional CARE Single A- (Structured Obligation)

48.6.5 - Remuneration of Directors

Remuneration or Sitting fees paid or provided is disclosed in the Related party disclosure (Refer note no 41)

48.7.1 - Provisions and contingencies

(₹ In Lakhs)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	March 31, 2023	March 31, 2022
Provisions for depreciation on Investment	-	-
Provision towards NPA	(8,247.75)	7,078.14
Provision made towards Income tax	-	223.15
Other Provision and Contingencies (with details)	-	-
Provision for Standard Assets	(2,285.62)	(1,198.81)

48.7.2 - Draw Down from Reserves

During the year, the Company has not drawn down any amount from Reserves.

Notes to Financial Statements

for the year ended March 31, 2023

48.7.3 - Concentration of Advances, Expenses & NPAs

48.7.3.1 - Concentration of Advances

(₹ In Lakhs)

	March 31, 2023
Total Advances to twenty largest borrowers	1,761.85
Percentage of Advances to twenty largest borrowers to Total Advances of the applicable NBFC	1.03%

* Excludes retained interest on direct assignment ₹ 395.98 lakhs.

48.7.3.2 - Concentration of Exposures

(₹ In Lakhs)

	March 31, 2023
Total Exposure to twenty largest borrowers / customers	1,879.95
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the applicable NBFC on borrowers / customers	1.09%

* Excludes retained interest on direct assignment ₹ 395.98 lakhs.

48.7.3.3 - Concentration of NPA assets

(₹ In Lakhs)

	March 31, 2023
Total Exposure to top four NPA accounts	290.86

48.7.3.4 - Sector-wise NPA assets

Sector (As certified by management and relied by Auditors)	Percentage of NPA assets to Total Advances in that sector
Agriculture & allied activities	-
MSME	4.31%
Corporate borrowers	-
Services	-
Unsecured personal loans	-
Auto loans	-
Other personal loans	-

48.7.4 - Movement of NPA assets

(₹ In Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
NPA (net of provisions) to net advances (%)	2.19%	5.72%
Movement of NPA (Gross)		
Opening balance	19,898.35	8,273.78
Additions during the year	5,931.18	19,357.26
Reductions during the year	(18,464.11)	(7,732.69)
Closing balance	7,365.42	19,898.35
Movement of Net NPA		
Opening balance	7,896.29	3,349.86
Additions during the year	2,805.32	7,608.56
Reductions during the year	(7,090.50)	(3,062.13)
Closing balance	3,611.11	7,896.29

Notes to Financial Statements

for the year ended March 31, 2023

(₹ In Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Movement of provisions for NPA (excluding provisions on standard assets)		
Opening balance	12,002.06	4,923.92
Provisions made during the year	3,125.86	11,748.70
Write-off / Write-back of excess provisions	(11,373.61)	(4,670.56)
Closing balance	3,754.31	12,002.06

48.8 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

48.9 Off-balance Sheet SPVs sponsored

The company does not have any off balance sheet SPV sponsored.

48.10 Disclosure of Complaints

Customer Complaints (As certified by management and relied by Auditors)	Numbers
No. of complaints pending at the beginning of the year	-
No. of complaints received during the year	328
No. of complaints redressed during the year	328
No. of complaints pending at the end of the year	-

48.11 Asset Liability Management (ALM) Maturity pattern of certain items of Assets and Liabilities

Particulars	Deposits	Advances	Investments	Borrowings *	Foreign Currency assets	Foreign Currency liabilities
Over 1 day to 7 days	-	5,124.92	-	604.82	-	-
Over 8 days to 14 days	-	5,298.86	-	485.41	-	-
Over 15 days to 30 days	-	2,984.04	-	3,758.51	-	-
Over 1 month to 2 months	-	8,423.55	-	2,720.30	-	-
Over 2 months to 3 Months	-	8,210.57	-	2,753.40	-	-
Over 3 months to 6 months	-	24,897.34	-	17,246.11	-	-
Over 6 months to 1 Year	-	46,049.32	-	26,399.15	-	-
Over 1 year to 3 Years	-	58,475.39	-	67,379.37	-	-
Over 3 years to 5 Years	-	4,805.77	-	15,613.07	-	-
Over 5 Years	-	310.49	-	3,055.10	-	-
Total	**-**	**164,580.25**	**-**	**140,015.24**	**-**	**-**

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.

Notes to Financial Statements

for the year ended March 31, 2023

48.12 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'

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	160,915.51	3,563.08	157,352.43	643.66	2,919.41
Standard	Stage 2	5,539.55	222.22	5,317.33	22.16	200.06
Subtotal		**166,455.06**	**3,785.29**	**162,669.76**	**665.82**	**3,119.48**
Non-Performing Assets (NPA)						
Substandard*	Stage 3	5,537.95	3,627.41	1,910.54	553.80	3,073.61
Total		**171,993.01**	**7,412.69**	**164,580.31**	**1,219.62**	**6,193.07**

*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 Term loans assets are written off at 240 days past due & Limit Loan are written off at 180 days past due, hence loans written off are not included above.

48.12.1 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 not done any One time Restructuring of loans.

NOTE 49: 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, 2023	For the year ended March 31, 2022
Securitisations		
Carrying amount of the transferred assets (held as collateral)	8,658.28	3,536.28
Carrying amount of associated liabilities	6,416.76	15,928.75

NOTE 50: TRANSFERRED FINANCIAL ASSETS THAT ARE DERECOGNISED IN THEIR ENTIRETY

The Company has assigned loans (earlier measured at amortised cost) by way of direct assignment. As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the extent of 90% of the assets transferred to the buyer, the assets have been de-recognised from the Company's Balance Sheet. The table below summarises the carrying amount of the derecognised financial assets :

(₹ In Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Direct Assignment		
Carrying amount of transferred assets measured at amortised cost	3,563.80	-
Carrying amount of exposures retained by the Company at amortised cost	395.98	-

Notes to Financial Statements

for the year ended March 31, 2023

NOTE 51: ANNEX DISCLOSURE REQUIREMENTS UNDER SCALE BASED REGULATION FOR NBFCS

Section I

Sectoral exposure

Sectors	Current Year			Previous Year		
	Total Exposure (includes on balance sheet and off-balance sheet exposure) (₹ crore)	Gross NPAs (₹ crore)	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure) (₹ crore)	Gross NPAs (₹ crore)	Percentage of Gross NPAs to total exposure in that sector
1. Agriculture and Allied Activities	11.70	0.51	4%	4.64	0.58	12%
2. Industry						
Apparel	192.87	7.69	4%	185.25	30.91	17%
CDIT	29.58	2.11	7%	25.85	5.07	20%
Engineering and Capital Goods	89.48	2.25	3%	55.37	2.43	4%
FMCG	57.31	3.53	6%	54.05	5.92	11%
Food and Beverage	170.80	10.79	6%	170.96	46.64	27%
Furniture and Furnishings	32.12	0.71	2%	23.92	1.90	8%
General Store or Supermarket	40.48	1.77	4%	37.47	4.05	11%
Groceries	99.61	6.32	6%	104.10	10.98	11%
Hardware and Electrical	93.70	3.21	3%	71.32	5.74	8%
Mobile	61.33	3.42	6%	60.73	4.91	8%
Others	87.63	2.77	3%	57.51	5.89	10%
Petrol Pump	100.80	4.46	4%	109.67	9.57	9%
Pharmacy	55.69	2.02	4%	50.46	3.66	7%
Others	345.39	7.80	2%	261.47	25.50	10%
Total of Industry	**1,456.78**	**58.88**	**4%**	**1,268.15**	**163.17**	**13%**
3. Services						
Contractor	101.66	3.45	3%	78.89	1.47	2%
IT and ITeS	31.49	0.82	3%	23.76	2.66	11%
Logistics	37.76	0.76	2%	29.90	2.32	8%
Skilled or Semi Skilled Labour Supplier	35.78	1.70	5%	34.89	3.01	9%
Spa and Salon	28.71	1.61	6%	28.10	6.74	24%
Others	126.74	5.92	5%	107.49	19.05	18%
Total of Services	**362.15**	**14.26**	**4%**	**303.04**	**35.24**	**12%**
4. Personal Loans	NA	NA	NA	NA	NA	NA
5. Others, if any (please specify)	NA	NA	NA	NA	NA	NA

NOTE 51: ANNEX DISCLOSURE REQUIREMENTS UNDER SCALE BASED REGULATION FOR NBFCS

Section II

Related Party Disclosure are disclosed in Note 41

Section III

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

Sr. No	Particulars	Current Year	Previous Year
Complaints received by the NBFC from its customers			
1	Number of complaints pending at beginning of the year	-	-
2	Number of complaints received during the year	328	605
3	Number of complaints disposed during the year	328	605
'3.1	Of which, number of complaints rejected by the NBFC	-	-
4	Number of complaints pending at the end of the year	-	-
Maintainable complaints received by the NBFC from Office of Ombudsman			
5*	Number of maintainable complaints received by the NBFC from Office of Ombudsman	49	95
'5.1	Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	49	95
'5.2	"Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman"	-	-
'5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	-	-
6*	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

Section IV

Top five grounds of complaints received by the NBFCs from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
		Current Year (FY 2022-23)			
Loans And Advances	-	93	3000%	-	-
Recovery Agents/ Direct Sales Agents	-	-	0%	-	-
Others	-	235	-61%	-	-
Total	**-**	**328**		**-**	**-**
		Previous Year(FY 2021-22)			
Loans And Advances	-	3	200%	-	-
Recovery Agents/ Direct Sales Agents	-	1	-50%	-	-
Others	-	601	-50%	-	-
Total	**-**	**605**		**-**	**-**

Notes to Financial Statements

for the year ended March 31, 2023

Section V

A) Corporate governance

1) Composition of the Board

Name of Director	Director since	Capacity (i.e. Executive/ Non- Executive/ Chairman/ Promoter nominee/ Independent)	DIN	Number of Board Meetings			Remuneration			No. of shares held in and convertible instruments held in the NBFC
				Held	Attended	No. of other Director ships	Salary and other compensation	Sitting Fee	Commission	
Dhruv Kumar Khaitan	07.06.2012	Non-Executive	00002584	16	12	3	-	-	-	90,00,000 Equity Shares 6,84,567 CCPS
Piyush Kumar Khaitan	07.06.2012	Non-Executive	00002579	16	15	-	3,257,395	-	-	90,00,000 Equity Shares 6,84,567 CCPS
Ganesh Rengaswamy	29.07.2015	Non-Executive	02656783	16	8	1	-	-	-	-
Michael Fernandes	23.01.2018	Non-Executive	00064088	16	9	1	-	-	-	-
Pranav Kumar	21.03.2018 - 08.12.2022	Non-Executive	07896173	12	11	2	-	-	-	-
Bindu Ananth	10.10.2019	Non-Executive Independent	02456029	16	12	6	2,400,000	-	-	-
Arun Kumar Nayyar	06.01.2022	Executive	06804277	16	16	-	63,217,710	-	-	97,827 CCPS
Mahesh Krishnamurthy	01.04.2019-05.12.2022	Non-Executive	02574801	11	7	1	-	-	-	-
Amit Mehta	12.02.2021-13.05.2022	Non-Executive	07089427	1	0	-	-	-	-	-
Deepa Bachu	08.12.2022	Non-Executive	07397729	4	2	-	800,000	-	-	-
Suresh jayaraman	27.03.2023	Non-Executive Independent	03033110	1	1	5	200,000	-	-	-
Ramakrishnan Subramanian	27.03.2023	Non-Executive	02192747	1	1	1	200,000	-	-	-

NOTE 51: ANNEX DISCLOSURE REQUIREMENTS UNDER SCALE BASED REGULATION FOR NBFCS

Section VI

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

Sr. No	Name of Director	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Nature of change (resignation, appointment)	Effective date
1	Pranav Kumar	Non-Executive Director (Nominee)	Resignation	08.12.2022
2	Mahesh Krishnamurthy	Non-Executive Director (Nominee)	Resignation	05.12.2022
3	Amit Mehta	Non-Executive Director (Nominee)	Resignation	13.05.2022
4	Deepa Bachu	Non-Executive	Appointment	08.12.2022
5	Ramakrishnan Subramanian	Additional Director (Nominee Director)	Appointment	27.03.2022
6	Suresh Jayaraman	Additional Director (Independent Non-Executive Director)	Appointment	27.03.2022
7	Dhruv Kumar Khaitan	Chairman (Non-Executive)	Resignation	8.12.2022
8	Piyush Kumar Khaitan	Managing Director (Executive)	Resignation	08.12.2022
9	Piyush Kumar Khaitan	Chairman (Non-Executive)	Appointment	08.12.2022
10	Arun Kumar Nayyar	Managing Director (Executive)	Appointment	12.12.2022

During the financial year no independent director resigned before expiry of term.

None of the Directors are related inter-se (as per the definition of 'relatives' under Companies Act 2013).

Notes to Financial Statements

for the year ended March 31, 2023

Section VII

2) Committees of the Board and their composition

Audit Committee:

TERMS OF REFERENCE

1. To oversight the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient, and credible.
2. To discuss and review, with the management and auditors, the annual/quarterly financial statements before submission/recommendation to the Board
3. Recommend the appointment of statutory auditor and internal auditor

Sr. No	Name of Director	Member of committee since	Capacity i.e Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	No of meetings of the committee		No. of shares held in the NBFC
				Held	Attended	
1	Bindu Ananth	04.12.2019	Chairperson	8	8	-
2	Piyush Kumar Khaitan	11.04.2014	Non-Executive	8	8	90,00,000 Equity Shares 6,84,567 CCPS
3	Ganesh Rengaswamy	21.07.2016	Non-Executive	8	5	-
4	Michael Fernandes	22.02.2018	Non-Executive	8	7	-
5	Mahesh Krishnamurthy	04.12.2019	Non-Executive	6	3	-
6	Dhruv Kumar Khaitan	08.12.2022	Non-Executive	2	2	90,00,000 Equity Shares 6,84,567 CCPS
7	Deepa Bachu	08.12.2022	Non-Executive	2	1	

Section VIII

Nomination and Remuneration Committee

TERMS OF REFERENCE (in brief)

1. To recommend to the Board regarding the appointment of Directors, KMP, etc.
2. To fix the remuneration paid to Whole-time / Executive Directors which generally shall include fixed salary, perquisites, variable pay in the form of performance bonus, certain retiral benefits, allowances and other benefits;
3. To decide the annual increments to Whole-time / Executive Directors which shall be linked up to their overall performance.
4. To consider the appoint Key Managerial Personnel of the Company.

Sr. No	Name of Director	Member of committee since	Capacity i.e Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	No of meetings of the committee		No. of shares held in the NBFC
				Held	Attended	
1	Michael Fernandes	22.02.2018	Chairperson	5	5	-
2	Piyush Kumar Khaitan	19.10.2015	Non-Executive	5	5	90,00,000 Equity Shares 6,84,567 CCPS
3	Ganesh Rengaswamy	22.02.2018	Non-Executive	5	4	-
3	Ganesh Rengaswamy	22.02.2018	Non-Executive	5	4	-
4	Bindu Ananth	04.12.2019	Non-Executive	5	4	-
5	Mahesh Krishnamurthy	04.12.2019	Non-Executive	4	2	-
						90,00,000 Equity Shares
6	Dhruv Kumar Khaitan	08.12.2022	Non-Executive	1	1	6,84,567 CCPS
7	Deepa Bachu	08.12.2022	Non-Executive	1	0	-

Notes to Financial Statements

for the year ended March 31, 2023

Section IX

Risk Management Committee

TERMS OF REFERENCE (in brief)

1. Design and implement risk management practices, specifically provide ongoing guidance and support for the refinement of the overall risk management framework and ensuring that best practices are incorporated.
2. Monitor risk management practices, specifically determine which enterprise risks are most significant and approve resource allocation for risk monitoring and mitigation activities, assign risk owners and approve action plans.
3. Periodically review and monitor risk mitigation processes, including:

(a) magnitude of all material business risks.

(b) the processes, procedures and controls in place to manage material risks.

(c) the overall effectiveness of the risk management process.

Sr. No	Name of Director	Member of committee since	Capacity i.e Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	No of meetings of the committee		No. of shares held in the NBFC
				Held	Attended	
1	Ganesh Rengaswamy	08.12.2022	Chairperson	1	0	-
2	Piyush Kumar Khaitan	19.10.2015	Non-Executive	4	4	90,00,000 Equity Shares 6,84,567 CCPS
3	Arun Kumar Nayyar	12.02.2022	Executive	4	4	97,827 CCPS
4	Mahesh Krishnamurthy	04.12.2019	Non-Executive	3	1	-
5	Pranav Kumar	22.02.2018	Non-Executive	3	3	-
6	Deepa Bachu	08.12.2022	Non-Executive	1	0	-
7	Dhruv Kumar Khaitan	08.12.2022	Non-Executive	1	1	90,00,000 Equity Shares 6,84,567 CCPS
8	Michael Fernandes	08.12.2022	Non-Executive	1	1	-

Section X

IT STRATEGY COMMITTEE

TERMS OF REFERENCE (in brief)

Approving IT strategy and Policy documents.

1. Ensuring that the management has put an effective strategic planning process in place.
2. Overall responsibility of IT Governance.
3. Ascertaining that management has implemented processes and practices that ensure that IT delivers value to the business; Providing the required funding to implement Information Security Management System.
4. Reviewing the implementation of Information Security Management System.

Sr. No	Name of Director	Member of committee since	Capacity i.e Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	No of meetings of the committee		No. of shares held in the NBFC
				Held	Attended	
1	Bindu Ananth	10.10.2019	Chairman	4	4	-
2	Piyush Kumar Khaitan	24.01.2019	Non-Executive	4	4	90,00,000 Equity Shares 6,84,567 CCPS
3	Arun Nayyar	24.01.2019	Non-Executive	4	4	97,827 CCPS
4	Michael Fernandes	10.10.2019	Executive	4	3	-
5	Mahesh Krishnamurthy	10.10.2019	Non-Executive	3	1	-
6	Deepak Nath Goswami	24.08.2022	CFO	3	3	-
7	Naveen Kumar	24.08.2022	VP - Engineering	3	3	-
8	Dhruv Kumar Khaitan	08.12.2022	Non-Executive	1	1	90,00,000 Equity Shares 6,84,567 CCPS
9	Ganesh Rengaswamy	08.12.2022	Non-Executive	1	1	-
10	Deepa Bachu	08.12.2022	Non-Executive	1	0	-

Notes to Financial Statements

for the year ended March 31, 2023

Section XI

General Body Meetings

Details of the date, place and special resolutions passed at the General Body Meetings.

Sr. No	Type of Meeting (Annual/ Extra-Ordinary)	Date & Place	Special resolutions passed
1	AGM	28.06.2022	Approve the Limit of Private Placement of Debentures
2	EGM	10.06.2022	1. Approval Of The Issuance Of Compulsorily Convertible Debentures And Approval Of The Draft Letter Of Offer.
			2. Approval Of The Issuance Of Compulsorily Convertible Debentures On A Private Placement Basis And Approval Of The Draft Private Placement Offer Cum Application Letter (PAS-4).
3	EGM	21.06.2022	To Approve Amendments Made To The Articles Of Association Of The Company And To Adopt The Restated Articles Of Association
4	EGM	26.10.2022	To increase Authorised Share Capital of the Company and amend Memorandum of Association of the Company.
5	EGM	01.12.2022	1. To Approve Private Placement Of Equity Shares And Series D Compulsorily Convertible Preference Shares ("Series D CCPS") And Approve Private Placement Offer Letter
			2. To Approve The "NeogGrowth Employees Stock Option Plan 2022" For the Benefit Of The Employees Of The Company.
6	EGM	12.12.2022	1. To approve The Restatement Of The Articles Of Association ("AoA") and adopt the amended AoA Of The Company
			2. To approve The Private Placement Of Series D CCPS
			3. To approve The Amendment In Terms Of CCD-1
			4. To approve The Amendment In Terms Of CCD-2
			5. To approve the appointment of Mr. Arun Kumar Nayyar as Managing Director of the Company.

B) Breach of Covenant

The Company has reported 15 financial covenant breaches across 10 lenders for the period ended on March 31, 2023. These covenant breaches are pertaining to the asset quality which had got impacted due to outbreak of covid-19 pandemic. The Company reports covenant breaches to its lenders on regular basis. However, the Company has obtained covenant waiver/no action letters/amendment letters in respect of these covenant breaches from lenders. No loans have been recalled by any of the lender due to covenant breaches in past and during the financial year ended on March 31, 2023.

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

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

For and on behalf of the Board of Directors

Prateet Mittal
Partner
Membership No. 402631
Place: Mumbai
Date: May 12, 2023

Dhruv Khaitan
Chairman
(DIN 00002584)
Place: Mumbai

Arun Nayyar
Managing Director & CEO
(DIN 06804277)
Place: Mumbai

Deepak Goswami
Chief Financial Officer
Place: Mumbai

Tanushri Yewale
Company Secretary
(M.No A31273)
Place: Mumbai
Date: May 12, 2023

Notes to Financial Statements

for the year ended March 31, 2023

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		
	LIABILITIES SIDE:		
1	**Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:**	**Amount Outstanding**	**Amount Overdue**
	a. Debentures (other than falling within the meaning of public deposits*)		-
	- Secured	50,011.95	-
	- Unsecured	-	-
	b. Deferred Credits	-	-
	c. Term Loans	86,270.25	-
	d. Inter-corporate loans and borrowings	-	-
	e. Commercial Paper	-	-
	f. Other Loans - Demand loans	443.93	-
	* 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		171,993.01
	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		-

Notes to Financial Statements

for the year ended March 31, 2023

Amount in Lakhs

	Particulars			
	LIABILITIES SIDE:			
1	**Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:**		**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			
	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	164,580.24	-	-
	Total	**164,580.24**	**-**	**-**
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			
	Category		**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		-	-
	Total		**-**	**-**
	** As per Accounting Standard of ICAI (Please see Note 3)			
7	**Other information**			
	i. Gross Non-Performing Assets			
	a. Related Parties			-
	b. Other than related parties			7,365.42
	ii. Net Non-Performing Assets			
	a. Related Parties			-
	b. Other than related parties			3,611.11
	iii. Assets acquired in satisfaction of debt			-

Notes to Financial Statements

for the year ended March 31, 2023

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.

For and on behalf of the Board of Directors

Dhruv Khaitan
Chairman
(DIN 00002584)
Place: Mumbai

Arun Nayyar
Managing Director & CEO
(DIN 06804277)
Place: Mumbai

Deepak Goswami
Chief Financial Officer
Place: Mumbai

Tanushri Yewale
Company Secretary
(M.No A31273)
Place: Mumbai
Date: May 12, 2023

NEOGROWTH

Lending simplified. Growth amplified.

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Mumbai – 400 013
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