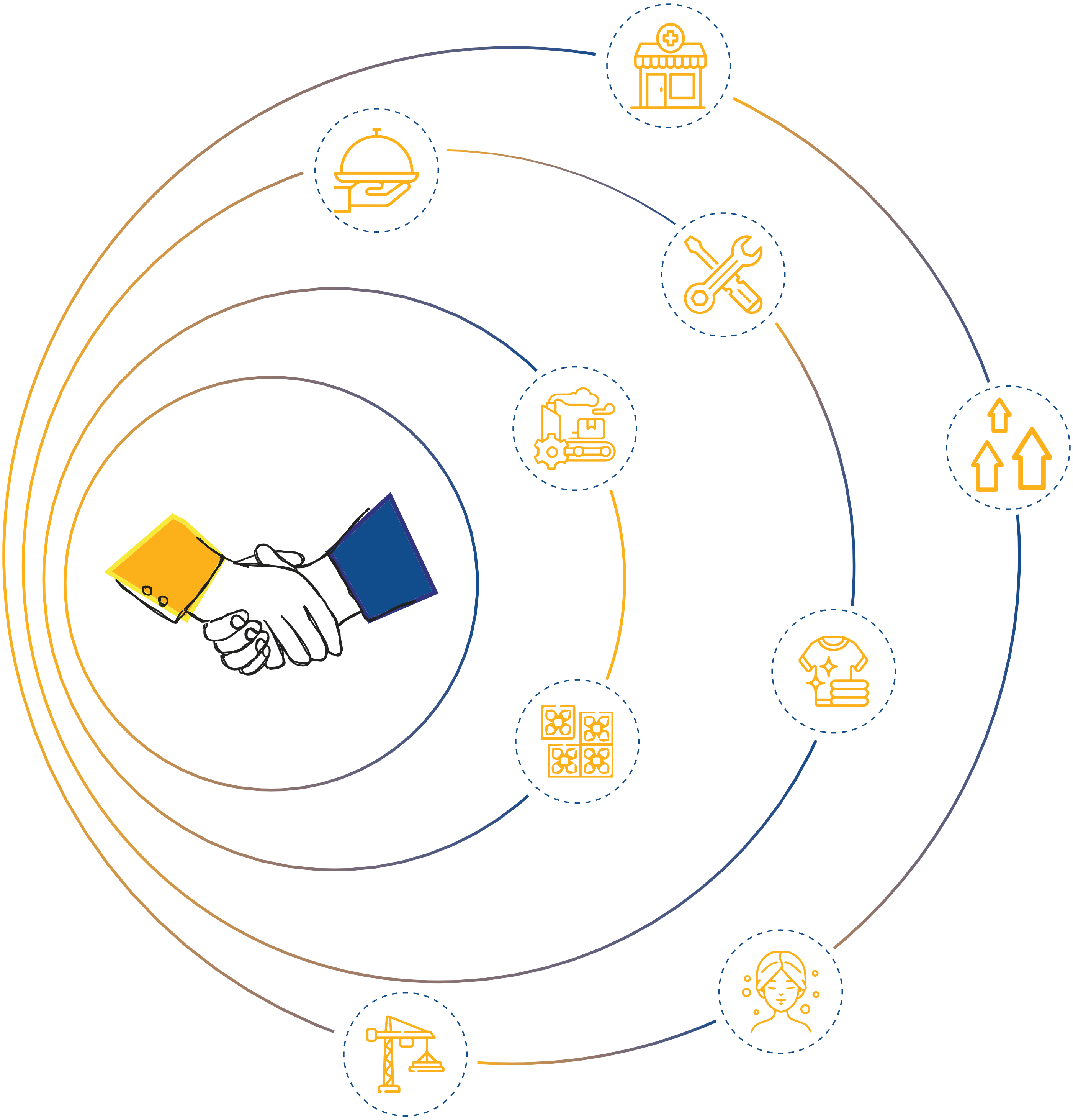
ANNUAL REPORT
2022-23

HFS | Hiranandani Financial Services



Empowering Business, Partnering Growth.

Corporate Information

BOARD OF DIRECTORS

Mr. Harsh S. Hiranandani
Non-Executive Director

Ms. Neha S. Hiranandani
Non-Executive Director

Mr. Gulab Singh Lodha
Non-Executive Director (resigned w.e.f. April 30, 2023)

Mr. Utpal Sheth
Independent Director

Mr. Prem Kumar Chophla
Independent Director

KEY MANAGERIAL PERSONNEL

Mr. Uday Suvarna
Chief Executive Officer

Mr. Rajesh Rajak
Chief Financial Officer

Ms. Richa Arora
Company Secretary and Compliance Officer

Statutory Auditors

M/s. V Sankar Aiyar & Co.
Chartered Accountants

Inernal Auditors

M/s. N.S. Gokhale & Co.
Chartered Accountants

Registered Office

514, Dalamal Towers, 211, FPJ Marg, Nariman Point, Mumbai 400 021

Corporate Office

9th Floor, Sigma Building, Hiranandani Business Park, Technology Street, Powai, Mumbai 400 076

Telephone: +91 22 2576 3690

Email: wecare@hfs.in
Website: www.hfs.in

BRANCHES

Maharashtra

- Aurangabad
- Jalgaon
- Nasik
- Kolhapur
- Thane
- Dhule
- Mumbai
- Pune
- Nandurbar

Gujarat

- Mehsana
- Rajkot
- Himatnagar
- Surat
- Vapi
- Morbi
- Ahmedabad

Tamil Nadu

- Chennai
- Hosur
- Erode
- Tiruppur
- Vellore
- Coimbatore
- Tiruvanamalai
- Kancheepuram
- Salem
- Tiruchirapalli (Trichy)

Telangana

- Warangal
- Sangareddy
- Nalgonda
- LB Nagar
- Somajiguda
- Kukatpally
- Hyderabad (Medchal)
- AS Rao Nagar
- Siddipet
- Karimnagar
- Jangaon
- Suryapet

Andhra Pradesh

- Guntur
- Vizianagaram
- Bobbili
- Kurnool
- Tirupati
- Nellore
- Tuni
- Anantapur
- Anakapalle
- Srungavarapu Kota (S.Kota)
- Dwarkanagar
- Eluru
- Rajahmundry
- Vijayawada
- Kakinada
- Amalapuram
- Srikakulam
- Palakol
- Narasaraopet
- Rajam
- Madanapalle

Rajasthan

- Jaipur
- Sikar
- Udaipur
- Bikaner
- Chittorgarh
- Ajmer
- Nagaur
- Jodhpur
- Bhilwara

Karnataka

- Mysore
- Koramangala
- K R Puram
- Kengeri
- Peenya

Madhya Pradesh

- Indore
- Ratlam
- Dhar
- Mandsaur

LENDERS AND BANKERS

- Aditya Birla Finance Limited
- AU Small Finance Bank Limited
- Axis Bank Limited
- Capital Small Finance Bank
- CSB Bank Limited
- DCB Bank Limited
- HDFC Bank Limited
- ICICI Bank Limited
- IDFC First Bank Limited
- Indian Overseas Bank
- IndusInd Bank Limited
- Kotak Mahindra Bank Limited
- Mahindra & Mahindra Financial Services Limited
- Punjab National Bank
- SBM Bank (India) Limited
- Small Industries Development Bank of India
- State Bank of India
- Tata Capital Financial Services Limited
- The Federal Bank Limited
- Union Bank of India
- Utkarsh Small Finance Bank
- Yes Bank Limited

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Financial Statements

Disclaimer: This document contains statements about anticipated future developments, if any and financials of Hiranandani Financial Services Private Limited ('The Company'), which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions, and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred in this annual report.

Empowering Business, Partnering Growth

In line with our mission, we have taken forward steps towards empowering the Micro and Small Business entrepreneurs in this era of dynamic and frequent movements in the economy leading to increasing need of credit for survival and sustenance of these businesses. 'Empowering Business, Partnering Growth' encapsulates our unwavering dedication and commitment to nurturing, advancing progress and fostering prosperity of these Micro and Small Businesses, thus cultivating a dynamic landscape of entrepreneurial vigor.

In a business environment where each venture carves its distinct path, the importance of tailoring financial solutions becomes paramount. At Hiranandani Financial Services Private Limited ('HFS'), we champion this imperative, recognizing the unique financial demands that propel the evolution of businesses. With a rich diversity of enterprises, we stand prepared to forge meaningful collaborations with our partnered customers, offering them precise financial solutions as they navigate the trajectory to triumph.

Micro and Small Businesses contribute intricately to India's economic canvas. By means of structured lending programs and targeted outreach to Tier 3 and 4 cities, our efforts not only bolster employment rates but also rejuvenate these engines of economic activity.

Thus, 'Empowering Business, Partnering Growth' transcends to being more than a mere thematic statement—it embodies an enduring vow to lead in an era of transformation. In HFS, every business aspiration is not only nurtured but also allowed to take flight, soaring within the vast realm of exceptional opportunities.

We envision to serve as a guiding beacon, igniting a zeal for progress and prosperity within a landscape where businesses of all scales thrive. It is a testament to our firm resolution to empower businesses and cultivate an environment where growth is not just a goal, but a tangible reality—an aspiration that will continue to shape the economic landscape of underserved section of the society for years to come.


₹ 80/-
₹ 100/-
₹ 90/-
₹ 70/-
₹ 45/-

Key Highlights of FY 2022-23

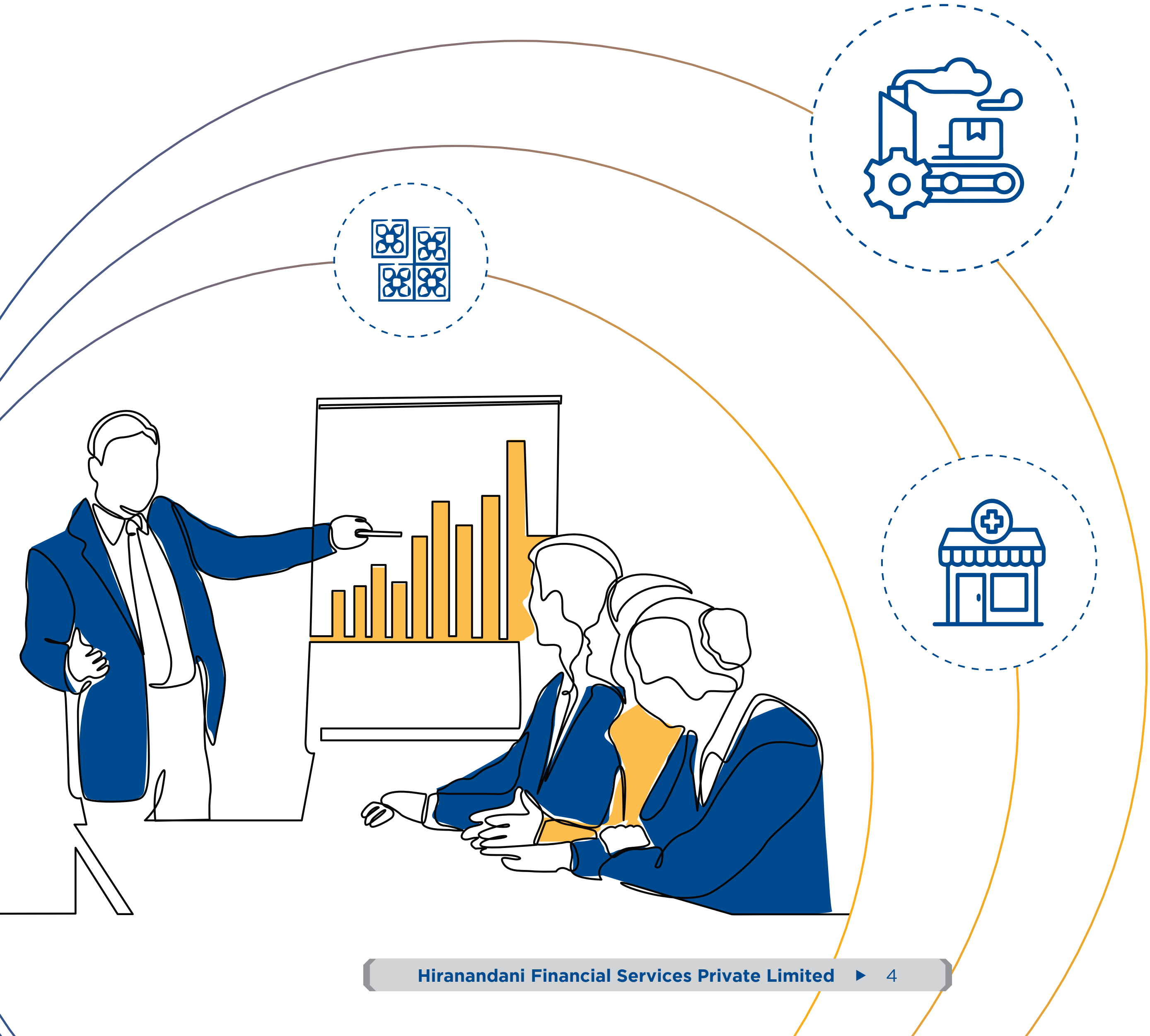
₹ 1,015.60 Crore
Total AUM

₹ 699.49 Crore
Total Borrowings

₹ 513.57 Crore
Net Worth

₹ 96.40 Crore
Net Interest Income

₹ 23.33 Crore
Profit After Tax



ABOUT 'HOUSE OF HIRANANDANI' (HOH)

With an illustrious legacy spanning over four decades, the House of Hiranandani has emerged as a trailblazer since its inception. Founded under the visionary leadership of Mr. Surendra Hiranandani, the House of Hiranandani (HOH) has established itself as a pioneer in crafting integrated communities that have become landmarks across India. This esteemed institution has indelibly transformed the skylines of Mumbai, Bengaluru, Chennai and Hyderabad through its distinctive and acclaimed approach to neighbourhood development, offering unparalleled holistic living experiences.

Renowned as one of the most formidable entities in the real estate realm, HOH stands as a beacon of expertise and reputation. Their aim has consistently revolved around the integration of every family into a bigger, more inclusive community. Anchored by architectural finesse, environment-friendly construction and meticulous planning and design, the iconic and world-class structures not only meet but exceed industry standards.

Presently, the HOH brand is synonymous with excellence and strives to create value for all stakeholders at every step of development. The enduring commitment to innovation, quality, and community integration continues to propel the House of Hiranandani's legacy forward, setting new standards for the real estate industry and etching a resounding impact on the landscape of modern living.

4 Decades
of Expertise

45.79 million Sq. Ft
Area Developed

25,375
Homes Delivered

89,664
Students Educated

61,670
Trees Planted

Key Cornerstones

- Innovation
- Quality Construction
- Adherence to Delivery Schedules
- Superior Design

Values Start at the House of Hiranandani

A customer-first approach is the focal point of our core values. And our endeavors reflect our commitment to uphold the core values of:

- New Urbanism
- Meticulous Planning
- Architectural Prowess
- Quality Construction

Brief Overview
Hiranandani Financial Services

Hiranandani Financial Services Private Limited ('HFS' or 'We') plays a pivotal role in addressing the credit requirements of a significant yet often overlooked segment in India: The Micro and Small Businesses. Our vision is to be the preferred financial partner for Micro and Small Businesses, actively contributing to their development and growth across the nation.

HFS being the proud entity under the umbrella of the esteemed House of Hiranandani reflects the same amount of responsibility and enthusiasm to uphold the lineage while excerpts a distinguish recognition of its own. The company's mission to enable financial inclusion in customers' lives has not only made it a successful and responsible business entity but also a place where customers can find financial solutions to meet their dynamic livelihood needs.

HFS has entered the middle layer category of NBFCs as defined by the Reserve Bank of India (RBI). This classification accentuates our growing significance in the financial sector, positioning us among reputable peers and institutions. HFS has a strong governance framework in place, which includes a Board with independent directors and a highly skilled management, to accommodate the growing requirements.

Our vision encapsulates the essence of empowerment, as we aspire to be more than a financial service provider. We strive to be strategic partners, aiding in the realization of dreams and aspirations that resonate with Micro and Small Entrepreneurs. This commitment is further augmented by our integration of technology and innovation, which enable us to provide efficient solutions and enhance accessibility.

Vision

To be the preferred financial partner for the Micro & Small Enterprises of India.

Mission

To maintain the highest level of governance, sound business practices and a firm commitment to credit standards. We intend to be a customer-centric organization and offer a unique value proposition to every customer as per their requirements.

Our Core Values

- Own the Customer Experience
- Win Together
- Build Credibility and Trust
- Improve Everyday

Operational Highlight

77
Branches across India

10,000+
Customers

900+
Employee Strength

Financial Highlight (FY 2022-23)

₹ 709.43 Crore
Loans Disbursed

₹ 131.10 Crore
Total Income

0.6%
GNPA

Key Milestones Achieved

Almost **doubled** the team strength as of March 31, 2023

A Stable rating for long-term bank facilities from **CRISIL**

CARE ratings upgraded to **'A Stable'** and **'A1'** for long-term and short-term bank facilities, respectively

Branch network expanded to **77** across **8** states

AUM crossed **₹ 1,000 Crore**

Core Differentiator

Hiranandani - the brand that is established as a **synonym of trust** among the customers

Growing stronger with a **healthy capitalization**

Branch-led distribution allows to **maximise the reach in short timeframe**

Secured and diversified portfolio caters to the **dynamic needs of the customers**

Strong governance structure and professional management

HFS | Hiranandani Financial Services

Journey since Inception

FY 2016-17

Incorporation of the Company

FY 2017-18

Received the license from Reserve Bank of India (RBI) to operate as NBFC

FY 2018-19

Started operations in Maharashtra and Gujarat

FY 2019-20

Forayed in Southern India through branches in Andhra Pradesh

FY 2022-23

Net Worth crossed ₹ 500 Crore

Forayed in the central region of India through expanding in Madhya Pradesh

Crossed the milestone AUM mark of ₹ 1,000 Crore

Reached 77 branches in 8 Indian states

Received ‘A’ stable rating for long-term bank facilities from CRISIL

Upgraded to ‘A’ Stable and ‘A1’ ratings from CARE for long-term and short-term bank facilities, respectively

Kicked-off external borrowings for onward lending

FY 2021-22

Received ‘A-’ stable rating for long-term bank facilities and A2+ rating for short-term bank facilities from CARE

Asset Under Management (AUM) crossed ₹ 400 Crore

Reached 50 branches in 7 Indian states

FY 2020-21

Strengthened the southern presence through the branch expansion in Karnataka, Telangana and Tamil Nadu

Forayed in the western region of the country through expansion in Rajasthan

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Promoter's Communique

We have achieved the classification of a middle layer NBFC, in accordance with the framework established by the Reserve Bank of India (RBI). With this transition, our commitment to upholding prudent financial practices, meticulous risk management and ethical lending standards is only strengthened."

Dear Stakeholders,

I am honored to present the 6th Annual Report of Hiranandani Financial Services Private Limited with a deep sense of pride and enthusiasm. This report not only highlights our achievements of the past year but also reflects the collective commitment and dedication we have towards fostering growth and financial inclusion for the MSME sector. We take immense pride in being enablers of their dreams, contributing to economic expansion, job creation, and holistic socio-economic development.

FY 2022-23 was a milestone year for us as we crossed both the ₹ 500 Crore and the ₹ 1,000 Crore Assets Under Management (AUM) mark. We are also happy to announce the expansion of our existing branch network from 50 branches to 77 branches over the financial year and our entry into the State of Madhya Pradesh. As we progressed through the year, our commitment to our core values remained steadfast and served as guiding pillars along our journey. We remained focused on ensuring a seamless customer experience and creating a collaborative environment for all our team members. We significantly reinforced our manpower and our total staff strength crossed 900 at the end of the year. We are grateful to over 10,000 customers who have placed their trust in us to help them fuel their ambitions.

During our growth journey, we are pleased to also emphasize HFS's strides in expanding our liability profile. We have been able to raise loans from over 21 marquee institutions and have well diversified capital partners. During FY 2022-23, our total borrowings stood at ₹ 699.49 Crore with an extremely healthy debt to equity ratio of 1.40 times. These strategic partnerships act as a testament to the confidence our stakeholders have in HFS. In expressing our heartfelt gratitude, we extend our sincere appreciation to our lenders for their unwavering support and steadfast belief in our mission. Their commitment empowers us to explore new avenues, expand our horizons, and further solidify our position as a respected financial partner within the market.

With this impressive trajectory, I am pleased to announce our transition from the designation of a Non-Systemically Important NBFC to the esteemed status of a Systemically Important NBFC. Further, we have achieved the classification of a middle layer NBFC, in accordance with the framework established by the Reserve Bank of India (RBI). This classification underscores our emerging significance within the financial sector. With this transition, our commitment to upholding prudent financial practices, meticulous risk management and ethical lending standards is only strengthened.

Lastly, I wish to extend my sincerest appreciation to our esteemed stakeholders, distinguished board members, diligent team and our valued clientele. Your persistent trust and enduring support constitute the cornerstone of our success.

As we embark upon another promising year, I am confident that together, we will continue to foster a significant impact on the MSME sector and play a pivotal role in advancing our nation's prosperity.

Thank you for being integral contributors to our journey of growth and transformation.

With warm regards,

Harsh S. Hiranandani

Promoter & Director

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Insights of Chief Executive Officer (CEO)

Our vision for the future is rooted in inclusivity and sustainable growth. We aim to expand our presence further, reaching an even larger cross-section of the underserved MSMEs and fostering their journey towards prosperity."

Dear Stakeholders,

As we reflect on the past year, I am glad to share the progress and achievements of our Company. FY 2022-23 stands out as yet another remarkable year for HFS, marked by a series of significant milestones, achieved in our journey, to become the favored financier for micro and small enterprises.

I am delighted to announce that we have crossed the milestone of ₹ 1,000 Crore AUM, coupled with a robust customer base exceeding 10,000. We take pride in this achievement, given the extremely granular and retail-oriented nature of our business, functioning through a direct-to-customer model. What makes this achievement more significant is that we have been able to scale without compromising on our asset quality, while operating at one of the lowest risk costs in this segment. This has been possible due to our strong local focus and understanding of the intricacies of micro market dynamics in both customer and collateral underwriting processes.

As we forge our way forward, geographical expansion remains a key focus area for us. We expanded our distribution network significantly, encompassing 77 branches across 8 states, supported by a dedicated team of over 900 employees, all collectively striving to realize the vision of HFS. We have also significantly stepped up our monthly disbursement run rate and achieved 113% growth in new business. This scale up reflects our agility in responding to the diverse financial needs of the micro and small business segment.

FY 2022-23 also saw us leverage our balance sheet for the first time, and the response has been very encouraging. We now have a diversified lender base comprising reputed names in the financial industry, which strengthens our ability to offer competitive and sustainable financial solutions to our valued customers.

Despite the prevailing global economic uncertainty and stringent financial conditions, the Indian economy is expected to grow further on the back of robust private consumption and an upswing in private investment. The credit demand is expected to remain upbeat with a promising outlook for FY 2023-24. Going by the current momentum, we believe there is a strong growth opportunity in the micro and small business segment and HFS is well positioned to ride this growth wave.

Over the years, we have built a platform for growth and we will now leverage it to scale. The focus for FY 2023-24 will be to utilize the branch network to deliver at a much higher level, thus generating scale and efficiency. This endeavor necessitates strategic investments and emphasis on enhancing process efficiency. We will reassess and rebuild our internal structures, processes, and systems, among others, instilling greater efficiency and readiness to adeptly manage heightened volumes, while upholding our commitment to productivity.

We will also invest significantly to upgrade our technology platforms. To ensure seamless customer onboarding and improve frontline efficiency, we will be revamping our Loan Origination System. Along with this there are multiple technology initiatives planned in areas of finance, operations etc which will help us efficiently manage the scale.

Our vision for the future is rooted in inclusivity and sustainable growth. We aim to expand our presence further, reaching an even larger cross-section of the underserved MSMEs and fostering their journey towards prosperity. The HFS team is excited to embrace the opportunities that lie ahead of us and confident of delivering the planned growth with a strong focus on asset quality as always.

As we conclude another successful year, I take this opportunity to thank the Board members for their valuable input and guidance. I wish to express my sincere admiration for the hard work and commitment displayed by our employees, that ensured we stay on track year after year in achieving our goals. To our customers, we are deeply honored to be your trusted partner in your journey to success. Let us together forge a journey that empowers businesses and propels growth.

Best wishes,

Uday Suvarna

Chief Executive Officer

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Our Product Offerings

A Secured Loans: Loans with Security of Residential or Commercial Property

Designed to empower businesses and individuals alike, HFS offers secured loans that provide a financial foundation for growth and stability to the MSME and other segments of customers. These loans are backed by residential or commercial properties, offering the flexibility of tailor-made loans to address borrowers' needs and enhance trust in the borrowing process with minimal paper work.

Loan Amount

₹ 5-75 Lakhs

Range

Average Ticket Size (ATS)

₹ 10 Lakhs

Area Developed

Tenure

60-120

Months

Yield Range

15–22

Percent

Target Audience

HFS acknowledges the unique financial needs of each segment and strives to provide tailored solutions to drive growth and success.

- Manufacturer
- Services
- Retailers
- Traders
- Salaried individuals

B Unsecured Loans: Loans without Security

For those segment of customers seeking financial support without pledging collateral, HFS offers 'Udhyam' (unsecured) loans that are quick and convenient, addressing immediate financial requirements.

Loan Amount

₹ 3-10 Lakhs

Range

Average Ticket Size (ATS)

₹ 3.5 Lakhs

Tenure

24-36

Months

Yield Range

22-25

Percent

Portfolio Distribution

In line with its commitment to transparency and responsibility, HFS emphasizes collateral security as an integral part of its lending operations. A significant 93% of the collateral security is constituted by residential properties, symbolizing the trust and confidence that customers have in the organization.

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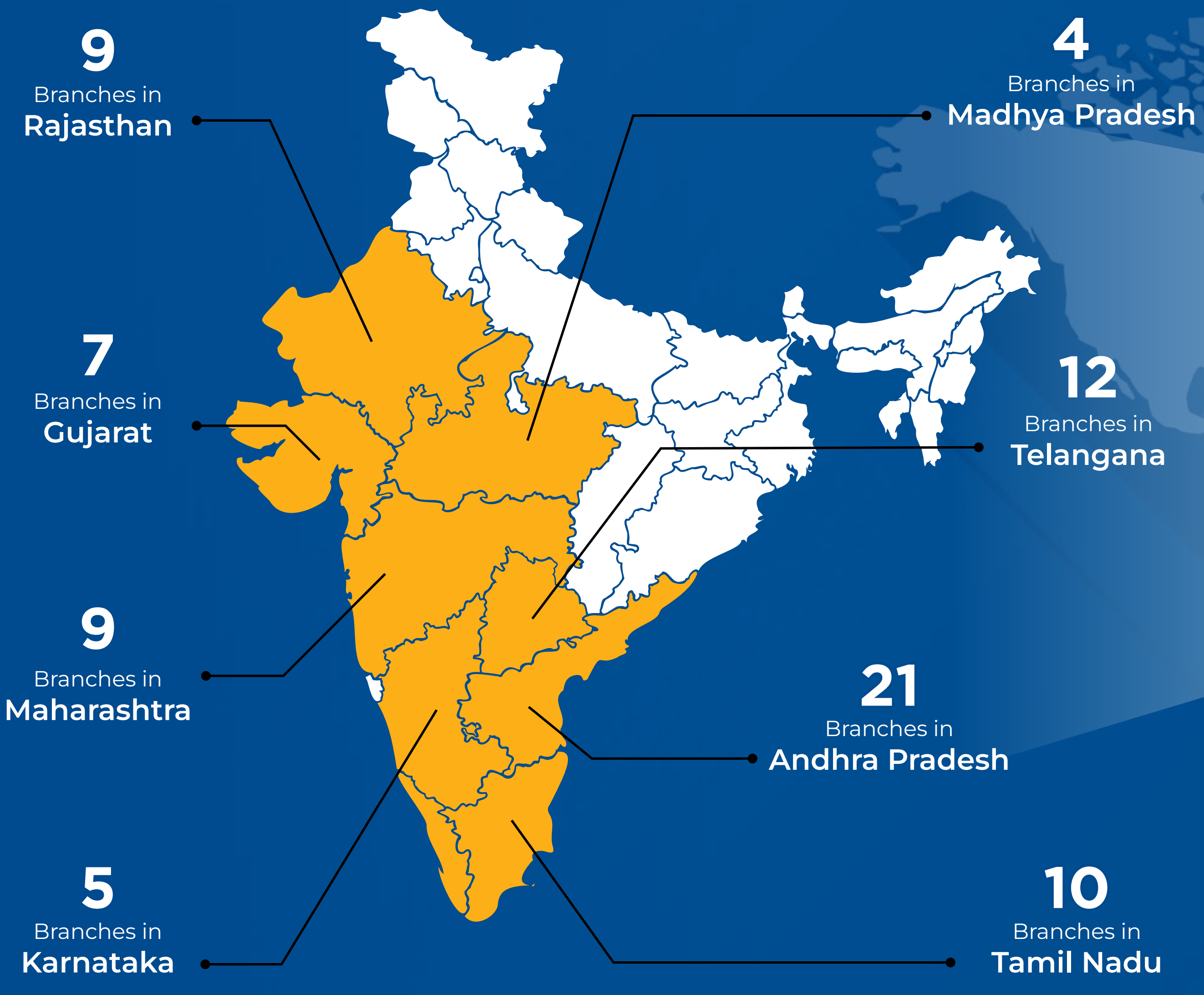
Business Landscape

In the dynamic realm of business, a promising horizon unfolds as companies embark on an ambitious journey of expanding their reach in the western, southern, and central regions of the country. This strategic expansion of physical presence opens doors to new opportunities and markets, propelling enterprises towards greater growth and success.



Disclaimer: This map is a generalized illustration only for the ease of the reader to understand the locations, and it is not intended to be used for reference purposes. The representation of political boundaries and the names of geographical features/states do not necessarily reflect the actual position. The Company or any of its directors, officers or employees, cannot be held responsible for any misuse or misinterpretation of any information or design thereof. The Company does not warrant or represent any kind of connection to its accuracy or completeness.

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Technological Prowess

HFS is committed to utilizing newer technologies to drive digitization, enhance operational efficiency and ensure technological compliance. The Company has made significant strides in leveraging technology. In recent years, these initiatives have enabled HFS to streamline processes, improve customer experience and strengthen its overall technological infrastructure. Adoption of digital technology continues to be a critical pillar of HFS's growth.

Lead Generation

- Data capture & document upload on the go
- Instant in-principle approval based on credit algorithms

Operations and Collections

- eNACH and WhatsApp application for customer servicing
- Multiple payment gateway integrations
- Collection module for instant e-receipts

Underwriting

- Credit decisioning system
- Automated loan eligibility & exception management

Loan Management System

- Integrated Loan management system
- Loan servicing & repayment management
- Delinquency & Non-Performing Assets (NPA) management

Business Communication

HFS recognizes the importance of effective communication with its customers. For this, the Company has integrated WhatsApp into its operations. This popular communication tool has enabled HFS to enhance customer engagement and streamline communication.

Cloud Adoption

HFS has adopted cloud services to enhance its technology infrastructure. These cloud services are scalable and secure cloud computing platforms that have provided HFS with the flexibility to quickly scale its operations, reduce infrastructure costs and improve overall system availability.

By migrating key applications and databases to these cloud services, HFS has achieved higher levels of agility, reliability and performance.

Data Privacy and Protection

Data privacy and protection are of paramount importance to HFS. The Company has implemented strict access controls to ensure that only authorized personnel have access to sensitive data.

Encryption protocols are in place to safeguard data both at rest and in transit. Disaster recovery plans are established to ensure business continuity in the event of any unforeseen incidents. Mock drills are conducted annually to meet the regulatory requirements.

Technology Compliance

As a financial institution, compliance with technology regulations and standards is crucial. HFS is committed to adhering to best industry practices, legal requirements and regulatory guidelines concerning technology usage.

The Company's compliance team has developed and implemented a comprehensive IT framework to ensure the secure and efficient use of technology across the organization. The policy addresses key areas such as data privacy, information security, user access controls, incident responses and disaster recovery. It further continuously monitors the changes in regulations and updates its technology infrastructure accordingly. Regular internal audits and external assessments are conducted to ensure compliance with technology-related regulations.

HFS is committed to using technology to improve its business and provide a better experience for its customers. HFS will continue to invest in technology in the years to come, as it is a key driver of the Company's growth and success.

HFS | Hiranandani Financial Services

Customer
Testimonials

HFS clientele has expressed considerable gratitude with regard to the services provided by the organization. Substantive feedback from patrons spanning the nation has been duly received, including the following:

1

Customer Name: Mr. Yogamurthy

Location: Mysuru

Business: Sri Venkataramanaswamy Betel Nut Plant

Testimonial: I am Yogamurthy. When I decided to venture into the betel nut plant industry, I faced the challenge of securing the necessary resources. Turning to HFS proved to be the right choice. With their financial backing and straightforward approach, I was able to successfully establish Shri Venkataramanaswamy Betel Nut Plant in Mysuru. I appreciate HFS for their instrumental support in making this project a reality.

2

Customer Name: Mr. Karthik S

Location: Peenya, Bengaluru

Business: Vinayaka Wood Craft

Testimonial: I am Karthik S, owner of Vinayaka Wood Craft. For a growing business in Peenya, Bengaluru, I required substantial financial support for expansion. HFS came through with a loan that allowed me to procure wood stock worth ₹ 40 Lakhs. Their commitment to seamless service and efficient assistance played a pivotal role in driving the continued growth and success of Vinayaka Wood Craft.

3

Customer Name: Mr. Tejash R. Ghadiyali

Location: Balitha, Vapi

Business: Cleaning Chemicals, Cleaning Machines and Cleaning Tools, among others

Testimonial: I am Tejash R. Ghadiyali, a prominent supplier of cleaning products in Balitha, Vapi. When it came to establishing my business, HFS proved to be a reliable partner. Their well-structured financial aid not only propelled my business to greater heights but also demonstrated their dedication to delivering excellence consistently.

4

Customer Name: Mr. Lakhamanbhai Hakabhai Lambariya

Location: Sardhar, Rajkot

Business: Galaxy Provision Store

Testimonial: I am Lakhamanbhai Hakabhai Lambariya, overseeing the operations of the esteemed Galaxy Provision Store in Sardhar, Rajkot. HFS's efficient and professional services have significantly streamlined my business operations. The combined effect of their promptness and their sales team's dedication has been integral to enhancing my business experience.

5

Customer Name: Mr. Kalaji Thakor

Location: Bechraji (Mehsana), Gujarat

Business: Maa Xerox and Stationery

Testimonial: I am Kalaji Thakor, owner of Maa Xerox and Stationery, a growing business in Bechraji, Mehsana, Gujarat. Opting for a loan from HFS was a strategic decision that has helped my business reach new level. Their financial support, coupled with a professional approach, has been pivotal in our continued growth and success.

Risk Management Methodologies

HFS has a proprietary and well-suited integrated Enterprise Risk Management (ERM) framework that on a continual basis identifies, assesses, and mitigates risks across the multiple functions. It assists in identification, monitoring and better management of risks associated with the retail lending business. This is in line with the Company's strategy to enable risk unit to act as an active catalyst in supporting the business growth wellwithin the risk appetite framework.

Four-Step Process

Risk Governance ← Risk Identification ← Four-Step Process → Risk Assessment → Risk Management and Mitigation

1

Risk Governance

The Enterprise Risk Management (ERM) framework is overseen by the Board of Directors and the Risk Management Committee, with additional oversight from the Chief Risk Officer. The Risk Management Committee assumes responsibility for defining the Company's risk appetite and ensuring the optimal functioning of the ERM framework.

2

Risk Identification

The ERM framework systematically identifies risks across the entirety of the organization, encompassing strategic, operational, sectoral, legal, and compliance risks, in addition to cyber security and information security risks.

3

Risk Assessment

Within the ERM framework, a comprehensive assessment is conducted to determine the likelihood and potential impact of each identified risk. The likelihood of a risk is gauged by its probability of occurrence, while the impact is gauged by the scale of consequences should the risk materialize.

4

Risk Management and Mitigation

The ERM framework undertakes risk management through a multi-step process encompassing risk identification, the implementation of tailored mitigation strategies and rigorous monitoring of implementation effectiveness for successful risk reduction, where feasible. Moreover, risk mitigation is accomplished through a diverse array of methodologies, including strategic risk management planning, early-stage risk identification and analysis, prompt execution of corrective actions, continuous vigilance and re-evaluation, effective communication, documentation, and coordination protocols.

While a top down mandate is required to implement ERM, having a conducive risk culture will ingrain it into various parts of the organization. To achieve that, management and the risk unit shall demonstrate the benefits of having an effective Enterprise Risk Management program and encourage business leaders to proactively identify risks or challenges. There shall be free and open forums at various levels in the entity to discuss risks or challenges to the business, bubbling up to the right level of leadership. Business leaders shall take the responsibility for proactively managing the risks and achieve the stated goals.

Building the Culture through Strategy & Governance

Strategy

Strategy & Business Objectives

- Vision Statement
- Mission Statement
- Culture & Values
- Senior Management Personnel – KPIs & Scorecard
- Goals & Scorecard for the Functional Head & Team

Governance

4-Layered Governance

- Board of Directors
- Risk Management Committee (RMC)
- Other Committees / Sub-Committees –
  - Audit Committee
  - Asset Liability Committee
  - IT Strategy Committee
  - Nomination & Remuneration Committee
  - Finance Committee
  - Investment Committee
  - Internal Complaint Committee (POSH)
- Unit Risk Controls

Risk Structure

The ERM framework is supported by a three-lines-of-defence approach to risk management. The three lines of defence are:

- **Business and Support Units: The First Line of Defence**

  The business units are responsible for identifying, assessing, and mitigating risks within their own areas of responsibility.

- **Risk Management Unit: The Second Line of Defence**

  The risk management unit provides oversight of the risk management process and ensures that the first line of defence is effectively managing risks.

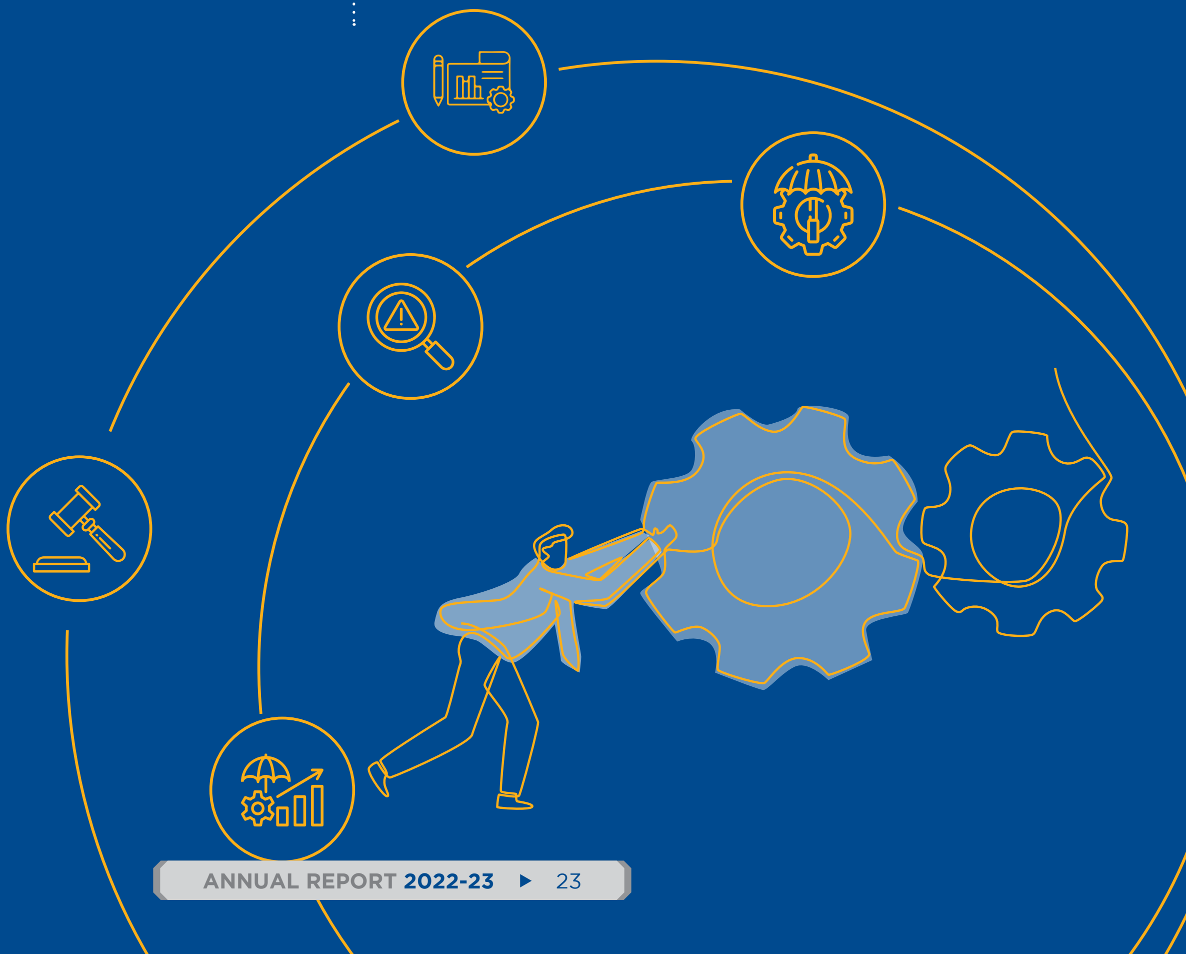
- **Internal Audit Unit: The Third Line of Defence**

  Internal audit evaluates the effectiveness of the risk management process and provides independent assurance to the Board of Directors.

The ERM Framework

Valuable tool for HFS to manage risk and ensure the long-term success of the Company

- Aligned with best industry practices and regulatory requirements
- Reviewed and updated on an annual basis to ensure its effectiveness



People-Centric Culture

HFS places emphasis on its employees such that it can make its employees feel valued and appreciated. This serves as a motivation for them to collectively advance towards achievement of organizational goals. The Company's Human Resource initiatives are designed to help employees learn and grow, achieve their career goals, and feel valued and appreciated. HFS had a successful year in FY 2022-23, with significant growth in both employees and branches.

The Company also launched a number of new initiatives to support employee learning, career growth, health and wellness, and engagement. These initiatives have helped to create a positive and productive work environment, and have contributed to the Company's success.

HFS Academy - The Company's Digital Learning Platform

The platform offers new learning modules on Business Operations, eNACH, Know Your Customer (KYC), Cash Handling and Prevention of Sexual Harassment (POSH).

UDAAN - A Career Growth Program for Relationship Managers

- The program offers top performers the opportunity to earn fast-track promotions as well as an international holiday
- As of March 2023, 11 employees have qualified for the program

Mental Health Awareness - The Company organized a Mental Health Awareness Workshop

The workshop conducted by a trained psychologist which was focused on helping employees manage their mental health; the Company also organized a health check-up camp at Head Office.

Partnership with 'Refyne'- India's First On-Demand Salary App

In order to provide our employees with greater financial flexibility and help them manage unexpected expenses or emergencies that may arise between pay checks, this collaboration allows employees to withdraw their earned salaries before pay day.

Other Engagement Activities

During the year, the Company not just celebrated different occasions, embracing the diversity in its workforce but also organized an Art Contest. The contest was open to all employees and the winning entry graced the cover of the quarterly employee magazine – 'PULSE'. HFS also published multiple editions of PULSE during the year.

The Company also organized 'EUREKA' - 'Game Changing' ideas contest for its employees. The team presented their Game Changing ideas to the Senior Management and the best Game Changing idea was rewarded with a cash prize. Additionally, three Smart Tweak ideas were also rewarded with gift vouchers.

Employee Service Awards

Long-Term Service Award

HFS launched service awards to recognize employees who have served in the organization for three or more years. The awards are a way for HFS to show its appreciation for the hard work, loyalty and dedication of its employees.

'Exemplar of Values' Award

During the year, the Company launched the 'Exemplar of Values' Award. The award recognizes employees who have lived the values of the organization and have been ideal examples for other employees to emulate. Five employees have received this award so far.

Excellence Award

The Company also recognized many employees for their significant contribution and outstanding achievements with the monthly 'Shining Star' as well as quarterly 'Culture Champions' awards.

These awards celebrate achievements of its employees and express gratitude for their hard work. During the year, 25 employees have received the excellence awards.

As we move forward, we remain committed to refining and expanding our Human Resources initiatives to ensure that our employees continue to thrive in a supportive and dynamic work environment. We extend our gratitude to our dedicated employees whose collective efforts have contributed to our shared success.

Stakeholder Engagement

The ability to engage and communicate effectively with stakeholders is a critical skill for organizations, as it not only enhances decision-making but also cultivates trust and support, ultimately contributing to the overall success and sustainability of the business. HFS has identified four key stakeholders namely Customers, Employees, Lenders and Government/Regulatory bodies and engages with them on a constant basis to strategize and address their diverse needs and interests, thereby ensuring sustainable growth and compliance within the dynamic business environment.

Stakeholder Group	Importance	Key Concerns	Engagement Modes
Customers	Key source of business revenue and growth, relying on financial services for their financial well-being	Financial services, investment opportunities	• Digital tools • House visits • Notice board • Interaction at the branches • Surveys and feedback
Employees	Drive Company operations, growth, and innovation; their skills and dedication contribute to overall success	Job security, growth opportunities	• Internal meetings • Training and development programs • Employee engagement activities • Feedback
Lenders	Key pillars for business growth by aiding the funding requirements of the Company	To maintain the expected business growth with healthy asset quality and profitability	• The Company endeavours to maintain long-term relationships by active management interaction and transparency
Regulators	Ensure adherence to laws and regulations, maintaining trust and legality in company operations	Compliance, reputation	• Compliance with regulatory requirements • Regular and timely exchange of information to the regulators • Dissemination of regulatory updates

HFS | Hiranandani Financial Services

Board of Directors

Our Board is committed to representing the long-term interests of stakeholders, ensuring good governance and providing fair and unbiased business judgment. With a wealth of diverse experience and professional ethics, our Board is highly regarded. The proficient and skilled management team assists the Chief Executive Officer in the day-to-day operations of the Company, under the Board's supervision.

Meet the Board

Mr. Harsh S. Hiranandani
Promoter & Director

Mr. Harsh S. Hiranandani, the visionary founder, is the driving force behind Hiranandani Financial Services Private Limited. With a remarkable career commencement at Credit Suisse's esteemed investment banking division in New York, Mr. Harsh actively engaged in a myriad of cross-border advisory and fund-raising transactions. An outstanding alumnus of the University of Chicago, he holds an Economics major with top honors, underscoring his exceptional academic achievements. His expertise and leadership have been instrumental in conceiving and establishing Hiranandani Financial Services Private Limited as a prominent player in the financial industry.

Ms. Neha Hiranandani
Promoter & Director

Ms. Neha Hiranandani, is a dynamic and transformational leader who has skillfully blended her business acumen and strategic mindset to propel House of Hiranandani to the forefront of the Indian real estate industry. With an impressive educational background, she is an alumna of the University of Virginia and holds a Law degree from India. Ms. Neha's exceptional leadership has played a pivotal role in establishing House of Hiranandani as a sought-after and prestigious brand in the real estate sector. Neha's visionary approach has helped the Company achieve its ambitions in a short span of time.

Mr. Utpal Sheth
Independent Director

Mr. Utpal Sheth, is a seasoned leader with remarkable business acumen and extensive expertise, providing invaluable insights for the Company's long-term growth. As the Chief Executive Officer and Senior Partner of Rare Enterprises, he brings a wealth of experience to ensure the highest level of corporate governance, skillfully balancing the interests of all stakeholders. Mr. Sheth's idealistic leadership extends beyond Rare Enterprises, as he also serves as the founder and mentor of Trust Group and Chanakya Wealth Creation. With an impressive academic background, he is a Commerce Graduate, Cost Work Accountant (CWA), Chartered Financial Analyst (CFA) and also holds a Diploma in Systems Management (DSM) from NIIT, further exemplifying his commitment to excellence in the financial realm.

Mr. Prem Kumar Chophla
Independent Director

Mr. Prem Kumar Chophla, is a distinguished professional who served as the Chief General Manager at the Reserve Bank of India (RBI) until his retirement in 2018. With an illustrious career spanning over three decades, he played integral roles in various critical divisions of the Reserve Bank of India (RBI), encompassing Bank Supervision, NBFC, Risk Assessment, Financial Inclusion, IT Strategy, and Internal Controls. Mr. Chophla academic achievements are equally Impressive. He holds a master's degree in Finance & Control and is a Certified Associate of the Indian Institute of Bankers (CAIIB). His vast wealth of experience and expertise have significantly contributed to the banking and financial landscape in India.

Mr. Parveen Kumar Gupta
Advisor to the Board

Mr. Parveen Kumar Gupta, is an accomplished leader who previously served as the Managing Director of Digital & Retail Banking at State Bank of India. Presently, he holds the esteemed position of Non-Executive Chairman at Utkarsh Small Finance Bank. Throughout his distinguished career, Mr. Gupta has played a key role in shaping policies at various levels, showcasing his invaluable expertise. Adding to his impressive credentials, he is also an Associate Company Secretary from the Institute of Company Secretaries of India, further solidifying his reputation as a seasoned professional in the financial sector.

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Leadership **Team**

Mr. Uday Suvarna
Chief Executive Officer

Mr. Uday Suvarna is a veteran professional renowned for building scalable and profitable businesses. Being the Chief Executive Officer and a visionary leader, he has crafted short and long-term strategic frameworks, ensuring their successful execution to achieve HFS's goals. He has a distinguished career that includes roles at esteemed financial institutions like IndusInd Bank, HDFC Bank, and GE Money. With an extensive professional experience, Mr. Suvarna also holds a Master's degree in Management Studies and is a Bachelor of Science from Mumbai University.

Mr. Kartik Nagda
Chief Business Officer

Mr. Kartik Nagda boasts over two decades of expertise in the Retail Lending domain. As Chief Business Officer, he spearheads the overall business growth of the Company and leads Retail Sales, Product Development, and Marketing functions. Mr. Nagda's impressive resume features roles at prominent organizations such as HDFC Bank and GE Money, complemented by a Post Graduate Degree from Symbiosis Institute of International Business, Pune.

Mr. Rajesh Rajak
Chief Financial Officer

Mr. Rajesh Rajak is the Chief Financial Officer (CFO) at HFS, leading the Finance & Accounts, Financial Planning & Analysis and Treasury functions. He has over two decades of experience in the banking and financial sector covering diverse areas such as Audit, Financial Controlling, Planning and Strategy and Investor Relations.
Mr. Rajak has served in leadership positions at HDFC Bank and IIFL Finance. Prior to these roles, he had worked at Ernst & Young. With a wealth of professional experience, Mr. Rajak's academic qualifications include being a rank-holding qualified Chartered Accountant. In addition to this, he has also passed all levels of Chartered Financial Analyst (USA) and Financial Risk Manager, GARP(USA) examinations.

Mr. Manish Odeka
Chief Risk Officer

Mr. Manish Odeka plays a pivotal role in driving Enterprise Risk Management, fraud control, collateral management, information security, and debt service management. He holds over seventeen years of experience in the retail banking industry. With leadership experience in prominent NBFCs such as Reliance Money and Fullerton India Credit, as well as a stint at ICICI Bank, Mr. Odeka's credentials include being a Chartered Accountant and holding an Executive MBA from the Emeritus Institute, Singapore.

Mr. Dheeraj Mittal
Chief Operating Officer

Taking charge of Operations, Information Technology and Administration functions, Mr. Dheeraj Mittal has over twenty-four years of experience of functional exposures in these segments from his previous associations with organizations like Reliance Money, IDFC First Bank, HDFC Bank, and GE Money. He holds Masters in Finance Administration and Masters in Commerce.

Mr. Suresh Mehra (appointed w.e.f. April 14, 2023)
Chief Human Resource Officer

Mr. Suresh Mehra has over two decades of experience in the BFSI industry and HR function. At HFS, Mr. Mehra oversees the HR function and skillfully executes HR strategies in support of the overall growth plans of HFS. He is Post Graduate from the Indian Institute of Foreign Trade, New Delhi. With a background in various leadership roles at Axis Bank, as the head for HR Relationship for Retail Banking, Corporate Banking and Corporate Centre along with Talent Acquisition and Centre of Excellence for Performance and Talent Management. He possesses an Executive Post Graduate Diploma in International Business from Indian Institute of Foreign Trade, New Delhi.

Mr. Hemanshu Parekh
Head – Credit Underwriting

Taking charge of credit underwriting division at HFS, Mr. Hemanshu Parekh having rich experience of over seventeen years. Mr. Parekh has managed multiple roles including serving regional level for Mortgages, Unsecured loans and has also managed policy as Product Risk Manager for Loan against Shares, Gold Loans and Branch Banking/offshore product during his time at HDFC. Prior to joining HFS, he was part of Ambit Finest Private Limited, heading the Credit vertical. Mr. Parekh is a qualified Chartered Accountant and holds a Diploma in Information Systems Audit.

BOARD'S REPORT

To

The Members,

Hiranandani Financial Services Private Limited ("the Company")

The directors of the Company have pleasure in presenting the Sixth Annual Report on the business and operations of the Company together with the audited financial statements for the financial year ended March 31, 2023.

❖ FINANCIAL RESULTS AND HIGHLIGHTS:

➢ FINANCIAL SUMMARY

The summary of the Company's financial performance as on March 31, 2023 as compared to the financial year ended March 31, 2022 is given below:

(Amount in Crore)

Particulars	Financial Year ended March 31, 2023	Financial Year ended March 31, 2022
Total income	131.09	44.05
Total expenditure	99.92	52.92
Profit/(Loss) before taxation	**31.17**	**(8.87)**
Provision for taxation (net)	7.84	(2.23)
Profit/(Loss) for the year	**23.33**	**(6.64)**
Add: Other comprehensive income for the year	0.18	0.00
Add: Balance brought forward from previous year	(12.06)	(5.43)
Less: Transfer to Reserve Fund under section 45-IC of the RBI Act, 1934	4.67	0.00
Surplus/(deficit) in the statement of profit and loss	**6.78**	**(12.06)**
Earnings per share:		
Basic	**0.52**	**(0.30)**
Diluted	**0.52**	**(0.30)**

➢ HIGHLIGHTS OF FINANCIAL PERFORMANCE

During the year under review, the Company had earned a total income of ₹ 131.09 Crore, as compared to ₹ 44.05 Crore in the previous financial year ended March 31, 2022. The net profit of the Company for the aforesaid reporting period stood at ₹ 23.33 Crore as against to net loss of ₹ 6.64 Crore for the previous financial year ended March 31, 2022.

The Company has adopted the Indian Accounting Standards (IND-AS) for FY 2022-23. This involves giving IND-AS compliant comparatives for FY 2021-22 and as on April 01, 2021 being the date of transition. Accordingly, the figures for the previous year was re-casted and audited by Statutory Auditor of the Company as per the new accounting standards.

➢ APPROPRIATIONS

According to the provisions of section 45-IC of the RBI Act, 1934, the Company transferred an amount of ₹ 4.67 Crore to RBI Reserve fund for the financial year ended March 31, 2023.

- **DIVIDEND**

  In order to conserve its resources, the Board of the Company did not recommend any dividend for the year under review.

- **BORROWING & CAPITAL ADEQUACY RATIO**

  As on March 31, 2023, the Company had a total outstanding borrowing of ₹ 699.49 Crore out of which secured borrowings (secured against the pool of loan assets) stands at ₹ 653.49 Crore.

  No interest payment or principal repayment of the term loans was due and unpaid as on March 31, 2023.

  The Company's total Capital Adequacy Ratio (CAR) as at March 31, 2023 stood at 49.64% as against 82.36% as on March 31, 2022 of aggregate risk weighted assets on balance sheet and risk adjusted value of the off -balance sheet items, which is well above the minimum regulatory requirement of 15%.

INFORMATION ON THE STATE OF AFFAIRS OF THE COMPANY:

- **OPERATIONAL HIGHLIGHTS OF THE YEAR:**

  - **Assets under management**

    During the year under review, the total Asset under Management (AUM) had increased to ₹ 1,004.83 Crore from ₹ 415.27 Crore due to continuous focus laid by the Company.

  - **Branches**

    As on March 31, 2023, the Company had network of 77 branches in 8 states.

  - **Compliance & Regulatory**

    During the year under review, the Company continues to comply with all applicable laws, rules, circulars and regulations.

    The Board of Directors has framed various policies as applicable to the Company and periodically reviews the policies and approves amendments as and when necessary. A consolidated compliance certificate in respect of various laws, rules and regulations applicable to the Company is placed before the Board on a regular basis and reviewed by the Board.

    During the year, the employees in branches were trained in a systematic manner on various regulatory updates relevant for the business, Know Your Customer (KYC) regulations and Fair Practices Code.

- **CHANGE IN NATURE OF BUSINESS**

  There has been no change in the nature of business of the Company during the year under review.

BUSINESS OUTLOOK & INDUSTRY OVERVIEW

As the world emerged from the Covid-19 induced global slowdown, the global economy faced new headwinds due to the Russia-Ukraine conflict. The conflict along with the impact of monetary easing during Covid-19 resulted in high inflation and increase in interest rates across the world. However, the NBFC sector in India has been resilient due to strong policy initiatives from the government and strong capitalization of NBFCs, who have maintained their importance in the financial sector ecosystem and are expected to continue to contribute in increasing access to credit, especially in the unserved and underserved segments of society.

The global economy is perceived to be on the brink of a gradual recovery from the severe impact of the pandemic and Russia Ukraine conflict as we move closer to 2024. Although the economic losses were huge, the NBFC sector has been recovering well on the back of strong policy initiatives from the government. NBFCs have shown remarkable resilience and gained importance in the financial sector ecosystem and are expected to remain a force to reckon with in the Indian credit landscape.

Customer-centricity forms the core of HFS. As an NBFC, we are continuously expanding our networks in our target customer segment in tier-II and tier-III cities of India. Our values have been guiding our strategies. Focusing on small-sized loans, we are focused to transform the customer fulfilment through creating of a robust digital infrastructure which will complement our branches to offer the best-in-class credit offering to our customers. HFS intends to take the customer experience to a superior level.

❖ CAPITAL AND DEBT STRUCTURE:

➢ Authorized share capital

As on March 31, 2023 authorized share capital stood at ₹ 10,000,000,000/- (Rupees One Thousand Crore Only) comprising of;

a. Class A Equity Shares of ₹ 9,940,000,000/-(Rupees Nine Hundred and Ninety Four Crore Only) divided into 994,000,000 (Ninety Nine Crore and Forty Lakhs) Equity Shares of ₹ 10/- (Rupees Ten only) each ("Class A Equity Shares");

b. Class B Equity Shares of ₹ 30,000,000/- (Rupees Three Crore only)divided into 3,000,000 (Thirty Lakhs) Equity Shares of ₹ 10/- (Rupees ten only) each with differential voting rights ("Class B Equity Shares"); and

c. Class C Equity Shares of ₹ 30,000,000/-(Rupees three Crore only) divided into 3,000,000 (Thirty Lakhs) Equity Shares of ₹ 10/- (Rupees ten only) each with differential voting rights ("Class C Equity Shares");

There has been no change in Authorized Share Capital of the Company during the year under review.

➢ Paid-up share capital

During the year under review, the Company has issued and allotted 100,000,000 (Ten Crore) Class –A Equity Shares of ₹ 10/- (Rupees Ten Only) each at par i.e. at ₹ 10/- (Rupees Ten Only) each aggregating 1,000,000,000/- (Rupees One Hundred Crore only). The details of which are provided hereunder:

Date of Issue	Date of allotment	Method of allotment	Issue Price (In ₹)	Number of shares allotted	Number of shares or securities allotted to the promoter group	Amount of allotment (In ₹)
September 30, 2022[1]	October 20, 2022	Right Issue	10 (Ten only)	100,000,000 (Ten Crore)	100,000,000 (Ten Crore)	1,000,000,000 (One hundred Crore only)

[1]*date of offer letter, The Board had approved Right Issue at its meeting held on September 30, 2022.*

Post allotment of equity shares as aforesaid, the paid up share capital of the Company as on March 31, 2023 stands at ₹ 5,003,000,000/-(Rupees Five Hundred Crore and Thirty Lakhs Only) divided into 500,000,000 (Fifty Crores) Class A equity shares of ₹ 10/- (Rupees Ten Only) each fully paid up and 3,000,000 (Thirty Lakhs) Class B equity shares having face value of ₹ 10/- (Rupees Ten Only) each and ₹ 1/- (Rupee One Only) called and paid up.

➢ EMPLOYEE STOCK OPTIONS

The Company had introduced Hiranandani Financial Services ("HFS") Employees Stock Option Scheme 2020 **("ESOP 2020")** for eligible employees with a view to attract and retain talent, align individual performance with the Company objectives and promote increased participation by them in the growth of the Company. During the year under review, there was no change in (ESOP scheme).

The information pertaining to ESOP in terms of Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 as on March 31, 2023 is annexed with this report as **Annexure-I.**

During the year under review, Company has not issued any convertible securities, sweat equity shares, debentures, bonds or non-convertible securities

BOARD'S REPORT (Contd.)

❖ CREDIT RATING

The brief details of the ratings received as on March 31, 2023 from the credit rating agencies by the Company for its outstanding instruments are as follows:

Facilities	Rating Agency	Rating Assigned
Short term Bank Facilities	Credit Analysis and Research Limited (CARE)	CARE A1
Long term Bank Facilities	Credit Analysis and Research Limited (CARE)	CARE A/Stable
Long term Bank Facilities	Credit Rating Information Services of India Limited (CRISIL)	CRISIL A/Stable

❖ INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

During the year under review, the provisions of section 125 of the Companies Act, 2013("the Act"). and rules made thereunder were not applicable to the Company.

❖ MANAGEMENT OF THE COMPANY:

➢ Directors

The composition of the Board is in accordance with the provisions of the Act. As on March 31, 2023, following are the directors on the Board of the Company:

Sr. No.	Director's name	Designation
1	Mr. Harsh S. Hiranandani	Non-Executive Director
2	Ms. Neha S. Hiranandani	Non-Executive Director
3	Mr. Gulab Singh Lodha*	Non-Executive Director
4	Mr. Utpal Hemendra Sheth	Independent Director
5	Mr. Prem Kumar Chophla**	Independent Director

* ceased to be director w.e.f. April 30, 2023.

* * appointed as a director of the Company w.e.f May 20, 2022

During the year under review, Mr. Prem Kumar Chophla was appointed as an Additional Director in the capacity of Independent director with effect from May 20, 2022 to hold the office till conclusion of the ensuing Annual General Meeting ("AGM"). At the AGM held on September 30, 2022, the members had approved appointment of Mr. Prem Kumar Chophla as an independent director for a period of five years i.e. May 20, 2022 to May 19, 2027.

Also, during the year under year, Mr. Parveen Kumar Gupta, Independent Director of the Company has resigned with effect from May 11, 2022 due his other commitments.

During the year under review, the directors of the Company have complied with the Fit & Proper criteria set out in the RBI guidelines on Corporate Governance.

None of the directors of the Company are disqualified as per the provisions of section 164(2) of the Act. The directors of the Company have made necessary disclosures, as required under various provisions of the Act.

After the end of the financial year March 31, 2023 to which the report relates and the up to date of the report, Mr. G.S. Lodha (DIN: 08014426), Non-executive director, due to increase in his other commitments, had resigned from directorship of the Company with effect from April 30, 2023. The Board places on record its sincere appreciation for his valuable contribution and the services rendered by Mr. G.S. Lodha during his tenure as Non-executive director of the Company.

➢ Key managerial personnel ("KMP")

During the year under review, following changes were recorded form KMPs:

a) Mr. Ankit Kumar Jain, Company Secretary of the Company has resigned from said post with effect from June 15, 2022. The Company had appointed Ms. Richa Arora as a Company Secretary & Compliance officer of the Company with effect from June 15, 2022.

b) Mr. Vivekanand Ramachandran, Chief Financial Officer of the Company has resigned with effect from August 30, 2022. In his place, Company had appointed Mr. Rajesh Rajak as Chief Financial Officer with effect from November 03, 2022.

As on March 31 2023, the Company had the following KMPs:

Sr. No.	Name of KMP	Designation
1	Mr. Uday Suvarna	Chief Executive Officer
2	Mr. Rajesh Rajak	Chief Financial Officer
3	Ms. Richa Arora	Company Secretary & Compliance Officer

➢ 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 STATEMENTS RELATE AND THE DATE OF THE REPORT:

After the end of the financial year March 31, 2023 to which the report relates and the up to date of the report, there were no material changes and commitments which would affect the financial position of the Company.

➢ DECLARATION BY INDEPENDENT DIRECTORS

The Company has received necessary declarations from independent directors of the Company that they meet the criteria of independence as laid down in Section 149 of the Act and have complied with the Code for independent directors as prescribed in Schedule IV of the Act.

The independent directors have also confirmed compliance with the provisions of Rule 6 of Companies (Appointment and Qualifications of Directors) Rules, 2014, relating to inclusion of their name in the databank of independent directors.

Further, on an ongoing basis as a part of the agenda of meetings of the Board/ Committee(s), presentations are regularly made to the independent directors on various matters inter alia covering the Company's businesses and operations, strategies, risk management framework, industry and regulatory updates and other relevant matters.

➢ BOARD MEETINGS

During the year under review, the Board met 8 (Eight) times. The details of the Board meetings are given in the Corporate Governance Report.

The agenda for the meetings were circulated to the directors in timely manner. The minutes of the meetings of the Board were circulated amongst the members of the Board for their perusal.

➢ COMMITTEES

During the year under review, the Company has constituted 3 (Three) additional Committees i.e. **"Audit Committee, Nomination and Remuneration Committee and IT Strategy Committee"** w.e.f. June 15, 2022.

As on March 31, 2023, the Company had the following committees:

- Audit Committee
- Nomination and Remuneration Committee
- ESOP Committee
- Risk Management Committee
- Finance Committee
- IT Strategy Committee
- Investment Committee
- Asset Liability Committee

Details of the composition and meetings of various Committees are provided in the Corporate Governance Report.

During the year under review; a separate meeting of independent directors of the Company was held on March 21, 2023, wherein the performance of the non- independent directors, performance of the Board as a whole (including Committees) and the performance of the Chairman get elected in each and every meeting was reviewed in terms of the provision of the Act.

CORPORATE GOVERNANCE REPORT:

As required under RBI regulations, the report on Corporate Governance for the Company is annexed as Annexure-2 and forms an integral part of this Annual Report.

COMPANY'S POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION

During the year under review, as per the provisions of the Companies Act, 2013, the Company being unlisted private limited company, was not required to adopt policy on directors' appointment and remuneration.

BOARD EVALUATION

During the year under review, the Company being unlisted private limited company was not required to include statement with respect to annual evaluation of Board, its committees and individual directors.

PARTICULARS OF EMPLOYEE REMUNERATION

The Company, being unlisted private limited company, is not required to provide disclosure of remuneration details of employees pursuant to section 197 of the Act, read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors, based on the information/explanations/representations received from the operational management, in accordance with provisions of section 134(3)(c) and 134(5) of the Act, confirm that:

i. in the preparation of the annual accounts, the applicable accounting standards had been followed and there had been no material departure.

ii. such accounting policies had been selected and applied 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 and profit of the Company for the FY 2022-23;

iii. proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. the annual accounts had been prepared on a going concern basis; and

v. the Company being the unlisted, sub-clause(e) of the Section 134(5) is not applicable and

vi. proper systems had been devised to ensure compliance with the provisions of all applicable laws including Secretarial Standards and that such systems were adequate and operating effectively.

➢ **INTERNAL FINANCIAL CONTROLS**

The Company's internal control system is commensurate with its size, scale and complexities of its operations. All transactions are properly authorized, recorded and reported to the Management. The Company has, in all material respects, an adequate internal financial controls system over financial reporting and operating effectively as at March 31, 2023. The Company is following all the applicable Accounting Standards for properly maintaining the books of accounts and reporting financial statements.

❖ **DISCLOSURES RELATING TO SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

As on March 31, 2023, the Company does not have any subsidiaries, joint venture or associate company. Further, during the year under review, no company has become or ceased to be subsidiary, joint venture or associate company of the Hiranandani Financial Services Private Limited.

❖ **DEPOSITS**

The Company being a Non-deposit taking Non-Banking Financial Company ("ND-NBFC") did not hold any public deposits at the beginning of the year nor has not accepted any deposits from the public during the year under review. Accordingly, no disclosure is required in respect of the details related to the deposits covered under chapter V of the Act.

❖ **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

The Company being a Non- Banking Financial Company, the provisions of Section 186 of the Act, pertaining to granting of loans to any persons or bodies corporate, giving of guarantees or providing security in connection with loan to any other bodies corporate or persons and acquiring by way of subscription, purchase or otherwise, the securities of any other body corporate, are not applicable to the Company.

The details of investments made by the Company are given in Notes to account of financial statements.

❖ **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

Your Company has formulated the policy on Related Party Transactions which may be accessed at the website of the Company at www.hfs.in.

All related party transactions under section 188 of the Act, entered during financial year were on arm's length and in the ordinary course of business. Further all related party transactions entered by your Company in FY 2022-23 were reviewed by Audit Committee and the Board in accordance with Companies Act, 2013.

The details of the related party transactions are provided in notes to financials.

❖ **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

During the year under review, the Company is not required to develop & implement CSR policy and spend any amount on CSR activities during the year under review, as per Section 135 of the Act, read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

❖ **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

A. CONSERVATION OF ENERGY-

(i) the steps taken or impact on conservation of energy :

The operations of the Company are not energy-intensive. However, adequate measures have been initiated for conservation of energy;

(ii) the steps taken by the Company for utilizing alternate sources of energy:

Though the operations of the Company are not energy intensive, the Company shall explore alternative source of energy, as and when the necessity arises;

(iii) the capital investment on energy conservation equipment – NIL.

B. TECHNOLOGY ABSORPTION-

(i) the efforts made towards technology absorption –

The minimum technology required for the business has been absorbed.

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution- NIL

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- NIL

(a) the details of technology imported – Not applicable

(b) the year of import – Not applicable

(c) whether the technology been fully absorbed – Not applicable

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof - Not applicable; and

(iv) the expenditure incurred on Research and Development – NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO-

During the year under review, the Company spent an amount equivalent of ₹ 198,039/- (for previous financial year ₹ 96,402/-) in foreign exchange towards acquisition of an internet domain. There were no foreign exchange earnings during the year under review.

❖ RISK MANAGEMENT

Risk management is an integral part of the Company's business strategy that seeks to minimize adverse impact on business objectives.

The Company has formed a Risk Management Committee and has developed and implemented Integrated Enterprise Risk Management (IERM) Policy (formerly known as Risk Management Policy) in place which deals with identification of potential risks to which the Company may be exposed to and which can severely impact the organization's threat matrix and thereby take measures for control and mitigation of the impact of such risks on the Company.

The Risk Management Committee overseas the risk management framework of the Company through regular and proactive intervention by identifying risks and formulation mitigations.

❖ VIGIL MECHANISM

The Company for good governance has formulated a policy on vigil mechanism to address genuine concerns, if any of directors and employees. The Company has nominated Mr. Eusebius Pereira – Head- HR Business Partnering, as Vigilance Officer to whom directors and employees may approach for reporting their concerns or grievances and shall have direct access to him. The policy, inter-alia provides a direct access to the Chairperson of the Audit Committee.

During the year under review, the Company has not received any complaints from its directors or employees.

❖ MATERIAL ORDERS OF JUDICIAL BODIES /REGULATORS

There was no significant and material order passed by the regulators or courts or tribunals or statutory or quasi-judicial body which would impact the going concern status of the Company and its future operations.

Further, no penalties have been levied by RBI / any other regulators during the year under review.

❖ AUDITORS:

Statutory Auditors

Pursuant to the provisions of Section 139 of the Act and the rules made thereunder, the members at their fourth Annual General Meeting (AGM) held on September 27, 2021, had approved the appointment of M/s. V Sankar Aiyar & Co, Chartered Accountants (FRN: 109208W) as the statutory auditors of the Company to fill the casual vacancy and for a term of three years, i.e. from the conclusion of fourth AGM till the conclusion of the seventh AGM.

Internal Auditors

The Company had appointed N.S. Gokhale & Co LLP, Chartered Accountants (FRN: 103270W), as an Internal Auditor of the Company for the FY 2022-23 to monitor key processes and operations and to suggest measures to strengthen the existing system, processes, and operations.

The Company was not required to appoint cost auditor or secretarial auditor during the year under review.

❖ STATUTORY AUDITORS' REPORT

The report issued by the Statutory Auditor, M/s. V Sankar Aiyar & Co, Chartered Accountants on the Financial Statement of the Company for the financial year ended March 31, 2023 forms part of this annual report. There are no qualifications, reservations or adverse marks made by the Statutory auditors in its report. The notes to the accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further clarifications under Section 134(3)(f) of the Act.

❖ DETAILS, IN RESPECT OF FRAUDS REPORTED BY THE STATUTORY AUDITORS OF THE COMPANY UNDER SECTION 143(12) OF THE COMPANIES ACT, 2013 OTHER THAN REPORTABLE TO THE CENTRAL GOVERNMENT.

No fraud has been reported by the Auditors to the Audit Committee or Board during the year under review.

❖ CORPORATE INSOLVENCY RESOLUTION PROCESS INITIATED UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016

During the year under review, there was no application made or pending against the Company under Insolvency and Bankruptcy Code, 2016. There was no instance of one-time settlement with any Bank/ Financial Institution in respect of loan taken by the Company, if any.

❖ ANNUAL RETURN (FORM MGT-7)

Pursuant to Section 92(3) read with Section 134 (3) (a) of the Act, the Annual Return as on March 31, 2023 is available on the Company's website and may be accessed at the web link www.hfs.in

❖ COST RECORDS

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Companies Act, 2013 are not applicable for the business activities carried out by the Company during the year under review.

❖ POLICY FOR PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE

The Company has in place anti-Sexual Harassment Policy and Internal Complaints Committee to define and prohibit any inappropriate behaviour, as per the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH Act) read with the Sexual Harassment of Women (Prevention, Prohibition and Redressal) Rules, 2013. The Company provide a conducive work environment in terms of anti-sexual harassment and has sufficient checks to provide protection against sexual harassment of women at workplace.

During the year under review, the Company has received no complaints in this regard.

❖ HUMAN RESOURCES

Our employees are our most important assets. We are committed to hiring and retaining the best talent. For this, we focus on promoting a collaborative, transparent and participative organization culture, and rewarding merit and sustained high performance. Our human resource management focuses on allowing our employees to develop their skills, grow in their career and navigate their next.

As on March 31, 2023, the Company had a total headcount of 949 employees.

❖ RBI REGULATIONS

The Company has complied with the applicable regulations prescribed by the Reserve Bank of India, from time to time, as applicable to it.

❖ OTHER DISCLOSURES

During the year under review, the Company has not obtained any registration/license/authorization, by whatever name called from any other financial sector regulators.

❖ CAUTIONARY NOTE

Certain statements in this Report may be forward-looking and are stated as may be required by applicable laws and regulations. Actual results may vary from those expressed or implied, depending upon economic conditions, Government policies and other incidental/related factors.

❖ ACKNOWLEDGEMENT AND APPRECIATION

Your Directors would like to place on record, their gratitude for the cooperation and guidance received from all the statutory bodies, especially the RBI. Your Directors also thank the shareholders, clients, vendors, investors, banks and other stakeholders for placing their faith in the Company and contributing to its growth. We would also like to appreciate the hard work put in by all our employees, and we look forward to their continuing patronage, going forward.

For and on behalf of the Board of Directors
Hiranandani Financial Services Private Limited

Harsh S. Hiranandani
Director
DIN: 07661253

Place: Mumbai
Date: May 25, 2023

Neha S. Hiranandani
Director
DIN: 01954865

Place: London
Date: May 25, 2023

ANNUAL REPORT 2022-2023 - ANNEXURE I TO BOARD'S REPORT

HFS ESOP 2020

Nature of Disclosures	Particulars
Options approved to be issued as ESOPs	17,000,000
Options Granted	15,465,000
Options Vested	NIL
Options Exercised	NIL
The total number of shares arising as a result of exercise of Options	NIL
Options Lapsed	720,000
Exercise Price	₹ 10
Variation in terms of Options	NIL
Money realized by exercise of Options;	NIL
Total number of options in force	14,745,000
Employee wise details of options granted during the year to:	
i. Key Managerial Personnel	2
ii. any other employee who receives a grant of options in any one year of options amounting to five Percent or more of total options granted during the year;	3
iii. identified employees who were granted options, during the 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

CORPORATE GOVERNANCE REPORT

(In accordance with the regulations/guidelines issued by the Reserve Bank of India (“RBI”) on Scale Based regulations, given below are the Corporate Governance disclosures)

This report outlines compliance with requirements of the Companies Act, 2013, as amended (the ‘Act’), and the Regulations of RBI for Non–Banking Financial Companies (the ‘NBFC Regulations’), as applicable to the Company.

1) BOARD OF DIRECTORS

The Board of Directors **(“the Board”)** of the Company is an apex body, which inter alia, oversees its overall functioning, provides a strategic direction, guidance, leadership and owns the fiduciary responsibility to ensure that the Company’s actions and objectives are aligned in creating long term value for its stakeholders.

- **Composition**

  The Company has an optimum combination of Non-Executive Directors and Independent Directors on its Board. The Composition of Board is in conformity with the Companies Act, 2013. As on March 31, 2023, the Board of the Company consist 5 (five) directors, of whom 2 (two) are independent directors and 3(three) are non- executive directors (including one-woman director).

  During FY 2022-2023, the Board met eight times, viz., April 26, 2022, May 20, 2022, June 15, 2022, July 27, 2022, September 30, 2022, October 29, 2022, January 25, 2023 and March 27, 2023. The gap between two consecutive meetings has not been more than one hundred and twenty days.

- **Composition of the Board and attendance record of directors for FY 2022-23:**

S. No.	Name of Director	Director Since	Capacity	DIN	Number of Board Meetings		No. of other Director ships##	Remuneration			No. of shares held in and convertible instruments held in the NBFC#
					Held	Attended		Salary and other compensation	Sitting Fees	Commission	
1	Harsh S. Hiranandani	February 10, 2017	Non-Executive Director	07661253	8	8	18	0	0	0	400,000,000 (Class A Equity Shares)
2	Neha S. Hiranandani	February 10, 2017	Non-Executive Director	01954865	8	3	9	0	0	0	100,000,000(Class A Equity Shares)
3	Gulab Singh Zorawar Singh Lodha*	December 06, 2017	Non-Executive Director	08014426	8	7	0	0	0	0	0
4	Utpal Hemendra Sheth	January 14, 2020	Independent Director	00081012	8	7	15	0	0	0	0
5	Prem Kumar Chophla**	May 20, 2022	Independent Director	09555408	8	6	1	600,000	1,500,000	0	0
6	Parveen Kumar Gupta***	May 20, 2021	Independent Director	02895343	8	2	8	135,890	200,000	0	0

**ceased to be director w.e.f. April 30, 2023.*

***appointed as an independent director w.e.f h May 20, 2022, during his tenure only 6(Six) Board meeting were held.*

**** ceased to be director w.e.f. May 11, 2022.*

#the Company does not have convertible instruments

no. of other directorships includes directorships held in public limited company, private limited company, section 8 companies but exclude foreign companies.

All the Independent Directors of the Company have given their declarations to the Company under Section 149(7) of the Act that they meet the criteria of independence and are not disqualified from continuing as Independent Directors. Also, they have registered themselves as an Independent Director in the data bank maintained with the Indian Institute of Corporate Affairs.

The independent directors also confirmed that they are not on the Board of more than three NBFCs (NBFC-Middle Layer or NBFC-Upper Layer) at the same time in line with RBI Scale Based Regulations.

All the Board members and senior management personnel have affirmed compliance with the Code for the year ended March 31, 2023.

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

S. No	Name of Director	Capacity	Nature of change	Effective date	Reason for resignation
1	Parveen Kumar Gupta	Independent Director	Resignation	May 11, 2022 (appointed on June 28, 2021)	Increase in other commitments
2	Prem Kumar Chophla	Independent Director	Appointment	May 20, 2022	NA

ii) Details of any relationship amongst the directors inter-se –

There are no inter-se relationships between the Board members except Ms. Neha S. Hiranandani and Mr. Harsh S. Hiranandani. Ms. Neha S. Hiranandani is sister of Mr. Harsh S. Hiranandani.

2) COMMITTEES OF THE BOARD AND THEIR COMPOSITION

The Board has established various committees. These committees monitor the activities as per the scope defined in their respective charters and terms of reference. The Company Secretary acts as secretary to all the committees of Board.

The Board has Eight (8) Committees as on March 31, 2023 namely:-

- Audit Committee
- Nomination and Remuneration Committee
- ESOP Committee
- Risk Management Committee
- Finance Committee
- IT Strategy Committee
- Investment Committee
- Asset Liability Committee

a. Audit Committee

Pursuant to RBI guidelines and Companies Act, 2013 (up to the extent applicable), the Company has an Audit Committee which was duly constituted by the Board in its meeting held on June 15, 2022. Meeting the composition requirement prescribed thereunder with minimum of two third of its member (including chairman) being independent director. All the members are non- executive directors, are financially literate and have accounting and related financial management expertise.

During the FY 2022-23, the Committee met 3(three) times (as constituted during the year) viz July 27, 2022, October 29, 2022 and January 25, 2023. These meeting were scheduled well in advance and not more than one hundred and twenty days lapsed between any two-consecutive meeting.

In addition to the members of the Audit Committee, these meetings were attended by Chief Financial Officer, Chief Executive Officer, Internal Auditor, representatives of Statutory Auditor and senior executives of the Company who were considered necessary for providing inputs to the Committee.

During FY 2022-23, the Board had accepted all recommendations of the Committee.

Name of the Director	Member of Committee Since	Capacity	Number of meetings of the Committee		No. of Shares held in the Company
			Held	Attended	
Utpal Hemendra Sheth	June 15, 2022	Non-Executive, Independent Director	3	3	NIL
Prem Kumar Chophla	June 15, 2022	Non-Executive, Independent Director	3	3	NIL
Gulab Singh Lodha*	June 15, 2022	Non-Executive, Non-Independent Director	3	3	NIL

**ceased to be the member of the Committee w.e.f April 30, 2023.*

The terms of reference of Audit Committee inter-alia includes the following: -

a. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

b. Review and monitor the auditor's independence and performance, and effectiveness of audit process;

c. Examining the financial statement and the auditors' report thereon;

d. Approval or any subsequent modification of transactions of the Company with related parties;

e. Scrutiny of inter-corporate loans and investments;

f. Valuation of undertakings or assets of the Company, wherever it is necessary;

g. Evaluation of internal financial controls and risk management systems

h. Monitoring the end use of funds raised through public offers and other related matters;

i. Functioning of the Vigil Mechanism Framework of the Company;

j. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

k. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;

l. Discussion with the auditors periodically on internal control systems, scope of audit including observations of the auditors, and reviewing the financial statements before submission to the Board and ensuring compliance of internal control system;

m. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

n. Ensuring Information system audit of the internal systems and processes to assess operational risks faced by the Company in accordance with the requirements stipulated by RBI;

o. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure or internal control systems or a material nature and reporting the matter to the board;

p. Recommendation on financial management including audit report which shall be binding on the Board;

q. Investigation into any matter in relation to the items given above or referred to it by the Board and power to seek information from an employee or seek professional advice from external sources and have full access to information contained in the records of the Company;

r. Carrying out any other function as prescribed by Board from time to time or as required under any applicable Regulation.

b. Nomination & Remuneration Committee

Pursuant to NBFC Regulations, the Company has constituted the Nomination & Remuneration Committee ("NRC") on June 15, 2022. During the year under review, the Committee met once i.e. October 29, 2022.

Composition of the NRC and attendance record of the members for FY 2022-23:

Name of the Director	Member of Committee Since	Capacity	Number of meetings of the Committee		No. of Shares held in the Company
			held	attended	
Utpal Hemendra Sheth	June 15, 2022	Non-Executive, Independent Director	1	0	NIL
Prem Kumar Chophla	June 15, 2022	Non-Executive, Independent Director	1	1	NIL
Harsh S. Hiranandani	June 15, 2022	Non-Executive, Non-Independent Director	1	1	400,000,000 (Class-A Equity Shares)

During FY 2022-23, the Board had accepted all recommendations of the Committee.

The terms of reference of Nomination & Remuneration Committee inter-alia includes the following: -

a. To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

b. To formulate the Criteria for evaluation of the performance of the Board, its Committee and individual Director including Independent Director;

c. To identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy;

d. To ensure 'fit and proper' status of existing / proposed reference directors by obtaining necessary information and declaration from them and undertake a process of due diligence to determine suitability of the person for appointment / continuing to hold appointment as Director on the Board.

e. To undertake process of due diligence at the time of initial appointment and also prior to reappointment;

f. To recommend to the Board, appointment and removal of Director, Key Managerial Personnel (**"KMP"**) and Senior Management Personnel**("SMP")**;

g. To determine and recommend to the Board the remuneration payable to the directors

h. To recommend the compensation for the CEO & MD, and each of the Leadership Team members, which will be further ratified by the Board of the Company;

i. Carrying out any other function as prescribed by Board from time to time or as required under any applicable Regulation.

c. Employee stock option (ESOP) Committee

As on March 31, 2023, the ESOP Committee comprised of three non-executive directors. The Committee administers the Company's Employee Stock option scheme, 2020. During the year under review the Committee met twice viz April 04, 2022 and November 18, 2022.

Composition of ESOP Committee and attendance record of the members for FY 2022-23:

Name of the Director	Member of Committee Since	Capacity	Number of meetings of the Committee		No. of Shares held in the Company
			Held	Attended	
Harsh S. Hiranandani	June 03, 2020	Non-Executive, Non-Independent Director	2	2	400,000,000 (Class-A Equity Shares)
Neha S. Hiranandani	June 03, 2020	Non-Executive, Non-Independent Director	2	0	100,000,000 (Class-A Equity Shares)
Gulab Singh Lodha*	June 03, 2020	Non-Executive, Non-Independent Director	2	2	NIL

**ceased to be the member of the Committee w.e.f April 30, 2023.*

The terms of reference of ESOP Committee inter-alia, shall include the following: -

a. to select the Employees / class of Employees to whom Stock Options may be granted from time to time;

b. to grant and determine the number of Stock Options to be covered by each such award granted hereunder and to approve forms of documentation for use under the ESOP Scheme;

c. to determine the terms and conditions of any Stock Options granted

d. to determine additional terms and conditions, not inconsistent with the terms of the ESOP Scheme, of any Option granted hereunder;

e. to construe and interpret the terms of the Plan and Stock Options granted pursuant to the ESOP Scheme;

f. the procedure for making a fair and reasonable adjustment in case of corporate actions.

g. to require due payment of taxes due by the Optionee to the Company as per applicable law, prior to the issuance of Equity Shares in consideration for the Exercise of Options;

h. Such other functions as delegated by the Board from time to time.

d. Risk Management Committee

Pursuant to NBFC guidelines, the Company has constituted Risk Management Committee ("RMC"). As on March 31, 2023, the RMC comprised of seven members including 2 (two) directors i.e. one Independent Director and one Non-Executive Director. The Company has a risk management framework known as Integrated Enterprises Risk Management (IERM) framework duly approved by its Board.

During the year under review, the Committee has met 4 times viz, April 26, 2022, July 27, 2022, October 29, 2022 and January 25, 2023.

The Board of Directors has inducted Mr. Prem Kumar Chophla as the member of the Committee with effect from June 15, 2022 in place of Mr. Parveen kumar Gupta.

Consequent to the resignation of Mr. Vivekanand Ramachandran on August 2022, the Board of Directors has appointed Mr. Rajesh Rajak, Chief financial Officer as the member of the Committee w.e.f December 03, 2022.

Composition of the RMC and attendance record of the members for FY 2022-23

Name of the Director	Member of Committee Since	Capacity	Number of meetings of the Committee		No. of Shares held in the Company
			Held	Attended	
Harsh S. Hiranandani	June 28, 2021	Non-Executive, Non-Independent Director	4	4	400,000,000 (Class-A Equity Shares)
Parveen Kumar Gupta*	August 24, 2021	Non-Executive, Independent Director	4	1	NIL
Prem Kumar Chophla	June 15, 2022	Non-Executive, Independent Director	4	3	NIL
Uday Suvarna	July 16, 2019	Chief Executive Officer	4	4	3,000,000 (Class-B Equity Shares)
Manish Odeka	July 16, 2019	Chief Risk Officer	4	4	NIL
Kartik Nagda	July 16, 2019	Chief Business Officer	4	4	NIL
Dheeraj Mittal	July 16, 2019	Chief Operation Officer	4	4	NIL
Vivekanand Ramachandran**	July 16, 2019	Chief Financial Officer	4	1	NIL
Rajesh Rajak***	December 03, 2022	Chief Financial Officer	4	1	NIL

**ceased to be director w.e.f. May 11, 2022.*

*** ceased to be Chief financial officer/member of the Committee w.e.f August 30, 2022*

**** appointed as a Chief financial officer w.e.f November 03, 2022*

The terms of reference of Risk Management Committee shall, inter-alia, includes the following:-

a. Identifying, measuring and monitoring the various risks faced by the Company;

b. Mitigating various risks associated with functioning of the Company.

c. To deal with issues relating to credit policies and procedure and manage the credit risk, operational risk, management of policies and process;

d. Developing the Policies and verifying the Models that are used for risk measurement from time to time; and

e. To ensure the Risk Management Policy and the other policies including Know Your Customer & Anti Money Laundering Policy (KYC Policy) are properly implemented and followed.

f. Such other functions as delegated by the Board from time to time.

e. Finance Committee

The Company has in place a Finance Committee which was constituted by the Board on February 02, 2022. As on March 31, 2023, the Finance Committee comprised of three Non-Executive Directors.

During the year under review, the Company has met 10 (ten) times viz. June 02, 2022, July 28, 2022, August 29, 2022, September 27, 2022, November 18, 2022, December 26, 2022, January 24, 2023, February 09, 2023, February 25, 2023 and March 09, 2023.

Composition of the Finance Committee and attendance record of the members for FY 2022-23

Name of the Director	Member of Committee Since	Capacity	Number of meetings of the Committee		No. of Shares held in the Company
			Held	Attended	
Harsh S. Hiranandani	February 02, 2022	Non-Executive, Non-Independent Director	10	10	400,000,000 (Class-A Equity Shares)
Neha S. Hiranandani	February 02, 2022	Non-Executive, Non-Independent Director	10	1	100,000,000 (Class-A Equity Shares)
Gulab Singh Lodha*	February 02, 2022	Non-Executive, Non-Independent Director	10	10	NIL

**ceased to be director w.e.f. April 30, 2023.*

The Broad terms of reference of Finance Committee inter-alia includes the following: -

a. To borrow moneys for the purpose of the Company's business from Banks/financial institutions/ other lenders through various instruments as may be decided by the Committee not exceeding the overall limit approved by the Board of Directors of the Company from time to time;

b. To issue, offer and allot non-convertible debentures/bonds, Commercial Papers and other securities;

c. To secure the fulfilment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the property of the Company, for the time being or in such other manner as may be deemed fit;

d. To enter into all negotiations, issue necessary power of attorney(s), sign necessary documents and contracts, rescind and vary all such documents and contracts and execute and do all such acts, deeds and things in the name and on behalf of the Company as may be considered expedient for the purpose of the business of the Company;

e. To make, sign, draw, accept, endorse and negotiate cheques, bills of exchange, drafts, promissory notes and other mercantile documents or negotiable instruments, securities, Government promissory notes, shares and to transfer shares, debentures and other securities;

f. To all such activities, deeds, transactions, intimations required to open, close and operate existing and new current accounts, overdraft, cash credit, fixed deposit or otherwise of the Company with any Bank.

g. To execute from time to time counter guarantees in favour of the Company's bankers as security for the guarantees issued by banks on behalf of the Company in connection with the Company's business;

h. To receive and give effectual receipts and discharges for and on behalf of the Company for moneys, funds, goods and property, lent to or payable or belonging to the Company;

i. To represent the Company either personally or otherwise before Central and State Governments and all other Authorities;

j. To execute, sign, certify any agreement, Memorandum of Understanding, undertaking, document, deed and other writings in relation to the day-today activities of the Company;

k. To delegate any of the powers stated above to any official(s) as may be deemed appropriate.

f. IT Strategy Committee

Pursuant to Master Direction – Information Technology Framework issued by RBI for NBFC Sector, the Company has constituted an IT Strategy Committee vide Board resolution dated June 15, 2022. The Committee comprises of Mr. Prem Kumar Chophla, independent director as the Chairman and other members being Mr. Harsh S. Hiranandani (Non-Executive Director), Manish Odeka (Chief Risk Officer), Dheeraj Mittal (Chief Operating Officer) and Aditya Nabar (Chief Information Officer).

During the year, the Committee met twice viz. July 27, 2022 and October 29, 2022 as required under the abovementioned Master Direction. All the members were present in both meetings.

The terms of reference of IT strategy Committee shall, inter-alia, includes the following: -

a. Approving Information Technology **("IT")** strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;

b. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;

c. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;

d. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;

e. Ensuring proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls; and

f. Instituting an effective governance mechanism and risk management processes for all outsourced IT operations.

g. Carrying out any other function as prescribed by Board from time to time or as required under any applicable Regulation.

g. Investment Committee

The Company has in place an Investment Committee. As on March 31, 2023, the Investment Committee comprised of four members out of which are two Non-Executive Directors

Composition of the Investment Committee and attendance record of the members for FY 2022-23

Name of the Director	Member of Committee Since	Capacity	Number of meetings of the Committee		No. of Shares held in the Company
			Held	Attended	
Harsh S. Hiranandani	December 26, 2018	Non-Executive, Non-Independent Director	3	3	400,000,000 (Class-A Equity Shares)
Gulab Singh Lodha*	September 30, 2022	Non-Executive, Non-Independent Director	3	2	NIL
Uday Suvarna	December 26, 2018	Chief Executive Officer	3	3	3,000,000 (Class-B Equity Shares)
Vivekanand Ramachandran**	December 26, 2018	Chief Financial Officer	3	1	NIL
Rajesh Rajak***	December 03, 2022	Chief Financial Officer	3	1	NIL

**ceased to be director w.e.f. April 30, 2023.*

*** ceased to be Chief financial Officer/member of the Committee w.e.f August 30, 2022*

**** appointed as a Chief financial officer w.e.f November 03, 2022*

The terms of reference of Investment Committee shall, inter-alia, include the following:

a) Approve the investment products identified and recommended for investment;

b) Periodically review the accuracy and appropriateness of methods being used for Investments;

c) Monitor the Accounting of Investments in accordance with applicable regulatory framework; and

d) Populate List of Approved investments

e) any other responsibility(ies) as may be assigned by the Board of Directors from time to time.

h. Asset Liability Committee (ALCO)

Pursuant to the RBI Guidelines, the Company has in place an Asset Liability Management Committee. The Committee comprises of senior executives of the Company. The Chief Executive officer chairs the meetings of the Committee. The role of the Committee is to oversee the implementation of the Asset Liability Management system and review its functionality periodically covering liquidity risk management, management of market risks, funding and capital planning etc. The proceedings of the Committee are placed before the Board for their noting and review.

The said Committee meets on quarterly basis and as when required. During the year under review, the said Committee met Seven (7) times viz April 26, 2022, June 13, 2022, July 26, 2022, October 06, 2022, October 28, 2022, January 24, 2023, and February 20, 2023.

Composition of the ALCO and attendance record of the members for FY 2022-23

Name of the Member	Member of Committee Since	Capacity	Number of meetings of the Committee		No. of Shares held in the Company
			Held	Attended	
Uday Suvarna	March 28, 2019	Chief Executive Officer	7	7	3,000,000 (Class-B Equity Shares)
Manish Odeka	July 16, 2019	Chief Risk Officer	7	6	NIL
Kartik Nagda	March 28, 2019	Chief Business Officer	7	7	NIL
Dheeraj Mittal	March 28, 2019	Chief Operation Officer	7	7	
Vivekanand Ramachandran*	March 28, 2019	Chief Financial Officer	7	2	NIL
Rajesh Rajak**	February 03, 2022	Chief Business Officer	7	2	NIL

**ceased to be Chief financial officer/ member of the Committee w.e.f August 30, 2022*

*** appointed as a Chief financial officer w.e.f November 03, 2022*

3) GENERAL BODY MEETINGS

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

Sl. NO	Type of Meeting (Annual/ Extra-Ordinary)	Date and Place	Special resolutions passed
1	Annual General Meeting (through Audio Visual Means)	September 30, 2022 at its Corporate office at 9th floor, Sigma, Hiranandani Business park, Technology Street, Powai, Mumbai -400076	Appointment of Mr. Prem Kumar Chophla (DIN: 09555408) as an Independent Director of the Company.

4) DETAILS OF NON-COMPLIANCE WITH REQUIREMENTS OF COMPANIES ACT, 2013

Your Company has complied with all the requirements of Companies Act, 2013, including rules, regulations, guidelines, standards made thereunder.

5) DETAILS OF PENALTIES AND STRICTURES

There have been no penalties or stricture imposed on it by the Reserve Bank of India or any other statutory authority(ies).

6) BREACH OF COVENANT

There have been no instance(s) of breach of covenant of loan availed by the Company.

7) DIVERGENCE IN ASSET CLASSIFICATION AND PROVISIONING

i. No additional provisions have been assessed by RBI exceeding 5% of the reported profits before tax and impairment loss on financial instruments for the year ended March 31, 2023 and March 31, 2022.

ii. RBI has not identified additional GNPAs exceeding 5% of reported GNPAs for the year ended March 31, 2023 and March 31, 2022.

For and on behalf of the Board of Directors
Hiranandani Financial Services Private Limited

Harsh S. Hiranandani
Director
DIN: 07661253

Place: Mumbai
Date: May 25, 2023

Neha S. Hiranandani
Director
DIN: 01954865

Place: London
Date: May 25, 2023

INDEPENDENT AUDITOR'S REPORT

To the Members of Hiranandani Financial Services Private Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Hiranandani Financial Services Private Limited, which comprise Balance Sheet as at 31st March 2023, the Statement of Profit and Loss, The Statement of Profit and Loss, and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2023, and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. 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 ("ICAI") 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 ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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

When we read the Board of Directors report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

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

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

In preparing the financial statements, 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 the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal financial controls 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 system in place and the operating effectiveness of such controls.

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

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

- 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.

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.

Report on Other Legal and Regulatory Requirements

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

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

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

      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

   b) The financial statements dealt with by this Report are in agreement with the books of account.

   c) In our opinion, the aforesaid financial statements comply with the Ind AS prescribed under section 133 of the Act.

   d) On the basis of the written representations received from the directors as on 31st March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164(2) of the Act.

   e) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B"**.

   f) Based on our audit, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to the Company since the company is not a public company as defined under section 2(71) of the Act.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 litigation which would impact its financial position as at March 31,2023. (Refer note no. 39(i))

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31st March 2023;

      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 31,2023.

      iv. (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

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

(c) In our opinion and based on the audit procedures, we have considered reasonable and appropriate in the circumstances; nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. The company has not declared or paid any dividend during the year.

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

For V Sankar Aiyar & Co.
Chartered Accountants
(FRN: 109208W)

Asha Patel
Partner
M. No.166048
UDIN: 23166048BGUTEX8475

Place: Mumbai
Date : May 25, 2023

ANNEXURE A

TO THE INDEPENDENT AUDITOR'S REPORT

ANNEXURE REFERRED TO IN OUR REPORT OF EVEN DATE TO THE MEMBERS OF HIRANANDANI FINANCIAL SERVICES PRIVATE LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2023.

3(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) The Company has a program of verification of Property, Plant and Equipment to cover all the items at major locations in a phased manner over a period of 3 years which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Based on the information and explanation given to us and on verification of the records of the Company, the physical verification was conducted during the year and no material discrepancies were observed on such verification.

(c) According to the information and explanations given to us and based on verification of records provided to us, we report that, the company does not hold any immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) and hence provision of clause 3(i) (c) are not applicable.

(d) The company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(e) As per the information and explanation provided to us no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

3(ii) (a) The company does not have any inventory and hence reporting under clause 3(ii)(a) of the order is not applicable.

(b) The company has been sanctioned working capital limits in excess of five crore rupees, in aggregate from banks or financial institutions on the basis of security of current assets namely financial asset. Based on our verification, the quarterly statements filed by the company with such banks and financial institutions are in agreement with the books of account of the Company.

3(iii) (a) The company being a Non-Banking Finance Company, the provisions of clause 3(iii)(a) are not applicable to the company.

(b) According to the information and explanations given to us and based on the verification of the records and in our opinion the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in nature of loans and guarantees provided are not prejudicial to the company's interest.

(c) The company being a Non-banking Finance company is in the business of granting loans and advances in the nature of loans. The schedule of repayment of principal and payment of interest has been stipulated and the repayments or receipts are regular except accounts which are overdue are classified as special mention accounts or non-performing assets as per RBI norms.

(d) The total amount overdue for more than ninety days is Rs 206.93 lakhs pertaining to 210 accounts. Based on the information and explanations given to us and in our opinion reasonable steps have been taken by the company for recovery of principal and interest.

(e) The company being a Non-Banking Finance Company, the provisions of clause 3(iii)(e) are not applicable to the company.

(f) As per the information and explanation made available to us and in our opinion 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. Hence the provision of clause 3(iii)(f) are not applicable to the company.

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT (Contd.)

3(iv) The Company is a registered Non-Banking Finance Company to which the provisions of Sections 185 and 186 of the Companies Act, 2013, are not applicable, and hence reporting under clause (iv) of CARO 2020 is not applicable.

3(v) The Company has not accepted any deposits from the public, within the meaning of Section 73 to 76 or any other relevant provisions of the Act and Rules framed thereunder. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or other tribunal.

3(vi) The maintenance of cost records has not been specified by Central Government under Section 148(1) of the Companies Act,2013 for the company.

3(vii) (a) According to the information and explanations given to us the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, service tax, sales tax, value added tax, goods and services tax, cess and other statutory dues as applicable to the Company with the appropriate authorities. We are informed that the provisions of Sales Tax, Customs Duty and Excise Duty are not applicable to the Company.

There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, cess and other material statutory dues in arrears as at 31 March 2023 for a period of more than six months from the date they became payable.

3(vii) (b) According to the information and explanations given to us and records of the Company examined by us, there are no dues in respect of income-tax, sales tax , service tax, duty of customs, duty of excise, Value added Tax and Goods and Services Tax that have not been deposited with the appropriate authorities on account of any dispute as at March 31,2023.

3(viii) As per the information and explanation provided to us and as represented to us, there were no transactions not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

3(ix) (a) According to the information and explanation given to us and based on our audit procedures, the Company has not defaulted in repayment of loans or borrowings or in the payment of interest thereon to any lender.

(b) According to the information and explanations provided to us, the company has not been declared as wilful defaulter by any bank or financial institution or other lender.

(c) According to the information and explanations and records provided to us, the term loans were applied for the purpose for which the loans were obtained.

(d) According to the information and explanations provided to us, in our opinion the funds raised on short term basis have not been utilised for long term purposes.

(e) According to the information and explanations provided to us and on examination of records, the company does not have any subsidiaries, associates or joint ventures and hence the provisions of clause 3(ix)(e) are not applicable.

(f) According to the information and explanations given to us, the company does not have any subsidiaries, associates or joint ventures and hence the provisions of clause 3(ix)(f) are not applicable.

3(x) (a) According to the information and explanations given to us and in our opinion, the company has not raised any money by way of initial public offer or further public offer (including debt instruments) hence the provisions of clause 3(x)(a) is not applicable.

(b) During the year the Company has issued 10,00,00,000 equity shares on rights basis to its existing equity shareholders for a consideration of Rs. 100,00,00,000 and the requirements of section 62 of the Companies Act, 2013 have been complied with, and the funds raised have been used for the purposes for which funds were raised. The company has not issued any convertible debentures (fully or partially or optionally convertible) during the year.

3(xi) (a) During the course of our examination of the books and records of the company carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, there have been instances of fraud on the company, during the course of business operation amounting to Rs. 17.62 lakhs included in Note 47.25 of financial statement. No fraud by the company has been noticed or reported during the year. We have not been informed of any such case by the management

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed by us in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) According to the information and explanations given to us, the Company has not received any whistle blower complaints during the year.

3(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

3(xiii) According to the information and explanations given to us and in our opinion, all the transactions with the related parties are in compliance with sections 177 and 188 of Companies Act where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.

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

(b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.

3(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding or subsidiary companies or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

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

(b) The company is in the business of and has carried on the business of Non- Banking Financial activities during with valid Certificate of Registration (CoR) obtained from the Reserve Bank of India as per the Reserve Bank of India Act, 1934

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

(d) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.

xvii. The Company has not incurred cash losses during the financial year covered by our audit and but incurred cash losses in immediately preceding year mainly on account of expenditure incurred on expansion of business operations.

xviii. There has been no resignation of statutory auditors of the Company during the year.

xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the 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 causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT (Contd.)

sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) According to the information and explanations given to us, The Company being private limited company the provisions of section 135 of Companies act are not applicable to Company. Hence the provision of clause 3(xx)(a) of the Order is not applicable for the year.

(b) According to the information and explanations given to us, The Company being private limited company the provisions of section 135 of Companies act are not applicable to Company. Hence the provision of clause 3(xx)(b) of the Order is not applicable for the year.

For V Sankar Aiyar & Co.
Chartered Accountants
(FRN: 109208W)

Asha Patel
Partner
M. No.166048
UDIN: 23166048BGUTEX8475

Place: Mumbai
Date: May 25, 2023

ANNEXURE B

REFERRED TO IN OUR REPORT OF EVEN DATE TO THE MEMBERS OF HIRANANDANI FINANCIAL SERVICES PRIVATE LIMITED ON THE STANDALONE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2023

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of Hiranandani Financial Services Private Limited ("the Company") as of March 31st, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For V Sankar Aiyar & Co.
Chartered Accountants
(FRN: 109208W)

Asha Patel
Partner
M. No.166048
UDIN: 23166048BGUTEX8475

Place: Mumbai
Date: May 25, 2023

HFS Hiranandani Financial Services

BALANCE SHEET

AS AT MARCH 31, 2023

(Amounts in ₹ Lakhs, unless otherwise stated)

	Note No.	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
ASSETS				
Financial assets				
(a) Cash and cash equivalents	3	20,048.46	581.61	1,056.91
(b) Bank balance other than included in (a) above	4	691.41	5.91	2.39
(c) Receivables				
- Trade receivables	5 (a)	54.14	58.40	246.46
- Other receivables	5 (b)	159.26	17.70	5.90
(d) Loans	6	100,483.06	41,526.82	17,849.56
(e) Investments	7	-	4,503.23	1,800.18
(f) Other financial assets	8	200.49	85.86	60.33
Total financial assets		**121,636.82**	**46,779.53**	**210 21.73**
Non-financial assets				
(a) Current tax assets (Net)	9	42.16	51.40	91.64
(b) Deferred tax assets (Net)	31	542.85	412.01	188.63
(c) Property, plant and equipment	10	296.33	133.49	60.07
(d) Intangible assets	11	46.80	31.54	45.21
(e) Capital work in progress		40.00	-	-
(f) Right-of-use assets	41	56.14	26.79	51.60
(g) Other non-financial assets	12	261.72	202.24	190.77
Total non-financial assets		**1,286.00**	**857.47**	**627.92**
Total Assets		**122,922.82**	**47,637.00**	**21,649.65**
LIABILITIES AND EQUITY				
Liabilities				
Financial liabilities				
(a) Payables				
(I) Trade payables	13 (a)			
(i) Total outstanding dues of micro enterprise and small enterprises		5.00	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		433.53	208.02	8.74
(II) Other payables	13 (b)			
(i) Total outstanding dues of micro enterprise and small enterprises		-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		-	-	37.40
(b) Borrowings	14	69,606.02	7,111.80	11,125.61
(c) Lease liabilities	41	52.87	25.22	49.77
(d) Other financial liabilities	15	752.26	1,073.09	706.62
Total financial liabilities		**70,849.68**	**8,418.13**	**11,928.14**
Non-financial liabilities				
(a) Current tax liabilities (Net)	16	-	-	32.09
(b) Provisions	17	519.69	138.62	82.02
(c) Other non-financial liabilities	18	196.87	103.43	49.31
Total non-financial liabilities		**716.56**	**242.05**	**163.42**
Total Liabilities		**71,566.24**	**8,660.18**	**12,091.56**
Equity				
(a) Equity share capital	19	50,030.00	40,030.00	10,000.00
(b) Other equity	20	1,326.58	(1,053.18)	(441.91)
		51,356.58	**38,976.82**	**9,558.09**
Total Liabilities and Equity		**122,922.82**	**47,637.00**	**21,649.65**
See accompanying notes forming part of the financial statements	01-57			

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

For V. Sankar Aiyar & Co
Chartered Accountants
Firm Regn. No. 109208W

Asha Patel
Partner
Membership No: 166048
Place : Mumbai
Date : May 25, 2023

For and on behalf of the Board of Directors of
HIRANANDANI FINANCIAL SERVICES PRIVATE LIMITED
CIN: U65999MH2017PTC291060

Harsh S. Hiranandani
Director
DIN : 07661253
Place : Mumbai
Date : May 25, 2023

Neha S. Hiranandani
Director
DIN : 01954865
Place : London
Date : May 25, 2023

Uday Suvarna
Chief Executive Officer

Place : Mumbai
Date : May 25, 2023

Rajesh Rajak
Chief Financial Officer

Place : Mumbai
Date : May 25, 2023

Richa Arora
Company Secretary
M.No. A42906
Place : Mumbai
Date : May 25, 2023

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2023

(Amounts in ₹ Lakhs, unless otherwise stated)

	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
INCOME			
Revenue from operations			
Interest income	21	11,752.97	3,910.10
Fees and commission income	22	169.90	90.41
Net gain on fair value changes	23	516.65	171.45
Other operating revenue	24	644.26	221.59
Total revenue from operations (I)		**13,083.78**	**4,393.55**
Other income	25	26.15	11.39
Total income (I+II)		**13,109.93**	**4,404.94**
EXPENSES			
Finance costs	26	2,112.19	9.41
Impairment on financial instruments	27	413.87	193.43
Employee benefits expense	28	5,852.83	3,721.80
Depreciation and amortization expenses	29	135.97	122.18
Other expenses	30	1,477.62	1,245.21
Total expenses		**9,992.48**	**5,292.03**
Profit before tax (III-IV)		**3,117.45**	**(887.09)**
Tax expense :	31		
Current tax		9 21.27	-
Deferred tax		(136.86)	(223.46)
Total tax expense		**784.41**	**(223.46)**
Profit for the year (V-VI)		**2,333.04**	**(663.63)**
Other comprehensive income (OCI)			
Items that will not be subsequently reclassified to profit or loss			
Remeasurement of the post employment defined benefit obligations		23.96	0.30
Income tax effect		(6.03)	(0.08)
Other comprehensive income for the year		**17.93**	**0.22**
Total comprehensive income for the year (VII+VIII)		**2,350.97**	**(663.41)**
Earnings per share (Equity shares, face value of ₹ 10/- each)	32		
Basic		0.52	(0.30)
Diluted		0.52	(0.30)
See accompanying notes forming part of the financial statements	01-57		

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached
For V. Sankar Aiyar & Co
Chartered Accountants
Firm Regn. No. 109208W

Asha Patel
Partner
Membership No: 166048
Place : Mumbai
Date : May 25, 2023

For and on behalf of the Board of Directors of
HIRANANDANI FINANCIAL SERVICES PRIVATE LIMITED
CIN: U65999MH2017PTC291060

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HFS | Hiranandani Financial Services

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2023

(Amounts in ₹ Lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	3,117.45	(887.09)
Adjustments for:		
Interest income on loans	(11,291.90)	(3,721.62)
Interest income on fixed deposits	(111.66)	(16.00)
Fees and commission income	(169.90)	(90.41)
Depreciation of property, plant and equipment	64.40	39.08
Depreciation on right of use assets	44.08	42.82
Amortization of intangible assets	27.49	40.28
Fair value gain on financial assets measured at FVTPL	(516.65)	(171.45)
Profit on sales of fixed assets	(11.78)	-
Share-based payment expense	28.80	52.14
Impairment on financial instruments	413.87	193.43
Finance costs	2,112.19	9.41
Expenses on gratuity and compensated absences	49.45	51.87
Operating profit/(loss) before working capital changes	**(6,244.16)**	**(4,457.54)**
Operational Cash Flows		
Cash inflow from interest on loans	10,548.98	3,478.99
Cash inflow from interest on fixed deposits	60.27	15.23
Cash inflow from Fees and commission	169.90	90.43
Changes in working capital		
Decrease in trade receivables	4.25	188.06
(Increase) in other receivables	(141.56)	(11.80)
(Increase) in other financial assets	(68.71)	(25.31)
(Increase) in loans	(58,627.21)	(23,628.05)
(Increase) in other non-financial assets	(88.14)	(64.92)
Increase in trade payables	270.50	1 99.28
(Decrease) in other payables	-	(37.40)
Increase/(decrease) in other financial liabilities	(320.83)	366.47
Increase in other non financial liabilities	93.44	54.12
Increase in provisions	5.58	5.03
Cash generated from/ (used in) operations	**(543 37.69)**	**(238 27.41)**
Income tax paid (net)	(9 12.02)	61.59
Net cash generated/(used in) from operating activities (A)	**(552 49.71)**	**(237 65.82)**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets	(289.46)	(139.12)
Sale of property, plant and equipment and intangible assets	31.25	-
Capital work in progress	(40.00)	-
Investments in mutual funds	(85,434.29)	(48,050.00)
Redemption of mutual funds	90,450.94	45,518.25
Net cash generated/ (used) in investing activities (B)	**4,718.44**	**(2,670.87)**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares	10,000.00	30,030.00
Proceeds from borrowings	76,900.00	6,000.00
Repayment of borrowings	(14,062.51)	(10,013.81)
Finance Cost	(2,108.43)	(5.47)
Investment in fixed deposits	(685.50)	(3.52)
Interest paid on lease liabilities	(3.76)	(3.94)
Principal repayment of lease liabilities	(41.68)	(41.87)
Net cash used in financing activities (C)	**69,998.12**	**25,961.39**
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	**19,466.85**	**(475.30)**
Cash and cash equivalents at the beginning of the year	581.61	1,056.91
Cash and cash equivalents at the end of the year (note 3)	**20,048.46**	**581.61**

Notes:-

1. The above Cash Flows Statement has been prepared under the Indirect method set out in Indian Accounting Standard (Ind AS) 7 'Statement of Cash Flows'
2. Figures in brackets indicate cash outflow
3. Income taxes refund/ (paid) is treated as arising from operating activities and is not bifurcated between investing and financing activities

See accompanying notes forming part of the financial statements 01-57

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached
For V. Sankar Aiyar & Co
Chartered Accountants
Firm Regn. No. 109208W

Asha Patel
Partner
Membership No: 166048
Place : Mumbai
Date : May 25, 2023

For and on behalf of the Board of Directors of
HIRANANDANI FINANCIAL SERVICES PRIVATE LIMITED
CIN: U65999MH2017PTC291060

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Richa Arora
Company Secretary
M.No. A42906
Place : Mumbai
Date : May 25, 2023

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2023

(Amounts in ₹ Lakhs, unless otherwise stated)

(a) Equity share capital (refer note 19)

Equity shares of ₹ 10 each issued, subscribed and fully / partly paid up	Amount
As at April 01, 2021	10,000.00
Equity share capital issued during the year	30,030.00
As at March 31, 2022	**40,030.00**
Equity share capital issued during the year	10,000.00
As at March 31, 2023	**50,030.00**

(b) Other equity (refer note 20)

Particulars	Reserve and surplus			
	Retained earnings	Statutory reserves fund as per Section 45-IC of the RBI Act, 1934	Employee stock option plan reserve	Total other equity
Balance as at April 01, 2021	**(542.88)**	**37.80**	**63.17**	**(441.91)**
Total comprehensive income for the year ended March 31, 2022				
Profit for the year	(663.63)	-	-	(663.63)
Other comprehensive income for the year (net of tax)	0.22	-	-	0.22
Total comprehensive income	**(663.41)**	**-**	**-**	**(663.41)**
Transfers to statutory reserves	-	-	-	-
Recognition of share-based payments	-	-	52.14	52.14
Balance as at March 31, 2022	**(1,206.29)**	**37.80**	**115.31**	**(1,053.18)**
Total comprehensive income for the year ended March 31, 2023				
Profit for the year	2,333.04	-	-	2,333.04
Other comprehensive income for the year (net of tax)	17.93	-	-	17.93
Total comprehensive income	**2,350.97**	**-**	**-**	**2,350.97**
Transfers to statutory reserves	(466.61)	466.61	-	-
Recognition of share-based payments	-	-	28.79	28.79
Balance as at March 31, 2023	**678.07**	**504.41**	**144.10**	**1,326.58**

See accompanying notes forming part of the financial statements 01-57

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached
For V. Sankar Aiyar & Co
Chartered Accountants
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Asha Patel
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Richa Arora
Company Secretary
M.No. A42906
Place : Mumbai
Date : May 25, 2023

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

(Amounts in ₹ Lakhs, unless otherwise stated)

1. CORPORATE INFORMATION

Hiranandani Financial Services Private Limited (formerly known as Dobra Finance Private Limited) ('the Company') was incorporated in India under Companies Act, 2013, on February 10, 2017, having its registered office at 514, Dalamal Towers, 211 FPJ Marg, Nariman Point, Mumbai – 400021.

During the current year, the Company was categorized as Systemically Important Non-Deposit taking non-banking financial company (NBFC-ND-SI) in accordance with the guidelines of Reserve Bank of India.

The Company is engaged in the business of providing loans to small businesses including micro, small and medium enterprises, personal loans and loans for onward lending to borrowers in small businesses/MSME segment.

The financial statements for the year ended March 31, 2023 were authorised for issue in accordance with a resolution of the board of directors on May 25, 2023.

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

a) Basis of Presentation

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Division III to Schedule III to the Companies Act, 2013 (as amended from time to time) applicable for Non-Banking Finance Companies ("NBFC"). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified accounting Standards.

The regulatory disclosures as required by Master Directions for Non-Banking Financial Company - Non-Systemically Important Non-Deposit taking Company Directions, 2016 issued by the RBI ('RBI Master Directions') are included as a part of the Notes forming part of the financial statements as prepared as per the requirements.

Functional & Presentation Currency

Amounts in the financial statements are presented in Indian Rupees in Lakhs rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013. Per share data are presented in Indian Rupee to two decimal places.

b) Basis of Measurement

The financial statements have been prepared on an accrual basis as a going concern and under the historical cost convention except for the assets and liabilities measured at fair value as follows:

- certain financial assets and liabilities are measured at fair value;
- Share-based payments – measured at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

For financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

c) Statement of Compliance

The financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) issued by Ministry of Corporate Affairs in exercise of the powers conferred by section 133 read with sub-section (1) of section 210A of the Companies Act, 2013. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied along with compliance with other statutory promulgations. Any application guidance/ clarifications/ directions issued by RBI or other regulators are implemented as and when they are issued/ applicable.

The financial statements for the year ended March 31, 2023 of the Company are the first financial statements prepared in compliance with Ind AS. The date of transition to Ind AS is April 01, 2021. The financial statements upto the year ended March 31, 2022, were prepared in accordance with Generally Accepted Accounting Principles to comply with accounting standards specified u/s 133 of the Companies Act 2013 (the Act) read with Rule 7 of the Companies (Accounts) Rules 2014 ("Previous GAAP") and other relevant provisions of the Act. The figures for the year ended March 31, 2022 have now been restated under Ind AS to provide comparability. Refer Note 46 on detailed information on how transition to Ind AS has affected the previously reported financial position, financial performance and cash flow of the Company.

d) Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Therefore, actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following notes:

i. Effective Interest Rate (EIR) method

The Company recognises 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 behaviour and life cycle of the instruments, as well as expected changes to other fee income/expense that are integral parts of the instrument.

ii. Impairment of Financial Assets

The measurement of impairment losses on loan assets and commitments requires judgment 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 model with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL model that are considered accounting judgments and estimates include:

- 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.

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

iii. Fair value of equity-settled share-based transaction

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The Company measures the fair value of equity-settled transactions with employees at the grant date using Black-Scholes model.

iv. Defined benefit obligations

The cost of the defined benefit gratuity plans, the present value of the defined benefit obligations are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government securities.

The mortality rate is the current best estimate of the expected mortality rates of plan members, both during and after employment. Future salary increases and gratuity increases are based on expected future inflation rates, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

v. Provision for Income Tax and Deferred Tax Asset

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilized. In assessing the probability, the Company considers whether the entity has sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, which will result in taxable amounts against which the unused tax losses or unused tax credits can be utilized before they expire. Significant management assumptions are required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

vi. Provisions and contingent liabilities

The Company estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

The Company uses significant judgements to disclose 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 the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognized nor disclosed in the financial statements.

vii. Useful lives of property, plant, and equipment & intangible assets

The Company depreciates property, plant, and equipment & intangible assets using Straight Line Method (SLM) basis over the estimated useful lives of the assets which in in line with the estimated useful life as specified in Schedule II to the Companies Act, 2013. The charge in respect of periodic depreciation is derived based on an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values are reviewed at each financial year end.

viii. Going Concern

The Company's financial statements are prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of obligations in the normal course of business. Management is of the view that it is considered appropriate to prepare these financial statements on a going concern basis as the Company expects to generate sufficient cash flows from operating activities and unused lines of credit to meet its obligations in the foreseeable future

2.1. SIGNIFICANT ACCOUNTING POLICIES

a) Financial Instruments

I. Recognition and Initial Measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. All financial assets and liabilities are recognized at fair value on initial recognition.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not 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. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognized immediately in profit and loss.

II. Financial Assets

i. Classification of financial assets

Classification and measurement of financial assets depends on the results of the business model test and the Solely Payments of Principal and Interest ('SPPI').

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

The Solely Payments of Principal and Interest (SPPI) test as a second step of its classification process, the Company assesses the contractual terms of financial assets to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/ discount). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Basis the above tests for purposes of subsequent measurement, financial assets are classified in the following categories:

- Financial asset at amortized cost
- Financial asset at fair value through other comprehensive income (FVTOCI)
- Financial assets at fair value through profit and loss (FVTPL)

Amortized Cost

A financial asset that meets the following conditions is subsequently measured at amortized cost (except for financial asset that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Fair value through other comprehensive income (FVTOCI)

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for financial asset that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. The Company does not have any financial assets measured at FVTOCI.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, financial assets that meet the amortized cost criteria or the FVTOCI criteria may irrevocably be designated as at FVTPL are measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

ii. Subsequent measurement of financial instruments

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt instruments at FVTOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity instruments at FVTOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are not reclassified to profit or loss.

iii. Impairment of financial assets

The Company applies the expected credit loss model for recognizing impairment loss on financial assets measured at amortized cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience as well as data from peer groups, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The Company applies a three-stage approach to measure ECL on loan assets. The underlying receivables of borrowers migrate through the following three stages based on the change in credit quality since initial recognition

Stage 1

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognized. Exposures with days past due (DPD) less than or equal to 30 days are classified as stage 1.

Stage 2

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognized. Exposures with DPD range of 31-90 days are classified as stage 2. At each reporting date, the Company assesses whether there has been a significant increase in credit risk for underlying loan assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition.

Stage 3

Loan asset is assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For loan assets that have become

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

credit impaired, a lifetime ECL is recognized on principal outstanding as at period end. Exposures with DPD more than 90 days are classified as stage 3.

Significant increase in credit risk

For loan assets, the date that the Company becomes a party to the contract with borrowers is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment.

In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan asset, the Company considers the changes in the risk that the specified borrower will default on the contract. The Company compares the risk of a default occurring on the loan asset as at the reporting date with the risk of a default occurring on the loan asset as at the date of initial recognition and considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The definition of default for the purpose of determining ECLs has been aligned to the Reserve Bank of India definition of default, which considers indicators that the borrower is unlikely to pay and is no later than when the exposure is more than 90 days past due. If one facility of borrower is classified as Stage 3, all the facilities of that borrower are treated as Stage 3.

Measurement and recognition of expected credit losses

The measurement of all expected credit losses for loan assets held at the reporting date are based on historical experience, current conditions, and reasonable and supportable forecasts. The measurement of expected credit losses is a function of the probability of default (PD), loss given default (LGD) (i.e. the magnitude of the loss if there is a default) and the exposure at default (EAD). The measurement of ECL involves increased complexity and judgement, including estimation of PDs, LGD, a range of unbiased future economic scenarios, estimation of expected lives and estimation of EAD and assessing significant increases in credit risk. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan assets, the exposure includes the amount outstanding as at the reporting date, together with expected drawdowns on committed facilities (if any) in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the borrowers, and other relevant forward-looking information.

The Elements of ECL: The Company calculates ECLs based on probability weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Company and the cash flows that the Company expects to receive. The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

Probability of Default (PD) - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.

a) The Company has applied 12 months PD to Stage 1 Loans

b) The Lifetime PD is computed using basic exponentiation technique after considering the residual maturity of the respective loan for Stage 2 Loans

c) PD of 100% is considered for Stage 3 Loans

Exposure at Default (EAD) – EAD is taken as the gross exposure under a facility upon default of an obligor. The amortized principal and the interest accrued is considered as EAD for the purpose of ECL computation

Loss Given Default (LGD) - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in a separate component of equity wherein fair value changes are accumulated.

In its ECL models, the Company relies on a broad range of forward-looking macro parameters and estimated the impact on the default at a given point of time. The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

iv. De-recognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

De-recognition due to modification of terms and conditions

The Company de-recognizes a financial asset, when the terms and conditions have been renegotiated to the extent that, substantially it becomes a new asset, with the difference recognized as a derecognition gain or loss, to the extent that an impairment loss has not already been recognized. If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company recognizes a modification gain or loss, to the extent that an impairment loss has not already been recognized.

Write offs

The gross carrying amount of a financial asset is written off when there is no realistic prospect of further recovery. This is generally the case when the Company determines that the debtor/borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, considering legal advice where appropriate. Any recoveries made against or from written off assets are recognized in Statement of profit and loss.

III. Financial liabilities and equity instruments

i. Classification as debt or equity

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.

ii. Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

iii. Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination (if any) which is subsequently measured at fair value through profit or loss. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

iv. De-recognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

v. Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

b) Revenue Recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. However, where the ultimate collection of revenue lacks reasonable certainty, revenue recognition is postponed.

Revenue is recognized by allocating the transaction price, net of variable consideration, to the performance obligations. Variable considerations include discounts and schemes offered as part of the contract. The net transaction price for each obligation represents the revenue recognized for its satisfaction.

i. Interest income

Interest income is recognized in Statement of profit and loss using the effective interest method for all financial instruments measured at amortized cost. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial assets.

The calculation of the effective interest rate includes transaction costs and fees that are an integral part of the contract. The Company recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognizes the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges). Transaction costs include incremental costs that are directly attributable to the acquisition of financial asset.

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 amortized through Interest income in the Statement of profit and loss.

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

ii. Interest income on deposits with banks

Interest income from deposits with banks is recognized on time proportion basis taking into account the outstanding amount and the applicable rate of interest.

iii. Net gain/loss on fair value changes

Any differences between the fair values of financial assets classified as fair value through the profit or loss, held by the Company on the balance sheet date is recognized as an unrealized gain/loss. In cases there is a net gain in the aggregate, the same is recognized in "Net gains on fair value changes" under Revenue from operations and if there is a net loss the same is disclosed under "Expenses – Net Loss on fair value changes" in the statement of profit and loss.

Similarly, any realized gain or loss on sale of financial instruments measured at FVTPL is recognized in net gain / loss on fair value changes.

iv. Loan Processing Fees

Processing fees on loans is collected towards processing of loan, this is amortized on EIR basis over the contractual life of the loan. Related cost incurred towards processing of loans is netted off against loan processing fees.

v. Fee Income

Fees and commissions are recognized when the Company satisfies the performance obligation, at fair value of the consideration received or receivable. Foreclosure charges are collected from loan customers for early payment/ closure of loan and are recognized on realization. Initial money Deposit charges are collected from customers for document processing, which is non-refundable in the nature. Initial money Deposit charges are recognized in statement of profit and loss as fee income using EIR method on disbursed cases. On non-disbursed cases, it is taken to statement of profit and loss on realization.

vi. Other operational revenue

Other operational revenue represents income earned from the activities incidental to the business and is recognized when the right to receive the income is established as per the terms of the contract.

c) Employee benefits

The Company's employee benefits mainly include salaries and bonuses, defined contribution plans (i.e. provident funds and employee state insurance scheme), defined benefits plans (i.e. gratuity) and other long-term employee benefits (i.e. compensated absences). The employee benefits are recognised in the year in which the associated services are rendered by the Company employees.

I. Short-term employee benefits

A liability is recognized for short-term employee benefits accruing to employees in respect of salaries, short term compensated absences, performance incentives etc. in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

II. Post-Employment Employee Benefits

i. Defined contribution plans

The contributions to defined contribution plans are recognized in profit or loss as and when the services are rendered by employees. The Company has no further obligations under these plans beyond its periodic contributions.

ii. Defined benefits plans

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprises actuarial gains and losses which is reflected immediately in the balance sheet with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

III. Other Long-term employee benefits

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes.

Long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gain/loss are immediately taken to the statement of profit and loss and are not deferred.

IV. Share-based payments

Employees of the Company also receive remuneration in the form of share-based payment transactions under Company's Employee stock option plan.

The grant date fair value of equity settled share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as expense is based on the estimate of the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service conditions at the vesting date.

d) Finance costs

Finance costs on borrowings is paid towards availing of loan, is amortized on EIR basis over the contractual life of loan. The EIR in case of a financial liability is computed:

a. As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortized cost of a financial liability.

b. By considering all the contractual terms of the financial instrument in estimating the cash flows

c. Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

e) Leases

The Company's leased assets primarily consist of leases for office Space. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease or another systematic basis.

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 periods covered by extension options when it is reasonably certain that they will be exercised and includes periods covered by termination options when it is reasonably certain that they will not be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. 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 unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflect that the Company exercise a purchase option. The Company applies Ind AS 36 to determine whether a ROU asset is impaired and accounts for any identified impairment loss as described in the accounting policy below on "Impairment of non-financial assets".

The lease liability is initially measured at amortized cost at the present value of the future lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the Company's incremental borrowing rates. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset (or in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero) if the Company changes its assessment whether it will exercise an extension or a termination or a purchase option.

The interest cost on lease liability (computed using effective interest method), is expensed off in the statement of profit and loss. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows. The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract in accordance with Ind AS 116 and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

f) Property, plant, and equipment (PPE)

Recognition and measurement

Property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company depreciates then separately based on their specific useful lives.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located. The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located. Cost includes, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. 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 costs relating to an item of Property, Plant and Equipment are recognized in the carrying amount of the item if the recognition criteria are met.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date are disclosed separately under other non-financial assets.

Depreciation

Depreciation on property, plant and equipment is provided on SLM method basis at the rates and in accordance with the useful lives specified in Schedule II to the Companies Act, 2013.

The estimated useful lives used for computation of depreciation are as follows:

Assets category	Estimated useful life (in years)
Vehicles	8 years
Furniture and fixtures	10 years
Office equipment	5 years
Computers	3 years

The useful lives, residual values and depreciation method of property, plant and equipment are reviewed, and adjusted appropriately, at-least as at each financial year end so as to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

The effect of any change in the estimated useful lives, residual values and /or depreciation method are accounted prospectively, and accordingly the depreciation is calculated over the property, plant and equipment's remaining revised useful life.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as of April 01, 2021 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

g) Intangible assets

Intangible assets are recognized when the Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be measured reliably.

The intangible assets are initially recognized at cost. These assets having finite useful life are carried at cost less accumulated amortization and any impairment losses. Amortization is computed using the straight-line method over the expected useful life of intangible assets.

Assets category	Estimated useful life (in years)
Computer software	2 years
Trademark	4 years
Website	4 years

The estimated useful lives and amortization method are reviewed, and adjusted appropriately, at least at each financial year end so as to ensure that the method and period of amortization are consistent with the expected pattern of economic benefits from these assets. The effect of any change in the estimated useful lives and/or amortization method is accounted for prospectively, and accordingly the amortization is calculated over the remaining revised useful life.

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

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognized as of April 01, 2021 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

h) Capital work-in-progress (CWIP)

Capital Work in Progress (CWIP) of intangible assets refers to the costs incurred on the acquisition or development of intangible assets that are not yet ready for their intended use. Such costs are capitalized until the intangible assets are ready for use. CWIP of intangible assets are capitalized if they meet the following criteria:

- The Company has control over the asset or rights to it
- It is probable that the future economic benefits associated with the asset will flow to the Company
- The cost of the asset can be reliably measured

i) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs of disposal 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 the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

j) Provisions, contingent liabilities and contingent assets

i. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the reporting date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). The unwinding of the discount is recognized as finance cost. Expected future operating losses are not provided for.

ii. 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.

iii. Contingent assets

Contingent assets are not recognized. A contingent asset is disclosed, as required by Ind AS 37, where an inflow of economic benefits is probable.

k) Taxation

The income tax expense for the period comprises of current and deferred income tax. Income tax is recognized in the statement of profit and loss, except to the extent that it relates to items recognized in the other comprehensive income or directly in equity, in which case the related income tax is also recognized accordingly.

i. Current tax

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period.

The tax rates and tax laws used to compute the current tax amounts are those that are enacted or substantively enacted as at the reporting date and applicable for the period.

While determining the tax provisions, the Company assesses whether each uncertain tax position is to be considered separately or together with one or more uncertain tax positions depending upon the nature and circumstances of each uncertain tax position. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and liability simultaneously.

ii. Deferred tax

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases.

Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequence that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary difference could be utilized. The company recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized. Deferred tax assets – unrecognized or recognized, are reviewed at each reporting date and are recognized/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realized.

The Company offsets deferred tax assets and deferred tax liabilities if it has a legally enforceable right and these relate to the same taxable entity and levied by the same governing taxation laws.

l) Operating cycle

Based on nature of product /activities of the Company and normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

m) Foreign currency transactions and translations

The functional currency and presentation currency of the Company is Indian Rupee. Functional currency of the Company has been determined based on the primary economic environment in which the Company operates considering the currency in which funds are generated, spent and retained.

Transactions in currencies other than the Company's functional currency are recorded on initial recognition using the exchange rate at the transaction date.

At each reporting date, foreign currency monetary items are reported at the prevailing closing spot rate. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each reporting date at the closing spot rate are recognized in the Statement of Profit and Loss in the period in which they arise.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction and are not retranslated at each reporting date.

n) Earnings per share (EPS)

Basic earnings per share are 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. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. 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 are adjusted for the effects of all potential equity shares except where the results are anti-dilutive.

o) Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.2. RECENT ACCOUNTING PRONOUNCEMENTS

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

Ind AS 1 - Presentation of Financial Statements

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of financial statements. The

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

effective date for adoption of this amendment is annual periods beginning on or after April 01, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the financial statements.

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

This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The effective date for adoption of this amendment is annual periods beginning on or after April 01, 2023. The Company has evaluated the amendment and there is no impact on its financial statements.

Ind AS 12 - Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases. This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 01, 2023. The Company has evaluated the amendment and there is no impact on its financial statement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

3 CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Cash on hand	-	-	-
Balances with banks in current accounts	1,948.46	183.61	58.91
Bank deposits with original maturity of less than three months	18,100.00	398.00	998.00
Total	**20,048.46**	**581.61**	**1,056.91**

4 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Bank deposits with original maturity for more than three months	691.41	5.91	2.39
Total	**691.41**	**5.91**	**2.39**

₹ 685.50 Lakhs (Previous Year Nil) kept as lien against borrowings.

5 RECEIVABLES

5 (a) Trade receivables

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Unsecured, considered good	54.14	58.40	246.46
Less: Impairment loss allowance	-	-	-
Total	**54.14**	**58.40**	**246.46**

Notes:

(1) There is no due by directors or other officers of the Company or any firm or private company in which any director is a partner, a director or a member.

(2) Trade receivables are non-interest bearing and are generally on terms of 90 days.

(3) The management expects no default in receipt of trade receivables; also there is no history of default observed by the management. Hence, no ECL has been recognized on trade receivables.

Ageing as at March 31, 2023

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
(i) Undisputed Trade receivables - Considered good	54.14	-	-	-	-	**54.14**
(ii) Undisputed Trade receivables - Considered doubtful	-	-	-	-	-	**-**
(iii) Disputed Trade receivables - Considered doubtful	-	-	-	-	-	**-**
(iv) Disputed Trade receivables - Considered doubtful	-	-	-	-	-	**-**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

Ageing as at March 31, 2022

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
(i) Undisputed Trade receivables - Considered good	58.40	-	-	-	-	**58.40**
(ii) Undisputed Trade receivables - Considered doubtful	-	-	-	-	-	**-**
(iii) Disputed Trade receivables - Considered doubtful	-	-	-	-	-	**-**
(iv) Disputed Trade receivables - Considered doubtful	-		-	-	-	**-**

Ageing as at April 01, 2021

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
(i) Undisputed Trade receivables - Considered good	246.46	-	-	-	-	**246.46**
(ii) Undisputed Trade receivables - Considered doubtful	-	-	-	-	-	**-**
(iii) Disputed Trade receivables - Considered doubtful	-	-	-	-	-	**-**
(iv) Disputed Trade receivables - Considered doubtful	-	-	-	-	-	**-**

5 (b) Other receivables

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Unsecured, considered good	159.26	17.70	5.90
Less: Impairment loss allowance	-	-	-
Total	**159.26**	**17.70**	**5.90**

6 LOANS

(A) Loans (at amortised cost):

	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Loans	102,732.98	42,443.00	18,290.28
Unamortized processing fees	(1,591.77)	(569.93)	(124.87)
Total (Gross)	**101,141.21**	**41,873.07**	**18,165.41**
Less: Impairment loss allowance	658.15	346.25	315.85
Total (Net)	**100,483.06**	**41,526.82**	**17,849.56**

(B) Breakup of loans into secured/unsecured category

	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
i) Secured by tangible assets	98,637.68	41,528.65	17,598.97
ii) Unsecured	4,095.30	914.35	691.31
Unamortized processing fees	(1,591.77)	(569.93)	(124.87)
Total (Gross)	**101,141.21**	**41,873.07**	**18,165.41**
Less: Impairment loss allowance	658.15	346.25	315.85
Total (Net)	**100,483.06**	**41,526.82**	**17,849.56**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

(C) Breakup of loans geographical area-wise

	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
(i) Loans in India			
(a) Public sector	-	-	-
(b) Others	102,732.98	42,443.00	18,290.28
Unamortized processing fees	(1,591.77)	(569.93)	(124.87)
Total (Gross)	**101,141.21**	**41,873.07**	**18,165.41**
Less: Impairment loss allowance	658.15	346.25	315.85
Total (Net)	**100,483.06**	**41,526.82**	**17,849.56**
(ii) Loans outside India	-	-	-

Notes:

(1) There is no loan asset measured at FVTOCI or FVTPL or designated at FVTPL.

(2) Loan amount includes accrued interest amounting ₹ 1,173.25 Lakhs (March 31, 2022: ₹ 474.64 Lakhs and April 01, 2021: ₹ 162.89 Lakhs)

7 INVESTMENTS

	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Investment in mutual funds (at fair value through Profit and Loss)			
(a) Aditya Birla Sun Life Overnight fund - Growth Plan	-	1,500.34	800.03
Nil unit at cost of ₹ Nil (March 31, 2022 : 1,30,499.97 units at cost of ₹ 1500 Lakhs, April 01, 2021 : 71,884.82 units at cost of ₹ 800 Lakhs)			
(b) Kotak Liquid Fund - Growth Plan	-	-	1,000.15
Nil units at cost of ₹ Nil (March 31, 2022 : Nil Unit at cost of ₹ Nil, April 01, 2021 : 24,045.54 units at cost of ₹ 1,000 Lakhs)			
(c) ICICI Prudential Overnight Fund - Direct Plan	-	2,001.39	-
Nil unit at cost of ₹ Nil (March 31, 2022 : 17,45,332.751 units at cost of ₹ 2,000 Lakhs, April 01, 2021 : NIL)			
(d) SBI Low Duration Fund Regular - Growth Plan	-	1,001.51	-
Nil unit at cost of ₹ Nil (March 31, 2022 : 35,176.09 units at cost of ₹ 1,000 Lakhs, April 01, 2021 : NIL)			
Total Gross (A)	**-**	**4,503.23**	**1,800.18**
i) Investments in India	-	4,503.23	1,800.18
ii) Investments outside India	-	-	-
Total Gross (B)	**-**	**4,503.23**	**1,800.18**
Less: Allowance for impairment loss (C)	-	-	-
Total Net (D) (A-C)	**-**	**4,503.23**	**1,800.18**

8 OTHER FINANCIAL ASSETS

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Security deposits	147.73	84.49	59.73
Interest accrued but not due on			
- deposits with banks	52.76	1.37	0.60
Total	**200.49**	**85.86**	**60.33**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

9 CURRENT TAX ASSETS (NET)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Advance income tax	42.16	51.40	91.64
Total	**42.16**	**51.40**	**91.64**

10 PROPERTY, PLANT & EQUIPMENT

	Vehicles	Furniture and fixtures	Computer and Information Technology equipment	Office Equipment	Total
Cost					
Deemed cost as at April 01, 2021*	29.40	3.79	25.33	1.55	60.07
Additions during the year	-	10.80	95.33	6.38	1 12.51
Disposals / deductions during the year	-	-	-	-	-
As at March 31, 2022	**29.40**	**14.59**	**120.66**	**7.93**	**1 72.58**
Additions during the year	1 10.14	36.19	84.45	15.91	246.70
Disposals / deductions during the year	(69.55)	-	-	-	(69.55)
As at March 31, 2023	**69.99**	**50.78**	**205.11**	**23.84**	**349.73**
Accumulated depreciation					
As at April 01, 2021	-	-	-	-	-
Charge for the year	5.20	0.78	32.12	0.99	39.09
Disposals / deductions during the year	-	-	-	-	-
As at March 31, 2022	**5.20**	**0.78**	**32.12**	**0.99**	**39.09**
Charge for the year	6.49	2.58	52.37	2.95	64.39
Disposals / deductions during the year	(50.08)		-	-	(50.08)
As at March 31, 2023	**(38.39)**	**3.36**	**84.49**	**3.94**	**53.40**
Carrying amount					
As at April 01, 2021	**29.40**	**3.79**	**25.33**	**1.55**	**60.07**
As at March 31, 2022	**24.20**	**13.81**	**88.54**	**6.94**	**133.49**
As at March 31, 2023	**108.38**	**47.42**	**120.62**	**19.90**	**296.33**

Notes:

*The Company has elected to avail Ind AS 101 exemption to continue with the carrying value under Previous GAAP for all of its property, plant and equipment as its deemed cost on the date of transition to Ind AS.

11 INTANGIBLE ASSETS

	Computer Software	Website Development Cost	Trademark	Total
Cost				
Deemed cost as at April 01, 2021*	28.02	13.15	4.04	45.21
Additions during the year	26.09	0.52	-	26.61
Disposals / deductions during the year	-	-	-	-
As at March 31, 2022	**54.11**	**13.67**	**4.04**	**71.82**
Additions during the year	20.85	21.90	-	42.75
Disposals / deductions during the year	-	-	-	-
As at March 31, 2023	**74.96**	**35.57**	**4.04**	**1 14.57**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

	Computer Software	Website Development Cost	Trademark	Total
Accumulated depreciation				
As at April 01, 2021	-	-	-	-
Charge for the year	33.68	4.60	2.00	40.28
Disposals / deductions during the year	-	-	-	-
As at March 31, 2022	**33.68**	**4.60**	**2.00**	**40.28**
Charge for the year	18.67	6.83	1.99	27.49
Disposals / deductions during the year		-	-	-
As at March 31, 2023	**52.35**	**11.43**	**3.99**	**67.77**
Carrying amount				
As at April 01, 2021	**28.02**	**13.15**	**4.04**	**45.21**
As at March 31, 2022	**20.43**	**9.07**	**2.04**	**31.54**
As at March 31, 2023	**22.61**	**24.13**	**0.05**	**46.80**

Notes:

*The Company has elected to avail Ind AS 101 exemption to continue with the carrying value under Previous GAAP for all of its intangible assets as its deemed cost on the date of transition to Ind AS.

12 OTHER NON-FINANCIAL ASSETS

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Prepaid expenses	104.73	59.77	30.97
Balances with government authorities	74.57	103.23	156.67
Advance to vendors	52.13	36.99	2.37
Other advances	30.29	2.25	0.76
	261.72	**202.24**	**190.77**

13 PAYABLES

13 (a) Trade Payables

	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
- Total outstanding dues of micro enterprises and small enterprises (Refer note 42)*	5.00	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	433.53	208.02	8.74
	438.53	**208.02**	**8.74**

13 (b) Other Payables

	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
- Total outstanding dues of micro enterprises and small enterprises (Refer note 42)*	-	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	37.40
	-	**-**	**37.40**

*Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) there are no outstanding dues to micro, small and medium enterprises as at March 31, 2023, March 31, 2022 and April 01, 2021. There is no interest due or outstanding on the same.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

Ageing as at March 31, 2023

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 Years	2-3 Years	More than 3 Years	Total
(i) MSME	5.00	-	-	-	5.00
(ii) Others	433.53	-	-	-	433.53
(iii) Disputed	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-

Ageing as at March 31, 2022

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 Years	2-3 Years	More than 3 Years	Total
(i) MSME	-	-	-	-	-
(ii) Others	208.02	-	-	-	208.02
(iii) Disputed	-	-	-	-	-
(iv) Disputed Dues - Others	-		-	-	-

Ageing as at April 01, 2021

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 Years	2-3 Years	More than 3 Years	Total
(i) MSME	-	-	-	-	-
(ii) Others	46.14	-	-	-	46.14
(iii) Disputed	-	-	-	-	-
(iv) Disputed Dues - Others	-		-	-	-

14 BORROWINGS

(at amortized cost)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
a) Term loans			
i) from bank (Secured)*	-	11.80	25.61
ii) from bank (Secured)	65,349.29	-	-
b) Loans from related parties (Unsecured)	4,600.00	7,100.00	11,100.00
Less:- Unamortized processing fees	(343.27)	-	-
Total (A)	**69,606.02**	**7,111.80**	**11,125.61**
Borrowings in India	69,606.02	7,111.80	11,125.61
Borrowings outside India	-	-	-
Total (B)	**69,606.02**	**7,111.80**	**11,125.61**

Notes:

(1) There is no borrowings measured at FVTPL or designated at FVTPL.

(2) The borrowings have not been guaranteed by directors or others. Also the Company has not defaulted in repayment of principal and interest.

(3) Terms of repayment and security provided in respect of term loan outstanding as at March 31, 2023 aggregating to ₹ 65,349.29 Lakhs (March 31, 2022: ₹ 11.80 Lakhs, April 01, 2021: ₹ 25.61 Lakhs) obtained from Banks and Financial Institutions :

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

Purpose of loan	Repayment and Security	Rate of Interest	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Purchase of vehicle*	Repayable in 36 to 60 monthly instalment. Secured against the respective vehicle for which the loan has been taken.	8.5% - 9%	-	11.80	25.61
Onward Lending	Repayable in monthly/ Quarterly instalments. Tenor ranging from 30 to 60 months. Secured against loan receivables.	8.5% - 11%	65,349.29	-	-

* Company has not availed moratorium, in EMI repayments on vehicle loans, as per the RBI circular RBI/2019-20/186 DOR.No.BP.BC.47/21.04.048/2019-20 & RBI/2019-20/244 DOR.No.BP.BC.71/21.04.048/2019-20.

(4) Terms of repayment and security provided in respect of term loan outstanding as at March 31, 2023 aggregating to ₹ 4,600.00 Lakhs (March 31, 2022: ₹ 7,100.00 Lakhs, April 01, 2021: ₹ 11,100.00 Lakhs) obtained from the director Mr Harsh Hiranandani :

Purpose of loan	Repayment and Security	Rate of Interest	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Onward lending	Unsecured short term loan payable up to 1 year.	Nil	4,600.00	7,100.00	11,100.00

15 OTHER FINANCIAL LIABILITIES

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Interest accrued but not due on borrowings	140.67	0.06	0.12
Employee benefit expenses payable	29.12	55.47	31.23
EMI/Fee received in advance	123.75	65.06	27.74
Accrued expenses	385.43	365.73	123.31
Book overdraft	73.29	586.77	524.22
	752.26	**1,073.09**	**706.62**

16 CURRENT TAX LIABILITIES (NET)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Provision for income tax	-	-	32.09
Total	**-**	**-**	**32.09**

17 PROVISIONS

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Provision for employee benefits			
- Gratuity	51.08	47.54	31.36
- Provision for compensated absences	98.73	76.79	41.40
Provision for bonus	350.00	-	-
Others	19.88	14.29	9.26
Total	**519.69**	**138.62**	**82.02**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

18 OTHER NON-FINANCIAL LIABILITIES

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Statutory dues and taxes payable	185.99	101.43	42.04
Others	10.88	2.00	7.27
Total	**196.87**	**103.43**	**49.31**

19 EQUITY SHARE CAPITAL

19 (a) Equity share Capital

Authorised equity share capital	Class A Equity Shares (Face Value = ₹ 10/-)		Class B Equity Shares (Face Value = ₹ 10/-)		Class C Equity Shares (Face Value = ₹ 10/-)	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
As at April 01, 2021	100,000,000	10,000.00	-	-	-	-
Increase/decrease during the year	894,000,000	89,400.00	3,000,000	300.00	3,000,000	300.00
As at March 31, 2022	**994,000,000**	**99,400.00**	**3,000,000**	**300.00**	**3,000,000**	**300.00**
Increase/decrease during the year	-	-	-	-	-	-
As at March 31, 2023	**994,000,000**	**99,400.00**	**3,000,000**	**300.00**	**3,000,000**	**300.00**

Issued equity share capital (subscribed and fully/partly paid up)	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
At April 01, 2021	100,000,000	10,000.00	-	-	-	-
Shares issued during the year	300,000,000	30,000.00	3,000,000	30.00	-	-
At March 31, 2022	**400,000,000**	**40,000.00**	**3,000,000**	**30.00**	**-**	**-**
Shares issued during the year	100,000,000	10,000.00	-	-	-	-
At March 31, 2023	**500,000,000**	**50,000.00**	**3,000,000**	**30.00**	**-**	**-**

19 (b) Terms/ rights attached to shares

The Company's paid-up capital is divided into Class A (Ordinary equity shares) and Class-B equity shares of face value of ₹ 10 each. Each Class A holder of equity shares is entitled to one vote per share held and each share has the same dividend rights. Class-B equity share does not contain any voting rights but shall be entitled to same dividend rights as Class A equity shareholders. The entity declares and pays dividends in Indian rupees. The dividend proposed by board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. During the year ended March 31, 2023, March 31, 2022 and March 31, 2021, no dividend has been declared by the Company. Upon liquidation, dissolution or winding up of the Company, all amounts available for distribution out of the assets of the Company to the holders of its Share Capital, whether such assets are capital, surplus or earnings, subject to applicable Law, shall be distributed in the order as prescribed in Articles of Association of the Company.

19 (c) Details of shareholders (as per the register of shareholders) holding more than 5% equity shares in the Company

	As at March 31, 2023		As at March 31, 2022		As at April 01, 2021	
	No. of shares	% Holding	No. of shares	% Holding	No. of shares	% Holding
Class A Equity Shares (Face Value = ₹ 10/-)						
Ms. Neha Hiranandani	100,000,000	19.88%	100,000,000	24.81%	50,000,000	50.00%
Mr. Harsh Hiranandani	400,000,000	79.52%	300,000,000	74.44%	50,000,000	50.00%
Total	**500,000,000**	**99.40%**	**400,000,000**	**99.26%**	**100,000,000**	**100.00%**

(Amounts in ₹ Lakhs, unless otherwise stated)

19 (d) Share holding of Promoters

Share held by promoters at the year ending on March 31, 2023			
Promoter name	**No of Shares**	**% of Total Shares**	**% Changes during the year**
Mr. Harsh Hiranandani	400,000,000	79.52%	5.08%
Ms. Neha Hiranandani	100,000,000	19.88%	(4.93%)

Share held by promoters at the year ending on March 31, 2022			
Promoter name	**No of Shares**	**% of Total Shares**	**% Changes during the year**
Mr. Harsh Hiranandani	300,000,000	74.44%	24.44%
Ms. Neha Hiranandani	100,000,000	24.81%	(25.19%)

Share held by promoters at the year ending on April 01, 2021			
Promoter name	**No of Shares**	**% of Total Shares**	**% Changes during the year**
Mr. Harsh Hiranandani	50,000,000	50.00%	-
Ms. Neha Hiranandani	50,000,000	50.00%	-

20 OTHER EQUITY

Particulars	**As at March 31, 2023**	**As at March 31, 2022**	**As at April 01, 2021**
Statutory reserves fund as per Section 45-IC of the RBI Act, 1934 (refer note a)	504.41	37.80	37.80
Retained earnings	678.07	(1,206.29)	(542.88)
Employee stock option plan reserve	144.10	115.31	63.17
Total other equity	**1,326.58**	**(1,053.18)**	**(441.91)**

Notes:

Description of the nature and purpose of Other Equity :

a) **Statutory reserves fund as per Section 45-IC of the RBI Act, 1934:** As per Section 45-IC of the RBI Act,1934 every non-banking financial company is required to create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared. The Company has transferred twenty per cent of its net profit in special reserve. The reserve fund can be utilized only for limited purposes as specified by RBI from time to time and every such utilization shall be reported to the RBI within specified period of time from the date of such utilization.

b) **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, dividend pay-outs, transfers to General reserve or any such other appropriations to specific reserves.

c) **Employee stock option plan reserve:** The Company has a share option scheme under which options to subscribe for the Company's shares have been granted to certain employees including key management personnel. The share-based payment reserve is used to recognize the value of equity-settled share-based payments provided to employees, as part of their remuneration.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

21 INTEREST INCOME

	For the year ended March 31, 2023	For the year ended March 31, 2022
On financial instruments measured at Amortized cost		
- Interest income from financing activities	11,632.13	3,831.08
- Interest on deposits with banks	111.66	16.00
- Other interest income	9.18	63.02
	11,752.97	**3,910.10**

22 FEES AND COMMISSION INCOME

	For the year ended March 31, 2023	For the year ended March 31, 2022
Loan servicing fees income	169.90	90.41
	169.90	**90.41**

23 NET GAIN ON FAIR VALUE CHANGES

	For the year ended March 31, 2023	For the year ended March 31, 2022
Net gain on financial instruments at FVTPL		
Investment in Mutual Funds	516.65	171.45
Total	**516.65**	**171.45**
Fair value changes:		
- Realized	516.65	168.25
- Unrealized	-	3.20
	516.65	**171.45**

24 OTHER OPERATING REVENUE

	For the year ended March 31, 2023	For the year ended March 31, 2022
Income from advertisement	510.00	180.00
Other	134.26	41.59
	644.26	**221.59**

25 OTHER INCOME

	For the year ended March 31, 2023	For the year ended March 31, 2022
Gain on sale of Property Plant and Equipment	11.78	-
Other non-operating income	14.37	11.39
	26.15	**11.39**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

26 FINANCE COSTS

	For the year ended March 31, 2023	For the year ended March 31, 2022
On financial liabilities measured at amortized cost		
- Interest on borrowings	2,036.34	1.50
- Interest expense on lease liabilities	3.76	3.94
- Other borrowing costs	72.09	3.97
	2,112.19	**9.41**

27 IMPAIRMENT ON FINANCIAL INSTRUMENTS

	For the year ended March 31, 2023	For the year ended March 31, 2022
On financial instruments measured at amortized cost		
- Loans	313.91	30.41
Loans written off	99.96	163.02
	413.87	**193.43**

28 EMPLOYEE BENEFITS EXPENSES

	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries, allowances and bonus	5,414.25	3,398.93
Gratuity expense (refer note 33)	27.50	16.48
Compensated absence expense (refer note 33)	36.61	39.66
Contribution to provident and other funds	230.88	147.63
Employee stock options expense (refer note 34)	28.79	52.14
Staff welfare expenses	114.80	66.96
	5,852.83	**3,721.80**

Note:

Gratuity expenses includes ₹ Nil (March 31, 2022: ₹ Nil) paid to Key Managerial Personnel (KMP).

29 DEPRECIATION AND AMORTIZATION EXPENSES

	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation of property, plant and equipment (refer note 10)	64.40	39.08
Depreciation on right of use assets (refer note 41)	44.08	42.82
Amortization of intangible assets	27.49	40.28
	135.97	**122.18**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

30 OTHER EXPENSES

	For the year ended March 31, 2023	For the year ended March 31, 2022
Advertisement & sales promotion	70.82	100.69
Commission expense	4.73	6.12
Electricity charges	76.07	38.05
Insurance	42.97	29.48
Information technology expenses	121.43	75.85
Legal & professional charges*	205.97	131.58
Credit verification charges	114.97	211.72
Office expense	138.74	67.82
Postage & telephones	69.72	37.90
Printing & stationery	44.56	23.15
Rates & taxes	205.46	101.91
Rent expense	164.17	90.25
Repairs & maintenance:	18.41	10.11
Security expense	4.60	3.03
Travelling, lodging, boarding & conveyance expenses	188.64	111.22
Cost incurred towards increase in authorised share capital	-	2 03.69
Miscellaneous expense	6.36	2.64
	1,477.62	**1,245.21**

***Includes payments to statutory auditors (exclusive of Goods and Service Tax)**

	For the year ended March 31, 2023	For the year ended March 31, 2022
- For Audit	10.00	7.00
- For Tax Audit	2.00	1.50
- For Certification	3.00	1.25
	15.00	**9.75**

31 INCOME TAX

The major components of income tax expense/(credit) are :

a) Income tax expense/(credit) recognised in Statement of profit and loss

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current tax		
Current income tax for the year	921.27	-
Total current tax expenses	921.27	-
Deferred tax		
Relating to origination and reversal of temporary differences	(136.86)	(223.46)
Total deferred tax expenses/(benefits)	(136.86)	(223.46)
Total income tax expense	**784.41**	**(223.46)**

(Amounts in ₹ Lakhs, unless otherwise stated)

b) Income tax recognised in other comprehensive income (OCI)

Deferred tax related to items recognized in OCI during the year

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Deferred tax on remeasurements of defined benefit plans	6.03	0.08

c) The income tax expense for the year can be reconciled to the profit before tax as follows:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit before tax	3,117.45	(887.09)
Accounting profit before income tax	**3,117.45**	**(887.09)**
Tax expense at statutory income tax rate of 25.168% (March 31, 2022: 25.168%)	784.60	(223.26)
Others	(0.19)	(0.20)
Tax expense at the effective income tax rate of 25.16% (March 31, 2022: 25.19%)	**784.41**	**(223.46)**

d) Breakup of deferred tax recognized in the Balance sheet

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Deferred tax assets			
Carry forward of business loss	-	81.87	20.06
Property, plant and equipment and other intangible assets	1.16	6.78	6.47
Preliminary expenses	28.82	41.97	11.41
Provision for gratuity	12.86	11.96	7.89
Provision for compensated absences	24.85	19.33	10.42
Provision for loan assets	165.64	87.14	79.49
Share based payment reserve	-	1.06	15.90
Security Deposits	1.03	0.28	0.55
Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961	2.62	19.46	5.57
Other non-financial liabilities - Unamortized processing fee	400.61	143.44	31.43
Total deferred tax assets recognized (A)	**637.59**	**413.29**	**189.19**
Deferred tax liabilities			
Right of use assets and lease liabilities	(0.82)	(0.40)	(0.51)
Investments in mutual funds	-	(0.81)	(0.05)
Prepaid processing fee on Loan liabilities	(87.82)	-	-
Total deferred tax liabilities (B)	**(88.64)**	**(1.21)**	**(0.56)**
Net deferred tax assets/(liabilities) (A+B)	**548.95**	**412.09**	**188.63**
Total	**542.85**	**412.01**	**188.63**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

e) Detail of deductible temporary differences and unused tax losses for which no deferred tax asset is recognized in the balance sheet:

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Deductible temporary differences and unused tax losses for which no deferred tax assets have been recognized are attributable to the following:			
- business losses	-	325.28	79.72
- other deductible temporary differences	2,533.31	1,316.86	671.98
Total	**2,533.31**	**1,642.14**	**752.00**

Utilization of business tax losses is subject to expiry of 8 years

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

32 EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS are calculated by dividing the profit for the year attributable to the equity holders of the Company by weighted average number of Equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

	For the year ended March 31, 2023	For the year ended March 31, 2022
Basic		
Profit for basic EPS being net profit attributable to owners of the Company (A)	2,333.04	(663.63)
Weighted average number of equity shares in calculating basic EPS (B) (nos.)	444,683,562	222,474,795
Basic earnings per equity share (A)/(B) (In ₹)	0.52	(0.30)
Diluted		
Profit for basic EPS being net profit attributable to owners of the Company (A)	2,333.04	(663.63)
Weighted average number of equity shares in calculating basic EPS (nos.)	444,683,562	222,474,795
Effect of the dilutive shares	-	-
Weighted average number of equity shares in calculating diluted EPS (B) (nos.)	444,683,562	222,474,795
Diluted earnings per equity share (A)/(B) (In ₹)	0.52	(0.30)

Options under ESOP plan are considered as anti-dilutive and hence its impact is not considered.

33 EMPLOYEE BENEFITS

A Defined contribution plans

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund, which is a defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The Company recognized ₹ 203.11 Lakhs (March 31, 2022: ₹ 133.42 Lakhs) for provident fund contributions in the Statement of Profit and Loss.

B Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The employees can carry forward up to the specified portion of the unutilized accumulated compensated absences and utilize it in future periods or receive cash at retirement or Separation of employment. The expected cost of accumulating compensated absences is determined by actuarial valuation (using the projected unit credit method) based on the additional amount expected to be paid as a result of the unutilized entitlement that has accumulated at the balance sheet date. Actuarial gains and losses arise due to difference in the actual experience and the assumed parameters and also due to changes in the assumptions used for valuation. Actuarial gains/losses are immediately taken to the Other Comprehensive income. The Company recognized ₹ 36.61 Lakhs (March 31, 2022: ₹ 39.66 Lakhs) for compensated absences in the Statement of Profit and Loss.

C Defined benefit plans

Gratuity - defined benefit plan

The Company's gratuity scheme provides for lump sum payment to employees who has rendered at least five years of continuous service, of an amount equivalent to one half month's basic salary payable for each completed year of service with ceiling of Rupees 20 Lakhs in terms of the provisions of Gratuity Act, 1972.

The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method with actuarial valuations being carried out at each balance sheet date.

Description of risk exposures:

a) **Interest rate risk**: A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision.

b) **Salary Risk:** The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

c) **Asset Liability Matching Risk:** The plan faces the ALM risk as to the matching cash flow. entity has to manage pay-out based on pay as you go basis from own funds.

d) **Mortality risk:** Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

Gratuity - defined benefit plan

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Present value of un-funded defined benefit obligation	51.08	47.54	31.36
Net liability arising from defined benefit obligation	**51.08**	**47.54**	**31.36**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

a) Reconciliation of the net defined benefit liability

Movement in the present value of defined benefit obligation is as follows :

Reconciliation of present value of defined benefit obligation for Gratuity

	Gratuity	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Balance at the beginning of the year	47.54	31.36
Benefits paid	-	-
Current service cost	25.06	15.15
Interest cost	2.44	1.33
Actuarial (gains) losses	-	-
- changes in financial assumptions	(8.37)	(3.40)
- changes in demographic assumptions	(13.31)	(2.81)
- experience adjustments	(2.28)	5.91
Balance at the end of the year	**51.08**	**47.54**

b) Amount recognised in statement of profit and loss in respect of these employee benefits are as follows:

	Gratuity	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Current service cost	25.06	15.15
Net interest expense	2.44	1.33
Components of defined benefit costs recognized in profit or loss	27.50	16.48
Remeasurement of the net defined benefit liability		
Actuarial (gain) loss on defined benefit obligation	(23.96)	(0.30)
Components of defined benefit costs recognized in other comprehensive income	(23.96)	(0.30)

The most recent actuarial valuations of the present value of the defined benefit liability were carried out at March 31, 2023. The present value of the defined benefit liability, and the related current service cost, were measured using the projected unit credit method.

c) The principal assumption used for the purpose of actuarial valuation are as follows:

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022	As at April 01, 2021
Discount rate	7.29% per annum	5.15% per annum	4.25% per annum
Expected rate of salary increase	6.00 % per annum	6.00 % per annum	6% per annum
Retirement age	58 years	58 years	58 years
Attrition rate	1. Senior Management/ KMP 2% 2. Others 60%	1. Senior Management/ KMP 2% 2. Others 40%	1. Senior Management/ KMP 2% 2. Others 36%
Mortality table	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality (2006-08)

(Amounts in ₹ Lakhs, unless otherwise stated)

Notes:

(1) The discount rate is based on the prevailing market yields of Indian Government bonds as at the balance sheet date for the estimated term of obligations.

(2) The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

d) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Gratuity

For the year ended March 31, 2023	Increase	Decrease
Impact of change in discount rate by 1%	(3.35)	3.69
Impact of change in salary growth rate by 1%	2.07	(1.94)
Impact of change in employee turnover rate by 1%	(0.15)	0.13

For the year ended March 31, 2022	Increase	Decrease
Impact of change in discount rate by 1%	(3.43)	3.80
Impact of change in salary growth rate by 1%	3.66	(3.43)
Impact of change in employee turnover rate by 1%	(1.18)	1.21

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

e) The table below summarizes the maturity profile and duration of the gratuity liability:

Particulars	Gratuity Liability	
	For the year ended March 31, 2023	For the year ended March 31, 2022
1st following year	0.88	0.21
2nd following year	4.91	0.77
3rd following year	3.95	4.53
4th following year	3.73	4.11
5th Following Year	3.12	4.70
6 to 10 years	25.21	25.99
11 years and above	47.14	32.00
Total	**88.94**	**72.31**

34 SHARE BASED PAYMENTS

(a) To align the interest of the employees with those of stockholders, the Company, has instituted a "Employee Stock Option Scheme (ESOP)".

The performance vesting conditions of these awards is successful completion of the employment with the Company till the respective dates of the vesting. As on March 31, 2023, there are 2 separate ESOPs' arrangements, which are described below. There are no market conditions attached to the awards.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

(b) The salient terms of the scheme are set out hereunder:

Particulars	ESOP Scheme			
	Date of Grant	Number of Options Granted	Vesting Period	Exercise Price (₹ per option)
Grant - I	June 10, 2020	12,465,000	On 3rd/4th/5th anniversary from the date of joining.	10
Grant - II	July 08, 2021	180,000	On 3rd/4th/5th anniversary from the date of joining.	10
Grant - III	April 04, 2022	285,000	On 3rd/4th/5th anniversary from the date of joining.	10
Grant - III	April 04, 2022	895,000	1/3rd each every year from date of grant.	10
Grant - IV	November 18, 2022	1,640,000	On 3rd/4th/5th anniversary from the date of joining.	10

Date of Board Approval of the relevant scheme	03-06-2020
Date of Shareholder's approval of the relevant scheme	08-06-2020
Date of Last Modification	No modification is being done since the date of approval by the shareholders.
Method of Settlement (Cash/Equity)	Equity

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

Employee Stock Options (ESOPs)	March 31, 2023		March 31, 2022	
	Number of Options Granted	WAEP	Number of Options Granted	WAEP
Outstanding at the beginning of the year	12,520,000	10.00	12,465,000	10.00
Options granted during the year	2,820,000	10.00	180,000	10.00
Options exercised during the year	-	10.00	-	10.00
Options forfeited during the year	(595,000)	10.00	(125,000)	10.00
Options expired during the year	-	10.00	-	10.00
Options outstanding at the end of the year	**14,745,000**	**10.00**	**12,520,000**	**10.00**
Of which, vested options outstanding at the end of the year	7,824,551	10.00	3,844,782	10.00

The ESOPs outstanding at the end of the year had exercise price of ₹ 10 (as at March 31, 2022: ₹ 10), and a weighted average remaining contractual life (Vesting and exercise period)of 2.99 years (as March 31, 2022: 4.93 years).

The life of the options granted (Vesting and exercise period) ranges from 1 year to 8 years.

(d) Fair value of share options granted in the year

Options were priced using Black Scholes Model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations.

Plan Type	ESOP	
Particulars	**March 31, 2023**	**March 31, 2022**
Weighted average fair value of options granted during the year (₹)	1.12	1.05

(Amounts in ₹ Lakhs, unless otherwise stated)

The key assumptions used are:		
- Risk free interest rate	4.93%/6.65%	5.03%
- Expected volatility*	32.06%/12.09%	21.31%

*Expected volatility reflects the assumption that the historical volatility over a period similar to the expected life of the awards is indicative of future trends, which may not be necessarily be the actual outcome.

(e) Amount of expense recognized in the statement of profit and loss

Particulars	**ESOP**	
	March 31, 2023	**March 31, 2022**
- Expenses arising from share based payments during the year	28.79	52.14
Total	**28.79**	**52.14**

35 FAIR VALUE MEASUREMENTS

a) Category wise details as to carrying value, fair value and the level of fair value measurement hierarchy of the Company's financial instruments are as follows:

	Level	**As at March 31, 2023**	**As at March 31, 2022**	**As at April 01, 2021**
Financial assets				
a) Measured at fair value through profit or loss (FVTPL)				
- Investment in mutual funds	Level 1	-	4,503.23	1,800.18
b) Measured at amortized cost				
- Investment in debt instruments				
- Cash and cash equivalents	Level 3	20,048.46	581.61	1,056.91
- Bank balance other than included in (a) above	Level 3	6 91.41	5.91	2.39
- Loans	Level 3	100,483.06	41,526.82	17,849.56
- Security deposits	Level 3	147.73	84.49	59.73
- Trade receivables	Level 3	54.14	58.40	246.46
- Other receivables	Level 3	159.26	17.70	5.90
- Other financial assets	Level 3	52.76	1.37	0.60
		121,636.82	42,276.30	19,221.55
Total financial assets		**121,636.82**	**46,779.53**	**2,1021.73**
Financial liabilities				
a) Measured at amortized cost				
- Borrowings	Level 3	69,606.02	7,111.80	11,125.61
- Trade payables	Level 3	438.53	208.02	8.74
- Other payables	Level 3	-	-	37.40
- Lease liabilities	Level 3	52.87	25.22	49.77
- Other financial liabilities	Level 3	752.26	1,073.09	706.62
		70,849.68	**8,418.13**	**11,928.14**
Total financial liabilities		**70,849.68**	**8,418.13**	**11,928.14**

b) The following is the basis of categorising the financial instruments measured at fair value into Level 1 to Level 3:

Level 1: This level includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: This level includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: This level includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

c) There were no transfers between any levels for Fair value measurements.

d) The following methods / assumptions were used to estimate the fair values:

i) The carrying value of trade receivables, cash and cash equivalents, other bank balances, trade payables, other payables, security deposits, other financial assets and other financial liabilities measured at amortized cost approximate their fair value due to the short-term maturities of these instruments.

ii) Loans

The Company gives fixed rate loan for which the Company has used the present value technique for valuation. The current rates used does not reflect significant changes from the discount rates used initially. Therefore, the carrying value of these instruments measured at amortized cost approximate their fair value.

iii) Borrowings

Fixed rate borrowings:

The Company has used the present value technique for valuation of the Fixed Rate borrowings by the Company. The current rates used does not reflect significant changes from the discount rates used initially. Therefore, the carrying value of these instruments measured at amortised cost approximate their fair value.

36 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 March 13 2020 outlined 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, effective from the financial year ended March 31, 2020, the 'regulatory capital' 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's capital management strategy is to effectively determine, raise and deploy capital so as to create value for its shareholders. The same is done through a mix of either equity and/or convertible and/or combination of short term /long term debt as may be appropriate.

The Company determines the amount of capital required on the basis of operations, capital expenditure and strategic investment plans. The capital structure is monitored on the basis of net debt to equity and maturity profile of overall debt portfolio. The Company is subject to the capital adequacy requirements of the Reserve Bank of India (RBI). Under RBI's capital adequacy guidelines, the Company is required to maintain a capital adequacy ratio consisting of Tier I and Tier II Capital. The total of Tier II Capital at any point of time, shall not exceed 100 percent of Tier I Capital. The minimum capital ratio as prescribed by RBI guidelines and applicable to the Company, consisting of Tier I and Tier II capital, shall not be less than 15 percent of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet. The Company has complied with all regulatory requirements related capital and capital adequacy ratios as prescribed by RBI.

(Amounts in ₹ Lakhs, unless otherwise stated)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Tier - I capital	50,622.21	38,473.50	9,293.28
Tier - II capital	453.98	201.46	266.76
Total Capital	**51,076.18**	**38,674.96**	**9,560.04**
Aggregate of Risk Weighted Assets	102,893.32	46,959.20	20,201.33
Tier - I capital ratio	49.20%	81.93%	46.00%
Tier - II capital ratio	0.44%	0.43%	1.32%
Total Capital ratio	49.64%	82.36%	47.32%

Tier I Capital" means owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund.

"Owned fund" means paid up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account and capital reserves representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of asset, as reduced by accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any.

Tier II capital" includes the following -

(a) preference shares other than those which are compulsorily convertible into equity;

(b) revaluation reserves at discounted rate of fifty five percent;

(c) General provisions (including that for Standard Assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets. 12 month expected credit loss (ECL) allowances for financial instruments i.e. where the credit risk has not increased significantly since initial recognition, shall be included under general provisions and loss reserves in Tier II capital within the limits specified by extant regulations. Lifetime ECL shall not be reckoned for regulatory capital (numerator) while it shall be reduced from the risk weighted assets.

(d) hybrid debt capital instruments; and

(e) subordinated debt to the extend aggregate does not exceed Tier I capital.

Aggregate 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.

37 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's management monitors and manages key financial risk relating to the operations of the Company by analysing exposures by degree & magnitude of risk. The Company's activities expose it a variety of financial risks- credit risk, liquidity risks and the market risk (including interest rate risk, currency risk and other price risk).

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse 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.

(Amounts in ₹ Lakhs, unless otherwise stated)

i) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's loans, advances and other financial assets. The Company has credit policy approved by the Board of directors which is subject to annual review. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, obtaining sufficient collateral, where appropriate and by monitoring exposures in relation to such limits.

The Company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. The credit quality review process aims to allow the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

The maximum exposure to credit risk in case of all the financial instruments is restricted to their respective carrying amount except in case of loans where the maximum exposure to credit risk includes exposure with respect to undrawn commitments. Credit Risk is monitored through stringent credit appraisal, counter party limits ands internal risk ranges of the borrowers. Exposure to credit risk is managed through regular analysis of the ability of all the customers and counterparties to meet interest and capital repayment obligations and by changing lending limits where appropriate.

a) Maximum exposure to the Credit risk

This table below shows the Company's maximum exposure to the credit risk.

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Financial Assets at amortized cost - Loans (Gross)	101,141.21	41,873.07	18,165.41
Less : Impairment loss allowances*	658.15	346.25	315.85
Financial Assets at amortized cost - Loans (Net)	**100,483.06**	**41,526.82**	**17,849.56**
Financial Assets at amortized cost - Receivables (Gross)	213.40	76.10	252.36
Less : Impairment loss allowances	-	-	-
Financial Assets at amortized cost - Receivables (Net)	**213.40**	**76.10**	**252.36**

* includes ECL on undrawn loan commitments.

Cash and cash equivalents, bank deposits

The Company maintains its cash and cash equivalents, bank deposits with reputed banks and financial institutions. The credit risk on these instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Trade receivables, Security deposits and other financial assets

The Company monitors the credit rating of the counterparties. These instruments generally have a maturity between 30 to 90 days (e.g. trade receivables and trade advances) and carry very minimal credit risk based on the financial position of parties and Company's historical experience of dealing with the parties.

b) Credit quality analysis

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. The credit quality of Loans and advances measured at amortised cost is primarily assessed by the Days Past Due (DPD) status.

Inputs, assumptions and techniques used for estimating impairment:

Definition of Default

The Company considers a financial instrument as defaulted and considered it as Stage 3 (credit-impaired) for ECL calculations in all cases, when the borrower becomes more than 90 days past due on its contractual payments.

Assessment of significant increase in credit risk

When determining whether the risk of default has increased significantly since initial recognition, the Company considers the DPD status of the loans. Credit risk is deemed to have increased significantly when an asset is more than 30 days past due (DPD).

Calculation of expected credit losses (ECL)

The Company has calculated ECL using three main components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD). ECL is calculated by multiplying the PD, LGD and EAD. For stage 1 assets, the 12 month ECL is calculated. For assets in stage 2 and 3, Lifetime ECL is calculated using the lifetime PD.

The key elements in calculation of ECL are defined as follows:

PD - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. 12 month PD estimation process is done based on historical internal data. While arriving at the PD, the entity also ensures that the factors that affects the macro economic trends are considered to a reasonable extent, wherever necessary. In case of assets where there is a significant increase in credit risk, lifetime PD has been applied which is computed based on survival analysis. For credit impaired assets, a PD of 100% has been applied.

EAD - The Exposure at Default represents the gross carrying amount of financial assets at reporting date which includes principal outstanding and interest accrued on reporting date and expected drawdown on committed facility.

LGD - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The LGD is determined based on historical recovery experience of collaterals and other relevant factors.

Forward Looking Economic Inputs

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, Unemployment rates, Benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by the Company based on its internal data. While the internal estimates of PD, LGD rates by the Company may not be always reflective of such relationships, temporary overlays are embedded in the methodology to reflect such macro-economic trends reasonably.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

The following table sets out information about the credit quality of financial assets measured at amortized cost.

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Gross Stage 1 (DPD<= 30 days) performing asset and 12 month ECL	101,623.80	41,307.87	17,438.15
Less : Impairment loss allowance	(419.90)	(160.72)	(83.99)
Net Stage 1 Assets	**101,203.89**	**41,147.15**	**17,354.16**
ECL provision coverage	0.41%	0.39%	0.48%
Gross Stage 2 (30>DPD<= 90 days) under performing assets increase in credit risk and lifetime ECL	523.78	7 24.01	587.18
Less : Impairment loss allowance	(34.08)	(40.74)	(182.77)
Net Stage 2 Assets	**489.70**	**683.27**	**404.41**
ECL provision coverage	6.51%	5.63%	31.13%
Gross Stage 3 (DPD>90) non-performing assets credit impaired and lifetime ECL*	585.40	4 11.12	2 64.95
Less : Impairment loss allowance	(204.17)	(144.79)	(49.09)
Net Stage 3 Assets	**381.23**	**266.33**	**215.85**
ECL provision coverage	34.88%	35.22%	18.53%
Total loans	**102,732.98**	**42,443.00**	**18,290.28**
Less : Impairment loss allowance	(658.15)	(346.25)	(315.85)
Net loans	**102,074.83**	**42,096.75**	**17,974.43**
ECL provision coverage	0.64%	0.82%	1.73%

* including accounts marked as NPA in accordance with RBI circular no. RBI/2021-2022/125 dated November 12, 2021

Note - Gross amounts include accrued interest

c) Movement in gross exposures and credit impairment for loans and advances

The Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of Financial Assets measured at amortised cost or FVTOCI. Company follows a 'three-stage' model for impairment based on changes in credit quality since initial recognition. Please refer to the accounting policy for details.

	Movement in Gross Exposure to Loans				Movement in ECL			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at April 01, 2021 (Opening Balance)	17,438.15	587.18	264.95	18,290.28	83.99	182.77	49.09	315.85
Add / (Less):								
- **Transfers between Stages**								
a) Transfers from Stage I	(554.89)	376.76	178.13	-	(0.00)	0.00	0.00	-
b) Transfers from Stage II	1.80	(150.02)	148.22	-	0.00	(0.00)	0.00	-
c) Transfers from Stage III	-	-	-		-	-	-	
- New assets originated, repaid and derecognised during the year	24,422.81	(89.91)	(180.18)	24,152.72	76.73	(142.03)	95.70	30.40
Gross carrying amount as at March 31, 2022 (Closing Balance)	**41,307.87**	**724.01**	**411.12**	**42,443.00**	**160.72**	**40.74**	**144.79**	**346.25**

(Amounts in ₹ Lakhs, unless otherwise stated)

	Movement in Gross Exposure to Loans				Movement in ECL			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at April 01, 2022 (Opening Balance)	**41,307.87**	**724.01**	**411.12**	**42443.00**	**160.72**	**40.74**	**144.79**	**346.25**
Add / (Less):								
- **Transfers between Stages**								
a) Transfers from Stage I	(488.10)	378.95	109.15	-	(0.00)	0.00	0.00	-
b) Transfers from Stage II	98.59	(192.93)	94.34	-	0.00	(0.00)	0.00	-
c) Transfers from Stage III	3.17	2.49	(5.66)	-	0.00	0.00	(0.00)	-
- New assets originated, repaid and derecognised during the year	60,702.27	(388.74)	(23.55)	60,289.98	259.18	(6.66)	59.38	3 11.90
Gross carrying amount as at March 31, 2023 (Closing Balance)	**101,623.80**	**523.78**	**585.40**	**102,732.98**	**419.90**	**34.08**	**2 04.17**	**658.15**

d) Collateral and other credit enhancements

Company would generally have its credit exposures backed by residential and commercial properties as a primary collateral. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty and product offered. There were no significant changes in the collateral policy of the Company during the financial year.

ii) 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, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's principal sources of liquidity are 'cash and cash equivalents' and cash flows that are generated from operations. The Company has no outstanding term borrowings. The Company believes that its working capital is sufficient to meet its current requirements.

Ultimate responsibility for liquidity risk management rests with the board of directors, who has established an appropriate liquidity risk management framework for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Company expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

Maturities of financial liabilities

Contractual maturities of significant financial Liabilities as on March 31, 2023, March 31, 2022 and April 01, 2021 based on undiscounted payments are as follows:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

Maturities of financial liabilities

March 31, 2023	Within 1 year	Between 1 and 5 years	More than 5 years	Total
Borrowings				
- Principal	21,808.95	47,797.07	-	69,606.02
- Interest	140.67	-	-	140.67
Lease liabilities	46.58	6.29	-	52.87
Trade payables	438.53	-	-	438.53
Other financial liabilities	611.59	-	-	611.59
	23,046.32	47,803.36	-	70,849.68

March 31, 2022	Within 1 year	Between 1 and 5 years	More than 5 years	Total
Borrowings				
- Principal	7,111.80	-	-	7,111.80
- Interest	0.06	-	-	0.06
Lease liabilities	23.16	2.06		25.22
Trade payables	208.02	-	-	208.02
Other financial liabilities	1,073.03	-	-	1,073.03
	8,416.07	2.06	-	8,418.13

April 01, 2021	Within 1 year	Between 1 and 5 years	More than 5 years	Total
Borrowings				
- Principal	11,125.61	-	-	11,125.61
- Interest	0.12	-	-	0.12
Lease liabilities	38.91	10.86		49.77
Trade payables	8.74	-	-	8.74
Other Payables	37.40	-	-	37.40
Other financial liabilities	706.50	-	-	706.50
	11,917.28	10.86	-	11,928.14

iii) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk include foreign currency receivables, deposits, trade payables and loans. The Company has in place appropriate risk management policies to limit the impact of these risks on its financial performance. The Company ensures optimization of cash through fund planning and robust cash management practices.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's exposure to changes in interest rates relates to the Company's outstanding floating rate liabilities. Some of the borrowings of the Company are linked to rate benchmarks such as Bank Marginal Cost of Funds based Lending Rate (MCLR) or London Inter-bank Offered Rate (LIBOR) and Mumbai Inter-Bank Offer Rate (MIBOR) and hence subject to interest rate risk. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

As at March 31, 2023

Particulars	Impact on profit/loss before tax		Impact on other equity	
	Favourable / (Unfavourable) change 1% decrease	Favourable / (Unfavourable) change 1% Increase	Favourable / (Unfavourable) change 1% decrease	Favourable / (Unfavourable) change 1% Increase
Term Loans	653.49	(653.49)	4 89.02	(489.02)
Loans and advances	(975.45)	975.45	(729.95)	729.95

As at March 31, 2022

Particulars	Impact on profit/loss before tax		Impact on other equity	
	Favourable / (Unfavourable) change 1% decrease	Favourable / (Unfavourable) change 1% Increase	Favourable / (Unfavourable) change 1% decrease	Favourable / (Unfavourable) change 1% Increase
Term Loans	-	-	-	-
Loans and advances	(410.54)	410.54	(307.22)	307.22

As at April 01, 2021

Particulars	Impact on profit/loss before tax		Impact on other equity	
	Favourable / (Unfavourable) change 1% decrease	Favourable / (Unfavourable) change 1% Increase	Favourable / (Unfavourable) change 1% decrease	Favourable / (Unfavourable) change 1% Increase
Term Loans	-	-	-	-
Loans and advances	(174.08)	174.08	(130.27)	130.27

(b) 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 before tax by approximately NIL (March 31, 2022 : 225.16 Lakhs). A similar percentage decrease would have resulted equivalent opposite impact.

38 RELATED PARTY TRANSACTIONS

38.1 Description of relationship

i) Key Managerial Personnel (KMP)

Name of person	Nature of Relationship
Uday Suvarna	Chief Executive Officer (CEO)
Vivekanand Ramachandran (Till August 30, 2022)	Chief Financial Officer (CFO)
Rajesh Rajak (From November 03, 2022)	Chief Financial Officer (CFO)
Ankitkumar Jain (Till June 15, 2022)	Company Secretary
Richa Arora (From June 15, 2022)	Company Secretary
Harsh Hiranandani	Director
Neha Hiranandani	Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

38.2 Transactions with related parties during the year

Nature of Transaction	March 31, 2023	March 31, 2022
Transactions with key managerial personnel		
Equity infusion & allotment of shares		
- Harsh Hiranandani	10,000.00	20,000.00
- Neha Hiranandani	-	10,000.00
- Uday Suvarna	-	30.00
Loan Received		
- Harsh Hiranandani	7,500.00	6,000.00
Repayment of Loan Received		
- Harsh Hiranandani	10,000.00	10,000.00
Remuneration to KMPs'*	370.94	3 99.28

* Remuneration to KMPs does not include provision for gratuity and compensated absences.

38.3 closing balance of related parties

Nature of Transaction	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Loan outstanding			
- Harsh Hiranandani	4,600.00	7,100.00	11,100.00

39 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

(i) Contingent Liabilities

The Company does not have any pending litigations which would impact its financial position as on March 31, 2023, March 31, 2022 and April 01, 2021.

(ii) Commitments

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
a. Estimated amount of contract remaining to be executed on capital account and not provided for (net of advance)	153.00	4.46	-
b. Loan sanctioned but not disbursed and or partially disbursed	2,187.78	1,982.57	819.05

c. For lease commitments (refer note 41)

d. The Company has other commitments on account of contracts remaining to be executed which are entered into the normal course of business. The Company did not have any other long term commitments including derivative contracts or material non-cancellable contractual commitments / contracts for which there were any foreseeable losses which might have material impact on the financial statements of the Company.

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

40 EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY

The Provisions of Section 135 of the Companies Act, 2013 is not applicable to the Company, accordingly the Company has not incurred any expenditure towards corporate social responsibility for the year ended March 31, 2023 and March 31, 2022

(Amounts in ₹ Lakhs, unless otherwise stated)

41 LEASES

Company as a lessee

The Company's leased assets primarily consist of lease of office space.

The Company has elected to apply the practical expedient available under Ind AS 116 for short term leases. The Company does not recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

Below are the summary of financial information related to the above lease contracts:

Movement in right of use assets:

Cost

Particulars	Lease of office space	Total
As at April 01, 2021	51.60	51.60
Additions	18.01	18.01
As at March 31, 2022	**69.61**	**69.61**
Additions	73.43	73.43
As at March 31, 2023	**143.04**	**143.04**

Accumulated depreciation

Particulars	Lease of office space	Total
As at April 01, 2021	-	-
Charge for the year	42.82	42.82
Termination/ End of lease contract	-	-
As at March 31, 2022	**42.82**	**42.82**
Termination/ End of lease contract	-	-
Charge for the year	44.08	44.08
As at March 31, 2023	**86.90**	**86.90**
Net carrying amount		
As at March 31, 2023	**56.14**	**56.14**
As at March 31, 2022	**26.79**	**26.79**
As at April 01, 2021	**51.60**	**51.60**

Amounts recognized in profit or loss:

Particulars	March 31, 2023	March 31, 2022
Depreciation expense on right-of-use assets	44.08	42.82
Interest expense on lease liability	3.76	3.94
Expenses relating to short-term leases	164.17	90.25

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Movement in lease liabilities:			
Opening balance	25.22	49.77	49.77
Additions	69.33	17.32	-
Amounts recognized in statement of profit and loss as interest expense	3.76	3.94	-
Payment of lease liabilities	(45.44)	(45.81)	-
Closing Balance	**52.87**	**25.22**	**49.77**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

Amounts recognized in statement of cash flows:

Particulars	March 31, 2023	March 31, 2022
Total cash outflow for leases	41.68	41.87

The future minimum lease expense in respect of non-cancellable period of lease of the premises is as follows:

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Not later than one year	46.58	23.16	38.91
Later than one year and not later than five years	9.14	3.26	14.65

Notes:

(1) When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at the weighted-average pre-tax rate of 10% p.a. for April 01, 2021 and March 31, 2022 and 9.80% for March 31, 2023.

(2) The maturity analysis of lease liabilities is presented in Note 37.

42 DISCLOSURES AS PER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT (MSMED) ACT,2006

The dues to micro and small enterprises as required under MSMED Act, 2006, based on the information available with the Company, is given below

There are no delays in payments to micro and small enterprises as required to be disclosed under 'The Micro, Small and Medium Enterprises Development Act, 2006'. The determination has been made to the extent such parties were identified by the management based on the information available and are relied upon by the statutory auditors (Previous Year Nil).

43 SEGMENT INFORMATION

The Company is primarily engaged in the business of providing loans which is considered to be the only reportable business segment as per Ind AS - 108, Operating segments. The Company operates primarily in India and there is no other geographical segment.

(Amounts in ₹ Lakhs, unless otherwise stated)

44 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows the maturity analysis of assets and liabilities according to when they are expected to be recovered or settled.

	As at March 31, 2023			As at March 31, 2022			As at April 01, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets									
Financial assets									
(a) Cash and cash equivalents	20,048.46	-	**20,048.46**	581.61	-	**581.61**	1,056.91	-	**1,056.91**
(b) Bank balance other than included in (a) above	230.00	461.41	**691.41**	5.91	-	**5.91**	2.39	-	**2.39**
(c) Receivables	-	-		-	-	**-**	-	-	**-**
- Trade receivables	54.14	-	**54.14**	58.40	-	**58.40**	246.46	-	**246.46**
- Other receivables	159.26	-	**159.26**	17.70	-	**17.70**	5.90	-	**5.90**
(d) Loans	7,939.69	92,543.37	**100,483.06**	4,888.40	36,638.42	**41,526.82**	6,687.61	11,161.95	**17,849.56**
(e) Investments	-	-	**-**	4,503.23	-	**4,503.23**	1,800.18	-	**1,800.18**
(f) Other financial assets	52.76	147.73	**200.49**	1.37	84.49	**85.86**	0.60	59.73	**60.33**
Total financial assets	**28,484.31**	**93,152.51**	**121,636.82**	**10,056.62**	**36,722.91**	**46,779.53**	**9,800.05**	**11,221.68**	**21,021.73**
Non-financial assets									
(a) Current tax assets (Net)	-	42.16	**42.16**	-	51.40	**51.40**	-	91.64	**91.64**
(b) Deferred tax assets (Net)	-	542.85	**542.85**	-	412.01	**412.01**	-	188.63	**188.63**
(c) Property, plant and equipment	-	296.33	**296.33**	-	133.49	**133.49**	-	60.07	**60.07**
(d) Intangible assets	-	46.80	**46.80**	-	31.54	**31.54**	-	45.21	**45.21**
(e) Capital work in progress		40.00	**40.00**		-	**-**		-	**-**
(f) Right-of-use assets	-	56.14	**56.14**	-	26.79	**26.79**	-	51.60	**51.60**
(g) Other non-financial assets	52.13	209.59	**261.72**	36.99	165.25	**202.24**	2.37	188.40	**190.77**
Total non-financial assets	**52.13**	**1,233.86**	**1,286.00**	**36.99**	**820.48**	**857.47**	**2.37**	**625.55**	**627.92**
Total assets	**28,536.45**	**94,386.37**	**122,922.82**	**10,093.61**	**37,543.38**	**47,637.00**	**9,802.42**	**11,847.23**	**21,649.65**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

	As at March 31, 2023			As at March 31, 2022			As at April 01, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Liabilities									
Financial liabilities									
(a) Payables									
(I) Trade payables									
(i) Total outstanding dues of micro enterprise and small enterprises	5.00	-	**5.00**	-	-	**-**	-	-	**-**
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	433.53	-	**433.53**	208.02	-	**208.02**	8.74	-	**8.74**
(II) Other payables		-						-	
(i) Total outstanding dues of micro enterprise and small enterprises	-	-	**-**	-	-	**-**	-	-	**-**
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	**-**	-	-	**-**	37.40	-	**37.40**
(b) Borrowings	21,808.95	47,797.07	**69,606.02**	7,111.80	-	**7,111.80**	11,125.61	-	**11,125.61**
(c) Lease liabilities	46.58	6.29	**52.87**	23.16	2.06	**25.22**	38.91	10.86	**49.77**
(d) Other financial liabilities	752.26	-	**752.26**	1,073.09	-	**1,073.09**	706.62	-	**706.62**
Total financial liabilities	**23,046.32**	**47,803.36**	**70,849.68**	**8,416.07**	**2.06**	**8,418.13**	**11,917.28**	**10.86**	**11,928.14**
Non-financial liabilities									
(a) Current tax liabilities (Net)	-	-	**-**	-	-	**-**	-	32.09	**32.09**
(b) Provisions	393.65	126.04	**519.69**	37.84	100.78	**138.62**	18.17	63.85	**82.02**
(c) Other non-financial liabilities	185.99	10.88	**196.87**	101.43	2.00	**103.43**	42.04	7.27	**49.31**
Total non-financial liabilities	**579.64**	**136.92**	**716.56**	**139.27**	**102.78**	**242.05**	**60.21**	**103.21**	**163.42**
Total liabilities	**23,625.96**	**47,940.28**	**71,566.24**	**8,555.34**	**104.84**	**8,660.18**	**11,977.49**	**114.07**	**12,091.56**

(Amounts in ₹ Lakhs, unless otherwise stated)

45 DISCLOSURE AS REQUIRED UNDER RBI NOTIFICATION NO. RBI/2019-20/170 DOR (NBFC).CC.PD. NO.109/22.10.106/2019-20 DATED MARCH 13 2020 ON IMPLEMENTATION OF INDIAN ACCOUNTING STANDARDS

(i) 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

Year ended March 31, 2023

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	101,623.80	419.90	101,203.90	410.94	8.96
	Stage 2	523.78	34.08	489.70	16.05	18.03
Subtotal for standard		**102,147.58**	**453.98**	**101,693.60**	**426.99**	**26.99**
Non-Performing Assets (NPA)						
Substandard	Stage 3	392.54	136.67	255.87	46.99	89.68
Doubtful - up to 1 year	Stage 3	133.30	46.65	86.65	26.66	19.99
1 to 3 years	Stage 3	59.56	20.85	38.71	17.87	2.98
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		**585.40**	**204.17**	**381.23**	**91.52**	**1 12.65**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**585.40**	**204.17**	**381.23**	**91.52**	**1 12.65**
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	101,623.80	419.90	101,203.90	410.94	8.96
	Stage 2	523.78	34.08	489.70	16.05	18.03
	Stage 3	585.40	204.17	381.23	91.52	1 12.65
Total		**102,732.98**	**658.15**	**102,074.83**	**518.51**	**139.64**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

Year ended March 31, 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	41,307.87	160.72	41,147.15	162.65	(1.93)
	Stage 2	724.01	40.74	683.27	37.33	3.41
Subtotal for standard		**42,031.88**	**201.46**	**41,830.42**	**199.98**	**1.48**
Non-Performing Assets (NPA)						
Substandard	Stage 3	265.20	93.72	171.48	27.36	66.36
Doubtful - up to 1 year	Stage 3	145.92	51.07	94.86	29.95	21.12
1 to 3 years	Stage 3					
More than 3 years	Stage 3					
Subtotal for doubtful		**411.12**	**144.79**	**266.33**	**57.31**	**87.48**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**411.12**	**144.79**	**266.33**	**57.31**	**87.48**
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	41,307.87	160.72	41,147.15	162.65	(1.93)
	Stage 2	724.01	40.74	683.27	37.33	3.41
	Stage 3	411.12	144.79	266.33	57.31	87.48
Total		**42,443.00**	**346.25**	**42,096.76**	**257.29**	**88.96**

* Gross amounts include accrued interest

Since the total impairment allowances under Ind AS 109 is higher than the total provisioning required under IRACP (including standard asset provisioning) as at March 31, 2023, March 31, 2022, no amount is required to be transferred to 'Impairment Reserve' for both the financial years. 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. The balance in the 'Impairment Reserve' (as and when created) shall not be reckoned for regulatory capital. Further, no withdrawals shall be permitted from this reserve without prior permission from the Department of Supervision, RBI.

(ii) In terms of recommendations as per above referred notification, the Company has adopted the same definition of default for accounting purposes as guided by the definition used for regulatory purposes.

As at March 31, 2023, March 31, 2022, there were no loan accounts that are past due beyond 90 days but not treated as impaired, i.e. all 90+ DPD ageing loan accounts have been classified as Stage-3 and no dispensation is considered in stage-3 classification.

46 FIRST TIME ADOPTION OF IND AS

As stated in note 2, the financial statements for the year ended March 31, 2023 are the first annual financial statements prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2022, the Company has prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013 and other relevant provisions of the Act ('previous GAAP').

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2023, together with the comparative period data as at and for the year ended March 31, 2022, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 01, 2021, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its previous GAAP financial statements, including the balance sheet as at April 01, 2021 and the financial statements as at and for the year ended March 31, 2022.

A Exemptions Applied :

In preparing these financial statements, the Company has applied the below mentioned mandatory exceptions and optional exemptions

i) Mandatory exceptions :

a) Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with the estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at April 01, 2021 and March 31, 2022 are consistent with the estimates as at the same date made in conformity with previous GAAP.

The Company made estimates for following item in accordance with Ind AS at the date of transition as this was not required under previous GAAP:

- Impairment of financial assets based on expected credit loss model.
- Determination of fair value of equity-settled share based transaction.
- Determination of the discounted value for financial instruments carried at amortised cost.
- Incremental borrowing rate for measurement of lease liabilities and corresponding right of use assets.

b) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets into amortised cost or FVTOCI on the basis of the facts and circumstances that exist at the date of transition to Ind AS. Further, the standard permits measurement of financial assets accounted at amortised cost based on the facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification and measurement of financial assets into amortised cost or FVTOCI based on the facts and circumstances that exist on the date of transition.

c) Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

d) De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of entity's choice provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

ii) Optional exemptions:

a) Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets including intangible assets under development covered by Ind AS 38 Intangible assets.

Accordingly, the Company has elected to measure its property, plant and equipment and Intangible assets at their previous GAAP carrying value. Also The Company has changed from written down value (WDV) method of depreciation to straight line method (SLM) for all property plant and equipment, from the date of transition, resulting in increase in carrying value of all property plant and equipment, for the year ended March 31, 2022.

b) Leases

Ind AS 101 allows an entity to determine whether an arrangement existing at the date of transition to Ind ASs contains a lease in accordance with Ind AS 116, on the basis of facts and circumstances existing at that date.

The standard provides an option to apply Ind AS 116 on transition date either using full retrospective method or modified retrospective method along with some available practical expedients. Accordingly, the Company has elected to follow modified retrospective method for transition to Ind AS 116.

c) Revenue

The Company has applied Ind AS 115 'Revenue from contracts with customers' to contracts that are not completed on transition date. Further, the Company has applied full retrospective approach on transition date subject to some practical expedients as prescribed by the standard.

(Amounts in ₹ Lakhs, unless otherwise stated)

B. Statements of reconciliation between the previous GAAP and Ind AS are as under:

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following table presents the reconciliation from regrouped previous GAAP to Ind AS.

(a) Reconciliation of equity as at April 01, 2021

Particulars	Notes	Regrouped previous GAAP*	Ind AS adjustments	Ind AS
Assets				
Financial assets				
(a) Cash and cash equivalents		1,056.91	-	1,056.91
(b) Bank balance other than included in (a) above		2.39	-	2.39
(c) Receivables				
- Trade receivables		246.46	-	246.46
- Other receivables		5.90	-	5.90
(d) Loans	3 & 4	18,153.64	(304.08)	17,849.56
(e) Investments	2	1,800.00	0.18	1,800.18
(f) Other financial assets	7	62.50	(2.17)	60.33
Total financial assets		**21,327.80**	**(306.07)**	**21,021.73**
Non-financial assets				
(a) Current tax assets (Net)		91.64	-	91.64
(b) Deferred tax assets (Net)		-	188.63	188.63
(c) Property, plant and equipment		60.07	-	60.07
(d) Intangible assets		45.21	-	45.21
(e) Right-of-use assets	6 & 7	-	51.60	51.60
(f) Other non-financial assets		190.77	-	190.77
Total non-financial assets		**387.69**	**240.23**	**627.92**
Total assets		**21,715.49**	**(65.84)**	**21,649.65**
LIABILITIES AND EQUITY				
Liabilities				
Financial liabilities				
(a) Payables				
(I) Trade payables				
(i) Total outstanding dues of micro enterprise and small enterprises		-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		8.74	-	8.74
(II) Other payables				
(i) Total outstanding dues of micro enterprise and small enterprises		-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		37.40	-	37.40

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Notes	Regrouped previous GAAP*	Ind AS adjustments	Ind AS
(b) Borrowings		11,125.61	-	11,125.61
(c) Lease liabilities	6	-	49.77	49.77
(d) Other financial liabilities		706.62	-	706.62
Total financial liabilities		**11,878.37**	**49.77**	**11,928.14**
Non-financial liabilities				
(a) Current tax liabilities (Net)		32.09	-	32.09
(b) Provisions		82.02	-	82.02
(c) Other non-financial liabilities	6	49.51	(0.20)	49.31
Total non-financial liabilities		**163.62**	**(0.20)**	**163.42**
Total liabilities		**12,041.99**	**49.57**	**12,091.56**
Equity				
(a) Equity share capital		10,000.00	-	10,000.00
(b) Other equity		(326.50)	(115.41)	(441.91)
		9,673.50	**(115.41)**	**9,558.09**
Total liabilities and equity		**21,715.49**	**(65.84)**	**21,649.65**

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose to this note.

(b) Reconciliation of equity as at March 31, 2022

Particulars	Notes	Regrouped previous GAAP*	Ind AS adjustments	Ind AS
Assets				
Financial assets				
(a) Cash and cash equivalents		581.61	-	581.61
(b) Bank balance other than included in (a) above		5.91	-	5.91
(c) Receivables				
- Trade receivables		58.40	-	58.40
- Other receivables		17.70	-	17.70
(d) Loans	3 & 4	42,154.64	(6 27.82)	41,526.82
(e) Investments	2	4,500.00	3.23	4,503.23
(f) Other financial assets	7	86.98	(1.12)	85.86
Total financial assets		**47,405.24**	**(625.71)**	**46,779.53**
Non-financial assets				
(a) Current tax assets (Net)		51.40	-	51.40
(b) Deferred tax assets (Net)		-	412.01	412.01
(c) Property, plant and equipment		133.49	-	133.49
(d) Intangible assets		31.54	-	31.54
(e) Right-of-use assets	6 & 7	-	26.79	26.79
(f) Other non-financial assets		202.24	-	202.24
Total non-financial assets		**418.67**	**438.80**	**857.47**
Total assets		**47,823.91**	**(186.91)**	**47637.00**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Notes	Regrouped previous GAAP*	Ind AS adjustments	Ind AS
LIABILITIES AND EQUITY				
Liabilities				
Financial liabilities				
(a) Payables				
(I) Trade payables				
(i) Total outstanding dues of micro enterprise and small enterprises		-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		208.02	-	208.02
(II) Other payables				
(i) Total outstanding dues of micro enterprise and small enterprises		-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		-	-	-
(b) Borrowings		7,111.80	-	7,111.80
(c) Lease liabilities	6	-	25.22	25.22
(d) Other financial liabilities		1,073.09	-	1,073.09
Total financial liabilities		**8,392.91**	**25.22**	**8,418.13**
Non-financial liabilities				
(a) Current tax liabilities (Net)		-	-	-
(b) Provisions		138.62	-	138.62
(c) Other non-financial liabilities		103.43	-	103.43
Total non-financial liabilities		**242.05**	**-**	**242.05**
Total liabilities		**8,634.96**	**25.22**	**8,660.18**
Equity				
(a) Equity share capital		40,030.00	-	40,030.00
(b) Other equity		(841.06)	(212.13)	(1,053.19)
		39,188.94	**(212.13)**	**38,976.81**
Total liabilities and equity		**47,823.91**	**(186.91)**	**47,637.00**

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose to this note.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

(c) Reconciliation of total comprehensive income for the year ended March 31, 2022

		Notes	Regrouped previous GAAP*	Ind-AS Adjustments	Ind AS
	Income				
	Revenue from operations				
	Interest income	2, 3 & 7	4,587.17	(677.07)	3,910.10
	Fees and commission income		90.41	-	90.41
	Net gain on fair value changes	2	168.25	3.20	171.45
	Others		221.59	-	221.59
I	**Total revenue from operations (I)**		**5,067.42**	**(673.87)**	**4,393.55**
II	Other income		11.39	-	11.39
III	**Total income (I+II)**		**5,078.81**	**(673.87)**	**4,404.94**
	Expenses				
	Finance costs	6	5.47	3.94	9.41
	Impairment on financial instruments	4	314.75	(121.32)	193.43
	Employee benefits expense	1 & 5	3,780.45	(58.65)	3,721.80
	Depreciation and amortization expenses#	6 & 7	79.35	42.83	122.18
	Other expenses	3 & 6	1,524.43	(279.22)	1,245.21
IV	**Total expenses**		**5,704.45**	**(412.42)**	**5,292.03**
V	**Profit before tax (III-IV)**		**(625.64)**	**(261.45)**	**(887.09)**
VI	**Tax expense :**				
	Current tax		-	-	-
	Deferred tax		-	(223.46)	(223.46)
	Total tax expense		**-**	**(223.46)**	**(223.46)**
VII	**Profit for the year (V-VI)**		**(625.64)**	**(37.99)**	**(663.63)**
VIII	**Other comprehensive income (OCI)**				
	Items that will not be subsequently reclassified to profit or loss				
	Remeasurement of the post employment defined benefit obligations		-	0.30	0.30
	Income tax effect		-	(0.08)	(0.08)
	Other comprehensive income for the year		**-**	**0.22**	**0.22**
IX	**Total comprehensive income for the year (VII+VIII)**		**(625.64)**	**(37.77)**	**(663.41)**

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose to this note.

The Company has changed from written down value (WDV) method of depreciation to straight line method (SLM) for all property plant and equipment, from the date of transition, resulting in decrease in depreciation amounting to ₹ 27.12 Lakhs for the year ended March 31, 2022.

(d) Explanation of material adjustments to Statement of Cash Flows

There were no material differences between the statements of cash flows presented under Ind AS and the Previous GAAP for the year ended March 31, 2022.

(Amounts in ₹ Lakhs, unless otherwise stated)

(e) Notes to the balance sheet and statement of profit and loss reconciliations

As the presentation requirements under IGAAP differ from Ind AS, the IGAAP information has been regrouped for ease and facilitation of reconciliation with Ind AS.

1 Employee Stock Option Plan

Under Ind AS, the Company has opted to apply Ind AS 102 "Share-based Payment" retrospectively on the transition to Ind AS and measured the cost of an equity-settled share-based plan based on the fair value of the options as of the respective grant date. Accordingly, the proportionate share of the cost of share-based payment payments for outstanding options as at the transition date (i.e., April 01, 2021) is recognized in retained earnings. This has further resulted in the reduction in share-based payment expenses for the year ended March 31, 2022.

	As at April 01, 2021	For the year ended March 2022	As at March 31, 2022
Impact of Ind AS adjustment	-	-	-
Balance sheet			
- Retained earnings	63.17	(58.95)	4.22
- Employee stock option plan reserve	(63.17)	58.95	(4.22)
Statement of Profit and Loss			
- Employee benefits expense	-	(58.95)	-

2 Fair valuation of investment in mutual funds

Under previous GAAP, current investment in mutual funds are carried in the financial statements at lower of cost and fair value at each reporting date. Under the Ind AS, investments in mutual funds are measured at fair value through profit or loss at each reporting date. The related impact on Other equity, Balance sheet and Statement of Profit and loss is as given below.

	As at April 01, 2021	For the year ended March 2022	As at March 31, 2022
Impact of Ind AS adjustment	(0.18)	(3.05)	(3.23)
Balance sheet			
- Retained earnings	(0.18)	(3.05)	(3.23)
- Investments	0.18	3.05	3.23
Statement of Profit and Loss			
- Net gain on fair value changes	-	(3.20)	-
- Interest income	-	0.15	-

3 Interest income measured using effective interest method

Under Previous GAAP, origination fees and transaction costs charged to customers was recognized upfront. Under Ind AS, such fees and costs is amortised over the expected life of the loan assets and recognised as interest income using effective interest method. Accordingly, the related impact on Other equity, Balance sheet and Statement of Profit and loss is as given below.

	As at April 01, 2021	For the year ended March 2022	As at March 31, 2022
Impact of Ind AS adjustment	124.87	445.05	569.93
Balance sheet			
- Retained earnings	124.87	445.05	569.93
- Loans	(124.87)	(445.05)	(569.93)
Statement of Profit and Loss			
- Interest income	-	678.67	-
- Other expenses	-	(233.62)	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

4 Impairment Allowance for expected credit loss

Under Previous GAAP, the provisioning on overdue assets was as per management estimates, subject to the minimum provision required as per Master Direction- Non Banking Financial Company - Systematically Important Non Deposit taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016. Under Ind AS, impairment allowance is calculated as per expected credit loss method.

	As at April 01, 2021	For the year ended March 2022	As at March 31, 2022
Impact of Ind AS adjustment	179.21	(121.32)	57.89
Balance sheet			
- Retained earnings	179.21	(121.32)	57.89
- Loans	(179.21)	121.32	(57.89)
Statement of Profit and Loss			
- Impairment expense	-	(121.32)	-

5 Remeasurement differences

Under previous GAAP, there was no concept of other comprehensive income and hence, previous GAAP profit is reconciled to total comprehensive income as per Ind AS. Under previous GAAP, the remeasurements of the net defined benefit liability were recognized in the statement of profit and loss. Under Ind AS, the said remeasurement differences net of the related tax impact are recognized in other comprehensive income. The related impact on Other equity, Balance sheet and Statement of Profit and loss is as given below.

	As at April 01, 2021	For the year ended March 2022	As at March 31, 2022
Impact of Ind AS adjustment	-	-	-
Statement of Profit and Loss			
Employee benefits expense	-	0.30	-
Statement of other comprehensive income			
Re-measurement (gains)/losses on defined benefit plans	-	(0.30)	-

6 Leases

Under Ind AS, all lease contracts, with limited exceptions for short term and low value leases, are recognized in the standalone financial statements by way of right-of-use assets and corresponding lease liabilities. This resulted in recognition of "Right-of-Use asset" (ROU) and a corresponding "lease liability". The rental expenses recognized in statement of profit and loss for the year ended March 31, 2022 under previous GAAP has been replaced by the recognition of depreciation expense on ROU asset and interest expense on lease liability. The related impact on Other equity, Balance sheet and Statement of Profit and loss is as given below.

	As at April 01, 2021	For the year ended March 2022	As at March 31, 2022
Impact of Ind AS adjustment	0.01	(0.52)	(0.51)
Balance sheet			
- Retained earnings	0.01	(0.52)	(0.51)
- Right-of-Use Asset	49.57	(23.83)	25.74
- Lease liabilities	(49.77)	24.56	(25.22)
- Other non-financial liabilities	0.20	(0.21)	(0.01)

(Amounts in ₹ Lakhs, unless otherwise stated)

	As at April 01, 2021	For the year ended March 2022	As at March 31, 2022
Statement of Profit and Loss			
- Depreciation and amortization expense	-	41.15	-
- Finance cost	-	3.94	-
- Other expenses	-	(45.60)	-

7 Security deposit

Under previous GAAP, the Company recognised interest free deposit at transaction value, however under Ind AS, the security deposits are required to be recognised at fair value. The difference between the present value and the principal amount of the deposit paid for the lease assets at inception to be accounted for as deferred lease assets, which would be recognised as an expense on a straight line basis over the lease term and for other deposits amount would be recognized as amortization of prepaid expense. Correspondingly, there will be interest income accrued on the discounted value of deposits. Other deposits (utility deposits) are payable on demand and have no contractual period, hence there are no previous GAAP differences for these demand deposits. The related impact on Other equity, Balance sheet and Statement of Profit and loss is as given below.

	As at April 01, 2021	For the year ended March 2022	As at March 31, 2022
Impact of Ind AS adjustment	0.14	(0.07)	0.07
Balance sheet			
- Retained earnings	0.14	(0.07)	0.07
- Other financial assets	(2.17)	1.05	(1.12)
- Right-of-Use Asset	2.03	(0.98)	1.05
Statement of Profit and Loss			
- Depreciation and amortization expense	-	1.68	-
- Interest income	-	(1.75)	-

8 Other equity

Other equity as at transition date and as at March 31, 2022 has been adjusted consequent to the above Ind AS adjustments.

47 NBFC DISCLOSURES:

During the year, the Company has become a Non-Deposit Taking Systemically Important Non-Banking Financial Company ('NBFC-ND-SI') from a non-deposit taking non-systemically important Non-Banking Financial Company ('NBFC-ND-NSI')

Disclosures as required by Annex XVI of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued by the Reserve Bank of India ("RBI") vide their Notification No. RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 (the "Notification")

47.1 Capital to Risk Asset ratio (CRAR):

Particulars	As at March 31, 2023	As at March 31, 2022
CRAR (%)	49.64%	82.36%
CRAR -Tier I Capital (%)	49.20%	81.93%
CRAR-Tier II Capital (%)	0.44%	0.43%

The Company has not raised any amount by way of subordinated debt or perpetual debt instrument

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

47.2 Investments

Particulars	As at March 31, 2023	As at March 31, 2022
Value of Investments		
(i) Gross Value of Investments		
a) In India	-	4,503.23
b) Outside India	-	-
ii) Provisions for Depreciation		
a) In India	-	-
b) Outside India	-	-
(iii) Net Value of Investments		
a) In India	-	-
b) Outside India	-	-
Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	-
(ii) Add : Provisions made during the year	-	-
(iii) Less : Write-off / write-back of excess provisions during the year	-	-
(iv) Closing balance	-	-

47.3 The Company does not have any exposure to Derivatives including Forward Rate Agreements, Interest Rate Swaps and Exchange Traded Interest Rate Derivatives during the financial year ended March 31, 2023. (Previous Year - Nil)

47.4 Refer note for Asset Liability Management statement

Maturity pattern of certain items of Assets and Liabilities as at March 31, 2023

Particulars	0 day to 7 days	8 days to 14 days	15 days to 30/31 days	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Fixed Deposits	5,100.00	1,500.00	5,500.00	6,200.00	-	-	35.50	3 95.91	60.00	-	18,791.41
Advances	641.37	2.57	10.97	714.05	721.59	2,220.48	4,705.35	20,825.07	23,896.74	47,821.57	101,559.76
Investment in Mutual fund	-	-	-	-	-	-	-	-	-	-	-
Borrowings	79.32	160.31	510.96	1,454.26	1,824.97	4,386.16	13,392.98	34,265.37	13,831.64	43.32	69,949.29

Maturity pattern of certain items of Assets and Liabilities as at March 31, 2022

Particulars	0 day to 7 days	8 days to 14 days	15 days to 30/31 days	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Fixed Deposits	-	-	-	-	-	-	398.00	5.91	-	-	403.91
Advances	482.38	2.05	22.32	551.60	553.71	1,483.78	2,234.10	9,249.82	10,958.98	16,429.62	41,968.36
Investment in Mutual fund	4,503.23	-	-	-	-	-	-	-	-	-	4,503.23
Borrowings	-	0.62	-	0.62	0.63	1.91	7,103.94	4.08	-	-	7,111.80

(Amounts in ₹ Lakhs, unless otherwise stated)

47.5 Exposure to Real Estate Sector:

Particulars	As at March 31, 2023	As at March 31, 2022
a) Direct exposure		
i) Residential Mortgages	90,795.20	36,110.79
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.		
ii) Commercial Real Estate	6,749.70	3,551.94
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based limits.	-	-
iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based limits.		
a. Residential	-	-
b. Commercial Real Estate	-	-
Total Exposure to Real Estate Sector	**97,544.90**	**39,662.73**

47.6 Exposure to Capital Market

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
(ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

Particulars	As at March 31, 2023	As at March 31, 2022
(vii) Bridge loans to companies against expected equity flows / issues;	-	-
(vii) Bridge loans to companies against expected equity flows / issues;	-	-
(viii) All exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total Exposure to Capital Market	**-**	**-**

47.7 The Company does not have parent company during the financial year ended March 31, 2023. (Previous Year - Nil)

47.8 The Company has not exceeded the Single Borrower Limit and nor has exceeded the Group Borrower Limit during the financial year ended March 31, 2023. (Previous Year - Nil)

47.9 The Company has not given any loans against intangible securities during the financial year ended March 31, 2023. (Previous Year - Nil)

47.10 Registration obtained from financial sector regulators

Regulator	Registration Number
Reserve Bank of India (RBI)	Certificate of Registration No. N-13.02257
Ministry of Corporate Affairs	Corporate Identification number U65999MH2017PTC291060
Financial Intelligence Unit	FI00002908

The Company is not registered under any other regulator other than mentioned above

47.11 None of the regulators including RBI has imposed any penalty during the financial year ended March 31, 2023. (Previous Year - Nil)

47.12 Provisions and Contingencies

Category wise breakup of Provisions & Contingencies shown in Statement of Profit and Loss	Year Ended March 31, 2023	Year Ended March 31, 2022
Provision towards Expected Credit Loss (ECL)	313.91	30.41
Provision for income tax	921.27	-
Provision for gratuity	27.50	16.48
Provision for leave encashment	36.61	39.66
Provision for bonus	350.00	-
Provision for depreciation	135.97	122.18

47.13 Concentration of Advances

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Total Advances to twenty largest borrowers	1,286.11	1,992.29
Percentage of Advances to twenty largest borrowers to Total Advances of the applicable NBFC	1.27%	4.75%

47.14 Concentration of Exposures

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Total Exposures to twenty largest borrowers/customers	1,286.11	1,992.29
Percentage of Exposures to twenty largest borrowers/Customers to Total Exposures of the NBFC on borrowers/Customers	1.27%	4.75%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

47.15 Concentration of NPAs

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Total Exposures to top four NPA accounts	88.51	87.74

47.16 Sector-wise NPAs

Sector	Percentage of NPAs to Total Advances in that sector	
	Year Ended March 31, 2023	Year Ended March 31, 2022
Agriculture & allied activities	0.35%	0.00%
MSME	0.46%	0.50%
Corporate borrowers	-	-
Services	0.19%	0.12%
Unsecured personal loans	-	-
Auto loans	-	-
Other personal loans	1.32%	3.03%

47.17 Movement of NPA

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
(i) Net NPA to Net Advances (%)	0.38%	0.64%
(ii) Movement of NPA (Gross)		
(a) Opening balance	411.12	264.95
(b) Additions during the year	319.58	181.72
(c) Reductions during the year	(145.30)	(35.55)
(d) Closing balance	585.40	411.12
(iii) Movement of Net NPA		
(a) Opening balance	266.34	215.86
(b) Additions during the year (net)	207.47	64.92
(c) Reductions during the year (net)	(92.57)	(14.44)
(d) Closing balance	381.24	266.34
(iv) Movement of provisions for NPA		
(a) Opening balance	144.79	49.09
(b) Provisions made during the year	112.12	116.81
(c) Write-off / write -back of excess provisions	(52.74)	(21.11)
(d) Closing balance	204.17	144.79

47.18 The Company does not have any overseas assets during the financial year ended March 31, 2023. (Previous Year - Nil)

47.19 The Company does not have Off-balance Sheet SPVs sponsored during the financial year ended March 31, 2023. (Previous Year - Nil)

47.20 The Company has made no drawdown from existing reserves during the financial year ended March 31, 2022. (Previous Year - Nil)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

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

Name of credit rating agency	Instrument	Year Ended March 31, 2023	Year Ended March 31, 2022
CARE Ratings Limited	Long Term Bank Facilities	CARE A/Stable	CARE A-/Stable
CARE Ratings Limited	Short Term Bank Facilities	CARE A1	CARE A2+
CRISIL Ratings	Long Term Bank Facilities	CRISIL A/Stable	-

Note - During the period FY 2022-23 CARE Ratings has upgraded the long term and short term credit rating of Hiranandani Financial Services from A-/Stable to A/Stable and from A2+ to A1.

47.22 Customer complaints

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Complaints received by the NBFC from its customers	-	-
No. of complaints pending at the beginning of the year	-	-
No. of complaints received during the year	13	-
No. of complaints disposed during the year	13	-
Of which, number of complaints rejected by the NBFC	-	-
No. of complaints pending at the end of the year	-	-

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Maintainable complaints received by the NBFC from Office of Ombudsman		
A) Number of maintainable complaints received by the NBFC from Office of Ombudsman*	2	-
of A, number of complaints resolved in favour of the NBFC by Office of Ombudsman	-	-
of A, number of complaints resolved through conciliation/ mediation/advisories issued by Office of Ombudsman	-	-
of A, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	-	-
Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

* Subsequently resolved

Top five grounds2 of complaints received by the NBFCs from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
Year Ended March 31, 2023					
Ground - 1 - Request for Foreclosure Letter	-	13	N.A	-	-
Year Ended March 31, 2022					
Ground - 1 - Request for Foreclosure Letter	-	-	-	-	-

(Amounts in ₹ Lakhs, unless otherwise stated)

47.23 Details of all material transactions with related parties are disclosed in note 38

47.24 Ageing of loans and advances

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
DPD 90 and below	101,020.35	41,553.23
DPD more than 90	539.39	415.13

The Company follows the due process for recovery of the overdues. The recovery process is carried out inhouse & through collection agencies as per regulatory requirements.

47.25 During the year, there were 2 instances of fraud committed by customers of the Company amounting to ₹ 17.62 Lakhs (Previous Year - Nil)

47.26 There are no prior period transactions included in the current year's statement of profit and loss and also there is no change in accounting policy during the current year except those required due to transition to Ind AS. (Refer note 46 for details)

47.27 There is no transaction in which the Revenue recognition has been postponed or pending the resolution of significant uncertainty (refer note 1)

47.28 The Company does not have any subsidiary

48 ADDITIONAL NBFC DISCLOSURES:

Disclosures as required by Annex IV of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued by the Reserve Bank of India ("RBI") vide their Notification No. RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 (the "Notification")

(Amount in ₹)

Particulars	March 31, 2023		March 31, 2022	
Liabilities side	**Amount outstanding**	**Amount overdue**	**Amount outstanding**	**Amount overdue**
(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:				
(a) Debentures : Secured	-	-	-	-
: Unsecured	-	-	-	-
(other than falling within the meaning of public deposits*)				
(b) Deferred credits	-	-	-	-
(c) Term loans	69,746.69	-	7,111.86	-
(d) Inter-corporate loans and borrowings	-	-	-	-
(e) Commercial Paper	-	-	-	-
(f) Public deposits	-	-	-	-
(g) Other Loans – WCDL	-	-	-	-
(h) Other Loans – Cash Credit	-	-	-	-
(i) Other Loans – Finance Lease Obligation	-	-	-	-
(j) Other Loans – Overdraft	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

(Amount in ₹)

Particulars	March 31, 2023		March 31, 2022	
Liabilities side	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
* Please see Note 1 below				
(2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):				
(a) In the form of Unsecured debentures	-	-	-	-
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-	-	-
(c) Other public deposits	-	-	-	-
* Please see Note 1 below				

Assets side:	Amount outstanding	
(3) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:	**March 31, 2023**	**March 31, 2022**
(a) Secured	97,544.90	41,054.01
(b) Unsecured	4,014.84	914.35

(4) Break up of leased assets and stock on hire and other assets counting towards Asset financing activities	**March 31, 2023**	**March 31, 2022**
(i) Lease assets including lease rentals under sundry debtors:		
(a) Finance lease	-	-
(b) Operating lease	-	-
(ii) Stock on hire including hire charges under sundry debtors:		
(a) Assets on hire	-	-
(b) Repossessed Assets	-	-
(iii) Other loans counting towards Asset financing activities		
(a) Loans where assets have been repossessed	-	-
(b) Loans other than (a) above	-	-

(5) Break-up of investments:	**March 31, 2023**	**March 31, 2022**
Current Investments:		
1. Quoted:		
(i) Shares: (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	4,503.23
(iv) Government Securities	-	-
(v) Others – Commercial Paper	-	-
2. Unquoted:		
(i) Shares: (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others – Commercial Paper	-	-

(Amounts in ₹ Lakhs, unless otherwise stated)

(5) Break-up of investments:	March 31, 2023	March 31, 2022
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 – Commercial Paper	-	-
2. Unquoted:		
(i) Shares: (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others – Commercial Paper	-	-

(6) Borrower group-wise classification of assets financed as in (3) and (4) above: Refer note 2 below:

Category	Amount (net of provisions)			
	March 31, 2023		March 31, 2022	
	Secured	Unsecured	Secured	Unsecured
1. Related Parties**				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same group	-	-	-	-
(c) Other related parties	-	-	-	-
2. Other than related parties	96,990.02	3,911.56	40,744.71	877.39
Total	**96,990.02**	**3,911.56**	**40,744.71**	**877.39**

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): Please see note 3 below:

Category	March 31, 2023		March 31, 2022	
	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions
1. Related Parties**				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same group	-	-	-	-
(c) Other related parties	-	-	-	-
2. Other than related parties	-	-	-	-
Total	**-**	**-**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

(8) Other information:

Particulars	March 31, 2023	March 31, 2022
(i) Gross Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	585.40	411.12
(ii) Net Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	381.24	266.34
(iii) Assets acquired in satisfaction of debt	-	-

Notes:

1. As defined in point xxvii of paragraph 3 of Chapter - II of Directions
2. All Accounting Standards prescribed in the Companies (Accounts) Rules, 2014 issued by the Central Government, as amended, are applicable including for valuation of investments and other assets and including assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments are disclosed irrespective of whether they are classified as long term or current in point (5) above. The Company does not have any investments as at March 31, 2023.

49 NBFC DISCLOSURES:

Disclosure of Restructured Accounts as per Appendix 4 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

	Type of Restructuring		Others				
Sr. No.	Asset Classification Details		Standard	Sub-Standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 01, 2022	No. of borrowers	36	-	-	-	36
		Amount outstanding	354.96	-	-	-	354.96
		Provision thereon	35.50	-	-	-	35.50
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
3	Upgradations to restructured standard category during the FY	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	(7)	-	-	-	(7)
		Amount outstanding	(101.02)	-	-	-	(101.02)
		Provision thereon	(8.81)	-	-	-	(8.81)
5	Down gradations of restructured accounts during the FY	No. of borrowers	(11)	11	-	-	-
		Amount outstanding	(61.28)	61.28	-	-	-
		Provision thereon	(7.42)	7.42	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

	Type of Restructuring		Others				
Sr. No.	**Asset Classification Details**		**Standard**	**Sub-Standard**	**Doubtful**	**Loss**	**Total**
6	Write-offs of restructured accounts during the FY	No. of borrowers	-	(8)	-	-	(8)
		Amount outstanding	-	(43.13)	-	-	(43.13)
		Provision thereon	-	(4.31)	-	-	(4.31)
7	Restructured Accounts as on March 31, 2023	No. of borrowers	18	3	-	-	21
		Amount outstanding	192.67	18.15	-	-	210.82
		Provision thereon	19.27	3.10	-	-	22.37

	Type of Restructuring		Others				
Sr. No.	**Asset Classification Details**		**Standard**	**Sub-Standard**	**Doubtful**	**Loss**	**Total**
1	Restructured Accounts as on April 01, 2021	No. of borrowers	29	1	-	-	30
		Amount outstanding	324.91	3.81	-	-	328.72
		Provision thereon	32.87	0.38	-	-	33.25
2	Fresh restructuring during the year	No. of borrowers	7	-	-	-	7
		Amount outstanding	30.05	-	-	-	30.05
		Provision thereon	2.62	-	-	-	2.62
3	Upgradations to restructured standard category during the FY	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
5	Down gradations of restructured accounts during the FY	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
6	Write-offs of restructured accounts during the FY	No. of borrowers	-	(1)	-	-	(1)
		Amount outstanding	-	(3.81)	-	-	(3.81)
		Provision thereon	-	(0.38)	-	-	(0.38)
7	Restructured Accounts as on March 31, 2022	No. of borrowers	36	-	-	-	36
		Amount outstanding	354.96	-	-	-	354.96
		Provision thereon	35.50	-	-	-	35.50

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Public disclosure on liquidity risk as at March 31, 2023 pursuant to RBI notification RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 04, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

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

As at March 31, 2023

Number of Significant Counterparties	Amount	% of Total Deposits	% of Total Liabilities
22 (Twenty two)	69,949.29	N.A.	97.74%

As at March 31, 2022

Number of Significant Counterparties	Amount	% of Total Deposits	% of Total Liabilities
Nil	7,100.00	N.A.	81.98%

2. Top 20 large deposits (amount in ₹ and % of total deposits):

The Company being a Systemically Important Non-Deposit taking Non-Banking Financial Company registered with Reserve Bank of India does not accept public deposits, and hence, this disclosure is not applicable.

3. Top 10 borrowings (amount in ₹ and % of total borrowings):

As at March 31, 2023

Amount (₹)	% of Total Borrowings
4,520,833,323	64.63%

As at March 31, 2022

Amount (₹)	% of Total Borrowings
711,180,138	100.00%

4. Funding Concentration based on significant instrument/product:

Name of the instrument / product	As at March 31, 2023		As at March 31, 2022	
	Amount	% of Total Liabilities	Amount	% of Total Liabilities
Working Capital Limits from Banks	-	0.00%	-	0.00%
Term Loans from Banks and Financial Institutions	65,349.29	91.31%	11.80	0.14%
Term Loan from Promoter	4,600.00	6.43%	7,100.00	81.98%

5. Stock Ratios:

As at March 31, 2023

Particulars	as a % of total public funds	as a % of total liabilities	as a % of total assets
Commercial papers	N.A.	N.A.	N.A.
Non-convertible debentures (original maturity of less than one year)	N.A.	N.A.	N.A.
Other short-term liabilities	31.18%	30.47%	17.74%

As at March 31, 2022

Particulars	as a % of total public funds	as a % of total liabilities	as a % of total assets
Commercial papers	N.A.	N.A.	N.A.
Non-convertible debentures (original maturity of less than one year)	N.A.	N.A.	N.A.
Other short-term liabilities	100.00%	82.12%	14.93%

6. Institutional set-up for liquidity risk management:

The Liquidity Risk Management of the Company is governed by the Liquidity Risk Management Framework and Asset Liability Management Committee (ALCO). The ALCO has the overall responsibility for management of liquidity risk. The ALCO decides the strategy, policies and procedures to manage liquidity risk in accordance with the liquidity risk tolerance/limits approved by it. The Asset Liability Management Committee (ALCO), which is a committee of the Board, is responsible for ensuring adherence to the liquidity risk tolerance/limits as well as implementing the liquidity risk management strategy. The role of the ALCO with respect to liquidity risk includes, inter alia, decision on desired maturity profile and mix of incremental assets and liabilities, responsibilities and controls for managing liquidity risk, and overseeing the liquidity positions at an entity level.

Notes:

a. For current financial year, "Significant counterparty" means as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of total liabilities, whereas for previous financial year, when the Company was NBFC-ND-NSI, "Significant counterparty" meant as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 10% of total liabilities

b. For current financial year, "significant instrument/product" means as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the total liabilities and for previous financial year, when the Company was NBFC-ND-NSI, "significant instrument/product" meant as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 10% of the total liabilities

c. Total liabilities has been computed as sum of all liabilities (Balance Sheet figure) less equities and reserves/surplus.

d. Public funds is as defined in Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

e. Short-term liabilities include short-term borrowings, current maturities of long term debts and current maturities of finance leases.

f. Total borrowings include long-term borrowings, short-term borrowings, current maturities of long term debts and liabilities towards finance leases.

51 FOLLOWING ARE THE ADDITIONAL DISCLOSURES REQUIRED AS PER SCHEDULE III TO THE COMPANIES ACT, 2013 VIDE NOTIFICATION DATED MARCH 24, 2021;

51.1 The Company has no relationship and transactions with struck off companies.

51.2 The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

51.3 The Company has complied with the number of layers prescribed under clause (87) of Section 2 of the Companies Act, 2013 read with the companies (Restriction on number of layer) Rules, 2017.

51.4 There are no such immovable properties on lease where lease deeds are not held in name of the Company

51.5 There are no projects in progress, whose completion is overdue for substantial period of time or has exceeded its cost substantially as compared to its original plan

51.6 The Company is not holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

51.7 The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) 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

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

51.8 The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) 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

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

51.9 The Company has not given any loans or advances in the nature of loans to promoters, directors, KMPs and the related parties, that are repayable on demand or without specifying any terms or period of repayment

51.10 The Company has not traded or invested in Crypto currency or Virtual Currency.

51.11 The Company has not made any delay in registration of Charges

51.12 The Company is not a wilful defaulter under guidelines on wilful defaulters issued by the Reserve Bank of India.

52 DIRECT ASSIGNMENT

Particulars of the transactions are provided below:

Particulars	As at March 31, 2023	As at March 31, 2022
No. of customer accounts acquired(#)	Nil	Nil
Value of the portfolio acquired	Nil	Nil
Outstanding amount	337.62	550.50

53 CUSTOMER COMPLAINTS

Kindly refer note 47.22 of RBI disclosure given as per Annex XVI of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued by the Reserve Bank of India ("RBI") vide their Notification No. RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 (the "Notification").

54 STATUTORY RESERVE

As per Section 45-IC of the Reserve Bank of India Act, 1934, the Company is required to create a reserve fund at the rate of 20% of the net profit after tax of the Company every year. During the previous reporting period, the Company had incurred a loss, hence no appropriation was required.

55 DETAILS OF UNHEDGED FOREIGN CURRENCY EXPOSURE

There are no outstanding derivative contracts as on March 31, 2023 and as on March 31, 2022.

The Company has Nil amount of unhedged foreign currency exposure as on March 31, 2023 and as on March 31, 2022.

56

Previous year figures have been re-grouped / reclassified where necessary to conform to the current year's classification.

57 APPROVAL OF FINANCIAL STATEMENTS

The financial statements for the year ended March 31, 2023 were approved by the Board of Directors and authorized for issue on May 25, 2023.

As per our report of even date attached
For V. Sankar Aiyar & Co
Chartered Accountants
Firm Regn. No. 109208W

Asha Patel
Partner
Membership No: 166048
Place : Mumbai
Date : May 25, 2023

For and on behalf of the Board of Directors of
HIRANANDANI FINANCIAL SERVICES PRIVATE LIMITED
CIN: U65999MH2017PTC291060

Harsh S. Hiranandani
Director
DIN : 07661253
Place : Mumbai
Date : May 25, 2023

Neha S. Hiranandani
Director
DIN : 01954865
Place : London
Date : May 25, 2023

Uday Suvarna
Chief Executive Officer

Place : Mumbai
Date : May 25, 2023

Rajesh Rajak
Chief Financial Officer

Place : Mumbai
Date : May 25, 2023

Richa Arora
Company Secretary
M.No. A42906
Place : Mumbai
Date : May 25, 2023

NOTES

NOTES

HFS | Hiranandani Financial Services

Registered Office

514, Dalamal Towers, 211, FPJ Marg,
Nariman Point, Mumbai 400 021

Corporate Office

9th Floor, Sigma Building, Hiranandani Business Park,
Technology Street, Powai, Mumbai 400 076

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Website: www.hfs.in