KINARA CAPITAL

ANNUAL REPORT FY21-22

CELEBRATING 10TH ANNIVERSARY

2011 2021

KINARA CAPITAL

· FUNDING YOUR FUTURE ·

INDEX

EMBARKING ON A NEW DECADE OF GROWTH

India embodies *Resilience*

Over the past several decades, India is the world's fastest growing major economy. India has evolved to become a potential superpower, and now advancing towards the milestone of becoming a $5 trillion economy.

India's entrepreneur embodies *Resilience*

They know what it takes to have a dream and work tirelessly to achieve it. The entrepreneurial spirit is unconquerable and only grows stronger in the face of adversity. Across the country, more than 60 million micro-small-medium enterprises (MSMEs) inhabit every corner and are the heart of the local communities. They provide employment to over 120 million people and help families build better lives for themselves. Entrepreneurs foster innovation and invented *jugaad* that keeps the great Indian engine running.

RESILIENCE

Kinara embodies *Resilience*

In 2021, Kinara Capital marked its 10th year anniversary of driving financial inclusion of MSMEs. Despite many challenges, Kinara Capital has stayed on its mission to help small business entrepreneurs in India.

Kinara has deftly combined technology and digital processes with personalized customer service to issue over 70,000 collateral-free business loans to date.

At Kinara, we have assembled a group of dynamic and dedicated people who bring hard work and innovation to the table.

The sheer resilience of the small business entrepreneurs powers Kinara's commitment to support their efforts towards achieving business growth. The secondary impact of fortifying entrepreneurial efforts is creating local economy jobs, generating income, and driving economic growth in India.

With the journey of a decade behind us, Kinara Capital has just begun.

We have many more milestones to reach and success stories to write to fully realize our vision of a financially inclusive world.

ABOUT KINARA CAPITAL

Kinara Capital is a fast-growing MSME fintech propelling financial inclusion of small business entrepreneurs in India. With its myKinara App, **Kinara Capital is revolutionizing the business growth of MSMEs** by making collateral-free formal credit accessible within 24-hours. Kinara has disbursed over INR 3,000 crores and issued more than 70,000 loans to date across MSME sectors of Manufacturing, Trading, and Services. The social impact of the company's financial inclusion work has led to an incremental income generation of INR 700 crores for the small business entrepreneurs, and led to more than 250,000 jobs created or sustained in local economies.

Established in 2011 by Founder & CEO Hardika Shah, Kinara Capital **is proud to be led by a women-majority management team**. Qualified as a Non-Deposit Taking Systemically Important NBFC by the Reserve Bank of India (RBI), Kinara Capital is a debt-listed entity on the Bombay Stock Exchange (BSE). Headquartered in Bangalore, Kinara Capital has 110 branches across 90+ cities in India.

MISSION

Kinara Capital transforms lives, livelihoods and local economies by providing fast and flexible loans without collateral to small business entrepreneurs in India.

VISION

Kinara Capital envisions a financially inclusive world where every entrepreneur has equal access to capital.

CORE VALUES

IMPACT

We are here to support our customers in every way possible. Our customer's growth directly impacts our growth.

INITIATE

We are self-starters. We get things done now, not later.

INTEGRITY

We are ethical. We think about the greater good and will not violate any law for personal growth.

INSPIRE

We are passionate about our purpose. Our actions will encourage others to be authentic and transparent.

INCLUSIVE

We are one people. We do not discriminate on the basis of gender, religion, or any earthly descriptions.

LETTER FROM THE FOUNDER & CEO

Dear All,

It is a pleasure and privilege for me to present to you the Annual Report for FY22.

Kinara Capital turned 10 this year! It all began with an idea to make formal credit accessible to micro and small business entrepreneurs. By giving up everything for this new start, I launched Kinara with a handful of people working from a home office in Bangalore.

That first idea which merged into a successful pilot has transformed Kinara Capital into a leading fintech company globally recognized for our innovations in SME financial inclusion. In the past decade, we have disbursed over INR 3,000 crores to micro and small business entrepreneurs in collateral-free business loans to power their growth.

Today, we are running out of space in our Bangalore Head Office and planning to add new branches for our 1,300+ strong workforce, all committed to our mission of financial inclusion. And, I am immensely proud of leading with a women-majority management team as well as building an inclusive environment for all at Kinara, be it for people from any background or religion, differently-abled people, or from LGBTQ+ community.

When I look back at the road that we have travelled so far, we feel rewarded to see that many of our customers' businesses grew as our business has grown. I derive great delight in the knowledge that 250,000 local economy jobs have been supported as a result of the loans provided and entrepreneurs have seen an incremental income generation of INR 700 crores.

The past couple of years have been incredibly testing but they have also been transformative. First, by being fully tech-ready and to have maintained our profitability despite the ongoing pandemic has proven the value of our business model and our sustainable approach to growth. Second, we took the time to continue innovating.

As we weathered the challenges presented by the pandemic, we took the opportunity to consumerize our technology and introduced our multilingual myKinara App with the ability of going from loan eligibility-to-disbursement in 24-hours.

We have continued to digitize our processes at every step without compromising on our quality customer service and our core values as a social impact company. On the advent of a new year, we are encouraged with new equity investment in a round led by Nuveen, with participation from Triple Jump.

We plan to open 15 additional branches in the coming new year, expand our HerVikas program for women business entrepreneurs and continue to further improve our technology to provide faster access. Looking back, all the milestones we have crossed to reach here today have emboldened us to look ahead to support thousands upon thousands of micro and small business entrepreneurs in India.

One of my favorite poets, Maya Angelou says "Develop enough courage so that you can stand up for yourself and then stand up for somebody else".

I started Kinara because I believe in creating a financially inclusive world for micro and small businesses. It is the entrepreneurial innovation that I wish to stand up for and our customers motivate us to continue expanding Kinara.

However, I have not been alone in taking Kinara Capital into its new decade of growth. I would especially like to acknowledge every employee and every investor, lender, and partner across the country and the world, who has been with us on our journey so far; it is their effort and dedication that has made it all possible. I would also like to thank the members of the Board for their timely guidance and constant support.

As we continue to build an inclusive and equal opportunity environment for all, I take this opportunity to thank you all on behalf of Kinara Capital.

Thank You!

Sincerely,

Hardika Shah

OUR PERFORMANCE FOR THE YEAR

Key Highlights for FY22

AUM	Net Interest Income	Profit	Total Assets
40% ▲	31% ▲	95% ▲	29% ▲
1,268 Cr.	161 Cr.	15 Cr.	1,460 Cr.

Loans Disbursement	HerVikas AUM	HerVikas Disbursement
73% ▲	214% ▲	223% ▲
793 Cr.	137 Cr.	113 Cr.

MSME Loans Disbursed	9,883
Total Active Customers	25,330
Customer Net Promoter Score (NPS)	96.4%
HerVikas MSME Loans Disbursed	1,073
Total Branches	110

Serving 3000+ Pincodes in 90+ Cities

CUSTOMER *Snapshot*

Mohammad Pasha

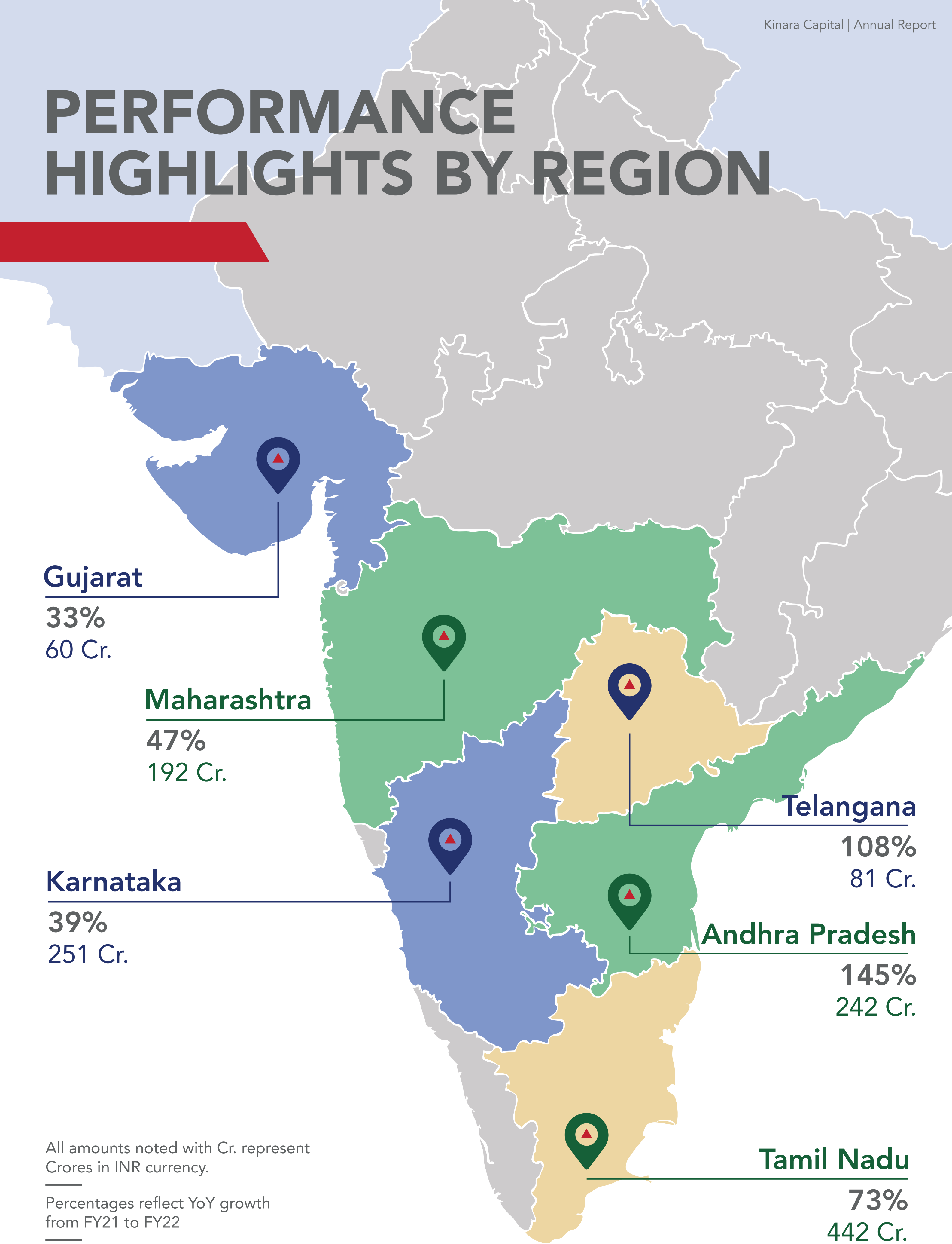
Zam Zam Enterprises

"My monthly turnover increased by 5 times. Kinara's faith in an entrepreneur's acumen rather than just asking for collateral helped me improve my business and lifestyle."

All amounts noted with Cr. represent Crores in INR currency.

Percentages reflect YoY growth from FY21 to FY22

PERFORMANCE HIGHLIGHTS BY REGION



All amounts noted with Cr. represent Crores in INR currency.

Percentages reflect YoY growth from FY21 to FY22

AUM by State as of FY22

HUB LOCATIONS

Karnataka

Belgaum
Davanagere
Dharwad
New Hubli
Sankeshwar
Shivamogga
Bommasandra
Hassan
Mysore
Nagarabhavi
Thalaghattapura
Adarsh Nagar
Bellary
Bidar
Hospet
Raichur
Vijayapura
Doddaballapura
KR Puram
Peenya
Rajajinagar
Tumkur
Yelahanka

Maharashtra

Andheri
Vasai
Ichalkaranji
Kagal
Sangli
Satara
Shiroli
Solapur
Ambernath
Dombivli
Sonale
Thane
Kurla
Mahape
Ambad
Aurangabad
Dapodi
Katraj
Kharadi
Moshi
Sarda Circle

Tamil Nadu

Ambattur
Kanchipuram
Padi
Perambur
Poonamallee
Tambaram
Vadapalani
Vellore
Dindigul
Grey town
Karur
Pollachi
Singanallur
Theni
Tiruppur
Arappalayam
Sellur
Sivakasi
Thoothukudi
Tirunelveli
Virudhunagar
Attur
Erode
Hosur
Steel City
Tharamangalam
Tiruchengodu
Kumbakonam
Panruti
Pondicherry
Pudukkotai
Thanjavur
Thillai Nagar

Andhra Pradesh

Bhavanipuram
Bhimavaram
Guntur
Narasaraopet
Vijayawada
Anantapur
Kurnool
Nandyal
Nellore
Proddatur
Tirupati
Dwaraka Nagar
Gajuwaka
Kakinada
Rajahmundry
Srikakulam
Vizianagaram

Telangana

Karimnagar
Khammam
LB Nagar
Prashanth Nagar
Secunderabad
Serilingampally
Warangal

Gujarat

Jamnagar
Odhav
Rajkot
Ankleshwar
Bhavnagar
Pandesara
Vadodara
Vapi
Shahibag

Sushant Dipak Mudagal

Shri Gajanan Industries

City and state:
Maharashtra

Sector business:
Auto Components

Customer since:
2018

No. of loans availed:
4 (1st & 2nd loan of INR 4 lakhs each, 3rd loan of INR 1.2 lakhs, 4th loan of INR 5.4 lakhs)

Growth in business:
Added 11 employees and more than doubled his turnover from INR 15 lakhs to INR 36 lakhs

> *"The two loans from Kinara have helped stabilize my business and boost my growth. I'll always be grateful to them."*

CUSTOMER SPOTLIGHT

Sushant Dipak Mudagal started his precision auto parts manufacturing business in 2015, and given the high demand for the products in the industry, he soon started getting more orders than he could handle. He quickly realized that he needed funding to bolster his production capacity if he wanted to capitalize on this niche market.

However, even though he had painstakingly assembled all the necessary documents, every bank and financing company he approached for a loan turned him away. As he suffered through the predicament that numerous MSME entrepreneurs in India face, someone recommended Kinara Capital to him.

He approached the Kinara representatives with his file and was immediately approved for a loan after a quick visit to his business. He used the amount to add two much-needed machines, and then his growth took off. After he added the machinery, his turnover increased and he was able to handle the increasing volume of orders he started receiving.

A couple of years later, he needed another loan to expand my business further, and this time he approached Kinara without a second thought and got the capital right away.

The two loans have helped him stabilize and grow his business. He has been able to more than double his turnover and employ 11 additional employees. Kinara's support has been instrumental in helping this small business entrepreneur run his company profitably, as well as create job opportunities for others in his community.

LIST OF ACTIVE EQUITY INVESTORS AND LENDERS
as on 31st March, 2022

Equity Investors

Financial Institution

Small Industries Development Bank of India (SIDBI)

Banks

ESAF Small Finance Bank

IDFC FIRST Bank Limited

IndusInd Bank Limited

Ujjivan Small Finance Bank Limited

Yes Bank Ltd

Impact Investors (Foreign Portfolio Investors)

BlueOrchard Finance Ltd.

IIV Mikrofinanzfonds

ResponsAbility India

Symbiotics

Triple Jump

WLB Asset II B Pte Ltd (IIX)

Alternate Investment Fund (AIF)

IFMR FImpact Long Term Multi Asset Class Fund

Unifi AIF

Vivriti Emerging Corporate Bond Fund

Non-Banking Financial Companies (NBFCs)

Caspian Impact Investments Private Limited

Cholamandalam Investment and Finance Company Ltd.

Eclear Leasing & Finance Pvt. Ltd.

Electronica Finance Limited

Hinduja Leyland Finance Limited

InCred Financial Services Limited

Karvy Capital Limited

Kisetsu Saison Finance (India) Private Limited

Maanaveeya Development & Finance Private Limited

MAS Financial Services Limited

Moneywise Financial Services Private Limited

Nabkisan Finance Limited

Nabsamruddhi Finance Limited

Northern Arc Capital Limited

Northern Arc Money Market Alpha Trust

OXYZO Financial Services Private Limited

Poonawalla Fincorp Limited

Profectus Capital Private Limited

Vivriti Capital Private Limited

Western Capital Advisors Pvt Ltd.

LETTER FROM THE COO

As we crossed the 10-year mark as a company, I am so proud and happy with what we have built over the years. I am honoured to have played a critical role firsthand in the evolution of Kinara since its inception. From being there at the very first customer loan disbursement to crossing an AUM of INR 1,000 crores today has been no small feat. We have gone from operating out of one branch to expanding to 110 branches across 90+ cities, and servicing over 40,000 customers across all MSME sectors.

Kinara is a whole made up of many parts, and perhaps the most important driving force behind all our growth and success are our people - our Team Kinara! Today, we have more than 1300+ employees!

Our connection and investment with our borrowers took center stage during the Covid-19 pandemic and its aftermath. The MSME sector took an enormous hit, and in the wake of the crisis, many small business entrepreneurs struggled to keep their companies afloat. We helped our customers at each step of the way by supporting government relief measures such as the Loan Moratorium and providing funds via Emergency Credit Line Guarantee Scheme (ECLGS). Despite the setback that the Covid-19 pandemic and its aftermath presented, we weathered the storm and this is a collective outcome of bulletproof strategy, customer loyalty, and perhaps most importantly, the dedication of Team Kinara.

As a fintech, we have been fully digital and paperless from our initial days in terms of processing our loans and collections. During the pandemic, we have invested a lot and used data and technology in implementing automated loan decisions and smart collections through different AI/ML backed data science models. Also, as a customer-centric organisation, we have innovated different new products as per the customer needs, such as Short-Term Working Capital Loans (STL) and Loan Against Property (LAP).

The other part of this is ensuring that the Client Protection Principles are maintained across the board, from complete transparency to fair and favorable sales and collections practices. This is all the more important when servicing the last-mile MSME sector, since our customers are among those most vulnerable to predatory practices in the industry. We go out of our way to ensure that each member of our team understands that we're here to strive towards a greater goal, driving financial inclusion and growth for small business entrepreneurs.

As a socially responsible Fintech, we stand at the crux of driving transformative initiatives for small businesses in the country, and we don't take that responsibility lightly. As our customers have become more digitally savvy, and we have adopted more tech-based solutions, this responsibility has expanded to include factors like data protection and digital best practices as well. Our officers are not only thoroughly trained in the processes involved in loan processing and recovery, but also in the art of personalised customer service. We believe in establishing individual connections with our customers, backed up by technological innovation to provide the best possible outcomes to them. The rest follows naturally.

Going forward, our mission of driving growth and financial inclusion for small business entrepreneurs will be central to our plans for expansion and sustainable growth. We will also keep striving to maintain transparency and inclusivity at the workplace, so that each individual that makes up Team Kinara has the opportunity to grow and flourish. Together, we can ensure the best outcomes for everyone invested in the values that Kinara stands for.

Thank You,

Thiru R

BEFORE

R. RAMESH KUMAR

Sigma CNC Products

City and state:
Hosur, Tamil Nadu

Sector business:
Auto components manufacturing

Customer since:
2011

Growth in business:
His business has grown by 30 times in 10 years

> *As a vintage Kinara customer for the last 10 years, I can describe my life as Before Kinara and After Kinara! We have seen 30 times the growth and Kinara has helped my suppliers too.*

Being able to create long-term customer relationships and connected growth journeys is our ultimate goal as a socially responsible organization dedicated to driving impact.

In 2004, Tamil Nadu-based Elaiyaraja P founded Sigma CNC Products and Ramesh joined hands with him soon after. As a tiny 1-machine operation that makes auto components, they struggled until 2010 but kept the business afloat somehow.

In a life-changing coincidence, as Kinara Capital began its journey in 2011, Sigma CNC was one of the first customers to be approached and granted a collateral-free business loan of INR 3 lakhs. In fact, the company's COO Thiru R personally handed over the cheque to Elaiyaraja, and there has been no looking back for Sigma or Kinara ever since.

Ramesh likes to say that his life can be divided into two phases – his life '*Before Kinara*' and '*After Kinara*' – with Kinara's help, they quickly improved and expanded their business to become an established name in the highly competitive auto parts manufacturing market. Today, they have expanded their operations to multiple machines and opened another business location.

Ramesh says he has seen their business grow by 30x and this has meant financial security for their families as well. One of the reasons for this is the speed at which Kinara can help small scale industries. While banks can take more than 30-45 days, Kinara Capital has disbursed the required capital within a week, and now disburses within a day with the myKinara App. Sigma CNC has a network of 45 suppliers who they also brought into the fold and many of them received support from Kinara Capital as well.

In the course of our 10-year journey, Kinara Capital has acquired a long list of small business entrepreneurs who return for additional business capital needs. **Sigma CNC is perhaps the best example of this phenomenon, having taken over 50 loans from Kinara Capital and growing their business in parallel to Kinara's growth over the last decade!**

AFTER

HerVikas

Extending our commitment to women entrepreneurs

In 2020, Kinara Capital launched the HerVikas program to empower MSME women entrepreneurs in India. We made an initial public commitment of disbursing INR 100 crores, and we are proud to share that HerVikas customers today constitute nearly 11% of our portfolio.

In 2021, we doubled our commitment, bringing the total to INR 300 crores designated for Her Vikas business loans for MSME women entrepreneurs.

CUSTOMER *Snapshot*

I AM A PROUD HERVIKAS BUSINESS WOMAN!

Geetha V

AA Electricals

"Kinara trusted my business potential even though I had no collateral to offer. Now, I am a HerVikas business woman."

As difficult as it is for small business entrepreneurs in India to get formal financing, it's that much harder for women entrepreneurs to access capital, made particularly challenging as less than 15% of women in India own land that they can leverage to secure financing. Women entrepreneurs are also held back by societal biases which keep them from succeeding as business owners. 90% of women entrepreneurs in India have to rely on informal sources of funding.

HerVikas has been empowering women entrepreneurs by providing them with an upfront discount on collateral-free loans without requiring a separate application or additional documentation. It is also driving a systemic change with AI/ML data-driven processes, which remove human intervention and gender bias from the credit decisioning process. At the front end, Kinara officers are trained to treat each individual woman entrepreneur as a business owner in her own right without asking biased questions about the involvement or presence of a male relative.

Driving financial inclusion of women entrepreneurs in India has a multifold impact on the betterment of families and communities, and leads to the creation of safe working places and new opportunities for other women. Women are known to spend the majority of their earnings on nutrition, education and family care, which also results in the improvement of living standards.

Kinara Capital saw the enormity of the hurdle that the lack of access to financing posed for women entrepreneurs and came up with the unique HerVikas program to provide an upfront discount on collateral-free business loans for women-owned MSMEs.

We're proud of the success and impact of HerVikas and will continue to support women entrepreneurs in transforming their businesses and lives.

CUSTOMER *Snapshot*

Durga Madduru

Sri Sai Bangles and Cloth Stores

"Kinara has supported us at every step of the way. Their quick loan disbursal helped me buy new stock on time and generate great revenues."

OUR ESG COMMITMENT

In 2021, Kinara Capital passed all requirements of the due diligence process and was awarded with **Smart Campaign certification**. Subsequently, SPTF+Cerise determined Kinara Capital qualifies for its **Gold Certification in Client Protection Pathway**.

Additionally, Kinara Capital conducted an independent social impact assessment by international agency **MicroFinanza Rating (MFR)** and received the second-highest ranking of **A-** for demonstrating good social performance management and client protection systems.

As a social impact organization, Kinara Capital is in compliance with the following notable international standards and client protection principles.

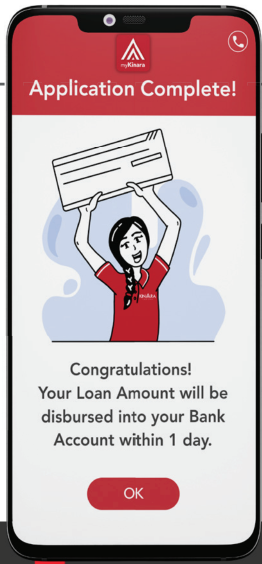
Proud to introduce ace cricketing champion Ravindra Jadeja as our Brand Ambassador

Cricket is a unifying sport in India cutting across state and cultural lines.

Self-made champion **Ravindra Jadeja** rose from a humble background to captivate India's cricket-loving audience. As a rising star on the international cricket scene, he holds a strong appeal with our customer audience across all different regions.

Knowing the value of how one opportunity can change the course of your life, Jadeja was thrilled to learn about Kinara Capital and represents us with much passion. The tenacity to give his all in every cricket match resonates with the determined spirit of the everyday entrepreneur.

Jadeja has added much star-powered credibility to our brand, and has been a critical gamechanger in sourcing digital leads for myKinara App.

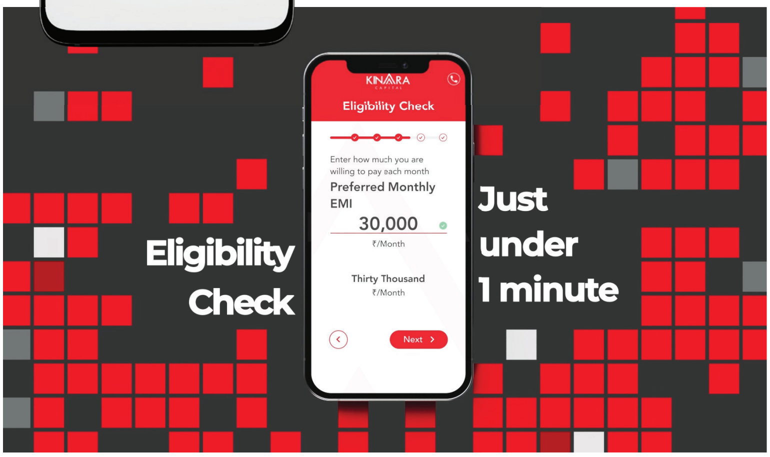


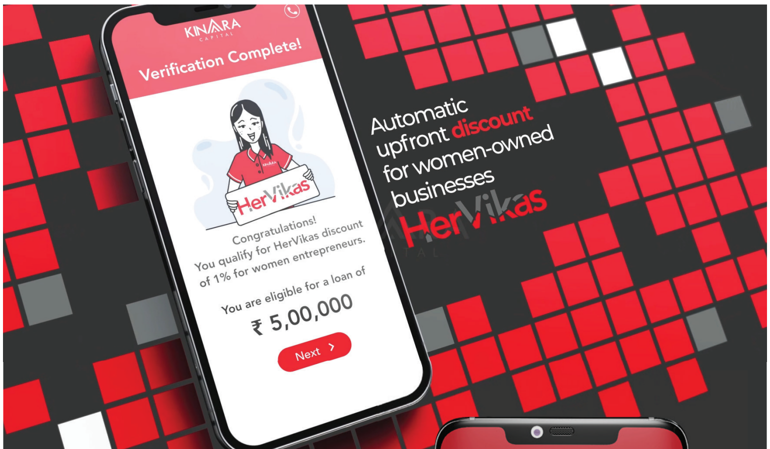
The *myKinara App* puts the power at the fingertips of small business entrepreneurs to securely apply and receive collateral-free business loans digitally within 24-hours turnaround time.

By leveraging Kinara's proprietary data-driven AI/ML-based credit decisioning, the myKinara App extends financial inclusion digitally by enabling small business entrepreneurs to create a self-directed loan application journey.

With 1-minute Eligibility Check, fast decisioning-to-disbursement process and multilingual options, the myKinara App has simplified access to formal credit for MSMEs.

With its simple 3-step process, the myKinara App is a first of its kind in the unsecured MSME business lending space.





Preeti Khanvilkar

Maratha Spice & More

City and state:
Vadodara, Gujarat

Sector business:
Restaurant

Customer since:
2014

No. of loans availed:
1 (INR 85,000)

Growth in business:
She was able to buy the equipment she needed and keep her customer base growing.

> *"With Kinara, everything from paperwork to processing got done in a matter of 4 to 5 days, and my loan was disbursed!"*

CUSTOMER SPOTLIGHT

Small, family-run eateries have a charm of their own. The owners often engage with the customers on a personal level, and you can always be sure that they will ensure that the freshest ingredients and most delicious home-style cooking come together to provide the best experience. All of this belies the real struggle that small business owners often face when running their restaurants, which have to tread the delicate line between serving the customers well, and staying afloat in a highly competitive market.

The story of Preeti Khanvilkar, who runs Maratha's Spices & More in Vadodara, Gujarat, is the story of a restaurant owner who wanted to ensure she gave the best food and services to her clients, but found financing to be a hurdle she had to overcome. She always dreamt of opening her own little restaurant, and that dream came true when she was able to launch the eatery. But even as she got the business off the ground, Preeti started noticing some gaps that needed to be filled. She desperately needed a fridge to keep serving up fresh and delicious food to the growing number of customers that came to her restaurant. However, a fridge that can service a restaurant kitchen is a significant investment, and with her fledgling business, she simply didn't have the profit margins to bear the expense. She approached several lenders looking for a loan to finance the appliances the restaurant needed, but she was turned down each time.

Eventually, she came across Kinara Capital and quickly realized that it was the break that she had been looking for. Everything from paperwork to processing got done in a matter of days, and her loan was disbursed quicker than she could expect any bank to do it. What's more, she had an extremely positive experience with the Kinara officers, right up to the managers, forging a bond that has helped her keep growing her business.

With just a little financing support from Kinara, Preeti was able to afford the fridge and fund other expenses to keep her business growing. Preeti is a shining example of the wonders HerVikas can bring about in the life of a woman entrepreneur, and we hope to effect such amazing changes in the lives of hundreds of others with our renewed commitment to the scheme, by disbursing INR 200 crores within the next financial year.

NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTY SIXTH ANNUAL GENERAL MEETING OF THE MEMBERS OF VISAGE HOLDINGS AND FINANCE PRIVATE LIMITED WILL BE HELD ON FRIDAY, 30TH DAY OF SEPTEMBER, 2022 AT THE REGISTERED OFFICE OF THE COMPANY AT #50, 2ND FLOOR, HAL 2ND STAGE, 100 FEET ROAD, INDIRANAGAR, BENGALURU, KARNATAKA-560038 AT 10:00 A.M. TO TRANSACT THE FOLLOWING BUSINESSES:

Ordinary Business :

1. **To receive, consider and adopt the Audited Financial Statements of the company for the year ended March 31, 2022 including Balance Sheet, Statement of Profit and Loss, Cash flow statement and Notes thereon, for the year ended on that date and the Reports of the Board and the Auditors thereon.**

2. **To appoint the Statutory Auditors of the Company**
   To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 139, 141 and other applicable provisions, if any, of the Companies Act, 2013 read with rules thereunder, (as maybe amended from time to time including any statutory modification(s) or amendment(s) thereto or reenactment(s) thereof for the time being in force), the RBI Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs)(Ref.No.DoS.CO.ARG/ SEC.01/08.91.001/2021-22) dated April 27, 2021 and the Articles of Association of the Company, approval of the members be and is hereby accorded for the appointment of M/s. Nangia & Co. LLP, Chartered Accountants, (Firm Registration No.002391C/N500069) as Statutory Auditors of the Company for a period of 3 years from the conclusion of the Twenty Sixth Annual General Meeting till the conclusion of the Twenty Nineth Annual General Meeting of the Company, viz for the Financial Year ("FY") 2022-23 till FY 2024-2025, on such terms including but not limited to remuneration, reimbursement of expenses (if any) as approved and determined by the Board of Directors of the Company.

   RESOLVED FURTHER THAT the Board of Directors of the Company, including any Committee thereof, be and are hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution including finalization the terms of engagement for the said appointment."

By Order of the Board

Sutheja K.J.
Company Secretary

Date: September 07, 2022
Place: Bangalore

Notes :

1. Any member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and, on a poll, to vote there at instead of himself and the proxy need not be a member of the company.

2. Statement pursuant to Section 102 of the Companies Act, 2013, setting out material facts relating to the special businesses to be transacted at the Annual General Meeting is annexed hereto.

3. The Route map for the venue of the Meeting is given also annexed hereto.

Explanatory statement under section 102 of the Companies Act, 2013:

Item No: 2

The Board of Directors of the Company had appointed M/s. Haribhakti & Co. LLP, Chartered Accountants, as Statutory Auditors of the Company for auditing purpose from the FY 2021-22 till the FY 2023-24. However, owing to the ineligibility of continuing as Statutory Auditors and receipt of resignation letter dated May 14, 2022 from M/s. Haribhakti & Co. LLP and in order to fill the casual vacancy caused by such resignation, Nangia and Co. LLP, Chartered Accountants, were appointed as the new statutory auditors of the Company at its Extra- Ordinary General Meeting dated May 25, 2022 to hold office till the conclusion of next Annual General Meeting pursuant to the provisions of Section 139(8) of the Companies Act, 2013.

Further, Board of Directors at its meeting held on July 22, 2022 had recommended the appointment of M/s. Nangia & Co. LLP, Chartered Accountants, (Firm Registration No.002391C/N500069) as Statutory Auditors of the Company for a period of 3 years from the conclusion of the Twenty Sixth Annual General Meeting till the conclusion of the Twenty Nineth Annual General Meeting of the Company, for auditing purposes from the Financial Year (“FY”) 2022-23 till FY 2024-2025, on such terms including but not limited to remuneration, reimbursement of expenses (if any) as approved and determined by the Board of Directors of the Company. The company has obtained eligibility certificate and consent letter dated May 20, 2022 from Nangia & Co. LLP and has no past association with the Company as Statutory Auditors.

RBI in its Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021 (“RBI Guidelines”) stated that every non-deposit taking NBFCs having an asset size of INR 1,000 crores or more as on March 31, 2021 are required to change their auditors every 3 (three) years and that the Company shall not appoint any firm as Statutory Auditors which has been engaged with the Company for the past 1 (one) year. The RBI Guidelines is applicable for Financial Year 2021-22 and onwards in respect of appointment/reappointment of Statutory Auditors (“Auditors”).

M/s. Nangia & Co. LLP, Chartered Accountants, have further confirmed that they are not disqualified to be appointed as Statutory Auditors in terms of the provisions of the proviso to Section139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014 and as per RBI Guidelines.

Accordingly, the consent of the members is sought in connection with the appointment of Statutory Auditors and they are requested to authorize the Board to the terms of engagement for such appointment as stipulated above.

None of the Director's/Key Managerial Personnel's or their relatives are in any way interested in the proposed resolution.

Sutheja K.J.
Company Secretary

Date: September 07, 2022
Place: Bangalore

Form No. MGT-11
Proxy form

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: U74899KA1996PTC068587
Name of the Company: Visage Holdings and Finance Private Limited
Registered office: #50, 2nd Floor, 100 Feet Road, Hal 2nd Stage, Indiranagar, Bangalore-560038

Name of the member(s):
Registered Address:
E-mail ID:
Folio No/Client ID:
DP ID:

I/ We being the member of Visage Holdings and Finance Private Limited holding _________ shares, hereby appoint

Name:
Address:
E-mail Id:

Signature: ____________

as my proxy to attend and vote (on a poll) for me and on my behalf the Annual General Meeting of members of the Company, to be held on September 30, 2022 at #50, 2nd Floor, 100 Feet Road HAL 2nd Stage, Indiranagar Bangalore - 560038 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution :

1. To consider and adopt the Financial Statements for the year ended March 31, 2022 including Balance Sheet, Statement of Profit and Loss and Notes thereon, for the year ended on that date and the Reports of the Board and the Auditors thereon.

2. To appoint the Statutory Auditors of the Company

Affix Revenue Stamp

Signed this ______________ 2022

Signature of Shareholder:____________

Signature of Proxy holder(s):…

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, before the commencement of the Meeting.

Attendance Slip

Annual General Meeting

Date: ___________________

Regd. Folio No.____________________________

No. of Shares **Class A1 Equity Shares of INR 10 each.**

I Certify that I am a registered Shareholder/ Proxy for the Registered Shareholder of the Company.

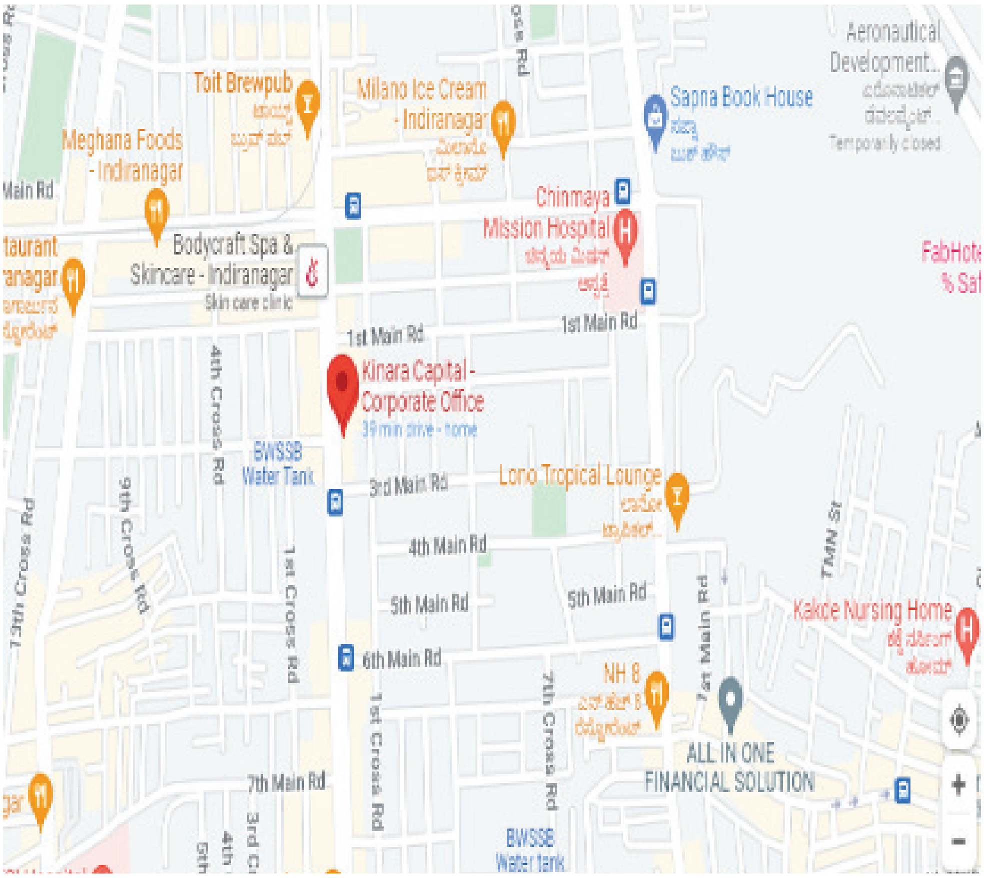
I hereby record my presence at the Annual General Meeting of the Company at the Company's registered office.

_____________________________ _____________________________

Member's/ Proxy's Name in Block Letters Member's/ Proxy's Signature

- -

Route Map for the meeting



BOARD OF DIRECTORS

Ranjit Shah

Non-Exec, Nominee Director, Gaja Capital

- Co-founder and managing partner, Gaja Capital
- 36+ years experience in consulting, financial services and PE
- MBA, Ross School of Business; B.Tech, IIT Bombay

Agustín Vitórica

Non-Exec, Nominee Director, GAWA Capital

- Co-founder and Co-CEO of GAWA Capital
- 20+ years of experience in VC & PE investments
- MBA, Kellogg School of Management

Geoff "Chester" Woolley

Non-Exec, Nominee Director, Patamar Capital

- Founding Partner of Dominion Ventures Inc. and Kreos Capital
- 25+ years of experience in PE investing
- MBA, University of Utah

BOARD OF DIRECTORS

Bhavna Thakur
Independent Director

- Head of Capital Markets & Exits, Everstone
- 20+ years experience, Corporate Finance, M&A, Capital Markets
- Masters (Law), Columbia University; BA LLB (Hons), National Law School Of India

Sunil Gulati
Independent Director

- Chairman, Merisis Advisors (boutique investment bank)
- 30+ years experience in banking industry
- MBA, IIM Ahmedabad; B.Tech, IIT Delhi

Ravi Pisharody
Independent Director

- 35+ years experience, across diverse industries
- Previously, Board of Tata Motors, as Head of Commercial Vehicles Unit
- MBA, IIM Calcutta; B.Tech, IIT Kharagpur

BOARD OF DIRECTORS

Rahil Rangwala

Non-Exec, Nominee Director, Michael & Susan Dell Foundation (MSDF)

- Director of the Family Economic Stability in India
- 20+ years experience
- Masters, NYU; Bachelors UT, Austin

Hardika Shah

Executive Director, Promoter & CEO (Founder)

- Founder and CEO of Kinara Capital
- 30+ years of experience in management consulting, financial services
- MBA, UC Berkeley Haas School of Business & Columbia Business School; B.A. in Computer Science, Knox College, Illinois

Thirunavukkarasu R

Executive Director, Chief Operating Officer (COO)

- COO of Kinara Capital
- 22+ years of experience in Financial Services
- B.E. in Agriculture from Tamil Nadu Agricultural University (TNAU); Completion of Social Entrepreneurship Accelerator Program at Santa Clara University, California

BOARD'S REPORT

Dear Members
Your Directors have pleasure in presenting their Twenty Sixth Annual Report together with the audited statements of Accounts for the period ended 31st March 2022.

1. The Financial Summary or Highlights:

The highlights of the Financial Statements of the Company for the Financial Years 2021-2022 and 2020-2021 are as under:

(INR in Lakhs)

Particulars	Year Ended 31-03-2022	Year Ended 31-03-2021
Revenue from operations	28,500.68	23,277.61
Other income	425.37	318.67
Total Revenues	28,926.05	23,596.28
Employee Benefit Expenses	6,571.70	4,714.45
Finance Costs	11,691.42	10,015.61
Depreciation, amortization & impairment	629.09	598.79
Impairment of financial instruments	4,223.02	4,348.47
Other Expenses	3,939.91	2,842.42
Total Expenses	27,055.14	22,519.74
Profit/ Loss before Tax	1,870.91	1,076.54
Tax Expenses	411.72	328.79
Profit of the year after Tax	1,459.19	747.75
Total Comprehensive Income	1,390.40	739.79
Transfer to Reserves	291.84	149.55
Less: Dividend paid on Equity Shares	-	-
Less: Dividend paid on Preference Shares	-	-
Less: Dividend Distribution Tax	-	-
Balance carried forward	1,098.56	590.24

During the year under review the Company has obtained funding lines from various banks and NBFCs in the form of term loans, external commercial borrowings and commercial paper. Further, the Company has access to funds from capital markets through non-convertible debentures. The Company also manages liquidity by raising funds through Securitisation/assignment transactions. The company has a diversified portfolio of lenders across sectors and segments.

Further, the Company's ALM has always been positive ensuring that there is no negative mis-matches in meeting obligations.

The Company has been duly servicing its debt obligations, maintains a healthy capital adequacy ratio and has adequate capital and financial resources to run its business. The company stress tested its ALM position and observed that the Company does not have a cumulative negative mismatch up till 12 months from the balance sheet date.

Below is a representation of Stage 3 and PAR numbers:

Reconciliation between Stage 3 assets and Portfolio at Risk account wise (90+ Bucket)	**As at 31 March 2022**	**As at 31 March 2021**
Stage 3 assets as at	**8,760.15**	**9,085.66**
Adjustment required as per Ind AS 109	(1,427.48)	(1,054.28)
Significant increase in credit risk trigger due to restructures within as per the provisions of the RBI Circular [DOR.No.BP.BC/4/21.04.048/2020-21] dated 06 August 2020 (as amended from time to time) on Restructuring of advances given to Micro, Small and Medium	-	(3,139.25)
Significant increase in credit risk trigger due to restructures	(688.48)	(73.62)
Borrowers with other loans in 90+ Bucket	(634.51)	(393.69)
CGTMSE Claim received	777.56	97.15
Portfolio at Risk account wise (90+ Bucket) *	**6,787.24**	**4,521.97**

*Portfolio at Risk account wise (90+ Bucket) represents principal outstanding on the accounts that are more than 90 days past due.

During the Financial Year 2021-22, the Company has disbursed INR 79,293.62 Lakhs as compared to INR 45,912.26 Lakhs in previous year. The Company has grown its Assets Under Management ("AUM") from INR 90,324.91 Lakhs in March, 2021 to INR 1,26,784.17 Lakhs in March, 2022. The net worth increased from INR 23,084.50 Lakhs in March,2021 to INR 24,530.68 Lakhs in March,2022 and total comprehensive income increased from INR 739.79 Lakhs in March,2021 to INR 1,390.40 Lakhs in March,2022.

2. Dividend:

Your Directors do not recommend any dividend for the year under review.

3. Transfer to Reserves:

Pursuant to Section 45-IC of Reserve Bank of India Act, INR 291.84 Lakhs was transferred to statutory reserves.

In terms of the requirement as per RBI notification no. RBI/2019-20/170 DOR(NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March, 2020 on Implementation of Indian Accounting Standards, Non-Banking Financial Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income Recognition, Asset Classification and Provisioning (IRACP) norms (including provision on standard assets). The impairment allowances under Ind AS 109 made by the Company exceeds the total provision required under IRACP (including standard asset provisioning) as at 31 March, 2022 and accordingly, no amount is required to be transferred to impairment reserve.

4. Change in Nature of Business:

During the year, there was no change in the nature of business of the Company

5. Management Discussion and Analysis:

A detailed analysis of the Company's performance is discussed in the Management Discussion and Analysis, which forms an integral part of this Annual Report as Annexure IV.

6. Material Changes and Commitments, if any Affecting the Financial Position of the Company which have occurred between the end of the Financial Year of the Company to which the Financial Statement relate and the Date of the Report:

Vide the Extraordinary General Meeting dated April 8, 2022 the Company had issued 23,37,717 Class A1 Equity shares of the Company to Nuveen Global Impact Fund India S.À R.L and 9,03,103 Class A1 Equity shares of the Company to Pettelaar Effectenbewaarbedrijf N.V., aggregating to 32,40,820 (Thirty-Two Lakhs Forty Thousand Eight Hundred and Twenty) Class A1 Equity Shares of INR 10/- (Indian Rupees Ten only) at a premium of INR 632.23 (Indian Rupees Six Hundred And Thirty Two decimal point Two Three only) by way of private placement basis. In furtherance to the same, the Company received funds from Nuveen Global Impact Fund India S.À R.L and Pettelaar

Effectenbewaarbedrijf N.V. aggregating to INR 2,08,13,51,828.6 (Indian Rupees Two Hundred Eight Crores, Thirteen Lakhs, Fifty-One Thousand, Eight Hundred & Twenty Eight decimal point Six only), towards subscription of Class A1 Equity shares of INR 10 of the Company. The Company then allotted 32,40,820 Class A1 Equity shares of INR 10 on April 19, 2022 to the said investors.

7. Capital Expenditure:

During the year under review, the Company has spent INR 390.68 Lakhs on growth capex, which includes INR 373.34 Lakhs on Information Technology (hardware and software). This has been incurred to increase the operational efficiency of the Company.

8. RBI Guidelines:

The Company continues to be a Systemically Important Non-Deposit taking NBFC with assets size of INR 1,45,968.68 Lakhs as on 31 March, 2022. The Company has been in compliance with all the applicable regulations of the Reserve Bank of India.

In compliance with RBI Master Direction on Liquidity Risk Management for Non-Banking Financial Companies and Core Investment Companies, the Company has disclosed information in the annual Financial Statements as note 47 to accounts that enables market participants to make an informed judgement about the soundness of its liquidity risk management framework and liquidity position.

9. Capital Adequacy:

As on 31st March, 2022, the Capital Adequacy Ratio of the Company is 18.5% as against the minimum capital adequacy requirements of 15% as stipulated by RBI.

10. Deposits:

The Company has not accepted any deposits for the Financial Year ended 31st March, 2022 within the meaning of the provisions of the the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 and provisions of Companies Act, 2013.

11. Credit Rating:

During the Financial Year 2021-22, Credit Analysis & Research Limited ('CARE') affirmed its ratings on the Company's bank loans & NCDs at BBB (negative Outlook). Further, ICRA Limited affirmed its ratings on the Company's bank loans & NCDs at BBB- (negative outlook) and A3 for Commercial papers.

12. Share Capital:

i. **Authorized Share Capital:**

Pursuant to the Extraordinary General Meeting dated February 22, 2022 the Authorized Share Capital of the Company was increased from INR 7,91,16,000 (Indian Rupees Seven Crores Ninety-One Lakhs and Sixteen Thousand only) divided into 3,00,000 (Three Lakhs) Class A Equity Shares of Rs.10/- each and 76,11,600 (Seventy Six Lakhs Eleven Thousand Six Hundred) Class A1 Equity Shares of Rs.10/- each to INR 11,32,98,390 (Indian Rupees Eleven Crores Thirty-Two Lakhs Ninety Eight Thousand Three Hundred and Ninety only) divided into 3,00,000 (Three Lakhs) Class A Equity Shares of Rs.10/- each and 11,29,98,390 (Indian Rupees Eleven Crores Twenty Nine Lakhs Ninety Eight Thousand Three Hundred and Ninety only) Class A1 Equity Shares of Rs.10/- each by creation of additional 3,41,82,390 (Three Crores Forty One Lakhs Eighty Two Thousand Three Hundred and Ninety) Class A1 Equity Shares of INR 10/- each.

ii. **Issued & Paid-up Share Capital:**

During the year under review, the Company had not issued or allotted any shares. However, there was an increase in the Paid-Up Share Capital of the Company from INR 7,07,94,210 (Indian Rupees Seven Crores, Seven Lakhs, Ninety-Four Thousand Two Hundred and Ten) to INR 7,13,05,850 (Indian Rupees Seven Crores, Thirteen Lakhs, Five Thousand Eight Hundred and Fifty) pursuant to conversion of 986 (Nine Hundred and Eighty Six) Compulsorily Convertible Debentures (CCDs) into 51,164 (Fifty-One Thousand One Hundred and Sixty-Four) Class A1 Equity Shares of Rs 10 each to Ms. Hardika Shah, Director and CEO on November 12, 2021.

iii. **Details of Employees Stock Option Scheme [Rule 12 (9) of the Companies (Share Capital and Debentures) Rules, 2014]:**

ESOP Plan 2014:

The total options issuable under the Visage ESOP Plan 2014 are 62,592 options. The stock options are issued to eligible employees based on recommendation of Company's Nomination & Remuneration Committee. Under the plan, these options vest over a period of 4 (Four) years and can be exercised at any time for a maximum period of 10 (Ten) years during employment or within 6 (Six) months from the date of separation.

ESOP Plan 2017:

The total options issuable under the Visage ESOP Plan 2017 are 123,108 options. The stock options are issued to eligible employees based on recommendation of Company's Nomination & Remuneration Committee. Under the plan, these options vest over a period of 4 (Four) years and can be exercised at any time for a maximum period of 10 (Ten) years during employment or within 6 (Six) months from the date of separation.

Details of the Employees Stock Option Scheme are as under: -

Sl. Nos.	Particulars	ESOP 2014	ESOP 2017
1	(a) options granted	62,592	1,16,250
2	(b) options vested	62,592	82,870
3	(c) options exercised	NIL	NIL
4	(d) the total number of shares arising as a result of exercise of option	NIL	NIL
5	(e) options lapsed	NIL	3,750
6	(f) the exercise price	INR 11/-	INR 415.56/-, 519.03/-, 635/-
7	(g) variation of terms of options	NA	NA
8	(h) money realized by exercise of options	NIL	NIL
9	(i) total number of options in force	62,592	1,16,250
10	(j) employee wise details of options granted during the period.	NIL	NIL
10.1	(i) Key Managerial Personnel	NIL	NIL
	(j) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year	NIL	NIL
	(k) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	NIL	NIL

**Due to resignation of Mr. Rajesh Kumar Agarwal effective March 31, 2022 all unvested options i.e 3750 options has automatically lapsed as per the Visage ESOP Plan 2017 and the option grant letter dated May 12, 2021.*

SOP Plan 2014

The total options issuable under the Visage SOP Plan 2014 are 1,85,200. During the year under review, 2,805 options were vested.

iv. **Issue of Non-Convertible Debentures:**

During the year under review, the Company has issued and allotted Non-Convertible Debentures as disclosed below:

Name of Instrument	Date of Allotment	Number of Debentures	Method of Issue	Issue Price	Coupon Rate	Maturity Date	Amount of Debentures
Debt Instrument Series 1-491250	16-04-2021	4,91,250	Private Placement Basis	INR 1,000 (Indian Rupees One Thousand Only)	12% p.a.	13-04-2024	INR 49,12,50,000 (Indian Rupees Forty Nine Crores Twelve Lakhs Fifty Thousand Only)
Debt Instrument Series 1-160	29-7-2021	160	Private Placement Basis	INR 10,00,000 (Indian Rupees Ten Lakhs Only)	11.70%	29-7-2025	INR 16,00,00,000 (Indian Rupees Sixteen Crores Only)
Debt Instrument Series 1-200	31-12-2021	200	Private Placement Basis	INR 10,00,000 (Indian Rupees Ten Lakhs Only)	14.00%	31-12-2024	INR 20,00,00,000 (Indian Rupees Twenty Crores Only)
Debt Instrument Series 1-1,00,000	04-02-2022	1,00,000	Private Placement Basis	INR 10,000 (Indian Rupees Ten Thousand Only)	11.75%	15-02-2025	INR 100,00,00,000 (Indian Rupees One Hundred Crores Only)
Debt Instrument Series 1-4750	11-03-2022	475	Private Placement Basis	INR 10,00,000 (Indian Rupees Ten Lakhs Only)	11.86%	11-03-2025	INR 47,50,00,000 (Indian Rupees Forty Seven Crores Fifty Lakhs Only)
Debt Instrument Series 1-53,08,450	14-03-2022	53,08,450	Private Placement Basis	INR 100 (Indian Rupees One Hunrdred Lakhs Only)	13.30%	08-12-2025	INR 53,08,45,000 (Indian Rupees Fifty-Three Crores, Eight lakhs and Forty -Five Thousand Only)
Debt Instrument Series 1-370	15-03-2022	370	Private Placement Basis	INR 10,00,000 (Indian Rupees Ten Lakhs Only)	14%	25-01-2025	INR 37,00,00,000 (Indian Rupees Thirty Seven Crores Only)
Debt Instrument Series 1-600	25-03-2022	600	Private Placement Basis	INR 10,00,000 (Indian Rupees Ten Lakhs Only)	11.82% to 11.86%	25-03-2026	INR 60,00,00,000 (Indian Rupees Sixty Crores Only)

v. Restructuring of Debentures:

Due to the on-going pandemic during the year under review, certain debentures were restructured as disclosed below:

Name of Instrument	Date of Allotment	Date of Maturity	Number of Debentures	Issue Price	Amount of Debentures	Brief details of Restructuring
12.60% Visage Holdings And Finance Private Limited 2024	04-05-2018	31-12-2024	320	10,00,000	32,00,00,000	The Debenture Trust deed and Information Memorandum was amended to amend **Maturity date:** From May 25, 2024 to December 21, 2024 **Coupon Rate:** to change from 13.00% p.a. to 12.60% p.a. on and from May 25, 2021. **Exercise Date** of Call option & Put option

vi. Redemption of Non-Convertible Debentures:

During the year under review, the Company had redeemed Non-Convertible Debentures as disclosed below:

Name of Instrument	Date of Issue	Date of Allotment	Number of Debentures	Issue Price	Coupon Rate	Date of Approval of Redemption	Date of Redemption	Amount of Debentures
12.85% Visage Holdings and Finance private Limited 2023	17-07-2018	27-07-2018	320	INR 10,00,000 (Indian Rupees Ten lakhs Only)	12.85%	17-07-2018	08-07-2021	INR 32,00,00,000 (Indian Rupees Thirty-two Crores Only)
12.25% Visage Holdings and Finance Private Limited 2021	27-09-2018	17-10-2018	175	INR 10,00,000 (Indian Rupees Ten Lakhs Only)	12.25%	27-09-2018	28-10-2021	INR 17,50,00,000 (Indian Rupees Seventeen Crores, Fifty Lakhs Only)
12%Visage Holdings And Finance Private Limited 2020	26-02-2019	07-03-2019	26350	INR 10,000 (Indian Rupees Ten Thousand Only)	12.00%	26-02-2019	14-04-2021	INR 26,35,00,000 (Indian Rupees Twenty-Six Crores Thirty-Five Lakhs Only)

vii. **Issue of Commercial Papers:**

During the year under review, the Company has issued and allotted Commercial Papers as disclosed below:

Name of Instrument	Date of Issue	Date of Allotment	Number of Commercial Papers	Method of Issue	Issue Price	Discount Rate	Maturity Date	Amount of Debentures
Commercial Paper	12-05-2021	28-05-2021	200	Private Placement Basis	INR 5,00,000 (Indian Rupees Five Lakhs Only)	13.60% p.a	28-10-2021	10,00,00,000
Commercial Paper	15-07-21	15-07-21	300	Private Placement Basis	INR 5,00,000 (Indian Rupees Five Lakhs Only)	13.60% p.a	30-12-2021	15,00,00,000
Commercial Paper	23-11-2021	18-05-2022	200	Private Placement Basis	INR 5,00,000 (Indian Rupees Five Lakhs Only)	13.60% p.a	18-05-2022	10,00,00,000

viii. **Redemption of Commercial Papers:**

During the year under review, the Company had redeemed Commercial Papers as disclosed below:

Name of Instrument	Date of Issue	Date of Allotment	Number of Debentures	Issue Price	Coupon Rate	Date of Approval of Redemption	Date of Redemption	Amount of Debentures
Commercial Paper	12-03-2021	16-03-2021	300	INR 5,00,000 (Indian Rupees Five Lakhs Only)	13.90% per annum	12-03-2021	29-06-2021	INR 15,00,00,000/- (Indian Rupees Fifteen Crores Only)
Commercial Paper	12-05-2021	28-05-2021	200	INR 5,00,000 (Indian Rupees Five Lakhs Only)	13.60% p.a	12-05-2021	28-10-2021	INR 10,00,00,000/- (Indian Rupees Ten Crores Only)
Commercial Paper	15-07-2021	15-07-2021	300	INR 5,00,000 (Indian Rupees Five Lakhs Only)	13.60% p.a	15-07-2021	30-12-2021	INR 15,00,00,000/- (Indian Rupees Fifteen Crores Only)

13. Credit Rating of Debt Securities & Commercial Papers:

The credit rating details of all the securities as on 31st March, 2022 are as follows:

Sl. Nos.	Name of Instrument	Name of Rating Agency	Date of Rating
1	Debt Instrument Series 1-120	CARE BBB-	05-01-2022
2	Debt Instrument Series-1-320	CARE BBB-	05-01-2022
3	Debt Instruments Series 1-320	ICRA BBB-	09-11-2021
4	Debt Instrument Series 1-7500000	CARE BBB-	05.01.2022
5	Debt Instrument Series 1-75 (Series A)	CARE BBB-	05.01.2022
6	Debt Instrument Series-1-10000000	CARE BBB-	05.01.2022
7	Debt Instrument Series 1-75 (Series B)	CARE BBB-	05.01.2022
8	Debt Instrument Series-01-600	CARE BBB-	05.01.2022
9	Debt Instrument Series-1-5000000	CARE BBB-	05.01.2022
10	Debt Instrument Series 1-3200	CARE BBB-	05.01.2022
11	Debt Instrument Series	NA	NA
12	Debt Instrument Series 1-370	CARE BBB-	05.01.2022
13	Visage Holdings and Finance Private Limited 105D CP 29JUN21	ICRA A3	12.03.2021
14	VISAGE HOLDINGS AND FINANCE PRIVATE LIMITED 176D CP 18MAY22	ICRA A3	09.11.2021
15	Debt Instrument Series 1-491250	ICRA BBB-	09.11.2021
16	DEBT INSTRUMENT SERIES 1-160	CARE BBB-	05.01.2022
17	DEBT INSTRUMENT SERIES 1-200	CARE BBB-	13.01.2022
18	Debt Instrument Series 1-1,00,000	CARE BBB-	13.01.2022
19	Debt Instrument Series 1-4750	CARE BBB-	28.02.2022
20	Debt Instrument Series 1-53,08,450	CARE BBB-	28.02.2022
21	Debt Instrument Series 1-370	CARE BBB-	13.01.2022
		CARE BBB-	28.02.2022
22	Debt Instrument Series 1-600	CARE BBB-	05.01.2022
		CARE BBB-	28.02.2022

14. Directors and Key Managerial Personnel:

The current composition of the Board of Directors is as below:

Sl. Nos.	Name of Director	Designation & Category
1	Hardika Shah	Executive Director & CEO
2	Thirunavukkarasu R	Executive Director
3	Rahil Feroze Rangawala	Non-Executive Director
4	Geoffrey T Woolley	Non-Executive Director
5	Agustin Vitorica	Non-Executive Director
6	Ranjit Shah	Non-Executive Director
7	Sunil Satyapal Gulati	Independent Director
8	Bhavna Thakur	Independent Director
9	Ravindra Pisharody	Independent Director

During the year under review, Mr. Sunil Gulati was reappointed as an Independent Director for a term of consecutive 5 (five) years with effect from 1st February, 2022 to 31st January, 2027 at the Extra Ordinary General Meeting dated January 29, 2022 and the Board was satisfied with regard to his integrity, expertise and experience including proficiency.

The Key Managerial Personnel (KMP) of the Company are as below:

Sl. Nos.	Name of the KMP	Designation & Category
1	Hardika Shah	Executive Director & CEO
2	Thirunavukkarasu R	Executive Director & COO
3	Aiswarya Ravi	Chief Financial Officer
4	Sutheja K J	Company Secretary

During the year under review, the Board has appointed Mr. Sutheja K. J (ACS-A39340) as the Company Secretary with effect from May 12, 2021.

15. Declaration by Independent Directors Under Section 149(6) of the Companies Act, 2013:

The Company had received necessary declaration by Independent Directors under Section 149(6) of the Companies Act, 2013 for the period under review.

16. Board Meetings:

The Board has met 7 (Seven) times during the Financial Year 2021-22. The Board Meetings were held with time gap of not more than one hundred and twenty days.

The meetings of Board of Directors and their attendance are as given below:

Sl. Nos.	Date of Meeting	Presence of Directors								
		Hardika Shah	Thirunavu-kkarasu R	Rahil Feroze Rangawala	Geoffrey T Woolley	Agustin Vitorica	Ranjit Shah	Sunil Satyapal Gulati	Bhavna Thakur	Ravindra Pisharody
1	05.04.2021	N	Y	Y	N	N	N	Y	N	Y
2	12.05.2021	Y	Y	Y	N	N	N	Y	Y	Y
3	16.08.2021	Y	Y	Y	Y	Y	Y	Y	Y	Y
4	25.10.2021	Y	Y	Y	Y	Y	Y	Y	N	N
5	12.11.2021	Y	Y	N	N	N	Y	Y	Y	Y
6	24.01.2022	Y	Y	Y	Y	N	Y	Y	Y	Y
7	22.02.2022	Y	Y	N	N	Y	Y	Y	Y	Y

Y - Yes
N - No

17. Committee Meetings:

a. **Audit Committee**

The Audit Committee comprised of the following Directors as members:
Mr. Sunil Satyapal Gulati- Chairperson
Ms. Bhavna Thakur - Member
Mr. Ravindra Pisharody-Member
Mr. Geoffrey T. Woolley – Member

The Audit Committee was reconstituted as on 25th October, 2021 comprising of the following members:
Mr. Sunil Satyapal Gulati - Chairperson
Ms. Bhavna Thakur – Member
Mr. Ravindra Pisharody-Member
Mr. Rahil Rangwala-Member

The Audit Committee has met 4 (Four) times during the Financial Year 2021-22. The Audit Committee Meetings were held with time gap of not more than one hundred and twenty days.

The meetings of Audit Committee and attendance of the members are as given below:

Sl. Nos.	Date of Meeting	Presence of Members: Sunil Satyapal Gulati	Bhavna Thakur	Geoffrey T. Woolley	Ravindra Pisharody	Rahil Rangwala
1	12.05.2021	Y	Y	N	Y	NA
2	16.08.2021	Y	Y	Y	Y	NA
3	25.10.2021	Y	N	Y	Y	NA
4	24.01.2022	Y	Y	NA	Y	Y

Y - Yes
N - No
NA - Not Applicable

b. Nomination & Remuneration Committee

The Nomination & Remuneration Committee ("NRC") comprised of the following Directors as members:
Ms. Bhavna Thakur - Chairperson
Mr. Sunil Satyapal Gulati - Member
Mr. Ranjit Shah- Member

The Nomination & Remuneration Committee ("NRC") was reconstituted as on 25th October, 2021 comprising of the following members:
Ms. Bhavna Thakur - Chairperson
Mr. Sunil Satyapal Gulati – Member
Mr. Geoffrey T. Woolley- Member

The NRC Committee has met 3 (Three) time during the Financial Year 2021-22.
The meetings of NRC Committee and attendance of the members is as given below:

Sl. Nos.	Date of Meeting	Presence of Members: Bhavna Thakur	Sunil Satyapal Gulati	Ranjit Shah	Geoffrey T. Woolley
1	23.04.2021	Y	Y	Y	NA
2	16.08.2021	Y	Y	Y	NA
3	20.01.2022	N	Y	NA	Y

Y - Yes
N - No
NA - Not Applicable

c. CSR Committee

The CSR Committee comprised of the following directors as members:
Mr. Ravindra Pisharody- Chairperson
Ms. Hardika Shah- Member
Mr. Rahil Feroze Rangwala - Member

The CSR Committee was reconstituted as on 25th October, 2021 comprising of the following members:
Mr. Ravindra Pisharody- Chairperson
Ms. Hardika Shah- Member
Mr. Agustin Vitorica - Member

The CSR Committee has met 2 (Two) times during the financial year 2021-22.
The meeting of CSR Committee and attendance of the members is as given below:

		Presence of Members			
Sl. Nos.	Date of Meeting	Ravindra Pisharody	Hardika Shah	Rahil Feroze Rangwala	Agustin Vitorica
1	19.11.2021	Y	Y	NA	Y
2	10.02.2022	Y	Y	NA	Y

Y - Yes
N - No
NA - Not Applicable

d. Borrowing Committee

The Borrowing Committee has met 29 (Twenty-Nine) times during the Financial Year 2021-22.

The Borrowing committee constitutes of the following directors:
Ms. Hardika Shah - Chairperson
Mr. Thirunavukkarasu Rajendran - Member

The meetings of Borrowing Committee and attendance of the members is given below:

		Presence of Members	
Sl. Nos.	Date of Meeting	Hardika Shah	Thirunavukkarasu R
1	13.05.2021	Y	Y
2	20.05.2021	Y	Y
3	12.06.2021	Y	Y

Sl. Nos.	Date of Meeting	Presence of Members: Hardika Shah	Presence of Members: Thirunavukkarasu R
4	28.06.2021	Y	Y
5	12.07.2021	Y	Y
6	28.09.2021	Y	Y
7	27.10.2021	Y	Y
8	02.11.2021	Y	Y
9	17.11.2021	Y	Y
10	15.12.2021	Y	Y
11	20.12.2021	Y	Y
12	28.12.2021	Y	Y
13	29.12.2021	Y	Y
14	31.12.2021	Y	Y
15	27.01.2022	Y	Y
16	04.02.2022	Y	Y
17	08.02.2022	Y	Y
18	16.02.2022	Y	Y
19	18.02.2022	Y	Y
20	28.02.2022	Y	Y
21	07.03.2022	Y	Y
22	10.03.2022	Y	Y
23	11.03.2022	Y	Y
24	14.03.2022	Y	Y
25	15.03.2022	Y	Y
26	25.03.2022	Y	Y
27	25.03.2022	Y	Y
28	28.03.2022	Y	Y
29	30.03.2022	Y	Y

Y - Yes
N - No
NA - Not Applicable

e. Selection Committee

The Selection Committee comprised of the following Directors as members:
Ms. Hardika Shah- Chairperson
Mr. Rahil Feroze Rangwala- Member
Mr. Geoffrey T Woolley- Member

During the year under review, no meeting was held for Selection Committee. However, a circular resolution dated December 24, 2021 was passed by the Selection Committee for re-appointment of Mr. Sunil Gulati as Independent Director.

f. IT Strategy Committee

The IT Strategy Committee comprised of the following Members:
Mr. Ravindra Pisharody- Chairperson
Ms. Hardika Shah- Member
Mr. Agustin Vitorica- Member

The IT Strategy Committee was reconstituted as on 25th October, 2021 comprising of the following members:
Mr. Ravindra Pisharody -Chairperson
Ms. Hardika Shah- Member
Mr. Ranjit Shah - Member

The IT Strategy Committee has met 3(Three) times during the Financial Year 2021-22.
The meeting of IT Strategy Committee and attendance of the members is as given below:

		Presence of Members			
Sl. Nos.	Date of Meeting	Ravindra Pisharody	Hardika Shah	Agustin Vitorica	Ranjit Shah
1	27.05.2021	Y	Y	Y	NA
2	19.11.2021	Y	Y	NA	N
3	17.02.2022	Y	Y	NA	Y

Y - Yes
N - No
NA - Not Applicable

g. Risk Management Committee

The Risk Management Committee comprised of the following Members:
Mr. Sunil Satyapal Gulati- Chairperson
Ms. Hardika Shah- Member
Mr. Rahil Feroze Rangwala - Member

The Risk Committee was reconstituted as on 25th October, 2021 comprising of the following members:
Mr. Sunil Satyapal Gulati - Chairperson
Ms. Hardika Shah- Member
Mr. Ranjit Shah -Member

The Risk Management Committee has met 1 (One) time during the Financial Year 2021-22.
The meeting of Risk Management Committee and attendance of the members is given below:

		Presence of Members			
Sl. Nos.	Date of Meeting	Hardika Shah	Sunil Satyapal Gulati	Rahil Feroze Rangwala	Ranjit Shah
1	20.01.2022	Y	Y	NA	N

Y - Yes
N - No
NA - Not Applicable

h. Asset Liability Management Committee ("ALCO")

In compliance with the RBI's Master Direction- Non-Banking Financial Company Systematically Important Non-Deposit taking Company and Deposit taking (Reserve Bank) Directions, 2016, **the ALCO Committee was constituted as sub-committee of Risk Management Committee comprising of the following members:**
Ms. Hardika Shah-Chairperson
Mr. Thirunavukkarasu Rajendran- Member
Ms. Aiswarya Ravi-Member

The Asset Liability Committee has met 12 (Twelve) times during the Financial Year 2021-22.
The meetings of Asset Liability Committee and attendance of the members are given below:

		Presence of Members		
Sl. Nos.	Date of Meeting	Hardika Shah	Thirunavukkarasu Rajendran	Aiswarya Ravi
1	10.04.2021	Y	Y	Y
2	25.05.2021	Y	Y	Y
3	21.06.2021	Y	Y	Y

Sl. Nos.	Date of Meeting	Presence of Members: Hardika Shah	Thirunavukkarasu Rajendran	Aiswarya Ravi
4	14.07.2021	Y	Y	Y
5	10-08-2021	Y	Y	Y
6	09-09-2021	Y	Y	Y
7	10-10-2021	Y	Y	Y
8	10-11-2021	Y	Y	Y
9	08-12-2021	Y	Y	Y
10	10-01-2022	Y	Y	Y
11	10-02-2022	Y	Y	Y
12	10-03-2022	Y	Y	Y

Y - Yes
N - No
NA - Not Applicable

18. Policy on Appointment and Remuneration of Directors, Key Managerial Personnel and Senior Management of the Company:

The Company has Nomination and Remuneration Policy in place for the appointment and remuneration of the Directors and Key Managerial Personnel and Senior Management of the Company. The Nomination and Remuneration Policy of the Company on directors' appointment and remuneration, includes criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Sub Section (3) of Section 178 of the Companies Act, 2013. We affirm that the remuneration paid to the directors is as per the terms laid out in the Nomination and Remuneration Policy of the Company.

19. Performance Evaluation of Board, Committees and Directors:

As per the provisions of the Companies Act, 2013, the Company has adopted a suitable framework to evaluate the performance of its Independent Directors, Non-Independent Directors, its own performance as well as the performance of its Committees.

The performance of Independent and Non-Independent Directors as well as the performance of the Board and its Committees was evaluated for the Financial Year 2021-22 on July 22, 2022.

20. Directors' Responsibility Statement as per Section 134(5) of the Companies Act, 2013:

As required u/s 134 (5) of the Companies Act, 2013, your Directors state that:

a. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 31st March 2022 and of the profit of the company for that period;

c. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

d. the directors had prepared the annual accounts for the period ending 31st March 2022 on a going concern basis; and

e. the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively.

f. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

21. Internal Financial Controls ("IFC") with reference to the Financial Statements:

The Company has adequate internal financial controls commensurate with its size and nature of operations. The internal financial controls have been designed to provide a high degree of assurance regarding the effectiveness and efficiency of operations, the adequacy of internal policies and processes and compliance with applicable laws and regulations. The internal financial control is supplemented by extensive internal audits, regular reviews by management and standard policies and guidelines to ensure reliability of financial and all other records to prepare financial statements, its reporting and other data.

Further the Statutory Auditors have also certified that the Company has, in all material respects, adequate internal financial controls with reference to Financial Statements and such internal financial controls were operating effectively as at 31st March, 2022, based on the internal financial controls with reference to Financial Statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

22. Subsidiaries, Joint Ventures & Associates:

The Company has no Subsidiaries, Joint Ventures & Associates for the Financial Year 2021-22.

23. Particulars of Loans, Guarantees or Investments U/s 186 of Companies Act:

During the year under review, the Company has not given any loan, guarantee or made investment in other Companies except for providing loan or giving guarantee in ordinary course of business. Hence, Section 186 of the Companies Act, 2013 is not applicable to the Company.

24. Related Party Transactions:

All related party transactions, that were entered into during the financial year, were on an arm's length basis and were in the ordinary course of business, the particulars of such transactions are disclosed in the notes to the financial statements. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. The details of Related Party transactions pursuant to sub-section (1) of section 188 of Companies Act, 2013 is annexed herewith as Annexure-I.

25. Details of Significant and Material Orders Passed by the Regulators or Courts or Tribunals Impacting the Going Concern Status and Company's Operations in Future:

No orders were passed by the Regulators or Courts or Tribunals impacting the going concern status and company's operations in future.

26. Statutory Auditors:

Pursuant to the provisions of Section 139, Section 141 and other applicable provisions of the Companies Act, 2013 read with rules thereunder, (as maybe amended from time to time including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force), the RBI Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs)(Ref.No.DoS.CO.ARG/ SEC.01/08.91.001/2021-22) dated April 27, 2021 and the Articles of Association of the Company, M/s. Haribhakti and Co., LLP Chartered Accountants was appointed as the Statutory Auditors of the company in place of BSR and Co., LLP, Chartered Accountants at the Annual General Meeting dated September 27, 2021 for a period of 3 financial years starting from FY 2021-22. Further, owing to the debarment of M/s. Haribhakti and Co., LLP Chartered Accountants, M/s Nangia & Co., LLP, Chartered Accountants, (Firm Registration No. 002391C/N500069) were appointed as Statutory auditors of the Company at the Extra-Ordinary

General Meeting held on May 25, 2022 to fill the causal vacancy caused by the resignation of M/s Haribhakthi & Co LLP, Chartered Accountants, who shall hold the office till the conclusion of the ensuing Annual General Meeting of the Company pursuant to the provisions of Section 139 of Companies Act, 2013. The Audit committee and Board have recommended their appointment for a period of 3 financial years i.e., from FY 2022-23 till FY 2024-25, subject to the approval of members at the ensuing Annual General Meeting.

27. Secretarial Auditors:

Pursuant to Section 204 of the Companies Act, 2013 and the rules made thereunder, RSVH & Associates, LLP was appointed to conduct the Secretarial Audit of the Company for the Financial Year 2021-22. The Secretarial Audit Report for the FY 2021-22 forms part of Annual Report as Annexure III of the Board's Report.

28. Internal Auditors:

As part of its efforts to evaluate the effectiveness of the internal control systems, your Company is supported by independent Internal Auditor who evaluates the adequacy of control measures on a periodic basis and recommends improvements, wherever appropriate. The Internal Quality Assurance team in the Company plays a vital role in continuously monitoring the effectiveness of the Standard Operating Procedures and makes extensive use of software and analytical tools which enables effective offsite or remote auditing. A robust process ensures that the Internal Quality Assurance team regularly updates its skills and knowledge base in order to analyse, assess, mitigate and monitor the controls and guard against inadequacies that could pose a threat to the company's strategic objectives. Systematic identification of risks on a proactive basis enables quick decision making on strengthening and redesigning the controls where required, through agile audit plans.

Mr. Mohan K Pattabhiraman who is an employee of the Company was appointed as Internal Auditor for the Financial Year 2021-22 pursuant to Section 138 of the said Act and the Rules thereunder.

29. Debenture Trustee:

The Debenture Trustee of the Company is:

Catalyst Trusteeship Limited
GDA House, Plot No 85, Bhusari Colony (Right),
Paud Road, Pune - 411 038.
Tel: +91 020 2528 0081
Fax: +91 020 2528 0275
E-mail: dt@ctltrustee.com
Website: www.catalysttrustee.com

30. Explanations or Comments on Qualification, Reservation or Adverse Remark or Disclaimer made by the Auditors:

i. **Independent Auditors Report:**
The Notes to Accounts forming part of Annual accounts are Self-Explanatory and need no further explanation. There are no qualifications raised in Auditors Report.

ii. **Secretarial Audit Report:**
There are no qualifications/adverse remarks in the Secretarial Audit Report for the year ended 31st March, 2022.

iii. **Fraud Reporting:**
No instances of material fraud by the Company or on the Company by its officers or employees has been reported by the Statutory Auditors or Internal Auditors, the details of which needs to be mentioned in the Board's Report for the year under review.

31. Secretarial Standards:

The Company complies with applicable Secretarial Standards.

32. Statement of Development and Implementation of a Risk Management Policy:

In line with RBI's Master Direction on Non-Banking Financial Company-Systematically Important Non-Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 and Section 134(3) (n) of the Companies Act, 2013, the Risk Management Committee and Board of Directors of the Company has in place a Risk Management Policy. The objective is to identify, assess, monitor and mitigate various risks to core business of the Company.

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities and approval.

The Company understands that risk evaluation and mitigation is a function of the Board and therefore the Board of Directors are fully committed to developing a sound system for identification and mitigation of applicable risks. In this context, the Risk Management Committee had been formed to identify, assess, monitor and mitigate risks related to credit, market, operational, compliance and reputational risk.

Credit risk is the risk that the Company will incur a loss because its customers fail to discharge their contractual obligations. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred such as a breach of contract or when a borrower becomes 3 months overdue in its contractual payments.

The Company has established a credit policy under which each new customer is analysed individually for credit worthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes background KYC verification, historical financial information of the borrower's business, industry information, etc (as applicable).

The Company measures the amount of **Expected credit loss ['ECL']** on a financial instrument in a way that reflects an unbiased and probability-weighted amount. The Company considers its historical loss experience and adjusts the same for current observable data. The key inputs into the measurement of ECL are the probability of default, loss given default and exposure at default. These parameters are derived from the Company's internally developed statistical models and other historical data. In addition, the Company uses reasonable and supportable information on future economic conditions including macroeconomic factors. Since incorporating these forward-looking information increases the judgment as to how the changes in these macroeconomic factors will affect ECL, the methodology and assumptions are reviewed regularly.

Operational risk is the risk of loss arising from inadequate or failed internal process or proper systems. The operational risks of the Company are managed through comprehensive internal control systems and procedures and key back up processes. This enables the management to evaluate key areas of operational risks and the process to adequately mitigate them on an ongoing basis. While examining the effectiveness of control framework through self-assessment, the risk-based review would assure effective implementation and adherence of internal financial controls, thereby, reducing enterprise exposure. The Company has put in place a robust **Disaster Recovery (DR) plan**, which is periodically tested. **Business Continuity Plan (BCP)** is further put in place to ensure seamless continuity of operations including services to customers, when confronted with adverse events such as disasters, technological failures, human errors etc. Periodic testing is carried out to address gaps in the framework, if any. DR and BCP are periodically reviewed to provide assurance regarding the effectiveness of the Company's readiness.

The compliance risk is mitigated by adhering to Corporate Governance Framework and best corporate governance practices prevailing in the industry.

The **Asset Liability Management Committee ("ALCO")** was constituted as sub-committee of Risk Management Committee, comprising of management of the Company to constantly monitor and manage the asset and liability in such a manner that asset liability mismatches remain within reasonable limits. The ALCO is focused on capital management, liquidity risk and interest rate risk of the Company. An ALM Policy had been put in place to ensure prudent management of assets and liabilities.

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions in a timely manner, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has obtained funding lines from various banks and NBFCs in the form of term loans and commercial paper. Further, the Company has access to funds from capital markets through non-convertible debentures. The Company also manages liquidity by raising funds through Securitisation/assignment transactions. The company has a diversified portfolio of lenders across sectors and segments.

The Company's ALM has always been positive ensuring that there is no negative mis-matches in meeting obligations. The company stress tested its ALM position and observed that the Company does not have a cumulative negative mismatch up till 12 months from the balance sheet date.

With the steps taken as above the Company has been able to function normally and also make preparedness to start business as usual from the perspective of funds requirement.

Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates. Any movement in the reference rates could have an impact on the Company's cash flows as well as costs.

The Company is subject to variable interest rates on some of its interest-bearing financial liabilities. The Company also uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements for its day-to-day operations.

33. Conservation of Energy and Technology Absorption, Foreign Exchange Earnings & Outgo:

Rule 8(3) of the Companies (Accounts) Rules, 2014

a. **Conservation of energy-**
The Company is not falling under the categories of "list of industries" prescribed by the Government to provide the above information. The Company utilizes both electricity and generator for its operations of the factory and adequate measures have been taken to reduce energy consumption by using efficient equipment. Since energy cost forms a very small part of total cost, the impact on cost is not material.

b. **Technology absorption-**
The Company has absorbed fully the state-of-art technology installed in all areas of operation. The Company is not doing/conducting any Research and Development.

c. **Foreign exchange earnings and Outgo-**
The company has not earned any Foreign exchange earnings and not incurred any foreign exchange outgo during the year.

34. Extracts of the Annual Return as Provided Under Sub-section (3) of Section 92:

A copy of the annual return as provided under sub-section (3) of section 92. The said form may be accessed through the web link
https://www.kinaracapital.com/wp-content/uploads/2022/07/form_mgt_7_website-upload.pdf.

35. Disclosure on Vigil Mechanism:

The establishment of vigil mechanism ensures highest ethical, moral and business standards in the course of functioning and to build a lasting and strong culture of Corporate Governance within the Company.

The Whistle Blower Policy has been formulated with a view to provide mechanism for employees and directors to report concerns about unethical behaviour, actual or suspected fraud or violation of Company's code of conduct.
The mechanism also provides for adequate safeguards against victimization of employees to avail of the mechanism. During the year under review, no such complaint having material impact was received by the Company.

The said Policy may be referred to at the website of the Company at its web link i.e
https://www.kinaracapital.com/vigil-mechanism-whistleblower-policy/

36. Disclosure under the Sexual Harrassment of Women at Workplace (Prevention, Prohibition And Redressal) Act, 2013:

Your Company has always believed in providing a safe and harassment free workplace for every individual working for us. A Policy on Prevention of Sexual Harassment at workplace is already in place. An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment from time to time.

During the Financial Year 2021-22, no complaint was received by the Company.

37. Corporate Social Responsibility ("CSR"):

The Company's CSR theme is based on 'women empowerment' and the CSR goal is to empower 5 Lakhs women micro-entrepreneurs by the Financial Year 2030. A detailed report on the Company's CSR policy and initiatives is set out in Annexure-II of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014.

38. Particulars of Employees:

The number of employees in the Company as on March 31, 2022 was 1,313.

39. Acknowledgement:

Your Directors wish to thank the shareholders, customers, investors, bankers, lenders, vendors, the State and other Governments and business agencies for their continued support during the year. Your directors also place on record their appreciation for the dedicated services of the employees at all levels, which has enabled the Company to achieve consistent growth.

Place: Bangalore
Date: July 22, 2022

For and on behalf of the board

Hardika Shah Director & CEO	**Thirunavukkarasu Rajendran** Director

ANNEXURE-I
FORM NO. AOC.2

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

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

2. **Details of contracts or arrangements or transactions not at arm's length basis**
There were no contracts or arrangements or transactions entered into during the year ended March 31, 2022 which were not at arm's length basis.

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

Sl. Nos.	Particulars	
a)	Name(s) of the related party and nature of relationship	KVS Consulting, LLC – represented by Ms. Khyati Shah as the registered owner. Sister of Ms. Hardika Shah, Director & CEO
b)	Nature of contracts/arrangements/transactions	Appointment of KVS Consulting, LLC

Sl. Nos.	Particulars	
c)	Duration of the contracts/arrangements/transactions	The contract was executed during the Financial year 2021-22 for a period of 1 (one) year.
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Monthly remuneration of INR 4,50,000/- plus reimbursement of expenses as per Company policy.
e)	Date(s) of approval by the Board, if any	May 12, 2021
f)	Amount paid as advances, if any	NA

Place: Bangalore
Date: July 22, 2022

For and on behalf of the board

Hardika Shah
Director & CEO

Thirunavukkarasu Rajendran
Director

ANNEXURE-II

FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES
TO BE INCLUDED IN THE BOARD'S REPORT FOR FINANCIAL YEAR
COMMENCING ON OR AFTER 1ST DAY OF APRIL, 2021

1. **Brief outline on CSR policy of the Company.**
   The Board of Directors at its meeting held on July 31, 2019, approved the CSR policy. Our Company's CSR Policy is driven by "Transformation". It lays down the guidelines for impacting and transforming lives. The objectives of the CSR policy include the following:
   a) Creating opportunities to drive impact for marginalized groups
   b) Partnering with diverse stakeholders, to achieve our social development goals
   c) Creating opportunities for employees to participate in socially responsible initiatives

2. **The Composition of CSR Committee:**

Sl. Nos.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Ravindra Pisharody	Chairperson-Independent Director	2	2
2	Hardika Shah	Member-Executive Director	2	2
3	Agustin Vitorica	Member-Non-Executive Director	2	2

3. Provide the web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company:
   https://www.kinaracapital.com/csr-policy/

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report): Not Applicable

5. Details of the amount available for set-off in pursuance of sub-rule 3 of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set-off for the financial year, if any: Not Applicable

6. Average net profit of the Company as per section 135(5): INR 11,86,83,288

7. (a) Two percent of average net profit of the Company as per Section 135(5): INR 23,73,666

   (b) Surplus arising out of the CSR projects or programmes or activities of the previous Financial years: Not Applicable

(c) Amount required to be set-off for the financial year, if any: Not Applicable

(d) Total CSR obligation for the financial year (7a+7b-7c): INR 23,73,666

8. (a) CSR amount spent or unspent for the financial year

Total Amount Spent for the Financial Year (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
INR 23,73,666	NIL	NIL	NIL	NIL	NIL

(b) Details of CSR amount spent against ongoing projects for the financial year: Not Applicable

(c) Details of CSR amount spent other than ongoing projects for the financial year:

Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No.)	Location of project		Amount spent for the project (in Rs.)	Mode of Implementation -Direct (Yes/No.)	Mode of Implementation	
				State	District			Name	CSR registration number
1	Children of India Foundation (CIF)	Promoting Health care including preventive health care and sanitation	Yes	Tamil Nadu	Tiruppur	11,86,833	No	Children of India Foundation (CIF)	CSR00 001493
2	PURE India Trust	Promoting education and women entrepreneurship development, including special education and employment enhancing vocation skills, career guidance, skill development especially among children, women, elderly and the differently abled and livelihood enhancement projects-	Yes	Andhra Pradesh	Hyderabad	11,86,833	No	PURE India Trust	CSR00 000461

(d) Amount spent in Administrative Overheads: NIL

(e) Amount spent on Impact Assessment, if applicable: Not Applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): INR 23,73,666

(g) Excess amount for set off, if any: Not Applicable

9. (a) Details of Unspent CSR amount for the preceding three financial years: Not Applicable

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Not Applicable

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset wise details)

(a)Date of creation or acquisition of capital asset(s): Not Applicable

(b)Amount of CSR spent for creation or acquisition of capital asset: Not Applicable

(c)Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. : Not Applicable

(d)Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): Not Applicable

11. Specify the reason(s), if the Company has failed to spent two per cent of the average net profit as per Section 135(5): Not Applicable

Hardika Shah
Director & CEO

Ravindra Pisharody
Chairperson- CSR Committee

For and on behalf of the board

Hardika Shah
Director & CEO

Thirunavukkarasu Rajendran
Director

ANNEXURE III

SECRETARIAL AUDIT REPORT

For the financial Year ended March 31, 2022

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

To,

The Members
Visage Holdings and Finance Private Limited
#50, 2nd Floor, 100 Feet Road HAL 2nd Stage (Defense Colony),
Indiranagar Bangalore 560038

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Visage Holdings and Finance Private Limited (hereinafter referred as the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March 2022, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

i. The Companies Act, 2013 (the Act) and the rules made there under;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under; - not applicable

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under; to the extent applicable;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment,

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

   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; not applicable

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; not applicable

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; not applicable

d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; not applicable

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

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

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; not applicable

and

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; not applicable

vi. vi) On examination of the relevant documents and records in pursuance thereof, on test-check basis and based on the reports and opinion given by the experts in the respective areas, the Company has generally complied with the Regulations/Guidelines specifically prescribed for operations of the Company by Reserve Bank of India and other Agencies/Departments:

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

a) Secretarial Standards issued by The Institute of Company Secretaries of India.

b) The Listing Agreements entered into by the Company with Stock Exchange(s), - to the extent of its applicability;

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

We further report that:

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance or in case of inadequacy, short notice consent was taken, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

We further report that:

There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. We further report that, the compliance by the Company of applicable financial laws such as direct and indirect tax laws and maintenance of financial records and books of accounts have not been reviewed in this Audit since the same have been subject to review by the statutory financial auditors, tax auditors, and other designated professionals.

For RSVH & Associates LLP
Company Secretaries
Registration No: L2020KR006800

Vinayak Hegde
Partner
M.No: 28093
CP.No: 11880

Date: April 27, 2022
Place: Bangalore
UDIN: A028093D000224718

This report is to be read with Annexure A which forms an integral part of this report.

Annexure A

To,
The Members
Visage Holdings and Finance Private Limited (The Company)
#50, 2nd Floor, 100 Feet Road HAL 2nd Stage (Defense Colony),
Indiranagar Bangalore 560038

Our report of even date is to be read along with this letter.

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

For RSVH & Associates LLP
Company Secretaries Registration No: L2020KR006800

Vinayak Hegde
Partner
M. No: 28093
CP. No: 11880

Date: April 27, 2022
Place: Bangalore
UDIN: A028093D000224718

ANNEXURE IV

Management's Discussion and Analysis (MD&A)

Macro-Economic Environment

India recorded the strongest GDP recovery in the G20 in 2021. India's GDP grew by 5.4% during Q3 of FY22. Growth in Q2 of FY22 was revised up to 8.4%, explaining the falling trajectory in Q3 of FY22. However, the Indian economy is losing momentum due to external conditions, and the tightening of monetary policy as inflationary expectations remain elevated. India's GDP growth in FY22 is estimated at 8.9%, compared to a de-growth of 7.3% in FY21.

Inflation, as measured by the Consumer Price Index (CPI), remained low during the early part of FY22. The CPI inflation reduced from 5.5% in March 2021 to 4.5% in October 2021. However, inflation subsequently breached the upper band of the Reserve Bank of India's comfort zone during the latter part of the year to 6.0% in January 2022 before rising to end the year at 7.0% in March 2022. The movement in inflation was largely determined by logistics and supply chain disruption as a result of the pandemic. Prices of food commodities like vegetables and edible oils saw sharp increases.

RBI maintained an accommodative stance through FY22 to sustain growth and combat the impact of Covid-19 on the economy. The interest rate was stable at 4.0% throughout the year. Prior to that, the RBI reduced the repo rate by an aggregate of 115 basis points with a 75 basis points reduction to 4.4% in March 2020 and a further 40 basis points to 4.0% in May 2020.

There was a visible uptick in credit growth in FY22. The first half of FY22 was affected by the more intense second wave of the pandemic. Credit growth gained momentum in the latter half of FY22 having increased from 5.3% in April 2021 to 6.7% in October 2021 and a 43% increase to 9.6% in March 2022. The turnaround in credit demand was primarily driven by disbursements to MSMEs. The Finance Ministry announced a government backed ECLG (Emergency Credit Line Guarantee) Scheme for Loans to the MSME Sector (to the extent of INR 3 lakh crores). The increase in credit to MSMEs may be attributed to this scheme.

The Pandemic

Micro, Small and Medium Enterprises (MSMEs) have been one of the strongest drivers of growth, entrepreneurship and employment in the Indian economic growth story. The sector accounts for 30% of the GDP, 48% of the total exports and 95% of the industrial units in the country. In terms of employment, it employs 40% of India's workforce. The pandemic affected most economies and financial systems globally, including India.

With the onset of the pandemic and the Government's subsequent directives on the imposition of lock-downs in mid-March 2020, there was a significant impact on business. A series of 5 consecutive lockdowns were announced by the Government of India starting from complete restricted movement to conditional relaxations from time to time.

Amounts in graphs & charts in this section are represented in crores in INR currency.

The Reserve Bank of India announced a 6 months moratorium for all term loans in good standing on March 1, 2020. 65% of our customers availed moratorium ranging from 1 – 6 months. During FY21, we disbursed INR 38 crores of Covid Relief Loans under the ECLG Scheme. We offered a one-time restructuring amounting to INR 42 crores.

India saw the new wave of the Covid-19 virus spreading across the country starting in April 2021. Many of our areas of operations were impacted as well. While we were witnessing recovery in the sector with several small businesses coming back to normalcy and resuming operations as of March 2021, this surge led to a slowdown in the near term. The second wave resulted in the re-imposition of localized/regional lock-down measures in various parts of the country with restricted movements in parts of Southern and Western States where we largely operate. A higher impact was observed on human life as compared to the first wave. Our micro-enterprise customer segment was affected by the loss of life, business and labour.

As a part of measures to reduce the stress caused by the Covid-19 pandemic, the government has extended the ECLG Scheme till March 31, 2023 to total cover of INR 5 lakh crores. It also provisioned additional credit of INR 2 lakh crores for Micro and Small Enterprises to be facilitated under the Credit Guarantee Trust for Micro and Small Enterprises. It further accelerated the MSME performance with an outlay of INR 6,000 crores over five years. During FY22, we disbursed INR 5 crores of Covid Relief Loans under the ECLG Scheme. The one-time restructuring scheme was opened up to help alleviate the stress caused by the second wave of the pandemic. We, at Kinara Capital, provided one-time restructuring to the tune of INR 17 crores.

Industry Outlook

While the global economy has been recovering from the repercussions of the Covid-19 pandemic, lingering supply chain issues and geo-political unrest have unpredictable implications for the global financial systems. As a result of this, prices of certain commodities have risen, which has an impact on businesses across the board, particularly those at the bottom of the pyramid. The future outlook for the MSME sector in India and entities serving them, like Kinara Capital, is dependent on the uncertainties associated with macro factors like global geopolitics, inflationary pressures, and regulatory measures to combat inflation and increasing prices. These moving pieces have clouded India's growth outlook to a certain extent. The growth rate prediction for India remains to be seen amidst the projection revisions that are surfacing. RBI is likely to lean towards containing price rise, and raising policy rates. The frequency and range of hikes depend on the recovery of demand and the success of credit tightening.

For an NBFC like Kinara Capital, the outlook depends on the future of credit growth and policy support to facilitate lending. The increasing adoption of technology by the last-mile borrower and the quick recovery of the MSME sector in the wake of the pandemic bode very well for Kinara. According to the State Bank of India's Ecowrap report, credit growth to the MSME sector has expanded by INR 52,800 crores as of mid-July 2022, as against a de-growth of INR 61,000 crores during the same period in the previous fiscal. This shows that not only has credit demand recovered from the slowdown caused by the pandemic, it has fully rebounded and started growing at a healthy rate again. The outlook for MSME lending and small business growth, therefore, looks promising.

As lending ramps up, there is a need to provide the last-mile customer with the right combination of tech solutions and human interfacing to ensure that they have easy access to capital support and a user seamless experience. Kinara's approach to this is a unique balanced hybrid service model that combines the traditional feet-on-the-street methodology with tech-baked operational and decisioning solutions. This is well-poised to boost accessibility and reach for the company, bringing a wider network of potential customers into the fold of formal lending and financial inclusion.

High Tech, High Touch Model

We disburse loans out of our 110 branches across six states in Southern & Western India. We operate in Karnataka, Tamil Nadu, Andhra Pradesh, Telangana, Gujarat, Maharashtra, and UT Puducherry.

Kinara has adopted digital processes at nearly every step of our loan process and automated risk-underwriting models based on data science to enable nimble and confident lending decisions. Kinara's turnaround time is aimed at disbursing loans from login within the same day, which is 90% faster than the industry average for NBFCs. We have an end to end digital lending process that combines human and data science to drive lead to disbursement on average in 2 days. Our loan decision process has 5 steps: Eligibility, KYC Screening, Income Verification, Credit Review and Loan Decision.

Eligibility:
A customer or a loan officer initiates a check by filling out a simple form on a web or mobile application. This step verifies that we can service a particular customer based on their business, sector, the pincode they operate in, the capital need they have, etc.

KYC Screening:
At this stage, the customer uploads or the loan officer collects all personal and business KYC. These identification documents are automatically verified with the regulatory and compliance authorities via API integration. The system will also run a credit bureau check on the applicants and the business and confirm that there are fraud risks with the KYC.

Income Verification:
The customer can provide their GST returns and their bank statements at this stage or the loan officer will help the customer upload these documents. Our integrated solution extracts the relevant information from these documents and ascertains the income range of the business from this.

Credit Review:
The central credit team contacts the customer and verifies key information and at that point the loan application is assigned to a field credit officer. The field credit officer visits the customer and conducts a full discussion on the business history, growth, current products, buyers, employees, etc. If the business has cash revenue, the credit officer will add that in the system post verification of invoices, receipts, etc. The credit officer's field visit to the business is key to ensuring that the customer is an operating business and that the data submitted, extracted and derived is in line with field observation.

Loan Decision:
Our proprietary AI/ML engines built on customer data that we have digitized for a decade provides a high level of confidence in the predictiveness of a loan default. As soon as the field verification process concludes, the model runs to determine the risk of the loan, attributes the appropriate interest rate based on this risk and determines the loan amount and tenure based on the need and the ability to pay. This quick loan decision for the customer is a key differentiating factor for Kinara's sales process.

Sanction to Disbursement:
As soon as the customer has the loan terms and chooses to proceed, the loan is automatically booked in our loan management system and legal agreements are sent to the customer for digital signatures. Upon digitally signing and submitting the electronic ACH form, the loan is instantaneously disbursed to the customer.

Over a decade, we have been digitizing information of the micro enterprises we service as they scale their businesses, weather external storms and still continue to push forward. This has given us a unique window to their journey and has propelled us to cater to their changing needs. As customers move from being "new to credit" to being "new to digital" we have designed our technology to service them by ensuring that the tech processes are available in vernacular language and that they we continue to provide door-step personalized service to bridge the gap between their digital readiness and their capital needs. This blended approach adopted by Kinara is a key differentiator in the MSME lending segment.

CUSTOMER *Snapshot*

I AM A PROUD HERVIKAS BUSINESS WOMAN!

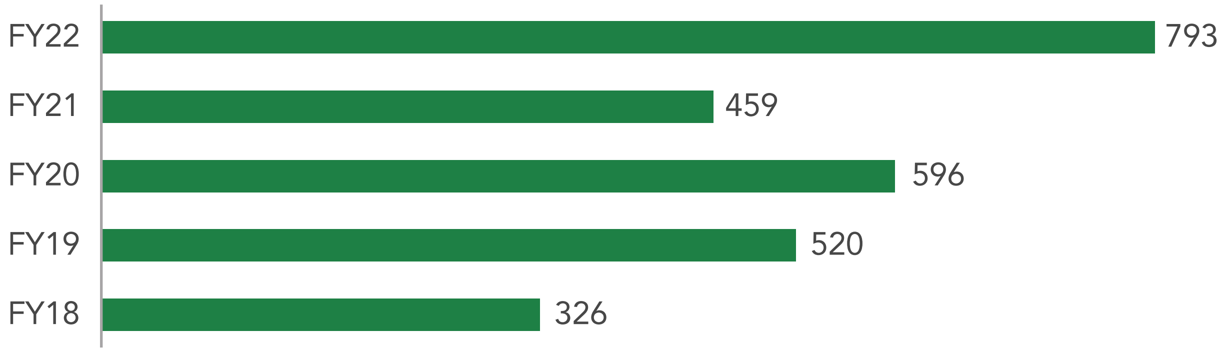
Vedavathi Lagisetty

Vedavathi Traders

"Kinara gave us a collateral-free loan based on minimum documents, this has given us the confidence to grow our business."

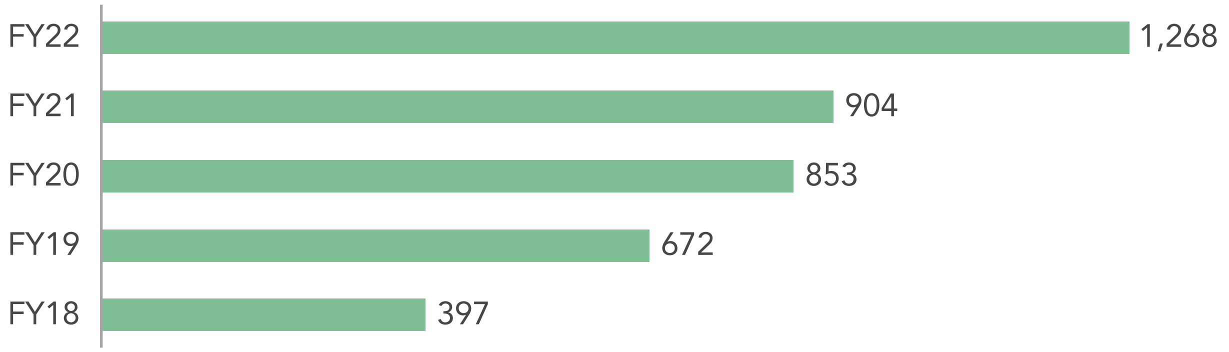
OPERATIONAL PERFORMANCE

Disbursements



Disbursements increased at a CAGR of 19% from INR 326 crores to INR 793 crores. From FY21, disbursements increased by 73% from INR 459 crores to INR 793 crores. Disbursements in FY21 were lower on account of the pandemic.

Assets Under Management (AUM)



AUM increased by a CAGR of 26% from INR 397 crores in FY18 to INR 1,268 crores in FY22. From FY21, the AUM grew by 40% from INR 904 crores to INR 1,268 crores.

Sector-wise Portfolio Distribution

Sectors	Mar-22	Composition Mar-22	Mar-21	Composition Mar-21	Y-o-Y Change (%)
Food Products	239	19%	127	14%	88%
Fashion	103	8%	84	9%	23%
Textiles	95	7%	71	8%	34%
Construction Material	86	7%	42	5%	105%
Machine Components	76	6%	80	9%	-5%
Auto Components	55	4%	65	7%	-15%
Plastics	54	4%	48	5%	13%
Fabrication	48	4%	46	5%	4%
Chemicals	48	4%	27	3%	78%
Wood	48	4%	37	4%	30%
Others	415	33%	277	31%	50%
Total	**1,268**	**100%**	**904**	**100%**	**40%**

Collections Recovery

Kinara has established a strong collections and recovery mechanism blending last mile people based collections driven by data science based early warning signals and collections priority algorithms. Proximity of branch locations to customers, separate collections and recovery team driving collection efforts along with the local field staff have helped maintain a strong hold on collections. We forayed into digital collections in FY21, which helped drive collections. Digital collections as a % to total collections increased from 66% in FY21 to 81% in FY22.

Asset Quality

	FY22	FY21
PAR 90+	4.7%	4.9%
Stage 3	8.6%	10.4%
NNPA	5.9%	8.2%

According to the MSME Pulse Report (August 2022), NPA rates for Micro enterprises have been in the range of 12% - 13% in FY22, showing an uptrend since March 2021.

Reconciliation between Stage 3 assets and Portfolio at Risk account wise (90+ Bucket)

	At March 31, 2022	At March 31, 2021
Stage 3 assets	**88**	**91**
Adjustment required as per Ind AS 109	(14)	(11)
Significant increase in credit risk trigger due to restructures within as per the provisions of the RBI Circular [DOR.No.BP.BC/4/21.04.048/2020-21] dated 06 August 2020 (as amended from time to time) on Restructuring of advances given to Micro, Small and Medium Enterprises	-	(31)
Significant increase in credit risk trigger due to restructures	(7)	(1)
Borrowers with other loans in 90+ Bucket	(6)	(4)
CGTMSE Claim received	8	1
Portfolio at Risk account wise (90+ Bucket)*	**68**	**45**

Expected Credit Loss

	At March 31, 2022	At March 31, 2021
Carrying Amount		
Stage 1	889	703
Stage 2	41	76
Stage 3	58	70
Weighted Average ECL		
Stage 1	0.8%	0.8%
Stage 2	0.8%	1.6%
Stage 3	33.5%	23.2%

FINANCIAL PERFORMANCE

Key elements of financial performance are discussed below.

Profit/(Loss) Statement

Particulars	Mar-22	Mar-21	Change (%)
Interest income	214	216	-1%
Other Income	75	20	275%
Total income	**289**	**236**	**22%**
Finance cost	117	100	17%
Net Total Income	**172**	**136**	
Operating Expenses	**105**	**75**	**40%**
Employee Benefits Expenses	66	47	40%
Others Expenses	39	28	39%
Credit Costs	42	43	-3%
Depreciation & Amortisation	6	6	0%
Profit for the year	**15**	**7**	**114%**

Total income increased by 22% from INR 236 crores in FY21 to INR 289 crores in FY22 primarily due to higher other income offset partially by a reduction in interest income. Other income increased from INR 20 crores in FY21 to INR 75 crores in FY22. Other income includes fee & commission income, excess interest spread earned over the off book portfolio, bad debt recovery & miscellaneous income. Other income increases can be attributed to higher income on off book portfolios.

Finance costs increased by 17% from INR 100 crores in FY21 to INR 117 crores in FY22 on account of higher debt raised. During this period, cost of funds decreased 85 bps from 12.7% in FY21 to 11.8% in FY22.

Operating expenses increased by 40% from INR 75 crores in FY21 to INR 105 crores in FY22 as we continue to invest in human capital & technology needed to expand existing business & introduce new business lines. The operating expenses for FY21 were lower on account of Covid & have been brought back to base-line in FY22.

Employee benefit expenses increased by 40% from INR 47 crores in FY21 to INR 66 crores in FY22 primarily on account of hiring, which was frozen through FY21. The employee strength increased from 1,126 employees at March 31, 2021 to 1,313 employees at March 31, 2022.

Other expenses (excluding depreciation) increased by 39% from INR 28 crores in FY21 to INR 39 crores in FY22 primarily on account of spends on technology.

Credit Costs decreased by 3% from INR 43 crores in FY21 to INR 42 crores in FY22. Higher write-offs were done in FY21 due to the impact of Covid seen in our customer segment, which normalised in FY22. The write off % to AUM normalised from 4.8% in FY21 to 2.4% in FY22. The break-up of credit costs is as below:

	At March 31, 2022	At March 31, 2021	% Change
Credit Costs	**42**	**43**	**-3%**
Provisions	11	0.1	-
Write Offs	31	43	-28%
Write Offs as a % to AUM	2.4%	4.8%	

ROA Tree

	At March 31, 2022	At March 31, 2021	Change
Total Income	26.6%	26.9%	-0.2%
Finance Costs	10.8%	11.4%	-0.6%
Net Interest Income	**15.9%**	**15.5%**	**0.4%**
Operating Expenses	9.7%	8.6%	1.1%
Credit Costs	3.9%	4.9%	-1.1%
Profit for the year	**1.3%**	**0.9%**	**0.5%**

Balance Sheet

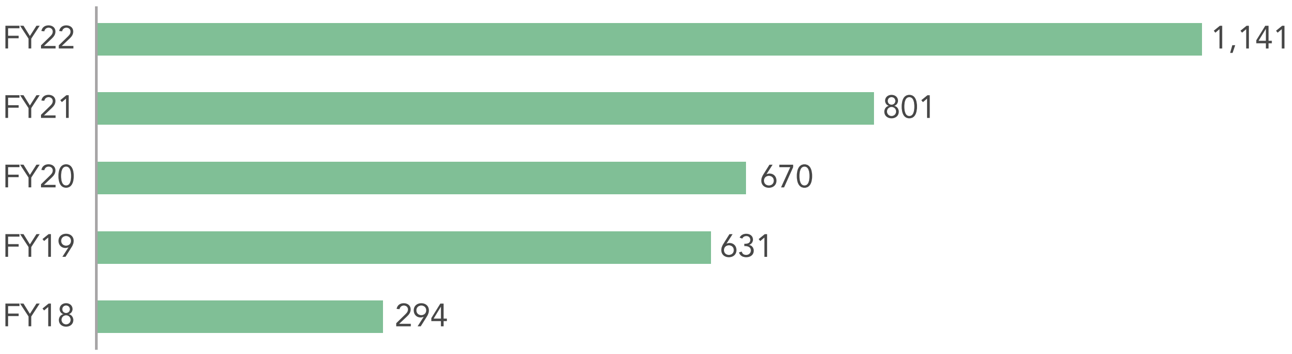
	At March 31, 2022	At March 31, 2021	Change
Cash & bank balances	327	203	61%
Loans	988	849	16%
Investments	1	1	6%
Fixed assets (including intangible assets)	15	13	16%
Other assets	129	62	108%
Total Assets	**1,460**	**1,129**	**29%**
Equity share capital	7	7	1%
Other equity	239	224	6%
Borrowings	1,137	838	36%
Lease Liabilities	8	4	85%
Provisions	4	3	37%
Other non-financial liabilities	65	52	25%
Total Equity & Liabilities	**1,460**	**1,129**	**29%**

TREASURY

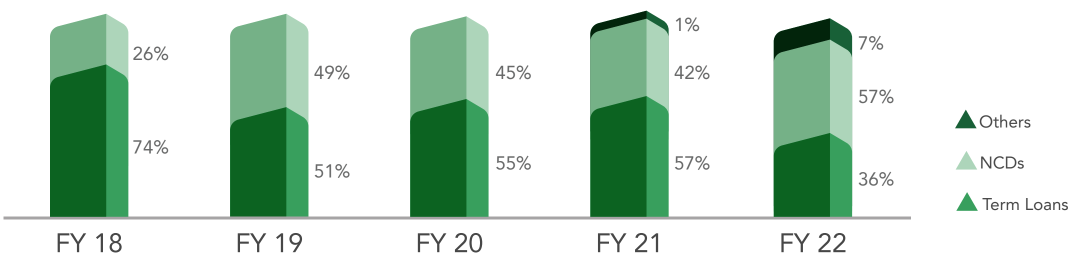
Liability Profile

Kinara Capital has a well-diversified lending profile with access to multiple sources of financing split across Private Banks and Small Finance Banks, NBFCs and Financial Institutions, Alternate Investment Funds, Foreign Portfolio Investors and Asset Management Companies. As of FY22, Kinara Capital had 36 Lenders on its books. Despite the pandemic, we managed an increased diversity across the liability side through new instruments like ECBs and commercial papers. In FY22, we have also added 7 new lenders to our portfolio.

Borrowing Book



We have been consistent in adding diversity to our liability pool as its scale of borrowing has increased without excessive reliance on any single source of debt capital.

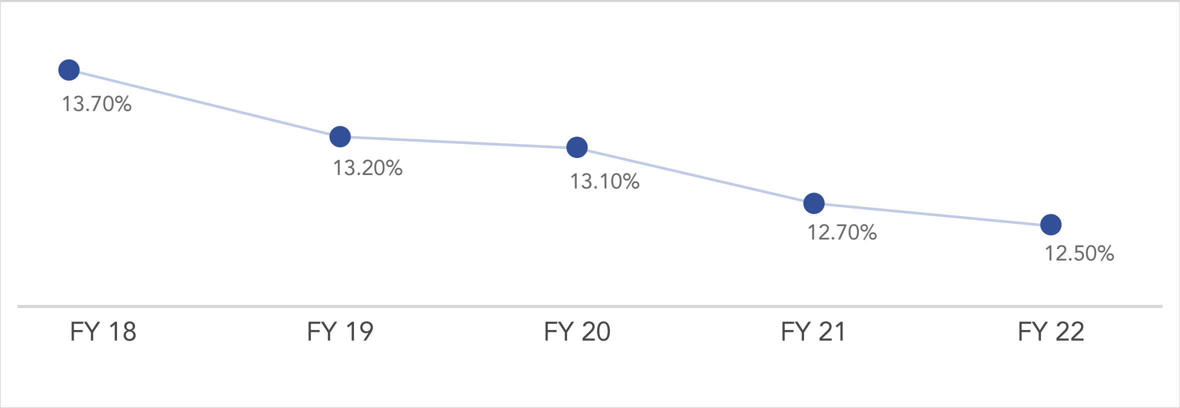


We raised INR 746 crores of debt in FY22 as compared to INR 453 crores in FY21. The increase was significant in light of overall risk averse sentiment that prevailed in the market on account of the second wave of the pandemic. Most lenders had curtailed lending to the NBFC segment and especially the target segment that we operate in. Despite these challenges, we received tremendous support from our existing lenders, who understood the robustness of our business model and increased exposure to us.

A good measure of Kinara Capital's credit acceptability was the willingness of our existing lenders to take a repeat exposure. Of the INR 746 crores of debt that was raised in FY22, 70% was from existing lenders as compared to 55% during FY21. This demonstrated an increased stickiness and the benefit of network effects of having a well-diversified lender base. Typically, the repeat exposures came with increased loan size, longer tenors and better commercials; which had a beneficial effect on the incremental cost of debt.

Borrowing Cost

FY22 saw the reversal of the interest rate cycle and a few of the lenders who had provided floating rate loans increased the interest rate on their existing exposures. Despite the reversal of the rate cycle and the prevailing risk averse sentiment towards this segment, Kinara Capital was able to keep a check on its cost of borrowings by reducing the cost of funds by 50 basis points over FY22.



Credit Rating

The Company was successful in improving its credit rating from both its incumbent rating agencies. ICRA upgraded our Long-Term rating from ICRA [BBB minus] with a Negative outlook to ICRA [BBB] with a Stable outlook. CARE also revised its Long-Term rating from CARE [BBB] with a Negative outlook to CARE [BBB] with a Stable outlook.

The key factors cited by the rating agencies while taking this positive action were; the strengthened capital profile, Improved scale of Operations and significant improvement in asset quality.

Asset Liability Management

The Company has a conservative and prudent ALM policy. As a key strategy to manage healthy cash flows, the Company typically maintains two months of cash requirements in the form of undrawn limits or in cash equivalents. Post the onset of the pandemic, the amount of cash and cash equivalents held by the Company was significantly increased to approximately 20% of the total assets or equivalent to between 3 to 6 months of all outflows. In terms of structural liquidity, the Company has positive mismatches on a cumulative basis across all buckets.

Future Outlook

The Treasury team has outlined clear objectives from a future perspective so as to further strengthen the liability mix of the Company and enhance stability from a funding perspective so as to achieve targeted portfolio levels:

- Credit Rating: Continuously engage with Rating Agencies post infusion of second tranche of equity in an endeavour to migrate to the "A" category at the earliest.
- PSU Banks: Increasing the proportion of PSU Banks in our Liability mix is a key focus area. This represents a stable and low cost of financing which is essential for our next stage of growth. In July 2022, we have successfully obtained a sanction from State Bank of India for a quantum of INR 50 crores. This we believe will be pivotal in obtaining other PSU Bank sanctions.
- In addition to PSU Lenders mentioned above, Kinara Capital will also look to deepen engagements with various DFI's. Currently, we have a relationship with DFC by way of a non-fund-based exposure. As our scale increases, we are becoming eligible for direct funding by other DFI's who have a requirement of a slightly larger ticket size for a transaction. Increased funding from this category would further help bringing down our cost of debt on a relative basis.

Co-lending

Over the past three years, co-lending has emerged as an important business line for Kinara Capital. We have added 6 partners over this time period and have grown the Co-lending disbursements to INR 333 crores in FY22 from INR 17 crores in FY20.

The increase in scale and partners demonstrates the acceptability of Kinara Capital's product and underwriting processes in the broader lending ecosystem. The approach that we follow in this business is "Our Product – Our Process – Our Tech".

Essentially, our value proposition is that we would originate loans for our partners in the same manner that we would originate loans for our own book. Our loans are approved by our internal underwriting process and only then presented to our Co-lending partners.

The format of Co-lending typically involves funding a Borrower in an 80:20 ratio (while this is the most common, there are partners who fund in other participation ratios as well) as a result of which it provides an ability for Kinara Capital to access alternate balance sheets to accelerate portfolio growth as well as utilize its capital in a more effective manner.

Kinara Capital envisages that Co-lending would continue to be an important part of its business strategy going forward. Typically, we expect the Co-lending Portfolio to range between 20-25% of our total Portfolio. To this end, we are in discussions with multiple potential partners to further augment the Co-lending limits available to Kinara Capital.

Capital Adequacy

	At March 31, 2022	At March 31, 2021
Risk Weighted Assets	951	767
CRAR (Capital-to-Risk Ratio) (%)	18.5%	29.2%
Tier I Capital Ratio (%)	16.7%	25.7%
Tier II Capital Ratio (%)	1.8%	3.6%

During FY22, Kinara Capital raised equity capital of INR 208 crores led by Nuveen Global Impact Fund, along with Dutch investor Triple Jump. The equity capital was banked in April 2022, post RBI approval. Considering the equity raise, Capital Adequacy Ratio stood at 38.60% (At April 30, 2022).

During FY22, we maintained a good leverage, managed credit cost through constant collection efforts and managed a healthy ROA.

Internal Control and Adequacy

Kinara Capital's Internal Audit function (named Internal Quality Audit; IQA) functions independently under the supervision of the Audit Committee of the Board, thereby ensuring its independence. The Committee meets every quarter to review the efficacy of the IQA function, the effectiveness of the internal controls of the company and the compliance to internal and regulatory guidelines.

Through a quarterly report, the IQA function provides independent assurance to the Audit Committee and Senior Management in the quarterly Audit Committee meetings on the quality and effectiveness of internal controls, the risk management system and governance systems and processes. While the company does not fall under the listed entities where RBI's guidelines on Risk Based Internal Auditing are mandatory, the company has adopted a Risk Based audit methodology that ensures risk assessment and management on an ongoing basis at the process level. The same is achieved through quarterly audits of all branches through which the company operates and through audits of processes in the various departments and functions in the company's Head Office. The audit universe ensures comprehensive coverage of not only the branch operations but also applicable regulatory and statutory compliance requirements that are included in the Annual Audit Plan that is tabled to the Audit Committee and their approval sought. Audit frequencies are in sync with the risk profile of the processes and branches. Concurrent Audits, Thematic audits and consulting assignments as required by the Management also form part of the audit calendar of the IQA function. Audit outcomes drive required improvements to Design, Automation and Operations through introduction of new policies and Standard Operating Procedures and improvement to existing ones.

In FY23, the company's focus is to design, build and operate an Integrated GRC Platform through which the Risk Management function and the Compliance function can ensure periodic self-assessment of both risks, controls and compliance and the IQA function can conduct both branch and process audits at Head Office through an automated Audit Management System. The Platform will enable end to end automation to its users, thus improving audit efficiency and productivity and result in us being compliant with not only the global best practices of Internal Audit but also the required RBI compliances on Risk Based Internal Audit and Regulatory and Statutory Compliances.

CUSTOMER *Snapshot*

Narayan Ahire

Jay Maharashtra Engineering

"Adding new machinery has generated higher revenues and kept my business on the right growth track, thanks Kinara."

RISK MANAGEMENT & MITIGATION TECHNIQUES

Credit Risk

As per general definition, Credit Risk is the risk of default on a debt that may arise from a borrower failing to make required payments. In our segment, the risk arises mainly due to disruption to cash flows, which could be because of internal or external factors. The loss may be complete or partial. Credit risk is considered to be higher when the borrower does not have sufficient cash flows to pay or does not have sufficient assets to liquidate to make a payment. As is the norm, if the risk of non-payment is higher, the lender is more likely to demand compensation in the form of a higher interest rate.

Our target segment being the MSMEs, we fund customers based on the cash flows assessed through formal and informal sources and assess the risk through proprietary credit models.

To take a step back and understand the impact of the segment itself - Micro, Small and Medium Enterprises (MSMEs) have been one of the strongest drivers of growth, entrepreneurship and employment in the Indian economic growth story. The sector accounts for 30% of the GDP, 48% of the total exports and 95% of the industrial units in the country. In terms of employment, it employs 40% of India's workforce. To achieve the goal set by our honourable PM of a $5 trillion economy, the MSME sector requires the right impetus in transition into larger and mature firms. This goal is contingent upon the right infrastructure support and policy to solve the biggest obstacle for MSMEs: enabling market linkage and credit access.

During the period under discussion, the entire nation was still grappling with the 2nd wave of the COVID-19 outbreak, which had led to a partial to complete shutdown of the economy and had dented the growth in loans and disbursements. The first quarter of the year was almost all focused on maintaining the portfolio. However, the festive demand and revival in economic activities on back of government initiatives boosted the consumer demand from second quarter onwards.

The measures adopted to contain risk during the Covid affected months include –

- Capping of maximum loan limit to Rs 15 lakhs
- Introduction of Covid contraction in sector margins
- Avoid cash revenue assessment of customers
- Increased minimum vintage from 9 to 12 months for repeat loans to existing customers
- These measures helped contain our exposure and thereby reduce risk to a certain extent

At the same time, we had also stepped up our efforts to support businesses in making a comeback and disbursed approx. Disbursements made to existing customers under the ECLG Scheme of the Finance Ministry was one such endeavour.

Parallelly, we also stepped up our risk management and analytical capabilities to mitigate risks, and improve the profitability of our products. We had introduced our digital lending app, named myKinara in Q3 FY21, which now found a strong foothold among consumers who were now more tech savvy and needed credit.

We tightened and recalibrated our underwriting criteria through an in-house developed credit model across product lines based on profiles, industries and geographies and also re-calibrated our decision engine to reflect the inherent risk in borrower profiles. The Company also strengthened its Collections capacity across the board in MSME loans. Kinara Capital's sapient credit evaluation policies and processes have enabled it to maintain a well-balanced portfolio and developed a sustaining approach to managing NPAs.

Business/Operational Risk

Business Continuity

Ensuring the business as usual, during the initial Covid imposed lock down days and the subsequent waves was a challenge faced by all the financial institutions. We, at Kinara Capital, utilized our employees' time and energy during the first wave of the pandemic, to design an end to end digital journey for our customers. This helped the organisation to enable disbursements through digital sourcing of leads, digital processing, and digital disbursements.

Digital Disbursements

Being in lending business, to be able to continue to lend despite all external conditions created by the pandemic was a major challenge. We enabled a very safe lending environment to our customers, where they could avail business loans, within the safety of their own premises, with digital customized stamping of the loan agreements, digital loan agreement execution. Even the repayment registration was smoothly managed through the ENACH (electronic national automated clearing house) facility. NPCI helped by enhancing the processing limits from INR 1 Lakh to INR 10 Lakhs.

Digital Collections

Another operational risk for an organisation in the lending business is to ensure smooth collection of the loans disbursed. Majority of our customers had their repayment processed through the National Automated Clearing House (NACH). Even for the non-ACH customers or the ACH bounced customers we had opened up various digital payment collection avenues, which includes the strategic tie up with Airtel payments bank and being live on 400 + digital payment gateways including, major bank applications, Paytm, Google pay, Phone pay etc. These digital initiatives enabled the customers to make prompt payments without visiting our branches to pay their dues.

Delinquency Management

The performance of the company's portfolio had a hit when the businesses run by our customers were impacted due to the lock down and other Covid imposed restrictions. To enable the customers, get back to business, we had disbursed Covid relief working capital loans at a very minimal rate of interest under the Government of India approved Emergency Credit Line Guarantee Scheme (ECLGS). ECLGS loans helped the customers to revive their business and bounce back faster than expected. The highly stressed customers were offered one-time settlement schemes (OTS), with charges and interest waivers, to enable them clean their credit performance. Our write-offs have been higher than usual in FY21 amounting to INR 44 crores primarily on account of the pandemic & business closure.

Customer Retention and Customer Service Mechanism

Kinara Capital is in a business where customer service is the key to success. Customers decide the future of the business. Multiple efforts were taken to retain the pre-closure customers including multi-level of retention efforts, from centralized customer care team to the field levels. Digitizing and centralizing the customer service process, helped us to evaluate the customer requirements, understand the customer concerns, through data captured from them. The Customer Satisfaction & Net Promoter Score surveys introduced during this period helped us collect more customer centric information, direct from the customers through ways of surveys. Such information collected was used for process changes, policy amendments at the organisation level. We also have a concrete customer grievance redressal mechanism, where multiple escalation options are given to the customers in case of an unhappy experience with any of our systems, processes or people.

Regulatory & Reputation Risk, due to Collection and Recovery efforts

As an aggressive financial institution, our people are efficient in effective collection follow ups with delinquent customers. In order to avoid any regulatory or reputational risk, we ensure to update the organisation FPC policy (Fair Practices Code), and provide periodic training to the feet on street (FOS) to ensure compliance to FPC while on their collection calls / visits. FPC is followed strictly by all employees from the sourcing to disbursement and until account closure.

Way Forward

Digital lending, which is the way forward, has also augmented the reach of credit; business owners in small cities can seamlessly access credit that was previously available to them in only physical outlets that were out of town. This has been made even more accessible through solutions like e-NACH, CKYC, E-sign, video KYC etc. The cost benefits for digital processing (due to the lack of physical infrastructure) are also passed down from lenders to borrowers.

Open digital ecosystems in India like Aadhar and India Stack are promoting digital lending. As an impetus for this rapid growth, the RBI introduced the Account Aggregator (AA) framework, which aims to further simplify the process of disbursing credit digitally. The AA process streamlines the sharing of financial data by allowing financial institutions to share a customer's financial information with lenders directly (with the customer's consent, of course). This framework makes the process secure, transparent, and efficient while addressing a major challenge in the lending industry, which is the fragmentation of data.

The shift brought about by digital lending is changing the optics of MSME lending. What was once an onerous and time-consuming task is now becoming an easily accessible business decision. Empowering the underserved through capital inclusion is a win-win-win situation; for the lending ecosystem, MSME borrowers, and India's economy as a whole.

At Kinara Capital, we have all our products on the digital platform. The customer app, which is downloadable through Play store, is available in multiple languages to cater to customers across states in Southern and Western India.

Through the post pandemic months, we had consciously supported unsecured MSME loans. In order to augment the growth of secured loans in our portfolio, changes that we have brought and those underway include –

- Introduction of Loan Against Property
- Revision of hypothecation norms to include Stocks as an asset option and introduce semi-secured as a new category.
- We are also revising our asset purchase loan product and re-introducing it with a well-planned digital workflow.
- All through this, we are growing from strength to strength, adding more feet on street and parallelly increasing our footprint by increasing our presence to 125 branches.

Market Risk

Market risk is the risk that changes in market prices on account of macro-economic or geo-political factors may adversely impact the Company's earnings or the value of financial instruments it holds. Some of the instruments that may experience volatility are foreign exchange rates, interest rates and equity prices. The objective of market risk management is to assess, manage and control the impact of market risk within acceptable parameters.

Foreign Exchange Risk

The conflict in Europe has led to a sharp rise in prices of several commodities including crude oil. This in turn has exerted upward pressure on India’s inflation and current account deficit, given that the country imports more than 80 percent of its oil needs. In line with other emerging market currencies, the Indian rupee has witnessed a phase of sharp volatility since Russia’s invasion of Ukraine on Feb 24, weakening versus the US dollar over the period and touching a low of 77.7850/$1 on May 17.

The Company does not have any open currency exposures and believes in operating with a high degree of conservatism when it comes to Foreign Currency risk. During the year FY21-22, the Company had raised one External Commercial Borrowing (ECB) Facility which was fully hedged using appropriate derivative instruments resulting in a NIL unhedged foreign currency exposure.

Interest Rate Risk

Disruptions, shortages and escalating prices induced by the geopolitical tensions and sanctions have persisted and downside risks have increased since the beginning of 2022. The International Monetary Fund (IMF) has revised down its forecast of global output growth for 2022 by 0.8 percentage point to 3.6 per cent, in a span of less than three months. The World Trade Organization has scaled down projection of world trade growth for 2022 by 1.7 percentage points to 3.0 per cent.

Domestically economic activity improved in March-April with the slowing of the third wave of COVID-19 and the removal of restrictions. In March 2022, CPI inflation surged to 7.0 per cent from 6.1 per cent in February, largely reflecting the impact of geopolitical risks. The rapid rise in domestic inflation is coupled with inflationary pressures increasing globally as well. The IMF projects inflation to increase by 2.6 percentage points to 5.7 per cent in advanced economies in 2022 and by 2.8 percentage points to 8.7 per cent in emerging market and developing economies.

Against this background, to check the rapidly rising inflation RBI has reversed its stance on an accommodative monetary policy and increased the policy repo rate by 40 basis points to 4.40 per cent on May 4, 2022. The RBI has also clearly articulated that its key near term goal would be to ensure that inflation remains within the medium-term band for consumer price index (CPI) inflation of 4 per cent within a band of +/- 2 per cent, while supporting growth. As a result, it is expected that there would be potentially further rate hikes during FY23.

This would have a detrimental impact on the liability side of the Company, given that borrowing costs would become dearer, however, the Company has assessed the impact of a rising interest rate scenario. The Company is well placed to absorb any adverse rate movements on account of the fact that only ~13% of the liabilities are variable rate instruments, with all the residual financial assets and liabilities being fixed rate instruments.

Liquidity Risk

Liquidity risk pertains to the risk that the Company will encounter difficulty in meeting its financial obligations linked to its financial liabilities. The Company is bound by Asset Liability Management (ALM) guidelines issued by Reserve Bank of India. The ALM policy of the Company is approved by the board and the Company also has an Asset Liability Committee to oversee the liquidity risk management of the company. The Company follows an extremely conservative approach to managing liquidity risk by ensuring that there are no negative mismatches on a cumulative basis in any time bucket and also ensuring between 3-6 months of liquidity for meeting all outflows on a static basis.

HUMAN CAPITAL MANAGEMENT

Employees are the most critical driver for Kinara Capital's growth and sustenance. We continue to adopt people practices that enable us to attract and retain talent. As an employer, it is our constant endeavour to foster a work culture that is always committed to providing the best opportunities to employees to realise their potential.

Our employee strength grew by 17% from 1,126 at March 2021 to 1,313 at March 2022. We have about 81% of our strength operating out of our branches.

During the year, we continued to emphasize on ensuring safety and health of all its employees, enhancing employee skills, promoting diversity and inclusion.

Health, Safety & Well-being

Kinara has always prioritized the safety and well-being of all employees. During the lockdown, we initiated many Employee Wellness Programs to ensure employees' safety and mitigate the virus spread. We provided paid 14-day paid leave for anyone diagnosed with Covid, or if they were a caretaker of a family member with Covid. Our insurance program covered all costs for anyone suffering from Covid and we paid for all employee vaccinations. For employees in Bangalore, we organized 2 vaccine drives.

Only a small number of our employees contracted Covid-19 and we are extremely thankful that all of them recovered and are doing well. The Company transitioned from work from home to back to office with ease, while keeping a vigil on the external conditions. We announced a Work from Home policy to continue with flexibility for all our employees.

We stayed in constant touch with all our employees, notifying them of changes and we carefully planned for the reopening of our hubs and corporate office with revised hygiene protocols. Despite the tough times, we managed to finish our appraisal process in April 2022. That variable pay along with the increments was paid out to all employees in April 2022. We have also not resorted to any downsizing and are back on hiring drive this year.

Equal Opportunity Employment

Kinara Capital is an equal opportunity employer. Employment is based on merit and business needs. It does not unlawfully discriminate against employees or applicants for employment on the basis of an individual's race, color, religion, creed, sex, national origin, age, disability, marital status, veteran status, or any other status protected by applicable law. This policy applies to all terms, conditions, and privileges of employment, including recruitment, hiring, placement, compensation, promotion, discipline, and termination. The company does not discriminate either at the time of hiring or in the course of an employee's stay with the organization on occasions such as promotions and transfers.

Whenever possible, the company makes reasonable accommodations for qualified individuals with disabilities to the extent required by law. Employees who would like to request a reasonable accommodation should contact HR.

Professional Conduct

The company expects its employees to adhere to professional conduct and integrity. This ensures that the work environment is safe, comfortable, and productive. Employees should be respectful, courteous, and mindful of others' feelings and needs. General cooperation between co-workers and supervisors is expected. Individuals who act in an unprofessional manner may be subject to disciplinary action

Ethical Standards

The company insists on the highest ethical standards in conducting its business. Doing the right thing and acting with integrity are the two driving forces behind the company's great success story. When faced with ethical issues, employees are expected to make the right professional decision consistent with the company's principles and standards.

Workplace Safety

The company takes every reasonable precaution to ensure that employees have a safe working environment. Safety measures and rules are in place for the protection of all employees. Ultimately, it is the responsibility of each employee to help prevent accidents. To ensure the continuation of a safe workplace, all employees should review and understand all provisions of the company's workplace safety policy. Employees should maintain work areas in a safe and orderly manner, free from hazardous conditions. Employees who observe an unsafe practice or condition should report it to a supervisor immediately. Employees are prohibited from making threats against anyone in connection with his/her work or engaging in violent activities while in the employment of the company.

Open Communication

The Company encourages employees to discuss any issues they may have with a co-worker directly with that person. If a resolution is not reached, employees should arrange a meeting with their reporting manager. If the concern, problem, or issue is not properly addressed, employees should contact the Human Resources Department. Any information discussed in an open communication meeting is considered confidential, to the extent possible while still allowing management to respond to the problem. Retaliation against any employee for appropriate usage of open communication channels is unacceptable.

Open Door Policy

The company has an open-door policy and takes employee concerns and problems seriously. The company values each employee and strives to provide a positive work experience. Employees are encouraged to bring any workplace concerns or problems they might have or know about to their supervisor or some other member of management.

Career Building Through Continuous Learning

Considering Learning is a journey and not a destination, the L&D team at Kinara Capital has launched Role Based virtual Learning journeys which span over 6 to 8 months. These journeys are curated and designed post detailed discussions with the Leadership team and are specific & relevant to individual roles. The journey framework considers various attributes which include strengthening the domain knowledge of participants through functional programs (Products, process & systems), building the appropriate mindset to perform your duties through behavioural & soft skill interventions, and augmenting technical acumen (PowerPoint, Excel, etc.) to aid one in expediting day to day chores & building Leadership quotient to enable succession planning and create a fleet of next in line leaders.

The L & D is constantly redesigning the flagship Induction or Onboarding program, aligning employees with the Vision, Mission & Values of the Company. Apart from this, the L&D team acts as a business enabler by partnering with the business and launching initiatives to improve the productivity of low-performing regions by identifying, adopting & focussing on the pain areas.

L&D initiatives for the FY22

Key highlights for FY 22 have been launches of byte-sized learnings on key Functional topics, process changes & system enhancements. We also have had dedicated programs for performance upliftment of low performers by organizing focussed programs on identified competencies & hand holding them to upskill.

Further to the above programs, which has now perpetual existence in the training calendar, we have introduced journeys-based learnings based on the nature of responsibilities. A few examples to share are:

Sales Officer Development Program & Collection Officer Development Program - A journey involving all field officers across the organization addressing their Functional needs alongside building the right behavioral mindset to accomplish their task with utmost sincerity

Branch Score Card Improvement Program - A journey involving all Branches focussing on achieving the best possible Branch score which is dependent on various parameters like Customer Satisfaction, Turnaround time, Audit report, etc.

Performance Enhancement Program - Adoption of a particular region or a state depending on the performance metrics and working closely with the Heads to create tailor-made solutions to address the problem areas.

Whistle-blower Policy

The Vigil Mechanism (Whistleblower) is to ensure the highest ethical, moral, and business standards in the course of functioning and to build a lasting and strong culture of Corporate Governance within the Company.

At Kinara Capital, we are committed to conducting our business in accordance with applicable laws, rules, and regulations and the highest standards of business ethics, honesty, integrity, and ethical conduct. However, the possibility of malpractices occurring in an organization's operations can never be ruled out and ignorance of this possibility demonstrates poor corporate governance with potentially disastrous consequences. Therefore, one of the cornerstones of good corporate governance is the existence of a mechanism that lays down the principles and standards that should govern the actions of the Company, its Directors, and Employees and investigates complaints of malpractices with fairness.

CUSTOMER *Snapshot*

I AM A PROUD HERVIKAS BUSINESS WOMAN!

Lakshmi N

Sri Chamundeshwari Arts and Crafts

"Before Kinara, we never took any loans and never imagined this option without property collateral."

LETTER FROM THE CFO

Over the past decade, Kinara Capital has emerged as a fast-growing fintech with a focus on sustainability and inclusive financial growth. Managing the fall-out of the Covid-19 pandemic is just the latest in a series of hurdles we have steered the company through. Being able to weather these setbacks one after another is a testament to the tenacity and sustainability of the company's business model and processes. Through it all, our focus was on meeting our obligations and servicing the needs of our customers effectively, while continuing to form collaborations and partnerships that aided us in our journey. Strong unit economics combined with a sustainable & scalable business model has ensured that we have delivered value across all of our stakeholders despite the economic events of the last few years

Profitability emerged as the primary focus to sail through the economic events including Covid-19. We have been profitable for the last seven years. We continued to maximise our yields given all of the uncertainties around portfolio quality. We also focussed on managing & optimising costs & improving overall productivity through technological changes across processes.

Through Covid-19, we had the continued support of our lending partners and investors, which helped us navigate these challenging circumstances. Not only were we able to maintain our debt pipeline, but we were also able to raise debt in order to ensure that we stayed cash positive.

Despite the challenging atmosphere in the wake of the pandemic, we were still able to onboard partners and investors, and even raise fresh equity of $50 million from Nuveen and Triple Jump. While we were earlier leveraging our existing equity to raise debt, resulting in high leverage, this fresh infusion has given us the base to boost our all-round growth as a company.

We have consistently delivered value in terms of company financials by helping boost Kinara's AUM from INR 192 crores in 2017 to INR 1268 crores in 2022. We have also successfully ensured consistent profitability for the company and achieved a positive assets and liabilities gap (ALM), which is the gold standard for NBFCs. We have managed to enable the implementation of tech innovations for business functions across the board. Not only are data-driven and AI and machine learning-backed models used for back-end functions like evaluation of loan applications and building a database, but also for internal processes like HR management.

Our sustainable business model and impact-oriented outlook have resulted in positive outcomes for all our stakeholders, employees, and customers over this 10-year journey that Kinara has achieved. In the future, we look forward to continuing to deliver value and putting our dynamism and adaptability to use in achieving rapid growth for the company.

Thank You,

R. Aiswarya

Aiswarya Ravi

Rakesh P Singh

Sangeetha Foods

City and state:
Bengaluru, Karnataka

Sector business:
Food Products

Customer since:
2014

No. of loans availed:
2 (INR 2 lakhs and INR 5 lakhs)

Growth in business:
His business has grown by 30-40% and he has added 5 employees

> *"Kinara's support helped us pull through the pandemic, and now the business is growing bigger and stronger every day!"*

CUSTOMER SPOTLIGHT

When Rakesh Singh started his snack food business called Sangeetha Foods in 2009, he suffered major losses and his journey was rife with grueling days and worry-filled nights, as his business struggled to take off. He spent 18-20 hours a day working and after 4 years, his business finally started showing signs of expansion. He bought into a new unit, and soon his operations were up and running better than ever before.

Things were going quite well for Rakesh, but then the Covid-19 pandemic hit. Just as he was about to expand his product portfolio, all his growth plans were suddenly on the verge of being shelved. Fortunately, he was approached by a Kinara executive around this time, who explained to him how easily he could avail of a collateral-free loan to invest in his business. He applied for the loan and was also pleasantly surprised by how approachable and supportive the Kinara staff were, and how smooth the loan application process was.
He couldn't believe it when it was processed immediately, and he received the amount in his account within a day!

Rakesh invested the loan amount in his business, and it helped him pull through the financial crunch and recoup quickly. After that, he took another loan from Kinara, this time using the amount to expand his product line, adding "Instant Golagappas", which turned out to be a great success. For Rakesh, this has been a life-changing experience, which gave him financial independence and a chance to improve his family's standard of living. His days of working 20-hour days are behind him. With Kinara's support, he has become the proud owner of a very successful business.

INDEPENDENT AUDITOR'S REPORT

To the Members of Visage Holdings and Finance Private Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of **Visage Holdings and Finance Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year 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 "Ind AS financial statements").

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 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, of the state of affairs of the Company as at March 31, 2022, its profit (including other comprehensive income), its changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 52(c) to the Ind AS financial statements, which explains the extent to which COVID-19 pandemic will impact the Company's operations and results is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

Key Audit Matters

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

The key audit matter	How the matter was addressed in our audit
Impairment Loss Allowance for loans Under Ind AS 109 - Financial Instruments, allowance for loan losses are determined using expected credit loss (ECL) model. The estimation of ECL on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Company's estimation of ECLs are: **Data inputs** - The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. In some cases, data is unavailable and reasonable alternatives have been applied to allow calculations to be performed. **Model estimations** - Inherently judgmental models are used to estimate ECL which involves determining Probabilities of Default ("PD"), Loss Given Default ("LGD"), and Exposures 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. **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	Our Key audit procedures included: **Design/Controls:** We have started our audit procedures with understanding of the internal control environment related to Impairment loss allowance. We performed end to end process walkthroughs to identify the key systems, applications and controls used in the ECL processes. We tested the relevant manual (including spreadsheet controls), general IT and application controls over key systems used in the ECL process. Key aspects of our walkthrough and controls testing involved the following: - Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs, data and assumptions such as macro-economic variables, the controls over the scenario selection and application of probability weights into the Ind AS 109 impairment models. - We have verified whether the ECL provision is made in accordance with the Board Approved Policy and accounting policies in this regard; - We have evaluated the appropriateness of changes or updates in the model during the year based on updated board approved policy in this regard.

and the probability weights applied to them especially when considering the current uncertain economic environment arising from COVID-19.

Restructuring:
The Company has restructured loans in the current year on account of COVID-19 related regulatory measures. This has resulted in increased management estimation over determination of losses for such restructured loans.

Qualitative Adjustment:
Adjustments to the model-driven ECL results are recorded by management to address known impairment model limitations or emerging trends as well as risks not captured by models. Such overlay adjustments were assessed for certain pools of customers where the Company assessed a higher risk of default basis their moratorium and portfolio at risk behavior.

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.

The effect of these matters is that, as part of risk assessment, we determined that the impairment of loans and advances to customers, including off balance sheet elements, has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The credit risk sections of the financial statements disclose sensitivities estimated by the Company.

- Testing the design and operating effectiveness of the key controls over the application of the staging criteria.

- Testing management's control over authorisation and calculation of post model adjustments and management overlays.

- Testing management's control on compliance with Ind AS 109 disclosure related to ECL.

  Testing key controls operating over the information technology in relation to loan impairment management systems, including system access and system change management, program development and computer operations.

Test of details:

Key aspects of our substantive testing included:

- Sample testing over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of economic, forecasts, weights, and model assumptions applied.

- Model calculations testing through re-performance, where possible.

- With respect to overlay adjustments made by the Company, we broadly reviewed the underlying assumptions and estimates used by the management for the same but as the extent of impact is dependent on future developments which are highly uncertain, we have primarily relied on those assumptions and estimates. These assumptions and estimates are a subject matter of periodic review by the Company.

Disclosures:
The disclosures regarding the Company's application of Ind AS 109 are key to explaining the significant judgements and material inputs to the Ind AS 109 ECL results. Further, disclosures to be provided as per RBI circulars with regards to non-performing assets and provisions will also be an area of focus as these are related to area of significant estimate.

- We assessed whether the disclosures are appropriately made and address the uncertainty which exists when determining the ECL. As part of this, we assessed the sensitivity analysis that is disclosed. In addition, we assessed whether the disclosure of the key judgements and assumptions made is sufficiently clear. We have checked the provision on Loan Assets as per IRACP norms as required under RBI circular dated March 13, 2020.

IT System and Controls

The Company's key loan management process is highly dependent on information systems including automated controls in systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated.

We have identified IT systems and automated controls as key audit matter because of the high-level automation.

Our audit procedures to assess the IT system management included the following:

General IT Controls/User Access Management:

- We focused on user access management, change management, computer operations and key system application controls over Loan Process.

- We tested the design and operating effectiveness of key controls in relation to Loan process over user access management which includes granting access right, new user access creation, user access modification, periodic user access review and user access revocation.

- For a selected group of key controls over the Loan Management System, we independently performed procedures to determine that these controls remained unchanged during the year or were changed following the standard change management process.

- Other areas that were independently assessed included password policies, security configurations, system interface controls, controls over changes to applications and databases and that business users, developers and production support did not have access to change applications, the operating system or databases in the production environment.

Other Information

The Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Director’s report, but does not include the Ind AS financial statements and our auditor’s report thereon. The Director’s report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

The Company’s Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including Ind AS prescribed 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the Company’s financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

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

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

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

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

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

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

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

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

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

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

Other Matter

The audit of Ind AS financial statements for the year ended March 31, 2021, was carried out and reported by B S R & Co. LLP, vide their unmodified audit report dated May 12, 2021, whose report has been furnished to us by the management and which has been relied upon by us for the purpose of our audit of the Ind AS financial statements.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

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

As required by section 143(3) of the Act, we report that:

- 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;
- 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;
- The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the books of account;
- In our opinion, the aforesaid Ind AS financial statements comply with the Ind AS prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;
- On the basis of the written representations received from the directors as on March 31, 2022, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of section 164(2) of the Act;

- With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure 2";

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

  In our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, section 197 of the Act related to the managerial remuneration is not applicable.

- 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 has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 39(a) on Contingent Liabilities to the Ind AS financial statements;

  (ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses for derivative contracts – Refer Note 14 to the Ind AS financial statements. The Company did not have any other long term contracts;

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

  (iv) (a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, 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, other than as disclosed in the notes to the accounts, 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;

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

(v) The Company has not declared nor paid any dividend during the year. Hence, reporting the compliance with section 123 of the Act is not applicable.

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 103523W / W100048

Gaurav Poddar
Partner
Membership No. 063847
UDIN: 22063847AHYGTT2702

Place: Bengaluru
Date: April 27, 2022

Annexure 1
To The Independent Auditor's Report

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section in the Independent Auditor's Report of even date to the members of Visage Holdings and Finance Private Limited ("the Company") on the Ind AS financial statements for the year ended March 31, 2022]

Based on the audit procedures performed for the purpose of reporting a true and fair view on the Ind AS financial statements of the Company and taking into consideration the information, explanations and written representation given to us by the management and the books of account and other records examined by us in the normal course of audit, we report that:

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

(B) The Company has maintained proper records showing full particulars of Intangible Assets.

(b) During the year, the Property, Plant and Equipment of the Company have been physically verified by the management and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) The Company does not have any immovable property and accordingly, reporting under clause (i)(c) of paragraph 3 of the Order is not applicable.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) and Intangible Assets during the year. Accordingly, reporting under clause (i)(d) of paragraph 3 of the Order is not applicable.

(e) No proceedings have been initiated or are pending against the Company as at March 31, 2022 for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

ii. (a) The Company, being a Non-Banking Financial Company ("NBFC"), is in the business of providing loans, and consequently, does not hold any inventory. Therefore, reporting under clause (ii)(a) of paragraph 3 of the Order is not applicable.

(b) The Company has not obtained any sanctioned working capital limit during the year, from banks and/or financial institutions, on the basis of security of current assets. Therefore, reporting under clause (ii)(b) of paragraph 3 of the Order is not applicable.

iii. (a) The Company's principal business is to give loans and therefore, reporting under clause (iii)(a) and (e) of paragraph 3 of the Order are not applicable.

(b) The investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided by the Company during the year are not prejudicial to the interest of the Company.

(c) The schedule of repayment of principal and payment of interest in respect of the loans and advances in the nature of loans has been stipulated. However, considering the nature of business of the Company and as informed to us by the management, it is not possible to compile all the cases of repayments of principal or payments of interest during the year which are not regular as per stipulation as the systems are not tuned for such information, hence we are not in a position to report on this clause except that as at March 31, 2022, there are 3,285 instances aggregating to Rs.9,050.22 lakhs which are overdue for more than ninety days.

(d) In respect of the aforesaid loans and advances in the nature of loans, the details of amount which is overdue for more than ninety days is as below:

No. of Cases	Principal Amount Overdue	Interest Overdue	Total Overdue	Remarks
3,285	Rs. 6,787.24 lakhs	Rs. 2,262.98 lakhs	Rs. 9,050.22 lakhs	Reasonable steps have been taken by the Company for recovery of the principal and interest as per the board approved "Legal & Recovery - Process Manual" framed by the management.

(e) The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.

iv. The provisions of section 185 of the Act are not applicable to the Company as the Company has not provided any loans to directors or to any other person in whom the director is interested. Further, the provisions of section 186 [except for subsection (1)] of the Act are not applicable to the Company, being an NBFC, as it is engaged in the business of providing loans. The Company has not made any investment in another Company, hence Section 186(1) of the Act is not applicable to the Company.

v. The Company is a Non-Banking Finance Company registered with the Reserve Bank of India to which the provisions of sections 73 to 76 of the Act and the relevant rules made there under are not applicable. Accordingly, reporting under clause (v) of paragraph 3 of the Order is not applicable.

vi. The Central Government has not prescribed the maintenance of cost records for any of the products of the Company under sub-section (1) of section 148 of the Act and the rules framed there under.

vii. (a) The Company is generally regular in depositing with the appropriate authorities, undisputed statutory dues including Goods and Services tax (GST), provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues applicable to it, though there has been a slight delay in a few cases.

No undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, GST, customs duty, cess and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) The dues outstanding with respect to provident fund, employees' state insurance, income tax, GST, sales tax, service tax, value added tax, customs duty, excise duty and cess, on account of any dispute, are as follows:

Statement of Disputed Dues

Name of the statute	Nature of the dues	Amount	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax Demand	Rs. 111.86 lakhs	A. Y. 2018-19	Commissioner of Incometax (Appeals)

viii. We have not come across any transaction which were previously not recorded in the books of account of the Company that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

ix. (a) 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) Pending utilization of the term loan for the purpose for which they were obtained, the funds were temporarily placed in fixed deposits with original maturity of less than 3 months but were ultimately utilized for the purpose for which they were obtained.

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

(e) The Company does not have any subsidiary, associate or joint venture as defined under the Act and accordingly, reporting under clause (ix)(e) of paragraph 3 of the Order is not applicable.

(f) The Company does not have any subsidiary, associate or joint venture as defined under the Act and accordingly, reporting under clause (ix)(f) of paragraph 3 of the Order is not applicable.

x. (a) The Company has not raised money by way of initial public issue offer / further public offer (including debt instruments) during the year. Therefore, reporting under clause (x)(a) of paragraph 3 of the Order is not applicable.

(b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Therefore, reporting under clause (x)(b) of paragraph 3 of the Order is not applicable.

xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company nor any fraud on the Company has been noticed or reported during the year, nor have we been informed of any such instance by the management.

(b) No report under section 143(12) of the Act has been filed with the Central Government by the auditors of the Company in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014, during the year or upto the date of this report.

(c) There are no whistle blower complaints received by the Company during the year and upto the date of this report.

xii. In our opinion, the Company is not a Nidhi Company. Therefore, reporting under clause (xii) of paragraph 3 of the Order is not applicable.

xiii. All transactions entered into by the Company with the related parties are in compliance with section 188 of the Act, where applicable, and the details have been disclosed in the Ind AS financial statements as required by the applicable accounting standards. Since the Company is a private limited company, the provisions of section 177 of the Act are not applicable to the Company.

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

(b) We have considered the Internal Audit Reports of the Company issued till date, for the period under audit.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with them during the year and hence, provisions of section 192 of the Act are not applicable to the Company.

xvi. (a) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and the registration has been obtained by the Company.

(b) The Company has not conducted any Non-Banking Financial activities without having a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company (CIC) as defined in Core Investment Companies (Reserve Bank) Directions, 2016 ("Directions") by the Reserve Bank of India. Accordingly, reporting under clause (xvi)(c) and (d) of paragraph 3 of the Order are not applicable.

xvii. The Company has not incurred cash losses in the current and the immediately preceding financial year.

xviii. There has been resignation of the statutory auditors during the year, however, no issues, objections or concerns were raised by the outgoing auditors.

xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the Ind AS financial statements and our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which cause us to believe that any material uncertainty exists as on the date of this audit report and that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to 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. There are no unspent amount towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Act in compliance with second proviso to section 135(5) of the said Act. Also, the Company does not have any ongoing project in pursuance of its CSR policy. Hence, reporting under clause (xx) of paragraph 3 of the Order is not applicable.

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 103523W / W100048

Gaurav Poddar
Partner
Membership No. 063847
UDIN: 22063847AHYGTT2702

Place: Bengaluru
Date: April 27, 2022

Annexure 2
To The Independent Auditor's Report

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section in our Independent Auditor's Report of even date to the members of Visage Holdings and Finance Private Limited on the Ind AS financial statements for the year ended March 31, 2022]

Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of **Visage Holdings and Finance 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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to 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 financial statements and their operating effectiveness.

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

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

Meaning of Internal Financial Controls with reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note issued by the ICAI.

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 103523W / W100048

Gaurav Poddar
Partner
Membership No. 063847
UDIN: 22063847AHYGTT2702

Place: Bengaluru
Date: April 27, 2022

Visage Holdings and Finance Private Limited
Balance Sheet as at 31 March 2022
(All amounts are in INR lacs except share data and unless otherwise stated)

	Note	As at 31 March 2022	As at 31 March 2021
ASSETS			
Financial assets			
Cash and cash equivalents	3	31,269.75	19,069.96
Bank balance other than cash and cash equivalents	4	1,388.81	1,250.75
Loans	5	98,825.17	84,946.87
Investments	6	108.51	102.39
Other financial assets	7	9,254.93	2,617.07
Total financial assets		**1,40,847.17**	**1,07,987.04**
Non-financial assets			
Current tax assets (net)	8	912.83	660.56
Deferred tax assets (net)	9	232.31	690.66
Property, plant and equipment	10	393.35	601.06
Intangible assets under development	11	-	129.32
Other intangible assets	12	384.65	175.90
Right-of-use assets	35	725.93	394.79
Other non-financial assets	13	2,472.44	2,221.38
Total non-financial assets		**5,121.51**	**4,873.67**
Total assets		**1,45,968.68**	**1,12,860.71**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Derivative financial instruments	14	198.03	-
Trade Payables	15		
(i) total outstanding dues of micro enterprises and small enterprises		18.83	13.45
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		146.13	119.69
Debt securities	16	59,944.64	29,262.06
Borrowings (other than debt securities)	17	48,894.36	49,748.94
Subordinated liabilities	18	4,865.47	4,836.28
Lease Liabilities	35	833.44	449.63
Other financial liabilities	19	5,916.55	4,874.28
Total financial liabilities		**1,20,817.45**	**89,304.33**
Non-financial liabilities			
Provisions	20	371.85	271.83
Other non-financial liabilities	21	248.70	200.05
Total non-financial liabilities		**620.55**	**471.88**
EQUITY			
Equity share capital	22	675.97	670.85
Other equity	23	23,854.71	22,413.65
Total Equity		**24,530.68**	**23,084.50**
Total liabilities and equity		**1,45,968.68**	**1,12,860.71**
Significant accounting policies	2		
Notes to the financial statements	3 - 53		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For **Haribhakti & Co. LLP**
Chartered Accountants
ICAI Firm registration No.: 103523W/ W100048

Gaurav Poddar
Partner
Membership No.: 063847
Place : Bengaluru
Date : 27 April 2022

For and on behalf of the Board of Directors of
Visage Holdings and Finance Private Limited

Hardika Shah
Director and Chief Executive officer
DIN : 03562871
Place : Bengaluru
Date : 27 April 2022

R.Thirunavukkarasu
Director
DIN: 06514712
Place : Bengaluru
Date : 27 April 2022

Aiswarya Ravi
Chief Financial Officer
Place : Bengaluru
Date : 27 April 2022

Sutheja KJ
Company Secretary
Place : Bengaluru
Date : 27 April 2022

Visage Holdings and Finance Private Limited
Statement of Profit and Loss for the year ended 31 March 2022
(All amounts are in INR lacs except share data and unless otherwise stated)

		Note	For the year ended 31 March 2022	For the year ended 31 March 2021
	Revenue from operations			
	Interest income	24	21,417.53	21,570.09
	Fees and commission income	25	734.68	968.08
	Net gain on fair value changes	26	6,348.47	739.44
(I)	**Total revenue from operations**		**28,500.68**	**23,277.61**
(II)	Other income	27	425.37	318.67
(III)	**Total income (I+II)**		**28,926.05**	**23,596.28**
	Expenses			
	Finance costs	28	11,691.42	10,015.61
	Impairment on financial instruments	29	4,223.02	4,348.47
	Employee benefits expenses	30	6,571.70	4,714.45
	Depreciation, amortisation and impairment	31	629.09	598.79
	Others expenses	32	3,939.91	2,842.42
(IV)	**Total expenses**		**27,055.14**	**22,519.74**
(V)	**Profit before tax (III-IV)**		**1,870.91**	**1,076.54**
(VI)	**Tax expense:**			
	(1) Current tax - Current Year	9	-	86.67
	- Earlier Year		(69.76)	48.03
	(2) Deferred tax charge	9	481.48	194.09
			411.72	**328.79**
(VII)	**Profit for the year (V-VI)**		**1,459.19**	**747.75**
(VIII)	**Other comprehensive income**			
A	(i) Items that will not be classified to profit or loss			
	- Remeasurement of the defined benefit plans		(27.63)	7.22
	- Income tax on above		6.95	(1.82)
	Subtotal (A)		**(20.68)**	**5.40**
B	(i) Items that will be reclassified to profit or loss			
	- Debt instruments through other comprehensive income		(13.47)	(17.85)
	- Income tax on above		3.39	4.49
	- Cash flow hedge reserve		(50.82)	-
	- Income tax on above		12.79	-
	Subtotal (B)		**(48.11)**	**(13.36)**
	Other comprehensive income (A + B)		**(68.79)**	**(7.96)**
(IX)	**Total comprehensive income for the year (VII+VIII)**		**1,390.40**	**739.79**
(X)	**Earnings per equity share**			
	Basic (₹)	36	21.69	11.54
	Diluted (₹)	36	21.38	11.15
	Significant accounting policies	2		
	Notes to the financial statements	3 - 53		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For **Haribhakti & Co. LLP**
Chartered Accountants
ICAI Firm registration No.: 103523W/ W100048

Gaurav Poddar
Partner
Membership No.: 063847
Place : Bengaluru
Date : 27 April 2022

For and on behalf of the Board of Directors of
Visage Holdings and Finance Private Limited

Hardika Shah
Director and Chief Executive officer
DIN : 03562871
Place : Bengaluru
Date : 27 April 2022

R.Thirunavukkarasu
Director
DIN: 06514712
Place : Bengaluru
Date : 27 April 2022

Aiswarya Ravi
Chief Financial Officer
Place : Bengaluru
Date : 27 April 2022

Sutheja KJ
Company Secretary
Place : Bengaluru
Date : 27 April 2022

Visage Holdings and Finance Private Limited
Statement of Changes in Equity for the year ended 31 March 2022
(All amounts are in INR lacs except share data and unless otherwise stated)

a. Equity share capital

Balance as at 31 March 2020	Changes in equity share capital during the year	Balance as at 31 March 2021	Changes in equity share capital during the year	Balance as at 31 March 2022
635.32	35.53	670.85	5.12	675.97

b. Other equity

Particulars	Reserve and Surplus					Items of other comprehensive income		Total
	Statutory Reserves	Impairment Reserve	Securities Premium	Share option Outstanding	Retained Earnings	Debt instruments (Loans) through Other Comprehensive Income	Effective portion of Cash Flow Hedges	
Balance as at 31 March 2020	**659.24**	**23.96**	**18,746.05**	**203.04**	**(166.34)**	**(25.70)**	**-**	**19,440.25**
Profit for the year	-	-	-	-	747.75	-	-	747.75
Other comprehensive income (net of tax)	-	-	-	-	5.40	(13.36)	-	(7.96)
Transfer to/(from) retained earnings	149.55	-	-	-	(149.55)	-	-	-
Net proceeds from issue of shares	-	-	2,175.67	-	-	-	-	2,175.67
Share based payment expense	-	-	-	57.94	-	-	-	57.94
Balance as at 31 March 2021	**808.79**	**23.96**	**20,921.72**	**260.98**	**437.26**	**(39.06)**	**-**	**22,413.65**
Profit for the year	-	-	-	-	1,459.19	-	-	1,459.19
Other comprehensive income (net of tax)	-	-	-	-	(20.68)	(10.08)	(38.03)	(68.79)
Transfer to/(from) retained earnings	291.84	-	-	-	(291.84)	-	-	-
Share based payment expense	-	-	-	50.66	-	-	-	50.66
Balance as at 31 March 2022	**1,100.63**	**23.96**	**20,921.72**	**311.64**	**1,583.93**	**(49.14)**	**(38.03)**	**23,854.71**

Note 23 describes the purpose of each reserve within equity

Significant accounting policies 2
Notes to the financial statements 3 - 53
The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For **Haribhakti & Co. LLP**
Chartered Accountants
ICAI Firm registration No.: 103523W/ W100048

Gaurav Poddar
Partner
Membership No.: 063847
Place : Bengaluru
Date : 27 April 2022

For and on behalf of the Board of Directors of
Visage Holdings and Finance Private Limited

Hardika Shah
Director and Chief Executive officer
DIN : 03562871
Place : Bengaluru
Date : 27 April 2022

R.Thirunavukkarasu
Director
DIN: 06514712
Place : Bengaluru
Date : 27 April 2022

Aiswarya Ravi
Chief Financial Officer
Place : Bengaluru
Date : 27 April 2022

Sutheja KJ
Company Secretary
Place : Bengaluru
Date : 27 April 2022

Visage Holdings and Finance Private Limited
Statement of Cash Flows for the year ended 31 March 2022
(All amounts are in INR lacs except share data and unless otherwise stated)

		For the year ended 31 March 2022	For the year ended 31 March 2021
A.	**Cash flow from operating activities**		
	Profit before tax for the year	**1,870.91**	**1,076.54**
	Adjustments for :		
	Depreciation and amortisation expense	629.09	598.79
	Interest Income	(21,417.53)	(21,570.09)
	Finance Cost	11,691.42	9,975.51
	Impairment on financial assets	4,223.02	4,348.47
	Net (gain) on fair value changes	(6,348.47)	(739.44)
	Net loss/(gain) on derecognition of property, plant and equipment	4.11	(5.15)
	Share based compensation payments	50.66	57.94
	Others	-	4.83
	Operating cash flow before working capital changes	**(9,296.79)**	**(6,252.60)**
	Movement in working capital:		
	(Increase) in loans	(16,078.79)	(5,178.57)
	(Increase) in other financial assets	(727.29)	(423.04)
	(Increase) in other non financial assets	(161.08)	(398.78)
	Increase in trade payables	31.82	5.38
	Increase/(Decrease) in other financial liabilities	1,271.33	(250.30)
	Increase in provisions	72.39	119.31
	Increase in other non financial liabilities	48.65	78.25
	Cash used in operations before adjustments for interest received and interest paid	**(24,839.76)**	**(12,300.35)**
	Interest Received	19,612.52	18,620.31
	Interest Paid	(11,909.55)	(10,295.61)
	Cash (used in) operations	**(17,136.79)**	**(3,975.65)**
	Income taxes (paid)	(182.51)	(309.20)
	Net cash (used in) operating activities (A)	**(17,319.30)**	**(4,284.85)**
B.	**Cash flow from investing activities**		
	Purchase of property, plant and equipment and intangible assets	(310.17)	(330.67)
	Proceeds from sale of property, plant and equipment	28.32	23.35
	Change in other bank balances (net)	(210.79)	307.23
	Purchase of investments	-	(100.00)
	Income on Investment measured at FVTPL	3.29	1.28
	Net cash (used in) investing activities (B)	**(489.35)**	**(98.81)**
C.	**Cash flow from financing activities**		
	Proceeds from issue of equity shares including securities premium(net)	5.12	2,211.20
	Proceeds from borrowings through Debt Securities	38,270.95	8,835.36
	Repayment of borrowings through Debt Securities	(7,339.27)	(5,184.17)
	Proceeds from Borrowings (Other than Debt Securities)	36,320.00	39,972.81
	Repayments of Borrowings (Other than Debt Securities)	(36,925.37)	(33,108.52)
	Payment of Lease liabilities (including interest)	(322.99)	(199.43)
	Net cash generated from financing activities (C)	**30,008.44**	**12,527.25**
	Net increase in cash and cash equivalents (A+B+C)	**12,199.79**	**8,143.59**
	Cash and cash equivalents at the beginning of the year	19,069.96	10,926.37
	Cash and cash equivalents at the end of the year	**31,269.75**	**19,069.96**

Visage Holdings and Finance Private Limited
Statement of Cash Flows for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

	For the year ended 31 March 2022	For the year ended 31 March 2021
Components of Cash and cash equivalents		
Cash and cash equivalents at the end of the year		
Cash on hand	9.58	24.56
Balances with banks		
In current account	6,282.89	4,846.71
In deposits with original maturity of 3 months or less	24,977.28	14,198.69
Total	**31,269.75**	**19,069.96**

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (Ind AS-7) on 'Statement of Cash Flows'.

As per our report of even date attached
For **Haribhakti & Co. LLP**
Chartered Accountants
ICAI Firm registration No.: 103523W/ W100048

Poddar

HARIBHAKTI & CO. LLP
BENGALURU
CHARTERED ACCOUNTANTS

Gaurav Poddar
Partner
Membership No.: 063847
Place : Bengaluru
Date : 27 April 2022

For and on behalf of the Board of Directors of
Visage Holdings and Finance Private Limited

Hardika Shah
Director and Chief Executive officer
DIN : 03562871
Place : Bengaluru
Date : 27 April 2022

R.Thirunavukkarasu
Director
DIN: 06514712
Place : Bengaluru
Date : 27 April 2022

Visage Holdings and Finance Private Limited
Bengalore

R-Aiswarya

Aiswarya Ravi
Chief Financial Officer
Place : Bengaluru
Date : 27 April 2022

Sutheja KJ
Company Secretary
Place : Bengaluru
Date : 27 April 2022

Visage Holdings and Finance Private Limited
Notes to the Financial Statements
For the year ended 31 March 2022

1. Company Overview

Visage Holdings and Finance Private Limited ("VHFPL") was incorporated in New Delhi in 1996 and registered as a Non-banking Financial Company in 2000 and obtained Certificate of Registration from Reserve Bank of India ("RBI") on March 23, 2000. VHFPL was taken over by the current promoter in 2011 and subsequently the registered office was moved to Bangalore in 2013 and obtained a fresh Certificate of Registration from RBI (Certificate No : B-02.00255). VHFPL is now a Bengaluru based social business that provides loans to Micro and Small businesses engaged primarily in manufacturing and trading operations. VHFPL helps develop business sustainability for these enterprises by providing asset or working capital loans without requiring land/property collateral. As at 31 March 2022, Kinara Capital (the brand under which VHFPL operates) has expanded its operations in 110 branches across 6 States and 1 Union Territory.

2. Significant Accounting Policies

2.1 Basis of preparation

The financial statements for the year ended 31 March 2022 have been prepared by the Company in accordance with Indian Accounting Standards ("Ind AS") per the Companies (Indian Accounting Standards) Rules 2015 as amended and notified under section 133 of the Companies Act, 2013 ("the Act"), and in conformity with the accounting principles generally accepted in India and other relevant provisions of the Act. Further, the Company has complied with all the directions related to Implementation of Indian Accounting Standards prescribed for Non-Banking Financial Companies (NBFCs) in accordance with the RBI notification no. RBI/2019-20/170 DOR NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020.

Any application guidance/ clarifications/ directions issued by RBI or other regulators are implemented as and when they are issued/ applicable.

The Company consistently applies the following accounting policies to all periods presented in these financial statements, unless otherwise stated.

2.2 Basis of Measurement

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

i) Financial assets at Fair value through other comprehensive income (FVTOCI) that is measured at fair value
ii) Financial instruments at Fair value through profit or loss (FVTPL) that is measured at fair value
iii) Net defined benefit (asset)/ liability - present value of unfunded obligation
iv) Share based payments
v) Derivative financial instruments

2.3 Functional and Presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Company's functional and presentation currency. All amounts have been denominated in lacs and rounded off to the nearest two decimals, except when otherwise indicated.

2.4 Significant areas of estimation uncertainty, critical judgement and assumptions in applying accounting policies

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities (including contingent liabilities) at the date of the financial statements and the reported amounts of revenues and expenses for the reporting period. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements. Actual results could differ from these estimates. Any revisions to accounting estimates are recognized prospectively in the current and future periods.

HARIBHAKTI & CO. LLP BENGALURU CHARTERED ACCOUNTANTS

Visage Holdings and Finance Private Limited

Visage Holdings and Finance Private Limited
Notes to the Financial Statements (Continued)
For the year ended 31 March 2022

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively. The Company based its assumptions and estimates on parameters available when the financial statements were issued. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. 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. Following are areas that involved a higher degree of estimate and judgement or complexity in determining the carrying amount of some assets and liabilities.

(a) Effective Interest Rate (EIR) method

The Company recognizes interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loans given / taken. This estimation, by nature, requires an element of judgement regarding the expected behavior and life cycle of the instruments, as well as expected changes to other fee income/expense that are integral parts of the instrument.

(b) Impairment of loans portfolio

The measurement of impairment losses across all categories of financial assets requires judgement in estimating the amount and timing of future cash flows and recoverability of collateral values while determining the impairment losses and assessing a significant increase in credit risk. The Company's Expected Credit Loss (ECL) calculation is the output of a complex model with a number of underlying assumptions regarding the choice of variable inputs and their inter-dependencies. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

- The Company's criteria for assessing if there has been a significant increase in credit risk
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL model, including the various formulae and the choice of inputs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL model.

The impairment loss on loans and advances is disclosed in more detail in note 42 (ii)

(c) Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation 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. A defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. [Refer note 34]

(d) Fair value measurement:

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. [Refer note 41]

(e) Share based payments

The fair value of employee share options has been measured using Black-Scholes model. The inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plans are expected volatility, expected life of options and risk free interest rate. [Refer note 37]

HARIBHAKTI & CO. LLP BENGALURU CHARTERED ACCOUNTANTS

Visage Holdings and Finance Private Limited

Visage Holdings and Finance Private Limited
Notes to the Financial Statements (Continued)
For the year ended 31 March 2022

2.5 Revenue recognition

Interest income is recorded using effective interest rate (EIR) method for all financial assets measured at amortised cost and at fair value through other comprehensive (FVOCI) income .

EIR is the rate that exactly discounts the estimated future cash flows through the expected life of the financial instrument or a shorter period, where appropriate. The calculation of the effective interest rate includes transaction costs and fees that are an integral part of the contract. Transaction costs include incremental costs that are directly attributable to the acquisition of financial asset. 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 asset cures and is no longer credit impaired, the Company reverts to calculating interest income on a gross basis.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is recorded 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.

Income from direct assignment transactions represents the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset de-recognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI.

The Company recognises either a servicing asset or a servicing liability for servicing contract. If the fee to be received is not expected to compensate the Company adequately for performing the servicing activities, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing activities, a servicing asset is recognised. Corresponding amount is recognised in the Statement of Profit and Loss.

Interest income on all trading assets and financial assets required to be measured at FVTPL is recognised using the contractual interest rate as net gain on fair value changes. Interest on fixed deposits is recognised on a time proportion basis taking into account the amount outstanding and the applicable rate.

Delayed payment charges and fee-based income charges are treated to accrue on realisation, due to uncertainty of realisation and is accounted for accordingly. Income from collection and support services is recognised over time as the services are rendered as per the terms of the contract.

Recovery from bad debts written off is recognised as income on actual realisation from customers.

Dividend is recognised when the right to receive the dividend is established. All other items of income are accounted for on accrual basis

2.6 Financial instruments

I) Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

HARIBHAKTI & CO. LLP BENGALURU CHARTERED ACCOUNTANTS

Visage Holdings and Finance Private Limited

Visage Holdings and Finance Private Limited
Notes to the Financial Statements (Continued)
For the year ended 31 March 2022

Assessment of Business model

The Company determines the business model at a level that reflects how financial assets are managed together to achieve a particular business objective. The Company's business model does not depend on management's intentions for an individual instrument; therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Company considers all relevant information available when making the business model assessment. The Company takes into account all relevant evidence available such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and in particular, the way in which those risks are managed; and
- how managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

Solely Payments of Principal and Interest [‘SPPI’] Test

At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect a new business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period.

For an asset to be classified and measured at amortised cost, its contractual terms should give rise to cash flows that meets the SPPI test on the principal outstanding.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

II) Classifications

Financial assets

A financial asset is classified as subsequently measured at either amortised cost or fair value through other comprehensive income (‘FVTOCI’) or fair value through profit or loss (FVTPL), depending on the contractual cash flow characteristics of the financial assets and the Company’s business model for managing the financial assets.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

Financial instruments at Amortised Cost

A financial asset is measured at amortised cost only if both of the following conditions are met:

• It is held within a business model whose objective is to hold assets in order to collect contractual cash flows.

• The contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

HARIBHAKTI & CO. LLP BENGALURU CHARTERED ACCOUNTANTS

Visage Holdings and Finance Private Limited

Visage Holdings and Finance Private Limited
Notes to the Financial Statements (Continued)
For the year ended 31 March 2022

Financial assets at Fair Value through Other Comprehensive Income ('FVTOCI')

A financial asset is measured at FVTOCI only if both of the following conditions are met:

• It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

• The contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial assets at Fair Value through Profit or Loss (FVTPL)

Any financial instrument, which does not meet the criteria for categorisation as at amortised cost or as FVOCI, is classified as at FVTPL.

Financial liabilities and equity instruments

Financial liabilities

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Financial instruments that give the holder the right to 'put' them back to the issuer for cash or other financial assets are financial liabilities of the Company. It creates a contractual obligation that the Company does not have the unconditional ability to avoid financial liabilities are classified, at initial recognition, as financial liabilities.

An instrument that imposes on the entity an obligation only on liquidation is reclassified as equity from the date on which it entitles holder to pro-rata share of entity's net assets in the event of entity's liquidation and; it ceases to include any contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities under potentially unfavourable conditions; and the total expected cash flows attributable to the instrument over its life are based substantially on profit or loss , change in recognised net assets or change in fair value of (un)recognised net assets of the entity.

When such instrument is reclassified from financial liabilities to equity, the equity instrument is measured at the carrying amount of the financial liability at the date of reclassification. There is no pre-tax profit or loss impact arising from the reclassification

Where the Company has an obligation to deliver a variable number of its own equity shares under a Contract, the Company classifies such contracts as financial liabilities.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of profit and loss. Any gain or loss on derecognition is also recognised in Statement of profit and loss.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company is recognised at the proceeds received, net of directly attributable transaction costs.

Financial guarantee contracts:

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contracts issued by a Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109 - Financial Instruments; and

HARIBHAKTI & CO LLP CHARTERED ACCOUNTANTS BENGALURU

Visage Holdings and Finance Private Limited

Visage Holdings and Finance Private Limited
Notes to the Financial Statements (Continued)
For the year ended 31 March 2022

- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115.

III) Subsequent measurement

Amortised cost

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the EIR method of discount or premium on acquisition and fees or costs that are an integral part of the EIR and, for financial assets, adjusted for any impairment loss allowance. Interest income, foreign exchange gains and losses and impairment are recognised in Statement of profit and loss. Any gain and loss on derecognition is recognised in Statement of profit and loss.

Fair Valuation

Fair value is the price that is expected to be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date or, in its absence, the most advantageous market to which the Company has access at that date.

In the absence of quoted price in an active market, the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

Financial assets subsequently measured at FVOCI

Interest income under effective interest method, foreign exchange gains and losses and impairment are recognised in Statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to Statement of profit and loss

IV) De-recognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised (i.e. removed from the Company's balance sheet) when:

• The rights to receive cash flows from the asset have expired, or

• The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. The Company continues to recognise the loans on books which has been securitized under pass through arrangement and does not meet the de-recognition criteria.

On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset de-recognised) and the sum of the consideration received (including the value of any new asset obtained less any new liability assumed) is recognised in the statement of profit and loss.

HARIBHAKTI & CO. LLP BENGALURU CHARTERED ACCOUNTANTS

Visage Holdings and Finance Private Limited

Visage Holdings and Finance Private Limited
Notes to the Financial Statements (Continued)
For the year ended 31 March 2022

Financial liabilities

The Company de-recognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The difference between the carrying value of the financial liability and the consideration paid is recognised in Statement of profit and loss.

V) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when the Company has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Impairment of Financial Assets

The Company recognises impairment allowances for Expected Credit Loss (ECL) on all the financial assets that are not measured at FVTPL:

ECL are probability weighted estimate of future credit losses based on the staging of the financial asset to reflect its credit risk. They are measured as follows:

• Stage 1: financial assets that are not credit impaired – as the present value of all cash shortfalls that are possible within 12 months after the reporting date.

• Stage 2: financial assets with significant increase in credit risk but not credit impaired – as the present value of all cash shortfalls that result from all possible default events over the expected life of the financial asset.

• Stage 3: financial assets that are credit impaired – as the difference between the gross carrying amount and the present value of estimated cash flows.

The Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition and when the financial instrument is credit impaired. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to twelve months ECL. Twelve months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

The gross carrying amount of a financial assets are fully provided for or written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the Customer does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised as income in profit or loss.

In the normal course of business, the Company supports borrowers in distress and helps them in documentation for selling assets under hypothecation. Any surplus funds realised in due course are refunded. As a result of this practice, the assets / properties under legal repossession processes are not separately recorded on the balance sheet.

HARIBHAKTI & CO. LLP
BENGALURU
CHARTERED ACCOUNTANTS

Visage Holdings and Finance Private Limited

Visage Holdings and Finance Private Limited
Notes to the Financial Statements (Continued)
For the year ended 31 March 2022

2.7 Property, plant and equipment

(a) Tangible assets

Property, plant and equipment are carried at cost of acquisition less accumulated depreciation and accumulated impairment loss (if any). The total cost of the asset comprises the purchase price, taxes, duties, freight (net of rebates and discounts) and any other directly attributable costs of bringing the assets to their working condition for their intended use. Borrowing costs directly attributable to acquisition of those assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Advances paid towards the acquisition of assets outstanding at each balance sheet date are disclosed as other non-financial assets. The cost of assets not ready for their intended use at each balance sheet date [less any recognised impairment loss]is disclosed as capital work-in-progress. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(b) Depreciation and amortisation

Depreciation is charged over the estimated useful of the fixed assets on a written down value basis in the manner prescribed in Schedule II of the Companies Act, 2013. Depreciation is calculated on a pro-rata basis from the date of installation till the date the assets are sold or disposed.

Capital expenditure on leased properties is classified as leasehold improvements under fixed assets and amortised over the underlying lease term on written down value method.

For the following class of assets, based on internal assessment, the management believes that the useful lives as given below best represent the period over which management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

- Furniture and fittings 10 years
- Office equipment 5 years
- Computer hardware 3 years

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

Software and system development expenditure are capitalised at cost of acquisition including cost attributable to bring the same in working condition and the useful life of the same is estimated as 3 years except for Loan Management Software for which the useful life is estimated as 6 years based on an internal technical evaluation, carried out by the Management, where it believes that the useful life as given above best represents the period over which Management expects to use these assets. Any expenses on such software for support and maintenance payable annually are charged to the statement of profit and loss.

Intangible assets are amortised over their estimated useful lives, not exceeding six years, on a written down value basis, commencing from the date the asset is available to the Company for its use.

De-recognition
An item of property, plant and equipment is de-recognised 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, intangible asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

HARIBHAKTI & CO. LLP · BENGALURU · CHARTERED ACCOUNTANTS

Visage Holdings and Finance Private Limited

Visage Holdings and Finance Private Limited
Notes to the Financial Statements (Continued)
For the year ended 31 March 2022

(c) Intangible assets

Recognition and measurement
Intangible assets with finite useful lives that are acquired separately are capitalised and carried at cost less accumulated amortisation and accumulated impairment losses.

De-recognition

An intangible asset is de-recognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss when the asset is de-recognised.

2.8 Impairment of non-financial assets

The Company assesses at each balance sheet date whether there is any indication that an asset (comprising a cash generating unit) may be impaired. If any such indication exists, the Company estimates the recoverable amount of the cash generating unit. Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted. If such recoverable amount of the cash generating unit is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount, subject to a maximum of depreciable historical cost.

2.9 Employee benefits

(a) Provident fund

Contributions paid / payable to the recognised Government administered provident fund scheme and ESIC, which is a defined contribution scheme, are charged to the statement of profit and loss.

(b) Gratuity

The Company provides for gratuity to all employees. The benefit is in the form of lump sum payments to vested employees on resignation, retirement, or death while in employment or on termination of employment of an amount equivalent to 15 days basic salary payable for each completed year of service as required under 'The Payment of Gratuity Act, 1972'. Vesting occurs upon completion of five years of service.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields of Government bonds as on the valuation date. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contribution to the plan

The change in defined benefit plan liability is split into changes arising out of service, interest cost and re-measurements and the change in defined benefit plan asset is split between interest income and re-measurements. Changes due to service cost and net interest cost / income is recognised in the statement of profit and loss.

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

HARIBHAKTI & CO. LLP BENGALURU CHARTERED ACCOUNTANTS

Visage Holdings and Finance Private Limited

Visage Holdings and Finance Private Limited
Notes to the Financial Statements (Continued)
For the year ended 31 March 2022

retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

(c) Short-term employee benefits

All Employee benefits falling due wholly within 12 months of rendering the services are classified as short-term employee benefits which include benefits like salary, wages, compensated absences and performance incentives and are recognized as expenses in the period in which the employee renders the related service.

(d) Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date.

(e) Share-based payment arrangements - Employee stock options

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the Statement of Profit and Loss.

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

2.10 Income Taxes

Income-tax expense comprises of current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Income-tax expense is recognised in the statement of profit and loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income ("OCI").

(a) Current tax

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961, enacted in India. Current tax comprises the tax payable on the taxable income or loss for the year and any adjustment to the tax payable in respect of previous years. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current tax assets and liabilities are offset only if, the Company:

• has a legally enforceable right to set off the recognised amounts; and

• intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

HARIBHAKTI & CO. LLP BENGALURU CHARTERED ACCOUNTANTS

Visage Holdings and Finance Private Limited

Visage Holdings and Finance Private Limited
Notes to the Financial Statements (Continued)
For the year ended 31 March 2022

(b) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are reviewed at each reporting date and based on management's judgement, are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if the Company:

• has a legally enforceable right to set off current tax assets against current tax liabilities; and

• the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

2.11 Provision and contingencies

A provision in respect of loss contingencies relating to claims, litigation, assessment, fines, penalties, etc is recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance cost.

A contract is considered as onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

HARIBHAKTI & CO. LLP CHARTERED ACCOUNTANTS BENGALURU

Visage Holdings and Finance Private Limited

Visage Holdings and Finance Private Limited
Notes to the Financial Statements (Continued)
For the year ended 31 March 2022

2.12 Finance costs

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at Amortised cost. Financial instruments include term loans, non-convertible debentures, securitisation borrowings , subordinated debts and commercial paper. Finance costs are charged to the Statement of profit and loss. On application of Ind AS 116 (Leases), interest expense on lease liabilities computed by applying the Company's weighted average incremental borrowing rate has been included under finance costs.

2.13 Earnings per share

The Company reports basic and diluted earnings per share in accordance with Indian Accounting Standard 33 – "Earnings Per Share". Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed by dividing the net profit after tax attributable to the equity shareholders for the year by weighted average number of equity shares considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all potential equity shares.

2.14 Cash and cash equivalent

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

2.15 Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of non-cash future, any deferrals or accruals of past or future operating cash receipts or payments and item of expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

2.16 Debenture Redemption Reserve

As per Rule 18(7)(b)(ii) of the Companies (Share Capital and Debentures) Rules, 2014 read with Section 71(4) of the Companies Act 2013 in case of non-banking financial companies registered with Reserve Bank of India (RBI) under Section 45-IA of the RBI (Amendment) Act, 1997, no Debt Redemption Reserve (DRR) is required to be created in case of privately placed debentures. Pursuant to this exemption, the Company does not intend to create any reserve for the redemption of the debentures.

2.17 Foreign currency transactions

Foreign currency transactions are accounted for at the rates prevailing on the date of the transaction. Exchange differences, if any arising out of transactions settled during the year are recognised in the Statement of Profit and Loss or other comprehensive income as permitted under relevant Ind AS. Monetary assets and liabilities denoted in foreign currencies as at the Balance Sheet date are translated at the closing exchange rates. Resultant exchange differences, if any, are recognised in the Statement of Profit and Loss or other comprehensive income as permitted under the relevant Ind AS and related assets and liabilities are accordingly restated in the Balance Sheet. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency at the Balance Sheet date are reported using exchange rates at the date of the transaction.

2.18 Derivative financial instruments

The Company has entered into derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk. Derivatives held by the Company are Cross Currency Interest Rate Swaps (CCIRS). Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each Balance Sheet date. The resulting gain/loss is recognised in

HARIBHAKTI & CO. LLP BENGALURU CHARTERED ACCOUNTANTS

Visage Holdings and Finance Private Limited

Visage Holdings and Finance Private Limited
Notes to the Financial Statements (Continued)
For the year ended 31 March 2022

the Statement of Profit and Loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the Statement of Profit and Loss depends on the nature of the hedge relationship. The Company has designated derivatives as cash flow hedges of a recognised liability and has no fair value hedges. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

Hedge accounting

The Company makes use of derivative instruments to manage exposures to interest rate risk and foreign currency risk. 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 Company would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in 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.

During the year, hedges that meet the criteria for hedge accounting and qualify as cash flow hedges are accounted as follows:

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 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 as finance cost in the Statement of Profit and Loss. 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 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 remains 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.

2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to 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. Refer note 50 for details on segment information presented.

2.20 Leases

The Company's leased asset class consists of leases for office spaces. 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

Visage Holdings and Finance Private Limited
Notes to the Financial Statements (Continued)
For the year ended 31 March 2022

twelve months or less (short-term leases). For these short-term leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

At the commencement date, the Company measures the right-of-use asset at cost, which includes the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs incurred by the lessee and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the office space or restoring the underlying asset to the condition required by the terms and conditions of the lease. The Company incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

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

2.21 Goods and Services tax input credit

Goods and services tax input credit is recognised in the books of accounts in the period in which the supply of goods or service received is recognised and when there is no uncertainty in availing/utilising the credits.

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

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

2.22 Recent pronouncements

On 24 March 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from 01 April 2021. The company has complied with the above notification and adequately disclosed the applicable disclosures.

HARIBHAKTI & CO. LLP BENGALURU CHARTERED ACCOUNTANTS

Visage Holdings and Finance Private Limited

Visage Holdings and Finance Private Limited
Notes to the Financial Statements (Continued)
For the year ended 31 March 2022

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 23 March, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from 1 April, 2022, as below:

Ind AS 103 – Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 106 – Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

On 19 April 2022, Reserve Bank of India ("RBI") through notification RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 , have prescribed additional disclosure requirements applicable to Non-Banking Finance Companies (NBFCs) as per Scale Based Regulation. These guidelines shall be effective for annual financial statements for year ending 31 March 2023, and onwards. These guidelines are extensive and the Company is evaluating the same.

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

		As at 31 March 2022	As at 31 March 2021
3	**Cash and cash equivalents**		
	Cash on hand	9.58	24.56
	Balances with banks		
	In current account	6,282.89	4,846.71
	In deposits with original maturity of 3 months or less	24,977.28	14,198.69
	Total	**31,269.75**	**19,069.96**
4	**Bank balance other than cash and cash equivalents**		
	Lien marked deposits with Bank	1,388.81	1,250.75
	Total	**1,388.81**	**1,250.75**

Balances with banks held (excluding interest accrued) as security against borrowings, guarantees amounts to INR 692.14 lacs (31 March 2021: INR 478.36 lacs) and as cash collateral for securitisation of receivables and co-lending arrangements amounts to INR 660.73 lacs (31 March 2021: INR 663.72 lacs).

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

		Amortised Cost	At Fair Value through other comprehensive income	Total
5	**Loans**			
	As at 31 March 2022			
(A)	i) Term loans ^	-	1,02,451.87	1,02,451.87
	ii) Staff Loan	47.60	-	47.60
	iii) Loan to Visage Trust	4.42	-	4.42
	Total (A) -Gross	**52.02**	**1,02,451.87**	**1,02,503.89**
	Less : Impairment loss allowance*	-	(3,678.72)	(3,678.72)
	Total (A) - Net	**52.02**	**98,773.15**	**98,825.17**
(B)	ii) Secured by tangible assets #	-	23,832.53	23,832.53
	iii) Unsecured#	52.02	78,619.34	78,671.36
	Total (B) - Gross	**52.02**	**1,02,451.87**	**1,02,503.89**
	Less: Impairment loss allowance *	-	(3,678.72)	(3,678.72)
	Total (B) - Net	**52.02**	**98,773.15**	**98,825.17**
(C)	**Loans in India**			
	i) Public Sector	-	-	-
	ii) Others	52.02	1,02,451.87	1,02,503.89
	Total (C) - Gross	**52.02**	**1,02,451.87**	**1,02,503.89**
	Less: Impairment loss allowance*	-	(3,678.72)	(3,678.72)
	Total (C) -Net	**52.02**	**98,773.15**	**98,825.17**

^ Post netting off impairment loss allowance on Stage 3 interest amounting to INR 959.40 lacs

* Refer note 42 (ii)

\# Secured by machineries, non-machinery assets and stocks. The unsecured loans has collateral value of INR 67,022.32 lacs. However, due to other credit risk assessment factors including low LTV , etc. these are classified as unsecured.

HARIBHAKTI & CO. LLP BENGALURU CHARTERED ACCOUNTANTS

Visage Holdings and Finance Private Limited

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

	Amortised Cost	At Fair Value through other comprehensive income	Total
5 Loans (Continued)			
As at 31 March 2021			
(A) i) Term loans^	-	87,635.96	87,635.96
ii) Staff Loan	67.65	-	67.65
iii) Loan to Visage Trust	4.42	-	4.42
Total (A) -Gross	**72.07**	**87,635.96**	**87,708.03**
Less : Impairment loss allowance*	-	(2,761.16)	(2,761.16)
Total (A) - Net	**72.07**	**84,874.80**	**84,946.87**
(B) ii) Secured by tangible assets #	-	38,117.65	38,117.65
iii) Unsecured	72.07	49,518.31	49,590.38
Total (B) - Gross	**72.07**	**87,635.96**	**87,708.03**
Less: Impairment loss allowance*	-	(2,761.16)	(2,761.16)
Total (B) - Net	**72.07**	**84,874.80**	**84,946.87**
(C) Loans in India			
i) Public Sector	-	-	-
ii) Others	72.07	87,635.96	87,708.03
Total (C) - Gross	**72.07**	**87,635.96**	**87,708.03**
Less: Impairment loss allowance*	-	(2,761.16)	(2,761.16)
Total (C) -Net	**72.07**	**84,874.80**	**84,946.87**

^ Post netting off impairment loss allowance on Stage 3 interest amounting to INR 548.38 lacs
* Refer note 42 (ii)
\# Secured by machineries, non-machinery assets and stocks.

There are no dues by director or other officers of the company or any firm or private company in which any director is a partner, director or a member as at 31 March 2022 and 31 March 2021.

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

		Amortised Cost	At Fair Value through profit or loss	Others	Total
6	**Investments**				
	As at 31 March 2022				
(A)	Mutual funds (Unquoted)	-	108.51	-	108.51
	Total – Gross (A)	**-**	**108.51**	**-**	**108.51**
(B)	Investments in India	-	108.51	-	108.51
	Total – Gross (B)	**-**	**108.51**	**-**	**108.51**
	Less: Allowance for impairment loss (C)	-	-	-	-
	Total – Net D= (A)-(C)	**-**	**108.51**	**-**	**108.51**

		Amortised Cost	At Fair Value through profit or loss	Others	Total
	As at 31 March 2021				
(A)	Mutual funds (Unquoted)	-	102.39	-	102.39
	Total – Gross (A)	**-**	**102.39**	**-**	**102.39**
(B)	Investments in India	-	102.39	-	102.39
	Total – Gross (B)	**-**	**102.39**	**-**	**102.39**
	Less: Allowance for impairment loss (C)	-	-	-	-
	Total – Net D= (A)-(C)	**-**	**102.39**	**-**	**102.39**

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

	As at 31 March 2022	As at 31 March 2021
7 Other financial assets		
Security deposits	265.94	265.43
Excess interest spread receivable	8.87	63.47
Receivables under Co-lending arrangement	878.39	361.46
Servicing asset relating to Co-lending arrangement	7,421.46	1,298.02
Other deposits	579.82	554.48
Others	100.45	74.21
Total	**9,254.93**	**2,617.07**

	As at 31 March 2022	As at 31 March 2021
8 Current tax assets (net)		
Advance tax and deduction at source [net of provision for taxes of INR 467.08 lacs (31 March 2021 : INR 529.24 lacs]	912.83	660.56
Total	**912.83**	**660.56**

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

9 Income tax

A. Amounts recognised in statement of profit or loss

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Current tax		
Current period (a)	-	86.67
Changes in estimates related to prior years (b)	(69.76)	48.03
	(69.76)	**134.70**
Deferred tax (c)		
Attributable to-		
Origination / (Reversal) of temporary differences	481.48	194.09
Sub-total (c)	**481.48**	**194.09**
Tax expense (a)+(b)+(c)	**411.72**	**328.79**

B. Income tax recognised in other comprehensive income

Particulars	Year ended 31 March 2022 Income Tax	Year ended 31 March 2021 Income Tax
Remeasurements of the defined benefit plans	6.95	(1.82)
Debt instruments through other comprehensive income	3.39	4.49
Cash flow hedge reserve	12.79	-
Total	**23.13**	**2.67**

C. Reconciliation of effective tax rate

Particulars	Year ended 31 March 2022 %	Year ended 31 March 2022 Amount	Year ended 31 March 2021 %	Year ended 31 March 2021 Amount
Profit before tax		1,870.91		1,076.54
Tax using the Company's domestic tax rate	25.17%	470.91	25.17%	270.97
Effect of:				
Others	0.57%	10.57	0.91%	9.79
	25.74%	**481.48**	**26.08%**	**280.76**
Provisions relating to earlier years	(3.73)%	(69.76)	4.46%	48.03
Effective tax rate/Income tax expense reported in the statement of profit and loss	**22.01%**	**411.72**	**30.54%**	**328.79**

The Company has elected to exercise the option of the lower tax rate permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019.

The tax rate used for reconciliation above is the corporate tax rate of 25.17% for the financial year 2021-22 and 2020-21 payable by corporate entities in India on taxable profits under the applicable tax laws in Indian jurisdiction.

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

9 Income tax (Continued)

D. Deferred tax assets, net

Movement of deferred tax assets / liabilities

Particulars	As at 31 March 2021	Recognised in profit or loss during the year	Recognised in OCI during the year	As at 31 March 2022
Deferred tax assets:				
Provision for employee benefits	68.18	18.46	6.95	93.59
Property, plant and equipment	91.22	10.80	-	102.02
Impairment loss allowance and related adjustments to loans	698.57	384.90	-	1,083.47
Application of effective interest rate method on financial assets and financial liabilities	66.48	162.61	-	229.09
Unabsorbed depreciation and amortisation	-	77.65	-	77.65
Business loss	-	448.89	-	448.89
Cash flow hedge reserve	-	-	12.79	12.79
Fair valuation of Financial guarantee contracts	79.48	(68.02)	-	11.46
Fair Valuation of loans	13.14	-	3.39	16.53
Lease liabilities and right to use assets	16.88	12.30	-	29.18
	1,033.95	**1,047.59**	**23.13**	**2,104.67**

Particulars	As at 31 March 2021	Recognised in profit or loss during the year	Recognised in OCI during the year	As at 31 March 2022
Deferred tax liabilities:				
Recognition of servicing assets under Co-lending arrangement	326.71	1,541.27	-	1,867.98
Fair valuation of Investments	0.60	1.54	-	2.14
Excess interest spread receivable	15.98	(13.74)	-	2.24
	343.29	**1,529.07**	**-**	**1,872.36**
Net deferred tax assets	**690.66**	**(481.48)**	**23.13**	**232.31**

Particulars	As at 31 March 2020	Recognised in profit or loss during the year	Recognised in OCI during the year	As at 31 March 2021
Deferred tax assets:				
Provision for employee benefits	40.21	29.79	(1.82)	68.18
Property, plant and equipment	58.57	32.65	-	91.22
Impairment loss allowance and related adjustments to loans	644.10	54.47	-	698.57
Application of effective interest rate method on financial assets and financial liabilities	197.36	(130.88)	-	66.48
Fair valuation of Financial guarantee contracts	27.26	52.22	-	79.48
Fair Valuation of loans	8.65	-	4.49	13.14
Lease liabilities and right to use assets	11.21	5.67	-	16.88
	987.36	**43.92**	**2.67**	**1,033.95**
Deferred tax liabilities:				
Recognition of servicing assets under Co-lending arrangement	67.65	259.06	-	326.71
Fair valuation of Investments	-	0.60	-	0.60
Excess interest spread receivable	37.63	(21.65)	-	15.98
	105.28	**238.01**	**-**	**343.29**
Net deferred tax assets	**882.08**	**(194.09)**	**2.67**	**690.66**

HARIBHAKTI & CO. LLP · BENGALURU · CHARTERED ACCOUNTANTS

Visage Holdings and Finance Private Limited

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

10 Property, plant and equipment

Particulars	Gross block				Accumulated Depreciation and impairment				Net block	
	As at 31 March 2021	Additions	Deletions / adjustments	As at 31 March 2022	As at 31 March 2021	For the year	Deletions / adjustments	As at 31 March 2022	As at 31 March 2022	As at 31 March 2021
Owned Assets										
Fixed assets for own use										
Furniture and fixtures	240.21	13.81	-	**254.02**	120.41	32.65	-	**153.06**	**100.96**	**119.80**
Office equipment	227.41	3.53	121.36	**109.58**	161.86	21.19	96.82	**86.23**	**23.35**	**65.55**
Leasehold improvements	449.62	-	-	**449.62**	136.15	89.92	-	**226.07**	**223.55**	**313.47**
Computer	297.33	26.41	155.46	**168.28**	195.09	75.97	148.27	**122.79**	**45.49**	**102.24**
Total	**1,214.57**	**43.75**	**276.82**	**981.50**	**613.51**	**219.73**	**245.09**	**588.15**	**393.35**	**601.06**

Particulars	Cost / Deemed cost				Accumulated Depreciation and impairment				Net block	
	As at 31 March 2020	Additions	Deletions / adjustments	As at 31 March 2021	As at 31 March 2020	For the year	Deletions / adjustments	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020
Owned Assets										
Fixed assets for own use										
Furniture and fixtures	231.48	8.73	-	**240.21**	77.33	43.08	-	120.41	**119.80**	**154.15**
Office equipment	259.06	3.72	35.37	**227.41**	104.35	81.96	24.45	161.86	**65.55**	**154.71**
Leasehold improvements	428.20	21.42	-	**449.62**	47.06	89.09	-	136.15	**313.47**	**381.14**
Computer	334.86	60.53	98.06	**297.33**	**185.94**	99.92	90.77	195.09	**102.24**	**148.92**
Total	**1,253.60**	**94.40**	**133.43**	**1,214.57**	**414.68**	**314.05**	**115.22**	**613.51**	**601.06**	**838.92**

For details on contractual commitment, refer note 39

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

11 Intangible assets under development

Particulars	As at 31 March 2020	Additions	Deletions	Written off	As at 31 March 2021	Additions	Deletions	Written off	As at 31 March 2022
Intangible assets under development	9.27	129.32	9.27	-	129.32	-	129.32	-	-

Intangible assets under development aging schedule

Particulars	Amount in intangible assets under development for a period of	As at 31 March 2022	As at 31 March 2021
Project in progress	0-1 Year	-	129.32

Intangible assets under development completion schedule

Particulars	To be completed in	As at 31 March 2022	As at 31 March 2021
My Kinara Application	0-1 Year	-	129.32

12 Other intangible assets

Description of assets	Gross block				Accumulated amortisation and impairment				Net block	
	As at 31 March 2021	Additions	Deletions / adjustments	As at 31 March 2022	As at 31 March 2021	For the year	Deletions / adjustments	As at 31 March 2022	As at 31 March 2022	As at 31 March 2021
Computer software	372.19	346.93	32.68	**686.44**	196.29	137.48	31.98	**301.79**	**384.65**	**175.90**
Total	**372.19**	**346.93**	**32.68**	**686.44**	**196.29**	**137.48**	**31.98**	**301.79**	**384.65**	**175.90**

Description of assets	Cost / Deemed cost				Accumulated amortisation and impairment				Net block	
	As at 31 March 2020	Additions	Deletions / adjustments	As at 31 March 2021	As at 31 March 2020	For the year	Deletions / adjustments	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020
Computer software	231.82	145.32	4.95	**372.19**	91.55	104.88	0.14	**196.29**	**175.90**	**140.27**
Total	**231.82**	**145.32**	**4.95**	**372.19**	**91.55**	**104.88**	**0.14**	**196.29**	**175.90**	**140.27**

HARIBHAKTI & CO. LLP BENGALURU CHARTERED ACCOUNTANTS

Visage Holdings and Finance Private Limited

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

	As at 31 March 2022	As at 31 March 2021
13 Other non-financial assets		
GST receivable	1,160.95	1,283.63
Prepaid expenses	464.18	683.17
Capital advances	114.62	24.64
Advance to employees	149.81	104.66
Other Advances	582.88	125.28
Total	**2,472.44**	**2,221.38**

14 Derivative financial instruments

	As at 31 March 2022		As at 31 March 2021	
Particulars	**Notional amounts**	**Fair Value - Liabilities**	**Notional amounts**	**Fair Value - Liabilities**
Derivatives held for hedging andisk management purposes				
Cash flow hedge				
- Cross currency interest rate swaps	6,920.00	198.03	-	-
Total Derivative Financial Instruments	**6,920.00**	**198.03**	**-**	**-**

The Company has a Board approved policy for entering into derivative transactions. Derivative transactions comprise of currency and interest rate swaps. The Company undertakes such transactions for hedging borrowings. The table above shows the fair values of derivative financial instruments recorded as liabilities together with their notional amounts. The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

	As at 31 March 2022	As at 31 March 2021
15 Trade payables		
(i) total outstanding dues of micro enterprises and small enterprises	18.83	13.45
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	146.13	119.69
Total	**164.96**	**133.14**

Total outstanding dues of micro enterprises and small enterprises	As at 31 March 2022	As at 31 March 2021
a) Dues remaining unpaid to any supplier at the year end		
- Principal	18.83	13.45
- Interest on the above	-	-
b) Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year		
- Principal paid beyond the appointed date	-	-
- Interest paid in terms of Section 16 of the MSMED Act	-	-
c) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	-	-
d) Amount of interest accrued and remaining unpaid	-	-
e) 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 Micro, Small and Medium Enterprises Development Act, 2006	-	-

Trade payable ageing schedule as at 31 March 2022

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	18.83	-	-	-	18.83
(ii) Others	146.13	-			146.13
(iii) Disputed dues – MSME	-	-	-	-	-
(iv)Disputed dues - Others	-	-	-	-	-

Trade payable ageing schedule as at 31 March 2022

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	13.45	-	-	-	13.45
(ii) Others	119.69	-			119.69
(iii) Disputed dues – MSME	-	-	-	-	-
(iv)Disputed dues - Others	-	-	-	-	-

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

		As at 31 March 2022	As at 31 March 2021
16	**Debt securities**		
(A)	**(a) At Amortised Cost - Secured**		
	Redeemable non convertible debentures*	59,544.27	27,788.07
	(b) At Amortised Cost - Unsecured		
	Redeemable non convertible debentures	358.61	1,427.12
	Compulsory convertible debentures	41.76	46.87
	Total (A)	**59,944.64**	**29,262.06**
(B)	Debt securities in India	59,944.64	29,262.06
	Debt securities outside India	-	-
	Total (B)	**59,944.64**	**29,262.06**

*Debentures are secured by first ranking exclusive charge of hypothecation of portfolio loans/receivables to the extent of more than 100% of outstanding secured loans/debentures.As per Regulation 54 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, debentures are secured by first charge ranking pari-passu with each other on the Company's book debts and loan instalment receivables. The total security cover as on 31 March 2022 is 1.16 times (31 March 2021: 1.12 times) of the principal amount of the said debentures, which is in line with the terms of offer document.

The funds raised by the Company by issue of secured/unsecured non-convertible debentures were utilised for the purpose intended, i.e. towards lending in compliance with applicable laws.

The Company has not defaulted in repayment of principal and interest during the year on the secured/unsecured redeemable non convertible debentures.

All charges have been registered with Registrar of Companies (RoC) within the statutory period.

Terms of maturity of secured redeemable non-convertible debentures

Maturity schedule	Interest rate range (p.a.)		Amount	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
Half yearly instalments				
0 - 1 Years	11.75%-14.00%	-	2,056.61	-
1 - 3 Years	11.75%-14.00%	-	13,248.83	-
			15,305.44	**-**
Bullet				
0 - 1 Years	11.63%-13.30%	12.00%-13.00%	13,547.14	9,908.87
1 - 3 Years	11.63%-13.00%	12.00%-12.67%	20,961.25	12,851.51
3 - 5 Years	11.86%-13.00%	13.00%	9,730.44	5,027.69
			44,238.83	**27,788.07**

HARIBHAKTI & CO. LLP BENGALURU CHARTERED ACCOUNTANTS

Visage Holdings and Finance Private Limited

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

16 Debt securities (Continued)

Terms of maturity of unsecured redeemable non-convertible debentures

Maturity schedule	Interest rate range (p.a.)		Amount	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
0 - 1 Years	13.09%	13.09%	358.61	1,072.37
1 - 3 Years	-	13.09%	-	354.75
			358.61	**1,427.12**

Terms of maturity of unsecured compulsory convertible debentures.

Maturity schedule	Interest rate range (p.a.)		Amount	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
1 - 3 Years	-	-	8.50	8.50
3 - 5 Years	-	-	33.26	38.37
			41.76	**46.87**

The above unsecured compulsory convertible debentures ['CCD'] are issued to the Director cum CEO of the Company and are interest free. These are compulsory convertible into Class A1 Equity Shares at a conversion ratio [range of 1:42.5 or 1:51.90, as applicable] (i.e. one CCD may convert into 42.5 or 51.90 Class A1 Equity Shares), subject to the terms and conditions attached upon conversion. These Class A1 Equity Shares issued on conversion will rank pari-passu in all respects with the existing issued and subscribed Class A1 Equity Shares of the Company. Further, the Board of Directors vide a circular resolution on 04 February 2020, approved the collapse of the existing exit waterfall mechanism laid out in the Shareholders' Agreement dated 07 September 2017, and as amended on 22 March 2019, basis which the above conversion ratio will be determined at the time of conversion of such CCD. Accordingly, the Company has measured the above CCD at the floor ratio of 1:1.

The Company on 12 November 2021 issued 51,164 equity shares of INR 10/- each to Director and Chief Executive Officer by way of conversion of 986 unsecured Compulsory Convertible Debentures (CCDs). These equity shares shall rank pari passu with the existing Class A1 Equity Shares of INR 10/- each.

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

		As at 31 March 2022	As at 31 March 2021
17	**Borrowings (other than debt securities)**		
	At Amortised Cost		
(A)	(a) Term loan - secured *		
	(i) from banks	15,547.78	20,366.48
	(ii) from others	32,069.16	24,000.76
	(b) Other Loans - secured *		
	Payables under securitisation arrangement	293.85	3,930.59
	(d) Commercial Paper - Unsecured	983.57	1,451.11
	Total (A)	**48,894.36**	**49,748.94**
(B)	Borrowings in India	42,310.66	49,748.94
	Borrowings outside India ^	6,583.70	-
	Total (B)	**48,894.36**	**49,748.94**

*** Nature of security**

a) All secured loans are secured by exclusive charge over hypothecation of portfolio loans/receivables, cash collaterals and such other assets of the Company such that security cover is met.

b) The Company has not defaulted in repayment of principal and interest during the year relating to the above loans.

c) Securitisation payables represents amounts received in respect of securitisation transactions (net of repayments) as these transactions do not meet the derecognition criteria as per the provisions of Ind AS 109. These are secured by way of hypothecation of designated loans assets.

^ Represents External Commercial Borrowings (ECBs) of EUR 8 millions with interest rate of 6 month EURIBOR+4.25% raised in FY 2021-22 for financing prospective borrower as per the ECB guidelines issued by Reserve Bank of India ("RBI") from time to time. The borrowing had a maturity of three years. In terms of the RBI guidelines, borrowings have been swapped into rupees and fully hedged for the entire maturity by way of cross currency interest rate swaps.
The funds raised by the Company were utilised for the purpose intended, i.e. towards lending in compliance with applicable laws.

All charges have been registered with Registrar of Companies (ROC) with the statutory period.
Details of commercial papers
The commercial papers carry interest rate of 13.60% p.a (31 March 2021 : 13.90%) with maturity of 2 months (31 March 2021 : 3 months).

17 Borrowings (other than debt securities) (Continued)

Terms of repayment of term loans (secured)#

Maturity schedule	Interest rate range (p.a.) *		Amount	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
Quarterly instalments				
0 - 1 Years	12.50% - 13.75%	12.00% - 13.75%	1,660.24	1,370.87
1 - 3 Years	12.50% - 13.75%	12.45% - 13.75%	2,451.12	2,024.62
3 - 5 Years	-	12.50% - 13.75%	-	799.04
			4,111.36	**4,194.53**
Monthly instalments				
0 - 1 Years	6.85% - 14.25%	6.85% - 14.25%	21,613.51	21,289.37
1 - 3 Years	8.95% - 14.25%	8.95% - 14.00%	14,210.87	16,323.01
3 - 5 Years	8.95% - 13.70%	8.95% - 13.55%	1,097.50	2,560.33
			36,921.88	**40,172.71**
Bullet				
0 - 1 Years	10.98%	-	8.33	-
1 - 3 Years	10.98%	-	6,575.37	-
			6,583.70	**-**
			47,616.94	**44,367.24**

The company has breached the financial covenant of the ratio of credit impaired loans to total loans as at 31 March 2022, with respect to certain loans availed from banks and financial institutions having an outstanding balance of INR 2,700.22 lacs (2% of total debt) [31 March 2021 : INR 2,603.23 lacs (3% of total debt)] . The company has applied to these banks and financial institutions to obtain a waiver of the breach of the above financial covenant. These banks and financial institutions have not demanded the repayment of amount outstanding and have not levied any penalty as at 31 March 2022 till the date of approval of financial statements by the Board of Directors of the Company. However, as a matter of abundant caution and applying the principles of prudence, the company has disclosed such term loans as repayable on demand, pursuant to the relevant clauses in the agreement with such banks and financial institutions in the following Notes:

Note 33-Maturity pattern of assets and liabilities

Note 42 (iii) -Liquidity risk

Note 45 (e) -Asset liability Maturity Pattern

The above mentioned loans excludes instances where company has breached the financial covenant and obtained waiver for such breaches

Terms of maturity of Payables under securitisation arrangement

Maturity schedule	Interest rate range (p.a.) *		Amount	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
0 - 1 Years	12.75%	11.45%-12.75%	293.85	3,454.58
1 - 3 Years	-	12.75%	-	476.01
			293.85	**3,930.59**

* The rates mentioned above are the applicable rates as at the year end date linked to MCLR (Marginal Cost of funds based Lending Rate) and Treasury bills plus spread.

Also, interest rate in case of ECB has been considered as per Cross Currency Interest Rate Swap taken for the same.

HARIBHAKTI & CO LLP BENGALURU CHARTERED ACCOUNTANTS

Visage Holdings and Finance Private Limited

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

		As at 31 March 2022	As at 31 March 2021
18	**Subordinated liabilities**		
	At Amortised Cost - Unsecured		
(A)	Subordinated redeemable non convertible debentures	4,865.47	4,836.28
	Total (A)	**4,865.47**	**4,836.28**
(B)	Subordinated liabilities in India	4,865.47	4,836.28
	Subordinated liabilities outside India	-	-
	Total (B)	**4,865.47**	**4,836.28**

Terms of maturity of redeemable non convertible debentures#

Maturity schedule	Interest rate range (p.a.)		Amount	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
0 - 1 Years	14.10%-16.90%	15.60%-16.90%	2,657.01	2.02
1 - 3 Years	15.20%-15.60%	16.90%	2,208.46	1,198.75
3 - 5 Years	-	14.10%-15.60%	-	3,635.51
			4,865.47	**4,836.28**

Refer Note 17
The Company has not defaulted in repayment of principal and interest relating to subordinated liabilities.
The subordinated redeemable non-convertible debentures are payable on bullet repayment basis.
The funds raised by the Company were utilised for the purpose intended, i.e. towards lending in compliance with applicable laws.

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

		As at 31 March 2022	As at 31 March 2021
19	**Other financial liabilities**		
	Dues to Employees	445.48	107.21
	EMI received in advance	4,901.57	4,004.17
	Accrued expenses	318.28	210.83
	Insurance premium payable	80.56	85.04
	Capital Creditors	45.97	4.80
	Payables under Co-Lending arrangements	35.81	-
	Financial guarantee contracts	45.54	315.77
	Pending remittance on assignment	43.34	146.46
	Total	**5,916.55**	**4,874.28**

There were no amount which were required to be transferred to the Investor Education and Protection Fund.

20	**Provisions**		
	Provision for Employee benefits [Refer note 34]		
	- Gratuity	263.70	169.29
	- Leave encashment	108.15	101.60
	Provision for loan commitment	-	0.94
	Total	**371.85**	**271.83**

21	**Other non-financial liabilities**		
	Statutory dues payable	237.78	191.50
	Others	10.92	8.55
	Total	**248.70**	**200.05**

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

	As at 31 March 2022	As at 31 March 2021
22 Equity		
Authorised		
Class A equity shares of INR 10 each	30.00	30.00
Class A1 equity shares of INR 10 each	1,102.98	761.16
	1,132.98	**791.16**
Issued, subscribed and paid-up		
Equity share capital		
Class A1 equity shares of INR 10 each, fully paid	713.06	707.94
Less: Amount recoverable from ESOP Trust (face value of 370,900 shares allotted to Trust (refer note below)	(37.09)	(37.09)
	675.97	**670.85**

Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31 March 2022		As at 31 March 2021	
	Number	Amount	Number	Amount
Class A1 Equity shares				
At the commencement of the period	70,79,421	707.94	67,24,107	672.41
Shares Issued	51,164	5.12	3,55,314	35.53
Issued, subscribed and paid up share capital	**71,30,585**	**713.06**	**70,79,421**	**707.94**

Equity shares:
Class A/ A1 equity shares have a par value of INR 10 each. Each holder of Class A/A1 equity share is entitled to paripassu voting rights. In the event of liquidation, the equity shareholders are eligible to receive the residual assets of the Company after distribution of all preferential amounts, in proportion to their shareholding. All other rights and restrictions attached to Class A1 Equity Shares are as per the Shareholders' Agreement. All equity shares rank pari passu with regard to dividends and residual assets of the Company.

The Company has given an interest and collateral free loan to Visage Trust to provide financial assistance for purchase of equity shares of the Company. The Company has established the Visage Trust to administer Employee Stock Option Plan (ESOP) to which 3,70,900 shares have been issued. These shares will be subsequently issued to the employees pursuant to ESOP Plan. The loan amount recoverable from the Visage Trust has been reduced from share capital to the extent of the face value as per the requirement of the Guidance note on share based payment issued by Institute of Chartered Accountants of India (ICAI).

Issue of Equity Share Capital:
During the year, the Company on 12 November 2021 issued 51,164 equity shares of INR 10/- each to Director and Chief Executive Officer by way of conversion of 986 unsecured Compulsory Convertible Debentures (CCDs). These equity shares shall rank pari passu with the existing Class A1 Equity Shares of INR 10/- each.

During the previous year, pursuant to the approval of Board of Directors in the meeting held on 20 November 2020 the Company has issued and allotted 355,314 Class A1 equity shares of face value INR 10 at premium of INR 625 on preferential basis and share issue expenses of INR 45.06 lacs has been adjusted against securities premium reserve.

Shares allotted as fully paid-up without payment being received in cash / by way of bonus shares:

The Company has not allotted any fully paid up shares by way of bonus shares, or in pursuance to contract without payment being received in cash during the period of five years immediately preceding the reporting date.

Shares bought back
Company has not bought back any of its securities during the five year period immediately preceding the reporting date.

Material event subsequent to balance sheet date
Pursuant to the approval of Board of Directors on 19 April 2022, the Company has allotted 23,37,717 Class A1 equity shares of face value INR 10 to Nuveen Global Impact Fund India S.À R.L for a total investment of (including premium) INR 15,013.52 lacs (approx.) and 9,03,103 Class A1 equity shares of face value INR 10 to Pettelaar Effectenbewaarbedrijf N.V. (acting in its capacity as a legal owner of ASN Microkredietpool, represented by Triple Jump B.V.) for a total investment of (including premium) INR 5,800.00 lacs (approx.). The Board also approved allotment of 1,77,419 Class A1 equity shares of face value INR 10 to Visage Trust on 19 April 2022.

HARIBHAKTI & CO. LLP BENGALURU CHARTERED ACCOUNTANTS

Visage Holdings and Finance Private Limited

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

22 Equity (Continued)

Shareholders holding more than 5% shares

Name of the shareholder	As at 31 March 2022 %	As at 31 March 2022 No. of shares	As at 31 March 2021 %	As at 31 March 2021 No. of shares
Class A1 Equity shares of INR 10 each, fully paid				
Gaja Capital Fund II Limited	23.61%	16,83,440	23.78%	16,83,440
Michael & Susan Dell Foundation	13.53%	9,64,523	13.62%	9,64,523
Unitus Impact PCC-LIF Mauritius	11.22%	8,00,396	11.31%	8,00,396
Hardika Shah	11.46%	8,17,094	10.82%	7,65,930
Global Impact Funds SCA SICAR - SubFund Global Financial Inclusion Fund	12.07%	8,60,373	12.15%	8,60,373
Visage Trust	5.20%	3,70,900	5.52%	3,70,900

Shareholders of Promoters

Name of the Promoters	As at 31 March 2022 %	As at 31 March 2022 No. of shares	As at 31 March 2022 % Change during the year	As at 31 March 2021 %	As at 31 March 2021 No. of shares	As at 31 March 2021 % Change during the year
Class A1 Equity shares of INR 10 each, fully paid						
Hardika Shah	11.46%	8,17,094	0.64%	10.82%	7,65,930	-0.57%

23 Other equity

Particulars	As at 31 March 2022	As at 31 March 2021
Statutory Reserves	1,100.63	808.79
Impairment Reserve	23.96	23.96
Securities Premium	20,921.72	20,921.72
Share option Outstanding	311.64	260.98
Retained Earnings	1,583.93	437.26
Debt instruments (Loans) through Other Comprehensive Income	(49.14)	(39.06)
Effective portion of Cash Flow Hedges	(38.03)	-
Total	**23,854.71**	**22,413.65**

Statutory reserve (created pursuant to Section 45-IC of the Reserve Bank of India Act, 1934)

Statutory reserve represents the Reserve Fund created under section 45-IC of the Reserve Bank of India Act, 1934. Under section 45-IC, the Company is required to transfer a sum not less than twenty percent of its net profit for the financial year to the statutory reserve. The statutory reserve can be utilized for the purposes as may be specified by the Reserve Bank of India from time to time.

Impairment Reserve

The impairment reserve has been created by the company pursuant to the requirement of RBI Notification RBI/2019-20/170 DOR NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020. The amount represents the shortfall of expected credit loss (ECL) under Ind AS 109 when compared to the provisioning required under IRACP (including standard asset provisioning). The total provisions made under ECL is higher than the requirements under IRACP with respect to the overall book.

Securities premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

Share option outstanding

The Company instituted the Visage ESOP in 2014, Visage SOP in 2014 and Visage ESOP in 2017, which were approved by the Board of Directors and the shareholders of the Company. The share option outstanding reserve is used to recognise the grant date fair value of option issued under aforesaid plans.

Refer Note 37 for further details on employee stock options.

Retained Earnings

Retained earnings or accumulated surplus represents total of all profits retained since Company's inception. Retained earnings are credited with current year profits, reduced by losses, if any, transfers to General reserve or any such other appropriations to specific reserves.

Debt instruments (Loans) through Other Comprehensive Income

This comprises changes in the fair value of debt instruments recognised in other comprehensive income and accumulated within equity. The group transfers amounts from such component of equity to retained earnings when the relevant debt instruments are derecognised.

Effective portion of Cash Flow Hedges

It represents the cumulative gains/(losses) arising on revaluation of the derivative instruments designated as cash flow hedges through OCI.

HARIBHAKTI & CO. LLP BENGALURU CHARTERED ACCOUNTANTS

Visage Holdings and Finance Private Limited

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

	Year ended 31 March 2022		Year ended 31 March 2021	
24 Interest Income	**On Financial Assets measured at fair value through OCI**	**On Financial Assets measured at Amortised Cost**	**On Financial Assets measured at fair value through OCI**	**On Financial Assets measured at Amortised Cost**
Interest on Loans				
Interest income on loan	20,801.95	-	20,983.75	-
Interest on deposits with banks	-	564.75	-	548.00
Other interest income *	-	50.83	-	38.34
	20,801.95	**615.58**	**20,983.75**	**586.34**
Total		**21,417.53**		**21,570.09**

* Other interest income relates to interest income on other deposits and staff loans

	Year ended 31 March 2022	Year ended 31 March 2021
25 Fees and Commission Income		
Service charges on co-lending arrangement	187.60	124.48
Cheque bounce charges	238.59	471.05
Penalty and preclosure charges	307.49	370.55
Securitisation collection fee	1.00	2.00
Total	**734.68**	**968.08**

26 Net gain/(loss) on fair value changes

	Year ended 31 March 2022	Year ended 31 March 2021
(A) Net gain/(loss) on financial instruments at fair value through profit or loss		
- On Financial guarantee contracts	270.22	(207.47)
- On Servicing assets	6,123.44	1,029.25
- On Excess Interest Spread	(54.60)	(86.02)
- On Mutual Funds	9.41	3.68
Total Net gain/(loss) on fair value changes (A)	**6,348.47**	**739.44**
(B) Fair Value changes:		
Realised	3.29	1.28
Unrealised	6,345.18	738.16
Total Net gain/(loss) on fair value changes (B)	**6,348.47**	**739.44**

27 Other Income

	Year ended 31 March 2022	Year ended 31 March 2021
Bad debt recovery	338.34	293.87
Profit on sale of Property plant and equipment	-	5.15
Miscellaneous Income	87.03	19.65
Total	**425.37**	**318.67**

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

28 Finance cost	Year ended 31 March 2022 On Financial liabilities measured at Amortised Cost	Year ended 31 March 2021 On Financial liabilities measured at Amortised Cost
Interest Expense on Borrowings:		
Interest on borrowing*	6,378.75	5,825.53
Interest on debt securities	4,430.76	3,375.67
Interest on subordinated liabilities	783.32	774.31
Other borrowing costs	98.59	40.10
Total	**11,691.42**	**10,015.61**

* Includes interest expense on lease liabilities of INR 103.79 lacs (31 March 2021: INR 45.75 lacs)

29 Impairment on financial instruments	Year ended 31 March 2022		Year ended 31 March 2021	
	On Financial instruments measured at fair value through OCI	On Financial instruments measured at Amortised Cost	On Financial instruments measured at fair value through OCI	On Financial instruments measured at Amortised Cost
Loans [Refer note 42 (ii)]	917.57	-	(13.76)	-
Other Assets	-	182.53	-	24.87
Loan commitment	-	(0.94)	0.94	-
Bad Debts Written Off	3,123.86	-	4,336.42	-
	4,041.43	**181.59**	**4,323.60**	**24.87**
Total		**4,223.02**		**4,348.47**

30 Employee benefits expenses *	Year ended 31 March 2022	Year ended 31 March 2021
Salaries and Wages	6,028.12	4,334.50
Contributions to Provident and Other Funds	281.60	249.18
Share based payment	62.88	43.14
Staff Welfare Expenses	199.10	87.63
Total	**6,571.70**	**4,714.45**

* Refer Note 38 for related party transactions
Refer Note 34 for amounts included in Provident and Other Funds

31 Depreciation, amortisation and impairment	Year ended 31 March 2022	Year ended 31 March 2021
Depreciation of Property Plant and Equipment	219.73	314.05
Amortisation of Intangible Assets	137.48	104.88
Depreciation of Right-of-use Assets [Refer note 35]	271.88	179.86
Total	**629.09**	**598.79**

32 Others expenses #	Year ended 31 March 2022	Year ended 31 March 2021
Rent	317.80	244.87
Electricity and water Charges	46.73	36.04
Office expense	74.37	68.73
Communication expense	114.03	132.08
Subscription and renewal fees	894.73	546.82
Printing and Stationery	87.97	47.66
Rates and Taxes	142.67	89.18
Legal and Professional Charges	1,431.40	1,070.51
Auditor Fees and Expenses*	48.12	42.39
Travel and Conveyance	548.51	372.85
Recruitment expenses	51.11	15.13
Directors' Sitting Fee	22.29	24.76
CSR Expenditure	23.74	41.53
Loss on sale of Property plant and equipment	4.11	-
Other expenses	132.33	109.87
Total	**3,939.91**	**2,842.42**

\# Refer Note 38 for related party transactions

HARIBHAKTI & CO. LLP BENGALURU CHARTERED ACCOUNTANTS

Visage Holdings and Finance Private Limited

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

32 Others expenses (Continued)

	Year ended 31 March 2022	Year ended 31 March 2021
*** Payments to auditors (exclusive of applicable taxes)**		
Statutory audit	25.00	22.00
Tax audit	2.00	2.00
Limited review and certification	20.50	17.50
Out-of-pocket expenses	0.62	0.89
Total	**48.12**	**42.39**

Details of corporate social responsibility expenditure

The Board of Directors in its meeting held on 07 May, 2019, approved the constitution of the CSR Committee. The CSR Committee confirms the implementation and monitoring of CSR policy is in compliance with CSR objectives and policy of the Company. The CSR activities of the Company shall include, but not limited to any or all of the sectors/activities as may be prescribed under section 135 read with Schedule VII of the Companies Act, 2013 amended from time to time. Further, the Company will review the sectors/activities from time to time and make additions/ deletions/ clarifications to the above sectors/activities.

	Year ended 31 March 2022	Year ended 31 March 2021
(a) Gross amount required to be spent by the company during the year	23.74	41.53
(b) Amount spent during the year on:		
i. Construction/acquisition of any asset	-	-
ii. On purposes other than (i) above	23.74	41.53
(c) Details of Related Party Transactions - In relation to CSR Expenditure as per Ind AS	-	-
(d) Whether the provision is made with respect to a liability incurred by entering into contractual obligation, the movements in the provision during the year	-	-
(e) The amount of shortfall at the end of the year out of the amount required to be spent by the Company during the year	-	-

(f) Nature of CSR Activity

-Promoting education and women entrepreneurship development, including special education and employment enhancing vocation skills, career guidance, skill development especially among children, women, elderly and the differently abled and livelihood enhancement projects

-Promoting Health care including preventive health care and sanitation

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

33 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

	As at 31 March 2022			As at 31 March 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	31,269.75	-	31,269.75	19,069.96	-	19,069.96
Bank balance other than cash and cash equivalents	940.09	448.72	1,388.81	314.01	936.74	1,250.75
Loans	36,206.44	62,618.73	98,825.17	33,412.59	51,534.28	84,946.87
Investments	108.51	-	108.51	102.39	-	102.39
Other financial assets	3,721.63	5,533.30	9,254.93	1,088.42	1,528.65	2,617.07
Total financial assets	72,246.42	68,600.75	1,40,847.17	53,987.37	53,999.67	1,07,987.04
Non-financial assets						
Current tax assets (net)	-	912.83	912.83	-	660.56	660.56
Deferred tax assets (net)	-	232.31	232.31	-	690.66	690.66
Property, plant and equipment	-	393.35	393.35	-	601.06	601.06
Intangible assets under development	-	-	-	-	129.32	129.32
Other intangible assets	-	384.65	384.65	-	175.90	175.90
Right-of-use asset	-	725.93	725.93	-	394.79	394.79
Other non-financial assets	2,049.46	422.98	2,472.44	2,171.76	49.62	2,221.38
Total non-financial assets	2,049.46	3,072.05	5,121.51	2,171.76	2,701.91	4,873.67
Total assets	74,295.88	71,672.80	1,45,968.68	56,159.13	56,701.58	1,12,860.71
LIABILITIES						
Financial liabilities						
Derivative financial instruments	-	198.03	198.03	-	-	-
Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	18.83	-	18.83	13.45	-	13.45
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	146.13	-	146.13	119.69	-	119.69
Debt securities	15,962.36	43,982.28	59,944.64	10,981.24	18,280.82	29,262.06
Borrowings (other than debt securities)*	24,559.50	24,334.86	48,894.36	27,565.93	22,183.01	49,748.94
Subordinated liabilities*	2,657.01	2,208.46	4,865.47	2.02	4,834.26	4,836.28
Lease Liabilities	343.29	490.15	833.44	149.31	300.32	449.63
Other financial liabilities	1,666.80	4,249.75	5,916.55	1,650.28	3,224.00	4,874.28
Total financial liabilities	45,353.92	75,463.53	1,20,817.45	40,481.92	48,822.41	89,304.33
Non-financial liabilities						
Provisions	54.13	317.72	371.85	58.91	212.92	271.83
Other non-financial liabilities	248.70	-	248.70	200.05	-	200.05
Total non-financial liabilities	302.83	317.72	620.55	258.96	212.92	471.88
EQUITY						
Equity share capital	-	675.97	675.97	-	670.85	670.85
Other equity	-	23,854.71	23,854.71	-	22,413.65	22,413.65
Total equity	-	24,530.68	24,530.68	-	23,084.50	23,084.50
Total liabilities and equity	45,656.75	1,00,311.93	1,45,968.68	40,740.88	72,119.83	1,12,860.71

* Refer Note 17

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

34 Employee benefits

The Company operates the following post-employment plans -

i. Defined contribution plan

The fixed contribution made to various statutory funds is recognized as expenses and included in Note 30 'Employee benefits expense' under 'Contribution to provident and other funds' in Statement of Profit and Loss. There is no legal or constructive obligation to pay further contribution. The detail is as follows :

	Year ended 31 March 2022	Year ended 31 March 2021
Employer's Contribution to Provident Fund (includes pension fund)	264.38	231.93
Employer's Contribution to Employee State Insurance Corporation	16.74	16.83
Labour welfare fund	0.48	0.42
Total	**281.60**	**249.18**

ii. Defined benefit plan

Gratuity

The Company operates post-employment defined benefit plan that provides gratuity, governed by the Payment of Gratuity Act, 1972. It entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days wages for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee concerned. The gratuity plan is a unfunded plan. These defined benefit plan expose the Company to actuarial risks, such as longevity risk and interest rate risk.

The most recent actuarial valuation of the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2022. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

	As at 31 March 2022	As at 31 March 2021
Net defined benefit asset/(liability)	(263.70)	(169.29)

A. Reconciliation of the net defined benefit asset/ (liability)

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit asset/(liability) and its components:

Particulars	As at 31 March 2022		As at 31 March 2021	
	Impact on Defined benefit obligation	Net defined benefit asset/ (liability)	Impact on Defined benefit obligation	Net defined benefit asset/ (liability)
Balance at the beginning of the year	(169.29)	(169.29)	(120.60)	(120.60)
Included in profit or loss				
Current service cost	(71.72)	(71.72)	(53.54)	(53.54)
Interest cost	(10.33)	(10.33)	(7.54)	(7.54)
	(82.05)	**(82.05)**	**(61.08)**	**(61.08)**
Included in other comprehensive income				
Remeasurements (loss) / gain				
– Actuarial (loss)/gain arising from:				
-demographic assumption	(4.09)	(4.09)	-	-
- financial assumptions	10.79	10.79	(1.62)	(1.62)
- experience adjustment	(34.33)	(34.33)	8.84	8.84
– on plan assets	-	-	-	-
	(27.63)	**(27.63)**	**7.22**	**7.22**
Other				
Contributions paid by the employer	-	-	-	-
Benefits paid	15.27	15.27	5.17	5.17
	15.27	**15.27**	**5.17**	**5.17**
Balance at the end of the year	**(263.70)**	**(263.70)**	**(169.29)**	**(169.29)**

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

34 Employee benefits (Continued)

B. Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	As at 31 March 2022	As at 31 March 2021
Discount rate	7.05%	6.39%
Future salary growth	6.00%	6.00%
Attrition rate (%)	24%	35%
Mortality	Indian Assured Lives Mortality (2012-14) Ult.	Indian Assured Lives Mortality (2012-14) Ult.
Withdrawal rate	From age 35 - 18.81% From age 40 - 12.54% From age 45 - 6.27% From age 50 - 2%2	From age 35 - 27.63% From age 40 - 18.42% From age 45 - 9.21% From age 50 - 2%
Retirement age	58	58

(i) The discount rate is based on the prevailing market yield on Government Securities as at the balance sheet date for the estimated term of obligations.
(ii) The estimate of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

C. Sensitivity analysis of significant assumptions

	As at 31 March 2022		As at 31 March 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	6.19	6.99	8.60	9.53
Future salary growth (1% movement)	5.83	5.23	7.48	7.45
Attrition rate (1% movement)	0.58	0.56	2.16	2.20
Mortality rate (10% up movement)	0.02		0.01	-

A description of methods used for sensitivity analysis and its limitations:
Sensitivity analysis is performed by varying a single parameter while keeping all the other parameters unchanged.
Sensitivity analysis fails to focus on the interrelationship between underlying parameters. Hence, the results may vary if two or more variables are changed simultaneously.
The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change if any.

D. Expected maturity analysis of the defined benefit plans in future years	As at 31 March 2022	As at 31 March 2021
1 year	27.84	23.87
Between 2-5 years	67.89	43.48
Between 6-10 years	67.04	28.05
Over 10 years	307.16	158.51

As at 31 March 2022, the weighted-average duration of the defined benefit obligation was 7.74 years (31 March 2021: 5.72 years).

G. Description of risk exposures
Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such company is exposed to various risks as follow -
Actuarial Risk: It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:
Adverse salary growth experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in obligation at a rate that is higher than expected.
Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.
Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption then the gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

Pay-as-you-go Risk: For unfunded schemes financial planning could be difficult as the benefits payable will directly affect the revenue and this could be widely fluctuating from year to year. Moreover there may be an opportunity cost of better investment returns affecting adversely the cost of the scheme.

Discount Rate risk: The Company is exposed to the risk of fall in discount rate. A fall in discount rate will eventually increase in the ultimate cost of providing the above benefit thereby increasing the value of the liability.

HARIBHAKTI & CO. LLP BENGALURU CHARTERED ACCOUNTANTS

Visage Holdings and Finance Private Limited

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

34 Employee benefits (Continued)

Regulatory Risk: Gratuity Benefit must comply with the requirements of the Payment of Gratuity Act, 1972 (as amended up-to-date). There is a risk of change in the regulations requiring higher gratuity payments (e.g. raising the present ceiling of ₹ 20,00,000, raising accrual rate from 15/26 etc.)

iii. Other long-term benefits - Compensated Absences

The Company provides compensated absences benefits to the employees of the Company which can be carried forward to future years. Amount recognised in the Statement of profit and loss for compensated absences is as under-

	Year ended 31 March 2022	Year ended 31 March 2021
Expense recorded in Statement of profit and loss	98.77	74.14

	As at 31 March 2022	As at 31 March 2021
Liability as at Balance sheet date	108.15	101.60

Assumptions used in determining the liability towards compensated absences	As at 31 March 2022	As at 31 March 2021
Discount rate	7.05%	6.39%
Salary escalation rate	6.00%	6.00%
Attrition rate	24%	35%
Withdrawal rate	From age 35 - 20.07% From age 40 - 13.79% From age 45 - 7.52% From age 50 - 2%	From age 35 - 29.47% From age 40 - 20.26% From age 45 - 11.05% From age 50 - 2%

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

35 Leases

For significant policies on lease refer note 2.20

Following disclosures are being made in accordance with the requirements of Ind AS 116 (Leases)

		31 March 2022	31 March 2021
i)	Depreciation charge for right-of-use assets (presented under note - 31 "Depreciation, amortization and impairment")	271.88	179.86
ii)	Interest expense on lease liabilities (presented under note - 28 "Finance costs")	103.79	45.75
iii)	Expense relating to short-term leases (included in Rent expenses under note 32 " Other expenses")	317.80	244.87
iv)	Total cash outflow for leases (including short term leases)	640.79	444.30
v)	Additions to right-of-use assets during the year	603.02	48.38
vi)	Carrying amount of right-of-use assets at the end of the reporting period by class of		
	- Property taken on lease for office premises	266.21	394.79
	- Asset taken for lease	459.72	-
vii)	Lease liabilities	833.44	449.63

Maturity Analysis - Contractual Undiscounted Cash Flow as at (including non-cancellable leases)	31 March 2022	31 March 2021
Less than 1 year	423.42	195.17
1 - 3 years	528.21	326.59
3 - 5 years	-	12.55
More than 5 years	-	-
Total undiscounted lease liabilities	**951.63**	**534.31**

Right-of-use asset	Gross Carrying Amount	Accumulated Depreciation	Net Carrying Amount
Balance as on 31 March 2020	**780.82**	**254.55**	**526.27**
Addition	48.38	179.86	
Deletion	-	-	
Balance as on 31 March 2021	**829.20**	**434.41**	**394.79**
Addition	603.02	271.88	
Deletion	-	-	
Balance as on 31 March 2022	**1,432.22**	**706.29**	**725.93**

36 Earning per share

The calculation of profit attributable to equity shareholders' and weighted average number of equity shares outstanding for purpose of basic earnings per share and diluted earnings per share calculation are as follows:

		Units	Year ended 31 March 2022	Year ended 31 March 2021
a)	(i) Weighted average number of equity shares for basic EPS	Nos	67,28,146	64,81,704
	(ii) Effect of potential ordinary equity shares on employee stock options	Nos	88,322	2,13,879
	(iii) Effect of potential ordinary equity shares on compulsory convertible debenture	Nos	8,407	9,393
	(iv) Weighted average number of equity shares for diluted EPS	Nos	68,24,874	67,04,976
b)	Net profit after tax	INR in Lacs	1,459.19	747.75
c)	(i) Net profit for equity shareholders for basic EPS	INR in Lacs	1,459.19	747.75
	(ii) Net profit for equity shareholders for diluted EPS	INR in Lacs	1,459.19	747.75
d)	(i) Earnings per share (Face value of INR 10/- per share) – basic	INR	21.69	11.54
	(ii) Earnings per share (Face value of INR 10/- per share) – diluted	INR	21.38	11.15

The reconciliation between basic and diluted earnings per share is as follows:

	Units	Year ended 31 March 2022	Year ended 31 March 2021
Basic Earnings per share	INR	21.69	11.54
Effect of dilution of employee stock option	INR	(0.28)	(0.37)
Effect of dilution of compulsory convertible debenture	INR	(0.03)	(0.02)
Diluted earnings per share	INR	21.38	11.15

HARIBHAKTI & CO. LLP * CHARTERED ACCOUNTANTS * BENGALURU

Visage Holdings and Finance Private Limited *

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

37 Share-based payments

A Description of share-based payment arrangements

The company instituted the Visage Employee Stock Option Plan (VESOP 2017) in 2017 , Visage Employee Stock Option Plan (VESOP 2014) in 2014 and Visage Stock Option Plan (VSOP 2014) in 2014, which were approved by the Board of Directors and the shareholders of the Company.

Visage ESOP and SOP, 2014

The Company provided for the creation and issue of 80,700 options under ESOP 2014 and 1,85,200 options under SOP 2014 , that would eventually convert into equity shares of INR 10/- each in the hands of eligible persons. The options are to be granted to the eligible persons at the exercise price as per the latest valuation report prior to the date of grant of options. The options will vest in a graded manner as given in the schedule below. 62,592 options will get settled by issue of equity shares at the exercise price of INR 11 per option and 7,025 options will get settled by issue of equity shares at the exercise price of INR 519.03 per option.

During the year, the Board has granted Nil options (31 March 2021 : Nil options) under Visage ESOP, 2014 and Nil options (31 March 2021 : Nil options) under Visage SOP, 2014 to the eligible persons of the Company.

Visage ESOP, 2017

Under Visage ESOP 2017, the Company provided for the creation and issue of 1,20,000 options, that would eventually convert into equity shares of INR 10/- each in the hands of the Company's employees. The options are to be granted to the eligible employees at the exercise price as per the latest valuation report prior to the date of grant of options. The options will vest in a graded manner as given in the schedule below. 39,000 options will get settled by issue of equity shares at the exercise price of INR 415.56 per option, 66,000 options will get settled by issue of equity shares at the exercise price of INR 519.03 per option and 11,250 options will get settled by issue of equity shares at the exercise price of INR 635 per option.

During the year, the Board has granted 15,000 options (31 March 2021 : Nil options) under Visage ESOP, 2017 to the eligible employees of the Company.

HARIBHAKTI & CO. LLP BENGALURU CHARTERED ACCOUNTANTS

Visage Holdings and Finance Private Limited

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

37 Share-based payments (Continued)

B Measurement of Fair values

The following tables list the inputs to the Black Scholes model used for the plans till year ended 31 March 2022

ESOP 2017

Date of grant	Risk-free interest rate	Expected life of options	Fair value per option range	Fair Value of share on grant date	Exercise Price (INR)	Weighted average remaining contractual life	Volatility of expected returns	Expected dividend yield	Vesting Schedule
1 Feb 2018	7.30% -7.60%	5-8 years	194.36 - 249.30	415.56	415.56	2.06	40.00%	0.00%	All options vested
9 May 2018	7.70 % -7.80%	5-8 years	196.77 - 250.55	415.56	415.56	2.24	40.00%	0.00%	FY 2022-23 - 4%
1 April 2019	6.80% - 7.30%	5-8 years	238.14 - 307.40	519.03	519.03	3.22	40.00%	0.00%	FY 2022-23 - 25%
10 June 2019	6.90% - 7.10%	5-8 years	238.76 - 305.38	519.03	519.03	3.36	40.00%	0.00%	FY 2022-23 - 25% FY 2023-24 - 11%
12 May 2021	5.34% - 6.12%	5-8 years	584.37 - 585.97	635.00	635.00	5.51	69.65%-79.68%	0.00%	FY 2022-23 - 47% FY 2023-24 - 25% FY 2024-25 - 25% FY 2025-26 - 3%

ESOP and SOP 2014

Date of grant	Risk-free interest rate	Expected life of options	Fair value of option	Fair Value of share on grant date	Exercise Price (INR)	Weighted average remaining contractual life	Volatility of expected returns	Expected dividend yield	Vesting Schedule
28 April 2015	7.60% - 7.70%	5-8 years	50.47 - 52.08	57.92	11.00	-	40.00%	0.00%	All options vested
31 July 2019	6.30% - 6.60%	5-8 years	234.00 - 303.57	519.03	519.03	3.64	40.00%	0.00%	All options vested

The measure of volatility used in the Black-Scholes option pricing model is the annualized standard deviation of the continuously compounded rates of return on the stock over a period of time.

Company is not listed on any stock exchange due to which there is no available history of the day-to-day movements in share prices of the Company. For the purpose of determining volatility, the Company has used a proxy for the volatility of the share price of the Company. The Company has determined the proxy by benchmarking it to the weighted average volatility of other listed entities that carry out similar kind of business as compared to the Company.

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

37 Share-based payments (Continued)

C Reconciliation of outstanding share options
The number and weighted average exercise prices of share options under the share option plans were as follows:

ESOP 2017

Particulars	Year ended 31 March 2022		Year ended 31 March 2021	
	Number of share options	Wtd. Avg. price	Number of share options	Wtd. Avg. price
Outstanding options at the beginning of the year	1,05,000	480.60	1,20,000	485.40
Add: Granted during the year	15,000	635.00	-	-
Less: Exercised during the year	-	-	-	-
Less: Lapsed/forfeited during the year	3,750	635.00	15,000	519
Outstanding options at the end of the year	**1,16,250**	**495.54**	**1,05,000**	**480.60**
Average remaining contractual life for options outstanding at the end of the year		3.10 years		3.85 years
Options vested and exercisable at the end of the year	85,892		59,642	

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

37 Share-based payments (Continued)

ESOP and SOP 2014

Particulars	Year ended 31 March 2022		Year ended 31 March 2021	
	Number of share options	Wtd. Avg. price	Number of share options	Wtd. Avg. price
Outstanding options at the beginning of the year	77,592	109.21	77,592	109.21
Add: Granted during the year	-	-	-	-
Less: Exercised during the year	-	-	-	-
Less: Lapsed/forfeited during the year	7,975	519.03	-	-
Outstanding options at the end of the year	**69,617**	**62.26**	**77,592**	**109.21**
Average remaining contractual life for options outstanding at the end of the year	0.37 years		1.21 years	
Options vested and exercisable at the end of the year	69,617		67,757	

HARIBHAKTI & CO. LLP CHARTERED ACCOUNTANTS BENGALURU

Visage Holdings and Finance Private Limited

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

37 Share-based payments (Continued)

D Equity shares reserved for issue under options

	No. of options granted (net of lapsed)	Exercise price (INR)	As at 31 March 2022		As at 31 March 2021	
			No. of options	Amount*	No. of options	Amount*
ESOP 2017:						
1 Feb 2018	20,000	415.56	20,000	2.00	20,000	2.00
9 May 2018	19,000	415.56	19,000	1.90	19,000	1.90
1 April 2019	48,500	519.03	48,500	4.85	48,500	4.85
10 June 2019	17,500	519.03	17,500	1.75	17,500	1.75
12 May 2021	11,250	635.00	11,250	1.13	-	-
ESOP and SOP 2014:						
12 August 2014	58,392	11.00	58,392	5.84	58,392	5.84
28 April 2015	4,200	11.00	4,200	0.42	4,200	0.42
31 July 2019	7,025	519.03	7,025	0.70	15,000	1.50

*Face Value per share at INR 10/- each

E In respect of stock options granted under Employee Stock Option Plan 2014 , Stock Option Plan 2014 and Employee Stock Option Plan 2017, the accounting is done as per the requirements of Ind AS 102. Consequently, expense of INR 62.88 lacs (31 March 2021: INR 43.14 lacs) and reversal of expense due to lapse of INR 12.18 lacs (31 March 2021: INR 14.81 lacs) has been included under 'Employee Benefits Expense' and "Other Expense" respectively based on respective grant date fair value.

HARIBHAKTI & CO. LLP * BENGALURU * CHARTERED ACCOUNTANTS

Visage Holdings and Finance Private Limited

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

38 Related parties disclosures

(i) Name of related parties and description of relationship ((where there are transactions):

A Entity having significant influence over the Company	**Nature of Relationship**
Gaja Capital Fund II Limited	Shareholder
B Key Managerial Personnel ('KMP') and their Relatives	**Nature of Relationship**
Hardika Shah	Director and Chief Executive Officer
Thirunavukkarasu Rajendran	Director and Chief Operating Officer
Aiswarya Ravi	Chief Financial Officer
Moumita Sen	Company Secretary (resigned w.e.f 28 February 2021)
Sutheja KJ	Company Secretary (appointed w.e.f 12 May 2021)
Khyati Shah	Relative of KMP
C Directors	**Nature of Relationship**
Bhavna Thakur	Independent Director
Sunil Satyapal Gulati	Independent Director
Ravindra Pisharody	Independent Director

D Entity in which KMP/Director or his relative is Member or Director
KVS Consulting, LLC

(ii) Related party transactions during the year and balance receivable from and payable to related parties as at the balance sheet date:

Name of related party	Nature of transaction	Transaction value for the year ended 31 March 2022	Outstanding amount as at 31 March 2022	Transaction value for the year ended 31 March 2021	Outstanding amount as at 31 March 2021
A) Entity having significant influence over the Company					
Gaja Capital Fund II Limited	Receipt of allotment money on issue of Equity shares (including premium)	-	-	900.00	-
B) Key Managerial Personnel and their Relatives					
1.Hardika Shah	Remuneration and Incentive	114.00	(19.00)	57.00	-
	Reimbursement of expenses	0.02	-	-	-
	Allotment of shares on conversion of compulsory convertible debentures	5.12	-	-	-
	Issue of compulsory convertible debentures	-	(41.76)	-	(46.87)
2.Thirunavukkarasu Rajendran	Remuneration and Incentive	102.00	(17.00)	55.00	-
	Stock option expenses	15.84	-	33.81	-
	Reimbursement of expenses	1.94	0.01	5.42	-
	Contribution to Provident Fund	0.22	-	0.21	-
3.Aiswarya Ravi	Remuneration and Incentive	84.00	(14.00)	45.00	-
	Stock option expenses	9.68	-	21.91	-
	Purchase of Plant, Property and Equipment	1.56	-	-	-
	Reimbursement of expenses	30.11	0.13	33.03	1.06
	Contribution to Provident Fund	0.22	-	0.21	-
4.Moumita Sen	Remuneration and Incentive	-	-	9.18	-
	Contribution to Provident Fund	-	-	0.19	-
5.Sutheja KJ	Remuneration and Incentive	18.86	(2.64)	-	-
	Contribution to Provident Fund	0.21	-	-	-
	Reimbursement of expenses	0.09	-	-	-
C) Independent Directors					
Bhavna Thakur	Sitting fees	5.75	-	6.05	-
Sunil Satyapal Gulati	Sitting fees	7.20	-	8.70	-
Ravindra Pisharody	Sitting fees	7.50	-	10.00	-
D) Entity in which KMP/Director or his relative is Member or Director					
KVS Consulting, LLC	Professional Fees	42.60	(3.55)	41.52	(3.46)

(iii) Compensation of key managerial personnel	**Year ended 31 March 2022**	**Year ended 31 March 2021**
Short-term employee benefits	318.86	166.18
Post-employment defined benefit*	0.65	0.60
Share based payments	25.52	55.72
	345.03	**222.50**

*Excludes provision for encashable leave and gratuity for certain key management personnel as a separate actuarial valuation is not available.

Terms and conditions

All transactions with these related parties are priced on an arm's length basis.
Related parties identified includes related parties as per section 2(76) of the Companies Act, 2013.

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

39 Contingent liabilities and commitments

a) Contingent liabilities

Particulars	**As at 31 March 2022**	**As at 31 March 2021**
Claims against the Company not acknowledged as debt		
Income tax matters under dispute	111.86	-

These claims against the Company are arising on account of disallowances on completion of assessment proceedings under the Income-tax Act, 1961, such as disallowance of bad-debt expenditure.

The Company has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the Company did not have any long-term contracts including derivative contracts for which there are any material foreseeable losses.

The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial performance and financial position regarding the amounts disclosed above, it is not practicable to disclose information on the possibility of any reimbursements as it is determinable only on the occurrence of uncertain future events.

b) Commitments [to the extent not provided for]	**As at 31 March 2022**	**As at 31 March 2021**
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances and capital work-in-progress)	5.07	76.13

HARIBHAKTI & CO. LLP BENGALURU CHARTERED ACCOUNTANTS

Visage Holdings and Finance Private Limited

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

40 Transfers of financial assets

In the ordinary course of business, the Company enters into transactions that result in the transfer of financial assets. In accordance with the accounting policy set out in Note 2, the transferred financial assets continue to be recognised or derecognised as per the conditions specified in Ind AS 109 " Financial Instruments"

The Company transfers financial assets that are not derecognised in their entirety primarily through securitisation transactions, in which loans to customers are transferred to securitisation special purpose vehicles.

Transferred financial assets that are not derecognised in their entirety

Securitisation
Certain loans to customers are sold by the Company to securitisation special purpose vehicles. In securitisation transactions entered, the Company transfers loans to an unconsolidated securitisation vehicle, however it retains credit risk (principally by providing credit enhancement to the extent of cash collateral). The Company retains substantial risks and rewards of such loan transferred and accordingly, does not derecognise the loans transferred in its entirety and recognises an associated liability for the consideration received.

Excess interest spread receivable
Excess interest spread receivable represents the continuing involvement of Company in the future performance of the financial assets derecognized under the Direct assignment transactions. The present value of excess interest spread receivable on de-recognised assets [as part of Direct assignment transactions] has been computed by discounting net cash flows from such assigned pools and income from direct assignment transaction is recognised upfront in books of accounts. The right to receive cash flow (including resultant income) will arise as per the terms & condition and time periods mentioned in the direct assignment agreement.

The following table sets out the carrying amounts and fair values of all financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities and the carrying amount of the derecognised financial assets measured at amortised cost :-

	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Financial assets at fair value through profit or loss
As at 31 March 2022			
Assets			
Securitisation transaction	594.35	-	-
Excess interest spread receivable	-	-	8.87
Carrying amount of assets	**594.35**	**-**	**8.87**
Associated liabilities			
Payables under securitisation arrangement	-	293.85	-
Carrying amount of associated liabilities	**-**	**293.85**	**-**
For those liabilities that have recourse only to the transferred financial assets			
Assets			
Securitisation transaction	594.35	-	-
Excess interest spread receivable	-	-	8.87
Fair value of assets	**594.35**	**-**	**8.87**
Associated liabilities			
Payables under securitisation arrangement	-	293.85	-
Fair value of associated liabilities	**-**	**293.85**	**-**

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

40 Transfers of financial assets (Continued)

	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Financial assets at fair value through profit or loss
As at 31 March 2021			
Assets			
Securitisation transaction	5,189.23	-	-
Excess interest spread receivable	-	-	63.47
Carrying amount of assets	**5,189.23**	**-**	**63.47**
Associated liabilities			
Payables under securitisation arrangement	-	3,930.59	-
Carrying amount of associated liabilities	**-**	**3,930.59**	**-**
For those liabilities that have recourse only to the transferred financial assets			
Assets			
Securitisation transaction	5,189.23	-	-
Excess interest spread receivable	-	-	63.47
Fair value of assets	**5,189.23**	**-**	**63.47**
Associated liabilities			
Payables under securitisation arrangement	-	3,933.71	-
Fair value of associated liabilities	**-**	**3,933.71**	**-**

HARIBHAKTI & CO. LLP * CHARTERED ACCOUNTANTS * BENGALURU

Visage Holdings and Finance Private Limited *

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

41 Financial instruments - fair value and risk management

A. Financial instruments by category

The following table shows the carrying amounts of financial assets and financial liabilities.

	As at 31 March 2022			
Particulars	**Others**	**FVTPL**	**FVTOCI**	**Amortised cost**
Financial assets:				
Cash and cash equivalents	-	-	-	31,269.75
Bank balance other than cash and cash equivalents	-	-	-	1,388.81
Loans	-	-	98,773.15	52.02
Investments	-	108.51	-	-
Other financial assets	-	7,430.33	-	1,824.60
	-	7,538.84	98,773.15	34,535.18
Financial liabilities:				
Derivative financial instruments	-	198.03	-	-
Trade payables	-	-	-	164.96
Debt securities	-	-	-	59,944.64
Borrowings (other than debt securities)	-	-	-	48,894.36
Subordinated liabilities	-	-	-	4,865.47
Lease Liabilities	-	-	-	833.44
Other financial liabilities	-	45.54	-	5,871.01
	-	243.57	-	1,20,573.88

	As at 31 March 2021			
Particulars	**Others**	**FVTPL**	**FVTOCI**	**Amortised cost**
Financial assets:				
Cash and cash equivalents	-	-	-	19,069.96
Bank balance other than cash and cash equivalents	-	-	-	1,250.75
Loans	-	-	84,874.80	72.07
Investments	-	102.39	-	-
Other financial assets	-	1,361.49	-	1,255.58
	-	1,463.88	84,874.80	21,648.36
Financial liabilities:				
Trade payables	-	-	-	133.14
Debt securities	-	-	-	29,262.06
Borrowings (other than debt securities)	-	-	-	49,748.94
Subordinated liabilities	-	-	-	4,836.28
Lease Liabilities	-	-	-	449.63
Other financial liabilities	-	315.77	-	4,558.51
	-	315.77	-	88,988.56

HARIBHAKTI & CO. LLP · BENGALURU · CHARTERED ACCOUNTANTS

Visage Holdings and Finance Private Limited

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

41 Financial instruments - fair value and risk management (Continued)

B. Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:
(a) recognised and measured at fair value and
(b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at 31 March 2022	Level 1	Level 2	Level 3	Total
Financial assets:				
Loans	-	-	98,773.15	98,773.15
Investments	-	108.51	-	108.51
Other financial assets	-	-	7,430.33	7,430.33
	-	108.51	1,06,203.48	1,06,311.99
Financial liabilities:				
Derivative financial instruments	-	198.03	-	198.03
Other financial liabilities	-	-	45.54	45.54
	-	198.03	45.54	243.57

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

The fair value of loans given is based on observable market transactions, to the extent available. Wherever the observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques. Input into the valuation techniques includes interest rates, prepayment rates, primary origination or secondary market spreads. Input into the models may include information obtained from other market participants, which includes observed primary and secondary transactions.

As at 31 March 2022	Amortised cost	Fair Value	Level 1	Level 2	Level 3	Total
Financial assets:						
Bank balance other than cash and cash equivalents	1,388.81	1,392.07	-	1,392.07	-	1,392.07
Loans	52.02	52.02	-	52.02	-	52.02
Other financial assets	1,824.60	1,823.23	-	1,823.23	-	1,823.23
	3,265.43	**3,267.32**	-	**3,267.32**	-	**3,267.32**
Financial liabilities:						
Debt securities	59,944.64	60,483.38	-	60,483.38	-	60,483.38
Borrowings (other than debt securities)	48,894.36	49,020.93	-	49,020.93	-	49,020.93
Subordinated liabilities	4,865.47	4,819.82	-	4,819.82	-	4,819.82
Lease Liabilities	833.44	833.44	-	833.44	-	833.44
Other financial liabilities	5,871.01	5,368.65	-	969.44	4,399.21	5,368.65
	1,20,408.92	**1,20,526.22**	-	**1,16,127.01**	**4,399.21**	**1,20,526.22**

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at 31 March 2021	Level 1	Level 2	Level 3	Total
Financial assets:				
Loans	-	-	84,874.80	84,874.80
Investments	-	102.39	-	102.39
Other financial assets	-	-	1,361.49	1,361.49
	-	102.39	86,236.29	86,338.68
Financial liabilities:				
Other financial liabilities	-	-	315.77	315.77
	-	-	315.77	315.77

HARIBHAKTI & CO. LLP BENGALURU CHARTERED ACCOUNTANTS

Visage Holdings and Finance Private Limited

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

41 Financial instruments - fair value and risk management (Continued)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at 31 March 2021	Amortised cost	Fair value	Level 1	Level 2	Level 3	Total
Financial assets:						
Bank balance other than cash and cash equivalents	1,250.75	1,259.00	-	1,259.00	-	1,259.00
Loans	72.07	72.07	-	72.07	-	72.07
Other financial assets	1,255.58	1,255.62	-	1,255.62	-	1,255.62
	2,578.40	**2,586.69**	-	**2,586.69**	-	**2,586.69**
Financial liabilities:						
Debt securities	29,262.06	29,188.26	-	29,188.26	-	29,188.26
Borrowings (other than debt securities)	49,748.94	49,901.50	-	49,901.50	-	49,901.50
Subordinated liabilities	4,836.28	4,779.96	-	4,779.96	-	4,779.96
Lease Liabilities	449.63	449.63	-	449.63	-	449.63
Other financial liabilities	4,558.51	3,901.73	-	554.34	3,347.39	3,901.73
	88,855.42	**88,221.08**	-	**84,873.69**	**3,347.39**	**88,221.08**

Financial instruments valued at carrying value

The respective carrying values of certain on-balance sheet financial instruments approximate their fair value. These financial instruments include cash in hand, balances with other banks, trade payables and certain other financial assets and liabilities, with maturities less than a year from the balance sheet date. Carrying values were assumed to approximate fair values for these financial instruments as they are short-term in nature and their recorded amounts approximate fair values or are receivable or payable on demand. Such amounts have been classified as level 2 on the basis that no adjustments have been made to the balances in the balance sheet.

C. Valuation framework

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : The fair value of financial instruments that are not traded in active markets is determined using valuation techniques which maximize the use of observable market data either directly or indirectly, such as quoted prices for similar assets and liabilities in active markets, for substantially the full term of the financial instrument but do not qualify as Level 1 inputs. If all significant inputs required to fair value an instrument are observable the instrument is included in level 2.

Level 3 : If one or more of the significant inputs is not based in observable market data, the instruments is included in level 3. That is, Level 3 inputs incorporate market participants' assumptions about risk and the risk premium required by market participants in order to bear that risk. The Company develops Level 3 inputs based on the best information available in the circumstances.

HARIBHAKTI & CO. LLP
BENGALURU
CHARTERED ACCOUNTANTS

Visage Holdings and Finance Private Limited

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

41 Financial instruments - fair value and risk management (Continued)

Financial instruments measured at fair value and fair value of financial instruments carried at amortised cost

Type	Valuation technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value and sensitivity
Financial assets and liabilities measured at amortised cost	Discounted cash flows: The valuation model considers the present value of expected receipt/payment discounted using appropriate discounting rates. For issued debt, the interest rate is derived from market observable date such as secondary prices for its traded debt itself.	Not applicable	Not applicable
Financial assets measured at FVOCI	Fair value of loans are calculated using portfolio based approach grouping loans as far as possible into homogeneous groups or similar characteristics. The fair value is then extrapolated to the portfolio using discounted cash flow method that incorporates interest rate estimate considering all significant characteristics of loan. This fair value is then reduced by impairment loss allowance.	The discount rate is the average lending rate at which the loans are disbursed.	There is an inverse correlation. Higher the discount rate i.e. average lending rate for the disbursed loans, lower the fair value of the assets.
Financial assets and liabilities measured at FVTPL	Discounted cash flows: The valuation model considers the present value of expected receipt/payment discounted using appropriate discounting rates.	The discount rate is the average lending rate at which the loans are disbursed.	There is an inverse correlation. Higher the discount rate i.e. average lending rate for the disbursed loans, lower the fair value of the assets.
	Cross currency interest rate swap (CCIRS) held for the purpose of hedging foreign currency denominated External Commercial Borrowings are accounted as a cash flow hedge. CCIRS is being considered under Level 2 for fair valuation which is performed through discounted cash flow method by deriving future forward rates from published zero coupon yield curve. All future cash flows for both the paying and receiving legs in the swap contract are discounted to present value using these forward rates and accordingly arrived at the valuation for a point of time.	Not applicable	Not applicable
	Investments in Category III Alternative Investment Fund : Net Asset Value	Not applicable	Not applicable

D. Movement in Level 3 financial instruments measured at fair value

Particulars	As at 1 April 2021	Purchase / origination	Sales / run-off	Interest income	Other Comprehensive Income	As at 31 March 2022
Financial instruments at FVOCI	87,635.96	79,293.62	85,266.19	20,801.95	(13.47)	1,02,451.87

Particulars	As at 31 March 2020	Purchase / origination	Sales / run-off	Interest income	Other Comprehensive Income	As at 31 March 2021
Financial instruments at FVOCI	83,937.04	45,773.91	63,040.89	20,983.75	(17.85)	87,635.96

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

42 Financial risk management

The Company assumes credit risk, market risk, compliance risk, operational risk and reputational risk in the normal course of it business. This exposes the company to a substantial level of inherent financial risk.

i Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities and approval.

Efficient and timely management of risks involved in the Company's activities is critical for the financial soundness and profitability of the Company. Risk management involves the identifying, measuring, monitoring and managing of risks on a regular basis. The objective of risk management is to increase shareholders' value and achieve a return on equity that is commensurate with the risks assumed. To achieve this objective, the Company employs leading risk management practices and recruits skilled and experienced people.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

ii 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, and arises principally from the Company's asset on finance;

The carrying amounts of financial assets represent the maximum credit risk exposure.

a) Credit risk management

Credit risk is the risk that the Company will incur a loss because its customers fail to discharge their contractual obligations. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred such as a breach of contract or when a borrower becomes 3 months overdue in its contractual payments.

The Company has established a credit policy under which each new customer is analysed individually for credit worthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes background KYC verification, historical financial information of the borrower's business, industry information, etc. (as applicable).

The Company measures the amount of Expected credit loss ['ECL'] on a financial instrument in a way that reflects an unbiased and probability-weighted amount. The Company considers its historical loss experience and adjusts the same for current observable data. The key inputs into the measurement of ECL are the probability of default, loss given default and exposure at default. These parameters are derived from the Company's internally developed statistical models and other historical data. In addition, the Company uses reasonable and supportable information on future economic conditions including macroeconomic factors. Since incorporating these forward-looking information increases the judgment as to how the changes in these macroeconomic factors will affect ECL, the methodology and assumptions are reviewed regularly.

b) Probability of default (PD)

Days past due (DPD) analysis is the primary input into the determination of the PD for exposures. The Company collects performance and default information about its credit risk exposures analysed by type of borrower as well as by DPD. The Company employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time. Such statistical models are selected considering the availability of information related to the probability of default.

The Company has calculated Through-The-Cycle [TTC] PDs using a Net Flow Rate matrix. Historical TTC-PD is converted into forward looking Point-in-Time [PIT] PD using Merton-Vasicek model which also incorporates the forward-looking economic outlook. Life-time PDs are calculated based on the forecasted PIT PDs and the survival rate analysis. Cumulative PDs as on the maturity date of the financial asset has been used as the lifetime PD. Considering that Company primarily lends to borrowers operating in Micro, Small and Medium Enterprises ['MSME'] segment, Real GDP (% change p.a.) is used as a macroeconomic variable. The macroeconomic variables considered by the Company are robust reflections of the state of economy which result into systematic risk for the segment to which majority of the Company's borrowers belong.

Additionally, three different scenarios have been considered for ECL calculation. Along with the actual numbers (considered for Base case scenario), other scenarios take care of the worsening as well as improving forward looking economic outlook. The probability of default was calculated for 3 scenarios: upside (10.58%), downside (21.15%) and base (68.27%). These weights have been decided on best practices and the professional judgment of the Management's expert.

A maximum of a 12-month PD or actual contractual tenure is considered for financial assets for which credit risk has not significantly increased. The Company measures ECL for stage 2 and stage 3 assets considering the risk of default over the maximum contractual period over which it is exposed to credit risk.

HARIBHAKTI & CO. LLP BENGALURU CHARTERED ACCOUNTANTS

Visage Holdings and Finance Private Limited

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

42 Financial risk management (Continued)

c) Staging of financial assets

In assessing the impairment of financial loans under Expected Credit Loss (ECL) Model, the assets have been segmented into three stages. The three stages reflect the general pattern of credit deterioration of a financial instrument. The differences in accounting between stages, relate to the recognition of expected credit losses and the measurement of interest income.

The Company categorises loan assets into stages primarily based on the Months Past Due status.

Stage 1 Loan assets [0-1 month days past due]	Financial assets which are contractually up to 1 month overdue are considered under Stage 1 for applying 12 months ECL
Stage 2 loan assets [>1 month-3 months days past due]	Financial assets which are contractually more than 1-month overdue are classified under Stage 2 for applying lifetime ECL and not credit impaired, barring those where there is empirical evidence to the contrary
Stage 3 Loan assets[> than 3 months days past due]	The Company considers defaulted assets as those which are contractually 3 months overdue, other than those assets where there is empirical evidence to the contrary

An asset migrates down the ECL stage based on the change in the risk of a default occurring since initial recognition. If in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the loan loss provision stage reverses to 12-months ECL from lifetime ECL.

d) Exposure at default (EAD)

EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation. EAD represents the gross carrying amount of the financial instruments subject to the impairment calculation. To calculate the ECL for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 months ECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments. In case of Stage 3 assets, EAD is computed after considering loans covered under CGTMSE scheme.

e) Loss given default (LGD)

Loss given default (LGD) represents estimated financial loss the company is likely to suffer in respect of default accounts and it is used to calculate provision requirement on Exposure at default ['EAD'] along with PD. The Company has used LGD rates prescribed by Basel IRB norms [65%], suitably adjusted for the following:

- fair value of underlying collateral [depreciated at 20% per annum, along with and an additional hair-cut of 50% to the depreciated value] [as prescribed by Basel IRB norms];
- the credit guarantee offered by Small Industries Development Bank of India ['SIDBI'] vide Credit Guarantee Fund Trust for Micro and Small Enterprises ['CGTMSE'][as prescribed by Basel IRB norms];

-the credit guarantee offered by National Credit Guarantee Trustee Company Ltd (NCGTC) vide Emergency Credit Line Guarantee Scheme (ECLGS). NCGTC has provided a 100% credit guarantee coverage for loans disbursed under this scheme.

f) Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. The Company's accounting policy is not to use the practical expedient that the financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result, the Company monitors all financial assets that are subject to impairment for significant increase in credit risk. This includes both quantitative and qualitative information and analysis based on the Company's historical experience, expert credit assessment and includes forward looking information. The monitoring typically involves

- Overdue status [Days past due]- if contractual payments are more than 1 month overdue, the credit risk is deemed to have increased significantly since initial recognition.
- A Stage 3 customer having other loans which are in Stage 1 or 2.
- Restructuring and rescheduling of loans
- Fraudulent customer

g) Measurement of ECL

The company recognises the expected credit losses (ECL) on a collective basis that considers the aforesaid comprehensive credit risk information. Considering the economic and risk characteristics, the company calculates ECL on a collective basis for all stages - Stage 1, Stage 2 and Stage 3 assets:

-For Stage 1, gross exposure is multiplied by PD and LGD percentage to arrive at the ECL.

-For Stage 2, future Expected Cash flows (Principal and Interest) for respective future years is multiplied by respective years' Marginal PDs and LGD percentage and thus the ECL so arrived is then discounted with the respective loan EIR to calculate the present value of ECL.

-Financial assets that are credit impaired at the reporting date: the difference between the gross exposure at reporting date and computed carrying amount, considering EAD net of LGD and actual cash flows till reporting date;

The Company separately incorporates estimates, assumptions and judgements in the measurement of impairment loss allowance.

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

42 Financial risk management (Continued)

h) RBI COVID-19 Regulatory Package

In accordance with the board approved moratorium policy read with the Reserve Bank of India(RBI) guidelines dated March 27, 2020 and April 17, 2020 relating to 'COVID-19-Regulatory Package', the Company has granted moratorium unto three months on the payment of instalments falling due between March 1,2020 and May 31, 2020 to all eligible borrowers. In respect of accounts overdue but standard at 29 February 2020 where moratorium benefit has been granted, the staging of those accounts at 31 March 2020 is based on the days past due status as on 29 February 2020. Based on an assessment by the Company, this relaxation has not been deemed to be automatically triggering significant increase in credit risk. The Company continues to recognize interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria.

i) Impact of Covid-19

The impact of COVID-19 on the global economy and how governments, businesses and consumers respond is uncertain. This uncertainty is reflected in the Company's assessment of impairment loss allowance on its loans which are subject to a number of management judgements and estimates. In relation to COVID-19, judgements and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy. The Company has separately incorporated estimates, assumptions and judgements specific to the impact of the COVID-19 pandemic and the associated support packages in the measurement of impairment loss allowance. The Company's impairment loss allowance estimates are inherently uncertain and consequently, actual results may differ from these estimates.

j) Analysis of inputs to the ECL model with respect to macro economic variable

The below table shows the values of the forward looking macro economic variable used in each of the scenarios for the ECL calculations. For this purpose, the Company has used the data source published by global financial monitoring organisation. The upside and downside % change has been derived using historical standard deviation from the base scenario based on previous 8 years change in the variable.

GDP Growth Rates						
Scenario	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
Base Case	8.153%	6.894%	6.989%	7.039%	6.538%	6.168%
Best Case	8.968%	7.583%	7.688%	7.743%	7.192%	6.785%
Worst Case	7.338%	6.205%	6.290%	6.335%	5.884%	5.551%

An analysis of changes in gross carrying amount and corresponding ECL allowances is as follows :
(i) Movements in the gross carrying amount in respect of loans

Loans measured at amortised cost

Reconciliation of gross carrying amount	**Stage 1**
Gross carrying amount on 31 March 2020	40.09
New financial assets originated or purchased	74.05
Financial assets that have been derecognised / repaid	(42.07)
Gross carrying amount on 31 March 2021	**72.07**
New financial assets originated or purchased	41.94
Financial assets that have been derecognised / repaid	(61.99)
Gross carrying amount on 31 March 2022	**52.02**

Credit risk for the above assets have been determined to be negligible

Loans at fair value through OCI

Reconciliation of gross carrying amount	**Stage 1**	**Stage 2**	**Stage 3**
Gross carrying amount on 31 March 2020	74,553.07	4,233.04	5,150.93
Transfer to Stage 1	484.97	(277.50)	(207.47)
Transfer to Stage 2	(4,828.08)	4,895.66	(67.58)
Transfer to Stage 3	(3,917.49)	(1,670.30)	5,587.79
New financial assets originated or purchased	41,235.33	2,212.72	2,325.86
Financial assets that have been derecognised (includes bad debts written off) / repaid	(36,742.79)	(1,628.33)	(3,703.87)
Gross carrying amount on 31 March 2021	**70,785.01**	**7,765.29**	**9,085.66**
Transfer to Stage 1	4,207.67	(2,379.34)	(1,828.33)
Transfer to Stage 2	(3,035.49)	3,590.90	(555.41)
Transfer to Stage 3	(3,686.49)	(3,073.62)	6,760.11
New financial assets originated or purchased	78,193.74	489.00	610.88
Financial assets that have been derecognised (includes bad debts written off) / repaid	(56,889.07)	(2,275.88)	(5,312.76)
Gross carrying amount on 31 March 2022	**89,575.37**	**4,116.35**	**8,760.15**

Reconciliation between Stage 3 assets and Portfolio at Risk account wise (90+ Bucket)	**As at 31 March 2022**	**As at 31 March 2021**
Stage 3 assets as at	**8,760.15**	**9,085.66**
Adjustment required as per Ind AS 109	(1,427.48)	(1,054.28)
Significant increase in credit risk trigger due to restructures within as per the provisions of the RBI Circular [DOR.No.BP.BC/4/21.04.048/2020-21] dated 06 August 2020 (as amended from time to time) on Restructuring of advances given to Micro, Small and Medium	-	(3,139.25)
Significant increase in credit risk trigger due to restructures	(688.48)	(73.62)
Borrowers with other loans in 90+ Bucket	(634.51)	(393.69)
CGTMSE Claim received	777.56	97.15
Portfolio at Risk account wise (90+ Bucket) *	**6,787.24**	**4,521.97**

*Portfolio at Risk account wise (90+ Bucket) represents principal outstanding on the accounts that are more than 90 days past due.

The contractual amount outstanding on financial assets that has been written off by the Company during the year ended 31 March 2022 and that were still subject to enforcement activity was INR 3,123.86 lacs (31 March 2021: INR 4,336.42 lacs).

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

42 Financial risk management (Continued)

ii) Movements in the allowance for impairment in respect of loans

Loans at fair value through OCI

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses: Financial assets for which credit risk has increased significantly and not credit-impaired	Loss allowance measured at life-time expected losses: Financial assets for which credit risk has increased significantly and credit-impaired
Loss allowance on 31 March 2020	503.35	63.15	2,208.41
Transfer to Stage 1	6.40	(3.02)	(3.38)
Transfer to Stage 2	(48.87)	50.18	(1.31)
Transfer to Stage 3	(738.45)	(517.97)	1,256.42
New financial assets originated or purchased	364.36	60.08	446.70
Financial assets that have been derecognised (includes bad debts written off) / repaid	442.81	469.23	(1,796.93)
Loss allowance on 31 March 2021	**529.60**	**121.65**	**2,109.91**
Transfer to Stage 1	416.53	(43.54)	(372.99)
Transfer to Stage 2	(21.76)	159.72	(137.96)
Transfer to Stage 3	(29.50)	(46.86)	76.36
New financial assets originated or purchased	609.02	7.84	98.89
Remeasurement due to changes in EAD	(713.58)	(151.41)	2,161.78
Financial assets that have been derecognised (includes bad debts written off) / repaid	(83.01)	(14.56)	(997.41)
Loss allowance on 31 March 2022	**707.30**	**32.84**	**2,938.58**

Total impairment loss allowances as on balancesheet date	Note #	As at 31 March 2022	As at 31 March 2021
On Term Loans:-			
Stage 1	5	707.30	529.60
Stage 2	5	32.84	121.65
Stage 3	5	2,938.58	2,109.91
On Stage 3 interest (netted off from Term Loans)	5	959.40	548.38
On Co-lending receivables	7	195.45	16.81
Total		**4,833.57**	**3,326.35**

	Stage 1	Stage 2	Stage 3
Carrying Amount (Net of Provision for Impairment Loss Allowance) on 31 March 2021	**70,255.41**	**7,643.64**	**6,975.75**
Carrying Amount (Net of Provision for Impairment Loss Allowance) on 31 March 2022	**88,868.07**	**4,083.51**	**5,821.57**

	Stage 1	Stage 2	Stage 3
Weighted average expected credit loss rate on 31 March 2021	**0.75%**	**1.57%**	**23.22%**
Weighted average expected credit loss rate on 31 March 2022	**0.79%**	**0.80%**	**33.54%**

i) Concentration risk

Company's loan portfolio is predominantly to finance borrowers in MSME sector. The Company manages concentration of risk primarily by geographical region in India. The following tables show the geographical concentrations of loans where South Zone represents Andhra Pradesh, Telangana, Tamil Nadu and Puducherry, and West Zone represents Gujarat, Maharashtra and Karnataka:-

Loans to customers (measured at fair value through OCI)	As at 31 March 2022	As at 31 March 2021
South Zone	60,661.11	47,710.97
West Zone	41,790.76	39,924.99
Total	**1,02,451.87**	**87,635.96**

Loans to customers (%)	As at 31 March 2022	As at 31 March 2021
South Zone	59.21%	54.44%
West Zone	40.79%	45.56%
Total [Gross carrying amount]	**100.00%**	**100.00%**

Quantitative Information of Collateral

As at	Maximum exposure to credit risk	Collateral (Machinery)*	Net exposure	Associated ECL**
31 March 2021	87,635.96	20,521.07	67,114.89	4.11%
31 March 2022^	1,02,451.87	60,071.80	42,380.07	8.68%

* Fair value of underlying collateral [only machinery] [depreciated at 20% per annum, along with and an additional hair-cut of 50% to the depreciated value (as prescribed by Basel IRB norms)]

** The associated ECL has been arrived at by dividing the closing balance of impairment loss allowance by the net exposure.

^ Collateral (Machinery) as at 31 March 2022 does not include collateral of INR 67,022.32 lacs on unsecured loans.

Disclosure as per the format prescribed as per the notification no. RBI/2020-21/17 DOR.NO.BP.BC/3.21.04.048/2020-21 dated 06 August 2020 on "Micro, Small and Medium Enterprise (MSME) Sector - Restructuring of Advances" having exposure less than or equal to ₹ 25 crores for the year ended 31 March 2022

Number of loans restructured during the year	Amount (INR in lacs)
442	1,663.48

HARIBHAKTI & CO LLP BENGALURU CHARTERED ACCOUNTANTS

Visage Holdings and Finance

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

42 Financial risk management (Continued)

iii Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions in a timely manner, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has obtained funding lines from various banks and NBFCs in the form of term loans, external commercial borrowings and commercial paper. Further, the Company has access to funds from capital markets through non-convertible debentures. The Company also manages liquidity by raising funds through Securitisation / assignment transactions. The company has a diversified portfolio of lenders across sectors and segments.

Further, the Company's ALM has always been positive ensuring that there is no negative mis-matches in meeting obligations.

The Company has been duly servicing its debt obligations, maintains a healthy capital adequacy ratio and has adequate capital and financial resources to run its business.

The company stress tested its ALM position and observed that the Company does not have a cumulative negative mismatch up till 12 months from the balance sheet date.

With the steps taken as above the Company has been able to function normally and also make preparedness to start business as usual from the perspective of funds requirement.

Exposure to liquidity risk

The following are the remaining contractual undiscounted maturities of financial liabilities (including interest portion) at the reporting date.

As at 31 March 2022

Particulars	Contractual cash flows					
	Carrying amount	Gross nominal outflow	0-12 months	1-3 years	3-5 years	More than 5 years
Financial liabilities						
Derivative financial instruments	198.03	198.03	-	198.03	-	-
Trade payables	164.96	164.96	164.96	-	-	-
Debt securities	59,944.64	76,849.92	21,627.18	42,621.43	12,601.31	-
Borrowings (other than debt securities)*	48,894.36	56,839.07	29,192.24	26,355.28	1,291.55	-
Subordinated liabilities*	4,865.47	6,631.65	3,752.02	2,879.63	-	-
Lease liabilities	833.44	951.63	423.42	528.21	-	-
Other financial liabilities	5,916.55	5,916.55	1,666.80	2,181.47	1,946.32	121.96

* Refer note 17

As at 31 March 2021

Particulars	Contractual cash flows					
	Carrying amount	Gross nominal outflow	0-12 months	1-3 years	3-5 years	More than 5 years
Financial liabilities						
Trade payables	133.14	133.14	133.14	-	-	-
Debt securities	29,262.06	37,198.55	13,686.18	17,776.16	5,736.21	-
Borrowings (other than debt securities)*	49,748.94	57,089.31	31,988.93	21,478.27	3,622.11	-
Subordinated liabilities*	4,836.28	7,395.15	761.85	2,410.99	4,222.31	-
Lease liabilities	449.63	534.31	195.17	326.59	12.55	-
Other financial liabilities	4,874.28	4,874.28	1,650.28	2,267.70	885.05	71.25

* Refer note 17

HARIBHAKTI & CO. LLP BENGALURU CHARTERED ACCOUNTANTS

Visage Holdings and Finance Private Limited

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

42 Financial risk management (Continued)

iv. Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, etc. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximizing the return.

Interest rate risk

Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates. Any movement in the reference rates could have an impact on the Company's cash flows as well as costs.
The Company is subject to variable interest rates on some of its interest bearing financial liabilities. The Company also uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements for its day to day operations.

Exposure to interest rate risk
The interest rate profile of the Company's interest-bearing financial instruments as reported to the management is as follows:

Particulars	As at 31 March 2022	As at 31 March 2021
Fixed rate instruments		
Cash and cash equivalents	31,269.75	19,069.96
Bank balance other than cash and cash equivalents	1,388.81	1,250.75
Loans	98,825.17	84,946.87
Other financial assets	9,254.93	2,617.07
Total financial assets	**1,40,738.66**	**1,07,884.65**
Trade Payables	164.96	133.14
Debt securities	59,944.64	29,262.06
Borrowings (other than debt securities)	30,056.33	25,762.26
Subordinated liabilities	4,865.47	4,836.28
Lease Liabilities	833.44	449.63
Other financial liabilities	5,916.55	4,874.28
Total financial liabilities	**1,01,781.39**	**65,317.65**
Variable rate instruments		
Borrowings (other than debt securities)	18,838.03	23,986.68

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

42 Financial risk management (Continued)

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 bps in interest rate at the reporting date would have increased or decreased equity and profit or loss (post tax) by the amounts shown below. This analysis assumes that all other variables remain constant.

Particulars	100 bps increase	100 bps decrease
As at 31 March 2022		
Variable rate instruments	(162.01)	117.15
As at 31 March 2021		
Variable rate instruments	(262.75)	192.09

Operational risk

Operational risk is the risk of loss arising from inadequate or failed internal process or proper systems. The operational risks of the Company are managed through comprehensive internal control systems and procedures and key back up processes. This enables the management to evaluate key areas of operational risks and the process to adequately mitigate them on an ongoing basis. While examining the effectiveness of control framework through self-assessment, the risk-based review would assure effective implementation and adherence of internal financial controls, thereby, reducing enterprise exposure. The Company has put in place a robust Disaster Recovery (DR) plan, which is periodically tested. Business Continuity Plan (BCP) is further put in place to ensure seamless continuity of operations including services to customers, when confronted with adverse events such as disasters, technological failures, human errors etc. Periodic testing is carried out to address gaps in the framework, if any. DR and BCP are periodically reviewed to provide assurance regarding the effectiveness of the Company's readiness.

Pricing Risk

The Company's Investment in Mutual Funds is exposed to pricing risk. Other financial instruments held by the company does not possess any risk associated with trading. A 5 percent increase in Net Assets Value (NAV) would increase profit after tax by approximately INR 4.06 lacs (31 March 2021: INR 3.83 lacs). A similar percentage decrease would have resulted equivalent opposite impact.

Foreign Currency risk

The Company is exposed to foreign currency fluctuation risk for its foreign currency borrowing (FCB). The Company's borrowings in foreign currency are governed by RBI guidelines (RBI master direction RBI/FED/2018-19/67 dated 26 March 2019 and updated from time to time) which requires entities raising ECB for an average maturity of less than 5 years to hedge minimum 70% of the its ECB exposure (Principal and Coupon). The Company hedges its entire ECB exposure for the full tenure of the ECB as per Board approved Foreign Exchange Risk Management Policy.

The Company for its FCB, evaluates the foreign currency exchange rates, tenure of FCB and its fully hedged costs. The Company manages its currency risks by entering into derivatives contracts as hedge positions and the same are being governed through the Board approved Foreign Exchange Risk Management Policy. The Company holds derivative financial instruments such as cross currency interest rate swap to mitigate risk of changes in exchange rate in foreign currency and floating interest rate. The counterparty for these contracts is generally a bank.

The Company's exposure of foreign currency risk at the end of the reporting period expressed in INR lacs are as follows:

Particulars	As at 31 March 2022 Contract in EURO	As at 31 March 2021 Contract in EURO
Hedged		
External Commercial Borrowings	(6,920.00)	-
Derivative financial instruments*	6,920.00	-
Unhedged	-	-

* represents the notional amount of the derivative financial instrument

Hedging policy

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

Impact of hedge on the Balance Sheet:

Particulars	As at 31 March 2022		As at 31 March 2021	
	Notional Amount	Carrying amount of hedging instrument liability	Notional Amount	Carrying amount of hedging instrument liability
INR EUR CCIRS	6,920.00	(198.03)	-	-

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

43 Change in liabilities arising from financing activities

Particulars	As at 1 April 2021	Inflow	Outflow	Non Cash Changes*	As at 31 March 2022
Debt securities	29,262.06	38,270.95	(7,339.27)	(249.10)	59,944.64
Borrowings (other than debt securities)	49,748.94	36,320.00	(36,925.37)	(249.21)	48,894.36
Subordinated liabilities	4,836.28	-	-	29.19	4,865.47
Lease Liabilities	449.63	-	(322.99)	706.80	833.44
Total Liabilities from financing activities	**84,296.91**	**74,590.95**	**(44,587.63)**	**237.68**	**1,14,537.91**

Particulars	As at 1 April 2020	Inflow	Outflow	Non Cash Changes*	As at 31 March 2021
Debt securities	25,785.98	8,835.36	(5,184.17)	(175.11)	29,262.06
Borrowings (other than debt securities)	43,095.70	39,972.81	(33,108.52)	(211.05)	49,748.94
Subordinated liabilities	4,815.98	-	-	20.30	4,836.28
Lease Liabilities	554.94	-	(199.43)	94.12	449.63
Total Liabilities from financing activities	**74,252.60**	**48,808.17**	**(38,492.12)**	**(271.74)**	**84,296.91**

* Represents adjustments on account of EIR and other adjustments

44 Capital management

The Reserve Bank of India vide its circular reference RBI/2019-20/170 DOR (NBFC).CC.PD. No.109/22.10.106/2019-20 dated 13 March 2020 outlines the regulatory guidance in relation to Ind AS financial statements from financial year 2019-20 onwards. This included guidance for computation of 'owned funds' , 'net owned funds' and 'regulatory capital'. Accordingly, the 'regulatory capital' as of 31 March 2021 and 31 March 2020 has been computed in accordance with these requirements read with the requirements of the Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 (as amended).

The Company has complied in full with all its externally imposed capital requirements over the reported period. The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholder value. The funding requirements are met through equity, non-convertible debentures , long-term loans and commercial paper. The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

i. Regulatory capital

The Company's regulatory capital consists of the sum of the following elements :

- Tier I capital, which includes ordinary share capital, retained earnings and reserves and deduction for intangible assets, unrealised net fair value gains and other regulatory adjustments relating to items that are not included in equity but are treated differently for capital adequacy purposes.
- Tier II capital, which includes qualifying subordinated liabilities, hybrid debt instruments and impairment provision in respect of stage 1 assets.

Financial Ratios	Numerator	Denominator	As at 31 March 2022	As at 31 March 2021	% Variance	Reason for variance
Risk weighted assets			95,077.40	76,667.08		
CRAR (Capital-to-Risk weighted Assets Ratio)(%)	Tier I and Tier II capital	Risk weighted assets	18.5%	29.2%	-36.8%	Due to reasons stated below.
CRAR -Tier I Capital (%)	Tier I capital	Risk weighted assets	16.7%	25.7%	-34.7%	Due to increase in unrealised net fair value gain adjusted with Tier I capital and increase in loans included in risk weighted assets.
CRAR -Tier II Capital (%)	Tier II capital	Risk weighted assets	1.8%	3.6%	-48.5%	Due to discounting of subordinated debts as required by RBI Master Direction for NBFC- NDSI and increase in loans included in risk weighted assets.
Liquidity coverage ratio*	Highly qualified Liquid assets	Net Cash outflow	Not Applicable			

*RBI vide circular dated 4.11.2019 issued the guidelines covering liquidity risk management for NBFCs wherein RBI introduced Liquidity Coverage Ratio (LCR) applicable on all non-deposit taking NBFCs with asset size of more than INR 5,00,000 lacs. The Company does not meet the criteria accordingly the disclosure provisions not applicable to the Company.

ii. Capital allocation

Management uses regulatory capital ratios to monitor its capital base. There is no allocation of capital required as Company is operating primarily in a single segment i.e., financing.
The Company's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

iii. Risk weighted assets

Under RBI Guidelines, degrees of credit risk expressed as percentage weightages have been assigned to each of the on-balance sheet assets and off- balance sheet assets. Hence, the value of each of the on-balance sheet assets and off- balance sheet assets requires to be multiplied by the relevant risk weights to arrive at risk adjusted value of assets. The aggregate shall be taken into account for reckoning the minimum capital ratio.

HARIBHAKTI & CO. LLP BENGALURU CHARTERED ACCOUNTANTS

Visage Holdings and Finance Private Limited

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

45 Disclosure required in terms of the Revised Regulatory Framework for NBFC issued by RBI on 10 November, 2014

(a) Capital

		As at 31 March 2022	As at 31 March 2021
(i)	CRAR (%)	18.5%	29.2%
(ii)	CRAR -Tier I Capital (%)	16.7%	25.7%
(iii)	CRAR -Tier II Capital (%)	1.8%	3.6%
(iv)	Subordinated debt as Tier-II capital	4,122.90	4,836.28
(v)	Perpetual debt instruments	-	-

(b) Investments

		As at 31 March 2022	As at 31 March 2021
Value of Investments			
(i)	Gross Value of Investments		
	(a) In India	108.51	102.39
	(b) Outside India	-	-
(ii)	Provisions for Depreciation		
	(a) In India	-	-
	(b) Outside India	-	-
(iii)	Net Value of Investments		
	(a) In India	108.51	102.39
	(b) Outside India	-	-

(c) Derivative

1 Forward Rate Agreement / Interest rate Swap

		As at 31 March 2022	As at 31 March 2021
(i)	The notional principal of swap agreements	6,920.00	-
(ii)	Loss which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	-
(iii)	Collateral required by the NBFC upon entering into swaps	-	-
(iv)	Concentration of credit risk arising from the swaps	-	-
(v)	The fair value of swap book loss	(198.03)	-

The Company does not have any exposure to exchange traded interest rate (IR) derivatives as at 31 March 2022 and 31 March 2021.

2 Disclosures on risk exposure in derivatives

Qualitative disclosure

Details for qualitative disclosure are part of accounting policy as per financial statements. [Refer note no. 2.16 & 42 (iv)]

Quantitative Disclosures

	Particulars	As at 31 March 2022	As at 31 March 2021
(i)	Derivatives (Notional Principal Amount) : For Hedging	6,920.00	-
(ii)	Marked to Market Positions		
	(a) Asset (+)	-	-
	(b) Liability (-)	198.03	-
(iii)	Credit Exposure	-	-
(iv)	Unhedged Exposures	-	-

HARIBHAKTI & CO. LLP * BENGALURU * CHARTERED ACCOUNTANTS

Visage Holdings and Finance Private Limited

45 Disclosure required in terms of the Revised Regulatory Framework for NBFC issued by RBI on 10 November, 2014 (Continued)

(d) Disclosures relating to Securitisation^	**As at 31 March 2022**	**As at 31 March 2021**
1 (i) Outstanding amount of Securitised assets as per books of the SPVs #		
1 No. of Special Purpose Vehicles (SPVs) sponsored by the NBFC for securitisation transactions **	3	5
2 Total amount of securitised assets as per books of the SPVs sponsored	607.92	5,455.54
3 Total amount of the exposures retained by the NBFC to comply with MRR as on the date of balance sheet		
a) Off-balance sheet exposures		
First loss	317.53	317.53
Others	-	-
b) On-balance sheet exposures		
First loss (In the form of Fixed deposits)	86.67	663.72
Others	274.33	1,105.42
4 Amount of exposures to securitisation transactions other than MRR		
a) Off-balance sheet exposures		
(i) Exposure to own securitisation		
First loss	-	-
Others	-	-
(ii) Exposure to third party securitisations		
First loss	-	-
Others	-	-
b) On-balance sheet exposures		
(i) Exposure to own securitisation		
First Loss	-	-
Others	-	-
(ii) Exposure to third party securitisations		
First loss	-	-
Others	-	-

** Only the SPVs relating to outstanding securitisation transactions are reported here.
# The above figures are being reported based on certificate issued by the auditors of the SPV.
^ Securitization transaction do not meet the derecognition criteria under Ind AS and are recognized as 'on balance sheet exposures'. Accordingly income and discounting charges are included in revenue from operations and finance cost respectively. Amounts stated above are for the purpose of disclosure.

(ii) Disclosure relating to securitisation pursuant to Reserve Bank of India notification DNOD. No. BP. 1502/21.04.048/2004-05 dated 1 February 2006

	As at 31 March 2022	**As at 31 March 2021**
Total number of contracts for loan assets securitised during the year	-	1,633
Book value of Loan assets securitised during the year	-	3,801.77
Sale consideration received for securitised assets during the year	-	3,801.77
Gain/ Loss (if any) on sale on securitised loan assets	-	-
Quantum (Outstanding value) of service provided: Credit enhancement (over collateral and cash collateral)	-	1,769.14

(iii) The value of "excess interest spread receivable" and "unrealised gain" on securitisation transactions undertaken in terms of guidelines on securitisation transaction issued by Reserve Bank of India on 21 August 2012 is given below:^

		As at 31 March 2022	**As at 31 March 2021**
1	Excess interest spread receivable	149.92	1,420.24
2	Unrealised gain on securitisation transactions	149.92	1,420.24

^Securitization transaction do not meet the derecognition criteria under Ind AS and are recognized as 'on balance sheet exposures'. Accordingly income and discounting charges are included in revenue from operations and finance cost respectively. Amounts stated above are for the purpose of disclosure.

2 Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction
No financial assets are sold to securitisation / reconstruction company for asset reconstruction during the financial year ended 31 March 2022 and 31 March 2021.

3 Details of the net book value of investments in security receipts:
The Company has no investment in security receipts during the financial year ended 31 March 2022 and 31 March 2021.

HARIBHAKTI & CO. LLP BENGALURU CHARTERED ACCOUNTANTS

Visage Holdings and Finance Private Limited

45 Disclosure required in terms of the Revised Regulatory Framework for NBFC issued by RBI on 10 November, 2014 (Continued)

4 Details of Assignment transactions undertaken by NBFCs	**As at 31 March 2022**	**As at 31 March 2021**
(i) No. of accounts	-	-
(ii) Aggregate value (net of provisions) of accounts sold	-	-
(iii) Aggregate consideration	-	-
(iv) Additional consideration realised in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / loss over net book value	-	-

5 Details of non-performing financial assets purchased / sold

a) Details of non-performing financial assets purchased:
The Company has not purchased any non-performing financial assets during the financial year ended 31 March 2022 and 31 March 2021.

b) Details of non-performing financial assets sold:
The Company has not sold any non-performing financial assets during the financial year ended 31 March 2022 and 31 March 2021.

(e) Asset Liability Management - Maturity pattern of certain items of Assets and Liabilities for the year ended 31 March 2022

	1 to 7 days	8 to 14 days	15 days to 30/31days (1 month)	Over 1 Month up to 2 Months	Over 2 Months up to 3 Months	Over 3 Months to 6 Months	Over 6 Months to 1 Year	Over 1 Years to 3 Years	Over 3 Years to 5 Years	Over 5 Years	Total
Deposits	6,325.55	1,205.04	10,246.93	6,500.51	6,722.41	601.43	1,007.26	540.36	79.31	-	33,228.80
Advances	6,741.40	545.95	16.39	2,511.78	2,493.45	8,185.97	15,999.61	44,221.24	19,814.78	1,973.32	1,02,503.89
Investments	-	-	-	108.51	-	-	-	-	-	-	108.51
Borrowings*	445.8	664.04	3,759.48	9,903.69	5,797.25	8,618.78	13,981.50	53,088.81	10,861.42	-	1,07,120.77
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	8.33	-	6,575.37	-	-	6,583.70

* Refer note 17.

(f) Exposures

1 Exposure to real estate sector
The Company has no exposure to Real estate sector during the financial year ended 31 March 2022 and 31 March 2021.

2 Exposure to Capital Market
The Company has no exposure to Capital markets during the financial year ended 31 March 2022 and 31 March 2021.

3 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC
The Company has not exceeded the prudential exposure limits during the financial year ended 31 March 2022 and 31 March 2021.

4 Unsecured advances	**As at 31 March 2022**	**As at 31 March 2021**
Unsecured Advances	78,671.36	49,590.38

(g) Registration obtained from other financial sector regulators.

Regulator		**Registration no.**	**Date of registration / renewal**
1	Ministry of Corporate Affairs	U74899KA1996PTC068587	3 December 1996
2	Reserve Bank of India	B-02.00255	27 August 2013

(h) Details of penalties imposed by RBI and other regulators
No penalties has been imposed by RBI and other regulators on the Company during the financial year ended 31 March 2022 and 31 March 2021.

(i) Details of Ratings assigned by credit rating agencies and migration of ratings during the year

The Credit Analysis & Research Limited (CARE) and ICRA Limited have assigned ratings for the various facilities availed by the Company, details of which are given below:

Facility	**31 March 2022**		**31 March 2021**	
	CARE	**ICRA**	**CARE**	**ICRA**
Bank Facilities	CARE BBB;Negative	[ICRA]BBB- (Negative);	CARE BBB; Negative	[ICRA] BBB - (Negative)
Non Convertible Debentures	CARE BBB;Negative	[ICRA]BBB- (Negative);	CARE BBB; Negative	[ICRA] BBB - (Negative)
Subordinated Debentures	CARE BBB;Negative	-	CARE BBB; Negative	-
Commercial Paper	-	[ICRA] A3 (Three)	-	[ICRA] A3 (Three)
Short-term Bank facilities	-	[ICRA]A3	-	-

Date of rating assigned relates to rating valid on 31 March 2022

45 Disclosure required in terms of the Revised Regulatory Framework for NBFC issued by RBI on 10 November, 2014 (Continued)

j) Remuneration of non-executive Directors

Name of directors		Nature of payment	As at 31 March 2022	As at 31 March 2021
1	Bhavna Thakur	Sitting Fees	5.75	6.05
2	Sunil Satyapal Gulati	Sitting Fees	7.20	8.70
3	Ravindra Pisharody	Sitting Fees	7.50	10.00

(k) Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown in the Statement of Profit and Loss		As at 31 March 2022	As at 31 March 2021
Under "Impairment on financial instruments"			
1	Provision for standard assets (Stage 1 assets and Stage 2 assets)	88.89	84.75
2	Provision for non-performing assets (Stage 3 assets) excludes bad debts written off	828.68	(98.51)
3	Provision on other assets	182.53	24.87
4	Provision on loan commitment	(0.94)	0.94
Under "Tax expenses"			
	Provision made towards income tax (includes deferred tax)	411.72	328.79
Under "Employee Benefit Expenses"			
1	Provision for Gratuity	82.05	61.08
2	Provision for compensated absences	98.77	74.14

(l) Concentration of Deposits, Advances, Exposures and NPAs

1	**Concentration of Advances**	**As at 31 March 2022**	**As at 31 March 2021**
	Total advances to twenty largest borrowers	1,077.11	1,039.27
	Percentage of advances to twenty largest borrowers to total advances	1.1%	1.2%

2	**Concentration of Exposures**	**As at 31 March 2022**	**As at 31 March 2021**
	Total exposure to twenty largest borrowers/ customers	1,077.11	1,039.27
	Percentage of exposures to twenty largest borrowers/ customers to total exposure on borrowers/ customers	1.1%	1.2%

3	**Concentration of NPAs (Stage 3 assets)**	**As at 31 March 2022**	**As at 31 March 2021**
	Total exposure to top four NPA accounts (Stage 3 assets)	135.06	121.00

4 **Sector-wise NPAs (Stage 3 assets)**

Sector		% of NPAs to Total Advances in the sector	
		As at 31 March 2022	As at 31 March 2021
(i)	Agriculture and allied activities	-	-
(ii)	MSME	8.6%	10.4%
(iii)	Corporate borrowers	-	-
(iv)	Services	-	-
(v)	Unsecured personal loans	-	-
(vi)	Auto loans	-	-
(vii)	Other loans	-	-

The Gross NPA(%) as disclosed above represent the Gross carrying amount of Stage III financial assets [determined as per the provisions of Ind AS 109-Financial Instruments]. The Gross NPA (%) amounts to 5.4% as at 31 March 2021 as per the provisions of the RBI Circular [DOR.No.BP.BC/4/21.04.048/2020-21] dated 06 August 2020 (as amended) on Restructuring of advances given to Micro, Small and Medium Enterprises and RBI Master Direction for Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company.

Vide RBI notification RBI/2021-2022/158DOR.STR.REC.85/21.04.048/2021-22 dated 15 February 2022, the company has taken relaxation regarding the requirements pertaining to day-end-processing and allied matter vide RBI circular dated 12 November 2021 to comply by 30 September 2022.

HARIBHAKTI & CO LLP
BENGALURU
CHARTERED ACCOUNTANTS

Visage Holdings and Finance Private Limited

45 Disclosure required in terms of the Revised Regulatory Framework for NBFC issued by RBI on 10 November, 2014 (Continued)

(m) Movement of NPAs (Stage 3 Assets)	As at 31 March 2022	As at 31 March 2021
i) Net NPAs to Net Advances (%)	5.9%	8.2%
ii) Movement of NPAs (Gross)		
a) Opening balance	9,085.66	5,150.93
b) Additions during the year	7,370.99	7,913.65
c) Reductions during the year	7,696.50	3,978.92
d) Closing balance	8,760.15	9,085.66
iii) Movement of Net NPAs		
a) Opening balance	6,975.75	2,942.52
b) Additions during the year	5,033.96	6,210.53
c) Reductions during the year	6,188.14	2,177.30
d) Closing balance	5,821.57	6,975.75
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	2,109.91	2,208.41
b) Provisions made during the year	2,337.03	1,703.12
c) Write-off / write-back of excess provisions	1,508.36	1,801.62
d) Closing balance	2,938.58	2,109.91

The Gross NPA and Net NPA as disclosed above represent the Gross carrying amount and Net carrying amount of Stage III financial assets, respectively[determined as per the provisions of Ind AS 109-Financial Instruments]. The Gross NPA (GNPA) amounts to INR 4,892.13 lacs as at 31 March 2021 and Net NPA (NNPA) amounts to INR 3,021.85 lacs as at 31 March 2021 as per the provisions of the RBI Circular [DOR.No.BP.BC/4/21.04.048/2020-21] dated 06 August 2020 (as amended) on Restructuring of advances given to Micro, Small and Medium Enterprises and RBI Master Direction for Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company. The corresponding NNPAs to Net Advances (%) amounts to 3.4% as at 31 March 2021 after considering the impact of the above RBI Circular in determination of Gross NPA and Net NPA. During the year, the company has also offered loan guaranteed under Credit Guarantee Fund Trust for Micro and Small Enterprises [‘CGTMSE’] offered by Small Industries Development Bank of India [‘SIDBI’] and Emergency Credit Line Guarantee Scheme (ECLGS) offered by National Credit Guarantee Trustee Company Ltd (NCGTC). After reducing the loan portfolio guaranteed by the above two schemes, Company's NNPA stands at INR 1,670.09 lacs (31 March 2021 : INR 1,019.94 lacs) and NNPA % at 1.4% (31 March 2021 : 1.2%) on asset under management.

Vide RBI notification RBI/2021-2022/158DOR.STR.REC.85/21.04.048/2021-22 dated 15 February 2022, the company has taken relaxation regarding the requirements pertaining to day-end-processing and allied matter vide RBI circular dated 12 November 2021 to comply by 30 September 2022.

(n) Disclosure of complaints

Customer complaints	As at 31 March 2022	As at 31 March 2021
No. of complaints pending at the beginning of the year	-	-
No. of complaints received during the year	28	23
No. of complaints redressed during the year	28	23
No. of complaints pending at the end of the year	-	-

(o) Disclosures relating to fraud in terms of the notification issued by Reserve Bank of India

The Company has not detected and reported any frauds during financial year 31 March 2022 and 31 March 2021.

(p) Draw Down from Reserves

The Company has made no draw down from existing reserves.

(q) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

There are no overseas asset owned by the Company.

Visage Holdings and Finance Private Limited
Schedule annexed to the balance sheet for the year ended 31 March 2022
(All amounts are in INR lacs except share data and unless otherwise stated)

Schedule annexed to the Balance Sheet

46 Disclosure of details as required in terms of Paragraph 19 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

Sl. No.	Particulars	Amount outstanding as at 31 March 2022	Amount overdue as at 31 March 2022	Amount outstanding as at 31 March 2021	Amount overdue as at 31 March 2021
	Liabilities				
1	**Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid**				
(a)	Debentures				
	- Secured	59,544.27	-	27,788.07	-
	- Unsecured	400.37	-	1,473.99	-
(b)	Deferred Credits	-	-	-	-
(c)	Term Loans	47,616.94	-	44,367.24	-
(d)	Associated liabilities in respect of securitisation transactions	293.85	-	3,930.59	-
(e)	Inter-Corporate Loans and Borrowing	-	-	-	-
(f)	Subordinated debt	4,865.47	-	4,836.28	-
(g)	Commercial paper	983.57	-	1,451.11	-
(h)	Other loans (specify nature)	-	-	-	-

Sl. No.	Particulars	Amount outstanding as at 31 March 2022	Amount outstanding as at 31 March 2021
	Assets		
2	**Break-up of Loans and Advances, including Bills Receivables (other than those included in (3) below)**		
(a)	Secured	23,832.53	38,117.65
(b)	Unsecured	78,671.36	49,590.38

Sl. No.	Particulars	Amount outstanding as at 31 March 2022	Amount outstanding as at 31 March 2021
3	**Break-up of Leased Assets and Stock on Hire and hypothecation loans counting towards AFC activities**		
(i)	Lease Assets including Lease Rentals under Sundry Debtors	-	-
(ii)	Stock on Hire including Hire Charges under Sundry Debtors	-	-
(iii)	Other loans counting towards AFC activities	-	-

Sl. No.	Particulars	Amount outstanding as at 31 March 2022	Amount outstanding as at 31 March 2021
4	**Break-up of Investments**		
	Current Investments		
1	Quoted		
	(i) Shares (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-
2	Unquoted		
	(i) Shares (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	108.51	102.39
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-

HARIBHAKTI & CO LLP BENGALURU CHARTERED ACCOUNTANTS

Visage Holdings and Finance Private Limited

Visage Holdings and Finance Private Limited
Schedule annexed to the balance sheet for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

Schedule annexed to the Balance Sheet (Continued)

46 Disclosure of details as required in terms of Paragraph 19 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (Continued)

Sl. No.	Particulars	Amount outstanding as at 31 March 2022	Amount outstanding as at 31 March 2021
	Long-term Investments		
1	Quoted		
	(i) Shares (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 (please specify)	-	-

5 Borrower group-wise classification of assets financed as in (2) and (3) above *

		Amount net of provisions		
	Category	**Secured**	**Unsecured**	**Total as at 31 March 2022**
1	Related Parties			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	-	-	-
	(c) Other related parties	-	-	-
2	Other than Related Parties	22,681.40	76,143.77	98,825.17
	Total	**22,681.40**	**76,143.77**	**98,825.17**

* Securitization transaction do not meet the de-recognition criteria under Ind AS and are recognized in books of accounts. Accordingly amounts stated above are inclusive of securitisation transactions for the purpose of disclosure.

Borrower group-wise classification of assets financed as in (2) and (3) above *

		Amount net of provisions		
	Category	**Secured**	**Unsecured**	**Total as at 31 March 2021**
1	Related Parties			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	-	-	-
	(c) Other related parties	-	-	-
2	Other than Related Parties	36,957.75	47,989.12	84,946.87
	Total	**36,957.75**	**47,989.12**	**84,946.87**

HARIBHAKTI & CO. LLP * BENGALURU * CHARTERED ACCOUNTANTS

Visage Holdings and Finance Private Limited

Visage Holdings and Finance Private Limited

Schedule annexed to the balance sheet for the year ended 31 March 2022 (Continued)

(All amounts are in INR lacs except share data and unless otherwise stated)

Schedule annexed to the Balance Sheet (Continued)

46 Disclosure of details as required in terms of Paragraph 19 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (Continued)

6 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 as at 31 March 2022	Book Value (Net of Provisions) as at 31 March 2022	Market Value / Break up or Fair Value or NAV as at 31 March 2021	Book Value (Net of Provisions) as at 31 March 2021
1	Related Parties				
	(a) Subsidiaries	-	-	-	-
	(b) Companies in the same group	-	-	-	-
	(c) Other related parties	-	-	-	-
2	Other than Related Parties	108.51	108.51	102.39	102.39
	Total	**108.51**	**108.51**	**102.39**	**102.39**

7 Other information

	Particulars	Total as at 31 March 2022	Total as at 31 March 2021
(i)	Gross Non-Performing Assets		
	(a) Related parties	-	-
	(b) Other than Related parties	8,760.15	9,085.66
(ii)	Net Non-Performing Assets		
	(a) Related parties	-	-
	(b) Other than Related parties	5,821.57	6,975.75
(iii)	Assets acquired in satisfaction of debt	-	-

The Gross NPA and Net NPA as disclosed above represent the Gross carrying amount and Net carrying amount of Stage III financial assets, respectively[determined as per the provisions of Ind AS 109-Financial Instruments]. The Gross NPA (GNPA) amounts to INR 4,892.13 lacs as at 31 March 2021 and Net NPA (NNPA) amounts to INR 3,021.85 lacs as at 31 March 2021 as per the provisions of the RBI Circular [DOR.No.BP.BC/4/21.04.048/2020-21] dated 06 August 2020 (as amended) on Restructuring of advances given to Micro, Small and Medium Enterprises and RBI Master Direction for Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company. The corresponding NNPAs to Net Advances (%) amounts to 3.4% as at 31 March 2021 after considering the impact of the above RBI Circular in determination of Gross NPA and Net NPA. During the year, the company has also offered loan guaranteed under Credit Guarantee Fund Trust for Micro and Small Enterprises ['CGTMSE'] offered by Small Industries Development Bank of India ['SIDBI'] and Emergency Credit Line Guarantee Scheme (ECLGS) offered by National Credit Guarantee Trustee Company Ltd (NCGTC). After reducing the loan portfolio guaranteed by the above two schemes, Company's NNPA stands at INR 1,670.09 lacs (31 March 2021 : INR 1,019.94 lacs) and NNPA % at 1.4% (31 March 2021 : 1.2%) on asset under management.

Vide RBI notification RBI/2021-2022/158DOR.STR.REC.85/21.04.048/2021-22 dated 15 February 2022, the company has taken relaxation regarding the requirements pertaining to day-end-processing and allied matter vide RBI circular dated 12 November 2021 to comply by 30 September 2022.

Visage Holdings and Finance Private Limited
Schedule annexed to the balance sheet for the year ended 31 March 2022
(All amounts are in INR lacs except share data and unless otherwise stated)

Schedule annexed to the Balance Sheet (Continued)

47 Disclosures as required for the year ended 31 March 2022 under Guidelines on Liquidity Risk Management Framework for NBFCs issued by RBI vide notification no. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated 4 November 2019

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

Sl. no.	Type of instrument	Number of Significant Counterparties	Amount	% of Total deposits	% of Total Liabilities
1	Deposits	NA	NA	NA	NA
2	Borrowings	21	1,06,442.39	NA	88%

2 Top 20 large deposits

Not applicable. The Company being a Systemically Important Non-Deposit taking Non-Banking Financial Company registered with Reserve Bank of India does not accept public deposits.

3 Top 10 borrowings

Description	Amount	% of Total borrowings
Top 10 borrowings	81,479.48	72%

4 Funding Concentration based on significant instrument/product

Sl. no.	Name of the instrument/product	Amount	% of Total Liabilities
1	Debentures		
	- Secured	59,544.27	49%
	- Unsecured	400.37	0%
2	Term Loans	47,616.94	39%
3	Associated liabilities in respect of securitisation transactions	293.85	0%
4	Commercial paper	983.57	1%
5	Subordinated debt	4,865.47	4%

5 Stock Ratios

Sl. no.	Description	Amount	% of total public funds	% of total liabilities	% of total assets
1	Commercial papers	983.57	1%	1%	1%
2	Non-convertible debentures (original maturity of less than one year)	Nil	Nil	Nil	Nil
3	Other short-term liabilities	2,477.88	2%	2%	2%

6 Institutional set-up for Liquidity Risk Management

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions in a timely manner, without incurring unacceptable losses or risking damage to the Company's reputation.
The Company has obtained funding lines from various banks and NBFCs in the form of term loans, external commercial borrowings and commercial paper. Further, the Company has access to funds from capital markets through non-convertible debentures. The Company also manages liquidity by raising funds through Securitisation / assignment transactions. The company has a diversified portfolio of lenders across sectors and segments.
Further, the Company's ALM has always been positive ensuring that there is no negative mis-matches in meeting obligations.

Definition of terms as used in the table above:

i. A “Significant counterparty” is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC's total liabilities.

ii. A "Significant instrument/product" is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the NBFC's total liabilities.

iii. Total liabilities include all external liabilities (other than equity).

iv. “Public funds" includes funds raised either directly or indirectly through public deposits, inter-corporate deposits, bank finance and all funds received from outside sources such as funds raised by issue of commercial papers, debentures etc. but excludes funds raised by issue of instruments compulsorily convertible into equity shares within a period not exceeding 5 years from the date of issue. It includes total borrowings outstanding under all types of instruments/products.

v. Other short-term liabilities includes all short-term borrowings NCDs with original maturity less than 12 months

HARIBHAKTI & CO. LLP CHARTERED ACCOUNTANTS BENGALURU

Visage Holdings and Finance Private Limited

Visage Holdings and Finance Private Limited

Notes to financial statements for the year ended 31 March 2022 (Continued)

(All amounts are in INR lacs except share data and unless otherwise stated)

48 Disclosure as required under RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 on Implementation of Indian Accounting Standards

A comparison between provisions required under extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) and impairment allowances made under Ind AS 109 for the year ended 31 March 2022

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)= (3) - (4)	(6)	(7) = (4) - (6)
Performing Assets						
Standard	Stage 1	89,575.37	707.30	88,868.07	302.55	404.75
	Stage 2	4,116.35	32.84	4,083.51	26.13	6.71
Subtotal for standard		**93,691.72**	**740.14**	**92,951.58**	**328.68**	**411.46**
Non-Performing Assets (NPA)						
Substandard (A)	Stage 3	7,515.05	1,965.58	5,549.47	281.28	1,684.30
Doubtful - up to 1 year	Stage 3	1,245.10	973.00	272.10	406.19	566.81
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful (B)		**1,245.10**	**973.00**	**272.10**	**406.19**	**566.81**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA (A+B)		**8,760.15**	**2,938.58**	**5,821.57**	**687.47**	**2,251.11**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	**Stage 1**	**89,575.37**	**707.30**	**88,868.07**	**302.55**	**404.75**
	Stage 2	**4,116.35**	**32.84**	**4,083.51**	**26.13**	**6.71**
	Stage 3	**8,760.15**	**2,938.58**	**5,821.57**	**687.47**	**2,251.11**
	Total	**1,02,451.87**	**3,678.72**	**98,773.15**	**1,016.15**	**2,662.57**

HARIBHAKTI & CO. LLP CHARTERED ACCOUNTANTS BENGALURU

Visage Holdings and Finance Private Limited

Visage Holdings and Finance Private Limited

Notes to financial statements for the year ended 31 March 2022 (Continued)

(All amounts are in INR lacs except share data and unless otherwise stated)

48 **Disclosure as required under RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 on Implementation of Indian Accounting Standards (Continued)**

A comparison between provisions required under extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) and impairment allowances made under Ind AS 109 for the year ended 31 March 2021

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)= (3) - (4)	(6)	(7) = (4) - (6)
Performing Assets						
Standard	Stage 1	70,785.01	529.60	70,255.41	308.66	220.94
	Stage 2	7,763.33	121.60	7,641.73	113.34	8.26
	Stage 3*	3,338.34	708.92	2,629.42	155.96	552.96
Subtotal for standard		**81,886.68**	**1,360.12**	**80,526.56**	**577.96**	**782.16**
Non-Performing Assets (NPA)						
Sub-standard 1	Stage 2	1.96	0.05	1.91	0.01	0.04
Sub-standard 2	Stage 3	5,172.24	1,177.25	3,994.99	446.77	730.48
Subtotal for sub-standard (A)		**5,174.20**	**1,177.30**	**3,996.90**	**446.78**	**730.52**
Doubtful - up to 1 year	Stage 3	575.08	223.74	351.34	307.63	(83.89)
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful (B)		**575.08**	**223.74**	**351.34**	**307.63**	**(83.89)**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA (A+B)		**5,749.28**	**1,401.04**	**4,348.24**	**754.41**	**646.63**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	0.94	(0.94)	-	0.94
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	0.94	(0.94)	-	0.94
Total	**Stage 1**	**70,785.01**	**530.54**	**70,254.47**	**308.66**	**221.88**
	Stage 2	**7,765.29**	**121.65**	**7,643.64**	**113.35**	**8.30**
	Stage 3	**9,085.66**	**2,109.91**	**6,975.75**	**910.36**	**1,199.55**
	Total	**87,635.96**	**2,762.10**	**84,873.86**	**1,332.37**	**1,429.73**

Since the total impairment allowances under Ind AS 109 is higher than the total provisioning required under IRACP (including standard asset provisioning) as at 31 March 2022 , no amount (31 March 2021 : Nil) is required to be transferred to 'Impairment Reserve'. The gross carrying amount of asset as per Ind AS 109 and Loss allowances (Provisions) thereon includes interest accrual on net carrying value of stage - 3 assets as permitted under Ind AS 109. While, the provisions required as per IRACP norms does not include any such interest as interest accrual on NPAs is not permitted under IRACP norms.

*Stage 3 assets under "Standard" category represent loans restructured as per the provisions of the RBI Circular [DOR.No.BP.BC/4/21.04.048/2020-21] dated 06 August 2020 on Restructuring of advances given to Micro, Small and Medium Enterprises, for which stage has been down graded as per Ind AS 109.

HARIBHAKTI & CO. LLP BENGALURU CHARTERED ACCOUNTANTS

Visage Holdings and Finance Private Limited

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

49 Disclosure of restructured accounts

Sl.No	Type of Restructuring		Under SME Debt Restructuring Mechanism									
	Financial Year		Year ended 31 March 2022					Year ended 31 March 2021				
	Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
1	**Restructured Accounts as on 01 April**	**No. of borrowers**	**-**	**27.00**	**1.00**	**-**	**28.00**	**1.00**	**-**	**-**	**-**	**1.00**
		Amount outstanding	**-**	**78.44**	**1.84**	**-**	**80.28**	**0.72**	**-**	**-**	**-**	**0.72**
		Provision thereon	**-**	**18.01**	**0.77**	**-**	**18.78**	**0.12**	**-**	**-**	**-**	**0.12**
2	Fresh restructuring during the year	No. of borrowers	-	229.00	3.00		**232.00**	-	27.00	1.00		**28.00**
		Amount outstanding	-	823.69	21.49	-	**845.18**	-	78.44	1.84	-	**80.28**
		Provision thereon	-	96.84	21.42	-	**118.26**	-	18.01	0.77	-	**18.78**
3	Upgradations to restructured standard category during the year	No. of borrowers	-	1.00	(1.00)	-	-	-	-	-	-	-
		Amount outstanding	-	1.37	(1.37)	-	-	-	-	-	-	-
		Provision thereon	-	0.13	(0.13)	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the year and hence need not be shown as restructured standard advances at the beginning of the next year	No. of borrowers	-	(4.00)	-	-	**(4.00)**	(1.00)	-	-	-	**(1.00)**
		Amount outstanding	-	(5.79)	-	-	**(5.79)**	(0.72)	-	-	-	**(0.72)**
		Provision thereon	-	(0.03)	-	-	**(0.03)**	(0.12)	-	-	-	**(0.12)**
5	Downgradations of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
6	Write-offs of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
7	**Restructured Accounts as on 31 March**	**No. of borrowers**	**-**	**253.00**	**3.00**	**-**	**256.00**	**-**	**27.00**	**1.00**	**-**	**28.00**
		Amount outstanding	**-**	**897.71**	**21.96**	**-**	**919.67**	**-**	**78.44**	**1.84**	**-**	**80.28**
		Provision thereon	**-**	**114.95**	**22.06**	**-**	**137.01**	**-**	**18.01**	**0.77**	**-**	**18.78**

The above provision is calculated as per expected credit loss method as required under Ind AS 109.

HARIBHAKTI & CO. LLP BENGALURU CHARTERED ACCOUNTANTS

Visage Holdings and Finance Private Limited

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

50 Operating segments

The CEO cum Whole time Director of the company constitute the Chief Operation Decision Maker ("CODM"). Operating segment are components of the Company whose operating results are regularly reviewed by the CODM to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.
The Company is engaged primarily in the business of "Financing" only, taking into account the risks and returns, the organisation structure and internal reporting systems. All the operations of the Company are in India. All non-current assets of the Company are located in India. Accordingly, there are no separate reportable segments as per Ind AS 108 - "Operating Segments".

No revenue from transactions with a single customer amounted to 10% or more of the Company's total revenue for the year ended 31 March 2022 and 31 March 2021.

51 Revenue from contracts with customers

Below table provides disaggregation of the Company's revenue from contracts with customers:

	As at 31 March 2022	**As at 31 March 2021**
Type of service		
Fees and commission income	734.68	968.08
Other income	87.03	19.65
Total	**821.71**	**987.73**
Geographical markets		
India	821.71	987.73
Outside India	-	-
Total	**821.71**	**987.73**
Timing of recognition of revenue		
Performance obligation satisfied at a point in time	821.71	987.73
Performance obligation satisfied over period of time	-	-
Total	**821.71**	**987.73**

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

52 Additional notes

a) 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 lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified 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 Parliament has approved the Code on Social Security, 2020 which may impact the contribution by the Company towards Provident Fund and Gratuity. The effective date from which the Code and its provisions would be applicable is yet to be notified and the rules which would provide the details based on which financial impact can be determined are yet to be notified after which the financial impact can be ascertained. The Company will complete its evaluation and will give appropriate impact in the financial statements following the Code becoming effective and the related rules to determine the financial impact being notified.

c) In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated 27 March 2020, 17 April 2020 and 23 May 23 2020, the Company had offered moratorium on the payment of instalments falling due between 01 March 2020 and 31 August 2020 ('moratorium period') to eligible borrowers. Having regard to the guidance provided by the RBI and the Institute of Chartered Accountants of India, in the assessment of the Company, extension of such moratorium benefit to borrowers as per the COVID-19 Regulatory Package of the RBI by itself is not considered to result in significant increase in credit risk as per Ind AS 109.

The impact of COVID-19 on the global economy and how governments, businesses and consumers respond is uncertain. This uncertainty is reflected in the Company's assessment of impairment loss allowance on its loans which are subject to a number of management judgements and estimates. In relation to COVID-19, judgements and assumptions include the extent and duration of the pandemic, the impact of actions of governments and other authorities, and the responses of businesses and consumers in different sectors, along with the associated impact on the global economy. The Company has separately incorporated estimates, assumptions and judgements specific to the impact of the COVID-19 pandemic and the associated support packages in the measurement of impairment loss allowance.

The Company has been duly servicing its debt obligations, maintains a healthy capital adequacy ratio and has adequate capital and financial resources to run its business. The final impact of the COVID-19 pandemic on the Company's financial performance remains dependent on new variants of COVID-19, further steps taken by the Government of India and the RBI to mitigate the economic impact and steps taken by the Company. The impact of this pandemic may be different from that estimated at the date of approval of these financial results and the Company will continue to closely monitor changes to future economic conditions.

HARIBHAKTI & CO. LLP BENGALURU CHARTERED ACCOUNTANTS

Visage Holdings and Finance Private Limited

Visage Holdings and Finance Private Limited
Notes to financial statements for the year ended 31 March 2022 (Continued)
(All amounts are in INR lacs except share data and unless otherwise stated)

53 Previous year's figure including those in brackets have been regrouped/rearranged wherever necessary.

As per our report of even date attached
For **Haribhakti & Co. LLP**
Chartered Accountants
ICAI Firm registration No.: 103523W/ W100048

Gaurav Poddar
Partner
Membership No.: 063847
Place : Bengaluru
Date : 27 April 2022

For and on behalf of the Board of Directors of
Visage Holdings and Finance Private Limited

Hardika Shah
Director and Chief Executive officer
DIN : 03562871
Place : Bengaluru
Date : 27 April 2022

R.Thirunavukkarasu
Director
DIN: 06514712
Place : Bengaluru
Date : 27 April 2022

Aiswarya Ravi
Chief Financial Officer
Place : Bengaluru
Date : 27 April 2022

Sutheja KJ
Company Secretary
Place : Bengaluru
Date : 27 April 2022

REGISTRAR

KFin Technologies Limited

STATUTORY AUDITORS

Haribhakti & Co. LLP Chartered Accountants

DEBENTURE TRUSTEE

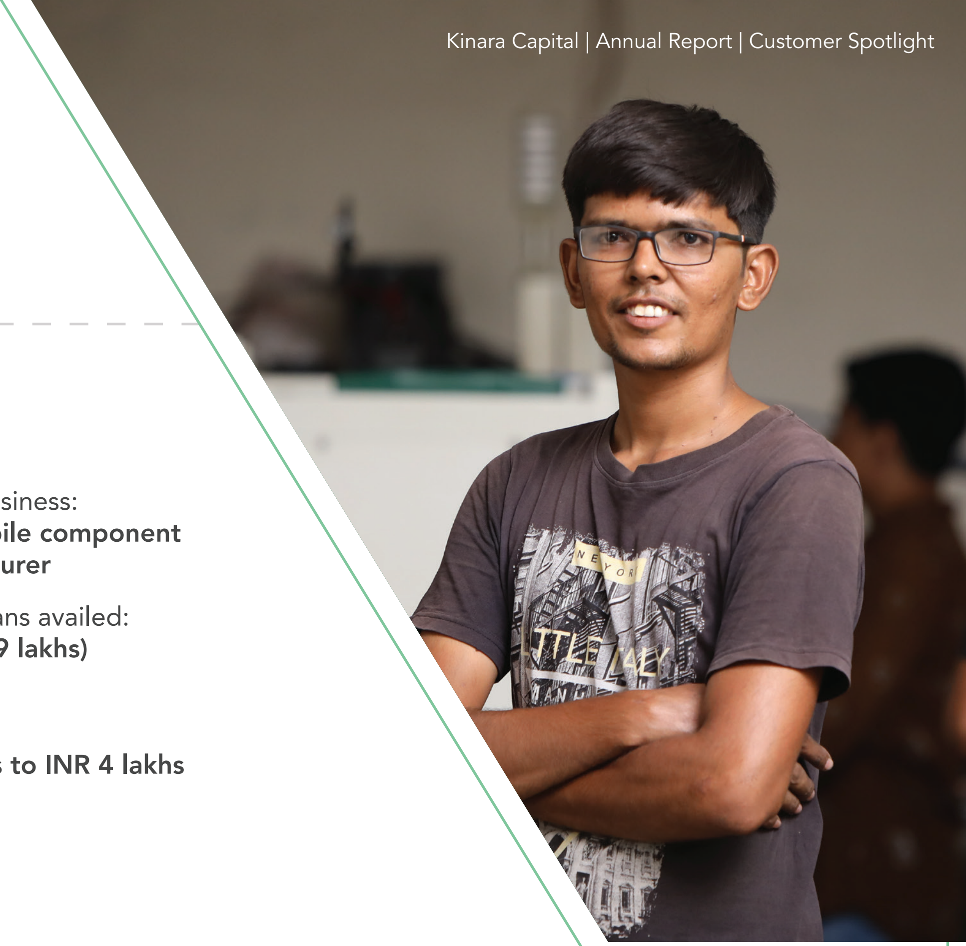
Catalyst Trusteeship Limited

SECRETARIAL AUDITORS

RSVH & Associates LLP

Jaydeep Vachhani

Uma Engineering



City and state:
Ahmedabad, Gujarat

Sector business:
Automobile component manufacturer

Customer since:
2018

No. of loans availed:
1 (INR 6.9 lakhs)

Growth in business:
Doubled his turnover from INR 2 lakhs to INR 4 lakhs

"Kinara helped me buy the machinery I needed, and my business has been growing steadily since. I have been able to double both my workforce and my turnover!"

Small businesses in highly competitive sectors have the potential to scale up very quickly, but they also face major hurdles. In a fast-paced environment, keeping up with demand can be a real challenge, and in the case of Jaydeep Vachhani, funding the latest machinery to meet the rising demand for his products was critical in order to keep his business afloat.

Jaydeep had gathered 5 years of experience working at a job, when he finally mustered the courage to start his own small business in the sector. He started up his component manufacturing operation with just two lathe machines and a drill machine. While that was enough to start with, as demand began to grow, he saw the need for a CNC machine to take his business to the next level. But a CNC machine is a big investment, and it required him to seek financing from a lender. He approached several banks, but none were ready to give him a loan without any collateral.

By a stroke of luck, he found out about Kinara Capital, and was soon visited by Kinara executives who explained the mechanism of the collateral-free business loan to him. He applied right away, and had his loan in just 7 days. He invested the loan amount of INR 7 lakhs into buying the CNC machine, and that was a major turning point for his business. Not only has his business been growing steadily since, but he has doubled his workforce, and also doubled his turnover. He lauds Kinara for the excellent customer service he received, and knows that he can turn to the company for another financing whenever he needs it in the future.

CUSTOMER SPOTLIGHT

GRACY TAVAMANI
EVP, Human Capital Management

Gracy Tavamani is the EVP of Human Capital Management at Kinara Capital where she oversees Talent Management, Employee Relations, Leadership & Training, and Administration. Gracy joined Kinara Capital in 2015 and has led resource management for the fast-growing company's changing needs by scaling the talent base from 50 employees to 1,300+ today.

With more than 20 years of experience, Gracy holds rich experience across multiple sectors including financial services, education, infrastructure, technology, and apparel. Prior to Kinara, she was the President of HR & Administration at MVJ College of Engineering in Bangalore.

Gracy holds an MBA in Finance & HR University of Mysore, and has completed an Executive Development Program In Human Resources (EDPHRM) from XLRI Jamshedpur. She is currently pursuing her Ph.D. in Business Management from American Business Management & Technology College.

ANURADHA NATARAJ
EVP, CREDIT

Anuradha is the EVP of Credit at Kinara Capital where she oversees credit underwriting and risk processes by leading a team of 150+ across the head office and branches.

She has been instrumental in refining the credit process to meet the needs of a digital lending process with the company's myKinara App. She has further introduced processes for new products such as HerVikas, Short-Term Working Capital loan, and Loan Against Property for existing customers.

Anuradha brings with her 20+ years of experience spanning across MNC Banks and leading finance companies, having worked with multinational companies including HSBC, ABN Amro Bank, and American Express Bank.

She holds an MBA in Financial Management from Bangalore University. She has studied under IGCSE affiliated with Cambridge University. She is a national merits scholarship holder from Bangalore University for being among the top 50 rank holders at the graduation level.

GOVINDARAJAN KANNAN

EVP, Sales, Legal & Collection

Govindarajan Kannan is the EVP, Sales, Legal & Collection at Kinara Capital. In his role, he is responsible for providing leadership and strategic direction to increase sales, and provide guidance on legal and collections processes. He is also to expand opportunities with current customers and maintain a quality portfolio.

He brings 25+ years of financial industry experience, specifically in lending. Prior to Kinara Capital, Govindarajan was the Chief Business Officer at Swarna Pragati Housing Microfinance responsible for their Sales & Collections. Previously, he has honed his experience with Axis Bank, HDFC Bank, GE Capital, and McDowell.

Govindarajan completed his B.Com from Madras University and has pursued an MBA with Amity University with a focus on Global Financial Market. He has completed a professional certificate program in Strategic Management from IIM Kozhikode and holds a Certification in Risk Management from Risk Management Association of India.

KHYATI SHAH

EVP, Corporate Marketing & Social Governance

Khyati Shah is the EVP of Corporate Marketing & Social Governance at fintech Kinara Capital. In her role, she oversees Digital Lead-Generation, Advertising, Branding, Public Relations, Social Media, Search Engine Optimization (SEO), Customer Marketing, Corporate Social Responsibility (CSR), and Environmental, Social and Governance (ESG) initiatives.

In 2019, she forged a new identity for Kinara Capital with rebranding and has since raised Kinara's profile as an innovative leader in global news outlets across Asia, Europe and the USA. By expanding Kinara's digital presence, she has added a new revenue stream by launching digital lead-gen with the myKinara App.

Khyati brings more than 20 years of Silicon Valley experience to her role executing strategic campaigns for start-ups and large companies including for Apple, Bose, Dell, Synopsys, and Verizon. Khyati holds a double-major B.A. in Political Science and Spanish from Knox College in Illinois, USA. She completed her MBA from a joint program from Columbia Business School and UC Berkeley Haas School of Business, USA.

MOHAN K. PATTABHIRAMAN
EVP, Internal Quality Audit (IQA)

Mohan is the EVP of Internal Quality Audit (IQA) at Kinara Capital where he oversees all internal audit processes and provides an objective report to the Board Audit Committee on Governance, Risk Management & Controls.

He brings 25+ years of experience in Fraud Examination & Deterrence, Enterprise Risk Management & Business Excellence Assessment. Previously, Mohan has previously worked with Vistaar Financial Services Private Limited, Speedage Express Cargo, AFL Limited, DTDC in India. He has also worked with Sumeria Group, Insignia Limited in the United Republic of Tanzania, and Triton Group in the Federal Republic of Nigeria.

Mohan is a graduate of Commerce from Bangalore University and possesses a certificate in Forensic accounting and fraud examination from the West Virginia University, USA.

RIJI K
SVP, Business Operations & Customer Care

Riji K optimizes the customer lifecycle by standardizing operational activities, and leading customer experience operations for Kinara Capital. Among other responsibilities, she manages a multi-lingual in-house customer service team to provide information, support, onboarding, and account management for our customers.

She holds over 15 years of experience in the banking and financial sector handling Credit Underwriting and Business Operations. She previously worked with Cholamandalam Investments and Finance company for over a decade.

Riji is an IIM Kozhikode alumni having completed Advanced Strategic Management Programme with academic distinction. She is a Post Graduate in Business Administration, specializing in Finance & Marketing, from Jansons School of Business, Coimbatore. She completed her undergraduate at Bharathiar University, Coimbatore. Riji is certified by the Insurance Institute of India (IRDA) and is a Harvard-certified professional in Management Studies.

MAYANK ARORA
SVP, Strategy & Products

Mayank Arora is the SVP of Strategy & Products for Kinara Capital. In his role, he leads product development and strategic market expansion by analyzing high-impact scalable initiatives.

Mayank leads the product development lifecycle and builds user-centric process workflow and designs. At Kinara, he was instrumental in launching the company's myKinara App that delivers fast credit decisioning, and can take an applicant from eligibility check to loan disbursement within 24-hours.

Prior to joining Kinara, Mayank was the VP & Head at Electronica Finance. He brings more than 15 years of international experience in Strategy Consulting and Business Development working with a range of companies including Evalueserve, ariseOut and Beroe Inc.

Mayank holds a B.Tech in Civil Engineering from Indian Institute of Technology (IIT) in Delhi and an MBA from Indian School of Business (ISB) in Hyderabad.

CECILIA D'SILVA
SVP, Project Management Office (PMO)

Cecilia D'Silva is the SVP, Project Management Office (PMO) at Kinara Capital. She brings over 20 years of experience managing large-scale projects and cross-functional programs for global companies. She is responsible for managing, planning, and tracking extensive project delivery plans across multiple teams and stakeholders.

Prior to Kinara Capital, Cecilia worked as Senior Principal Delivery lead at Oracle where she drove 30+ critical programs and projects for implementing global solutions for Oracle's consulting business. She has also served as Assistant Vice President of Operations for HSBC where she led operations for different verticals across the USA and the UK.

Cecilia holds a Bachelor of Commerce from the University of Mysore. She is certified as a Project Management Professional (PMP)® from the globally recognized Project Management Institute.

Hardika Shah

Founder & CEO

Hardika Shah is the Founder & Chief Executive Officer (CEO) of fintech Kinara Capital that is at the forefront of driving financial inclusion of small business entrepreneurs in India.

Committed to advancing gender parity from day one, Hardika leads Kinara Capital with a women-majority management team and has made inclusivity one of the core values of the company culture. She is advancing women entrepreneurs with the company's HerVikas program and committed to supporting women micro-entrepreneurs via the company's CSR programs.

Prior to building Kinara Capital, Hardika spent nearly two decades as a management consultant executing complex projects for global companies across USA, Europe and Asia-Pac. She also spent nearly a decade as a pro-bono mentor with emerging social entrepreneurs at Santa Clara University, Stanford University, Accenture Development Partnerships, the Acumen Fund and Columbia Business School.

Hardika holds a B.A. in Computer Science from Knox College in Illinois, USA. She earned her MBA from a joint program between Columbia Business School and UC Berkeley's Haas School of Business.

Celebrated for her pioneering and tireless work towards MSME financial inclusion, Hardika Shah continues to receive high acclaim from around the world, most notably, she was listed among 'Top 20 Most Powerful Women' by Forbes India and chosen among only 75 women nationally by the Government of of India for Women Transforming India award.

Aiswarya Ravi

CFO

Aiswarya Ravi is the Chief Financial Officer (CFO) of fintech Kinara Capital where she oversees the fast-growing company's financial operations, including Accounting, FP&A, Debt & Equity financing origination and execution, Investor Relations, and meeting regulatory compliances. With over 15 years of experience, Aiswarya has propelled Kinara Capital's growth by skillfully managing risk and planning around anticipated budget requirements.

Aiswarya joined Kinara Capital in 2015, the same year when the company first hit profitability. Since then, her innovation and strategic planning has resulted in Kinara staying profitable despite pandemic and other shifting macro factors. In a short amount of time, she has executed the raise of over $300 million and managed 40+ lending relationships with Banks, NBFCs, Social Impact investors and PE investors across India, EU, and USA. Further, Aiswarya has brought in a higher-level of efficiency at Kinara Capital with the use of RPA and by automating several accounting and financial analysis functions, including data reconciliation and financial reporting.

Prior to joining Kinara Capital, Aiswarya was responsible for strategic planning, corporate finance, internal audits and board reporting for all businesses of ITC Ltd and the GMR Group. She has also been actively engaged in advocating and mentoring young women to pursue careers in finance. She is a qualified Chartered Accountant (CA) from the Institute of Chartered Accountants of India and a Certified Information Systems Audit (CISA) professional by ISACA.

Recognized for her trendsetting approach, Aiswarya Ravi most recently was named among 'Top 20 Most Impactful CFO Leaders' in India at the CFO Vision & Innovation Summit 2022. She was also recognized as the 'Woman CFO Innovation Leader of the Year ' and the 'Young CFO of the Year' at CFO Vision & Innovation Summit 2021.

Thiru R

COO

Thirunavukkarasu R (Thiru R) is the Chief Operating Officer (COO) of fintech Kinara Capital where he oversees Sales, Credit, Legal & Collections, Business Operations & Customer Care for the fast-growing company. Thiru has been instrumental in Kinara's growth since the company's inception in 2011.

With more than 22 years of experience in the financial services industry, his experience has been instrumental in customizing Kinara's solutions for the MSME segment by taking into account the on-the-ground realities of the small business entrepreneurs. Thiru has led company growth expanding from Manufacturing to Trading and Services sectors, and disbursing over 75,000+ loans. His track record in operationalizing for scale has led to building a highly adaptive team who delivers personalized customer service in multiple languages.

Prior to joining Kinara Capital, Thiru has traveled the length and breadth of India promoting micro- and MSME- financing in rural and urban areas across multiple states. He has worked with DHAN Foundation, Mimo Finance and was brought on as a special consultant for business planning and capacity building by the Sir Ratan Tata Trust, Center for Microfinance, and Intellecap.

Thiru earned his B.E. (Agriculture) from Tamil Nadu Agricultural University (TNAU) in Coimbatore. He completed the Social Entrepreneurship Accelerator program in 2013 at the exclusive Global Social Benefit Institute (GSBI) program hosted by the Miller Center for Social Entrepreneurship at Santa Clara University, California, USA. Recognized among the most prominent leaders in the industry, Thiru earned the BFSI Excellence Awards and the NBFC Trailblazer Award by ELETS in 2021.

ACCOLADES


40
SOCIAL ENTRE PRENE URS
TO WATCH FOR IN
2022
Hardika Shah
//
Founder of
Kinara Capital
causeartist


THE ECONOMIC TIMES
INDIA'S
GROWTH
CHAMPIONS
2022
statista


AmbitionBox
#1 BEST MID-SIZED INTERNET COMPANY
KINARA CAPITAL
2021


FT
FINANCIAL TIMES
statista
High-Growth
Companies
Asia-Pacific
2022
TOP
500


MAIA
The Money Awareness & Inclusion Awards
Best For-profit in a
Developing Economy
Special Commendation
KINARA
CAPITAL
Kinara Capital
Many congratulations for all your amazing efforts. Keep up the great work!


INDIA
Forbes
Hardika Shah named among
Top 20 women on the
Forbes India W-Power list
W
POWER
Self-made Women


Inclusive
Finance
India
AWARDS
NBFC lending to
Micro & Small Enterprises
Kinara Capital
WINNER
NBFC Lending to
Micro & Small Enterprises
INCLUSIVE FINANCE
INDIA AWARDS 2021

Kinara Capital featured in national and international media outlets

Forbes

LE TEMPS

moneycontrol

THE FINANCIAL EXPRESS
Read to Lead

Deal street Asia

YOURSTORY

CNBC

privateequitywire

BW BUSINESSWORLD

Business Today

FT FINANCIAL TIMES

Forbes Advisor

ET The Economic Times

VCCiRCLE

mint

Sojan Raju and Neethu C Joseph

Layermax Xtended

City and state:
Karnataka

Sector business:
Furniture manufacturer

Customer since:
2018

No. of loans availed:
2

Growth in business:
Grew their workforce from 4 to 20 employees, and turnover from INR 25 lakhs to INR 1.5 crores

> *"We were able to recover from the impact of the pandemic and get right back to growing our business, all thanks to Kinara's support and confidence in us."*

Sojan Raju and Neethu C Joseph had started their furniture trading business after scraping together the seed funds through loans from friends and family.

The business had been doing well, but when the Covid-19 pandemic hit, they ran into trouble as costs escalated and bans were imposed on imports. Even though they struggled, they saw this as an opportunity to pivot their business into manufacturing furniture. They needed financing to invest in the operational requirements for this shift, but since they didn't have any collateral to offer, they struggled to find a lender willing to give them a loan.

Around this time, a friend recommended Kinara Capital to them for a collateral-free loan. They approached Kinara and were pleasantly surprised by the amount of interest the executives took in their business. They were not only granted a loan, but were also told that they had a sustainable business plan which showed promise. This turned out to be a valuable source of affirmation for the couple, who realized that Kinara deciding to provide them with a loan meant that they were on the right track.

Since receiving their first loan in 2018, which they quickly paid off, they have taken another collateral-free loan, both of which they invested in growing and adapting their business. The exponential growth that this pair of small business entrepreneurs have seen is a testament to the effectiveness of Kinara's comprehensive approach of combining in-person assistance and digital accessibility.

CSR PROJECTS FY21

Children of India (CIF)

Location: Kuldigi, Bellary & Adjacent Areas, Karnataka

Children of India Foundation (CIF) is providing training and livelihood programs for women who are born into the exploitative Devadasi system (systemic prostitution).
CIF provided skill-based training in:

- denim tailoring
- auto-rickshaw driving
- setting up fruits/vegetable business

Kinara's CSR donations funded the training and provided seed capital to many of the women to start their own business.

CSR AMOUNT
INR 23 Lakhs

- **57 New** Women Micro-Entrepreneurs from Kinara funds
- **26** Jeans & Stitching trainees
- **16** Rickshaw and Four Wheeler Driving Training Driving trainees
- **75** Entrepreneurial Development Program Graduates

SEWA: Trupti Nashta Co-operative

Location: Ahmedabad, Gujarat

The SEWA co-op ran cafeteria services pre-COVID. The revolving CSR funds from Kinara helped them add a new product line such as sandwiches, marketing with pamphlets and new products such as a roti puffer. **This fund enabled them to pivot and sell directly to customers, explore opportunities with food delivery apps and start a bakery.**

CSR AMOUNT
INR 5 Lakhs

- **353** Women Micro-Entrepreneurs
- **95** Women Impacted Indirectly (Members of Co-Op)
- **Rs. 100,398.31** Income Generated for women
- **Rs. 14,48,000** Income Generated for the co-op

CSR PROJECTS FY22

(Current Projects)

Children of India (CIF)

Location: Tiruppur, Tamil Nadu

Women impacted by the loss of a Covid-19 family member who was the breadwinner will receive Entrepreneurial Skilling and Seed Capital to start their own business.

CSR AMOUNT
INR 11.9 Lakhs

55 new women micro-entrepreneurs

*Expected Impact**

PURE India Trust

Location: Hyderabad, Telangana

The project is a 6-month development program that provides aspiring women entrepreneurs with mentorship, linkages, marketing support and a one-time grant to start their own business. PURE India Trust is also aiming to support 10% of disabled women micro-entrepreneurs.

CSR AMOUNT
INR 11.9 Lakhs

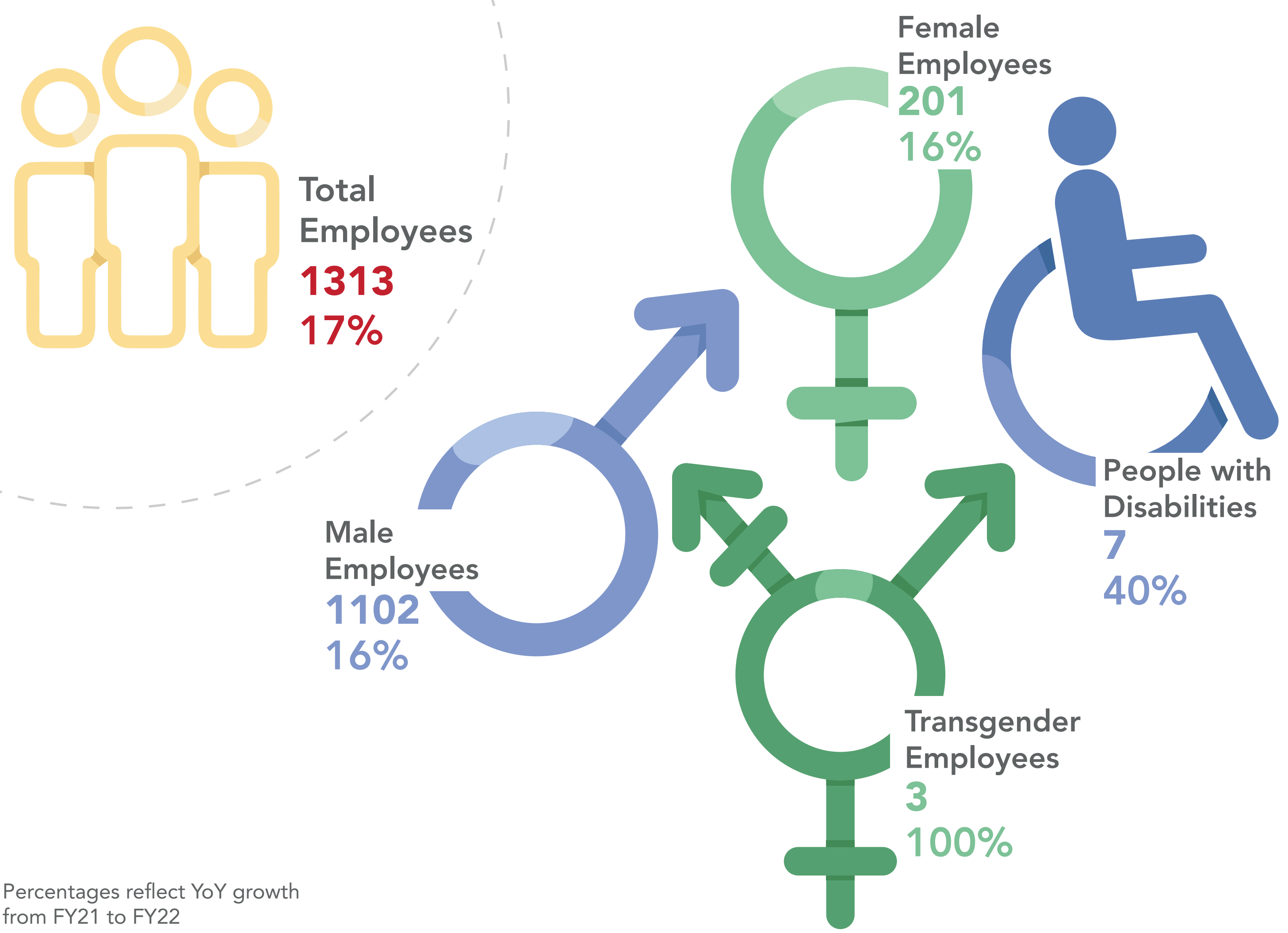
60 new women micro-entrepreneurs

*Expected Impact**

EMPLOYEE DEMOGRAPHIC BREAKDOWN

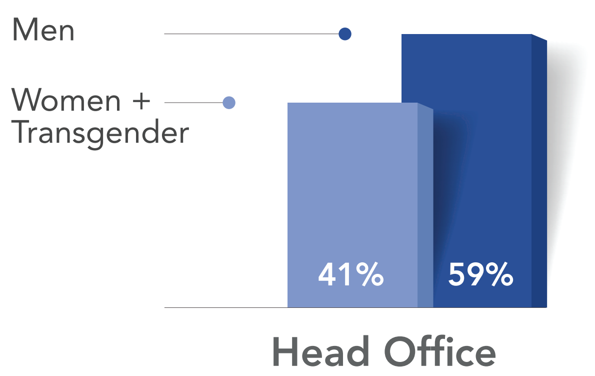
FY22

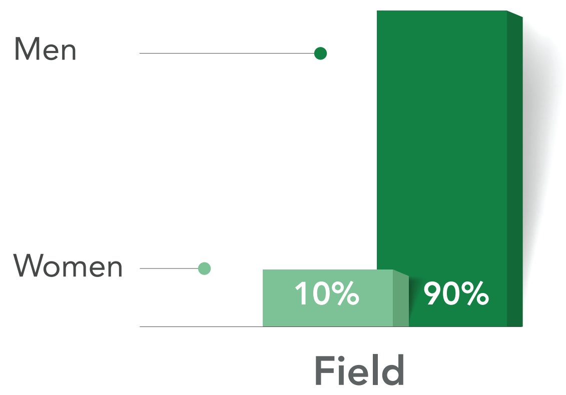
FY22 - Employee Demographics



Percentages reflect YoY growth from FY21 to FY22

Demographic Breakdown Head Office vs Field





Employee Survey Results

Employee Favorability Score

91%

Employee Net Promoter Score (NPS)

88%

HR Training

In addition to offering an intensive induction training for new joiners and quarterly refresher meetings, Kinara's Training team organized custom leadership development programs for different levels and conducted specialized training in the following areas:

Behavioural Training
53 Sessions

Knowledge/ Functional Training
92 Sessions

Leadership Development
7 Sessions

Job Skilling
8 Sessions

KINARA CAPITAL JOURNEY

The first 5 years

FY12

Foundation

- Hardika sails to India, meets Thiru
- NBFC License Purchased
- Home Office set up, whiteboard installed!
- First Loan Disbursed Nov 2011
- First Branch Opens in Bangalore

FY13

Early Support

- Early Investors support Kinara: John Ayliffe, Unitus Capital, Halloran Philanthropies
- 1st Lending Relationship w/Northern Arc begins
- Tamil Nadu Expansion with 1st Branch (Hosur)

FY14

Team Grows

- 1st Bangalore office with now a team of 14
- 6 Branches in Karnataka and Tamil Nadu
- New Lenders & Investors: Sorenson Foundation, Intellegrow, IIX

FY15

Getting Noticed

- New Lenders & Investors: MSDF, Caspian, Reliance
- 1st Team Kinara Outing (everyone fits in 1 van!)
- Recognized with Sankalp Social Enterprise Award for Financial Inclusion

FY16

Going Places

- New Lenders & Investors: Hinduja Leyland, MAS, Shriram City Union Finance, Radaur Holdings
- Implemented end-to-end LMS (Perdix)
- 1st Launch in 3 new states - MH, AP, TE

KINARA CAPITAL JOURNEY

The next 5 years

FY17

Hit Profitability

- New Lenders & Investors:
- Manappuram, RBL Bank, 1st PSU Loan from Vijaya Bank

  30 Branches, 265+ Employees
- We hit Profitability w/AUM of 192 Cr.

FY18

New Equity Investors

- New PE Investors: Gaja Capital, GAWA Capital
- 59 Total Branches & Expansion into Gujarat
- 500 Cr Disbursement reached (Feb 2018)
- New Lenders: Mahindra & Mahindra, Unifi AF, IDFC Bank, DCB Bank, Fedbank Financial, Microvest Short Duration Fund
- Wall Street Journal 'Live Audience Award'

FY19

Momentum

- RBI Qualifies as 'Systemically Important NBFC'
- 90 Branches Opened ; 900+ Employees
- New Lenders & Investors: Symbiotics, Tata Capital, BlueOrchard, ResponsAbility, Nabsamruddhi, Utkarsh Small Finance Bank, Suryoday, Nabkisan, AU Small Finance Bank

FY 20

Leap Forward

- 100th Branch opens in Ahmedabad
- HerVikas for women-owned MSMEs launched
- Expansion of Bangalore Head Office
- IFC 'Bank of the Year-Asia' gold award
- CSR Program Launched
- New Lenders & Investors: SIDBI, Vivriti, Profectus, Ujjivan, ESAF, Poonawalla, Hiranandani

FY 21

Time to Pause, But not Stop

- myKinara App launched!
- ECLGS/Moratorium Extended
- Employee Care Top Priority: Covid Coverage, Free Vaccines, Tech-Ready for WFH incl. Call Center, No Layoffs
- Highest Disbursement of 300 Cr. (Q4 2021)

KINARA CAPITAL JOURNEY

10th year completed & going strong!

FY 22

10th Anniversary - We take a Bow!

- Reached AUM of 1000 Cr.
- Onboarded Brand Ambassador Ravindra Jadeja
- New Equity Investors: Nuveen & Triple Jump invest 380 Cr.
- Grow With Kinara Online Customer Workshop Series Launched
- HerVikas 100 Cr. achieved and another 200 Cr. commitment made

GOING AND GROWING

FY23

Here & Now

- Total of 125 Branches Serving 3000+ Pincodes across 100+ Cities
- Total of 3500 Cr. across 75,000+ Loans Disbursed
- 1400+ Employees with Women-Majority Management Team
- Plan to reach 500% growth by 2025

CELEBRATING

10TH

2011 2021

ANNIVERSARY

KINARA
CAPITAL

· FUNDING YOUR FUTURE ·

10 years *of* Growth

KINARA
CAPITAL

Annual Report
FY21-22

www.kinaracapital.com
#50, 2nd Floor, 100 Feet Road, HAL 2nd Stage, Indiranagar, Bengaluru-560038