# A S C & ASSOCIATES

**CHARTERED ACCOUNTANTS**

(Formerly known as Arun Singh & Co.)
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**Independent Auditors' Report on the Ind AS Financial Statements**

To the Members of KrazyBee Services Private Limited

**Opinion**

1. We have audited the accompanying Ind AS financial statements of KrazyBee Services Private Limited ("the Company"), which comprise the Balance sheet as at March 31, 2022, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information. (hereinafter referred to as "the financial statement").

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

**Basis for opinion**

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

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**Key audit matters**

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the Ind AS 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. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying Ind AS financial statements.

| **Key audit matters** | **How our audit addressed the key audit matter** |
|---|---|
| **Impairment of loans and advances to customers**<br>Charge: Rs 11,897.71 Lacs for the year ended March 31, 2022<br>Provision: Rs 9,785.18 Lacs at March 31, 2022 | |
| **Subjective estimate**<br>Recognition and measurement of impairment of loans and advances involve significant management judgement.<br>Under Ind AS 109, Financial Instrument, allowance for loan loss is determined using expected credit loss (ECL) model. The Company's impairment allowance is derived from estimates including the historical default and loss ratios. The estimation of impairment loss allowance on financial instruments involves significant judgement and estimates. The key areas where we identified greater level of management judgement and therefore | Our audit procedures included the following:<br>a. Performed end to end process walkthroughs to identify the key systems, applications and controls used in the impairment loss allowance process.<br>b. Assessed the design and implementation of controls in respect of the Company's impairment loss process such as the timely recognition of impairment loss, the completeness and accuracy of reports used in the impairment allowance |

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| Key audit matters | How our audit addressed the key audit matter |
|---|---|
| increased levels of audit focus in the Company's estimation of ECLs are:<br>a. Data inputs- The application of ECL model requires several data inputs. This increases the risk that the data that has been used to derive assumptions in the model, which are used for ECL calculations, may not be complete and accurate.<br>b. Model estimations- Inherently judgmental models are used to estimate ECL which involves determining Probabilities of Default ("PD"), Loss Given Default ("LGD"), and Exposure at Default ("EAD"). The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered the most significant judgmental aspect of the Company's modelling approach.<br>c. Economic scenarios- Ind AS 109 requires the Company to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them especially when considering the current uncertain economic environment arising from COVID-19.<br>d. Qualitative adjustments- In the absence of time tested historical data for certain loan products, management | process and management review processes over the calculation of impairment allowance and the related disclosures on credit risk management.<br>c. Testing of review controls over measurement of impairment allowances and disclosures in financial statements.<br>d. Evaluated whether the methodology applied by the Company is compliant with the requirements of the relevant accounting standard and confirmed that the calculations are performed in accordance with the approved methodology, including checking mathematical accuracy of the workings.<br>e. Sample testing over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of periods considered, economic forecasts, weights, and model assumptions applied.<br>f. Test of details over calculation of impairment allowance for assessing the completeness, accuracy and relevance of data.<br>g. Model calculations testing through re-performance where possible.<br>h. Assessed whether the disclosures on key judgements, assumptions and quantitative data with respect to impairment loss allowance on the |

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| Key audit matters | How our audit addressed the key audit matter |
|---|---|
| has used surrogate industry estimates or derived inputs using regulatory guidance. Management believes that these estimates though address known impairment model limitations or emerging trends as well as risks not captured by models. These adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts especially in relation to economic uncertainty as a result of COVID-19.<br>e. Restructuring- the Company has restructured eligible personal loans in the current year on account of COVID-19 vide Resolution Framework- 2.0: Resolution of COVID-19 related stress of individuals and small businesses (RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22), dated May 5, 2021. This has resulted in increased management estimation over determination of losses for such restructured loans. Refer note 21 to the annexure to the Ind AS financial statements for further information. | financial statements are appropriate and sufficient. |

**Information other than the financial statements and auditors' report thereon**

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

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

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management for the Ind AS Financial Statements**

6. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

   The board of directors are also responsible for overseeing the Company's financial reporting process.

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**Auditor's Responsibility for the Audit of the Ind AS Financial Statements**

7. Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error,

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

9. 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.

10. 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 Ind AS financial statements for the financial year ended March 31, 2022 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**

11. 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 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

12. 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;

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

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules 2015, as amended;

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

(f) With respect to the adequacy of the internal financial controls with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate report in "Annexure 2" to this report;

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

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

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

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

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iv. a) The management has represented that, to the best of its knowledge and belief, 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 person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

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

c) Based on such audit procedures that were 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 (a) and (b) contain any material misstatement.

For **ASC & ASSOCIATES**
**Chartered Accountants**
**Firm Registration Number: 011863N**

ASC & ASSOCIATES NEW DELHI Chartered Accountants

**CA Denesh Singh**
**Partner**
**Membership Number: 097345**
UDIN: 22097345AJXPQH5401

Place of Signature: New Delhi
Date: May 25, 2022

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**CHARTERED ACCOUNTANTS**

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**Annexure 1 referred to in paragraph 11 to the Audit report of KrazyBee Services Private limited on even date**

Re: KrazyBee Services Private Limited ('the Company')

(i)(a)(A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(a) (B) The Company has maintained proper records showing full particulars of intangibles assets.

(b) Property, Plant and Equipment have been physically verified by the management during the year in accordance with the regular programme of verifying them in phased manner, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, there is no immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), held by the Company and accordingly, the requirement to report on clause 3(i)(c) of the Order is not applicable to the Company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2022.

(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii)(a) The Company's business does not require maintenance of inventories and, accordingly, the requirement to report on clause 3(ii)(a) of the Order is not applicable to the Company.

(b) As disclosed in note 15 to the financial statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks and/or financial institutions during the year on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the financial statements, the quarterly returns/statements filed by the Company with such banks and financial institutions are in agreement with the books of accounts of the Company.

(iii)(a) The Company's principal business is to give loans and is a registered NBFC, accordingly, reporting under clause (iii)(a) is not applicable.

(b) During the year the Company has not made investments, provided guarantees, provided security and granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(b) of the Order is not applicable to the Company.

(c) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) of the Order is not applicable to the Company.

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(d) The Company has not granted loans or advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(d) of the Order is not applicable to the Company.

(e) The company's principal business is to give loans and is a registered NBFC, accordingly, reporting under clause (iii)(e) is not applicable.

(f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.

(iv) According to the information and explanations given to us, there are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company.

(vii)(a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including income-tax, goods & service tax, cess, employees' state insurance and other statutory dues applicable to it. The Company is regular in depositing with Provident fund except there are few cases in which company has not deposited the employee and employer provident fund as company is not able to generate the UAN of the employee. The provisions relating to custom duty, excise duty and value added tax are not applicable to the Company.

(b) According to the information and explanations given to us, there are no dues of income-tax, goods & service tax, cess, provident fund and employees' state insurance which have not been deposited on account of any dispute. The provisions relating to custom duty, excise duty and value added tax are not applicable to the Company.

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix)(a) According to the information and explanations given to us, The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) Term loans were applied for the purpose for which the loans were obtained.

(d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

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(e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.

(f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(f) of the Order is not applicable to the Company.

(x)(a) The Company has utilized the monies raised during the year by way of initial public offer / further public offer (including debt instruments) in the nature of Debentures for the purposes for which they were raised.

(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi)(a) No fraud/ material fraud by the Company or no fraud / material fraud on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

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

(xii) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with sections 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv)(a) The Company has an internal audit system commensurate with the size and nature of its business.

(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

(xv) According to the information and explanations given by the management, The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi)(a) The Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934).

(b) According to the information and explanations given by the management, the Company has not conducted any Non-banking financial activities without a valid Certificate of Registration from the Reserve Bank of India as per the Reserve Bank of India Act 1934.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.

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(xvii) The Company has not incurred cash losses in the current financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in the financial statements, 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 Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx)(a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 31(c) to the financial statements.

(b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note 31(c) to the financial statements.

(xxi) There is no subsidiary or associate of the Company, Accordingly, the requirement to report on clause 3(xxi) of the Order is not applicable to the Holding Company.

**For ASC & ASSOCIATES**
**Chartered Accountants**
**Firm Registration Number: 011863N**

ASC & ASSOCIATES NEW DELHI Chartered Accountants

**CA Denesh Singh**
**Partner**
**Membership Number: 097345**
UDIN:22097345AJXPQH5401

Place of Signature: New Delhi
Date: May 25, 2022

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**Annexure '2' to the Independent Auditor's Report of even date on the Ind AS Financial Statements of KrazyBee Services Private Limited**

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

1. We have audited the internal financial controls with reference to these Ind AS financial statements of KrazyBee Services Private Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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**

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to these Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by 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 with reference to these Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

**Meaning of Internal Financial Controls Over Financial Reporting**

4. A company's internal financial controls with reference to Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of 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 with reference to Ind AS Financial Statements**

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

**Opinion**

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

**For ASC & ASSOCIATES**
**Chartered Accountants**
**Firm Registration Number: 011863N**

ASC & ASSOCIATES NEW DELHI Chartered Accountants

**CA Denesh Singh**
**Partner**
**Membership Number: 097345**
UDIN:22097345AJXPQH5401

Place of Signature: New Delhi
Date: May 25, 2022

KRAZYBEE SERVICES PRIVATE LIMITED

**Balance Sheet**

*(All amounts are in INR Lakhs, unless otherwise stated)*

| S.No | Particulars | Note | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|---|
| | **ASSETS** | | | |
| (1) | **Financial assets** | | | |
| (a) | Cash and cash equivalents | 3(I) | 7,616.12 | 24,722.98 |
| (b) | Bank balance other than (a) above | 3(II) | 1,179.30 | 371.72 |
| (c) | Trade receivables | 4 | 9,540.55 | - |
| (d) | Loans | 5 | 1,11,496.77 | 64,114.48 |
| (e) | Investments | 6 | 6,197.98 | 3,511.25 |
| (f) | Other financial assets | 7 | 4,785.72 | 8,485.06 |
| | **Sub-Total - Financial Assets** | | **1,40,816.44** | **1,01,205.49** |
| (2) | **Non-financial assets** | | | |
| (a) | Current tax assets (net) | 8 | 654.45 | 654.45 |
| (b) | Deferred tax assets (net) | 9 | 2,323.29 | 1,469.30 |
| (c) | Property, plant and equipment | 10 | 60.35 | 113.90 |
| (d) | Right of use asset | | 165.04 | 86.95 |
| (e) | Intangible assets | 11 | 2.75 | 13.39 |
| (f) | Other non-financial assets | 12 | 85.09 | 54.78 |
| | **Sub-Total - Non-Financial Assets** | | **3,290.97** | **2,392.77** |
| | **Total assets** | | **1,44,107.41** | **1,03,598.26** |
| | **LIABILITIES AND EQUITY** | | | |
| | **LIABILITIES** | | | |
| (1) | **Financial liabilities** | | | |
| (a) | Trade payables | 13 | | |
| | (i) total outstanding dues of micro enterprises and small enterprises | | 40.70 | 22.16 |
| | (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | | 680.06 | 1,567.52 |
| (b) | Debt securities | 14 | 26,113.48 | 11,717.74 |
| (c) | Borrowings (other than debt securities) | 15 | 53,335.00 | 35,116.45 |
| (d) | Other financial liabilities | 16 | 1,162.81 | 251.40 |
| | **Sub-Total - Financial Liabilities** | | **81,332.05** | **48,675.27** |
| (2) | **Non-financial liabilities** | | | |
| (a) | Current tax liabilities (net) | 17 | 800.89 | 712.79 |
| (b) | Provisions | 18 | 113.08 | 78.08 |
| (c) | Other non-financial liabilities | 19 | 1,210.45 | 382.28 |
| | **Sub-Total - Non-Financial Liabilities** | | **2,124.42** | **1,173.15** |
| (3) | **EQUITY** | | | |
| (a) | Equity share capital | 20 | 112.38 | 107.02 |
| (b) | Other equity | 21 | 60,538.56 | 53,642.82 |
| | **Sub-Total - Equity** | | **60,650.94** | **53,749.84** |
| | **Total liabilities and equity** | | **1,44,107.41** | **1,03,598.26** |

Summary of significant accounting policies 2

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date
**For ASC & Associates**
**Chartered Accountants**
Firm Registration No: 011863N

**CA Denesh Singh**
Partner
Membership No: 097345
Place: New Delhi
Date: May 25, 2022

**For and on behalf of the Board of Directors of**
**KrazyBee Services Private Limited**
CIN:U65100KA2016PTC086990

**MADHUSUDAN EKAMBARAM**
Director
DIN:07442577
Place: Bengaluru
Date: May 25, 2022

**KARTHIKEYAN KRISHNASWAMY**
Director
DIN: 07449376
Place: Bengaluru
Date: May 25, 2022

**PALLAVI LINGARAJU**
Company Secretary
Membership No: A56733
Place: Bengaluru
Date: May 25, 2022

KRAZYBEE SERVICES PRIVATE LIMITED

**Statement of Profit and Loss**

*(All amounts are in INR Lakhs, unless otherwise stated)*

| S.No | Particulars | Note | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|---|---|
| | **Revenue from operations** | | | |
| (i) | Interest income | 22 | 17,500.34 | 14,374.28 |
| (ii) | Fees and commission income | 23 | 15,969.40 | 8,075.76 |
| (iii) | Net gain/(loss) on fair value changes | 24 | 189.71 | (110.89) |
| 1 | **Total revenue from operations** | | **33,659.45** | **22,339.15** |
| 2 | Other income | 25 | 27.92 | 38.40 |
| 3 | **Total income (1+2)** | | **33,687.37** | **22,377.55** |
| | **Expenses** | | | |
| (i) | Finance costs | 26 | 7,532.88 | 6,104.06 |
| (ii) | Fees and commission expense | 27 | 1,679.41 | 1,105.92 |
| (iii) | Impairment on financial instruments | 28 | 16,183.78 | 9,666.61 |
| (iv) | Employee benefits expenses | 29 | 2,562.77 | 1,018.75 |
| (v) | Depreciation and amortization expense | 30 | 267.43 | 211.83 |
| (vi) | Other expenses | 31 | 1,322.57 | 641.18 |
| 4 | **Total expenses** | | **29,548.84** | **18,748.35** |
| 5 | **Profit before tax (3-4)** | | **4,138.53** | **3,629.20** |
| | Tax expense: | 32 | | |
| | (1) Current tax | | 2,056.35 | 1,028.15 |
| | (2) Deferred tax (credit) / charge | | (859.67) | (201.09) |
| | (3) Tax in respect of earlier years | | 62.91 | - |
| 6 | **Total tax expense** | | **1,259.59** | **827.06** |
| 7 | **Profit for the year (5-6)** | | **2,878.94** | **2,802.14** |
| 8 | **Other comprehensive income** | | | |
| | (i) Items that will not be reclassified to profit or loss<br>Gain/(Loss) on remeasurement of defined benefit plans | | 22.55 | (14.02) |
| | (ii) Income tax relating to items that will not be reclassified to profit or loss | | (5.68) | 3.53 |
| | **Other comprehensive income** | | **16.87** | **(10.49)** |
| 9 | **Total comprehensive income for the year (7+8)** | | **2,895.81** | **2,791.65** |
| 10 | **Earnings per equity share**<br>Basic and diluted (INR)<br>(Nominal value per share - INR 10) | 33 | 261.43 | 367.98 |

Summary of significant accounting policies 2

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date
**For ASC & Associates**
**Chartered Accountants**
Firm Registration No: 011863N

**Denesh Singh**
Partner
Membership No: 097345
Place: New Delhi
Date: May 25, 2022

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Director
DIN: 07449376
Place: Bengaluru
Date: May 25, 2022

**PALLAVI LINGARAJU**
Company Secretary
Membership No: A56733
Place: Bengaluru
Date: May 25, 2022

**KRAZYBEE SERVICES PRIVATE LIMITED**

**Statement of Cash Flows**

*(All amounts are in INR Lakhs, unless otherwise stated)*

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Cash flow from operating activities:** | | |
| **Profit before tax** | **4,138.53** | **3,629.20** |
| Adjustments for: | | |
| Interest income | (17,196.23) | (13,897.98) |
| Depreciation and amortization expense | 267.43 | 211.83 |
| Interest income from investments | (304.11) | (476.30) |
| Gain on sale of investments | (206.96) | (18.00) |
| Impairment on financial instruments | 16,183.78 | 9,666.61 |
| Share based payment expense | 316.30 | 206.16 |
| Finance cost | 7,131.10 | 6,455.85 |
| Net gain on fair value changes | - | 128.89 |
| Unrealized foreign exchange loss | 359.11 | 92.78 |
| Interest income on security deposits | (7.44) | (7.09) |
| Interest on lease liability | 42.67 | 24.45 |
| Cash inflow from interest on loans | 17,137.14 | 10,887.73 |
| Cash outflow towards finance cost | (6,331.27) | (6,575.70) |
| **Cash generated from operations before working capital changes** | **21,530.05** | **10,328.43** |
| **Working capital changes:** | | |
| Decrease /(Increase) in loans | (62,809.89) | 20,557.11 |
| Decrease / (Increase) in trade receivables | (9,540.55) | 1,103.73 |
| Decrease / (Increase) in other financial assets | 3,695.62 | (5,729.00) |
| Decrease / (Increase) in other non-financial assets | (20.91) | 69.06 |
| Increase / (decrease) in trade payables | (868.92) | 584.64 |
| Increase in provisions | 57.55 | 33.88 |
| Increase / (Decrease) in other financial liabilities | 12.90 | 5.32 |
| Increase / (Decrease) in other non-financial liabilities | 131.08 | (197.24) |
| **Cash generated from / (used in) operations** | **(47,813.07)** | **26,755.93** |
| Income tax paid (net of refunds) | (2,031.16) | (302.96) |
| **Net cash flows generated from / (used in) operating activities (A)** | **(49,844.23)** | **26,452.97** |
| **Cash flow from investing activities:** | | |
| Purchase of property, plant and equipment and intangible assets | (2.99) | (0.81) |
| Purchase of mutual funds | (2,479.77) | (3,499.83) |
| Redemption of investment in mutual fund | - | 2,509.53 |
| Redemption of investment in corporate bond | - | 41.20 |
| Net proceeds from / (investment in) fixed deposits | (807.58) | 415.20 |
| Interest received on investments | 315.27 | 494.47 |
| **Net cash flow (used in) investing activities (B)** | **(2,975.07)** | **(40.24)** |
| **Cash flow from financing activities:** | | |
| Issue of equity share capital (including securities premium) | - | 21,062.70 |
| Debt securities issued / (repaid) (net) | 14,395.74 | (10,489.40) |
| Borrowings other than debt securities raised / (repaid) (net) | 21,548.43 | (21,103.11) |
| Deposits repaid | - | (100.00) |
| Payment towards lease liabilities | (231.73) | (149.11) |
| **Net cash flow from / (used in) financing activities (C)** | **35,712.44** | **(10,778.92)** |
| **Net increase / (decrease) in cash and cash equivalents (A + B + C)** | **(17,106.86)** | **15,633.81** |
| Cash and cash equivalents at the beginning of the year | 24,722.98 | 9,089.17 |
| **Cash and cash equivalents at the end of the year** | **7,616.12** | **24,722.98** |

As per our report of even date
**For ASC & Associates**
**Chartered Accountants**
Firm Registration No: 011863N

**Denesh Singh**
Partner
Membership No: 097345
Place: New Delhi
Date: May 25, 2022

**For and on behalf of the Board of Directors of**
**KrazyBee Services Private Limited**
CIN:U65100KA2016PTC086990

**MADHUSUDAN EKAMBARAM**
Director
DIN:07442577
Place: Bengaluru
Date: May 25, 2022

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Director
DIN: 07449376
Place: Bengaluru
Date: May 25, 2022

**PALLAVI LINGARAJU**
Company Secretary
Membership No: A56733
Place: Bengaluru
Date: May 25, 2022

KRAZYBEE SERVICES PRIVATE LIMITED
Statement of Changes in Equity
*(All amounts are in INR Lakhs, unless otherwise stated)*

**(A) Equity share capital**

| | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | No. of shares | Amount | No. of shares | Amount |
| **Equity shares of INR 10 each issued, subscribed and fully paid** | | | | |
| Balance at the beginning of the year | 10,70,233 | 107.02 | 7,56,333 | 75.63 |
| Add: Issued during the year | 53,619 | 5.36 | 3,13,900 | 31.39 |
| **Balance at the end of the year** | **11,23,852** | **112.38** | **10,70,233** | **107.02** |

**(B) Other equity**

**For the year ended March 31, 2022**

| Particulars | Reserve and surplus | | | | Items of other comprehensive income | Total other equity |
|---|---|---|---|---|---|---|
| | Statutory reserves (as per RBI Act) | Securities premium | Share options outstanding account | Retained earnings | Remeasurement of defined benefit liability | |
| Balance as at March 31, 2021 | 1,361.77 | 46,681.04 | 310.60 | 5,296.38 | (6.97) | 53,642.82 |
| Profit for the year | - | - | - | 2,878.94 | - | 2,878.94 |
| Other comprehensive income (net of tax) | - | - | - | - | 16.87 | 16.87 |
| **Total comprehensive income** | **1,361.77** | **46,681.04** | **310.60** | **8,175.32** | **9.90** | **56,538.63** |
| Transfer to Statutory Reserve created pursuant to Section 45-IC of the Reserve Bank of India Act, 1934 | 575.79 | - | - | (575.79) | - | - |
| Premium on issue of shares | - | 3,683.63 | - | - | - | 3,683.63 |
| Share based payments | - | - | 316.30 | - | - | 316.30 |
| **Balance as at March 31, 2022** | **1,937.56** | **50,364.67** | **626.90** | **7,599.53** | **9.90** | **60,538.56** |

**For the year ended March 31, 2021**

| Particulars | Reserve and surplus | | | | Items of other comprehensive income | Total other equity |
|---|---|---|---|---|---|---|
| | Statutory reserves (as per RBI Act) | Securities premium | Share options outstanding account | Retained earnings | Remeasurement of defined benefit liability | |
| Balance as at March 31, 2020 | 801.34 | 25,649.73 | 104.44 | 3,054.67 | 3.52 | 29,613.70 |
| Profit for the year | - | - | - | 2,802.14 | - | 2,802.14 |
| Other comprehensive income (net of tax) | - | - | - | - | (10.49) | (10.49) |
| **Total comprehensive income** | **801.34** | **25,649.73** | **104.44** | **5,856.81** | **(6.97)** | **32,405.35** |
| Transfer to Statutory Reserve created pursuant to Section 45-IC of the Reserve Bank of India Act, 1934 | 560.43 | - | - | (560.43) | - | - |
| Premium on issue of shares | - | 21,031.31 | - | - | - | 21,031.31 |
| Share based payments | - | - | 206.16 | - | - | 206.16 |
| **Balance as at March 31, 2021** | **1,361.77** | **46,681.04** | **310.60** | **5,296.38** | **(6.97)** | **53,642.82** |

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date
**For ASC & Associates**
**Chartered Accountants**
**Firm Registration No: 011863N**

**Denesh Singh**
Partner
Membership No:097345
Place: New Delhi
Date: May 25, 2022

For and on behalf of the Board of Directors of
KrazyBee Services Private Limited
CIN:U65100KA2016PTC086990

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Place: Bengaluru
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DIN: 07449376
Place: Bengaluru
Date: May 25, 2022

**PALLAVI LINGARAJU**
Company Secretary
Membership No: A56733
Place: Bengaluru
Date: May 25, 2022

KRAZYBEE SERVICES PRIVATE LIMITED
**Notes forming part of the Financial Statements**
*(Amount in INR Lakhs, unless otherwise stated)*

**1 General information**

Krazybee Services Private Limited (the "Company") is a private limited company domiciled in India and was incorporated on March 16, 2016, under the provisions of the Companies Act, 2013 applicable in India. Its registered and principal office of business is located at 3rd Floor, No.128/9, Maruthi Sapphire, HAL Airport Road, Murgesh Palya, Bangalore, Karnataka - 560017. The Company is a non-banking finance company ('NBFC') registered with the Reserve Bank of India ('RBI') with effect from May 25, 2017, with Registration No. N-02.00281. The Company became non-deposit taking systematically important non-banking financial company as on quarter ended June 30, 2019. The Company is engaged in the business of consumer lending.

**2 Significant accounting policies**

Significant accounting policies adopted by the company are as under:

**2.1 Basis of preparation of financial statements**

The Balance Sheet, Statement of Profit and Loss and Statement of changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III of the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS. Amounts in the financial statements are presented in Indian Rupees in lakhs.

(a) **Statement of compliance with Ind AS**

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 (as amended from time to time).

The Company is regulated by the Reserve Bank of India ('RBI'). RBI periodically issues/amends directions, regulations and/or guidance (collectively "Regulatory Framework") covering various aspects of the operation of the Company, including those relating to accounting for certain types of transactions. The Regulatory Framework contains specific instructions that need to be followed by the Company in preparing its Financial Statements.

Accounting policies have been consistently applied to all the years presented.

The financial statements for the year ended March 31, 2022 were authorized and approved for issue by the Board of Directors on May 25, 2022.

(a) **Basis of measurement**

The financial statements have been prepared on a historical cost convention on accrual basis, except for the following material items that have been measured at fair value as required by relevant Ind AS:-

i) Certain financial assets and liabilities measured at fair value (refer accounting policy on financial instruments)

ii) Share based payment transactions

(b) **Use of estimates**

The preparation of financial statements in conformity with Ind AS requires the management to make estimate and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amount of revenue and expenses for the year and disclosures of contingent liabilities as at the Balance Sheet date. The estimates and assumptions used in the accompanying financial statements are based upon the Management's evaluation of the relevant facts and circumstances as at the date of the financial statements. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates, if any, are recognized in the year in which the estimates are revised and in any future years affected. Refer Note 2.17 for detailed discussion on estimates and judgments.

**2.2 Property, plant and equipment**

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to Statement of Profit and Loss during the year in which they are incurred.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'.

**Depreciation methods, estimated useful lives**

The Company depreciates property, plant and equipment over their estimated useful lives using the straight line method. The estimated useful lives of assets are as follows:

| Property, plant and equipment | |
|---|---|
| Furniture and Fixtures | 10 years |
| Office Equipment | 5 years |
| Computers | 3 years |

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KRAZYBEE SERVICES PVT. LTD. BANGALORE

Leasehold improvements are amortized over the lease period, which corresponds with the useful lives of the assets.
Depreciation on addition to property plant and equipment is provided on pro-rata basis from the date of acquisition. Depreciation on sale/deduction from property plant and equipment is provided up to the date preceding the date of sale, deduction as the case may be. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Statement of Profit and Loss under 'Other Income'.
Depreciation methods, useful lives and residual values are reviewed periodically at each financial year end and adjusted prospectively, as appropriate.

**2.3 Other intangible assets**

Intangible assets are stated at acquisition cost, net of accumulated amortization.
The Company amortized intangible assets over their estimated useful lives using the straight line method. The estimated useful lives of intangible assets are as follows:

| Intangible assets | |
|---|---|
| Computer software | 3 years |

Intangible assets with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

**2.4 Foreign currency transactions**

(a) Functional and presentation currency
Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian Rupee (INR), which is the Company's functional and presentation currency.

(b) Transactions and balances
On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction. Gains/Losses arising out of fluctuation in foreign exchange rate between the transaction date and settlement date are recognised in the Statement of Profit and Loss.

All monetary assets and liabilities in foreign currencies are restated at the year end at the exchange rate prevailing at the year end and the exchange differences are recognised in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

**2.5 Fair value measurement**

The Company measures financial instruments, such as, derivatives, at fair value at each balance sheet date.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability accessible to the Company.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – 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 – 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 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

ASSOCIATES NEW DELHI Chartered Accountants

KRAZYBEE SERVICES PVT. LTD. BANGALORE

**2.6 Revenue recognition**

**The effective interest rate method**

Interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial 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.

**Interest income**

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 , 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.

**Revenue from contracts with customers:**

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.

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

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

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

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

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

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

Fees and commission income

Income from processing fees chargeable to the platforms on the basis of disbursements made is recognized on the completion of loan processing activity.

Business support services

Income from business support services is recognized on a accrual basis over the term of the agreement.

**2.7 Dividend income**

Income from shares and mutual fund units shall be taken into account on accrual basis when Company's right to receive payment is established.

**2.8 Taxes**

Tax expense for the year, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the year.

(a) Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered or paid to the taxation authorities, in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) prescribed therein. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the year end date. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

ASC & ASSOCIATES NEW DELHI Chartered Accountants

KRAZYBEE SERVICES PVT. LTD. BANGALORE

(b) Deferred tax

Deferred income tax is provided in full, using the balance sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the year and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current and deferred tax is recognized in Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:
When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

**2.9 Leases**

**The Company as a lessee**

The Company's lease asset classes primarily consist of leases for premises. The Company assesses whether a contract contains a lease, at inception of a contract. 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. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. The ROU asset is depreciated using the straight line method from the date of initial application over the shorter of useful life of ROU asset or lease term. ROU asset are tested for impairment whenever there is any indication that their carrying amount may not be recoverable. Impairment loss, if any will be recognized in the statement of profit or loss.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

**2.10 Impairment of non-financial assets**

The Company assesses at each year end whether there is any objective evidence that a non financial asset or a group of non financial assets is impaired. If any such indication exists, the Company estimates the asset's recoverable amount and the amount of impairment loss.

An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognized in Statement of Profit and Loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through Statement of Profit and Loss.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash in flows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

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**2.11 Provisions and contingent liabilities**

Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The Company records a provision for decommissioning costs. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

**2.12 Cash and cash equivalents**

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

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, cash in banks and short-term deposits net of bank overdraft.

**2.13 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.

**(a) Financial assets**

**(i) (a) Date of recognition**

Financial assets and liabilities, with the exception of loans, debt securities, and borrowings are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans are recognised when funds are transferred to the customers' account. The Company recognises debt securities and borrowings when funds reach the Company.

(i) (b) Initial recognition and measurement

At initial recognition, financial asset is measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(i) (c) Day 1 profit and loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

a) at amortized cost; or

b) at fair value through other comprehensive income; or

c) at fair value through profit or loss.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method (EIR).

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Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in Statement of Profit and Loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.

*Reclassification within classes of financial assets*

A change in the business model would lead to a prospective re-classification of the financial asset and accordingly the measurement principles applicable to the new classification will be applied. During the current financial year and previous accounting period there was no change in the business model under which the Company holds financial assets and therefore no reclassifications were made.

(iii) Impairment of financial assets

In accordance with Ind AS 109, Financial Instruments, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets that are measured at amortized cost .

For recognition of impairment loss on financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. If the credit risk has increased significantly, lifetime ECL is used. If in subsequent years, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

Life time ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

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 entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider all contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

With the view of the short term nature of the loans, Company is not performing discounting on the loans.

The cash flows from collateral will be considered, only if a loan is guaranteed by a third party as part of its contractual terms with the customers and it carry an allowance for expected credit loss based on the combined credit risk i.e., by reflecting the effect of the guarantee in the measurement of losses expected on default. A key criteria of what does not constitute part of contractual terms is that if a loan is guaranteed but the guarantee would not pass to the new holder if the loan is transferred. The third party guarantees which does not form part of the contractual terms with the customers are treated as contingent asset and recognized separately as reimbursement income only when it is virtually certain that recovery will be made.

ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/expense in the statement of profit and loss. In balance sheet ECL for financial assets measured at amortized cost is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

The Company has decided to use probability weights for each scenario based on management expert judgement. The probability weights should be reviewed periodically and amended based on the forward-looking information (i.e. a period of reduced growth forecasts may result in putting more weightage on a worst case scenario or in future once more data is available the Company can use statistical approach etc.). Any change to the probability weighting will need to be approved by the Risk Management Committee.

The assessment of credit risk and estimation of ECL are unbiased and probability weighted. It incorporates all information that is relevant including information about past events, current conditions and reasonable forecasts of future events and economic conditions at the reporting date. Forward looking economic scenarios determined with reference to external forecasts of economic parameters that have demonstrated a linkage to the performance of our portfolios over a period of time have been applied to determine impact of macro economic factors.

(iv) Derecognition of financial assets

A financial asset is derecognized only when

a) the rights to receive cash flows from the financial asset is transferred or

b) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the financial asset is transferred then in that case financial asset is derecognized only if substantially all risks and rewards of ownership of the financial asset is transferred. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

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(v) Write-off

Impaired loans and receivables are written off, against the related allowance for loan impairment on completion of the Company's internal processes and when the Company concludes that there is no longer any realistic prospect of recovery of part or all of the loan. For loans that are individually assessed for impairment, the timing of write off is determined on a case by case basis. A write-off constitutes a de-recognition event. The Company has a right to apply enforcement activities to recover such written off financial assets. Subsequent recoveries of amounts previously written off are credited to the income statement.

**(b) Financial liabilities**

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and at amortized cost, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

*Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

*Loans and borrowings*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized 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 amortization is included as finance costs in the Statement of Profit and Loss.

(iii) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss as finance costs.

**(c) Embedded derivatives**

An embedded derivative is a component of a hybrid (combined) 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 standalone derivative. Derivatives embedded in all other host contract are separated if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and are measured at fair value through profit or loss. Embedded derivatives closely related to the host contracts are not separated.

Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

**(d) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

**2.14 Employee Benefits**

**(a) Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the year in which the employees render the related service are recognized in respect of employees' services up to the end of the year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

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(b) **Other long-term employee benefit obligations**

(i) **Defined contribution plan**

Provident Fund: Contribution towards provident fund is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

Employee's State Insurance Scheme: Contribution towards employees' state insurance scheme is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

(ii) **Defined benefit plans**

Gratuity: The Company provides for gratuity, a defined benefit plan (the 'Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the other comprehensive income in the year in which they arise.

Compensated absences: Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the statement of profit and loss in the year in which they arise.

Leaves under define benefit plans can be encashed only on discontinuation of service by employee.

**2.15 Contributed equity**

Equity shares are classified as equity share capital.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**2.16 Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share is the net profit or loss for the year after deducting preference dividends and any attributable tax thereto for the year. The weighted average number of equity shares outstanding during the year and for all the years presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

**2.17 Significant accounting judgments, estimates and assumptions**

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

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the year end date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 38.

(b) Taxes

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

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(c) Defined benefit plans (gratuity benefits and leave encashment)
The cost of the defined benefit plans such as gratuity and leave encashment are determined using actuarial valuations. 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, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each year end.

The principal assumptions are the discount and salary growth rate. The discount rate is based upon the market yields available on government bonds at the accounting date with a term that matches that of liabilities. Salary increase rate takes into account of inflation, seniority, promotion and other relevant factors on long term basis. For details refer Note 37.

(d) Useful life and expected residual value of assets
Depreciation and amortisation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

(e) Leases
The determination of lease term for lease contracts in which the Company is a lessee, including whether the Company is reasonably certain to exercise lessee options. The determination of the incremental borrowing rate used to measure lease liabilities.

**Judgements**

(a) **Business model assessment**
Classification and measurement of financial assets depends on the results of the Solely payments of principal and interest (SPPI )and the business model test . The Company determines the business model at a level that reflects how Company's financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

(b) **Fair value of financial instruments**
The fair value of financial instruments 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 another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

(c) **Effective Interest Rate (EIR) method**
The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

(d) **Impairment of financial asset**
The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Company's internal credit grading model, which assigns PDs to the individual grades
- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

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**(e) Provisions and other contingent liabilities**

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Company's business.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

Ind AS estimates as at 1 April 2019 are consistent with the estimates as at the same date made in conformity with Indian GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under Indian GAAP:

(i) Impairment of financial assets based on expected credit loss model.
(ii) Effective interest rate used in calculation of security deposit.

**2.18 Operating segments**

The operating segments are reported in a manner consistent with the internal reporting provided by the Chief Operating Decision Maker ('CODM') of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company. The Company is engaged in the business of consumer lending in India which is considered to be the only reportable segment.

**2.19 Statement of cash flows**

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of:

i. changes during the period in operating receivables and payables transactions of a non-cash nature;
ii. non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses, and undistributed profits of associates and joint ventures; and
iii. all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

**2.20 Dividend payable**

Interim dividend declared to equity shareholders, if any, is recognised as liability in the period in which the said dividend has been declared by the Directors. Final dividend declared, if any, is recognised in the period in which the said dividend has been approved by the Shareholders.

**2.21 Modification of financial assets**

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. The Company renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness). Such accounts are classified as stage 3 immediately upon such modification in the terms of the contract.

Not all changes in terms of loans are considered as renegotiation and changes in terms of a class of obligors that are not overdue is not considered as renegotiation and is not subjected to deterioration in staging.

**2.22 Derivative financial instrument and 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.

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Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:
Cash flow hedge:
A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit or loss.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve).
The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in net gain/loss on fair value changes in the profit and loss statement.

When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When the forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in OCI are reversed and included in the initial cost of the asset or liability.

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.

The Company did not have any fair value hedges.

**2.23 De-recognition of property, plant and equipment and intangible assets**

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

**2.24 Share based payment transaction**

The stock options of the Parent Company is granted to employees pursuant to the Company's Stock Options Schemes, are measured at the fair value of the options at the grant date. The amount recognised as expense is based on the estimate of the number of options for which the related service vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of options that do meet the related service vesting conditions at the vesting date. If a grant lapses after the vesting period, the cumulative discount recognised as an expense in respect of such grant is transferred to the general reserve within other equity, which a free reserve in nature.

**2.25 Financial guarantees**

**As issuer of financial guarantees**

Financial guarantees are initially recognised in the financial statements (within 'other liabilities') at fair value, being the premium received. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.
Any increase in the liability relating to financial guarantees is recorded in the statement of profit and loss in credit loss expense. The premium received is recognised in the statement of profit and loss in net fees and commission income on a straight line basis over the life of the guarantee.

**As beneficiary of financial guarantees**

The Company avails financial guarantees from its parent and fellow subsidiaries towards borrowings availed from various lenders. The Company does not account for such financial guarantees received in the capacity of beneficiary.

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| | | March 31, 2022 | March 31, 2021 |
|---|---|---|---|
| **3 (i) Cash and cash equivalents** | | | |
| Balances with banks in current accounts | | 7,616.12 | 3,647.96 |
| Fixed deposits with original maturity of less than three months | | - | 21,075.02 |
| **Total** | (I) | **7,616.12** | **24,722.98** |
| **(ii) Bank balance other than cash and cash equivalent** | | | |
| Balances with Banks in fixed deposit accounts with original maturity of more than three months | | 1,179.30 | 371.72 |
| **Total other bank balances** | (II) | **1,179.30** | **371.72** |
| **Total cash and bank balances** | (I+II) | **8,795.42** | **25,094.70** |

**Note**

The fixed deposit aggregating to INR 300 (March 31, 2021: INR 200) placed with Banks has a lien for the financial arrangement availed by the Company.

The fixed deposit aggregating to INR 11.2 (March 31, 2021: INR 11.2) placed with Banks has a lien for the credit card facility availed by the Company.

Balance with bank in current account is net of overdraft balances.

The overdraft facility availed by the Company from the Bank has been secured by way of a Lien from a fellow subsidiary, Finnovation Tech Solutions Private Limited.

| | | |
|---|---|---|
| **4 Trade receivables** | | |
| Considered good -Unsecured | 9,540.55 | - |
| | **9,540.55** | - |
| Less: Allowance for impairment loss | - | - |
| **Total trade receivables** | **9,540.55** | - |

**Trade receivables include debts due by:**

| | | |
|---|---|---|
| i) Private company in which director is a director or a member (Refer Note 37) | 6,688.09 | - |
| ii) Trade receivables include (Refer Note 37) | | |
| Receivables from Finnovation Tech Solutions Private Limited | 6,688.09 | - |
| Receivables from Kartbee Technologies Private Limited | 2,852.46 | - |

**Trade Receivables ageing schedule as at March 31, 2022**

| Particulars | Outstanding for following periods from due date of | | | | | Total |
|---|---|---|---|---|---|---|
| | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Undisputed Trade receivables - considered good | 5,967.55 | 3,573.00 | - | - | - | **9,540.55** |
| (ii) Undisputed Trade receivables - which have significant increase in credit risk | - | - | - | - | - | - |
| (iii) Undisputed Trade receivables - credit impaired | - | - | - | - | - | - |
| (iv) Disputed Trade receivables - considered good | - | - | - | - | - | - |
| (v) Disputed Trade receivables - which have significant increase in credit risk | - | - | - | - | - | - |
| (vi) Disputed Trade receivables - credit impaired | - | - | - | - | - | - |

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| | March 31, 2022 | March 31, 2021 |
|---|---|---|
| **5 Loans** | | |
| **Unsecured (carried at amortised cost)** | | |
| Loan to customer | 1,16,156.30 | 65,244.12 |
| Interest accrued | 5,125.65 | 4,369.47 |
| Less: Impairment loss allowance | (9,785.18) | (5,499.11) |
| **Total** | **1,11,496.77** | **64,114.48** |
| **6 Investments** | | |
| **Investments carried at fair value through profit or loss** | | |
| Liquid mutual funds, quoted | 6,197.98 | 3,511.25 |
| **Total** | **6,197.98** | **3,511.25** |
| **Liquid mutual funds, quoted** | | |
| DSP Overnight Fund - Growth 4,08,987.55 units of INR 1138.38 each (March 31, 2021: 2,27,839 units of INR 1097.21 each) | 4,655.83 | 2,511.21 |
| Nippon Overnight Fund - Growth 9,05,226.23 units of INR 114.12 each (March 31, 2021: 9,05,226 units of INR 110.46 each) | 1,033.04 | 1,000.04 |
| Baroda BNP Paribas Over Night Fund - Growth 45,680.60 units of INR 1114.51 each | 509.11 | - |
| All the above investments are in India. | | |
| **7 Other financial assets** | | |
| Security deposit | 96.58 | 197.16 |
| Receivables from intermediaries* | 4,440.71 | 8,029.32 |
| Others receivables | 248.43 | 258.58 |
| **Total** | **4,785.72** | **8,485.06** |

*Note : The amount represents balance of loans repaid by borrower, which as at the balance sheet date is pending settlement by the intermediary e- wallet/ platform to the Company, this in-line with common business practices of settlement of amounts on a Transaction plus one/ two (T+1/ T+2) banking days basis.

| | | |
|---|---|---|
| Other receivables include (Refer note 37) | | |
| Receivable from related party - Kartbee Technologies Private Limited | - | 36.33 |
| **8 Current tax assets (net)** | | |
| Advance income tax | 654.45 | 654.45 |
| **Total** | **654.45** | **654.45** |

**Note:** Pertains to income tax receivables for the financial year 2019-20

| | | |
|---|---|---|
| **9 Deferred tax assets (net)** | | |
| Deferred tax assets (Refer note 32) | 2,323.29 | 1,469.30 |
| **Total** | **2,323.29** | **1,469.30** |

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*(Amount in INR Lakhs, unless otherwise stated)*

**10 Property, plant and equipment - tangible assets**

| | Gross block | | | | Depreciation | | | | Net block |
|---|---|---|---|---|---|---|---|---|---|
| | As at April 1, 2021 | Additions | Deductions | As at March 31, 2022 | As at April 1, 2021 | For the year | On deductions | As at March 31, 2022 | As at March 31, 2022 |
| **Owned assets** | | | | | | | | | |
| Furniture and fixtures | 36.55 | - | - | 36.55 | 5.36 | 3.60 | - | 8.96 | 27.59 |
| Office equipment's | 23.44 | 2.99 | - | 26.43 | 7.83 | 4.58 | - | 12.41 | 14.02 |
| Computers | 186.13 | - | - | 186.13 | 119.03 | 48.36 | - | 167.39 | 18.74 |
| **Total** | **246.12** | **2.99** | **-** | **249.11** | **132.22** | **56.54** | **-** | **188.76** | **60.35** |

| | Gross block | | | | Depreciation | | | | Net block |
|---|---|---|---|---|---|---|---|---|---|
| | As at April 1, 2020 | Additions | Deductions | Up to March 31, 2021 | As at April 1, 2020 | For the year | On deductions | Up to March 31, 2021 | As at March 31, 2021 |
| **Owned assets** | | | | | | | | | |
| Furniture and fixtures | 36.55 | - | - | 36.55 | 1.89 | 3.47 | - | 5.36 | 31.19 |
| Office equipment's | 22.68 | 0.76 | - | 23.44 | 3.18 | 4.65 | - | 7.83 | 15.61 |
| Computers | 186.13 | - | - | 186.13 | 59.50 | 59.53 | - | 119.03 | 67.10 |
| **Total** | **245.36** | **0.76** | **-** | **246.12** | **64.57** | **67.65** | **-** | **132.22** | **113.90** |

**11 Intangible assets**

| | Gross block | | | | Amortization | | | | Net block |
|---|---|---|---|---|---|---|---|---|---|
| | As at April 1, 2021 | Additions | Deductions | As at March 31, 2022 | As at April 1, 2021 | For the year | On deductions | As at March 31, 2022 | As at March 31, 2022 |
| Computer software | 34.25 | - | - | 34.25 | 20.86 | 10.64 | - | 31.50 | 2.75 |
| **Total** | **34.25** | **-** | **-** | **34.25** | **20.86** | **10.64** | **-** | **31.50** | **2.75** |

| | Gross block | | | | Amortization | | | | Net block |
|---|---|---|---|---|---|---|---|---|---|
| | As at April 1, 2020 | Additions | Deductions | As at March 31, 2021 | As at April 1, 2020 | For the year | On deductions | As at March 31, 2021 | As at March 31, 2021 |
| Computer software | 34.20 | 0.05 | - | 34.25 | 9.95 | 10.91 | - | 20.86 | 13.39 |
| **Total** | **34.20** | **0.05** | **-** | **34.25** | **9.95** | **10.91** | **-** | **20.86** | **13.39** |

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| | | March 31, 2022 | March 31, 2021 |
|---|---|---|---|
| 12 | **Other non-financial assets** | | |
| | Prepaid expenses | 50.56 | 54.76 |
| | Advance to suppliers | 34.53 | 0.02 |
| | **Total** | **85.09** | **54.78** |

| | | | |
|---|---|---|---|
| 13 | **Payables** | | |
| (I) | **Trade payables** | | |
| (a) | Total outstanding dues of micro enterprises and small enterprises | 40.70 | 22.16 |
| (b) | Total outstanding dues creditors other than micro enterprises and small enterprises | 680.06 | 1,567.52 |
| | **Total** | **720.76** | **1,589.68** |

**Trade payables ageing schedule as at March 31, 2022**

| Particulars | Outstanding for following periods from due date of payment | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1 - 2 years | 2 - 3 years | > 3 years | Total |
| (i) MSME | 40.70 | - | - | - | 40.70 |
| (ii) Others | 677.51 | 0.60 | 1.95 | - | 680.06 |
| (iii) Disputed dues - MSME | - | - | - | - | - |
| (iii) Disputed dues - others | - | - | - | - | - |

**Trade payables ageing schedule as at March 31, 2021**

| Particulars | Outstanding for following periods from due date of payment | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1 - 2 years | 2 - 3 years | > 3 years | Total |
| (i) MSME | 22.05 | - | 0.11 | - | 22.16 |
| (ii) Others | 1,524.68 | 40.75 | 2.09 | - | 1,567.52 |
| (iii) Disputed dues - MSME | - | - | - | - | - |
| (iii) Disputed dues - others | - | - | - | - | - |

Disclosure relating to suppliers registered under MSMED Act based on the information available with the Company:

| Particulars | | |
|---|---|---|
| (a) Amount remaining unpaid to any supplier at the end of each accounting year: | | |
| Principal | 40.70 | 22.16 |
| Interest | 0.64 | - |
| **Total** | - | - |
| (b) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year. | - | - |
| (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 the MSMED Act. | 0.64 | - |
| (d) The amount of interest accrued and remaining unpaid at the end of each accounting year. | 0.64 | - |
| (e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act. | | |

| | | |
|---|---|---|
| Trade payables include (Refer Note 37): | | |
| Payable to Finnovation Tech Solutions Private Limited | 186.88 | 1,258.47 |
| Payable to Kartbee Technologies Private Limited | 55.13 | 100.88 |

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| | March 31, 2022 | March 31, 2021 |
|---|---|---|
| **14 Debt securities** | | |
| At amortized cost | | |
| **Secured** | | |
| Privately placed reedeemable non-convertible debentures | 26,113.48 | 11,717.74 |
| **Total** | **26,113.48** | **11,717.74** |

*All the Debt securities are in India

Notes:

i. Terms of repayment of privately placed redeemable non-convertible debentures

| Year ended | Terms of debt | 0 - 1 Year | 1 - 3 Years | 3 - 5 Years | Total |
|---|---|---|---|---|---|
| March 31, 2022 | Interest rate: 11.95% to 15% Repayment terms: Bullet repayments, Bullet (interest monthly/quarterly payable) and equated monthly installments (total 66 installments) | 18,715.20 | 7,398.28 | - | 26,113.48 |
| March 31, 2021 | Interest rate: 13.50% to 16% Repayment terms: Bullet repayments and equated monthly installments (total 68 installments) | 11,048.28 | 669.46 | - | 11,717.74 |

ii All the above non-convertible debentures are secured by hypothecation of portfolio of the Company. Minimum security cover of 1:1 is required to be maintained throughout the term of the debenture.

iii The non-convertible debentures are guaranteed by fellow subsidiary, Finnovation Tech Solutions Private Limited.

| | | |
|---|---|---|
| **15 Borrowings (other than debt securities)** | | |
| At amortized cost, secured | | |
| Term loans | | |
| i. From Banks | 9,039.13 | 8,164.97 |
| ii. From others | 32,924.80 | 12,250.54 |
| External commercial borrowings | 11,371.07 | 14,700.94 |
| **Total** | **53,335.00** | **35,116.45** |
| | | |
| Borrowings in India | 41,963.93 | 20,415.51 |
| Borrowings outside India | 11,371.07 | 14,700.94 |

Notes:

i. Terms of repayment of term loans:

| Year ended | Terms of borrowings | 0 - 1 Year | 1 - 3 Years | 3 - 5 Years | Total |
|---|---|---|---|---|---|
| March 31, 2022 | Interest rate: 9.70% to 13.5% Repayment terms: Bullet repayments (monthly interest payable), Bullet repayment (Roll over facility), Monthlly interest and semi-annually/quraterly Principal repayment and Equated monthly installments (total of 129 installments) | 40,340.00 | 1,623.93 | - | 41,963.93 |
| March 31, 2021 | Interest rate: 7.75% to 17% Repayment terms: Bullet repayments and Equated monthly installments (total of 112 installments) | 16,952.54 | 3,462.97 | - | 20,415.51 |

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**Borrowings (other than debt securities)**

ii. Terms of repayment of external commercial borrowings:

| Year ended | Terms of borrowings | 0 - 1 Year | 1 - 3 Years | 3 - 5 Years | Total |
|---|---|---|---|---|---|
| March 31, 2022 | Interest rate:<br>6 month Libor plus 4.5%<br>Repayment terms:<br>Bullet repayment | 11,371.07 | - | - | 11,371.07 |
| March 31, 2021 | Interest rate:<br>6 month Libor plus 4.5%<br>Repayment terms:<br>Bullet repayment | - | 14,700.94 | - | 14,700.94 |

iii. All the above term loans and external commercial borrowings are secured by hypothecation of portfolio of the Company. Minimum security cover of 1:1 is required to be maintained throughout the term of the loan.

iv. The term loans are guaranteed by fellow subsidiary, Finnovation Tech Solutions Private Limited.

v. There are no defaults as on balance sheet date in repayment of borrowings and interest thereon.

vi. External commercial borrowing has been raised from Holding Company, Finnov Private Limited, Singapore.

vii. The Company has been sanctioned working capital limits of INR 2,500 from banks on the basis of security of current assets of the Company. The Company has also filed all the monthly/quarterly statements/returns with the banks as per the terms and conditions of the facility agreement.

| | | March 31, 2022 | March 31, 2021 |
|---|---|---|---|
| 16 | **Other financial liabilities** | | |
| | Interest accrued but not due on borrowings | 921.61 | 121.78 |
| | Employee benefits payable | 45.00 | 29.84 |
| | Director fees payable | 1.50 | - |
| | Lease liability | 191.65 | 92.97 |
| | Others | 3.05 | 6.81 |
| | **Total** | **1,162.81** | **251.40** |
| 17 | **Current tax liabilities (net)** | | |
| | Current tax liabilities | 800.89 | 712.79 |
| | (Net of advance income tax of INR 1,308.15, 2021: INR 315.35) | | |
| | **Total** | **800.89** | **712.79** |
| 18 | **Provisions** | | |
| | Provision for gratuity | 55.87 | 48.43 |
| | Provision for compensated absences | 57.21 | 29.65 |
| | **Total** | **113.08** | **78.08** |
| 19 | **Other non - financial liabilities** | | |
| | Statutory dues | 223.44 | 92.36 |
| | Interest received but not due | 987.01 | 289.92 |
| | **Total** | **1,210.45** | **382.28** |

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| | March 31, 2022 | March 31, 2021 |
|---|---|---|
| **20 Equity share capital** | | |
| The Company has only one class of share capital having a par value of INR 10 per share, referred to herein as equity shares. | | |
| **Authorized** | | |
| 15,00,000 equity shares of INR 10 each (March 31, 2021:15,00,000 equity shares of INR 10 each) | 150.00 | 150.00 |
| **Issued, subscribed and paid up share capital** | | |
| 11,23,852 equity shares of INR 10 each (March 31, 2021: 10,70,233 equity shares of INR 10 each) | 112.38 | 107.02 |
| **Total** | **112.38** | **107.02** |

**(a) Reconciliation of shares outstanding at the beginning and at the end of the year:**

| | March 31, 2022 | | March 31, 2021 | |
|---|---|---|---|---|
| | Number of shares | Amount | Number of shares | Amount |
| Outstanding at the beginning of the year | 10,70,233 | 107.02 | 7,56,333 | 75.63 |
| Add: Issued during the year | 53,619 | 5.36 | 3,13,900 | 31.39 |
| **Outstanding at the end of the year** | **11,23,852** | **112.38** | **10,70,233** | **107.02** |

**(b) Rights, preferences and restrictions attached to shares**

The Company has only one class of equity shares having par value of INR 10 per share. Each shareholder is entitled to one vote per share held. 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.
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(c) Shares held by holding company**

| | | |
|---|---|---|
| **Finnov Private Limited** | | |
| 11,17,952 (31 March 2021: 10,64,333) equity shares of INR 10 each fully paid | 11,17,952 | 10,64,333 |

**(d) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company:**

| Name of the shareholder | March 31, 2022 | | March 31, 2021 | |
|---|---|---|---|---|
| | Number of shares | % of holding in the class | Number of shares | % of holding in the class |
| Finnov Private Limited | 11,17,952 | 99.48% | 10,64,333 | 99.45% |

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

**(e)** No class of shares have been issued as bonus shares or for consideration other than cash by the Company during the period of five years immediately preceding the current year end.

**(f)** There are no shares reserved for issue under options or contracts and commitments.

**(g)** No class of shares have been bought back by the Company during the period of five years immediately preceding the current year end.

**(h) Details of shareholding of promoters in the company:**

| Name of the promoter | March 31, 2022 | | |
|---|---|---|---|
| | Number of shares | % of holding in the class | % Change during the year |
| Madhusudan Ekambaram | 5,890 | 0.52% | -0.03% |
| Karthikeyan Krishnaswamy | 10 | 0.00% | 0.00% |

| Name of the promoter | March 31, 2021 | | |
|---|---|---|---|
| | Number of shares | % of holding in the class | % Change during the year |
| Madhusudan Ekambaram | 5,890 | 0.55% | -0.23% |
| Karthikeyan Krishnaswamy | 10 | 0.00% | 0.00% |

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| | March 31, 2022 | March 31, 2021 |
|---|---|---|
| **21 Other equity** | | |
| **(a) Statutory reserve u/s 45-IC of the RBI Act, 1934** | | |
| Opening balance | 1,361.77 | 801.34 |
| Add: current year transfer | 575.79 | 560.43 |
| **Closing balance** | **1,937.56** | **1,361.77** |
| **(b) Securities premium account** | | |
| Opening balance | 46,681.04 | 25,649.73 |
| Add : securities premium credited on share issue | 3,683.63 | 21,031.31 |
| **Closing balance** | **50,364.67** | **46,681.04** |
| **(c) Share options outstanding account** | | |
| Opening balance | 310.60 | 104.44 |
| Add: Transferred during the year | 316.30 | 206.16 |
| Less: Transfer to equity | - | - |
| **Closing balance** | **626.90** | **310.60** |
| **(d) Retained earnings** | | |
| Opening balance | 5,289.41 | 3,058.19 |
| Add: Net Profit for the current year | 2,878.94 | 2,802.14 |
| Add: Other comprehensive income | 16.87 | (10.49) |
| Less: Transfer to statutory reserves | 575.79 | 560.43 |
| **Closing balance** | **7,609.43** | **5,289.41** |
| **Total reserves and surplus** | **60,538.56** | **53,642.82** |

**Nature and purpose of reserves**

**(a) Statutory reserve u/s 45-IC of the RBI Act, 1934**

The Company creates a reserve in accordance with the provisions of Section 45-IC of the Reserve Bank of India Act, 1934 and transfers therein an amount equal to or more than twenty percent of its net profit for the year, before declaration of the dividend.

**(b) 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.

**(c) Share options outstanding account**

The Company provide share based payment scheme to its employees. The shares of the parent company were granted to the employees under the scheme. The share options outstanding account represents amount recognized over the vesting period and payments made towards such options.

**(d) Retained earnings**

Retained earnings represents the surplus in Profit and Loss Account
The Company recognises change on account of remeasurement of the net defined benefit liability/(asset) as part of retained earnings with separate disclosure, which comprises of actuarial gains and losses on defined benefit plans.

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| | March 31, 2022 | March 31, 2021 |
|---|---|---|
| **22 Interest income** | | |
| **At amortized cost** | | |
| Interest on loans | 17,187.98 | 13,885.45 |
| Interest income from investments | - | 3.34 |
| Interest on deposits with Banks | 304.11 | 472.96 |
| Other interest Income | 8.25 | 12.53 |
| **Total** | **17,500.34** | **14,374.28** |
| **23 Fees and commission income** | | |
| Fees from platform | 2,715.57 | 1,040.02 |
| Income from deficiency | 13,253.83 | 7,035.74 |
| **Total** | **15,969.40** | **8,075.76** |
| **24 Net gain/(loss) on fair value changes** | | |
| Net gain/ (loss) on financial instruments at fair value through profit or loss | | |
| - derivatives | - | (128.89) |
| - investments | 206.96 | 18.00 |
| - remeasurement gain/(loss) | (17.25) | - |
| Total net gain/(loss) on fair value changes | **189.71** | **(110.89)** |
| Fair value changes: | | |
| - realised | 107.48 | (122.31) |
| - unrealised | 82.23 | 11.42 |
| Total net gain/(loss) on fair value changes | **189.71** | **(110.89)** |
| **25 Other income** | | |
| Income from business support services | - | 36.33 |
| Miscellaneous income | 27.92 | 2.07 |
| **Total** | **27.92** | **38.40** |
| **26 Finance costs** | | |
| On financial liabilities measured at amortized cost | | |
| Interest on borrowings | 4,062.25 | 4,012.70 |
| Interest on debt securities | 2,844.75 | 2,443.15 |
| Interest on lease liability | 42.67 | 24.45 |
| Interest on shortfall of advance tax | 224.10 | - |
| Applicable net (gain) / loss on foreign currency transactions and translation | 359.11 | (376.24) |
| **Total** | **7,532.88** | **6,104.06** |
| **(i) Expenditure in foreign currency (for ECB)** | | |
| Interest expenses | 641.50 | 791.54 |
| **27 Fees and commission expense** | | |
| Commission to platforms | 818.13 | 851.36 |
| Commission to payment gateways | 22.75 | 1.86 |
| Credit assessment charges | 838.53 | 252.70 |
| **Total** | **1,679.41** | **1,105.92** |
| **28 Impairment on financial instruments** | | |
| On financial instruments measured at amortised cost | | |
| Loans | 16,183.78 | 9,666.61 |
| **Total** | **16,183.78** | **9,666.61** |
| **29 Employee benefit expenses** | | |
| Salaries and wages | 2,073.52 | 705.59 |
| Gratuity expense | 30.07 | 16.15 |
| Leave benefits expense | 32.92 | 18.29 |
| Contribution to provident and other funds | 106.19 | 43.43 |
| Share based payments to employees | 306.93 | 230.96 |
| Staff welfare expenses | 13.14 | 4.33 |
| **Total** | **2,562.77** | **1,018.75** |

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| | March 31, 2022 | March 31, 2021 |
|---|---|---|
| **30 Depreciation and amortization expense** | | |
| on tangible assets | 56.54 | 67.65 |
| on right of use asset | 200.25 | 133.27 |
| on intangible assets | 10.64 | 10.91 |
| **Total depreciation and amortization expense** | **267.43** | **211.83** |

| | | |
|---|---|---|
| **31 Other expenses** | | |
| a) Rent, rates and taxes | 218.85 | 166.74 |
| Director's fees, allowances and expenses | 14.40 | 7.90 |
| Auditor's fees and expenses | 13.08 | 15.50 |
| Legal and Professional charges | 128.96 | 164.98 |
| Bank charges | 12.81 | 25.41 |
| Technical expenses | 469.11 | 72.76 |
| Collection charges | 182.10 | 12.79 |
| Office expenses | 186.87 | 95.03 |
| Expenditure towards Corporate Social Responsibility (CSR) activities | 70.10 | 50.55 |
| Other expenditure | 26.29 | 29.52 |
| **Total** | **1,322.57** | **641.18** |

Note : The following is the break-up of Auditors remuneration (exclusive of Goods and service tax)

| | | |
|---|---|---|
| **b) As auditor:** | | |
| For statutory audit | 12.00 | 7.00 |
| For tax audit | 1.00 | 1.00 |
| For certificates | 0.08 | 7.50 |
| **Total** | **13.08** | **15.50** |

**c) Corporate Social Responsibility (CSR)**

Pursuant to Section 135 of the Companies Act, 2013, a Company meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities identified by the Company and monitored by CSR Committee.

| | | |
|---|---|---|
| Gross amount required to be spent | 70.09 | 50.55 |
| **Amount spent during the year** | | |
| i. construction/acquisition of any asset | | |
| -under control of the Company for future use | - | - |
| -not under control of the Company for future use | - | - |
| ii. On purpose other than (i) above | 70.10 | 50.55 |
| iii. Shortfall at the end of the year | - | - |
| iv. Reason for shortfall | Not applicable | Not applicable |
| iv. Nature of CSR activities | | |
| Education & Medical | 35.10 | 20.00 |
| Medical | 20.00 | - |
| Assistance and relief in Emergency Situations fund | 15.00 | 30.55 |
| Total | **70.10** | **50.55** |

**32 Income tax**

**(A) Deferred tax relates to the following:**

| | | |
|---|---|---|
| **Deferred tax assets** | | |
| On provision for employee benefits | 34.13 | 19.65 |
| On income taxable u/s 43D | - | 74.23 |
| On ESOP expense | - | 78.18 |
| On expected credit loss | 2,354.51 | 1,330.14 |
| On leases | 6.70 | 1.52 |
| On depreciation and amortisation | 8.75 | - |
| On others | 29.84 | 23.27 |
| | **2,433.93** | **1,526.99** |
| **Deferred tax liabilities** | | |
| On depreciation and amortisation | - | 1.02 |
| On borrowings EIR | 84.68 | 53.80 |
| On others | 20.28 | 2.86 |
| | **104.96** | **57.69** |
| **Deferred tax asset, net** | **2,328.97** | **1,469.30** |

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| | March 31, 2022 | March 31, 2021 |
|---|---|---|
| **32 Income tax (contd):** | | |
| **(B) Reconciliation of deferred tax assets/(liabilities) (net):** | | |
| **Opening balance at the beginning of the year** | **1,469.30** | **1,264.68** |
| Tax liability recognized in Statement of Profit and Loss: | | |
| On borrowings EIR | (30.88) | 90.57 |
| On property plant and equipment | - | 3.67 |
| On others | (17.41) | (3.65) |
| **Tax asset recognized in Statement of Profit and Loss:** | | |
| On provision for employee benefits | 14.49 | 12.06 |
| On property plant and equipment | 9.77 | - |
| On income taxable u/s 43D | (74.23) | 25.01 |
| On others | 11.74 | 0.03 |
| On ESOP expense | (78.18) | 51.89 |
| On derivative instrument | - | 32.44 |
| On expected credit loss | 1,024.37 | (7.40) |
| **Total deferred tax assets/(liabilities) (net)** | **859.67** | **204.62** |
| **Tax liability recognized in OCI:** | | |
| On re-measurements gain/(losses) of post-employment benefit obligations | (5.68) | - |
| **Closing balance at the end of the year** | **2,323.29** | **1,469.30** |
| **(C) Deferred tax assets/ (liabilities) to be recognized in Statement of Profit and Loss** | | |
| Tax liability | (48.29) | 90.60 |
| Amounts recognised in Statement of Profit and Loss account | 907.96 | 114.02 |
| | **859.67** | **204.62** |
| **(D) Income tax expense** | | |
| - Current tax | 2,056.35 | 1,028.15 |
| - Adjustments in respect of current income tax of previous year | 62.91 | - |
| - Deferred tax (credit)/ charge | (859.67) | (201.09) |
| **Income tax expense reported in the statement of profit or loss** | **1,259.59** | **827.06** |
| **(E) Income tax charged to OCI** | | |
| Net loss/(gain) on remeasurements of defined benefit plans | (5.68) | 3.53 |
| **Income tax charged to OCI** | **(5.68)** | **3.53** |
| **(F) Reconciliation of tax charge** | | |
| **Profit before tax** | 4,138.53 | 3,629.20 |
| Income tax expense at tax rates applicable | 25.17% | 25.17% |
| **Income tax expense** | 1,041.59 | 913.47 |
| **Tax effects of:** | | |
| Taxes pertaining to earlier periods | 62.91 | - |
| Non tax deductible expenses | 74.53 | 15.33 |
| Others | 80.56 | (101.74) |
| **Income tax expense** | **1,259.59** | **827.06** |

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| | March 31, 2022 | March 31, 2021 |
|---|---|---|
| **33 Earnings per share** | | |
| The following reflects the income and share data used in the basic and diluted EPS computations: | | |
| Net profit attributable to equity holders | 2,878.94 | 2,802.14 |
| Weighted average number of equity shares for basic EPS (face value of INR 10 each) | 11,01,229 | 7,61,493 |
| Basic and diluted earnings per share (INR) | 261.43 | 367.98 |

**34 Employee benefits**

**(A) Defined contribution plans**

During the year, the Company has recognized the following amounts in the Statement of Profit and Loss:

| | | |
|---|---|---|
| Employers' Contribution to Provident Fund and Employee State Insurance (Refer note 29) | 106.19 | 43.43 |

**(B) Other plans provisions**

| | | |
|---|---|---|
| a) Defined benefit plan: Gratuity payable to employees | 55.87 | 48.43 |
| b) Other long-term benefits: Compensated absences for Employees | 57.21 | 29.65 |

Defined benefit plan: Gratuity plan

The amounts recognized in the balance sheet and the movement in the net defined benefit obligation over the year, and the assumptions used are as follows:

| | | |
|---|---|---|
| **i) Actuarial assumptions** | | |
| Discount rate (per annum) | 5.15% | 5.58% |
| Rate of increase in salary | 10.00% | 10.00% |
| Rate of attrition | 30.00% | 20.00% |
| **ii) Changes in the present value of defined benefit obligation** | | |
| **Present value of obligation at the beginning of the year** | **48.43** | **18.26** |
| Interest cost | 2.70 | 1.23 |
| Current service cost | 27.37 | 14.92 |
| Benefit directly paid by employer | (0.08) | - |
| Actuarial (gain)/ loss on obligations | (22.55) | 14.02 |
| **Present value of obligation at the end of the year*** | **55.87** | **48.43** |
| *Included in provision for employee benefits | | |
| **iii) Expense recognized in the Statement of Profit and Loss** | | |
| Current service cost | 27.37 | 14.92 |
| Interest cost | 2.70 | 1.23 |
| **Total expenses recognized in the Statement Profit and Loss*** | **30.07** | **16.15** |

*Included in Employee benefits expense (Refer Note 29). Actuarial gain of INR 22.55 (March 31, 2021: loss of INR 14.02) is included in other comprehensive income.

| | | |
|---|---|---|
| **iv) Assets and liabilities recognized in the Balance Sheet:** | | |
| Present value of unfunded obligation as at the end of the year | 55.87 | 48.43 |
| **Unfunded net (asset) / liability recognized in Balance Sheet*** | **55.87** | **48.43** |
| *Included in provision for employee benefits | | |
| **v) Expected contribution to the fund in the next year** | | |
| Gratuity | - | - |

vi) A quantitative sensitivity analysis for significant assumptions is as shown below:

| | | |
|---|---|---|
| **Impact on defined benefit obligation:** | | |
| Change in Discount rate: | | |
| 1% increase | (2.18) | (3.08) |
| 1% decrease | 2.34 | 3.37 |
| Change in Rate of Salary Increase: | | |
| 1% increase | 2.20 | 3.20 |
| 1% decrease | (2.09) | (2.94) |
| Change in Rate of Employee Turnover: | | |
| 1% increase | (1.52) | (1.82) |
| 1% decrease | 1.58 | 1.95 |

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| | March 31, 2022 | March 31, 2021 |
|---|---|---|
| **vii)** Maturity profile of defined benefit obligation | | |
| Year | | |
| 1st Following Year | 3.87 | 1.60 |
| 2nd Following Year | 4.83 | 1.82 |
| 3rd Following Year | 11.93 | 3.85 |
| 4th Following Year | 10.73 | 7.29 |
| 5th Following Year | 9.02 | 7.42 |
| Sum of Years 6 To 10 | 21.93 | 25.61 |
| Sum of Years 11 and above | 7.92 | 26.70 |

**35 Employee Stock Option Scheme (ESOP)**

The Parent Company's Board approved ESOP plan 2016 for granting Employee Stock Options in form of equity shares linked to the completion of a minimum period of continued employment to the eligible employees of the Company, monitored and supervised by the Board of Directors of parent Company. The employees can purchase equity shares by exercising the options as vested at the price specified in the grant.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

| | March 31, 2022 | | March 31, 2021 | |
|---|---|---|---|---|
| **Particulars** | Number | WAEP (INR) | Number | WAEP (INR) |
| Options outstanding at beginning of year | 35,81,886 | - | 6,08,141 | - |
| **Add:** | | | | |
| Options granted during the year | 3,43,905 | - | 1,82,246 | - |
| Option transferred# | 13,96,498 | | 28,06,705 | |
| **Less:** | | | | |
| Options exercised during the year | 1,945 | - | - | - |
| Options Lapsed during the year | 1,477 | - | 15,206 | - |
| Options outstanding at the end of year | 53,18,867 | - | 35,81,886 | - |
| Option exercisable at the end of year | - | - | - | - |

# Pertains to options of the employees transferred from Group entity.

In accordance with the above mentioned ESOP Scheme, INR 306.93 (Previous Year INR 230.96 ) has been charged to the Statement of Profit and Loss in relation to the options granted during the year ended 31 March 2022 as Employee Stock Option Scheme Compensation.

The fair value of each option is estimated on the date of grant using the Black Scholes model. The following tables list the inputs to the [Option pricing model] used for the years ended:

| | | |
|---|---|---|
| Weighted average fair value of the options at the grant dates (INR) | 1.40 | 1.15 |
| Dividend yield (%) | 0% | 0% |
| Risk free interest rate (%) | 4.82% - 5.71% | 4.40% - 5.59% |
| Expected life of share options (years) | 2.92 | 3.48 |
| Expected volatility (%) | 60.37% - 67.24% | 62.67% - 63.41% |
| Weighted average share price (INR) | 1.40 | 1.15 |

**36 Leases**

The Company has certain lease arrangements for premises. These lease arrangements range for a period between 12 months and 36 months, which include both cancellable and non cancellable leases. The leases are renewable for further period on mutually agreeable terms and also include escalation clauses.

**Operating leases where the Company is a lessee:**

**(ia) Details of right-of-use assets are as follows:**

| **Particulars** | Category of ROU asset | |
|---|---|---|
| | | Premises |
| | March 31, 2022 | March 31, 2021 |
| **Opening Balance at the start of the year** | **86.95** | **220.22** |
| Additions | 278.34 | - |
| Amortization (refer Note 30) | 200.25 | 133.27 |
| **Closing balance at the end of the year** | **165.04** | **86.95** |

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**(ib) Lease liabilities**

| Particulars | Category of Lease Liability | |
|---|---|---|
| | | Premises |
| | March 31, 2022 | March 31, 2021 |
| **Opening Balance at the start of the year** | **92.97** | **217.63** |
| Additions | 287.74 | - |
| Lease payments | (231.73) | (149.11) |
| Interest on lease liabilities (refer Note 26) | 42.67 | 24.45 |
| **Closing balance at the end of the year** | **191.65** | **92.97** |

**(ii) Maturity analysis of lease liabilities**

| Particulars | | |
|---|---|---|
| Upto one year | 103.47 | 65.03 |
| More than one year upto 5 years | 88.18 | 27.94 |
| **Total** | **191.65** | **92.97** |

**(iii) Amounts recognised in Statement of Profit and Loss**

| Particulars | | |
|---|---|---|
| Interest on lease liabilities (refer Note 26) | 42.67 | 24.45 |

**(iv) Amounts recognised in Statement of Cash Flows**

| Particulars | | |
|---|---|---|
| Total cash outflow for leases | 231.73 | 149.11 |

**37 Related Party Disclosures:**

(A) Names of related parties and description of relationship as identified and certified by the Company for the years ended March 31, 2022 and March 31, 2021:

**Holding Company**
Finnov Private Limited, Singapore

**Other related parties**

**(a) Fellow subsidiary**
Finnovation Tech Solutions Private Limited
Kartbee Technologies Private Limited

**(b) Key Management Personnel (KMP)**
Madhusudan Ekambaram, Director
Karthikeyan Krishnaswamy, Director

Vivek Veda, Director

**(c) Relatives of KMP**
Nutan Soudagar (spouse of Madhusudan Ekambaram)
Vibha Veda (mother of Vivek Veda)
Vani Jain (wife of Vivek Veda)

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| | March 31, 2022 | March 31, 2021 |
|---|---|---|
| **(B) Details of transactions with related party in the ordinary course of business for the year ended:** | | |
| **(i) Particulars** | | |
| A) Transaction during the year | | |
| ***Sale of services:*** | | |
| Finnovation Tech Solutions Private Limited | 13,132.09 | 6,645.56 |
| Kartbee Technologies Private Limited | 2,831.89 | 1,466.47 |
| ***Purchase of services:*** | | |
| Finnovation Tech Solutions Private Limited | 809.09 | 403.28 |
| Kartbee Technologies Private Limited | 9.04 | 448.08 |
| ***Reimbursement of expenses:*** | | |
| Vivek Veda | 2.17 | - |
| ***Remuneration to directors:*** | | |
| Vivek Veda | 81.70 | 40.75 |
| **Non-executive/Independent Director sitting fees:** | | |
| Abhishek Singvi | 4.50 | 4.55 |
| Adesh Gupta | 5.70 | 3.05 |
| Gopalakrishna Gurrappa | 4.20 | 0.30 |
| ***Share issued during the year (refer Note 20(a) and 21(b)):*** | | |
| Finnov Private Limited (Equity share of INR 10 each) | 5.36 | 31.39 |
| Securities premium on the shares issued | 3,683.63 | 21,031.31 |
| ***Finance cost*** | | |
| Finnov Private Limited | 641.49 | 791.54 |
| Krishnaswamy Bhanumathi | - | 3.89 |
| Madhusudan Ekambaram | 13.11 | 7.64 |
| Nutan Soudagar | 6.89 | 5.17 |
| Shanmuga Nursing Home | - | 4.64 |
| Krishnamurthy Ekambaram | - | 1.95 |
| Latha | - | 1.96 |
| Manjula | - | 1.95 |
| Sreenidhi Sattanathan | - | 3.89 |
| Vani Jain | 8.74 | 7.68 |
| Vibha Veda | 2.77 | 0.23 |
| Vivek Veda | 2.77 | 0.23 |
| ***Issue of non-convertible debentures*** | | |
| Madhusudan Ekambaram | 90.00 | 90.00 |
| Nutan Soudagar | 70.00 | 40.00 |
| Vani Jain | 60.00 | 60.00 |
| Vibha Veda | - | 20.00 |
| Vivek Veda | - | 20.00 |
| B) Balance as at year end | | |
| ***Receivable ( Net of Payables)*** | | |
| Finnovation Tech Solutions Private Limited | 6,501.21 | - |
| Kartbee Technologies Private Limited | 2,797.33 | - |
| ***Payable*** | | - |
| Finnovation Tech Solutions Private Limited | - | 1,258.47 |
| Kartbee Technologies Private Limited | - | 64.55 |
| Finnov Private Limited | 0.02 | 0.02 |
| Director fees | 1.50 | - |
| ***Borrowings*** | | |
| Finnov Private Limited | 11,371.07 | 14,700.94 |
| ***Non-convertible debentures (incl. accrued interest)*** | | |
| Madhusudan Ekambaram | 90.39 | 90.85 |
| Nutan Soudagar | 70.31 | 40.38 |
| Vani Jain | 60.26 | 60.57 |
| Vibha Veda | 20.23 | 20.22 |
| Vivek Veda | 20.23 | 20.22 |

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**37 Related Party Disclosures:**

(C) Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.

(D) Finnovation Tech Solutions Private Limited, a fellow subsidiary has issued Corporate Guarantee's aggregating to INR 46,503.84 (2021: INR 21,496.08) in favour of the company for its business requirements.

(E) The Bank overdraft availed by the Company aggregating to INR 1,500 (March 31, 2021: INR 3,000 ) has been secured by way of liens on fixed deposit balances of a fellow subsidiary Finnovation Tech Solutions Private Limited.

**38 Segment reporting**

The Company's operations predominantly relate to providing consumer lending. The Chief Operating Decision Maker (CODM) reviews the operations of the Company as one operating segment. Hence no separate segment information has been furnished herewith.

**39 Financial risk management objectives and policies**

The Company is exposed to various financial risks. These risks are categorized into market risk, credit risk and liquidity risk. The Company's risk management is coordinated by the Board of Directors and focuses on securing long term and short term cash flows. The Company does not engage in trading of financial assets for speculative purposes.

**(A) Market risk**

It is the risk that the value of on and off-balance sheet positions of the Company will be adversely affected by movements in market rates or prices such as interest rates, currency exchange rates or credit spreads resulting in a loss to earnings and capital.

**(i) Interest rate risk**

The policy of the Company is to minimise interest rate cash flow risk exposures on long-term loans and borrowings and is exposed to changes in market interest rates through borrowings at variable interest rates.

| | March 31, 2022 | March 31, 2021 |
|---|---|---|
| ***Interest rate risk exposure*** | | |
| Below is the overall exposure of the Company to interest rate risk: | | |
| Variable rate borrowings | 49,441.52 | 14,700.94 |

***Interest rate sensitivity***

The following table demonstrates the sensitivity to a change in interest rates on External Commercial Borrowings:

| | Increase/(decrease) in basis points | Effect on profit before tax |
|---|---|---|
| 2022 | | |
| INR | +50 | 247.21 |
| INR | -50 | (247.21) |
| 2021 | | |
| INR | +50 | 73.50 |
| INR | -50 | (73.50) |

**(ii) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the external commercial borrowing.

***Foreign currency risk exposure:***

The exposure to foreign currency risk at the end of the reporting period, translated to INR at closing rate, is as follows:

| | | |
|---|---|---|
| Financial liabilities (in USD Million) | 15.00 | 20.00 |
| External Commercial Borrowing | 11,371.07 | 14,700.94 |
| Net exposure to foreign currency risk (liabilities) | 11,371.07 | 14,700.94 |

***Foreign currency sensitivity***

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate (or any other material currency), with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities). The Company does not have exposure to any other foreign currencies .

| | Increase/(decrease) in basis points | Effect on profit before tax |
|---|---|---|
| 2022 | | |
| INR | +100 | 113.71 |
| INR | -100 | (113.71) |
| 2021 | | |
| INR | +100 | 147.01 |
| INR | -100 | (147.01) |

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**39 Financial risk management objectives and policies:**

**(B) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company's loans to customers, trade receivables, other financial assets, investments in mutual funds & corporate bonds, cash and deposits held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing credit risk is to prevent or reduce losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

**(i) Credit risk management**

Credit risk management policy of the Company provides guidelines for identification, assessment, management, monitoring and control of credit risk. The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an on-going basis throughout each reporting period. In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are overdue for a period exceeding 30 days. A default on financial assets occurs when the counterparty fails to make contractual payments for a period of 90 days or more. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors. The Company evaluates credit risk of the portfolio at a borrower level and not individual facility levels in accordance with the RBI regulations.

Managing credit risk is the most important part of overall risk management function. The Company's credit risk function is headed by the Risk Head who is responsible for the key policies & processes for managing credit risk,
which include formulating credit policies & risk rating frameworks, guiding the Company's appetite for credit risk
exposures, undertaking independent reviews, making objective assessments of credit risk, monitoring performance and management of portfolios. The principal objectives being maintaining a strong culture of responsible lending across the Company, robust risk policies & control frameworks, implementing & continually re-evaluating the Company's risk appetite and ensuring there is adequate monitoring of credit risks, credit costs & risk mitigation.

Credit risk is measured as the amount at risk due to repayment default of a customer or counterparty to the Company. Various matrics such as EMI default rate, overdue position, EMI moritorium, restructuring, collection efficiency, credit bureau information, proprietary scorecards, non performing loans etc. are used as leading indicators to assess credit risk.

The Company remains in high vigilance mode and continues to adapt credit policy / underwriting standards in line with emerging risk metrics across the different business portfolios; and constantly monitors various external market indicators, including a watch over the spread of COVID-19 infection and coverage of vaccination across its geographic spread.

**MACRO ECONOMIC VARIABLES:**

The Company adjusts the expected credit loss model parameters for forward looking information, macro-economic variables and economic forecasts which have a reasonable correlation with the collection performance and portfolio risk. These include economic indicators such as inflation rates, unemployment index, GDP growth rates, etc. The Company recalibrates the model periodically as and when portfolios mature by:

1. using the available incremental and recent information, except where these informations do not represent the future outcome; and
2. assessing changes to its statistical techniques for a granular estimation of ECL.

Accordingly, the incremental information of the portfolio for certain period of the pandemic have not been considered in the model due to the distortion caused by the pandemic induced lockdown resulting in very low economic activity, unforseen distortion of customers' financial position and volitile repayment behaviour, leading to RBI announcing installment moratoriums and resolutions. These distortions do not represent the current portfolio at risk & collection performance and have been considered as outliers.

The Company provides for expected credit loss based on the following:

| Asset group | Basis for categorisation | Provision for expected credit loss |
|---|---|---|
| Low credit risk | Cash and cash equivalents, other bank balances, loans and other financial assets | 12 month expected credit loss |
| Moderate credit risk | Loans to customers | Life time expected credit loss |
| High credit risk | Loans to customers | Life time expected credit loss |

| | March 31, 2022 | March 31, 2021 |
|---|---|---|
| **Financial assets that expose the entity to credit risk:** | | |
| **Low credit risk** | | |
| Cash and cash equivalents | 7,616.12 | 24,722.98 |
| Bank balances other than above | 1,179.30 | 371.72 |
| Trade receivables | 9,540.55 | - |
| Loans to customers* | 1,13,739.16 | 64,903.31 |
| Investments | 6,197.98 | 3,511.25 |
| Other financial assets | 4,785.72 | 8,485.06 |
| **Moderate credit risk** | | |
| Loans to customers* | 4,216.27 | - |
| **High credit risk** | | |
| Loans to customers* | 3,326.52 | 4,710.28 |

* Represents gross values of the financial assets

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KRAZYBEE SERVICES PVT. LTD. BANGALORE

**39 Financial risk management objectives and policies:**

**Cash & cash equivalents and Bank deposits**

The Company limits its exposure to credit risk of cash held with banks by dealing with highly rated banks and institutions and retaining sufficient balances in bank accounts required to meet a month's operational costs. The Management reviews the bank accounts on regular basis and fund drawdowns are planned to ensure that there is minimal surplus cash in bank accounts.

**Investments**

For investments in mutual funds, the Company transacts with asset management companies having strong track record and invests in liquid funds and short term funds where the underlying investments are predominantly placed in government and treasury securities and highly rated corporate bonds. Investments in corporate bonds are made with companies having strong credit ratings.

**Loans**

The Company closely monitors the credit-worthiness of the borrower's through internal systems. The Company assesses increase in credit risk on an ongoing basis for amounts receivable that become overdue and default is considered to have occurred when amounts receivable become 90 days past due.

**Trade receivables**

Trade receivables represents trade receivables from fintech platforms as well as receivables for services rendered to platforms.

**Other financial assets measured at amortized cost**

Other financial assets measured at amortized cost includes security deposits, receivables from intermediaries, monies held by fintech platforms in escrow for onward disbursements to customers and others miscellaneous receivables. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

**(ii) Expected credit losses for financial assets other than loans:**

The Company provides for expected credit losses on financial assets other than loans by assessing individual financial instruments for expectation of any credit losses:

- For cash and cash equivalents and other bank balances - Since the Company deals with only high-rated banks and financial institutions, credit risk in respect of cash and cash equivalents, other bank balances and bank deposits is evaluated as very low/negligible.

- For Investments in mutual funds and Corporate bonds - Credit risk is considered low/negligible because the Company deals with high quality assets and instruments with strong credit ratings.

- For Trade receivables - Credit risk is considered low because these balances are with group companies with strong financial resources and the balances are held for shorter periods.

- For security deposits paid - Credit risk is considered low because the Company is in possession of the underlying asset.

- For other financial assets - Credit risk is evaluated based on Company's knowledge of the credit worthiness of those parties and loss allowance is measured for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses upon significant increase in credit risk. The Company does not have any expected loss based impairment recognised on such assets considering their low credit risk nature. Additionally, these balances are held in escrow for onward disbursements as well as collections from customers pending settlement.

**Expected credit loss for loans**

**Credit default risk**

Considering the nature of advances given - small ticket size, short term and retail - the Company believes that the quantitative criteria for setting the definition of default is appropriate and sufficient. The management has imbibed the qualitative aspect in the categorization of the asset portfolio (i.e. first time borrowers and repeat borrowers) which considers the qualitative aspects of definition of default. The Company has therefore set out the following definition of default for all loan products:

Default: Exposures that have one or more installment(s) past due for 90 days or more.

Event driven defaults: This will be based on the customer specific factors such as declaration of bankruptcy by the customer, death of borrower and other customer specific factors. This will be applied on a case by case basis.

**Expected credit loss measurement**

Ind AS 109 outlines a "three stage" model for impairment based on changes in credit quality since initial recognition as summarised below:

Stage 1 - Credit risk has not increased significantly since initial recognition - Recognise 12-months ECL, and recognize interest on a gross basis;

Stage 2 - Credit risk has increased significantly since initial recognition - Recognise lifetime ECL, and recognise interest on a gross basis;

Stage 3 - Financial asset is credit impaired - Recognise lifetime ECL and present interest on a net basis (i.e. on the gross carrying amount less credit allowance).

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KRAZYBEE SERVICES PVT. LTD. BANGALORE

**39 Financial risk management objectives and policies:**

**Significant increase in credit risk**

The Company believes that there is a significant increase in credit risk when dues past due crosses 30 days.

**Measuring ECL - explanation of inputs, assumptions and estimation techniques**

Expected credit losses are the discounted product of the probability of default (PD), exposure at default (EAD) and loss given default (LGD), defined as follows:

- PD represents the likelihood of the borrower defaulting on its obligation either over next 12 months or over the remaining lifetime of the instrument.

- EAD is based on the amounts that the Company expects to be owed at the time of default over the next 12 months or remaining lifetime of the instrument.

- LGD represents the Company's expectation of loss given that a default occurs. LGD is expressed in percentage and remains unaffected from the fact that whether the financial instrument is a Stage 1 asset, or Stage 2 or even Stage 3.

**Probability of default (PD) computation model**

PD or default rate is an estimate of the likelihood of the default event occurring in the future. Accordingly, a lower PD signifies lower credit risk. PD is estimated by using historical data, and is done over a particular time horizon. It is arrived by using vintage analysis over the historical default data to assess how default rates change over time, factors in the current macro economic data and computes the risk of default in the next 12 months or the remaining life of the loan.

**Loss given default (LGD) computation model**

Loss given default (LGD) is defined as the percentage of economic loss in case of default. LGD computation is based on the lender's losses on defaulted accounts after the consideration of expected recoveries. All the loans of the Company are of unsecured nature. The management believes that the LGDs depicted basis the historical data is not representative of the future as the Company is currently in the initial growth phase and the historical data is insufficient to make a realistic assessment of account collectibility. The management has applied an override on the LGD percentages so as to depict the expected loss rates in the near term.

**Write off policy**

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Quantitatively, accounts whose overdue days have exceed 180 days are written-off. The outstanding contractual amounts of such assets written off during the year ended March 31, 2022 was INR 11,897.69 (March 31, 2021 INR 9,946.00). However, collection efforts continue on such accounts as these are legally due to the Company.

The table below summarises the stage-wise gross carrying values and the associated allowances for expected credit loss (ECL) on the

**As at March 31, 2022**

| Particulars | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| Gross carrying value | 1,13,739.16 | 4,216.27 | 3,326.52 | 1,21,281.95 |
| Less: Allowance for ECL | 4,805.07 | 2,507.21 | 2,472.90 | 9,785.18 |
| **Net carrying value** | 1,08,934.09 | 1,709.06 | 853.62 | 1,11,496.77 |
| **ECL Coverage Ratio** | 4.22% | 59.47% | 74.34% | 8.07% |

**As at March 31, 2021**

| Particulars | Stage 1 & 2 | Stage 3 | Total |
|---|---|---|---|
| Gross carrying value | 64,903.31 | 4,710.28 | 69,613.59 |
| Less: Allowance for ECL | 2,026.95 | 3,472.16 | 5,499.11 |
| **Net carrying value** | 62,876.36 | 1,238.12 | 64,114.48 |
| **ECL Coverage Ratio** | 3.12% | 73.71% | 7.90% |

**(C) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

Management of the Company monitors forecasts of the liquidity position and cash & cash equivalents on the basis of expected cash flows. The Asset Liability Management Policy aims to align market risk management with overall strategic objectives, articulate current interest rate view and determine pricing, mix and maturity profile of assets and liabilities. The policy involves preparation and analysis of liquidity gap reports, stress testing based on estimates of cash inflows and also taking preventive and corrective measures to manage risk. It also addresses the interest rate risk by providing for duration gap analysis and control by providing limits to the gaps.

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**39 Financial risk management objectives and policies:**

**(C) Liquidity risk :**

| March 31, 2022 | Less than 1 year | 1 to 3 years | Total |
|---|---|---|---|
| Debt Securities | 18,715.20 | 7,398.28 | **26,113.48** |
| Borrowings other than debt securities | 51,711.07 | 1,623.93 | **53,335.00** |
| Trade payables | 718.21 | 2.55 | **720.76** |
| Other financial liabilities | 1,074.63 | 88.18 | **1,162.81** |
| | **72,219.11** | **9,112.94** | **81,332.05** |
| **March 31, 2021** | | | |
| Debt Securities | 11,048.28 | 669.46 | **11,717.74** |
| Borrowings other than debt securities | 16,952.54 | 18,163.91 | **35,116.45** |
| Trade payables | 1,546.73 | 42.95 | **1,589.68** |
| Other financial liabilities | 223.46 | 27.94 | **251.40** |
| | **29,771.01** | **18,904.26** | **48,675.27** |

**40 Capital management**

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximize the shareholder value and to ensure the Company's ability to continue as a going concern. Regulatory capital related information is presented as part of the RBI mandated disclosures.

The Company has not distributed any dividend to its shareholders. The Company monitors gearing ratio i.e. total debt in proportion to its overall financing structure, i.e. equity and debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

| | | March 31, 2022 | March 31, 2021 |
|---|---|---|---|
| Total equity | (i) | 60,650.94 | 53,749.84 |
| Debt securities | (ii) | 26,113.48 | 11,717.74 |
| Borrowings other than debt securities | (iii) | 53,335.00 | 35,116.45 |
| **Total debt** | **(iv)=(ii)+(iii)** | **79,448.48** | **46,834.19** |
| Less: Cash and bank balances & liquid investments | (v) | 14,993.40 | 28,605.95 |
| **Net debt** | **(vi) = (iv)-(v)** | **64,455.08** | **18,228.24** |
| Overall financing | (vii)=(i)+(vi) | 1,25,106.02 | 71,978.08 |
| **Gearing ratio** | **(vi)/(vii)** | **0.52** | **0.25** |

No changes were made in the objectives, policies or processes for managing capital during the years presented.

**41 Change in liabilities arising from financing activities**

| Particulars | March 31, 2021 | Net Cash flows | Non-cash adjustments | March 31, 2022 |
|---|---|---|---|---|
| Debt securities | 11,717.74 | 14,395.74 | - | **26,113.48** |
| Borrowings other than debt securities | 35,116.45 | 21,548.43 | (3,329.88) | **53,335.00** |
| **Total liabilities from financing activities** | **46,834.19** | **35,944.17** | **(3,329.88)** | **79,448.48** |

**Non- Cash Adjustment includes Conversion of External Commercial Borrowing of USD 5mn to Equity in the current year.**

| Particulars | March 31, 2020 | Net Cash flows | Non-cash adjustments | March 31, 2021 |
|---|---|---|---|---|
| Debt securities | 22,207.14 | (10,489.40) | - | **11,717.74** |
| Borrowings other than debt securities | 56,126.77 | (20,634.08) | (376.24) | **35,116.45** |
| Deposits | 100.00 | (100.00) | - | - |
| **Total liabilities from financing activities** | **78,433.91** | **(31,223.48)** | **(376.24)** | **46,834.19** |

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**42 Financial instruments and fair value disclosures**

The carrying value and fair value of financial assets and liabilities are as follows :-

| | Fair value through profit and loss | Fair value through OCI | Amortised cost | Total | Fair value |
|---|---|---|---|---|---|
| **As at March 31, 2022** | | | | | |
| **Financial assets** | | | | | |
| Cash and cash equivalents | - | - | 7,616.12 | 7,616.12 | 7,616.12 |
| Bank balances other than above | - | - | 1,179.30 | 1,179.30 | 1,179.30 |
| Trade receivables | - | - | 9,540.55 | 9,540.55 | 9,540.55 |
| Loans | - | - | 1,11,496.77 | 1,11,496.77 | 1,11,496.77 |
| Investments | 6,197.98 | - | - | 6,197.98 | 6,197.98 |
| Other financial assets | - | - | 4,785.72 | 4,785.72 | 4,785.72 |
| **Total financial assets** | 6,197.98 | - | 1,34,618.46 | 1,40,816.44 | 1,40,816.44 |
| **Financial liabilities** | | | | | |
| Trade payables | - | - | 720.76 | 720.76 | 720.76 |
| Debt securities | - | - | 26,113.48 | 26,113.48 | 26,113.48 |
| Borrowings (other than debt securities) | - | - | 53,335.00 | 53,335.00 | 53,335.00 |
| Other financial liabilities | - | - | 1,162.81 | 1,162.81 | 1,162.81 |
| **Total financial liabilities** | - | - | 81,332.05 | 81,332.05 | 81,332.05 |
| **As at March 31, 2021** | | | | | |
| **Financial assets** | | | | | |
| Cash and cash equivalents | - | - | 24,722.98 | 24,722.98 | 24,722.98 |
| Bank balances other than above | - | - | 371.72 | 371.72 | 371.72 |
| Loans | - | - | 64,114.48 | 64,114.48 | 64,114.48 |
| Investments | 3,511.25 | | - | 3,511.25 | 3,511.25 |
| Other financial assets | - | - | 8,485.06 | 8,485.06 | 8,485.06 |
| **Total financial assets** | 3,511.25 | - | 97,694.24 | 1,01,205.49 | 1,01,205.49 |
| **Financial liabilities** | | | | | |
| Trade payables | - | - | 1,589.68 | 1,589.68 | 1,589.68 |
| Debt securities | - | - | 11,717.74 | 11,717.74 | 11,717.74 |
| Borrowings (other than debt securities) | - | - | 35,116.45 | 35,116.45 | 35,116.45 |
| Other financial liabilities | - | - | 251.40 | 251.40 | 251.40 |
| **Total financial liabilities** | - | - | 48,675.27 | 48,675.27 | 48,675.27 |

**Fair value measurement of financial assets and liabilities**

Financial assets and financial liabilities measured at fair value in the Statement of Balance Sheet are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

**42 Financial instruments and fair value disclosures:**

The following table shows the levels within the hierarchy of financial assets measured at fair value as at March 31, 2022:

| Financial assets measured at fair value | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Investments | 6,197.98 | - | - | 6,197.98 |

The following table shows the levels within the hierarchy of financial assets measured at fair value as at March 31, 2021:

| Financial assets measured at fair value | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Investments | 3,511.25 | - | - | 3,511.25 |

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*(Amount in INR lakhs unless otherwise stated)*

**42 Financial instruments and fair value disclosures:**

There were no financial assets or financial liabilities measured at fair value through OCI in the previous year.

The carrying amount of trade receivables, cash and cash equivalents, other bank balances, loans, other current financial assets, borrowings, debt securities, deposits, trade payables and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Management uses its best judgment in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the Company could have realized or paid in sale transactions as of respective dates. As such, the fair value of the financial instruments subsequent to the respective reporting dates may be different from the amounts reported at each year end.

There have been no transfers among Level 1, Level 2 and Level 3 categories during the year.

| | March 31, 2022 | March 31, 2021 |
|---|---|---|
| **43 Contingencies and commitments:** | | |
| Loan commitments* | 30,218.12 | - |
| | **30,218.12** | **-** |

** Represents undrawn credit lines contractually provided by the Company to its customers for various products.*

**44** The Code on Social Security 2020 ('the Code') relating to employee benefits, during the employment and post-employment, has received Presidential assent on September 28, 2020. The Code has been published in the Gazette of India. Further, the Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020. However, the effective date from which the changes are applicable is yet to be notified and rules for quantifying the financial impact are also not yet issued.

The Company will assess the impact of the Code and will give appropriate impact in the financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

**45** In accordance with the RBI notification no. RBI/DNBR/2016-17/45 - Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016 - Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (the "Master Direction"). Refer Annexures for additional NBFC disclosures.

**46** Previous year figures have been regrouped/reclassified, where necessary, to conform to this year's classification.

As per our report of even date
**For ASC & Associates**
**Chartered Accountants**
**Firm Registration No: 011863N**

**Denesh Singh**

Partner
Membership No: 097345
Place: New Delhi
Date: May 25, 2022

**For and on behalf of the Board of Directors of**
**KrazyBee Services Private Limited**
CIN:U65100KA2016PTC086990

**MADHUSUDAN EKAMBARAM**
Director
DIN:07442577
Place: Bengaluru
Date: May 25, 2022

**KARTHIKEYAN KRISHNASWAMY**
Director
DIN: 07449376
Place: Bengaluru
Date: May 25, 2022

**PALLAVI LINGARAJU**
Company Secretary
Membership No: A56733
Place: Bengaluru
Date: May 25, 2022

KRAZYBEE SERVICES PRIVATE LIMITED
**Notes forming part of the Financial Statements**
*(Amount in INR lakhs unless otherwise stated)*

Annexures to the Financial Statements

**Additional RBI disclosures from Notes 1 to 23 have been prepared as per RBI Circulars / Directives based on Ind-AS Financial Statements.**

**Schedule to the Balance sheet** (Rs. In Lakhs)

| Particulars | | | March 31, 2022 | | March 31, 2021 | |
|---|---|---|---|---|---|---|
| Liabilities side | | | Amount outstanding | Amount overdue | Amount outstanding | Amount overdue |
| (1) | **Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:** | | | | | |
| | (a) | Debentures: | | | | |
| | | Secured | 26,113.48 | - | 11,717.74 | - |
| | | Unsecured | - | - | - | - |
| | (b) | Deferred Credits | - | - | - | - |
| | (c) | Term Loans | 41,963.93 | - | 20,415.51 | - |
| | (d) | Inter-corporate loans and borrowing | - | - | - | - |
| | (e) | Commercial Paper | - | - | - | - |
| | (f) | Public Deposits | - | - | - | - |
| | (g) | Bank Overdraft | - | - | - | - |
| | (f) | Other Loans (External Commercial Borrowings) | 11,371.07 | - | 14,700.94 | - |
| | | | | | | |
| (2) | **Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):** | | | | | |
| | (a) | In the form of Unsecured debentures | - | - | - | - |
| | (b) | In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security | - | - | - | - |
| | (c) | Other public deposits | - | - | - | - |

| Assets side | | | | March 31, 2022 | March 31, 2021 |
|---|---|---|---|---|---|
| (3) | **Break-up of Loans and Advances including bills receivables [other than those included in (4) below]** | | | | |
| | (a) | Secured | | - | - |
| | (b) | Unsecured | | 1,11,496.77 | 64,114.48 |
| (4) | **Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities:** | | | | |
| | (i) | Lease assets including lease rentals under sundry debtors: | | | |
| | | (a) | Financial lease | - | - |
| | | (b) | Operating lease | - | - |
| | (ii) | Stock on hire including hire charges under sundry debtors: | | | |
| | | (a) | Assets on hire | - | - |
| | | (b) | Repossessed Assets | - | - |
| | (iii) | Other loans counting towards asset financing activities: | | | |
| | | (a) | Loans where assets have been repossessed | - | - |
| | | (b) | Loans other than (a) above | - | - |
| (5) | **Break-up of Investments** | | | | |
| | **Current Investments** | | | | |
| | 1 | Quoted | | | |
| | | (i) | Shares | | |
| | | | (a) Equity | - | - |
| | | | (b) Preference | - | - |
| | | (ii) | Debentures and Bonds | - | - |
| | | (iii) | Units of mutual funds | 6,197.98 | 3,511.25 |
| | | (iv) | Government Securities | - | - |
| | | (v) | Others (please specify) | - | - |
| | 2 | Unquoted | | | |
| | | (i) | Shares | | |
| | | | (a) Equity | - | - |
| | | | (b) Preference | - | - |
| | | (ii) | Debentures and Bonds | - | - |
| | | (iii) | Units of mutual funds | - | - |
| | | (iv) | Government Securities | - | - |
| | | (v) | Others (please specify) | - | - |

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**Notes forming part of the Financial Statements**

*(Amount in INR lakhs unless otherwise stated)*

| | | | | | |
|---|---|---|---|---|---|
| | **Long Term investments** | | | | |
| | 1 | Quoted | | | |
| | | (i) | Share | | |
| | | | (a) Equity | - | - |
| | | | (b) Preference | - | - |
| | | (ii) | Debentures and Bonds | - | - |
| | | (iii) | Units of mutual funds | - | - |
| | | (iv) | Government Securities | - | - |
| | | (v) | Others (please specify) | - | - |
| | 2 | Unquoted | | | |
| | | (i) | Shares | | |
| | | | (a) Equity | - | - |
| | | | (b) Preference | - | - |
| | | (ii) | Debentures and Bonds | - | - |
| | | (iii) | Units of mutual funds | - | - |
| | | (iv) | Government Securities | - | - |
| | | (v) | Others - Fixed Deposit | - | - |

**(6) Borrower group-wise classification of assets financed as in (3) and (4) above:**

| Category | | | Amount net of provisions | | |
|---|---|---|---|---|---|
| | | | Secured | Unsecured | Total |
| 1 | **Related Parties **** | | | | |
| | (a) | Subsidiaries | - | - | - |
| | (b) | Companies in the same group | - | - | - |
| | (c) | Other related parties | - | - | - |
| 2 | Other than related parties | | - | 1,11,496.77 | 1,11,496.77 |
| | **Total** | | - | **1,11,496.77** | **1,11,496.77** |

**** As per Accounting Standard of ICAI (Please refer Note 3)**

**(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :**

| Category | | | Market Value / Break up or 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 | | 6,197.98 | 6,197.98 |
| | **Total** | | **6,197.98** | **6,197.98** |

**(8) Other information**

| Particulars | | | March 31, 2022 | March 31, 2021 |
|---|---|---|---|---|
| (i) | Gross Non-Performing Assets | | | |
| | (a) | Related parties | - | - |
| | (b) | Other than related parties | 3,326.52 | 4,710.28 |
| (ii) | Net Non-Performing Assets | | | |
| | (a) | Related parties | - | - |
| | (b) | Other than related parties | 853.62 | 1,238.12 |
| (iii) | Assets acquired in satisfaction of debt | | - | - |

**Notes:**

1. As defined in point xxvii of paragraph 3 of Chapter - II of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as updated from time to time.

2. Provisioning norms shall be applicable as prescribed in the aforementioned Master Directions in point 1 above.

3. All 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 debt. However, market value in respect of quoted investments and break up / fair value / NAV in respect of unquoted investments is disclosed irrespective of whether they are classified as long term or current in (5) above.

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**Notes forming part of the Financial Statements**

*(Amount in INR lakhs unless otherwise stated)*

**(9)**

| Capital to Risk Assets Ratio | March 31, 2022 | March 31, 2021 |
|---|---|---|
| CRAR % | | |
| CRAR - Tier I Capital (%) | 39.35% | 63.48% |
| CRAR - Tier II Capital (%) | 1.20% | 1.12% |
| Amount of subordinated debt raised as Tier-II Capital | - | - |
| Amount rasied by issue of Perpetual Debt Instruments | - | - |

**(10) Investments**

| Particulars | March 31, 2022 | March 31, 2021 |
|---|---|---|
| **1) Value of Investments** | | |
| i) Gross value of investments | | |
| - In India | 6,197.98 | 3,511.25 |
| - Outside India | - | - |
| (ii) Provisions for depreciation on investments | | |
| - in India | - | - |
| - Outside India | - | - |
| (iii) Net value of investments | | |
| - In India | 6,197.98 | 3,511.25 |
| - Outside India | - | - |
| **2) Movement of provisions held towards depreciation on investments** | | |
| i) Opening balance | - | - |
| ii) Add: Provision made during the year | - | - |
| iii) Less: Write-off /write back of excess provision during the year | - | - |
| iv) Closing balance | - | - |

**(11)**

| Particulars | March 31, 2022 | March 31, 2021 |
|---|---|---|
| Unsecured Advances | 1,11,496.77 | 64,114.48 |

**(12) Ratings assigned by credit rating agencies and migration of ratings during the year**

| Rating Agency | Programme | Ratings assigned | Migration during the year |
|---|---|---|---|
| Acuite Ratings & Research | Bank Loan Ratings | Acuite BBB+ Stable | New Rating |
| | Bank Loan Ratings | Provisional Acuite A (CE) Stable | New Rating |
| | Commercial Paper | Acuite A2+ | New Rating |
| | Non Convertible Debentures | PP-MLD Acuite BBB+ Stable | New Rating |
| | Non Convertible Debentures | Acuite BBB+ Stable | New Rating |
| ICRA | Term Loan | ICRA BBB- (Positive) | Rating withdrawn |
| | Commercial Paper | ICRA A3 | Rating withdrawn |
| | Market Linked Debentures | PP-MLD ICRA BBB- (Positive) | Nil |
| Infomerics Ratings | Non Convertible Debentures | NA | Rating withdrawn |

**(13) Provisions and Contingencies**

| Particulars | March 31, 2022 | March 31, 2021 |
|---|---|---|
| Provision for depreciation on Investment | - | - |
| Provision towards non performing assets* | 2,472.90 | 3,472.16 |
| Provision for standard assets** | 7,312.28 | 2,026.95 |
| Provision towards income tax | 2,056.35 | 1,028.15 |
| Provision for compensated absences | 57.21 | 29.65 |
| Provision for gratuity | 55.87 | 48.43 |

* Represents provision on Stage 3 advances.

** Represents provision on Stage 1 and Stage 2 advances.

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KRAZYBEE SERVICES PRIVATE LIMITED

**Notes forming part of the Financial Statements**

*(Amount in INR lakhs unless otherwise stated)*

**(14) a) Concentration of assets**

i. Concentration of Advances

| Particulars | March 31, 2022 | March 31, 2021 |
|---|---|---|
| Total Advances to twenty largest borrowers | 114.59 | 120.28 |
| Percentage of Advances of twenty largest borrowers to Total Advances of the Company** | 0.10% | 0.18% |

** Represents the total principal outstanding as at the Balance Sheet date.

ii.Concentration of exposures

| Particulars | March 31, 2022 | March 31, 2021 |
|---|---|---|
| Total exposure to twenty largest borrowers | 114.59 | 84.04 |
| Percentage of exposure of twenty largest borrowers to total exposure of the Company on borrowers ** | 0.09% | 0.13% |

** Represents the total principal outstanding and undrawn credit limits as at the Balance Sheet date.

iii.Concentration of NPA

| Particulars | March 31, 2022 | March 31, 2021 |
|---|---|---|
| Total Exposure to top four NPA accounts | 9.36 | 5.50 |

iv. Sector wise distribution of credit impaired loans

| Sector | Percentage of Impairment loss to Total Advances in that sector | |
|---|---|---|
| | March 31, 2022 | March 31, 2021 |
| Agriculture and allied activities | - | - |
| MSME | - | - |
| Corporate borrowers | - | - |
| Services | - | - |
| Unsecured personal loans | 0.70% | 1.78% |
| Auto Loans | - | - |
| Other Personal Loans | - | - |
| **Total** | **0.70%** | **1.78%** |

**b) Concentration of liabilities**

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

| Number of Significant Counterparties* | Amount | % of Total Deposits | % of Total Liabilities |
|---|---|---|---|
| 4 | 29,845.42 | N/A | 35.76% |

** Based on no. of parties forming greater than 5% of the total liabilities individually.*

(ii) Top 20 large deposits (amount in Rs. Lakhs and % of total deposits)

- The Company has not raised any deposits. Accordingly, this disclosure is not applicable.

(iii) Top 10 borrowings (amount in Rs. Lakhs and % of total borrowings)

| Amount | % of Total Borrowings |
|---|---|
| 48,266.05 | 60.75% |

(iv) Funding Concentration based on significant instrument/product

| Name of the Instrument | Amount | % of Total Liabilities |
|---|---|---|
| Loans from NBFCs | 32,924.80 | 39.45% |
| External commercial borrowings | 11,371.07 | 13.63% |
| Term loan from banks | 7,539.13 | 9.03% |
| Working capital/Overdraft loans from banks | 1,500.00 | 1.80% |
| Debt Securities | 26,113.48 | 31.29% |

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KRAZYBEE SERVICES PRIVATE LIMITED

**Notes forming part of the Financial Statements**

*(Amount in INR lakhs unless otherwise stated)*

**(14) a) Concentration of assets**

(v) Stock Ratios

| Particulars | Total Public Funds % | Total Liabilities % | Total Assets % |
|---|---|---|---|
| Commercial papers as a % of total public funds, total liabilities and total assets | - | - | - |
| Non-convertible debentures (original maturity of less than one year) as a % of total public funds, total liabilities and total assets | 23.56% | 22.43% | 12.99% |
| Other short-term liabilities, if any as a % of total public funds, total liabilities and total assets | 5.04% | 4.80% | 2.78% |

(vi) Institutional set-up for liquidity risk management: Refer Note 42(C).

**(15) Movement of credit impaired loans**

| Particulars | March 31, 2022 | March 31, 2021 |
|---|---|---|
| **(i) Net NPAs to Net Advances (%)** | 0.72% | 1.87% |
| **(ii) Movement of NPAs (Gross)** | | |
| (a) Opening balance | 4,710.29 | 3,433.24 |
| (b) Additions during the year | 10,513.94 | 11,223.04 |
| (c) Reductions during the year | (11,897.71) | (9,945.99) |
| **(d) Closing balance** | **3,326.52** | **4,710.29** |
| **(iii) Movement of Net NPAs** | | |
| (a) Opening balance | 1,238.12 | 922.34 |
| (b) Additions during the year | (384.50) | 315.78 |
| (c) Reductions during the year | - | - |
| **(d) Closing balance** | **853.62** | **1,238.12** |
| **(iv) Movement of Provision for NPAs** | | |
| (a) Opening balance | 3,472.17 | 2,510.90 |
| (b) Impairment loss allowance made during the year | 10,898.44 | 10,907.26 |
| (c) Write off/ write back of excess allowance | (11,897.71) | (9,945.99) |
| **(d) Closing balance** | **2,472.90** | **3,472.17** |

**(16) Customer complaints**

| Particulars | March 31, 2022 | March 31, 2021 |
|---|---|---|
| (a) No. of complaints pending at the beginning of the year | 8 | 21 |
| (b) No. of complaints received during the year | 437 | 2,198 |
| (c) No. of complaints redressed during the year | 413 | 2,211 |
| (d) No. of complaints pending at the end of the year | 32 | 8 |

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**Notes forming part of the Financial Statements**

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**(17) Disclosure of frauds as per Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016. (Circular no. RBI/DNBS/2016-17/49 Master Direction DNBS. PPD.01/66.15.001/2016-17 dated September 29, 2016):**

| Particulars | March 31, 2022 | March 31, 2021 |
|---|---|---|
| **a. Persons involved** | | |
| Customers | 5.30 | - |
| **Total** | **5.30** | - |
| **b. Type of fraud** | | |
| Others | 5.30 | - |

**(18) Derivatives**

**Disclosure with respect to outstanding Cross Currency Interest Rate Swap (CCIRS)**

**a) Cross Currency Interest Rate Swap**

| Particulars | March 31, 2022 | March 31, 2021 |
|---|---|---|
| i) The notional principal of swap agreements (USD) | - | - |
| ii) Losses which would be incurred if counter parties failed to fulfil their obligation under the agreements | - | - |
| iii) collateral required by the Bank upon entering into swaps | - | - |
| iv) concentration of credit risk arising from the swaps | - | - |
| v) fair value of the swap book | - | - |

**The nature and terms of the Cross Currency Interest Rate Swap**

| Nature | Terms | Benchmark |
|---|---|---|
| Hedging | Not Applicable | Not Applicable |

**b) Exchange Traded Interest Rate Derivatives - Not applicable**

**c) Disclosures on Risk Exposure in Derivatives**

**Qualitative Disclosure**

The Company's treasury function is responsible for company's access to financial markets. Further, treasury function monitors and manages various risks relating to treasury operations of the Company including currency risk, market risk and liquidity risk. In course of managing these risks, the Company may use various market instruments as permissible for the company based on RBI guidelines and internal approvals. Further, compliance with various policies and exposure limits is reviewed by the Management. The Company does not enter into any trade in financial instruments including derivative financial instruments for speculative purposes.

**Quantitative Disclosure**

| Sr. No. | Particulars | March 31, 2022 | | March 31, 2021 | |
|---|---|---|---|---|---|
| | | Currency Derivatives | Interest Rate Derivatives | Currency Derivatives | Interest Rate Derivatives |
| (i) | Derivatives (Notional Principal Amount) (USD) | - | - | - | - |
| | a) For hedging* | - | - | - | - |
| | b) For trading | - | - | - | - |
| (ii) | Marked to Market Positions | - | - | - | - |
| | a) Asset (+) | - | - | - | - |
| | b) Liability (-) | - | - | - | - |
| (iii) | Credit Exposure | - | - | - | - |
| (iv) | Unhedged Exposure (USD Million) | 15.00 | - | 20.00 | - |

* Pertains to cross currency interest rate swap

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*(Amount in INR lakhs unless otherwise stated)*

(19) Asset Liability Management (ALM)

Maturity pattern of assets and liabilities as on March 31, 2022:

| Sr. No. | Particulars | 0 day to 7 days | 8 days to 14 days | 15 days to 30/31 days (One month) | Over one month and upto 2 months | Over two months and upto 3 months | Over 3 months and upto 6 months | Over 6 months and upto 1 year | Over 1 year and upto 3 years | Over 3 years and upto 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Deposits | - | - | - | - | - | - | - | - | - | - | - |
| 2 | Advances (Loan to Customer) | 17,916.66 | 5,644.32 | 9,526.77 | 18,149.45 | 13,388.47 | 30,724.11 | 16,634.06 | 845.69 | 3,326.77 | - | 1,16,156.30 |
| 3 | Investments | - | - | - | - | 6,197.98 | - | - | - | - | - | 6,197.98 |
| | **Total Inflows** | **17,916.66** | **5,644.32** | **9,526.77** | **18,149.45** | **19,586.45** | **30,724.11** | **16,634.06** | **845.69** | **3,326.77** | **-** | **1,22,354.28** |
| 4 | Debt Securities | 277.32 | - | 6,216.24 | 1,037.25 | 1,040.26 | 8,116.77 | 3,818.20 | 5,607.44 | - | - | 26,113.48 |
| 5 | Borrowings (Other than Debt Securities) | 4,104.76 | 612.85 | 2,097.50 | 3,222.90 | 3,811.24 | 15,120.63 | 11,371.80 | 1,622.25 | - | - | 41,963.93 |
| 6 | Foreign Currency Liabilities | - | - | - | - | - | - | 11,371.07 | - | - | - | 11,371.07 |
| 7 | Loan Commitments pending disbursal* | 2,014.54 | 2,014.54 | 2,014.54 | - | - | - | - | - | - | - | 6,043.62 |
| | **Total Outflows** | **6,396.62** | **2,627.39** | **10,328.28** | **4,260.15** | **4,851.50** | **23,237.40** | **26,561.07** | **7,229.69** | **-** | **-** | **85,492.10** |

* Based on the expected disbursals of the Company.

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**(20) Disclosure as per Circular no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 issued by Reserve Bank of India (RBI) dated March 13, 2020**

As on March 31, 2022

| Asset classification as per RBI Norms | Asset classification as per Ind AS 109 | Gross carrying amount as per Ind AS | Loss allowance as required under Ind AS 109 | Net carrying amount | Provisions as required under IRACP norms | Difference between Ind AS and IRACP norms |
|---|---|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| (a) Performing assets | | | | | | |
| *Standard* | Stage 1 | 1,13,739.16 | 4,805.07 | 1,08,934.09 | 1,899.82 | 2,905.25 |
| | Stage 2 | 4,216.27 | 2,507.21 | 1,709.06 | 16.91 | 2,490.30 |
| ***Subtotal*** | | **1,17,955.43** | **7,312.28** | **1,10,643.15** | **1,916.73** | **5,395.55** |
| | | | | | | |
| (b) Non performing assets (NPA) | | | | | | |
| *(i) Sub standard* | Stage 3 | 3,326.52 | 2,472.90 | 853.62 | 332.65 | 2,140.25 |
| *(ii) Doubtful* | | | | | | |
| Upto 1 year | Stage 3 | - | - | - | - | - |
| 1 to 3 years | Stage 3 | - | - | - | - | - |
| More than 3 years | Stage 3 | - | - | - | - | - |
| ***Subtotal for doubtful*** | | - | - | - | - | - |
| | | | | | | |
| *(iii) Loss* | Stage 3 | - | - | - | - | - |
| ***Subtotal (b)*** | | **3,326.52** | **2,472.90** | **853.62** | **332.65** | **2,140.25** |
| (c) Other items | Stage 1 | - | - | - | - | - |
| | Stage 2 | - | - | - | - | - |
| | Stage 3 | - | - | - | - | - |
| | Subtotal | - | - | - | - | - |
| Total (a+b+c) | Stage 1 | 1,13,739.16 | 4,805.07 | 1,08,934.09 | 1,899.82 | 2,905.25 |
| | Stage 2 | 4,216.27 | 2,507.21 | 1,709.06 | 16.91 | 2,490.30 |
| | Stage 3 | 3,326.52 | 2,472.90 | 853.62 | 332.65 | 2,140.25 |
| | Subtotal | **1,21,281.95** | **9,785.18** | **1,11,496.77** | **2,249.38** | **7,535.80** |

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Notes forming part of the Financial Statements

*(Amount in INR lakhs unless otherwise stated)*

**(20) Disclosure as per Circular no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 issued by Reserve Bank of India (RBI) dated March 13, 2020**

As on March 31, 2021

| Asset classification as per RBI Norms | Asset classification as per Ind AS 109 | Gross carrying amount as per Ind AS | Loss allowance as required under Ind AS 109 | Net carrying amount | Provisions as required under IRACP norms | Difference between Ind AS and IRACP norms |
|---|---|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| (a) Performing assets | | | | | | |
| *Standard* | Stage 1 & 2 | 64,903.31 | 2,026.95 | 62,876.36 | 1,578.75 | 448.20 |
| ***Subtotal*** | | **64,903.31** | **2,026.95** | **62,876.36** | **1,578.75** | **448.20** |
| | | | | | | |
| (b) Non performing assets (NPA) | | | | | | |
| *(i) Sub standard* | Stage 3 | 4,710.28 | 3,472.16 | 1,238.12 | 471.03 | 3,001.13 |
| *(ii) Doubtful* | | | | | | |
| Upto 1 year | Stage 3 | - | - | - | - | - |
| 1 to 3 years | Stage 3 | - | - | - | - | - |
| More than 3 years | Stage 3 | - | - | - | - | - |
| ***Subtotal for doubtful*** | | - | - | - | - | - |
| | | | | | | |
| *(iii) Loss* | Stage 3 | - | - | - | - | - |
| ***Subtotal (b)*** | | **4,710.28** | **3,472.16** | **1,238.12** | **471.03** | **3,001.13** |
| (c) Other items | Stage 1 & 2 | - | - | - | - | - |
| | Stage 3 | - | - | - | - | - |
| | Subtotal | - | - | - | - | - |
| Total (a+b+c) | Stage 1 & 2 | 64,903.31 | 2,026.95 | 62,876.36 | 1,578.75 | 448.20 |
| | Stage 3 | 4,710.28 | 3,472.16 | 1,238.12 | 471.03 | 3,001.13 |
| | Subtotal | **69,613.59** | **5,499.11** | **64,114.48** | **2,049.78** | **3,449.33** |

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**(21) Disclosures pursuant to RBI Notification - RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 6, 2020 (Resolution 1.0) & RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated May 5, 2021 (Resolution 2.0):**

| Type of Borrower | Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of the previous half-year (A) # | Of (A), aggregate debt that slipped into NPA during the half-year | Of (A) amount written off during the half-year | Of (A) amount paid by the borrowers during the half-year | Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of this half-year |
|---|---|---|---|---|---|
| Personal loans | 14,522.66 | 5.30 | 1,619.51 | 963.51 | 11,934.35 |
| Corporate persons* | - | - | - | - | - |
| Of which, MSMEs | - | - | - | - | - |
| Others | - | - | - | - | - |
| **Total** | - | - | - | - | - |

* As defined in Section 3(7) of the insolvency and Bankruptcy Code, 2016

\# Previous half-year ended September 30, 2021.

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*(Amount in INR lakhs unless otherwise stated)*

(22) Disclosure on accounts subjected to restructuring for the year ended March 31, 2022

(Amount in INR lakhs)

| Sl. No. | Type of Restructuring → / Asset Classification → / Details ↓ | | Under CDR Mechanism | | | | | Under SME Debt Restructuring Mechanism | | | | | Others | | | | | Total | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Standard | Sub-standard | Doubtful | Loss | Total | Standard | Sub-standard | Doubtful | Loss | Total | Standard | Sub-standard | Doubtful | Loss | Total | Standard | Sub-standard | Doubtful | Loss | Total |
| 1 | Restructured Accounts as on April 1 of the FY (opening figures) | No. of borrowers | - | - | - | - | - | - | - | - | - | - | 56 | 45,643 | - | - | 45,699 | 56 | 45,643 | - | - | 45,699 |
| | | Amount outstanding | - | - | - | - | - | - | - | - | - | - | 5.35 | 1,299.34 | - | - | 1,304.69 | 5.35 | 1,299.34 | - | - | 1,304.69 |
| | | Provision thereon | - | - | - | - | - | - | - | - | - | - | 0.80 | 337.24 | - | - | 338.04 | 0.80 | 337.24 | - | - | 338.04 |
| 2 | Fresh restructuring during the year | No. of borrowers | - | - | - | - | - | - | - | - | - | - | - | - | - | 6,208 | 6,208 | - | - | - | 6,208 | 6,208 |
| | | Amount outstanding | - | - | - | - | - | - | - | - | - | - | - | - | - | 369.87 | 369.87 | - | - | - | 369.87 | 369.87 |
| | | Provision thereon | - | - | - | - | - | - | - | - | - | - | - | - | - | 184.93 | 184.93 | - | - | - | 184.93 | 184.93 |
| 3 | Upgradations to restructured standard category during the FY | No. of borrowers | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | | Amount outstanding | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | | Provision thereon | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Downgradations of restructured accounts during the FY | No. of borrowers | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | | Amount outstanding | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | | Provision thereon | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Write-offs/ Recovery/ Sale of restructured accounts during the FY | No. of borrowers | - | - | - | - | - | - | - | - | - | - | 56 | 45,643 | - | 6,208 | 51,907 | 56 | 45,643 | - | 6,208 | 51,907 |
| | | Amount outstanding | - | - | - | - | - | - | - | - | - | - | 5.35 | 1,299.34 | - | 369.87 | 1,674.56 | 5.35 | 1,299.34 | - | 369.87 | 1,674.56 |
| | | Provision thereon | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Restructured Accounts as on March 31 of the FY (closing figures) | No. of borrowers | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | | Amount outstanding | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | | Provision thereon | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

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Notes forming part of the Financial Statements

*(Amount in INR lakhs unless otherwise stated)*

(23) Others

(a) Disclosure relating to Securitization:
There are no such transactions during the current year and previous year.

(b) Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction:
There are no such transactions during the current year and previous year.

(c) Details of Assignment transactions undertaken by applicable NBFCs:
There are no such transactions during the current year and previous year.

(d) Details of non-performing financial assets purchased / sold - Not Applicable:
There are no such transactions during the current year and previous year.

(e) Exposure to Real estate sector:
There are no such transactions during the current year and previous year.

(f) Exposure to Capital market:
There are no such transactions during the current year and previous year.

(g) Details of financing of parent company products:
There are no such transactions during the current year and previous year.

(h) Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the applicable NBFC - Nil.

(i) Registration obtained from other financial sector regulators - None.

(j) Disclosure of Penalties imposed by RBI and other regulators - None.

(k) Remuneration of non executive directors - INR 14.40 Lakhs.

(l) There are no prior period items in the current year. The Financial Statements for the current year have been prepared in accordance with Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

(m) There is no postponement of revenue recognition during the year which is subjected to resolution of significant uncertainties.

(n) Draw Down from Reserves:
There has been no draw down from reserves during the year.

(o) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad):
There are no overseas assets owned by the Company.

(p) Off-balance Sheet SPVs sponsored:
There are no off-balance sheet SPVs sponsored.

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