

# Price Waterhouse Chartered Accountants LLP

## Independent auditors' report

### To the Members of Kreditech Financial Services Private Limited

### Report on the audit of the financial statements for the year ended March 31, 2019

#### Qualified Opinion

1. We have audited the accompanying financial statements of Kreditech Financial Services Private Limited (Formerly known as Kreditech India Private Limited) ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and except for the indeterminate impact of the matter referred in the Basis for Qualified Opinion section below, give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, loss and cash flows for the year then ended.

#### Basis for Qualified Opinion

3. We draw attention to note 25 to the financial statements. As per the RBI Press Release 1998-99/1269 dated April 8, 1999 issued by RBI, in order to identify a company as a non-banking financial company (NBFC), the assets and the income pattern as evidenced from the last audited balance sheet of the company to decide its principal business. The Company will be treated as an NBFC if its financial assets are more than 50 per cent of its total assets (netted off by intangible assets) and income from financial assets is more than 50 per cent of the gross income. Both these tests are required to be satisfied as the determinant factor for principal business of a company. However, the book value of the Company's financial assets as at March 31, 2019 is less than 50% of the total assets and its income from financial assets for the year ended March 31, 2019 is less than 50% of its total income. The consequential impact of the aforesaid non-compliance is presently not ascertainable.
4. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

#### Other Information

5. 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 financial statements and our auditor's report thereon.

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

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Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no. LLPIN AAC-5001) with effect from July 25, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/N500016 (ICAI registration number before conversion was 012754N)



# Price Waterhouse Chartered Accountants LLP

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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of management and those charged with governance for the financial statements**

6. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

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

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# Price Waterhouse Chartered Accountants LLP

## INDEPENDENT AUDITORS' REPORT

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9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
10. 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.

### Report on other legal and regulatory requirements

11. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
12. As required by Section 143(3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

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# Price Waterhouse Chartered Accountants LLP

## INDEPENDENT AUDITORS' REPORT

To the Members of Kreditech Financial Services Private Limited  
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- (b) In our opinion, except for the indeterminate impact of the matter referred in the Basis for Qualified Opinion section above, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With regard to maintenance of accounts, reference is made to our comment in paragraph 12(b) above.
- (g) Clause (i) of section 143(3) is not applicable pursuant to notification G.S.R 583(E) dated 13 June 2017.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations, which would impact its financial position.
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts – Refer Note 8 and Note 21 to the financial statements. The Company did not have any derivative contracts as at March 31, 2019.
  - iii. There were no amounts, which were required to be transferred to the Investor Education, and Protection Fund by the Company during the year ended March 31, 2019.
  - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2019.

**For Price Waterhouse Chartered Accountants LLP**  
Firm Registration Number: FRN 012754N / N500016

*Alpa Kedia*

**Alpa Kedia**

Partner

Membership Number : 100681

Place: Mumbai

Date: June 29, 2019

# Price Waterhouse Chartered Accountants LLP

## Annexure A to Independent Auditors' Report

Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of Kreditech Financial Services Private Limited on the financial statements as of and for the year ended March 31, 2019.

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
  - (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
  - (c) The Company does not own any immovable property as disclosed in Note 9 on fixed assets to the financial statements. Therefore, the provisions of Clause 3(i)(c) of the said Order are not applicable to the Company.
- ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loan or provided any guarantee or security in connection with any loan taken by a party covered under section 185. Therefore, the provisions of section 185 are not applicable to the Company. The Company is registered as a Non-Banking Financial Company with the Reserve Bank of India. Therefore, the provisions of Section 186, except sub-section (1) of Section 186, of the Act are not applicable to the Company. In our opinion and according to the information and explanations given to us, during the year, the Company has not made any investments through more than two layers of investment companies as mentioned in sub section (1) of Section 186 of the Act.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of income tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, profession tax, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities.
  - (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax and goods and service tax which have not been deposited on account of any dispute.
- viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it outstanding any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company. The Company issued Compulsorily Convertible Debentures during the year, which were converted to equity shares.

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# Price Waterhouse Chartered Accountants LLP

## Annexure B to Independent Auditors' Report

Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of Kreditech Financial Services Private Limited on the financial statements as of and for the year ended March 31, 2019

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- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. 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 material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The provisions of Section 197 read with Schedule V to the Act are applicable only to public companies. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Section 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. Further, the Company is not required to constitute an Audit Committee under Section 177 of the Act, and accordingly, to this extent, the provisions of Clause 3(xiii) of the Order are not applicable to the Company.
- xiv. The Company has made private placement of compulsorily convertible debentures during the year under review, in compliance with the requirements of Section 42 of the Act. The amounts raised have been used for the purpose for which funds were raised. The Company has not made any preferential allotment of debentures/ shares or private placement of shares during the year under review.
- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company has received the Certificate of Registration dated October 12, 2018 from the Reserve Bank of India (RBI), whereby the Company is registered as a Non-Banking Finance Company. However, as at and for the year ended March 31, 2019, the Asset-Income Pattern does not meet the Principal Business criteria; Financial Assets as at March 31, 2019 are less than 50% of the Total Assets as at March 31, 2019 and Income from Financial Assets for the year ended March 31, 2019 is less than 50% of the Total Income for the year ended March 31, 2019.

**For Price Waterhouse Chartered Accountants LLP**  
Firm Registration Number: FRN 012754N / N500016  
Chartered Accountants

  
**Alpa Kedia**

Partner  
Membership Number 100681

Mumbai  
June 29, 2019

**Kreditech Financial Services Private Limited**  
**(Formerly known as Kreditech India Private Limited)**  
**Balance Sheet as at March 31, 2019**

	Note	As at March 31, 2019 (Rupees)	As at March 31, 2018 (Rupees)
<b>Equity and Liabilities</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	29,46,00,000	10,46,00,000
Reserves and Surplus	4	(19,42,89,391)	(3,85,55,190)
<b>Non-Current Liabilities</b>			
Long-Term Provisions	5	41,96,339	3,65,582
<b>Current Liabilities</b>			
Trade Payables	6	-	-
Total Outstanding Dues of Micro and Small Enterprises		-	-
Total outstanding dues of creditors other than micro and small enterprises		27,92,980	53,20,319
Other Current Liabilities	7	40,67,518	45,88,602
Short-Term Provisions	8	27,58,376	21,342
<b>Total</b>		<b>11,41,25,822</b>	<b>7,63,40,655</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment			
Tangible assets	9	1,66,74,539	2,17,94,665
Long-Term Loans and Advances	10	2,43,73,525	59,63,617
<b>Current Assets</b>			
Cash and Bank Balances	11	6,55,90,500	4,68,86,796
Trade Receivables	12	31,254	28,926
Short-Term Loan and Advances	13	73,56,608	15,47,387
Other Current Assets	14	99,396	1,19,264
<b>Total</b>		<b>11,41,25,822</b>	<b>7,63,40,655</b>

Summary of significant accounting policies

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

This is the Balance Sheet referred to in our report of even date.

For Price Waterhouse Chartered Accountants LLP  
 Firm Registration No. 012754N/N500016

*Alpa Kedia*

**Alpa Kedia**  
 Partner  
 Membership No. 100681  
 Place: Mumbai  
 Date: June 29, 2019

For and on behalf of the Board of Directors

*Ashish Kohli*

**Ashish Kohli**  
 Managing Director  
 DIN: 08173836  
 Place: Mumbai  
 Date: June 29, 2019

*Kaushal Panchal*

**Kaushal Panchal**  
 Director  
 DIN: 07741161  
 Place: Mumbai  
 Date: June 29, 2019



*Vishal Gabda*

**Vishal Gabda**  
 Chief Financial Officer

Place: Mumbai  
 Date: June 29, 2019

*Tauseef Shaikh*

**Tauseef Shaikh**  
 Company Secretary  
 ACS No: 23097

Place: Mumbai  
 Date: June 29, 2019

**Kreditech Financial Services Private Limited**  
**(Formerly known as Kreditech India Private Limited)**  
**Statement of Profit and Loss for the year April 01, 2018 to March 31, 2019**

	Note	For the year from April 01, 2018 to March 31, 2019 (Rupees)	For the period from May 01, 2017 to March 31, 2018 (Rupees)
<b>Revenue</b>			
Revenue from Operation	15	8,19,635	24,513
Other Income	16	16,62,307	6,91,847
<b>Total Revenue</b>		<b>24,81,942</b>	<b>7,16,360</b>
<b>Expenses</b>			
Employee Benefits Expense	17	8,27,06,464	1,29,99,710
Finance Cost	18	25,14,584	13,40,620
Depreciation and Amortisation Expense	19	56,35,761	15,51,336
Other Expenses	20	6,48,17,171	2,33,79,884
Provisions and write offs	21	25,42,163	-
<b>Total Expenses</b>		<b>15,82,16,143</b>	<b>3,92,71,550</b>
Loss before tax for the year/period		(15,57,34,201)	(3,85,55,190)
<b>Tax Expense</b>			
Current Tax		-	-
Deferred Tax		-	-
<b>Loss for the year/period</b>		<b>(15,57,34,201)</b>	<b>(3,85,55,190)</b>
Earnings per equity share: [Nominal value per share: Rs. 5,000	22		
Basic and diluted		(5,264.85)	(5,821.41)
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financials statements.			
This is the Statement of Profit and Loss referred to in our report of even date.			

**For Price Waterhouse Chartered Accountants LLP**  
 Firm Registration No. 012754N/N500016

*Alpa Kedia*

**Alpa Kedia**  
 Partner  
 Membership No. 100681

Place: Mumbai  
 Date: June 29, 2019

**For and on behalf of the Board of Directors**

*Ashish Kohli*

**Ashish Kohli**  
 Managing Director  
 DIN: 08173836

Place: Mumbai  
 Date: June 29, 2019

*Kaushal Panchal*

**Kaushal Panchal**  
 Director  
 DIN: 07741161

Place: Mumbai  
 Date: June 29, 2019



*Vishal Gabda*

**Vishal Gabda**  
 Chief Financial Officer

Place: Mumbai  
 Date: June 29, 2019

*Tauseef Shaikh*

**Tauseef Shaikh**  
 Company Secretary  
 ACS No: 23097

Place: Mumbai  
 Date: June 29, 2019

Kreditech Financial Services Private Limited  
(Formerly known as Kreditech India Private Limited)  
Cash Flow Statement for the year April 01, 2018 to March 31, 2019

	For the year from April 01, 2018 to March 31, 2019 (Rupees)	For the period from May 01, 2017 to March 31, 2018 (Rupees)
<b>A. Cash Flow from Operating Activities</b>		
Loss for the year / period	(15,57,34,201)	(3,85,55,190)
<b>Adjustments for:</b>		
Depreciation	56,35,761	15,51,336
Contingent Provisions against Standard Assets	43,351	-
Provision on Non Performing Assets	16,02,543	-
Provision for Gratuity	9,84,257	1,78,527
Provisions for Compensated absences	9,58,165	2,08,397
Provision for Contingencies	8,96,269	-
Interest on Debentures	24,06,828	13,30,194
Interest on Fixed deposit	(16,62,307)	(6,91,847)
Lease Equalisation Reserve	20,83,206	-
<b>Operating profit before working capital changes</b>	<b>(14,27,86,128)</b>	<b>(3,59,78,583)</b>
<b>Changes in Working Capital:</b>		
Increase / (Decrease) in Trade Payables	(25,27,339)	53,20,319
Increase / (Decrease) in Other Current Liabilities	(5,21,084)	45,88,602
(Increase)/ Decrease in Loans and Advances	(2,39,95,625)	(73,04,167)
(Increase) / Decrease in Trade Receivables	(2,328)	(28,926)
(Increase) / Decrease in Other Current Assets	19,868	(1,19,264)
<b>Net cash (used in) / generated from operating activities</b>	<b>(16,98,12,636)</b>	<b>(3,35,22,019)</b>
Taxes paid (net of refunds)	2,23,504	2,06,837
<b>Net cash (used in) / generated from operating activities</b>	<b>(17,00,36,140)</b>	<b>(3,37,28,856)</b>
<b>B. Cash flow from Investing Activities</b>		
Purchase of Property, Plant and Equipment	(5,15,635)	(2,33,46,001)
Interest Income on Fixed Deposit	16,62,307	6,91,847
<b>Net cash generated from / (used in) investing activities</b>	<b>11,46,672</b>	<b>(2,26,54,154)</b>
<b>C. Cash flow from Financing Activities</b>		
Equity Shares issued during the year / period	5,00,00,000	3,06,00,000
Debentures Issued during the year / period [ Refer Note (3 e) ]	14,00,00,000	7,40,00,000
Interest paid on Debentures	(24,06,828)	(13,30,194)
<b>Net cash generated from / (used in) from financing activities</b>	<b>18,75,93,172</b>	<b>10,32,69,806</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,87,03,704</b>	<b>4,68,86,796</b>
Cash and cash equivalents at the beginning of the year / period	4,68,86,796	-
<b>Cash and Cash equivalents at the end of the year / period</b>	<b>6,55,90,500</b>	<b>4,68,86,796</b>
<b>Cash and cash equivalents comprise of:</b>		
Balances with Banks ( Refer Note 11 )	6,55,90,500	4,68,86,796
<b>Total</b>	<b>6,55,90,500</b>	<b>4,68,86,796</b>
<b>Disclosure of non-cash item</b>		
Conversion of Debentures into equity shares (Refer note 3e)	14,00,00,000	7,40,00,000

**Notes:**

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on cash flow Statements issued by the Institute of chartered Accountants of India.

This is the cash Flow Statement referred to in our report of even date.

For Price Waterhouse Chartered Accountants LLP  
Firm Registration No. 012754N/N500016

  
Alpa Kedia  
Partner  
Membership No. 100681

Place: Mumbai  
Date: June 29, 2019

For and on behalf of the Board of Directors

  
Ashish Kohli  
Managing Director  
DIN: 08173836

Place: Mumbai  
Date: June 29, 2019

  
Vishal Gabda  
Chief Financial Officer

Place: Mumbai  
Date: June 29, 2019



Kaushal Panchal  
Director  
DIN: 07741161

Place: Mumbai  
Date: June 29, 2019



Tauseef Shaikh  
Company Secretary  
ACS No: 23097

Place: Mumbai  
Date: June 29, 2019



## 1. General Information

Kreditech Financial Services Private Limited ('the Company') was incorporated on May 01, 2017 as Kreditech India Private Limited. Subsequently, on October 06, 2017, the name of the company was changed to Kreditech Financial Services Private Limited. The Company received a certificate of registration from Reserve Bank of India ("RBI") on October 12, 2018 to carry on the business of Non-Banking Finance Company (NBFC) without accepting public deposits. The Company commenced business on February 01, 2019 and necessary intimation was sent to RBI. The Company operates in retail financing business.

## 2. Summary of Significant Accounting Policies

### a) Basis for preparation of financial statements

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended), specified under section 133, other relevant provisions of the Companies Act, 2013 and the guidelines of Reserve Bank of India for Non-Banking Finance Company.

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year. Upon review of business plan involving cash flow projections of the company it was estimated by the Board that the Company is likely to grow its business significantly in the next few years. Hence the accounts were prepared and adopted on going concern basis assumption.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III, Division I to the Companies Act, 2013. The Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

### b) Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported amounts of revenues and expenses for the reporting period. Although these estimates are based on Management's knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amount of assets and liabilities in future periods

### c) Property, Plant and Equipment and Depreciation/Amortisation/Impairment of assets

#### (i) Property Plant and Equipment

Tangible Assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Subsequent costs related to an item of Property, Plant and Equipment are recognised in the carrying amount of the item if the recognition criteria are met. Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements. Any expected loss is recognised immediately in the Statement of Profit and Loss. Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss. Depreciation is provided on a pro-rata basis on the straight-line method over the estimated useful lives of the assets as prescribed under Schedule II to the Companies Act, 2013.



*Ashish*

*[Signature]*

The estimates of useful lives of tangible assets are as follows:

Assets	Useful Life
Leasehold Improvements	Over the primary lease period
Furniture and Fixtures	10 years
Computers	3 years
Office Equipment	5 years

Items individually costing below Rs.5,000 are capitalized and fully depreciated in the year of purchase.

**d) Operating Lease**

**As a lessee**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss a straight- line basis over the period of the lease.

**e) Employee Benefits**

**(i) Provident Fund**

In accordance with the applicable law, all employees of the Company are entitled to receive benefits under the Provident Fund Act, 1952. Contribution towards provident fund for employees is made to the regulatory authorities. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis. Since it is a defined contribution plan, the contributions are accounted for on an accrual basis and recognised in the statement of Profit and Loss.

**(ii) Compensated absences**

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

**(iii) Gratuity**

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

**f) Revenue Recognition**

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

- (i) Interest income on loans, including loans acquired under direct assignment arrangement, is recognised on accrual basis. Income on non-performing assets is recognised only when realised. Any such income recognised before the asset became non performing and remaining unrealised is reversed
- (ii) Loan processing fees received upfront is accrued at the time of entering in to a binding agreement and recognised accordingly
- (iii) Interest Income on fixed deposit with banks is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

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(iv) Overdue / penal interest is recognised as income on realisation. All other income is recognised on accrual basis

**g) Foreign Currency Translation**

**Initial Recognition:**

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**Subsequent Recognition:**

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

**Exchange differences:**

Exchange differences arising on the settlement of monetary items or on monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise

**h) Current and Deferred Tax**

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. In situations, where the Company has unabsorbed depreciation or carry forward losses under tax laws, all deferred tax assets are recognised only to the extent that there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax assets, if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

**i) Cash and cash equivalents**

In the cash flow statement, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

**j) Loans: - Recognition, Classification and Provisioning thereof**

**Recognition:**

Loan finance extended to consumers are recognised as loans and advances and are accounted once all the following events are completed:

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- (i) On successful completion of auto/manual underwriting;
- (ii) Completion of documentation formalities by the customers

**Direct Assignment:** The Company enters in to arrangements for purchase of loan receivables through direct assignment. The said assets are recognised upon transfer of significant risk and reward to the purchaser based on true sale criteria.

**Classification:**

Loans are classified as standard, substandard assets, doubtful and loss assets in accordance to the Asset Classification Policy adopted by the Company, subject to compliance with minimum provision stipulated under Master Direction – Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 and any amendments thereto. (RBI Directions).

A loan is classified as NPA, where interest/principal instalment is overdue for a period of more than 90 days from the day it becomes due.

**Provisioning:**

Provision for standard assets is based on Management’s assessment subject to minimum rate of 0.25% as per applicable RBI Directions.

Loan loss provision in respect of non-performing assets is made in accordance with the policy approved by the Board of Directors of the Company which is based on Management’s assessment of the degree of impairment of the loans and estimates of recoverability/realisation of the loans, subject to the minimum requirements as per applicable RBI Directions.

**k) Provisions and Contingencies**

**Provisions:**

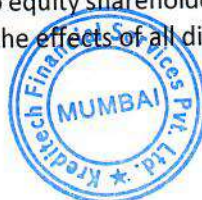
Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the current obligation at the Balance sheet date and are not discounted to its present value.

**Contingent Liabilities:**

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

**l) Earnings per share**

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



**m) Special Reserve**

In accordance with section 45-IC of RBI Ac, 1934, the Company creates a reserve fund and transfers therein a sum not less than twenty percent of its net profit every year as disclosed in the statement of profit and loss before any dividend is declared.

**n) Segment Reporting**

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the Company as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated corporate expense/income".

**3. Share Capital**

Particulars	As at March 31, 2019	As at March 31, 2018
	(Rupees)	(Rupees)
<b>Authorised:</b> 60,000 (31 March 2018: 26,000) Equity Shares of Rs. 5,000 each	30,00,00,000	13,00,00,000
<b>Issued, Subscribed and Paid-up:</b> 58,920 (31 March 2018: 20,920) Equity Shares of Rs. 5,000 each (fully paid up)	29,46,00,000	10,46,00,000
<b>Total</b>	<b>29,46,00,000</b>	<b>10,46,00,000</b>

**(a) Reconciliation of Number of Shares**

Equity Shares	As at March 31, 2019		As at March 31, 2018	
	Number of shares	(Rupees)	Number of shares	(Rupees)
Balance as at the beginning of the year	20,920	10,46,00,000	Nil	Nil
Add: Issued during the year/ period	10,000	5,00,00,000	6,120	3,06,00,000
Add: Debenture converted in equity shares (Refer note 3e)	28,000	14,00,00,000	14,800	7,40,00,000
<b>Balance as at the end of the year</b>	<b>58,920</b>	<b>29,46,00,000</b>	<b>20,920</b>	<b>10,46,00,000</b>

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

Equity Shares: The Company has one class of equity shares having a par value of Rs.5000 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**(c) Equity Shares held by Holding Company and its nominee**

Particulars	As at	
	March 31, 2019 (Rupees)	March 31, 2018 (Rupees)
Equity Shares:		
58,919 Equity shares of Rs. 5,000 each	29,45,95,000	10,45,95,000
1 Equity share of Rs. 5,000 each held by Trupti Panchal (nominee of Kreditech Germany SSL GmbH)	5,000	5,000
<b>Total</b>	<b>29,46,00,000</b>	<b>10,46,00,000</b>



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

Particulars	As at March 31, 2019			As at March 31, 2018		
	No of shares	%	(Rupees)	No of shares	%	(Rupees)
Equity Shares: Kreditech Germany SSL GmbH, the Holding Company	58,919	99.99%	29,45,95,000	20,919	99.99%	10,45,95,000

(e) Terms of securities convertible into equity shares

The Company has issued 28,000 7.09 % Compulsorily Convertible Debentures (CCDs). The CCDs were converted into 28,000 equity shares of Rs. 5,000 each at par as per below details:

Sr No.	Date of allotment	%	Name of Shareholder	No of CCDs Allotted	Face value (Rs.)	Total Value	Remarks
1	28/05/2018	7.09	Kreditech Germany SSL GmbH	2,400	5,000	1,20,00,000	Converted into Equity on 25/07/2018
2	02/07/2018	7.09	Kreditech Germany SSL GmbH	5,600	5,000	2,80,00,000	1. 2600 Debentures Converted into Equity Shares on 25/07/2018 2. 3000 Debentures Converted into Equity Shares on 30/10/2018
3	27/09/2018	7.09	Kreditech Germany SSL GmbH	2,000	5,000	1,00,00,000	Converted into Equity on 30/10/2018
4	30/10/2018	7.09	Kreditech Germany SSL GmbH	1,000	5,000	50,00,000	Converted into Equity on 15/03/2019
5	20/11/2018	7.09	Kreditech Germany SSL GmbH	5,000	5,000	2,50,00,000	Converted into Equity on 15/03/2019
6	10/12/2018	7.09	Kreditech Germany SSL GmbH	12,000	5,000	6,00,00,000	Converted into Equity on 15/03/2019
			<b>Total</b>	<b>28,000</b>		<b>14,00,00,000</b>	

(f) During the year the Company's Authorised share capital is increased as follows:

- From Rs. 13,00,00,000 to Rs.18,00,00,000 via Ordinary Resolution passed by the Shareholders of the Company at the Extra-Ordinary General Meeting held on 25th October, 2018.
- From Rs. 18,00,00,000 to Rs. 25,00,00,000 via Ordinary Resolution passed by the Shareholders of the Company at the Extra-Ordinary General Meeting held on 21st November, 2018.
- From Rs. 25,00,00,000 to Rs. 30,00,00,000 via Ordinary Resolution passed by the Shareholders of the Company at the Extra-Ordinary General Meeting held on 13th March, 2019.

- (g) During the year 10,000 equity shares of Rs. 5,000 each were issued pursuant to rights issue of shares via resolution passed by the Board of Directors in their meeting held on January 7, 2019 for cash at par. In addition, Compulsorily Convertible Debentures were converted into equity shares at par as per details mentioned in note (e) above.

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4. Reserve and surplus

Deficit in the statement of profit and loss

Balance as per last financial statements

Loss for the year / period

Balance as at the end of the year

As at March 31 2019 (Rupees)	As at March 31, 2018 (Rupees)
(3,85,55,190)	-
(15,57,34,201)	(3,85,55,190)
<b>(19,42,89,391)</b>	<b>(3,85,55,190)</b>

5. Long-term provisions

Provision for employee benefits:

Provision for gratuity (Refer Note 17b)

Provision for compensated absences (Refer Note 17c)

Other Provisions

Lease Equalisation Reserve

Total

As at March 31 2019 (Rupees)	As at March 31, 2018 (Rupees)
11,62,784	1,78,527
10,46,633	1,87,055
19,86,922	-
<b>41,96,339</b>	<b>3,65,582</b>

6. Trade payables

Sundry creditors

Total Outstanding Dues of Micro and Small Enterprises  
(Refer Note 26)

Total Outstanding Dues of Creditors Other Than Micro and  
Small Enterprises

Others than acceptances

Total

As at March 31 2019 (Rupees)	As at March 31, 2018 (Rupees)
-	-
27,92,980	53,20,319
<b>27,92,980</b>	<b>53,20,319</b>

7. Other current liabilities

Employee benefits payable

Statutory dues including tax deducted at source

Interest Accrued on Debentures

Amount received from Customers in advance

Total

As at March 31 2019 (Rupees)	As at March 31, 2018 (Rupees)
30,78,205	23,13,614
8,40,245	10,81,840
-	11,93,148
1,49,068	-
<b>40,67,518</b>	<b>45,88,602</b>

There are no amounts due for payment to the Investor Education  
and Protection Fund

8. Short-term provisions

Provision for employee benefits

Provision for compensated absences (Refer Note 17c)

Other Provisions

Contingent provision against Standard Assets

Provision for Contingencies (Refer Note 31)

Provision for Non Performing Assets

Lease Equalisation Reserve

Total

As at March 31 2019 (Rupees)	As at March 31, 2018 (Rupees)
1,19,929	21,342
43,351	-
8,96,269	-
16,02,543	-
96,284	-
<b>27,58,376</b>	<b>21,342</b>

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Kreditech Financial Services Private Limited  
(Formerly Known as Kreditech India Private Limited)  
Notes to the Financial Statements as at and for the year ended March 31, 2019

9. Property, Plant and Equipment / Tangible assets

For the period April 01 2019 to March 31, 2019

Description	Gross Block (at cost)				Depreciation				Net Block
	As at April 1, 2018	Additions during the year	Deletions during the year	As at March 31, 2019	As at April 1, 2018	Charge for the year	Deletions during the year	As at March 31, 2019	
Furnitures & Fixtures	17,70,880	-	-	17,70,880	39,259	2,26,282	-	2,65,541	15,05,339
Computers	71,18,531	4,02,792	-	75,21,323	5,89,430	24,96,563	-	30,85,992	44,35,331
Office Equipment	6,90,057	1,12,843	-	8,02,900	17,450	1,59,610	-	1,77,060	6,25,840
Leasehold Improvement	1,37,66,532	-	-	1,37,66,532	9,05,197	27,53,306	-	36,58,503	1,01,08,029
Total	2,33,46,000	5,15,635	-	2,38,61,635	15,51,336	56,35,761	-	71,87,096	1,66,74,539

For the period May 01 2017 to March 31, 2018

Description	Gross Block (at cost)				Depreciation				Net Block
	As at April 1, 2017	Additions during the period	Deletions during the period	As at March 31, 2018	As at April 1, 2017	Charge for the period	Deletions during the period	As at March 31, 2018	
Furnitures & Fixtures	-	17,70,880	-	17,70,880	-	39,258	-	39,259	17,31,622
Computers	-	71,18,531	-	71,18,531	-	5,89,430	-	5,89,430	65,29,101
Office Equipment	-	6,90,057	-	6,90,057	-	17,450	-	17,450	6,72,607
Leasehold Improvement	-	1,37,66,532	-	1,37,66,532	-	9,05,197	-	9,05,197	1,28,61,335
Total	-	2,33,46,000	-	2,33,46,000	-	15,51,335	-	15,51,336	2,17,94,665



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 - Middle right: *Handwritten signature*  
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**10. Long-term Loans and Advances**

	As at March 31 2019 (Rupees)	As at March 31, 2018 (Rupees)
Unsecured considered good, unless otherwise stated:		
Security Deposits	47,42,130	47,42,130
Receivables from Lending Activity (Refer Note 23)		
Assigned Receivables		
- Considered good	80,59,800	
- Considered doubtful	<u>7,54,687</u>	-
Consumer / Personal Loans		
- Considered good	49,39,038	
- Considered doubtful	<u>-</u>	-
Other Loans and advances		93,750
Prepaid Expenses		9,20,900
Balances with GST Authorities	54,47,529	2,06,837
Advance tax and Tax Deducted at source	4,30,341	
<b>Total</b>	<b><u>2,43,73,525</u></b>	<b><u>59,63,617</u></b>

**11. Cash and bank balances**

	As at March 31 2019 (Rupees)	As at March 31, 2018 (Rupees)
Cash and Cash Equivalents		
Bank Balances in Current Accounts	6,55,90,500	2,68,86,796
Fixed deposits (with original maturity less than 3 months)	-	2,00,00,000
<b>Total</b>	<b><u>6,55,90,500</u></b>	<b><u>4,68,86,796</u></b>

**12. Trade Receivables**

	As at March 31 2019 (Rupees)	As at March 31, 2018 (Rupees)
Unsecured, considered good		
Outstanding for a period exceeding six months (from the date they are due for payment)		
Others	31,254	28,926
<b>Total</b>	<b><u>31,254</u></b>	<b><u>28,926</u></b>

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13. Short-term loan and advances

	As at March 31 2019 (Rupees)	As at March 31, 2018 (Rupees)
Unsecured considered good, unless otherwise stated: Receivables from Lending Activity (Refer Note 23)		
Assigned Receivables		
- Considered good	38,36,310	
- Considered doubtful	8,47,855	46,84,165
Consumer / Personal Loans		
- Considered good	5,05,367	
- Considered doubtful	-	5,05,367
Other loans and advances:		
Prepaid Expenses	19,90,663	15,47,387
Other advances	1,76,413	-
<b>Total</b>	<b>73,56,608</b>	<b>15,47,387</b>

14. Other current assets

	As at March 31 2019 (Rupees)	As at March 31, 2018 (Rupees)
Unsecured considered good, unless otherwise stated:		
Interest accrued on fixed deposits	-	2,714
Interest accrued on lending activity	73,744	-
Other Receivables	25,652	-
Other Assets	-	1,16,550
<b>Total</b>	<b>99,396</b>	<b>1,19,264</b>

15. Revenue from operations

	for the year April 01 2018 to March 31 2019 (Rupees)	for the period May 01 2017 to March 31 2018 (Rupees)
<b>Interest on loan</b>		
Assigned Receivables	51,480	-
Consumer / Personal Loans	58,630	-
<b>Other Operating Revenue</b>		
Sourcing Fee Income	5,92,434	24,513
Processing Fees	1,09,507	-
Penal Interest	7,584	-
<b>Total</b>	<b>8,19,635</b>	<b>24,513</b>

16. Other income

	for the year April 01 2018 to March 31 2019 (Rupees)	for the period May 01 2017 to March 31 2018 (Rupees)
Interest on fixed deposit	16,62,307	6,91,847
<b>Total</b>	<b>16,62,307</b>	<b>6,91,847</b>

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**17. Employee Benefit Expense**

Particulars	for the year April 01 2018 to March 31 2019	for the period May 01 2017 to March 31 2018
	(Rupees)	(Rupees)
Salaries, allowances and bonus	7,69,41,021	1,19,05,126
Contribution to Provident funds (Refer Note a below)	28,19,625	4,40,464
Gratuity (Refer Note b below)	9,84,257	1,78,527
Compensated Absences (Refer Note c below)	9,58,165	2,08,397
Staff Welfare Expenses	10,03,396	2,67,196
<b>Total</b>	<b>8,27,06,464</b>	<b>1,29,99,710</b>

**a. Defined contribution plan**

Particulars	April 01 2018 to March 31 2019	from May 01, 2017 to March 31, 2018
Provident Fund Paid to authorities	23,42,745	3,45,765
Pension Fund Paid to authorities	3,35,459	66,800
EDLI & Other	1,41,131	27,899
<b>Total</b>	<b>28,19,625</b>	<b>4,40,464</b>

**b. Defined Benefit Plan**

**Gratuity**

Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. Gratuity liability is a defined benefit obligation and is wholly unfunded. The Company accounts for liability for future gratuity benefits based on an actuarial valuation.

**(i) Changes in the Present Value of the Obligation and in the Fair Value of the Assets**

Particulars	As at March 31, 2019	As at March 31, 2018
Present Value of Obligation beginning of The Period	1,78,527	-
Interest Cost	13,336	-
Current Service Cost	5,25,010	1,78,527
Past Service Cost	-	-
Benefits Paid	-	-
Actuarial (gain) / loss on obligation	4,45,911	-
Present Value of obligation end of the period	1,162,784	1,78,527
Fair Value of Plan Assets beginning of The Period	N.A.	N.A.
Expected Return on Plan Assets	N.A.	N.A.
Contributions	-	-
Benefits Paid	-	-
Actuarial Gain (Loss) Plan Assets	N.A.	N.A.
Fair Value of Plan Assets end of The Period	N.A.	N.A.
<b>Total Actuarial gain (loss) to be recognised</b>	<b>(4,45,911)</b>	<b>-</b>

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(ii) Balance Sheet Recognition

Particulars	As at March 31, 2019	As at March 31, 2018
Present Value of Obligation	11,62,784	1,78,527
Fair Value of Plan Assets	N.A.	N.A.
Liability (Assets)	11,62,784	1,78,527
Unrecognised Past Service Cost	N.A.	N.A.
<b>Liability (Asset) recognised in the Balance Sheet-Long term provision.</b>	<b>11,62,784</b>	<b>1,78,527</b>

(iii) Expense in Statement of Profit and Loss

Particulars	As at March 31, 2019	As at March 31, 2018
Current Service Cost	5,25,010	1,78,527
Interest Cost	13,336	-
Expected return on plan assets	N.A.	N.A.
Net Actuarial (gain) loss recognised in the year	4,45,911	-
Past Service Cost	N.A.	N.A.
<b>Expenses Recognised in the Statement of P&amp;L</b>	<b>9,84,257</b>	<b>1,78,527</b>

(iv) Movement in the Net Liability recognised in the Balance Sheet

Particulars	As at March 31, 2019	As at March 31, 2018
Opening Liability	1,78,527	-
Expenses	9,84,257	1,78,527
Contribution	-	-
<b>Closing Net Liability</b>	<b>11,62,784</b>	<b>1,78,527</b>

(v) Actuarial Assumptions

Particulars	As at March 31, 2019	As at March 31, 2018
Discount rate	7.42 % p.a.	7.42 % p.a.
Rate of increase in compensation levels	10.00 % p.a.	10.00 % p.a.
Attrition	8.00 % p.a.	8.00 % p.a.
Mortality	IALM* (2012-14) Ultimate	IALM* (2006-08) Ultimate
Retirement	60 years	60 years

\* India Assured Lives Mortality

c. Compensated absences

- Compensated leave may be accumulated as per the applicable state law. Accumulation will be capped at 45 days for the state of Maharashtra. Any excess accumulation will automatically lapse, if not availed.
- Encashment of Privileged leave will be allowed only at the time of separation from the company and will be governed by the existing Income Tax laws.
- On retiring/resignation from the Company, an employee may encash his pending leave balance up to the maximum eligible limit stated above as per applicable laws and this Policy.

The liability for compensated absences is recognised as under:

Particulars	Amount (Rs.)
Long-Term Provisions	10,46,633
Short-Term Provision	1,19,929



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18. Finance costs

	for the year April 01 2018 to March 31 2019 (Rupees)	for the period May 01 2017 to March 31 2018 (Rupees)
Interest on Compulsorily Convertible Debentures	24,06,828	13,30,194
Interest on delayed Payment of statutory dues	1,07,756	10,426
<b>Total</b>	<b>25,14,584</b>	<b>13,40,620</b>

19. Depreciation expense

	for the year April 01 2018 to March 31 2019 (Rupees)	for the period May 01 2017 to March 31 2018 (Rupees)
Depreciation on tangible assets (Refer Note 9)	56,35,761	15,51,336
<b>Total</b>	<b>56,35,761</b>	<b>15,51,336</b>

20. Other expenses

	for the year April 01 2018 to March 31 2019 (Rupees)	for the period May 01 2017 to March 31 2018 (Rupees)
Rent (Refer note 28)	1,22,57,521	70,00,978
Rates & taxes	35,260	11,12,970
Information Technology support charges	15,47,438	28,74,326
Membership and subscription	10,198	20,060
Commission	6,45,110	-
Legal and professional fees (Refer Note 20a below)	45,43,433	25,10,884
Recruitment expenses	47,88,500	18,99,094
Payment to auditors :		
Audit fees	5,45,000	5,00,000
Other certification	55,808	-
Reimbursement of expenses	12,980	-
Premium on assignment of portfolio	11,71,879	-
Postage, courier & telephone	23,38,074	13,02,769
Electricity	11,76,206	4,04,000
Repairs and Maintenance expenses - others	3,27,543	2,87,669
Office expenses	20,99,825	7,56,074
Travelling and conveyance	10,03,070	7,37,948
Preincorporation expenses	-	11,15,836
Compensation towards Interest Subsidy/Subvention	96,44,547	-
Loss guarantee	1,94,15,559	-
Director Fees	23,42,339	27,54,760
Miscellaneous	8,56,881	1,02,516
<b>Total</b>	<b>6,48,17,171</b>	<b>2,33,79,884</b>

20.a Legal & Professional Fees includes :

Registrar of Company Fees for increase in share Capital	12,75,000	6,75,000
Stamp Duty on issue of share capital	3,40,000	1,80,000
	<b>16,15,000</b>	<b>8,55,000</b>

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21. Provisions and write offs

for the year April 01 2018 to March 31 2019 (Rupees)	for the period May 01 2017 to March 31 2018 (Rupees)
43,351	-
16,02,543	-
8,96,269	-
<b>25,42,163</b>	<b>-</b>

Provisions on Standard Assets  
 Provision on Non Performing Assets  
 Provision for Contingencies

22. Earnings per share

for the year April 01 2018 to March 31 2019 (Rupees)	for the period May 01 2017 to March 31 2018 (Rupees)
(15,57,34,201)	(3,85,55,190)
58,920	20,920
29,580	6,623
(5,264.85)	(5,821.41)
5,000	5,000

Profit after tax  
 Basic number of equity shares outstanding during the year  
 Weighted average number of equity shares outstanding during the year  
 Earnings Per Share (basic and diluted)  
 Face value per share (Rs.)



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**23. Receivables from Lending Activity**

Particulars	Long Term Loans & Advances	Short Term Loans & Advances	Grand Total
<b>Assigned Receivables</b>			
Standard	80,59,800	38,36,310	1,18,96,110
Sub-standard	7,54,687	8,47,855	16,02,542
<b>Direct Loans</b>			
Standard	49,39,038	5,05,367	54,44,405
<b>Grand Total</b>	<b>1,37,53,525</b>	<b>51,89,5312</b>	<b>1,89,43,057</b>

**24. Taxation**

- (a) The Company has incurred loss during the financial year and hence no provision for tax liability has been accrued in view of taxable losses for the year.
- (b) In view of prudence, no deferred tax asset has been recognised only to the extent of deferred tax liability. Components of deferred tax are as follows:

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Deferred Tax Liability</b>		
Timing Difference between book depreciation and depreciation as per Income Tax Act, 1961	-	1,82,259
Pre-incorporation Expenses	58,023	
<b>Deferred Tax Liability – total (A)</b>	<b>58,023</b>	<b>1,82,259</b>
<b>Deferred Tax Assets</b>		
Employee Benefits u/s 43B	12,79,730	1,00,600
Pre-incorporation Expenses		2,32,094
Timing Difference between book depreciation and depreciation as per Income Tax Act, 1961	4,29,343	-
Provisions and Contingencies	6,60,962	-
Lease Equalisation Reserve	5,41,634	-
<b>Deferred Tax Asset – total (B)</b>	<b>29,11,670</b>	<b>3,32,694</b>
<b>Restricted to Deferred Tax liability</b>	<b>58,023</b>	<b>1,82,259</b>
<b>Net Deferred Tax Asset Recognised</b>	<b>-</b>	<b>-</b>

- 25.** In accordance with RBI Press Release 1998-99/1269 dated April 8, 1999, issued by the Reserve Bank of India (RBI), every Non-Banking Financial Company (NBFC) should satisfy the principal business test wherein fifty per cent of the assets should be financial assets and fifty per cent of the income should be the income from financial assets (also known as asset-income criteria). Since the Company has received its NBFC licence during the year in October 2018 and has commenced the lending business activity only for two months during the year ended 31 March 2019, it was not able to meet the asset-income criteria for the year ended 31 March 2019. A suo-motu clarification was sent by the Company to RBI vide letter dated 10<sup>th</sup> June, 2019.

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**26. Dues to micro, small and medium enterprises**

There are no dues (including interest) to micro, small and medium enterprises as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006. The information regarding micro, small and medium enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

**27. Related Party Transactions**

**Names of related parties and description of relationships**

**List of related parties during the year:**

Name of the party	Nature of relationship
Kreditech Germany SSL GmbH	Holding Company
Ashish Kohli	Managing Director (with effect from 5 <sup>th</sup> July 2018)

**List of transactions with related parties:**

Nature of transactions	Related Party Name	April 2018 to March 31, 2019	May 01, 2017 to March 31, 2018
Issue of equity shares	Kreditech Germany SSL GmbH	5,00,00,000	3,06,00,000
Issue of debentures	Kreditech Germany SSL GmbH	14,00,00,000	7,40,00,000
Conversion of debentures into equity shares (Refer note 3 e)	Kreditech Germany SSL GmbH	14,00,00,000	7,40,00,000
Interest on Debentures	Kreditech Germany SSL GmbH	24,06,828	13,30,194
Remuneration paid	Ashish Kohli	2,86,58,153	-

**Balances with related parties**

Particulars	Related Party Name	As at March 31, 2019	As at March 31, 2018
Interest on debentures	Kreditech Germany SSL GmbH	-	11,93,148

**28. Leases**

The Company has leave and license agreement for office premises. The agreement is a non-cancellable agreement for period of 3 years. The total rent paid during the year against such Leave and Licenses aggregated to Rs.101,74,315 With respect to non-cancellable operating lease, the future minimum lease payments are as follows,

Particulars	As at March 31, 2019	As at March 31, 2018
Not later than one year	1,11,32,265	97,28,652
Later than one year and not later than five years	42,50,501	1,40,72,696
Later than five years	-	-

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**29. Segment Reporting**

In accordance with Accounting Standard-17 "Segment Reporting" as notified under Section 211 (3C) [Companies (Accounting Standards) Rules, 2006, as amended] of the Companies Act, 1956, the Company's business segment is providing unsecured loans and it has no other primary reportable segments.

Accordingly, the segment revenue, segment results, total carrying amount of segment assets and segment liability and total cost incurred to acquire segment assets, is as reflected in the Financial Statements as of and for the year ended 31st March 2019. There is no distinguishable component of the Company engaged in providing services in a different economic environment. The Company renders services in one geographical segment and has no offices outside India. Hence, there are no reportable geographical segments.

**30. Expenditure in Foreign Currency**

Particulars	April 01, 2018 to March 31, 2019	May 01, 2017 to March 31, 2018
Interest paid on Debentures	24,06,828	13,30,194
Professional Fees	-	2,20,692
<b>Total</b>	<b>24,06,828</b>	<b>15,50,886</b>

**31. Movement in Provision for Contingencies**

Particulars	Amount (Rs.)
Opening Balance	-
Addition	8,96,269
Written back	-
Closing Balance	8,96,269

**32. Non-Banking Finance Company Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions 2016.**

Information in accordance with the requirement of paragraph 18 of the Master Direction – Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions 2016 as amended time to time is given in Annexure I.

**33. Going Concern basis of preparation**

The financial Statements have been prepared using the going concern basis of preparation as in the view of Management, supported by cash flow projections approved by the Board of Directors of the Company, the Company will be able to meet its expected cash outflows in the near future. Also refer note 25 above.

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**34. Prior Period Comparatives**

Previous period's figures which are for the period May 01, 2017 to March 2018 have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure

Notes to the Financial Statements referred to herein above form an integral part of the financial statements.

**For Price Waterhouse Chartered Accountants LLP**  
Firm Registration No. 012754N/N500016



**Alpa Kedia**  
Partner  
Membership No. 100681

Place: Mumbai  
Date: June 29, 2019

**For and on behalf of the Board of Directors**



**Ashish Kohli**  
Managing Director  
DIN: 08173836

Place: Mumbai  
Date: June 29, 2019



**Vishal Gabda**  
Chief Financial Officer

Place: Mumbai  
Date: June 29, 2019



**Kaushal Panchal**  
Director  
DIN: 07741161

Place: Mumbai  
Date: June 29, 2019



**Tauseef Shaikh**  
Company Secretary  
ACS No: 23097

Place: Mumbai  
Date: June 29, 2019



**Annexure I**

**Additional information as on March 31, 2019 as required in terms of paragraph 18 of Master Direction - Non-Banking Financial Company-Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016**

Particulars	(Rupees)	
	Amount Outstanding	Amount Overdue
<b>(A) Liabilities Side</b>		
<b>1 Loans and Advances availed by the Company inclusive of interest accrued thereon but not paid</b>		
(a) Debentures		
Secured	-	-
Unsecured ( <i>Refer note 1</i> )	-	-
(other than falling within the meaning of Public Deposits)		
(b) Deferred Credits	-	-
(c) Term Loans	-	-
(d) Inter Corporate Loans and Borrowings	-	-
(e) Commercial Paper	-	-
(f) Public Deposits	-	-
(g) Other Loans (specify nature)		
- Collateralised Borrowings	-	-
- Demand Loans	-	-
- Perpetual Debt	-	-
	-	-
<b>(B) Assets Side</b>		
<b>2 Break-up of Loans and Advances including Bills Receivables (other than those included in (3) below):</b>		
(a) Secured	-	-
(b) Unsecured	1,89,43,058	-
<b>3 Break up of Leased Assets and Stock on Hire and Hypothecation Loans counting towards EL/ HP activities</b>		
(i) Lease assets including lease rentals under Sundry Debtors		
(a) Financial Lease	-	-
(b) Operating Lease	-	-
(ii) Stock on Hire including hire charges under Sundry Debtors		
(a) Assets on Hire	-	-
(b) Repossessed Assets	-	-
(iii) Hypothecation Loans counting towards EL/ HP activities		
(a) Loans where assets have been repossessed	-	-
(b) Loans other than (a) above	-	-
<b>Total</b>	-	-

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Particulars	(Rupees) Amount Outstanding
<b>4 Break up of Investments (Refer note 2 and note 3)</b>	
<b>(A) Current Investments</b>	
(a) Quoted :	
(i) Shares	
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of Mutual Funds	-
(iv) Government Securities	-
(v) Others	-
(b) Unquoted :	
(i) Shares	
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of Mutual Funds	-
(iv) Government Securities	-
(v) Others	-
<b>(B) Long Term Investments :</b>	
(a) Quoted :	
(i) Shares	
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of Mutual Funds	-
(iv) Government Securities	-
(v) Others	-
(b) Unquoted :	
(i) Shares	
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of Mutual Funds	-
(iv) Government Securities	-
(v) Others	-
-Units in Other Funds	-
-Pass Through Certificates	-
-Security Receipts	-
-Investment in Property	-
<b>Total</b>	-

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(Rupees)

Particulars	Amount net of provisions		
	Secured	Unsecured	Total
<b>Borrower Group-wise Classification of all Leased Assets, Stock -on hire and Loans and Advances</b>			
(A) Related Parties			
(a) Subsidiary Companies	-	-	-
(b) Companies in the Same Group	-	-	-
(c) Other Related Parties	-	-	-
(B) Other than Related Parties*	-	1,73,40,514	1,73,40,514
<b>Total</b>	-	<b>1,73,40,514</b>	<b>1,73,40,514</b>

\*Net of Provision for Non-Performing Assets

(Rupees)

6	Investor group-wise classification of all Investments (Current and Long term in shares and securities) (both quoted and unquoted) (Refer note 3 and 4)	Market value/ Break up / fair value/ NAV^	Book value ( Net of Provisions)
1.	Related Parties		
	(a) Subsidiary Companies	-	-
	(b) Companies in the Same Group	-	-
	(c) Other Related Parties	-	-
2.	Other than Related Parties	-	-
	<b>Total</b>	-	-

(Rupees)

7	Other information	Amount
(A)	Gross Non- performing Assets	
	(a) Related parties	-
	(b) Other than related parties	16,02,543
(B)	Net Non- performing Assets	
	(a) Related parties	-
	(b) Other than related parties	-
(C)	Assets acquired in satisfaction of debt	-

Ashish

