ANNUAL REPORT
2023-24

HFS | Hiranandani Financial Services

SUSTAINABLE **GROWTH.** IMPACTING **LIVELIHOODS.**

CORPORATE **INFORMATION**

Board of Directors

Mr. Harsh S. Hiranandani
Non-Executive Director

Ms. Neha S. Hiranandani
Non-Executive Director

Mr. Utpal Sheth
Independent Director

Mr. Prem Kumar Chophla
Independent Director

Mr. Anil Kaul
Independent Director

Leadership Team

Mr. Uday Suvarna
Chief Executive Officer

Mr. Kartik Nagda
Chief Business Officer

Mr. Rajesh Rajak
Chief Financial Officer

Mr. Manish Odeka
Chief Risk Officer

Mr. Dheeraj Mittal
Chief Operating Officer

Mr. Suresh Mehra
Chief Human Resource Officer

Mr. Hemanshu Parekh
Head - Credit Underwriting

Ms. Richa Arora
Company Secretary & Chief Compliance Officer

Statutory Auditors

V Sankar Aiyar & Co.
Chartered Accountants

Secretarial Auditors

Deepak A. Variya & Co.
Practising Company Secretary

Internal Auditors

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 6209 3493
Email: wecare@hfs.in
Website: www.hfs.in

States of Presence

- Andhra Pradesh
- Gujarat
- Karnataka
- Madhya Pradesh
- Maharashtra
- Rajasthan
- Tamil Nadu
- Telangana
- Uttar Pradesh

Lenders and Bankers

- Aditya Birla Finance Limited
- AU Small Finance Bank Limited
- Axis Bank Limited
- Bajaj Finance Limited
- Bandhan Bank Limited
- Bank of Baroda
- Canara Bank
- Capital Small Finance Bank Limited
- CSB Bank Limited
- DCB Bank Limited
- Federal 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
- Nabkisan Finance Limited
- Nabsamruddhi Finance Limited
- Poonawalla Fincorp Limited
- SBM Bank (India) Limited
- Small Industries Development Bank of India
- South Indian Bank Limited
- State Bank of India
- Tata Capital Financial Services Limited
- Union Bank of India
- Utkarsh Small Finance Bank Limited
- Yes Bank Limited

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Disclaimer: This document contains statements about anticipated future developments, if any and financials of Hiranandani Financial Services Private Limited ('HFS' or '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.

HFS Hiranandani Financial Services

SUSTAINABLE **GROWTH.** IMPACTING **LIVELIHOODS.**

HFS's journey of sustaining growth goes beyond mere expansion; it is about transforming livelihoods and enabling economic empowerment.

Growth and sustainability are deeply intertwined and should not be seen as trade-offs. Without growth, there would be no prosperity and well-being, nor would it be possible to fund the transitions needed for a sustainable and inclusive economy. At the same time, without sustainability, it may not be possible to create lasting growth for current and future generations. Thus, achieving a world where growth and sustainability are interconnected and mutually reinforcing is the imperative for the next era of business.

At HFS, sustaining growth goes hand in hand with impacting lives. Through strategic lending initiatives, the Company fuels the micro-enterprise ecosystem, catalyzing job creation and economic stability. It understands the delicate balance between offering financial support and preventing over-leverage, ensuring that its clients' aspirations are realized without compromising their financial well-being. Moreover, the Company is dedicated to addressing the gender gap in entrepreneurship, advocating for women's empowerment by providing tailored solutions and fostering inclusivity.

As the Company celebrates the establishment of its hundredth branch and reflects on its nationwide footprint, it recognizes the profound impact of its focus on micro-enterprises on communities and individuals across India. With each new branch, the Company extends its reach, touching more lives and reinforcing its position as a trusted partner in the journey towards financial prosperity. The Company's commitment goes beyond financial services; it focuses on creating lasting economic value and empowering underserved segments, especially in use Tier 2 & 3 locations with limited access to credit. At HFS, aspiring entrepreneurs become successful business owners, families move from renting to owning homes, and ventures like medical stores, hardware shops, dairy businesses, and textile enterprises thrive. The Company proudly supports these transformative journeys, turning aspirations into accomplishments and dreams into realities.

ABOUT 'HOUSE OF HIRANANDANI' (HOH)

HOUSE OF HIRANANDANI'S LEGACY OF SUSTAINING GROWTH AND IMPACTING LIVELIHOODS

House of Hiranandani (HOH) is a pioneer in developing integrated communities that have become landmarks in India. The real estate giant has transformed the real estate dynamics of Mumbai, Bengaluru, Chennai, and Hyderabad with signature styled neighbourhoods that offer a holistic living experience to residents.

With over four decades of experience and a unique approach to designing and planning, HOH invests heavily in research and development (R&D). It ensures that all the developments surpass industry benchmarks and re-define engineering and design.

The brand is synonymous with excellence and strives to create value for all stakeholders at every step of development. By incorporating the environment-friendly principles of New Urbanism, HOH has focused on transforming sprawling suburban areas into well-designed urban communities. Their aim has always been to integrate every family into a bigger and more inclusive community.

4 Decades of Expertise

89,664 Students Educated

61,670 Trees Planted

45.82 million sq.ft. Area Developed

25,375 Units Delivered

Business Strategies

- 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 endeavours reflect our commitment to uphold the core values of:

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

SDGs Impacted

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

ABOUT US

HIRANANDANI FINANCIAL SERVICES
A JOURNEY OF SUSTAINED GROWTH

Hiranandani Financial Services (referred to as 'HFS' or 'The Company') is a new-age NBFC backed by the leading conglomerate, House of Hiranandani (HOH). HOH is a brand associated with excellence and strives to create value for all stakeholders, every step of the way.

HFS aims to fulfil the growth needs of micro and small enterprises in India in a seamless and transparent manner through tailor-made financial products that help in fulfilling their business ambitions. Currently, the Company serves micro and small businesses in nine states and it remains committed to continuing its expansion efforts.

India's MSME sector is growing rapidly and forms the backbone of the country's economic and self-sustainability goals. With millions of business dreams driving this sector, timely financial support and trustworthiness are crucial for their growth.

HFS has a strong presence across nine states through 100+ branches. The Company is dedicated to expanding its reach further, ensuring that entrepreneurs and small businesses have access to seamless and transparent financing options.

HFS | Hiranandani Financial Services

Our Vision

We aim to be the preferred financial partner for the micro and small enterprises of India

Our 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 Highlights

103	19,000+	1,435
Branches across India	Customers	Employees

Financial Highlights (FY 2023-24)

₹1,124 Crore	₹271 Crore	0.8%
Loans Disbursed	Total Income	GNPA

Core Strengths

- Synonymous with trust among customers
- Growing stronger with a healthy capitalization
- Secured and diversified portfolio helps cater to the dynamic needs of customers
- Branch-led distribution allows to maximize the reach in short timeframe
- Strong governance structure and professional management

HFS' disciplined management and commitment to delivering value to stakeholders has paved the way for a remarkable financial performance. With a focus on strategic initiatives and a strong client base, the Company has achieved consistent growth and solidified its position in the industry.

The Company's financial success is a testament to its ability to attract and retain clients. The steady growth in its Assets Under Management (AUM) reflects the trust and confidence that clients have in the Company's financial solutions. Over the years, HFS has witnessed a significant increase in AUM, crossing ₹ 1,900 Crore in FY 2023-24. By maintaining strong asset quality and adhering to rigorous risk management practices, the Company has exceeded expectations and built trust among stakeholders. Our collaborations with stakeholders, particularly government entities, regulators, banks, and MSME's, have strengthened the Company's position in the market, enabling it to tap into new opportunities and expand its reach.

By providing reliable credit facilities and tailored financial solutions, the Company aims to support the financial aspirations of its clients and contribute to their growth and success.

₹1,900+ Crore

Assets Under Management (AUM)

87%

Loan Portfolio Growth

PROMOTER'S COMMUNIQUE

FY 2023-24 was a transformative year for HFS, characterized by robust growth, strategic expansion into new markets, and significant advancements in technology. Recognized for fostering innovation and financial inclusion, HFS continues to strengthen its position as a trusted partner for micro and small enterprises.

45%
Contribution of MSME's to India's Export

8.2%
GDP Growth Rate

Dear Stakeholders,

It is a privilege to present the 7th annual report of Hiranandani Financial Services (HFS). FY 2023-24 was a robust year for the Indian economy with a strong GDP growth of 8.2% led by robust consumer demand.

MSME's, with their focus on innovation and employment, have played a pivotal role in supporting this growth. They have contributed to over 45% of India's exports and produced over 140 million jobs. At HFS, we are proud to be a partner in the growth and financial empowerment of MSME's. This report highlights our strong progress over the last fiscal year.

During FY 2023-24, we disbursed over 1,100 Crore of loans and grew our AUM from 1016 to 1,903 Crore. We strategically expanded our reach by increasing our geographical and branch footprint. We established our presence in Uttar Pradesh and also celebrated the milestone of opening up our 100th branch in Indore as our overall branch presence grew from 77 to 103. The focus for growth continued to be tier 2 and tier 3 locations, which we see as new frontiers for economic growth in the country. By establishing a robust network of branches in these underserved areas, we are facilitating economic empowerment and enabling entrepreneurship at the grassroots level. This strategic expansion reflects our dedication to serving diverse communities and driving inclusive growth across India.

We also invested significantly in our technology stack by upgrading our entire loan origination system, transforming every aspect of the loan process and significantly benefiting our clients. By seamlessly integrating innovative digital solutions into our operations, we have revolutionized the loan experience from application to completion. This optimization reduces the time required for approval and disbursement, enabling our customers to access the funds they need promptly. This empowers them to seize opportunities, meet financial obligations, and drive growth effectively.

With this growth, we are proud to announce that we were certified as a "Great Place to Work" this year, reflecting our focus on improving people practices within the organization. Our total team strength grew to 1,435 this year, representing an increase of 51% compared to last year. One of our core values is "winning together," and we placed special emphasis on enhancing programs to boost employee engagement and investing in the training and development of our team.

Recent regulatory updates have brought significant changes to the MSME sector and financial institutions like HFS. The government's increased emphasis on financial inclusion and digitalization has resulted in revised regulatory frameworks that prioritize stricter compliance and heightened transparency for NBFCs. These regulatory changes are designed to stabilize the financial ecosystem and ensure that companies like HFS continue to provide secure and reliable financial services to customers. In FY 2023-24, we embraced these updates, including modifications in loan provisioning norms and the implementation of more rigorous auditing processes. By adhering to these regulations, we are reinforcing our commitment to supporting national economic goals while maintaining the highest standards of integrity and accountability.

At HFS, we have achieved remarkable milestones this financial year, witnessing an increase in our client base from 11,000+ customers to 19,000+ customers, a 107% surge in revenue, and a 34% growth in profits compared to FY 2022-23. With a strategic focus on maximizing lifetime client value, we are poised to capitalize on emerging opportunities. By concentrating our efforts on this targeted approach, we aim to strengthen our position as a trusted partner for small and micro enterprises, empowering them to thrive in today's competitive landscape.

I extend my sincere thanks to the entire HFS team that worked tirelessly to deliver the highest levels of service over this past year, as reflected in our performance. We look forward to continuing this momentum and delivering a strong performance in the coming year.

Yours Sincerely,

Harsh S. Hiranandani
Promoter & Director

MESSAGE FROM THE **CEO**

"This year, we have also made strategic investments to further improve our technology and infrastructure, so that we are well-equiped to capitalize on the future."

₹ 1900+ Crore
Assets Under Management (AUM)

103
Branches across India

Dear Stakeholders,

I am pleased to present the progress of Hiranandani Financial Services for FY 2023-24, another year of our holistic growth as a company marked by crossing significant milestones.

Our AUM has grown by 87% backed by solid growth of disbursements by 60%. We closed the year with an AUM of ₹ 1,903 Crore and added 9,455 new customers to our books. Coupled with strong growth, we have maintained our asset quality, supported by our robust underwriting methodology and deep local expertise. This has resulted in a cost risk below 1% and one of the lowest GNPAs in the industry. We have built our presence in 103 branches across 9 states and started operations in Uttar Pradesh last year.

This year, we have also made strategic investments to further improve our technology and infrastructure, so that we are well equipped to capitalize on the future. We have migrated to a new Loan Originating System to improve our processing capabilities and to enhance customer experience by faster onboarding. We have also introduced a new Financial ERP system to support the expanding size and scale of the organization. We have continued to invest in talent and have grown to a team of 1,400+ employees. I am also pleased to inform that we have been certified as a 'Great Place to Work', showcasing our commitment towards fostering a supportive and inclusive work environment. Our people are our most valuable asset and we continue to invest in their growth through various initiatives such as employee engagement programs, professional development opportunities and wellness initiatives.

At a macro levels, the Indian economy looks comfortably placed, with GDP growth projected to be upwards of 7% in FY 2024-25. Despite the global uncertainties, the increasing credit demand will create opportunities for financial service providers, especially NBFCs, as they have emerged as a crucial source of finance for the unserved population. Looking at the favorable environment, the time looks right for HFS to now shift gears and aim for scale. We have all the tools required now to get to the next level of growth and we will now capitalize on both the favorable external factors as well as the capability we have built over the last three years to accelerate our growth.

We will continue to build on our growth momentum, expand our footprint, invest in building more depth in our talent and fully leverage the investments we have made in technology and process improvements to ensure we leapfrog to the next level.

On a concluding note, I would like to extend my gratitude to the Board members for their enduring support and invaluable counsel. To our employees, I am grateful for your contributions and the positive impact you create every day. To our valuable customers, we deeply appreciate your continued trust and patronage. Together we have made great strides, and I am excited about the future we will create together.

Yours Sincerely,

Uday Suvarna

Chief Executive Officer

GROWTH DRIVERS

THE INDIAN SUSTAINABLE **GROWTH STORY**

The Indian Sustainable Growth Story is intricately aligned with the growth trajectory of Micro, Small, and Medium Enterprises (MSMEs). These enterprises serve as the backbone of the Indian economy, driving innovation, creating employment opportunities, and fostering inclusive economic development across various sectors.

US$ 5 trillion Economy

The Indian economy is poised to achieve the significant milestone of becoming a US$ 5 trillion economy by CY 2029. Central to this ambitious goal are Micro, Small, and Medium Enterprises (MSMEs), which are expected to play a pivotal role in driving economic growth. As engines of innovation, employment generation, and inclusive development, MSMEs will contribute significantly to India's journey towards economic prosperity.

Government Initiatives and Schemes for Uplifting MSMEs

The Government has introduced a series of reforms and initiatives to bolster the MSME and retail credit sectors. These include the Udyam Aadhaar Certification, Pradhan Mantri Mudra Yojana (PMMY), Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), digitization initiatives such as India Stack, JAM (Jan Dhan-Aadhaar-Mobile) trinity, Udyog Aadhaar for easier business registration, ONDC and the ambitious National Infrastructure Pipeline under the Gati Shakti program. Additionally, the Credit Linked Capital Subsidy Scheme is aimed at facilitating technology upgradation for MSMEs.

Emergence of a Digital Economy

India's digital economy is enabling the growth of MSMEs and loan providers through innovations like digital documentation, alternative data sources, e-commerce platforms, digital payments and lending, and government support. These have simplified processes, reduced costs, increased access to financing, and enabled financial inclusion, thereby contributing to the sustainable development of the MSME sector.

Make in India

'Make in India' is a powerful catalyst for the growth of MSMEs. The initiative has created a favorable environment for their expansion and innovation. As these enterprises actively participate in the initiative, they contribute to boosting domestic manufacturing, enhancing productivity, and generating employment opportunities. This surge in MSME activity fuels the demand for financial support and tailored loan products to facilitate their growth journey. As a result, loan providers specializing in MSME financing stand to benefit from increased demand for their services.

MSME Financing Gap

A study by Avendus Capital estimated a massive credit gap of US$ 530 billion in the MSME sector in India, out of a total finance demand of approximately US$ 1,955 billion.

Infrastructure Development

Infrastructure development is the foundation for a country's economic prosperity and helps in improving the quality of life of its citizens. India is expected to be one of the largest economies in the world by CY 2047, with a GDP of about US$ 35-40 trillion as per CII estimates from about US$ 3.5 trillion in CY 2022, marking a 2x increase since CY 2010. The development of robust infrastructure creates a conducive environment for MSMEs to thrive. Improved transportation networks, modernized industrial zones, and enhanced connectivity through digital infrastructure can significantly benefit them by reducing logistical challenges, lowering operating costs, and expanding market reach.

Mr. Kartik Nagda (Chief Business Officer)

At HFS, our commitment to financial inclusion and community impact continues to drive our operations, particularly among customers from lower economic strata. Over the past year, we have seen first-hand the transformative impact of Government initiatives supporting MSMEs, notably the 'Udyam Aadhar' program, among others.

Also, the government's push to ensure timely payments for MSMEs has a domino effect, reaching all the way down to grassroots micro-enterprises. The shift towards digital payments has further strengthened our ability to engage with and support customer businesses.

Looking ahead, we plan to expand into Tier 2 & 3 locations, leveraging digital technologies to deepen our reach and impact. We remain firm in our commitment to superior customer service and operational excellence. We understand the importance of building strong relationships with our customers, providing them with seamless experiences and responsive support.

SDGs Impacted

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

10 REDUCED INEQUALITIES

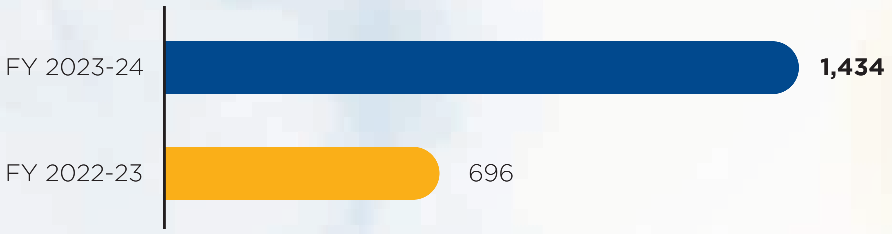
FINANCIAL HIGHLIGHTS

SUSTAINABLE FINANCIAL GROWTH
SHAPING LIVELIHOODS POSITIVELY

HFS has recorded a strong financial performance due to its efficient management, successful strategies, and strong commitment to delivering value to stakeholders. The Company's AUM growth demonstrates its ability to attract and retain clients, reflecting consistent growth and clients' trust in its financial solutions. Additionally, key financial metrics including total borrowings, net worth, PAT, net interest income, and gross non-performing assets (GNPA) provide valuable insights into the Company's financial and operational success.

AUM (All figures in ₹ Crore)

Total Borrowings (All figures in ₹ Crore)



Net Worth (All figures in ₹ Crore)

PAT (All figures in ₹ Crore)

Net Interest Income (All figures in ₹ Crore)

Mr. Rajesh Rajak (Chief Financial Officer)

HFS recorded exceptional financial performance in FY 2023-24. The Company's revenue surged to ₹ 271 Crore, marking a 107 percent increase over FY 2022-23. This highlights the effectiveness of our strategy and market positioning. We also saw significant growth in PAT, with an increase of 34 percent. This improvement reflects our operational efficiency and diligent cost management efforts. Furthermore, our AUM expanded by 87 percent year-on-year, reaching ₹ 1,903 Crore. We successfully onboarded 9000+ new clients during FY 2023-24, showcasing strong momentum in client acquisitions and market penetration.

We also maintain a robust capital structure and prioritize effective risk management practices to ensure operational stability and resilience. Our strong net worth supports our growth plans, while robust underwriting standards safeguard portfolio quality. Investments in technology enhance operational efficiency and customer experience, while agile adaptation to regulatory changes ensures compliance and leverages evolving opportunities. We remain committed to maintaining strong asset quality, minimizing non-performing assets (NPAs), and effectively managing risks associated with interest rate fluctuations.

₹31 Crore
PAT

₹271 Crore
Revenue

SDGs Impacted

A TALE OF ENERGETIC GROWTH **AND TRANSFORMING LIVES**

The journey of HFS began with a vision to empower businesses and entrepreneurs across India with accessible and reliable financial solutions. With determination as its compass, the Company navigated through challenges, continuously adapting to the evolving needs of clients and the dynamic economic landscape. Through these efforts, the Company strives to make a meaningful impact and drive positive change in the business community.

FY 2018-19

- NBFC License received in June '18
- Set up teams, tech stock, processes & policies

FY 2019-20

- Launched Secured Business Loans
- Commenced Branch Operations from Maharashtra & Gujarat

FY 2020-21

- Forayed into South India with branches in Andhra Pradesh
- AUM of ₹ 180 Crore

FY 2021-22

- Network increased to 50 branches with presence in 4 new states
- Expanded southern presence with new branches in Karnataka, Telangana and Tamil Nadu
- AUM crossed ₹ 400 Crore

FY 2022-23

- Debut Credit Rating from CRISIL - A(Stable) in May '22
- Leveraging of Balance Sheet, commenced borrowing journey
- Crossed AUM of ₹ 1,000 Crore & Net Worth of ₹ 500 Crore

FY 2023-24

- Network expanded to 100+ branches across 9 states
- AUM crossed ₹ 1900 Crore
- Liability franchise expanded with 29 Marquee Lenders
- Equity infusion of ₹ 200 Crore in Mar' 24; Net Worth crossed ₹ 740 Crore

GEOGRAPHICAL PRESENCE

REACHING
FAR AND WIDE

HFS initially concentrated its presence in South India. The Company established a strong foothold and gained valuable insights into the region's financial landscape. Subsequently, the Company strategically expanded its reach into other regions across India, spreading its wings through various branches.

States and Branches

23 Branches in Andhra Pradesh

17 Branches in Telangana

12 Branches in Maharashtra

10 Branches in Karnataka

10 Branches in Tamil Nadu

10 Branches in Rajasthan

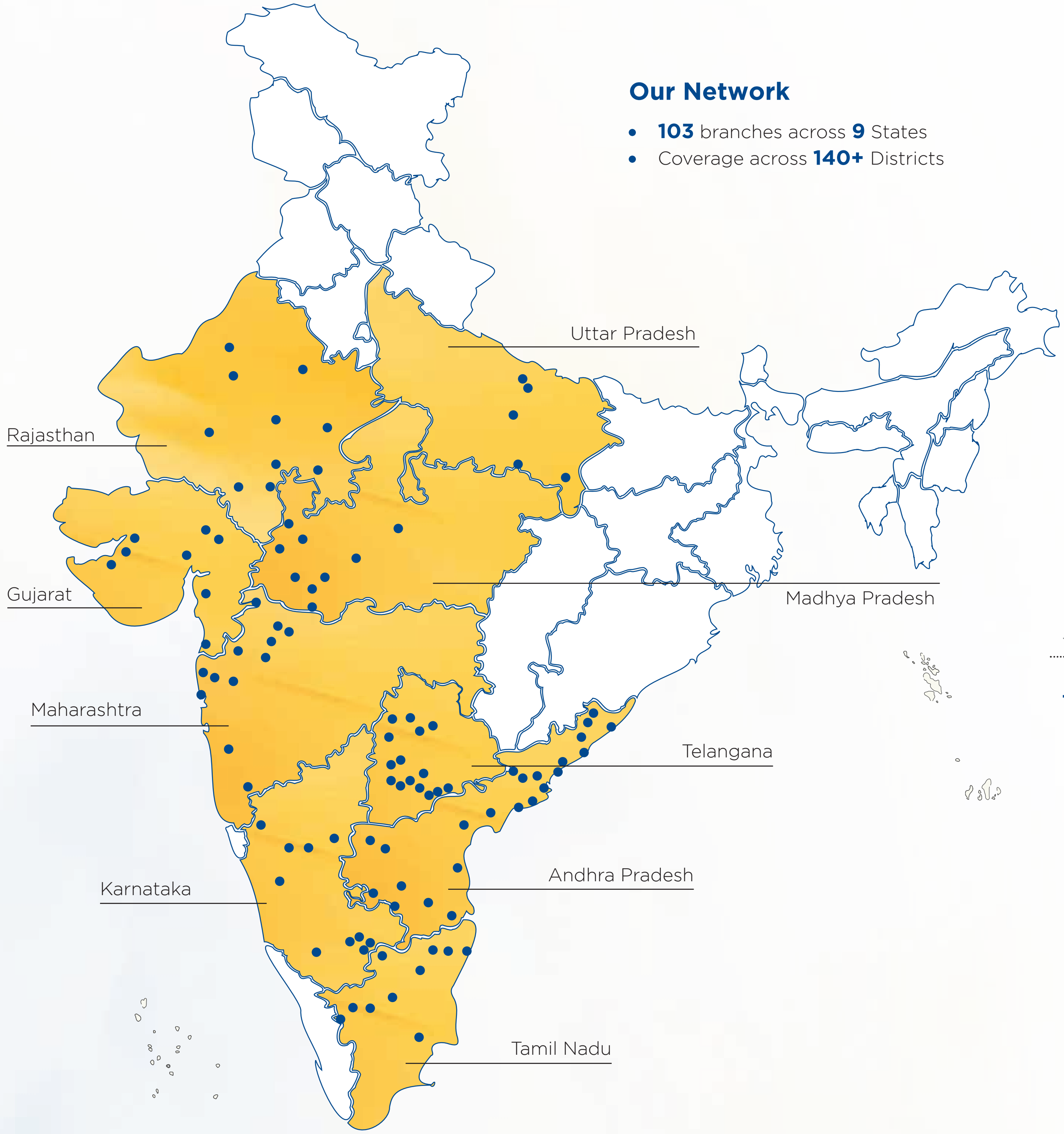
9 Branches in Madhya Pradesh

7 Branches in Gujarat

5 Branches in Uttar Pradesh

Our Network

- **103** branches across **9** States
- Coverage across **140+** Districts



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.

SDGs Impacted

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

CUSTOMER EXPERIENCES

SHOWCASING OUTCOMES AND GROWTH **THROUGH CUSTOMER TESTIMONIALS**

HFS takes immense pride in the success stories of its customers. Over the years, the Company has empowered numerous businesses to thrive and grow through its tailored financial solutions. The Company's loans have not only impacted these businesses but also transformed the lives of entrepreneurs and their communities.

Name: **DUDEKULA JAMAL**
Location: NANDYALA
Business: MOON TAILORS

As a tailor, I needed to invest in new machinery and improve storage facilities in my shop. I applied for a secured business loan at HFS, and the disbursement process was incredibly smooth! There was no stress from extensive documentation or any lengthy verification procedures. The loan was approved swiftly and easily, and now Moon Tailors is thriving, thanks to HFS!

Name: **JAYA SREE**
Location: SURARAM
Business: JAI BHAVANI KIRANA AND GENERAL STORES

HFS has been instrumental in helping me secure funding to renovate my shop, Jai Bhavani, and increase my inventory. They ensured a swift disbursal process with minimal documentation, and I am deeply grateful for their understanding and prompt service.

Name: **MOGILI SHANKAR**
Location: HYDERABAD
Business: SUNITHA EMPORIUM

My shop required significant interior upgrades, and I wasn't in a position to save up for the renovation. After careful consideration, I decided to borrow funds for the upgrade. I'm thrilled that I chose to take a loan from HFS because they made the process easy and disbursed the funds quickly.

Name: **DAVULARI RAMA KRISHNA RAO**
Location: VIZAYANAGARAM
Business: SRI SATYANARAYAN ENGINEERING WORKS

I urgently needed funding to construct a better workshop for my business. HFS provided me with funding for materials at a low interest rate, and their process was incredibly fast. I didn't have to wait for months to secure the funds, which enabled me to start building my workshop promptly. Thank you HFS, for your efficient support!

Name: **KAMIREDDY RAMARAO**
Location: SRUNGAVARAPUKOTA
Business: RANGAS JINNING WORKSHOP

I required funding for my mattress-making business and trusted HFS to meet this need. Within just 10 days, my loan was disbursed, allowing me to invest in new inventory and expand my workstation. I am delighted with the swift service and appreciate how smoothly everything was handled. Thank you for making it so easy, HFS!

TECHNOLOGY INTEGRATION FOR **SUSTAINED GROWTH AND IMPACT**

HFS seamlessly integrates technology throughout its processes to enhance efficiency, improve customer experiences, and drive innovation. By embracing advanced solutions, the Company aims to revolutionize the way it delivers financial services. This further ensures agility and adaptability in a rapidly evolving market landscape.

Lead Generation

The lead generation process at HFS is efficient and customer-friendly, enabling data capture and document upload on the go. For instance, in-principle approvals, the Company utilizes advanced credit algorithms to provide immediate approvals to eligible applicants. This expedited approval process enhances the customer experience and reduces the turnaround time for loan applications. Consequently, more customers benefit from quick access to financing solutions.

Operations and Collections

The Company leverages technologies such as eNACH (Electronic National Automated Clearing House) and WhatsApp applications for customer communication. These platforms facilitate efficient communication and payment management, enhancing customer engagement and satisfaction. Additionally, the integration of multiple payment gateways and a collection module for instant e-receipts further streamlines operations and improves payment processing.

Underwriting

The credit decisioning system employed by HFS utilizes sophisticated algorithms to assess loan applications and automate eligibility criteria. This approach enables swift and accurate underwriting decisions while effectively managing exceptions. As a result, the Company minimizes manual intervention, optimizes risk assessment, and enhances overall underwriting efficiency.

Loan Management System

The integrated loan management system (LMS) centralizes loan servicing and repayment management processes. This comprehensive platform enhances operational efficiency, enabling streamlined loan tracking, servicing, and repayment monitoring. Delinquency and NPA management features within the LMS enable proactive risk mitigation and collection strategies.

Business Communication

HFS recognizes the importance of effective communication with its customers. The Company has integrated WhatsApp into its operations. Leveraging this popular communication tool, HFS has not only enhanced customer engagement but also streamlined communication processes, ensuring quick and convenient interactions. The use of WhatsApp promotes transparency in communication with customers. By leveraging this platform, HFS ensures that customers receive prompt updates, notifications, and information about their financial transactions and services.

Cloud Adoption

HFS has strategically adopted cloud services to enhance its technology infrastructure and transform its operations. By leveraging scalable and secure cloud computing platforms, HFS has gained the flexibility to rapidly scale its operations, reduce infrastructure costs, and enhance overall system availability. Since the inception of the loan process, HFS has embraced cloud adoption, ensuring that critical applications and databases are hosted on these advanced platforms. This proactive approach has enabled it to achieve higher levels of agility, reliability, and performance. By migrating key components to the cloud, HFS efficiently manages and optimizes resources, delivering seamless and innovative financial solutions to its customers.

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. The Company has put encryption protocols 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. Moreover, HFS adheres diligently to regulatory compliances governing data privacy and protection. By staying updated with regulatory requirements and industry best practices, HFS maintains a proactive approach to data security, instilling trust and confidence among customers and stakeholders.

Technology Compliance

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

As a technology-enabled NBFC, HFS continues to invest in innovative solutions. The Company is committed to using technology to improve its business, provide a better experience for its customers, and for continued growth and success.

Mr. Dheeraj Mittal (Chief Operating Officer)

At HFS, we are proud of our transformative impact on MSMEs. We believe that with every loan we extend, we touch the lives of not just one, but five individuals directly, enabling growth and providing them opportunity. Our goal is to double our impact, reaching 100,000 livelihoods annually from the current 50,000, both directly and indirectly. We achieve this by providing timely and transparent financial solutions, focusing on user-friendly processes and quick approvals. As part of our unique relationship-based model, our relationship managers tailor loan solutions to meet the specific needs of MSMEs. What sets us apart is our unique RM model, product focus, extensive branch network, deep rural market penetration, and personalized customer relationships.

We follow a Connect and Collect model for collections and loan recovery, utilizing digital modes for seamless transactions. With a highly secure IT infrastructure and a focus on customer-centric operations, we aim to expand further into rural markets, emphasizing on use Tier 2 & 3 locations.

SDGs Impacted

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

EMPLOYEE-FIRST PHILOSOPHY

CULTIVATING A THRIVING WORKPLACE: HFS's HUMAN RESOURCES JOURNEY OF EMPOWERMENT AND ENGAGEMENT

In FY 2023-24, the Human Resources team at HFS embarked on a transformative journey aimed at creating a thriving and nurturing workplace environment. The initiatives have not only empowered employees but also elevated overall satisfaction and engagement levels.

HFS Academy: Championing Continuous Learning

As HFS rapidly expands with a workforce exceeding 1,500 employees, continuous learning stands as a cornerstone of the organizational ethos. To stay ahead in industry advancements, HFS has prioritized fostering a culture of learning among its employees. This commitment led to the introduction of various innovative learning initiatives

Specialised Training Programs: These programs are tailored for different employee cohorts. A notable achievement includes certifying 48 line managers as 'HFS Certified Interviewers' to enhance recruitment processes. Additionally, the RM Induction and Refresher Programs have benefited over 1,400 Relationship Managers.

Skill Enhancement Workshops: In October, we rolled out the Credit Training workshop for Credit Leaders to further enhance their skills, fostering operational excellence that cascades down to their teams.

Great Place to Work Certification

HFS holds the prestigious 'Great Place to Work' certification, a testament to its commitment to fostering a positive and supportive workplace culture. This recognition reflects HFS's dedication to creating an environment where employees can thrive.

Great Place To Work. Certified 2023 INDIA

Comprehensive Employee Benefits

HFS prioritizes the well-being of the employees by offering a range of incentives and benefits. These include:

Healthcare Coverage: HFS offers comprehensive Mediclaim coverage for employees, with discounted premium rates for parental coverage. Additionally, the Company provides Group Term Life Insurance and personal accidental insurance to ensure both health and financial security.

Retirement Planning: HFS offers the Corporate National Pension System (NPS) to help employees plan for retirement with confidence.

Revamped Car Lease Policy: HFS has revamped its Car Lease Policy in partnership with a reputable partner, enhancing service standards and reliability for the employees.

Recognizing Employee Loyalty and Dedication

At HFS, employee loyalty and dedication are highly valued. The Company's special awards program—including the Shining Star, Culture Champion, Exemplar Award, and Long Service Awards—recognizes and celebrates employees' commitment. These awards serve as tokens of appreciation and symbols of their lasting impact, reinforcing a culture of loyalty, dedication, and mutual respect within the workplace.

Employee Engagement and Talent Management

Engagement Activities: Initiatives such as the New Joinee Engagement Activity, HR Business Partner Branch Visits, and regular Focused Group Discussions facilitate continuous support and feedback mechanisms.

Performance Improvement: The AVASAR Program aids employees in improving their performance.

Transparent Communication: The Quarterly HR Interactive Session, known as The Empower Hour, emphasizes transparency and direct communication.

Leadership Development: Upcoming leadership development programs will prepare future leaders, ensuring professional development and sustainable organizational growth.

Driving Growth and Innovation

HFS employees are the fundamental enablers of the Company's success. The Company actively engages with employees across all levels, from area business managers to regional heads, ensuring personalized support and effective addressing of employee needs. To streamline operations and enhance efficiency, HFS is continuously working towards automating manual HR processes to enhance the employee experience.

Guided by the core value—WIN TOGETHER—HFS is committed to cultivating a workplace where every employee feels valued, empowered, and inspired to contribute to shared success. This dedication has been externally recognized with accolades like the 'Great Place to Work' certification. Looking ahead, HFS remains steadfast in its mission to foster an environment where employees can thrive and drive the Company to new heights of success.

Mr. Suresh Mehra (Chief Human Resources Officer)

As we continue to drive growth and innovation at HFS, it is evident that our employees are the fundamental enablers of our success. Our HR business partners are actively engaging with employees across all levels of the organization, from area business managers to regional heads. This proactive approach ensures that our HR team remains closely connected with the workforce, providing personalized support and addressing employee needs effectively.

To streamline operations and enhance efficiency, we are in the process of automating manual HR processes, such as payroll and centralized offer releases. Our efforts are guided by our core value: ALL OF US, ALL THE TIME. This commitment has been recognized externally, with our organization earning accolades such as the 'Great Place to Work' certification.

Looking ahead, we continue with our mission to cultivate a workplace where every employee feels valued, empowered, and inspired to contribute to our shared success.

1,400+
Employees

ALL OF US, ALL THE TIME
Our Core Value

SDGs Impacted

3 GOOD HEALTH AND WELL-BEING
5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
11 SUSTAINABLE CITIES AND COMMUNITIES

HFS | Hiranandani Financial Services

ACHIEVING SUSTAINABLE GROWTH **THROUGH STAKEHOLDER COLLABORATION**

HFS' approach to stakeholder engagement is rooted in creating enduring value through integrity, transparency, and excellence. The Company prioritizes customer satisfaction by delivering exceptional products and services tailored to their needs. For the employees, it cultivates a supportive and growth-oriented environment that encourages professional and personal development. Interactions with lenders are grounded in sound financial practices and strict adherence to regulatory standards. This ensures that the Company maintains trust and reliability in all financial dealings. By upholding these principles, HFS aims to strengthen relationships with all stakeholders, fostering a collaborative ecosystem that supports mutual success and long-term sustainability.

Stakeholders	Importance
Customers	Customers are vital to businesses as they provide revenue through purchases of products or services, drive growth through word-of-mouth referrals and feedback, and ultimately determine the success and sustainability of the Company.
Employees	Employees are crucial to businesses as they drive productivity, innovation, and customer satisfaction, contributing directly to the Company's success and growth.
Lenders	Lenders provide the capital and financial resources necessary for operations, expansion, and investment in future growth opportunities. Access to funding from lenders enables businesses to manage cash flow, pursue strategic initiatives, and navigate through economic challenges.
Regulators	Ensure adherence to laws and regulations, maintaining trust and legality in the Company's operations.

Key Concerns	Initiatives
Financial services	• House visits • Interactions and updates at branches • Surveys and feedback • Communication
Job security, Growth opportunities	• Internal meetings • Training and development programs • Employee engagement activities • Feedback
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
Compliance and reputation	• Compliance with regulatory requirements • Regular and timely exchange of information with the regulators • Dissemination of regulatory updates

SDGs Impacted

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

17 PARTNERSHIPS FOR THE GOALS

EFFECTIVE RISK MANAGEMENT **STRATEGIES AND INITIATIVES AT HFS**

HFS maintains robust risk management practices to identify, assess, and mitigate potential risks that could impact its operations, finances, and reputation. Through a structured approach, the Company regularly evaluates various internal and external factors that may pose threats or opportunities. This includes analyzing market trends, regulatory changes, and emerging technologies. Risk mitigation strategies are then developed and implemented to address identified risks, with a focus on minimizing their impact and maximizing opportunities for growth. Additionally, the Company fosters a culture of risk awareness and accountability among employees, encouraging proactive identification and reporting of potential risks at all levels of the organization.

Four-Step Process

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 holds the responsibility of defining the Company's risk appetite and ensuring the optimal functioning of the ERM framework. Inculcating a conducive risk culture within the organization requires active engagement from the management and risk unit to demonstrate the benefits of effective ERM, encouraging proactive risk identification and management by business leaders. Open forums for discussing risks at various levels help foster transparency and accountability.

2

Risk Identification

The ERM framework systematically identifies risks across the entirety of the organization. This encompasses strategic, operational, sectoral, legal, and compliance risks, in addition to cybersecurity and information security risks. Understanding specific credit risks involves in-depth analysis of borrowers' business models and cash flows, leveraging available financial data, banking transactions, and other surrogate information to assess creditworthiness.

Mr. Manish Odeka (Chief Risk Officer)

At HFS, our risk management framework is fundamental to our mission of 'Sustainable Growth. Impacting Livelihoods.' This year, in line with our commitment to sustainable practices, we have taken a strategic decision to pause unsecured lending due to heightened customer leverage and regulatory changes. This cautious approach showcases our dedication to responsible and sustainable lending practices.

While the suspension of unsecured lending may have some short-term impact on our profitability, we are confident in the resilience of our flagship product, loan against property (LAP), which offers lower risk and higher margins. This strategic shift will help mitigate immediate financial impacts as we continue to prioritize long-term financial stability and community prosperity.

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. Structured and well-defined standard operating procedures (SOPs) are key to managing operational risks, mitigating errors in loan processing, disbursement, and repayment tracking. This approach improves consistency and efficiency while allowing for continuous improvement in SOPs.

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. To mitigate fraud risks, HFS employs advanced digital verification techniques and dedicated fraud control units to authenticate customer information and detect potential fraudulent activities. Additionally, robust risk management policies ensure compliance with legal, regulatory, and reputational requirements. The policies emphasize thorough due diligence, credit monitoring mechanisms, and collateral requirements to mitigate legal, regulatory, and reputation risks effectively.

COMPLIANCE WITH VARIOUS LAWS: A STRONG COMMITMENT TO ETHICAL PRACTICES

As the Company reflects on the past year, it is essential to recognize the unwavering commitment to compliance with various laws and regulations. At HFS, the firm belief persists that adhering to regulatory and statutory requirements is not merely an obligation but a fundamental aspect of the corporate ethos.

The compliance framework of the Company encompasses a wide spectrum of laws, including but not limited to:

Companies Act, 2013 (The Act)

The Company diligently follows the provisions outlined in the Act, ensuring transparency, accountability, and responsible governance.

Reserve Bank of India (RBI) Guidelines

As an NBFC, the Company adheres rigorously to the RBI's guidelines, safeguarding the interests of stakeholders and maintaining economic balance.

Insurance Regulatory and Development Authority of India (IRDAI) Guidelines

For insurance-related operations, the Company strictly complies with the IRDAI's directives, promoting fair practices and consumer protection.

Secretarial Standards

The Company's secretarial practices align with the standards set by the Institute of Company Secretaries of India (ICSI), emphasizing efficient administration and compliance.

Ms. Richa Arora (Company Secretary & Chief Compliance Officer)

In FY 2023-24, HFS elevated from the status of Base Layer - NBFC to Middle Layer - NBFC. By proactively implementing the necessary changes within strict timelines, we not only met regulatory requirements but also improved operational efficiency. Moreover, during the year, we have also procured the Corporate Agency (Composite) License from IRDAI, with this we have progressed into a more regulated environment.

As we move forward, we remain steadfast in our commitment to ethical conduct, ensuring that every action we take reflects our dedication to legal compliance.

CORPORATE
SOCIAL RESPONSIBILITY

HFS remains dedicated to its Corporate Social Responsibility (CSR) commitment. The Company believes that businesses have a moral responsibility to positively impact society. In this pursuit, HFS partnered with United Way of Mumbai to support women from marginalised communities in Karnataka and Andhra Pradesh to support their entrepreneurship dreams.

Our CSR initiatives extended beyond financial contributions. By partnering with NGOs, we empowered women from marginalized communities through skill development and financial literacy programs and provided them with necessary toolkits to kick-start their businesses.

CSR Success Stories

1 Case Study

Beneficiary Name	Ms. Shakeera Sayyed
Location	Vijayawada
Business	Tailoring
Introduction	Ms. Shakeera Sayyed, residing in Jakkampudi YSR Colony, Vijayawada, faced financial challenges as her husband's income as an auto driver was the family's sole source of livelihood. With a passion for tailoring inherited from her mother, Shakeera sought to augment the family income. However, her ambitions were hindered by the dilapidated state of her sewing machine, leading to financial distress.
HFS's Role	United Way Mumbai (UWM) intervened by identifying Shakeera through a local Community-Based Organization (CBO) and providing her with tailored support. Following a three-day Entrepreneurial Development Program (EDP) training, Shakeera received a Saksham Kit containing a new sewing machine.
Result	With the new sewing machine, Shakeera established a successful tailoring unit at her home. She now earns ₹ 300 per day by stitching two dresses, fostering financial stability and confidence. Additionally, with her mother's support, Shakeera envisions expanding into a ready-made dress unit in the future.

2 Case Study

Beneficiary Name	Ms. Sumitra Ningappa Aralikatti
Location	Dharwad
Business	General Store
Introduction	Sumitra Ningappa Aralikatti, residing in Manasuru village, Dharwad district, Karnataka, a mother of two, previously struggled to sustain her family on a meager monthly income of ₹ 3,500.
HFS's Role	Project Saksham provided holistic support to Sumitra, focusing on enhancing her financial literacy and stability through Entrepreneurship Development Training. Sumitra benefited from Pradhan Mantri Suraksha Bima Yojana (PMSBY) for insurance coverage and the Gruha Lakshmi scheme. UWM facilitated the documentation and application process of these schemes for her.
Result	Sumitra received a Refrigerator Kit for a general store setup, facilitating the establishment of a sustainable income source. With UWM's support, Sumitra's monthly income surged from ₹ 3,500 to ₹ 5,000, providing newfound stability for her family.

CSR Initiatives Undertaken

74

Total Number of Women Supported

Financial Literacy Training

Conducted in Dharwad, Karnataka

SDGs Impacted

1 NO POVERTY
4 QUALITY EDUCATION
5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
10 REDUCED INEQUALITIES
11 SUSTAINABLE CITIES AND COMMUNITIES
16 PEACE, JUSTICE AND STRONG INSTITUTIONS
17 PARTNERSHIPS FOR THE GOALS

BOARD OF **DIRECTORS**

HFS has a strong and firmly established governance framework. This and the adherence to stringent standards and ethical principles guarantees success for the Company. With their prudence and experience, the Board members guide HFS towards these objectives.

Mr. Harsh S. Hiranandani
Promoter & Director

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

Ms. Neha S. 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. She is an alumna of the University of Virginia and holds a law degree from India. Her exceptional leadership has played a major role in establishing House of Hiranandani as a sought-after and prestigious brand in the real estate sector. Ms. 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. He has been 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 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 RBI, encompassing Bank Supervision, NBFC, Risk Assessment, Financial Inclusion, IT Strategy, and Internal Controls. Mr. Chophla's academic achievements are equally impressive. He holds a master's degree in finance and 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. Anil Kaul

Independent Director

Mr. Anil Kaul is an accomplished leader who previously served as the Managing Director at Tata Capital Housing Finance Limited. He has been a part of the banking and insurance industry since 1989 in various capacities and was associated with marquee names such as Citi Bank N.A., Standard Chartered Bank, ICICI Bank, ICICI Lombard, and Tata Capital, among others, in senior leadership positions. During these associations, he specialized in building and scaling up businesses, managing large teams and also handled major organizational changes. Adding to his professional career, he believes in giving back to the society and he has been doing so by mentoring the younger generation. With his wealth of experience spanning over 3 decades, Mr. Kaul also has a strong academic background. He earned first place in his Master of Business Administration (MBA) in Finance after graduating with a Bachelor of Science (B.Sc.) in Physics. Moreover, he also completed the Leadership Perspectives Program at the University of Pennsylvania's Wharton.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. INDUSTRY STRUCTURE AND DEVELOPMENTS:

Global Economic Overview:

The global economic landscape in the FY 2023-24 was characterized by a mix of geopolitical tensions, economic challenges, and policy uncertainties. While some regions experienced growth, others faced recessionary pressures and structural issues. Managing these challenges required coordinated efforts among policymakers, businesses, and international institutions to promote stability, resilience, and sustainable growth.

Indian Economic Overview:

The Indian domestic economy is showing robust growth momentum, with real GDP estimated to expand by 7.6% in 2023-24, driven by strong domestic demand. In Q3, GDP grew by 8.4%, supported by investment activity and improved net external demand. Gross value added increased by 6.9% due to growth in manufacturing and construction. Headline inflation decreased to 5.1% in January-February 2024, with food inflation rising to 7.8% in February. Fuel prices continued to be in deflation for the sixth consecutive month. The RBI kept its policy repo rate unchanged at 6.5% since February 2023, aiming to manage persistent price pressures. RBI Governor Shaktikanta Das reiterated the RBI's commitment to lowering inflation to 4%, citing ongoing uncertainties. Economic growth projections for 2025 were maintained at 7%, with inflation expected to be at 4.5%. However, despite the RBI's unchanged monetary policies, the MLCR has increased by an average of 30 bps YoY, indicating an increase in overall cost of funds.

Brief Overview of MSMEs In India:

MSME segment account for 30% of India's GDP

According to the IFC report on Financing India's MSMEs in November 2018, there is a credit gap of ₹ 92 trillion for MSMEs in Fiscal 2023. Despite the growing credit gap, 18.3 million new MSME units were established in India between Fiscals 2016 and 2022. This increase in new MSME units highlights the ongoing challenge of accessing credit for small businesses in India. However, there has been an improvement in formal credit access for MSMEs, with the number of registered MSMEs increasing to 13,093,698 in Fiscal 2023 from 495,013 in Fiscal 2016.

Maharashtra leads in Udyam registrations with 32.76 lakh units, followed by Tamil Nadu, Uttar Pradesh, Gujarat, and Rajasthan. The origination trends show that Maharashtra, Gujarat, Delhi, Tamil Nadu, and Uttar Pradesh have the highest origination values, with Uttar Pradesh and Tamil Nadu showing significant growth in the quarter ending Sep 2023.

Growth in the MSME Credit Market

Increased economic activity has spurred the demand for commercial loans, which grew 29% in the quarter of Jul-Sep 2023, compared to the same quarter previous year. Private banks hold 43% share of MSME credit demand, however growth in demand was 23% in the Jul-Sep 2023 quarter. Credit demand at NBFCs (14% share of credit demand) grew fastest at 39% during this quarter. Credit supply to MSMEs grew by 20% YoY volume growth in Jul-Sep 2023 over previous year, indicating improved lender confidence. Availability of enriched and timely credit data and rapid implementation of digital lending infrastructure has contributed significantly towards enhancing lender confidence. Insights in this edition of MSME Pulse show 7% YoY growth in origination value for borrowers who availed sub - ₹ 1 Crore loans (Micro segment). Origination in volume as well as value declined in quarter ending Sep 2023 for borrowers seeking greater than ₹ 10 Crore loans (Medium segment). New to Credit (NTC) borrowers continue to hold majority share of origination at 46% of MSME loan origination volumes.

MSME Credit Originations Growth (Jul-Sep 2023 YoY)

Borrower Segment	Value	Volume
Micro (upto ₹ 1 Crore)	7%	28%
Small (₹ 1 Crore upto ₹ 10 Crores)	3%	7%
Medium (₹ 10 Crores upto ₹ 50 Crores)	(9%)	(8%)

Source: Transunion CIBIL: MSME Pulse February 2024

Strong credit expansion is expected across semi-urban and rural geographies

Almost half (49%) of the Micro segments' origination comes from the semi-urban and rural areas while it is 39% in the Small segment (₹ 1 to 10 Crores). One of the key factors towards this expansion is the improvement in credit profiles of MSMEs. Share of high risk (CMR 7-10) MSMEs has reduced to 13% in Jul-Sep 2023 quarter from 15% during the same period previous year. Although Medium (CMR 4-6) risk continues to have high share with 55% of MSMEs in this risk segment.

Regulatory Landscape:

Bank credit to NBFC's, RBI has announced measures to contain the risk emanating from high growth in certain components of consumer credit. In the case of the consumer credit exposure of NBFCs, loan exposures generally attract a risk weight of 100% and on a review, it has been decided that the consumer credit exposure of NBFCs (outstanding as well as new) categorized as retail loans, excluding housing loans, educational loans, vehicle loans, loans against gold jewellery and microfinance/SHG loans, shall attract a risk weight of 125%.

The RBI released the SBR Master Directions to regulate NBFCs effectively, replacing the previous categorization system. The move aims to streamline regulations and improve supervision of NBFCs under the new Scale Based Regulation framework.

2. OPPORTUNITIES AND THREATS:

Presently, Company is operating in a dynamic and evolving landscape, offering customized financial loans to its diverse customer base. While we have witnessed significant growth and played a vital role in bridging the gaps left by traditional banking institutions, we also face range of opportunities and threats such as:

Opportunities:

- Huge demand owing to large credit starved retail & MSME sectors
- Expanding physical footprint through more branches in existing & new locations
- Further enhancement in liability profile through avenues such as co-lending
- Underserved retail and MSME sector providing greater opportunities for NBFCs to grow
- Robust working capital demand continues to remain poised
- Growing digitalization and analytics enhancing lending efficiency
- Generative AI presents exciting opportunities for NBFCs, empowering them to revolutionize their operations.
- Rural India – Under penetration and untapped market presents a huge opportunity for growth
- Women workforce contribution leading to increase in women borrowers

Threats:

- Tightening liquidity condition may increase cost of funds for the Company
- Economic slowdown due to uncertain geopolitical environment
- Increasing competition from other NBFCs and banking sector in MSME lending space

- Technology disruption may affect operational efficiency, resulting in business slowdown
- Unanticipated changes in regulatory norms may cause certain impact in our company's operations

3. BUSINESS PERFORMANCE:

Top-line Highlights

The Company has demonstrated robust growth in both Assets Under Management (AUM) and disbursals year-over-year (YOY), showcasing an 87% increase in AUM and a 59% surge in disbursals compared to the previous year. This growth underscores our effective strategies in expanding our client base, optimizing investment performance, and enhancing our lending capabilities. Moving forward, we remain committed to sustaining this momentum through targeted market expansion initiatives and prudent risk management practices.

Business Model

Company operates on a branch-led Direct-to-Consumer (D2C) business model, leveraging our extensive network of branches to directly engage with customers, deliver personalized financial solutions, and build lasting relationships within our communities.

Secured Product

Company specializes solely in the secured product, emphasizing a focused approach to providing tailored financing solutions backed by collateralized assets (primarily by resident owned by customers). Company focuses on providing secured loans to MSMEs.

Network & Target Audience

Company strategically targets tier 2 and 3 cities as its primary audience, highlighting our commitment to address the unique financial needs of underserved communities and fostering sustainable growth. Our distribution, expansion is granular and done in a calibrated manner by assessing the market potential, substantial demand and economic activities. With this approach, we have grown our network by 5x over a period of 3 years to 103 branches as of March 31 2024.

Digital Journey

Company is actively enhancing its digital capabilities throughout the customer journey, spanning from streamlined onboarding processes to efficient loan collection methods, ensuring a seamless and convenient experience for clients at every stage of their interaction with our services.

4. OUTLOOK:

Most sectors of the economy are experiencing growth and expansion, which necessitates financing. NBFCs are projected to register steady growth due to robust credit demand throughout the country. These NBFCs are leveraging successful co-lending partnerships, customer service expertise, and digital capabilities to meet the demand for financing. Moreover, the NBFCs' Assets Under Management (AUM) growth and collection efficiency have already surpassed pre-pandemic levels, while asset quality is expected to register further improvement in the next fiscal year. Over the years, our Company has invested in people, processes, and technology to provide a superior customer experience. As a result, Company is well-positioned to take advantage of upcoming opportunities and overcome challenges by leveraging our digital infrastructure, healthy balance sheet, and growth-oriented mindset.

5. RISKS AND CONCERNS:

Our business relies on effective risk management to handle financial and non-financial risks. A comprehensive framework driven by our Board, Risk Management Committee, other subcommittees, and respective unit controls identifies, assesses and manages internal and external risks. With input from various committees and thorough periodic reviews, we follow an Integrated Enterprise Risk Management Policy to address a range of risks and ensure oversight by senior management and the Board:

- Credit Risk
- Operational Risk
- Portfolio Concentration Risk
- Compliance / Regulatory Risk
- Strategy Risk
- Financial & Reporting Risk
- Information security Risk
- Asset Liability Mismatch Risk
- Reputation Risk

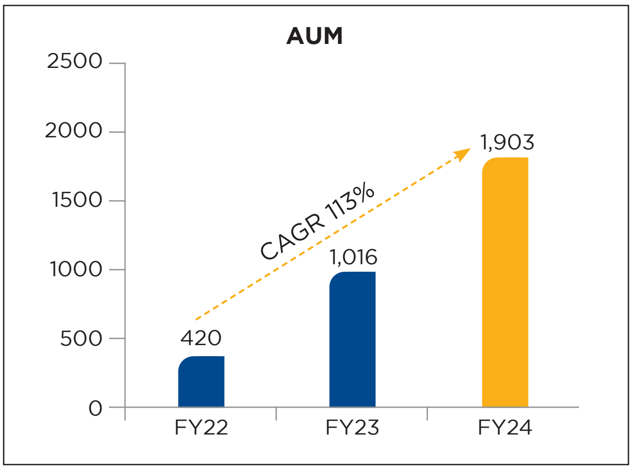
6. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

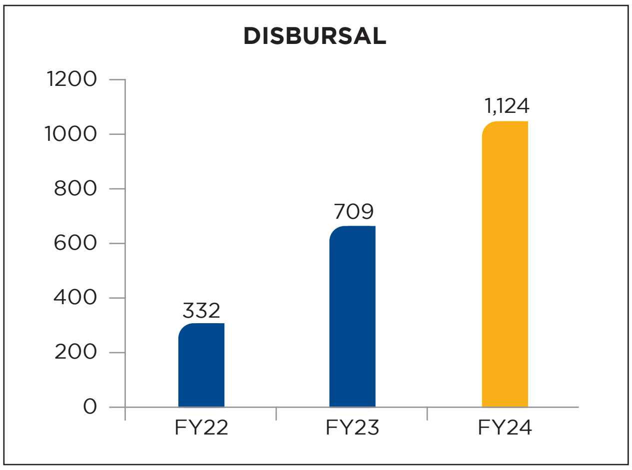
The Company has a robust organizational structure with clear policies and authority matrix for efficient operations and compliance with laws. Internal controls are deemed crucial for daily functions, leading to the implementation of a strong system covering processes, financial reporting, fraud prevention, and regulatory compliance. These measures reflect the Company's commitment to high governance standards, protecting assets and ensuring proper transaction execution. Internal audits, managerial reviews, and policies further support this framework, enhancing the reliability of financial and other records. The Company maintains an effective internal control system throughout the organization, promoting a safe and authorized operational environment.

7. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

Portfolio Growth

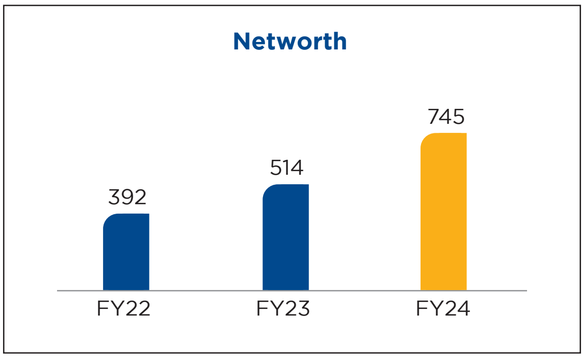
COMPANY has made an impact across 19,000+ customers as of March 31 2024. The Company has a loan portfolio of ₹ 1,903 Crores as of March 31 2024 growing from ₹ 1,016 Crores as of March 31 2023. We closed the year with a disbursement of ₹ 1,124 Crores as against ₹ 709 Crores in the previous year. Disbursements and Assets under management (AUM) over the years is given below:





Asset Quality

Our risk management and underwriting processes, including our extensive customer assessment methods and monitoring systems, have aided our healthy portfolio quality indicators such as low rates of Gross NPAs and Net NPAs of 0.8% and 0.5% respectively as of March 31 2024. Our Stage 3 provision coverage ratio stands at 43% as at March 2024.



Capital

Robust growth in business in last 2 years is backed by timely capital infusion by our promoters. Total Net-worth of the Company has increased from ₹ 514 Crores as of March 31 2023 to ₹ 745 Crores as of March 31 2024 as the Company raised fresh capital of 200 Crores. The Company has maintained a healthy capital adequacy ratio at 38% as at March 2024, which is well above the levels prescribed by regulations.

Diversified Funding Profile

The Company continues to follow the policy of diversification of funding sources. The Company has existing relationships with 29 lenders across Banks, NBFCs and DFIs and continue to deepen and extend relationship with Private & PSU banks. Total borrowings are ₹ 1,395 Crores as on March 31 2024 having a debt to equity ratio of 1.9x

Operational Overview

The key operational highlights of FY 2023-24 are:

- Assets under management increased to ₹ 1,903 Crores from ₹ 1,016 Crores in FY 2023-24
- Total Revenue increased to ₹ 271 Crores from ₹ 131 Crores in FY 2023-24
- Profit after tax increased to ₹ 31 Crores from ₹ 23 Crores in FY 2023-24
- Customer base reached at 19,345
- Employee strength at 1,435

8. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED:

In the previous fiscal year, Company continued its efforts to create a positive workplace environment that empowers and engages employees. Through targeted training programs, such as certifying managers and launching specialized workshops, Company aimed to foster growth and skill development. Additionally, initiatives like employee engagement activities, talent management strategies, and well-being benefits were implemented to support and enhance the workforce. These efforts led to Company being recognized as a 'Great Place To Work' for FY 2023-24, highlighting the success of the initiatives.

Moving forward, Company plans to continue enhancing these efforts. With a workforce of 1,435 employees as of March 31 2024, Company is dedicated to creating a dynamic, inclusive, and growth-oriented environment for all members of the organization. Overall, the HR initiatives have significantly impacted Company's position as a leader in the financial sector and a preferred employer.

9. CAUTIONARY STATEMENT:

Statements made in this Management Discussion and Analysis Report may contain certain forward-looking statements based on various assumptions on the Company's present and future business strategies and the environment in which it operates. Actual results may differ substantially or materially from those expressed or implied due to risk and uncertainties. These risks and uncertainties include national and global effect of economic conditions, political conditions, volatility in interest rates, changes in regulations and policies impacting Company's businesses and other related factors. The information contained herein is as referred. The Company does not undertake any obligation to update these statements. The Company has obtained the data and information referred here from sources believed to be reliable or from its internal estimates, the accuracy or completeness of which cannot be guaranteed.

BOARD'S REPORT

To

The Members,

Hiranandani Financial Services Private Limited ("the Company")

The Board of Directors ("Board") of the Company have pleasure in presenting the Seventh Annual Report on the business and operations of the Company together with the audited financial statements for the financial year (FY) ended March 31 2024.

❖ FINANCIAL RESULTS AND HIGHLIGHTS:

➢ FINANCIAL SUMMARY

The summary of the Company's financial performance as on March 31 2024 as compared to the previous FY ended March 31 2023 is given below:

(₹ in Crore)

Particulars	FY 2023-24	FY 2022-23
Total income	270.94	131.09
Total expenditure	223.95	99.92
Profit before exceptional items and tax	**46.99**	**31.17**
Exceptional items	6.20	0
Profit before taxation	**40.79**	**31.17**
Less: Provision for taxation (net)	9.49	7.84
Profit for the year	**31.30**	**23.33**
Add: other Comprehensive income for the year	(0.14)	0.18
Add: Balance brought forward from previous year	6.78	(12.06)
Less: Transfer to Reserve Fund under section 45-IC of the RBI Act, 1934	6.26	4.67
Surplus/ (deficit) in the statement of profit and loss	**31.68**	**6.78**
Earnings per share:		
Basic	**0.62**	**0.52**
Diluted	**0.62**	**0.52**

➢ HIGHLIGHTS OF FINANCIAL PERFORMANCE

During the year under review, the Company had earned a total income of ₹ 270.94 Crore, as compared to ₹ 131.09 Crore in the previous FY ended March 31 2023. The net profit of the Company for the aforesaid reporting period stood at ₹ 31.30 Crore as against to net profit of ₹ 23.33 Crore for the previous FY ended March 31 2023.

➢ APPROPRIATIONS

According to the provisions of section 45-IC of the Reserve Bank of India Act, 1934, the Company transferred an amount of ₹ 6.26 Crore to Reserve Bank of India ("RBI") Reserve fund for the FY ended March 31 2024.

➢ 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 2024, the Company had a total outstanding borrowing of ₹ 1,434.02 Crore out of which secured borrowings (secured against the pool of loan assets) stands at ₹ 1,395.37 Crore.

No interest payment or principal repayment of the term loans was due and unpaid as on March 31 2024.

The Company's total Capital Adequacy Ratio (CAR) as at March 31 2024 stood at 38.07% as against 49.64% as on March 31 2023 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 ₹ 1,883.02 Crore from ₹ 1004.83 Crore due to continuous focus laid by the Company.

- **BRANCHES**

  As on March 31 2024, the Company had network of 103 branches in 9 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.

➢ 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

There have been no material changes and commitments during the FY 2023-24 and till the date of this report, affecting the financial position of the Company.

However, in line with the RBI circular on 'Fair Practices Code for Lenders – Charging of Interest' dated April 29 2024, the Company has estimated an amount of ₹ 12.18 Crore being the interest relating to the un-encashed period of disbursal cheques and created a provision as on March 31 2024. The Company is also in the process of refunding/giving credit to the customer accounts in compliance with the said circular. The amount of ₹ 6.20 Crore relating to the previous years has been disclosed as a non-recurring exceptional item in the Statement of Profit and Loss for the year ended March 31 2024.

❖ BUSINESS OUTLOOK & INDUSTRY OVERVIEW:

The economy has shown strong growth after the Covid-19 induced slowdown. Micro, Small and Medium Enterprises (MSMEs) play an important role in the country's economic growth given that they contribute to approximately 30% of the country's GDP and are essential to the nation's ability to sustain economic growth, create jobs, enhance livelihood, and promote resilience. As the largest source of employment after agriculture, the development and sustenance of this sector remain crucial for inclusive growth and the nation's future. However, the industry may face headwinds in the form of interest rates continuing to be at elevated levels for longer given the global fight against inflation after the Covid-19 pandemic.

There is a huge gap between the financing that MSMEs need and credit available to them. NBFCs have stepped up to bridge this gap in a big way, complementing the regular banking channels. Also, Co-Lending may become a key model for collaboration between banks and NBFCs to jointly finance the MSME sector.

The Company operates in the business of lending to MSMEs. Given the large underserved credit need of MSMEs, the outlook for the NBFC Industry and the Company remains strong. Since, most of the Company's loans are variable, it has the ability to pass on benefit of lower cost of funds to borrowers.

The Company will continue to invest in people, processes, and technology to provide a superior customer experience which puts in a good position to take advantage of upcoming opportunities and overcome challenges by leveraging our digital infrastructure, healthy balance sheet, and growth-oriented mindset.

❖ CAPITAL AND DEBT STRUCTURE:

➢ AUTHORIZED SHARE CAPITAL

As on March 31 2024 authorized share capital stood at ₹ 1000,00,00,000/- (Rupees One Thousand Crore Only) comprising of:

a. Class A Equity Shares of ₹ 994,00,00,000/-(Rupees Nine Hundred and Ninety-Four Crore Only) divided into 99,40,00,000 (Ninety-Nine Crore and Forty Lakhs) Equity Shares of ₹ 10/- (Rupees Ten Only) each ("Class A Equity Shares");

b. Class B Equity Shares of ₹ 3,00,00,000/- (Rupees Three Crore Only) divided into 30,00,000 (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 ₹ 3,00,00,000/- (Rupees Three Crore Only) divided into 30,00,000 (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 18,18,18,183 (Eighteen Crore Eighteen Lakhs Eighteen Thousand One Hundred and Eighty-Three) Class A Equity Shares having face value of ₹ 10/- (Rupees ten only) each at a premium of ₹ 1/- (Rupee One Only) each aggregating ₹ 2,00,00,00,013/- (Rupees Two Hundred Crore and Thirteen Only). The details of which are provided hereunder:

Date of Issue	Date of allotment	Method of allotment	Issue Price (₹)	Number of shares allotted	Number of shares or securities allotted to the promoter group	Amount of allotment (₹)
March 27 2024	March 29 2024	Right Issue	11/- (Eleven only)	18,18,18,183 (Eighteen Crore Eighteen Lakhs Eighteen Thousand One Hundred and Eighty-Three)	18,18,18,183 (Eighteen Crore Eighteen Lakhs Eighteen Thousand One Hundred and Eighty-Three)	2,00,00,00,013/- (Rupees Two Hundred Crore and Thirteen Only)

Post allotment of equity shares as aforesaid, the paid up share capital of the Company as on March 31 2024 stands at ₹ 6,82,11,81,830/-(Rupees Six Hundred Eight-Two Crore Eleven Lakhs Eighty-One Thousand Eight Hundred and Thirty Only) divided into 68,18,18,183 (Sixty-Eight Crore Eighteen Lakhs Eighteen Thousand One Hundred and Eighty-Three) Class A Equity Shares having face value of ₹ 10/- (Rupees Ten Only) each fully paid up and 30,00,000 (Thirty Lakhs) Class B equity shares having face value of ₹ 10/- (Rupees Ten only) each out of which ₹ 1/- (Rupee One Only) is called and paid up.

➢ EMPLOYEE STOCK OPTIONS (ESOP)

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, the Company had increased the total ESOP grant pool and maximum number of options that can be granted to a single employee, in one or more tranches, vide special resolution passed by the members of the Company in the Extra-Ordinary General Meeting held on February 27 2024.

The information pertaining to ESOP in terms of Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 as on March 31 2024 is annexed with this report as Annexure-1.

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

➢ CREDIT RATING

The brief details of the ratings received as on March 31 2024 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
Non-Convertible Debentures	Credit Analysis and Research Limited (CARE)	CARE 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:

➢ BOARD OF DIRECTORS

The composition of the Board is in accordance with the provisions of the Act. As on March 31 2024, following are the directors on the Board of the Company:

S. No.	Name of Director	DIN	Designation
1	Mr. Harsh S. Hiranandani	07661253	Non-Executive Director
2	Ms. Neha S. Hiranandani	01954865	Non-Executive Director
3	Mr. Utpal Hemendra Sheth	00081012	Independent Director
4	Mr. Prem Kumar Chophla	09555408	Independent Director
5	Mr. Anil Kaul*	00644761	Independent Director

*appointed as a director of the Company w.e.f. August 24 2023.

During the year under review, Mr. Anil Kaul was appointed as an Additional Director in the capacity of Independent Director with effect from August 24 2023 to hold the office till conclusion of the ensuing Annual General Meeting ("AGM"). At the AGM held on September 29 2023, the members had regularized the appointment of Mr. Anil Kaul as an Independent Director for a period of five years i.e. August 24 2023 to August 23 2028.

Mr. Gulab Singh Lodha, Non-Executive Director of the Company had resigned with effect from April 30 2023 due to his other commitments. The Board places on record its sincere appreciation for the valuable contribution and services rendered by him during his tenure.

During the year under review, all the directors of the Company have complied with the Fit & Proper criteria prescribed under RBI master directions. The directors have also confirmed that they have neither incurred any disqualification referred to in Section 164 of the Act for being director of the Company nor have attracted any criteria prescribed in Section 167(1) of the Act which could lead to vacation of their office as director.

KEY MANAGERIAL PERSONNEL ("KMP")

As on March 31 2024 the Company had the following KMPs:

S. 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 & Chief Compliance Officer

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

As on March 31 2024, the Company had the following committees:

- Audit Committee
- Nomination and Remuneration Committee
- ESOP Committee
- Risk Management Committee
- Finance and Investment Committee

- IT Strategy Committee
- Asset Liability Committee
- Information Security Committee
- IT Steering Committee

During the year under review, the Company has constituted the 2 (Two) additional Committees i.e. **"Information Security Committee and IT Steering Committee"** w.e.f. March 26 2024.

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 28 2024, wherein the performance of the non- independent directors, performance of the Board as a whole (including Committees) and the performance of the elected Chairman in each 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 Board Report.

➢ COMPANY'S POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION

The Company has adopted the Remuneration/Compensation Policy in accordance with Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023. Further, in compliance with the RBI Regulations and other applicable laws, the Board has approved the Policy on 'Fit and Proper' Criteria for Directors to bring uniformity in the process of due diligence, while appointing directors. The remuneration for the Directors, Key Managerial Personnel and other employees is approved by the Board of directors based on the recommendation of the Nomination and Remuneration Committee of the Board.

➢ 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 2023-24;

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;

BOARD'S REPORT (Contd.)

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

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 2024. 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 2024, 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 ("NBFC-ND") did not hold any public deposits at the beginning of the year nor has 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:

The 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 the Company in FY 2023-24 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):

The Company believes in integrating its business model with the social welfare of people and the society in which it operates. The CSR Policy is available on the Company's website at www.hfs.in

The Company is exempted from constituting the CSR Committee in pursuance to sub-section 9 of section 135 of the Act and all the obligations are discharged by the Board.

In terms of the provisions of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 the 'Annual Report on CSR activities' for the year under review is attached as Annexure-3 to this report.

The Chief Financial Officer of the Company has certified that the funds disbursed have been utilized for the purpose and in the manner approved by the Board for the FY 2023-24.

❖ 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) -

(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 ₹ 4,64,707/- (for previous financial year ₹ 198,039/-) 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 which deals with identification of potential risks to which the Company may be exposed 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.

BOARD'S REPORT (Contd.)

❖ 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. Sudhakar V, 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, also 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 AND THEIR REPORT

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.

The report issued by the Statutory Auditor, M/s. V Sankar Aiyar & Co, Chartered Accountants on the Financial Statements of the Company for the financial year ended March 31 2024 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.

➢ 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 2023-24 to monitor key processes and operations and to suggest measures to strengthen the existing system, processes, and operations.

➢ SECRETARIAL AUDITORS AND THEIR REPORT

The Company had appointed Deepak Variya & Co., Practising Company Secretary, (M. No.: F8830 & COP No.: 10111) as Secretarial Auditor of the Company for FY 2023-24. The Secretarial Audit Report as received from Secretarial Auditor in the prescribed Form No. MR-3 is annexed to this Board's Report and marked as Annexure-4 to this report. The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

➢ COST RECORDS AND AUDITORS

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.

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

❖ 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 Statutory 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 2024 is available on the Company's website and may be accessed at the web link www.hfs.in

❖ DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

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 provides a conducive work environment in terms of anti-sexual harassment and has sufficient checks which ensure 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 2024, the Company had a total of 1435 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.

❖ INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA REGULATORY GUIDELINES

The Company is registered with Insurance Regulatory Development Authority of India ("IRDAI") as a Corporate Agent (Composite) vide registration No. CA0887. The Company has complied with all the applicable rules and regulations prescribed by IRDAI.

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

❖ 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.

BOARD'S REPORT (Contd.)

❖ 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 and IRDAI. 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.

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

Harsh S. Hiranandani
Director
DIN: 07661253

Place: Mumbai
Date: May 11 2024

Neha S. Hiranandani
Director
DIN: 01954865

Place: London
Date: May 11 2024

ANNEXURE-1

HFS ESOP 2020

Nature of Disclosures	Particulars
Options approved to be issued as ESOPs	1,75,00,000
Options Granted	1,73,05,000
Options Vested	1,20,83,255
Options Exercised	NIL
The total number of shares arising as a result of exercise of Options	NIL
Options Lapsed	8,60,000
Exercise Price	₹ 10
Variation in terms of Options	During the year, the Company had increased the total ESOP grant pool and maximum number of options that can be granted to a single employee, in one or more tranches, vide special resolution passed by the members of the Company in the Extra-Ordinary General Meeting held on February 27 2024
Money realized by exercise of Options;	NIL
Total number of options in force	1,73,05,000
Employee wise details of options granted during the year to:	
i. Key Managerial Personnel	1
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;	1
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

ANNEXURE-2

CORPORATE GOVERNANCE REPORT

This report outlines compliance with requirements under the Companies Act, 2013 as amended from time to time (the "Act") and the Regulations of Reserve Bank of India for Non–Banking Financial Companies (the "RBI directions"), as applicable to the Hiranandani Financial Services Private Limited ("HFS"/ "Company").

1) COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

HFS believes that good corporate governance results from sound processes that ensure that the Directors are well supported by accurate and timely information, sufficient time and resources and unrestricted access to management. 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. It is the Company's endeavor to excel through better Corporate Governances and fair and transparent practices.

2) 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.

A. Composition of the Board and attendance

The Board consists of decorated personnel whose diverse skills, expertise and competencies are valuable to the Company, with the ability to provide advice to management and ensure that the Company retains its competitive advantage. The fundamental role of the members of the Board is to exercise their business judgment to act in the best interest of the Company and its stakeholders.

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 2024, the Board of the Company consists of 5 (five) directors, of whom 3 (three) are Independent Directors and 2 (two) are Non-Executive Directors (including one-woman director). Moreover, all Independent Directors of the Company possess requisite qualifications and experience in their respective fields. Necessary disclosures have been obtained from all the directors regarding their directorship and have been taken on record by the Board from time to time.

The composition of the Board of your Company is governed by and is in compliance with the requirements of the Companies Act, 2013 read with Rules framed there under, the circulars / directions / notifications issued by the Reserve Bank of India (RBI) and the Articles of Association of the Company. The profile of all the Directors of the Company is available in the Company's website at https://hfs.in/our-team/

The Board met eight times during Financial Year (FY) 2023-24 on April 27 2023, May 25 2022, July 26 2023, August 24 2023, October 25 2023, January 25 2024, March 26 2024 and March 27 2024. The gap between two consecutive meetings has not been more than one hundred and twenty days as per the provisions of the Act. The quorum was present for all meetings of the Board held during FY 2023-24.

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S. No.	Name of Director	Director Since	Capacity	DIN	No. of Board Meetings		No. of other Director ships##	Remuneration			No. of shares in and convertible instruments held in the NBFC###
					Held#	Attended		Salary and other compensation	Sitting Fee	Commission	
1	Harsh S. Hiranandani	February 10 2017	Non-Executive Director	07661253	8	8	18	0	0	0	54,54,54,546 (Class A Equity Shares)
2	Neha S. Hiranandani	February 10 2017	Non-Executive Director	01954865	8	6	9	0	0	0	13,63,63,637 (Class A Equity Shares)
3	Gulab Singh Zorawar Singh Lodha*	December 06 2017	Non-Executive Director	08014426	1	0	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 202022	Independent Director	09555408	8	7	1	4,00,000	21,00,000	0	0
6	Anil Kaul**	August 24 2023	Independent Director	00644761	4	4	3	11,09,563	4,00,000	0	0

**ceased to be director w.e.f. April 30 2023 and only 1 (one) meeting was held in the period under review during his tenure.*

***appointed as independent director w.e.f. August 24 2023 and only 3 (three) meetings were held since.*

#no. of board meetings held only includes the meetings which the director was entitled to attend.

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

###the Company does not have convertible instruments.

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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	Gulab Singh Zorawar Singh Lodha	Non-Executive Director	Resignation	April 30 2023 (appointed on December 06 2017)	Increase in other commitments
2	Anil Kaul	Independent Director	Appointment	August 24 2023	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.

iii) Confirmation about independence:

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.

B. Committees of the Board and their composition

The Board has established various committees to 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 Company has Six (6) Board-level Committees as on March 31 2024 namely:

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

Other Committees comprising of Senior Management Personnel are as below:

- Asset Liability Committee
- Information Security Committee
- IT Steering Committee

With effect from May 22 2023, the Investment Committee of the Company was merged into Finance Committee and is presently known as “Finance and Investment 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 as per requirement prescribed thereunder with minimum of two-third of its member (including chairman) being independent directors. The committee was reconstituted on May 22 2023 due to reorganization of the Board. All the members are financially literate and have accounting and related financial management expertise.

During the FY 2023-24, the Committee met 5 (five) times viz. April 27 2023, May 25 2023, July 26 2023, October 25 2023 and January 25 2024. 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, representatives of Statutory Auditor, Internal Auditor and senior executives of the Company wherever necessary for providing inputs to the Committee.

Composition of the Audit Committee and attendance record of the members for FY 2023-24:

S. No.	Name of the Director	Member of Committee Since	Capacity	No. of meetings of the Committee		No. of Shares held in the Company
				Held#	Attended	
1	Utpal Hemendra Sheth	June 15 2022	Independent Director	5	4	NIL
2	Prem Kumar Chophla	June 15 2022	Independent Director	5	5	NIL
3	Gulab Singh Zorawar Singh Lodha*	June 15 2022	Non-Executive Director	1	1	NIL
4	Harsh S. Hiranandani	May 22 2023	Non-Executive Director	4	4	54,54,54,546 (Class A Equity Shares)

**ceased to be the director of the Company and member of the Committee w.e.f. April 30 2023.*

#no. of meetings held only includes the meetings which the director was entitled to attend.

During FY 2023-24, the Board had accepted all recommendations of the Committee.

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;

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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 2 (two) times during on May 25 2023 and August 24 2023.

Composition of the NRC and attendance record of the members for FY 2023-24:

S. No.	Name of the Director	Member of Committee Since	Capacity	No. of meetings of the Committee		No. of Shares held in the Company
				Held#	Attended	
1	Utpal Hemendra Sheth	June 15 2022	Non-Executive, Independent Director	2	2	NIL
2	Prem Kumar Chophla	June 15 2022	Non-Executive, Independent Director	2	2	NIL
3	Harsh S. Hiranandani	June 15 2022	Non-Executive Director	2	2	54,54,54,546 (Class A Equity Shares)

#no. of meetings held only includes the meetings which the director was entitled to attend.

During FY 2023-24, 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 2024, the ESOP Committee comprised of 2 (two) non-executive directors. The Committee was reconstituted on May 22 2023. The Committee administers the Company's Employee Stock option scheme 2020. During the year under review, the Committee met 3 (three) times on October 23 2023, December 28 2023 and February 27 2024.

Composition of ESOP Committee and attendance record of the members for FY 2023-24:

S. No.	Name of the Director	Member of Committee Since	Capacity	No. of meetings of the Committee#		No. of Shares held in the Company
				Held	Attended	
1	Harsh S. Hiranandani	June 03 2020	Non-Executive Director	3	3	54,54,54,546 (Class A Equity Shares)
2	Neha S. Hiranandani	June 03 2020	Non-Executive Director	3	3	13,63,63,637 (Class A Equity Shares)
3	Gulab Singh Zorawar Singh Lodha*	June 03 2020	Non-Executive Director	0	0	NIL

**ceased to be the director of the Company and member of the Committee w.e.f. April 30 2023 and no meeting was held in the period under review during his tenure.*

#no. of meetings held only includes the meetings which the director was entitled to attend.

During FY 2023-24, the Board had accepted all recommendations of the Committee.

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.

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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 RBI directions, the Company has constituted Risk Management Committee ("RMC"). As on March 31 2024, 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 27 2023, July 26 2023, October 25 2023 and January 24 2024.

Composition of the RMC and attendance record of the members for FY 2023-24:

S. No.	Name of the Director/Member	Member of Committee Since	Capacity	No. of meetings of the Committee#		No. of Shares held in the Company
				Held	Attended	
1	Harsh S. Hiranandani	June 28 2021	Non-Executive Director	4	4	54,54,54,546 (Class A Equity Shares)
2	Prem Kumar Chophla	June 15 2022	Independent Director	4	4	NIL
3	Uday Suvarna	July 16 2019	Chief Executive Officer	4	4	30,00,000 (Class B Equity Shares)
4	Manish Odeka	July 16 2019	Chief Risk Officer	4	4	NIL
5	Kartik Nagda	July 16 2019	Chief Business officer	4	4	NIL
6	Dheeraj Mittal	July 16 2019	Chief Operating officer	4	4	NIL
7	Rajesh Rajak	December 03 2022	Chief Financial Officer	4	4	NIL

#no. of meetings held only includes the meetings which the director/member was entitled to attend.

During FY 2023-24, the Board had accepted all recommendations of the Committee.

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;

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; and

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

e. Finance and Investment Committee

The Board of the Company had constituted Finance Committee on February 02 2022. On May 22 2023, the Committee was reconstituted as "Finance and Investment Committee" integrating the erstwhile Investment Committee. As on March 31 2024, the Finance and Investment Committee comprised of 4 (four) members which includes two Non-Executive Directors, Chief Executive Officer and Chief Financial Officer.

During the year under review, the Company has met 18 times viz. May 25 2023, June 20 2023, June 29 2023, July 25 2023, July 27 2023 August 30 2023, September 25 2023 September 27 2023, October 17 2023, November 01 2023, November 27 2023, December 21 2023, December 28 2023, January 19 2024, January 25 2024, February 20 2024, March 21 2024 and March 28 2024.

Composition of the Finance and Investment Committee and attendance record of the members for FY 2023-24:

S. No.	Name of the Director/Member	Member of Committee Since	Capacity	No. of meetings of the Committee #		No. of Shares held in the Company
				Held	Attended	
1	Harsh S. Hiranandani	February 02 2022	Non-Executive Director	18	18	54,54,54,546 (Class A Equity Shares)
2	Neha S. Hiranandani	February 02 2022	Non-Executive Director	18	2	13,63,63,637 (Class A Equity Shares)
3	Gulab Singh Zorawar Singh Lodha*	February 02 2022	Non-Executive Director	0	0	NIL
4	Uday Suvarna	May 22 2023	Chief Executive Officer	18	18	30,00,000 (Class-B Equity Shares)
5	Rajesh Rajak	May 22 2023	Chief Financial Officer	18	17	NIL

**ceased to be the Director of the Company and member of the Committee w.e.f. April 30 2023.*

#no. of meetings held only includes the meetings which the director/member was entitled to attend.

The terms of reference of Finance and Investment 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 / products 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 including but not limited to following:

    i. avail the financial, monetary and any other products and services offered by the Bank through its Website/ Internet Banking and/or the Corporate Customer Care Services (phone banking channels and E mail)

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ii. avail Commercial Card /Credit Card facility

iii. avail various services Corporate Internet Banking (CIB) and Cash Management Services (CMS)

iv. delegate the rights (including viewing rights) for the bank accounts through various modes including Phone Banking, Internet Banking, Email to such personnel as it may deem appropriate

v. furnish, sign, execute and deliver such applications, documents, indemnities and/or declarations and/or affidavits on behalf of the Company in favour of the Bank as may be required by the Bank in any matter related hereto and generally to do all such acts and deeds as may be necessary

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 whether Municipal, Revenue or Judicial or such other local authorities or any Bodies Corporate, as the case may be;

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. Approve the investment products identified and recommended for investment;

l. Periodically review the accuracy and appropriateness of methods being used for Investments;

m. Monitor the Accounting of Investments in accordance with applicable regulatory framework; and

n. Populate List of Approved investments;

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

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

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 was reconstituted on March 26 2024 pursuant to the requirements under Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices dated November 07 2023.

During the year under review, the IT Strategy Committee has met 3 times viz. April 27 2023, October 25 2023 and January 24 2024.

Composition of the IT Strategy Committee and attendance record of the members for FY 2023-24:

S. No.	Name of the Director/Member	Member of Committee Since	Capacity	No. of meetings of the Committee#		No. of Shares held in the Company
				Held	Attended	
1	Prem Kumar Chophla	June 15 2023	Chairman – Committee & Independent Director	3	3	NIL
2	Harsh S. Hiranandani	June 15 2023	Non-Executive Director	3	3	54,54,54,546 (Class A Equity Shares)
3	Neha S. Hiranandani*	March 26 2024	Non-Executive Director	0	0	13,63,63,637 (Class A Equity Shares)

S. No.	Name of the Director/Member	Member of Committee Since	Capacity	No. of meetings of the Committee#		No. of Shares held in the Company
				Held	Attended	
4	Manish Odeka	June 15 2023	Chief Risk Officer	3	3	NIL
5	Dheeraj Mittal	June 15 2023	Chief Operating Officer	3	3	NIL
6	Aditya Nabar	June 15 2023	Chief Information Officer	3	3	NIL

**Ms. Neha S. Hiranandani was inducted as a member of the Committee on March 26 2024 and no meeting of the Committee was held since in the period under review.*

#no. of meetings held only includes the meetings which the director/member was entitled to attend.

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

a. Approving and periodically reviewing Information Technology ("IT") strategy and all IT policies;

b. Ensuring that the management has put an effective strategic planning process in place;

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

d. Ensuring IT investments represent a balance of risks and benefits and that budgetary allocations for the IT function, cyber security is commensurate with the Company's IT infrastructure and prospects;

e. 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;

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

g. Instituting an effective governance mechanism, IT and cyber security risk management processes including for all outsourced IT operations and to review its efficiency and effectiveness; and

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

OTHER COMMITTEES:

g. 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 4 (four) times on April 26 2023, July 25 2023, October 23 2023 and January 24 2024.

Composition of the ALCO and attendance record of the members for FY 2023-24:

S. No.	Name of the Member	Member of Committee Since	Capacity	No. of meetings of the Committee#		No. of Shares held in the Company
				Held	Attended	
1	Uday Suvarna	March 28 2019	Chairman – Committee & Chief Executive Officer	4	4	30,00,000 (Class-B Equity Shares)

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S. No.	Name of the Member	Member of Committee Since	Capacity	No. of meetings of the Committee#		No. of Shares held in the Company
				Held	Attended	
2	Manish Odeka	August 16 2019	Chief Risk Officer	4	3	NIL
3	Kartik Nagda	March 28 2019	Chief Business officer	4	4	NIL
4	Dheeraj Mittal	March 28 2019	Chief Operating Officer	4	3	NIL
5	Rajesh Rajak	December 03 2022	Chief Financial officer	4	4	NIL

#no. of meetings held only includes the meetings which the director/member was entitled to attend.

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

a. Liquidity Risk Management

b. Management of interest Rate Risk

c. Funding & Capital Planning

d. Forecasting and analysing 'What If' scenarios relating to liquidity

e. Preparation of contingency plans

f. Review and approval of Benchmark Rate

h. Information Security Committee

The Company had constituted Information Security Committee on March 26 2024 pursuant to the Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices issued by Reserve Bank of India dated November 07 2023.

Composition of the Information Security Committee and attendance record of the members for FY 2023-24:

S. No.	Name of the Member	Member of Committee Since	Capacity	No. of meetings of the Committee*		No. of Shares held in the Company
				Held	Attended	
1	Manish Odeka	March 26 2024	Chairman – Committee & Chief Risk Officer	0	0	NIL
2	Uday Suvarna	March 26 2024	Chief Executive Officer	0	0	30,00,000 (Class B Equity Shares)
3	Dheeraj Mittal	March 26 2024	Chief Operating Officer	0	0	NIL
4	Kartik Nagda	March 26 2024	Chief Business Officer	0	0	NIL
5	Aditya Nabar	March 26 2024	Chief Information Officer	0	0	NIL
6	Santosh Pawar	March 26 2024	Lead – IT Infrastructure	0	0	NIL

**no meeting of the Committee was held during the FY 2023-24.*

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

a. Managing cyber/information security and mitigating potential risks and impact of information resources;

b. Developing information/ cyber security policies and implementing the policies, standards and procedures to manage information security risks;

c. Approving and monitoring information security projects and status of information security plans and budgets, establishing priorities, approving procedures;

d. Reviewing security awareness initiatives of the Company;

e. Reviewing cyber security incidents, various information security risk assessments, information systems audit observations, monitoring and mitigation activities;

f. Assessing new developments or issues relating to information security;

g. Periodically reviewing the cyber risk posed by third parties including outsourced IT providers and third-party partners;

h. Overseeing the Vulnerability Assessment (VA)/ Penetration Testing (PT) activity and approving any deviations;

i. Reporting to IT Strategy Committee and Chief Executive Officer on information security activities, cyber incidents, etc; and

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

i. IT Steering Committee

The Company had constituted IT Steering Committee on March 26 2024 pursuant to the Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices issued by Reserve Bank of India dated November 07 2023.

Composition of the IT Steering Committee and attendance record of the members for FY 2023-24:

S. No.	Name of the Member	Member of Committee Since	Capacity	No. of meetings of the Committee*		No. of Shares held in the Company
				Held	Attended	
1	Uday Suvarna	March 26 2024	Chief Executive Officer	0	0	30,00,000 (Class B Equity Shares)
2	Manish Odeka	March 26 2024	Chief Risk Officer	0	0	NIL
3	Dheeraj Mittal	March 26 2024	Chief Operating Officer	0	0	NIL
4	Kartik Nagda	March 26 2024	Chief Business Officer	0	0	NIL
5	Rajesh Rajak	March 26 2024	Chief Financial Officer	0	0	NIL
6	Aditya Nabar	March 26 2024	Chief Information Officer	0	0	NIL
7	Santosh Pawar	March 26 2024	Lead – IT Infrastructure	0	0	NIL

**no meeting of the Committee was held during the FY 2023-24.*

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

a. Assisting the Board/IT Strategy Committee in strategic IT planning, oversight of IT performance, and aligning IT activities with business needs;

b. Overseeing the processes put in place for business continuity including determining how the Company will manage and control identified risks as well as prioritize critical business functions and disaster recovery;

c. Reviewing progress on key IT projects;

d. Ensuring implementation of a robust IT architecture meeting statutory and regulatory compliance; and

e. Periodically updating the IT Strategy Committee and Chief Executive Officer on activities of the Committee; and

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

ANNEXURE-2 (Contd.)

j. Investment Committee

The Company had constituted Investment Committee on December 26 2018. During the year, the Committee met once i.e. on April 26 2023, after which the Committee was dissolved and merged as Finance and Investment Committee w.e.f. May 22 2023.

Composition of the Investment Committee and attendance record of the members for FY 2023-24:

Name of the Director	Member of Committee Since	Capacity	No. of meetings of the Committee		No. of Shares held in the Company
			Held	Attended	
Harsh S. Hiranandani	December 26 2018	Non-Executive Director	1	1	54,54,54,546 (Class A Equity Shares)
Gulab Singh Zorawar Singh Lodha*	September 30 2022	Non-Executive, Non-Independent Director	1	0	NIL
Uday Suvarna	December 26 2018	Chief Executive Officer	1	1	30,00,000 (Class B Equity Shares)
Rajesh Rajak	December 03 2022	Chief Financial Officer	1	1	NIL

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

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.

However, as on March 31 2024, the Committee stands dissolved.

3) GENERAL BODY MEETINGS

Details of the general body meetings held during the FY 2023-24 is as follows:

S. No.	Type of Meeting (Annual/ Extra-Ordinary)	Date and Place	Special Resolutions passed
1	Extra-Ordinary General Meeting (through Audio Visual Means)	May 04 2023 at the Corporate office at 9th floor, Sigma, Hiranandani Business park, Technology Street, Powai, Mumbai -400076	Special Resolution - 04
2	Annual General Meeting (through Audio Visual Means)	September 29 2023 at the Corporate office at 9th floor, Sigma, Hiranandani Business park, Technology Street, Powai, Mumbai -400076	Ordinary Resolution - 01
3	Extra-Ordinary General Meeting (through Audio Visual Means)	February 27 2024 at the Corporate office at 9th floor, Sigma, Hiranandani Business park, Technology Street, Powai, Mumbai -400076	Special Resolution - 01

All the resolutions, including special resolutions, were passed by the shareholders as set out in the respective notices.

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

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

ANNEXURE-2 (Contd.)

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) or regulator.

6) BREACH OF COVENANT

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

7) DIVERGENCE IN ASSET CLASSIFICATION AND PROVISIONING

i) No additional provisioning requirements have been assessed by Reserve Bank of India exceeding 5 % of the reported profits before tax and impairment loss on financial instruments for the year ended March 31 2024 and March 31 2023.

ii) Reserve Bank of India has not identified additional GNPAs exceeding 5 % of reported GNPAs for the year ended March 31 2024 and March 31 2023.

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

Harsh S. Hiranandani
Director
DIN: 07661253

Place: Mumbai
Date: May 11 2024

Neha S. Hiranandani
Director
DIN: 01954865

Place: London
Date: May 11 2024

ANNEXURE-3

ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR (FY) 2023-24

1. BRIEF OUTLINE ON CSR POLICY OF THE COMPANY:

Hiranandani Financial Services Private Limited ("HFS"/ "Company") believes in integrating its business values and operations to meet the expectations of its stakeholders. We envision a future where every person has access to responsible financial guidance and resources that contribute to their growth and success. Our commitment is rooted in fostering literacy, promoting sustainable practices and financial empowerment, and creating a positive social impact.

For details of the CSR Policy, kindly refer to the website of the Company - www.hfs.in

Focus areas in FY 2023-24:

- Promoting women empowerment
- Enhancing vocational skills among women
- Supporting livelihood enhancement projects

CSR Activity undertaken in FY 2023-24: In the year under review, Company had partnered with United Way of Mumbai, a non-governmental organization in their project Saksham which supports women from low-income communities with the impetus they need to be financially independent. Through this partnership, Company has supported 74 women from marginalized areas of Vijayawada, Andhra Pradesh and Dharwad, Karnataka with entrepreneurial training and kits. In furtherance to the cause, the Company's senior personnel had also conducted financial literacy training session in Dharwad.

2. COMPOSITION OF CSR COMMITTEE:

During the year under review, the Company was exempted from constituting the CSR Committee as per provisions of sub-section (9) of section 135 of the Companies Act, 2013.

Sl.	No.	Name of Director Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
Not applicable				

3. THE WEB-LINK WHERE COMPOSITION OF CSR COMMITTEE, CSR POLICY AND CSR PROJECTS APPROVED BY THE BOARD ARE DISCLOSED ON THE WEBSITE OF THE COMPANY: www.hfs.in

4. PROVIDE THE EXECUTIVE SUMMARY ALONG WITH WEB-LINK(S) OF IMPACT ASSESSMENT OF CSR PROJECTS CARRIED OUT IN PURSUANCE OF SUB-RULE (3) OF RULE 8, IF APPLICABLE: Not applicable

5. (a) **Average net profit of the Company as per sub-section (5) of section 135:** ₹ 881.71 Lakhs

   (b) **Two percent of average net profit of the Company as per sub-section (5) of section 135:** ₹ 17.63 Lakhs

   (c) **Surplus arising out of the CSR Projects or programmes or activities of the previous financial years:** Nil

   (d) **Amount required to be set-off for the financial year, if any:** Nil

   (e) **Total CSR obligation for the financial year [(b)+(c)-(d)]:** ₹ 17.63 Lakhs

6. (a) **Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project):** ₹ 17.70 Lakhs

   (b) **Amount spent in Administrative overheads:** Nil

   (c) **Amount spent on Impact Assessment, if applicable:** Not applicable

   (d) **Total amount spent for the Financial Year [(a)+(b)+(c)]:** ₹ 17.70 Lakhs

(e) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year (₹ in Lakhs)	Amount Unspent (₹ in Lakhs)				
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135		
	Amount (₹ in Lakhs)	Date of transfer	Name of the Fund	Amount (₹ in Lakhs)	Date of transfer
17.70	Nil		Nil		

(f) Excess amount for set-off, if any:

Sl. No.	Particular	Amount (₹ in Lakhs)
(i)	Two percent of average net profit of the Company as per sub-section (5) of section 135	17.63
(ii)	Total amount spent for the Financial Year	17.70
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	0.07
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	Nil
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	0.07

7. DETAILS OF UNSPENT CORPORATE SOCIAL RESPONSIBILITY AMOUNT FOR THE PRECEDING THREE FINANCIAL YEARS:

Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (₹ in Lakhs)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (₹ in Lakhs)	Amount Spent in the Financial Year (₹ in Lakhs)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (₹ in Lakhs)	Deficiency, if any
					Amount (₹ in Lakhs)	Date of Transfer		
	FY-1	-	-	-	-	-	-	-
	FY-2	-	-	-	-	-	-	-
	FY-3	-	-	-	-	-	-	-

8. WHETHER ANY CAPITAL ASSETS HAVE BEEN CREATED OR ACQUIRED THROUGH CORPORATE SOCIAL RESPONSIBILITY AMOUNT SPENT IN THE FINANCIAL YEAR: No

If yes, enter the number of capital assets created / acquired: Not applicable

ANNEXURE-3 (Contd.)

Furnish the details relating to such asset(s) so created or acquired through CSR amount spent in the financial year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered address
Not applicable							

9. SPECIFY THE REASON(S), IF THE COMPANY HAS FAILED TO SPEND TWO PERCENT OF THE AVERAGE NET PROFIT AS PER SUB-SECTION (5) OF SECTION 135: Not applicable

For Hiranandani Financial Services Private Limited

Uday Suvarna
Chief Executive Officer

Place: Mumbai
Date: May 11 2024

Harsh S. Hiranandani
Non-Executive Director
DIN: 07661253

Place: Mumbai
Date: May 11 2024

ANNEXURE-4

FORM NO. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31 2024

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

HIRANANDANI FINANCIAL SERVICES PRIVATE LIMITED

CIN: U65999MH2017PTC291060

Address: 514, Dalamal Towers, 211 FPJ Marg,
Nariman Point, Mumbai - 400021, Maharashtra, India

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HIRANANDANI FINANCIAL SERVICES PRIVATE LIMITED (hereinafter called "the Company")**. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on **March 31 2024** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **March 31 2024** according to the provisions of:

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

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder **(Not applicable to the Company during Audit Period, being Unlisted Company)**;

(iii) The Depositories Act, 1996 and the Regulations and By-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **(Not applicable to the Company during the audit period)**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') **(Not applicable to the Company during audit period, being Unlisted Company):**

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended;

   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended;

   d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

ANNEXURE-4 (Contd.)

e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

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

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;

h. The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018 and

i The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(vi) The Reserve Bank of India (RBI) Act, 1934 and rules, regulations and guidelines prescribed by RBI for Non-Deposit taking NBFCs.

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

(i) Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meeting (SS-2) issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited **(Not applicable to the Company during Audit Period, being Unlisted Company)**.

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

I have relied on information/ records produced by the Company during the course of my audit and the reporting is limited to that extent.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors including one woman director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

Adequate notices were given to all directors for the board meetings, including Committees thereof, agenda and detailed notes on agenda were sent at least seven days in advance and in case of shorter notice, consent of the board members was obtained, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, the Company has allotted 18,18,18,183 (Eighteen Crore Eighteen Lakhs Eighteen Thousand One Hundred and Eighty-Three) Class A Equity Shares by way of a right issue on March 29 2024 at a price of ₹ 11/- (Rupees Eleven only) per share having face value of ₹ 10/- (Rupees Ten only) and premium of ₹ 1/- (Rupee One only) and complied with the Section 62(1) of the Companies Act, 2013 and rules made thereunder.

I further report that during the audit period, other than the corporate action mentioned hereinabove, there were no following specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc:

(i) Public/ Preferential issue of shares / sweat equity, etc.

(ii) Redemption / Buyback / Conversion of Securities.

ANNEXURE-4 (Contd.)

(iii) Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013**(The Company being a private company is exempt from compliance of the provisions of Section 180 of the Companies Act, 2013)**

(iv) Merger / amalgamation / reconstruction, etc.

(v) Foreign technical collaborations

For **DEEPAK A. VARIYA & CO.**
COMPANY SECRETARIES

Deepak A. Variya
Proprietor
C.P. No. 10111

Place: Mumbai
Date: April 30 2024
UDIN: F008830F000275393

ANNEXURE-4 (Contd.)

ANNEXURE - I

To,

The Members,

HIRANANDANI FINANCIAL SERVICES PRIVATE LIMITED

CIN: U65999MH2017PTC291060

Address: 514, Dalamal Towers, 211 FPJ Marg,
Nariman Point, Mumbai - 400021, Maharashtra, India

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

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

For **DEEPAK A. VARIYA & CO.**
COMPANY SECRETARIES

Deepak A. Variya
Proprietor
C.P. No. 10111

Place: Mumbai
Date: April 30 2024
UDIN: F008830F000275393

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 2024, 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 2024, 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.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

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

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

   e) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164(2) of the Act.

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

   g) 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.

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

      i. The Company does not have any pending litigation which would impact its financial position as at March 31,2024. (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 2024;

      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 31,2024.

      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

INDEPENDENT AUDITOR'S REPORT (Contd.)

(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. Based on our examination, which included test checks, the Company has used accounting software for maintaining its books of account for the financial year ended March 31, 2024, which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

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

Asha Patel
Partner
M. No.166048
UDIN: 24166048BKFDIH5951

Place: Mumbai
Date: May 11,2024

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 2024.

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 299.86 lakhs pertaining to 369 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 March 31, 2024 for a period of more than six months from the date they became payable.

(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 31,2024.

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 18,18,18,183 equity shares on rights basis to its existing equity shareholders for a consideration of Rs. 200,00,00,013 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 no instances of fraud on the company, during the course of business operation. 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.

3(xvii) The Company has not incurred cash losses during the financial year and also previous year covered by our audit.

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

3(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 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

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

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.

3(xx) According to the information and explanations given to us, there is no unspent amount under sub-section (5) of section 135 of the Act pursuant to any project. Accordingly, reporting under clause 3(xx)(a) and (b) of the Order is not applicable.

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

Asha Patel
Partner
M. No.166048
UDIN: 24166048BKFDIH5951

Place: Mumbai
Date: May 11,2024

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 2024

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, 2024 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

ANNEXURE B (Contd.)

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, 2024 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: 24166048BKFDIH5951

Place: Mumbai
Date: May 11,2024

HFS | Hiranandani Financial Services

BALANCE SHEET

AS AT MARCH 31 2024

(Amounts in ₹ Lakhs, unless otherwise stated)

	Note No.	As at March 31 2024	As at March 31 2023
ASSETS			
Financial assets			
(a) Cash and cash equivalents	3	26,887.94	20,048.46
(b) Bank balance other than included in (a) above	4	8,073.18	691.41
(c) Receivables			
- Trade receivables	5 (a)	82.59	54.14
- Other receivables	5 (b)	591.74	159.26
(d) Loans	6	1,88,302.18	1,00,483.06
(e) Investments	7	-	-
(f) Other financial assets	8	501.81	200.49
Total financial assets		**2,24,439.44**	**1,21,636.82**
Non-financial assets			
(a) Current tax assets (Net)	9	-	42.16
(b) Deferred tax assets (Net)	31	1,203.64	542.85
(c) Property, plant and equipment	10	344.40	296.33
(d) Intangible assets	11	132.11	46.80
(e) Capital work in progress		-	40.00
(f) Right-of-use assets	41	53.61	56.14
(g) Other non-financial assets	12	402.51	261.72
Total non-financial assets		**2,136.27**	**1,286.00**
Total Assets		**2,26,575.71**	**1,22,922.82**
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		23.29	433.53
(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		-	-
(b) Borrowings	14	1,43,401.57	69,606.02
(c) Lease liabilities	41	54.50	52.87
(d) Other financial liabilities	15	6,377.24	752.26
Total financial liabilities		**1,49,856.60**	**70,849.68**
Non-financial liabilities			
(a) Current tax liabilities (Net)	16	0.27	-
(b) Provisions	17	1,926.14	519.69
(c) Other non-financial liabilities	18	299.54	196.87
Total non-financial liabilities		**2,225.95**	**716.56**
Total Liabilities		**1,52,082.55**	**71,566.24**
Equity			
(a) Equity share capital	19	68,211.82	50,030.00
(b) Other equity	20	6,281.34	1,326.58
		74,493.16	**51,356.58**
Total Liabilities and Equity		**2,26,575.71**	**1,22,922.82**
See accompanying notes forming part of the financial statements	01-56		

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

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

Asha Patel
Partner
Membership No: 166048
Place : Mumbai
Date : May 11 2024

Harsh S. Hiranandani
Director
DIN : 07661253
Place : Mumbai
Date : May 11 2024

Neha S. Hiranandani
Director
DIN : 01954865
Place : London
Date : May 11 2024

Uday Suvarna
Chief Executive Officer

Place : Mumbai
Date : May 11 2024

Rajesh Rajak
Chief Financial Officer

Place : Mumbai
Date : May 11 2024

Richa Arora
Company Secretary
M.No. A42906
Place : Mumbai
Date : May 11 2024

STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED MARCH 31 2024

(Amounts in ₹ Lakhs, unless otherwise stated)

		Note No.	For the year ended March 31 2024	For the year ended March 31 2023
	INCOME			
	Revenue from operations			
	Interest income	21	24,659.52	11,752.97
	Fees and commission income	22	252.86	169.90
	Net gain on fair value changes	23	473.83	516.65
	Other operating revenue	24	1,680.16	644.26
I	**Total revenue from operations (I)**		**27,066.37**	**13,083.78**
II	Other income	25	28.08	26.15
III	**Total income (I+II)**		**27,094.45**	**13,109.93**
	EXPENSES			
	Finance costs	26	9,495.45	2,112.19
	Impairment on financial instruments	27	1,291.38	413.87
	Employee benefits expense	28	8,916.55	5,852.83
	Depreciation and amortization expenses	29	215.50	135.97
	Other expenses	30	2,476.17	1,477.62
IV	**Total expenses**		**22,395.05**	**9,992.48**
V	**Profit before exceptional items and tax (III-IV)**		**4,699.40**	**3,117.45**
VI	**Exceptional items**	17	620.26	-
VII	**Profit before tax (V-VI)**		**4,079.14**	**3,117.45**
VIII	**Tax expense :**	31		
	Current tax		1,648.18	921.27
	Tax pertaining to earlier periods		(42.66)	-
	Deferred tax		(656.20)	(136.86)
	Total tax expense		**949.32**	**784.41**
IX	**Profit for the year (V-VI)**		**3,129.82**	**2,333.04**
X	**Other comprehensive income (OCI)**			
	Items that will not be subsequently reclassified to profit or loss			
	Remeasurement of the post employment defined benefit obligations		(18.25)	23.96
	Income tax effect		4.59	(6.03)
	Other comprehensive income for the year		**(13.66)**	**17.93**
XI	**Total comprehensive income for the year (VII+VIII)**		**3,116.16**	**2,350.97**
XII	**Earnings per share (Equity shares, face value of ₹ 10/- each)**	32		
	Basic		0.62	0.52
	Diluted		0.62	0.52
See accompanying notes forming part of the financial statements		01-56		

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 11 2024

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 11 2024

Neha S. Hiranandani
Director
DIN : 01954865
Place : London
Date : May 11 2024

Uday Suvarna
Chief Executive Officer

Place : Mumbai
Date : May 11 2024

Rajesh Rajak
Chief Financial Officer

Place : Mumbai
Date : May 11 2024

Richa Arora
Company Secretary
M.No. A42906
Place : Mumbai
Date : May 11 2024

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STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31 2024

(Amounts in ₹ Lakhs, unless otherwise stated)

Particulars	For the year ended March 31 2024	For the year ended March 31 2023
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	4,079.14	3,117.45
Adjustments for:		
Interest income on loans	(23,524.95)	(11,291.90)
Interest income on fixed deposits	(914.51)	(111.66)
Fees and commission income	(252.86)	(169.90)
Depreciation of property, plant and equipment	111.20	64.40
Depreciation on right of use assets	75.41	44.08
Amortization of intangible assets	28.89	27.49
Fair value gain on financial assets measured at FVTPL	(473.83)	(516.65)
Loss/(Profit) on sales of fixed assets	0.41	(11.78)
Share-based payment expense	20.41	28.80
Impairment on financial instruments	1,291.38	413.87
Finance costs	9,495.45	2,112.19
Exceptional items	620.26	-
Expenses on gratuity and compensated absences	51.48	49.45
	(9,392.12)	**(6,244.16)**
Operational Cash Flows		
Cash inflow from interest on loans	22,662.37	10,548.98
Cash inflow from interest on fixed deposits	686.46	60.27
Cash inflow from Fees and commission	252.86	169.90
Operating profit/(loss) before working capital changes	**14,209.57**	**4,535.00**
Changes in working capital		
(Increase)/Decrease in trade receivables	(28.45)	4.25
(Increase)/Decrease in other receivables	(432.48)	(141.56)
(Increase)/Decrease in other financial assets	(73.27)	(68.71)
(Increase)/Decrease in loans	(88,247.90)	(58,627.21)
(Increase)/Decrease in other non-financial assets	(146.02)	(88.14)
Increase/(Decrease) in trade payables	(415.24)	270.50
Increase/(Decrease) in other financial liabilities	5,687.40	(320.83)
Increase/(Decrease) in other non financial liabilities	102.67	93.44
Increase/(Decrease) in provisions	716.46	5.58
Cash generated from/ (used in) operations	**(68,627.26)**	**(54,337.69)**
Income tax paid (net)	(1,625.52)	(912.02)
Net cash generated/(used in) from operating activities (A)	**(70,252.78)**	**(55,249.71)**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets	(233.98)	(289.46)
Sale of property, plant and equipment and intangible assets	0.10	31.25
Capital work in progress	-	(40.00)
(Investments)/Redemption in mutual funds (net)	473.83	5,016.65
Investment in term deposits with banks (net)	(7,381.77)	(685.50)
Net cash generated/ (used) in investing activities (B)	**(7,141.82)**	**4,032.94**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31 2024 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

Particulars	For the year ended March 31 2024	For the year ended March 31 2023
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares (including securities premium)	20,000.00	10,000.00
Proceeds from borrowings	97,949.90	76,900.00
Repayment of borrowings	(23,761.91)	(14,062.51)
Finance Cost	(9,881.59)	(2,108.43)
Interest paid on lease liabilities	(6.30)	(3.76)
Principal repayment of lease liabilities	(66.03)	(41.68)
Net cash used in financing activities (C)	**84,234.07**	**70,683.62**
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	**6,839.47**	**19,466.85**
Cash and cash equivalents at the beginning of the year	20,048.46	581.61
Cash and cash equivalents at the end of the year (note 3)	**26,887.94**	**20,048.46**

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 01-56

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 11 2024

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 11 2024

Neha S. Hiranandani
Director
DIN : 01954865
Place : London
Date : May 11 2024

Uday Suvarna
Chief Executive Officer

Place : Mumbai
Date : May 11 2024

Rajesh Rajak
Chief Financial Officer

Place : Mumbai
Date : May 11 2024

Richa Arora
Company Secretary
M.No. A42906
Place : Mumbai
Date : May 11 2024

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31 2024

(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 March 31 2022	40,030.00
Equity share capital issued during the year	10,000.00
As at March 31 2023	**50,030.00**
Equity share capital issued during the year	18,181.82
As at March 31 2024	**68,211.82**

(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	Securities Premium	Total other equity
Balance as at March 31 2022	**(1,206.30)**	**37.80**	**115.31**	**-**	**(1,053.19)**
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	-	-	28.80	-	28.80
Balance as at March 31 2023	**678.07**	**504.41**	**144.11**	**-**	**1,326.58**
Total comprehensive income for the year ended March 31 2024					
Profit for the year	3,129.82	-	-	-	3,129.82
Other comprehensive income for the year, net of tax	(13.66)	-	-	-	(13.66)
Total comprehensive income	**3,116.16**	**-**	**-**	**-**	**3,116.16**
Transfers to statutory reserves	(625.96)	625.96	-	-	-
Premium on Issue of share capital	-	-	-	1,818.18	1,818.18
Recognition of share-based payments	-	-	20.42	-	20.42
Balance as at March 31 2024	**3,168.27**	**1,130.37**	**164.53**	**1,818.18**	**6,281.34**

See accompanying notes forming part of the financial statements 01-56

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

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

Asha Patel
Partner
Membership No: 166048
Place : Mumbai
Date : May 11 2024

Harsh S. Hiranandani
Director
DIN : 07661253
Place : Mumbai
Date : May 11 2024

Neha S. Hiranandani
Director
DIN : 01954865
Place : London
Date : May 11 2024

Uday Suvarna
Chief Executive Officer

Place : Mumbai
Date : May 11 2024

Rajesh Rajak
Chief Financial Officer

Place : Mumbai
Date : May 11 2024

Richa Arora
Company Secretary
M.No. A42906
Place : Mumbai
Date : May 11 2024

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31 2024

(Amounts in ₹ Lakhs, unless otherwise stated)

1. CORPORATE INFORMATION

Hiranandani Financial Services 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. The Company is 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 Registration Details are as follows:

RBI Registration Number: N-13.02257

Corporate Identity Number (CIN): U65999MH2017PTC291060

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 2024 were authorized for issue in accordance with a resolution of the board of directors on May 11 2024.

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 Lacs 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.

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 recognized 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 recognized in the financial statements are included in the following notes:

i. Effective Interest Rate (EIR) method

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

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 complex 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:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2024 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

- 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. The assumptions for estimating fair value for share-based payment transactions are disclosed in Note 34.

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.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is current best estimates 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. Refer Note 33 for further details.

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

The Company depreciates property, plant, and equipment 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.

3. 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, except for trade receivables (without a significant financing component) which are initially recognized at transaction price.

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').

<u>Business Model Test:</u> 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2024 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

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 four 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 amortized 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 and management overlay 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 credit impaired, a lifetime ECL is recognized on principal outstanding as at period end. Exposures with DPD equal to or 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 equal to or 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, management overlay 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 Advances

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

c) PD of 100% is considered for Stage 3 Advances.

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, and does not reduce the carrying amount of the financial asset in the balance sheet.

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 derecognizes 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 loan, 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 recognize a modification gain or loss, to the extent that an impairment loss has not already been recognized.

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 and points 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.

vi. 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.

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.

For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortized cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2024 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

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 recognized 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.

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. Such 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 (ESOP)-2020.

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 labor, 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 capitalized 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.

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	4 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.

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).

(Amounts in ₹ Lakhs, unless otherwise stated)

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, it 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2024 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

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.

(Amounts in ₹ Lakhs, unless otherwise stated)

3 CASH AND CASH EQUIVALENTS

	As at March 31 2024	As at March 31 2023
Cash on hand	86.76	-
Balances with banks in current accounts	10,800.88	1,948.46
Bank deposits with original maturity of less than three months	16,000.30	18,100.00
Total	**26,887.94**	**20,048.46**

4 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

	As at March 31 2024	As at March 31 2023
Bank deposits with original maturity for more than three months	8,073.18	691.41
Total	**8,073.18**	**691.41**

₹ 8,067.29 Lakhs (Previous Year 685.50 Lakhs) kept as lien against borrowings.

5 RECEIVABLES

5 (a) Trade receivables

	As at March 31 2024	As at March 31 2023
Unsecured, considered good	82.59	54.14
Less: Impairment loss allowance	-	-
Total	**82.59**	**54.14**

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 2024

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	82.59	-	-	-	-	**82.59**
(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 2024 (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 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	-	-	-	-	-	**-**

5 (b) Other receivables

	As at March 31 2024	As at March 31 2023
Unsecured, considered good	591.74	159.26
Less: Impairment loss allowance	-	-
Total	**591.74**	**159.26**

6 LOANS

(A) Loans (at amortized cost):

	As at March 31 2024	As at March 31 2023
Loans	1,92,641.89	1,02,732.99
Unamortized processing fees	(2,802.95)	(1,591.78)
Total (Gross)	**1,89,838.94**	**1,01,141.21**
Less: Impairment loss allowance	1,536.76	658.15
Total (Net)	**1,88,302.18**	**1,00,483.06**

(B) Breakup of loans into secured/unsecured category

	As at March 31 2024	As at March 31 2023
i) Secured by tangible assets	1,89,277.88	98,637.68
ii) Unsecured	3,364.01	4,095.31
Unamortized processing fees	(2,802.95)	(1,591.78)
Total (Gross)	**1,89,838.94**	**1,01,141.21**
Less: Impairment loss allowance	1,536.76	658.15
Total (Net)	**1,88,302.18**	**1,00,483.06**

(C) Breakup of loans geographical area-wise

	As at March 31 2024	As at March 31 2023
(i) Loans in India		
(a) Public sector	-	-
(b) Others	1,92,641.89	1,02,732.99
Unamortized processing fees	(2,802.95)	(1,591.78)
Total (Gross)	**1,89,838.94**	**1,01,141.21**
Less: Impairment loss allowance	1,536.76	658.15
Total (Net)	**1,88,302.18**	**1,00,483.06**
(ii) Loans outside India	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2024 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

Notes:

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

(2) Loan amount includes accrued interest amounting ₹ 2315.87 Lakhs (March 31 2023: ₹ 1173.25 Lakhs).

7 INVESTMENTS

	As at March 31 2024	As at March 31 2023
Investment in mutual funds (at fair value through Profit and Loss)	-	-
Total Gross (A)	**-**	**-**
i) Investments in India	-	-
ii) Investments outside India	-	-
Total Gross (B)	**-**	**-**
Less: Allowance for impairment loss (C)	-	-
Total Net (D) (A-C)	**-**	**-**

8 OTHER FINANCIAL ASSETS

	As at March 31 2024	As at March 31 2023
Security deposits	221.00	147.73
Interest accrued but not due on		
- deposits with banks	280.81	52.76
Total	**501.81**	**200.49**

9 CURRENT TAX ASSETS (NET)

	As at March 31 2024	As at March 31 2023
Advance income tax	-	42.16
[Net of provision of income tax ₹ Nil (March 31 2023: ₹ 921.26 Lakhs)]		
Total	**-**	**42.16**

10 PROPERTY, PLANT & EQUIPMENT

	Vehicles	Furniture and fixtures	Computer and Information Technology equipment	Office Equipment	Total
Cost					
As at March 31 2022	29.40	14.59	120.66	7.93	172.58
Additions during the year	110.14	36.19	84.45	15.91	246.70
Disposals / deductions during the year	(29.40)	-	-	-	(29.40)
As at March 31 2023	**110.14**	**50.78**	**205.11**	**23.84**	**389.88**
Additions during the year	-	17.81	126.04	15.93	159.78
Disposals / deductions during the year	(0.02)	(0.19)	(0.16)	(0.58)	(0.95)
As at March 31 2024	**110.13**	**68.40**	**330.99**	**39.20**	**548.71**
Accumulated depreciation					
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	(9.93)	-	-	-	(9.93)
As at March 31 2023	**1.76**	**3.36**	**84.49**	**3.94**	**93.55**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2024 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

	Vehicles	Furniture and fixtures	Computer and Information Technology equipment	Office Equipment	Total
Charge for the year	13.83	5.99	85.00	6.37	111.20
Disposals / deductions during the year	-	(0.05)	(0.13)	(0.26)	(0.44)
As at March 31 2024	**15.59**	**9.30**	**169.36**	**10.05**	**204.31**
Carrying amount					
As at March 31 2023	**108.38**	**47.43**	**120.62**	**19.90**	**296.33**
As at March 31 2024	**94.53**	**59.10**	**161.63**	**29.14**	**344.40**

11 INTANGIBLE ASSETS

	Computer Software	Website Development Cost	Trademark	Total
Cost				
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**	**114.57**
Additions during the year	114.20	-	-	114.20
Disposals / deductions during the year	-	-	-	-
As at March 31 2024	**189.16**	**35.57**	**4.04**	**228.77**
Accumulated depreciation				
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**
Charge for the year	20.74	8.10	0.05	28.89
Disposals / deductions during the year	-	-	-	-
As at March 31 2024	**73.09**	**19.53**	**4.04**	**96.66**
Carrying amount				
As at March 31 2023	**22.61**	**24.14**	**0.05**	**46.80**
As at March 31 2024	**116.07**	**16.04**	**0.00**	**132.11**

12 OTHER NON-FINANCIAL ASSETS

	As at March 31 2024	As at March 31 2023
Prepaid expenses	218.04	104.73
Balances with government authorities	106.45	74.57
Advance to vendors	68.53	52.13
Other advances	9.49	30.29
	402.51	**261.72**

13 PAYABLES

13 (a) Trade Payables

	As at March 31 2024	As at March 31 2023
- 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	23.29	433.53
	23.29	**438.53**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2024 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

13 (b) Other Payables

	As at March 31 2024	As at March 31 2023
- Total outstanding dues of micro enterprises and small enterprises (Refer note 42)*	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
	-	**-**

*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 2024 (March 31 2023 - 4,99,505/-). There is no interest due or outstanding on the same.

Ageing as at March 31 2024

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	23.29	-	-	-	23.29
(iii) Disputed	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-

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	-	-	-	-	-

14 BORROWINGS

(at amortized cost)

	As at March 31 2024	As at March 31 2023
a) Term loans		
i) from bank (Secured)	1,16,355.57	57,347.50
ii) from financial Institutions (Secured)	23,181.72	8,001.79
b) Loans from related parties (Unsecured)	4,600.00	4,600.00
c) Cash Credit (Secured)	(0.01)	-
Less:- Unamortized processing fees	(735.71)	(343.27)
Total (A)	**1,43,401.57**	**69,606.02**
Borrowings in India	1,43,401.57	69,606.02
Borrowings outside India	-	-
Total (B)	**1,43,401.57**	**69,606.02**

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 2024 aggregating to ₹ 139,537.28 Lakhs (March 31 2023: 65,349.29 Lakhs) obtained from from Banks and Financial Institutions:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2024 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

Purpose of loan	Repayment and Security	Rate of Interest	As at March 31 2024	As at March 31 2023
Onward Lending	Repayable in monthly/Quarterly instalments. Tenor ranging from 30 to 85 months. Secured against loan receivables.	8.4% - 11.1%	1,39,537.28	65,349.29

(4) Terms of repayment and security provided in respect of term loan outstanding as at March 31 2024 aggregating to ₹ 4,600.00 Lakhs (March 31 2023: ₹ 4,600.00 Lakhs) obtained from the director Mr. Harsh Hiranandani:

Purpose of loan	Repayment and Security	Rate of Interest	As at March 31 2024	As at March 31 2023
Onward lending	Unsecured short term loan payable upto 1 year.	Nil	4,600.00	4,600.00

15 OTHER FINANCIAL LIABILITIES

	As at March 31 2024	As at March 31 2023
Interest accrued but not due on borrowings	249.54	140.67
Employee benefit expenses payable	38.24	29.12
Others	58.22	123.75
Accrued expenses	876.06	385.43
Book overdraft	5,155.18	73.29
	6,377.24	**752.26**

16 CURRENT TAX LIABILITIES (NET)

	As at March 31 2024	As at March 31 2023
Provision for income tax	0.27	-
[Net of advance tax ₹ 1,562.00 Lakhs (March 31 2023: Nil)]		
Total	**0.27**	**-**

17 PROVISIONS

	As at March 31 2024	As at March 31 2023
Provision for employee benefits		
- Gratuity	81.52	51.08
- Provision for compensated absences	134.40	98.73
Provision for bonus and other incentives	492.00	350.00
Others*	1,218.22	19.88
Total	**1,926.14**	**519.69**

* In line with the RBI circular on 'Fair Practices Code for Lenders – Charging of Interest' dated April 29 2024, the Company has estimated an amount of ₹ 1,218.22 Lakhs being the interest relating to the un-encashed period of disbursal cheques and created a provision as on March 31 2024. The Company is also in the process of refunding/giving credit to the customer accounts in compliance with the said circular. The amount of ₹ 620.26 Lakhs relating to the previous years has been disclosed as a non-recurring exceptional item in the Statement of Profit and Loss for the year ended March 31 2024.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2024 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

18 OTHER NON-FINANCIAL LIABILITIES

	As at March 31 2024	As at March 31 2023
Statutory dues and taxes payable	291.14	185.99
Others	8.40	10.88
Total	**299.54**	**196.87**

19 EQUITY SHARE CAPITAL

19 (a) Equity share Capital

Authorized 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 March 31 2022	99,40,00,000	99,400.00	30,00,000	300.00	30,00,000	300.00
Increase/decrease during the year	-	-	-	-	-	-
As at March 31 2023	**99,40,00,000**	**99,400.00**	**30,00,000**	**300.00**	**30,00,000**	**300.00**
Increase/decrease during the year	-	-	-	-	-	-
As at March 31 2024	**99,40,00,000**	**99,400.00**	**30,00,000**	**300.00**	**30,00,000**	**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 March 31 2022	40,00,00,000	40,000.00	30,00,000	30.00	-	-
Shares issued during the year	10,00,00,000	10,000.00	-	-	-	-
At March 31 2023	**50,00,00,000**	**50,000.00**	**30,00,000**	**30.00**	**-**	**-**
Shares issued during the year	18,18,18,183	18,181.82	-	-	-	-
At March 31 2024	**68,18,18,183**	**68,181.82**	**30,00,000**	**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 2024 and March 31 2023, 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 2024		As at March 31 2023	
	No. of shares	% Holding	No. of shares	% Holding
Class A Equity Shares (Face Value = ₹ 10/-)				
Mr. Harsh Hiranandani	54,54,54,546	79.65%	40,00,00,000	79.52%
Ms. Neha Hiranandani	13,63,63,637	19.91%	10,00,00,000	19.88%
Total	**68,18,18,183**	**99.56%**	**50,00,00,000**	**99.40%**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2024 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

19 (d) Share holding of Promoters

Share held by promoters at the year ending on March 31 2024			
Promoter name	**No of Shares**	**% of Total Shares**	**% Changes during the year**
Mr. Harsh Hiranandani	54,54,54,546	79.65%	0.13%
Ms. Neha Hiranandani	13,63,63,637	19.91%	0.03%

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	40,00,00,000	79.52%	5.08%
Ms. Neha Hiranandani	10,00,00,000	19.88%	(4.93%)

20 OTHER EQUITY

Particulars	As at March 31 2024	As at March 31 2023
Statutory reserves fund as per Section 45-IC of the RBI Act, 1934 (refer note a)	1,130.37	504.41
Retained earnings	3,168.26	678.07
Securities Premium Reserve	1,818.18	-
Employee stock option plan reserve	164.52	144.10
Total other equity	**6,281.34**	**1,326.58**

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 payouts, 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.

21 INTEREST INCOME

	For the year ended March 31 2024	For the year ended March 31 2023
On financial instruments measured at Amortized cost		
- Interest income from financing activities	23,737.44	11,632.13
- Interest on deposits with banks	914.51	111.66
- Other interest income	7.57	9.18
	24,659.52	**11,752.97**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2024 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

22 FEES AND COMMISSION INCOME

	For the year ended March 31 2024	For the year ended March 31 2023
Loan servicing fees income	252.86	169.90
	252.86	**169.90**

23 NET GAIN ON FAIR VALUE CHANGES

	For the year ended March 31 2024	For the year ended March 31 2023
Net gain on financial instruments at FVTPL		
Investment in Mutual Funds	473.83	516.65
Total	**473.83**	**516.65**
Fair value changes:		
- Realized	473.83	516.65
	473.83	**516.65**

24 OTHER OPERATING REVENUE

	For the year ended March 31 2024	For the year ended March 31 2023
Income from advertisement	949.65	510.00
Corporate Agency Commission	370.64	-
Other	359.87	134.26
	1,680.16	**644.26**

25 OTHER INCOME

	For the year ended March 31 2024	For the year ended March 31 2023
Gain on sale of Property Plant and Equipment	-	11.78
Other non-operating income	28.08	14.37
	28.08	**26.15**

26 FINANCE COSTS

	For the year ended March 31 2024	For the year ended March 31 2023
On financial liabilities measured at amortized cost		
- Interest on borrowings	9,180.58	2,036.34
- Interest expense on lease liabilities	6.30	3.76
- Other borrowing costs	308.57	72.09
Total	**9,495.45**	**2,112.19**

27 IMPAIRMENT ON FINANCIAL INSTRUMENTS

	For the year ended March 31 2024	For the year ended March 31 2023
On financial instruments measured at amortized cost		
- Loans	875.01	313.91
Loans written off	416.37	99.96
	1,291.38	**413.87**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2024 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

28 EMPLOYEE BENEFITS EXPENSES

	For the year ended March 31 2024	For the year ended March 31 2023
Salaries, allowances and bonus	8,231.05	5,414.25
Gratuity expense (refer note 33)	15.82	27.50
Compensated absence expense (refer note 33)	55.76	36.61
Contribution to provident and other funds	355.58	230.88
Employee stock options expense (refer note 34)	20.41	28.79
Staff welfare expenses	237.93	114.80
Total	**8,916.55**	**5,852.83**

Note:

Gratuity expenses includes ₹ Nil (March 31 2023: ₹ Nil) paid to Key Managerial Personnel (KMP).

29 DEPRECIATION AND AMORTIZATION EXPENSES

	For the year ended March 31 2024	For the year ended March 31 2023
Depreciation of property, plant and equipment (refer note 10)	111.20	64.40
Amortization of intangible assets	28.89	27.49
Depreciation on right of use assets (refer note 41)	75.41	44.08
Total	**215.50**	**135.97**

30 OTHER EXPENSES

	For the year ended March 31 2024	For the year ended March 31 2023
Advertisement & sales promotion	129.15	70.82
Commission expense	16.26	4.73
Electricity charges	129.71	76.07
Insurance	82.16	42.97
Information technology expenses	179.46	121.43
Legal & professional charges*	333.07	205.97
Credit verification charges	351.16	114.97
Office expense	200.43	138.74
Postage & telephones	103.06	69.72
Printing & stationery	64.46	44.56
Rates & taxes	211.89	205.46
Rent expense	248.42	164.17
Repairs & maintenance:	33.55	18.41
Security expense	6.81	4.60
Travelling, lodging, boarding & conveyance expenses	346.49	188.64
CSR Expenses	17.70	-
Loss on sale/disposal of Fixed Assets	0.41	-
Miscellaneous expense	21.98	6.37
	2,476.17	**1,477.62**

***Includes payments to statutory auditors**

	For the year ended March 31 2024	For the year ended March 31 2023
- For Audit	12.50	12.50
- For Tax Audit	2.50	2.00
- For Certification	0.50	0.50
	15.50	**15.00**

(Amounts in ₹ Lakhs, unless otherwise stated)

31 INCOME TAX

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

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

Particulars	For the year ended March 31 2024	For the year ended March 31 2023
Current tax		
Current income tax for the year	1,648.18	921.27
Tax pertaining to earlier periods	(42.66)	-
Total current tax expenses	**1,605.52**	**921.27**
Deferred tax		
Relating to origination and reversal of temporary differences	(656.20)	(136.86)
Total deferred tax expenses/(benefits)	(656.20)	(136.86)
Total income tax expense	**949.32**	**784.41**

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

Deferred tax related to items recognized in OCI during the year

Particulars	For the year ended March 31 2024	For the year ended March 31 2023
Deferred tax on remeasurements of defined benefit plans	(4.59)	6.03

c) Reconciliation of Total tax Expense during the year

Particulars	For the year ended March 31 2024	For the year ended March 31 2023
Profit before tax	4,079.14	3,117.45
Accounting profit before income tax	**4,079.14**	**3,117.45**
Tax expense at statutory income tax rate of 25.168% (March 31 2023: 25.168%)	1,026.64	784.60
Adjustment of excess tax provision of earlier years	(42.66)	-
Tax effects of permanent differences:		
Deduction u/s 80JJAA of the Income Tax Act, 1961	(48.53)	-
Disallowance related to CSR expenditure	4.45	-
Others	9.42	(0.19)
Tax expense at the effective income tax rate of 23.27% (March 31 2023: 25.16%)	**949.32**	**784.41**

d) Breakup of deferred tax recognized in the Balance sheet

Particulars	As at March 31 2024	As at March 31 2023
Deferred tax assets		
Property, plant and equipment and other intangible assets		1.16
Preliminary expenses	17.49	28.82
Provision for gratuity	20.52	12.86
Provision for compensated absences	33.83	24.85
Provision for loan assets	296.41	165.64
Security Deposits	0.97	1.03
Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961	-	2.62
Other non-financial liabilities - Unamortized processing fee	705.45	400.62
Right of use assets and lease liabilities	0.22	-
Additional Provision for interest Income	306.60	-
Total deferred tax assets recognized (A)	**1,381.49**	**637.60**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2024 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

Particulars	As at March 31 2024	As at March 31 2023
Deferred tax liabilities		
Property, plant and equipment and other intangible assets	(0.95)	-
Right of use assets and lease liabilities	-	(0.82)
Others	(5.24)	-
Prepaid processing fee on Loan liabilities	(170.15)	(87.82)
Total deferred tax liabilities (B)	**(176.34)**	**(88.64)**
	-	**-**
Net deferred tax assets/(liabilities) (A+B)	**1,205.15**	**548.95**
	-	**-**
Total including Deferred tax related to items recognized in OCI	**1,203.64**	**542.85**

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 2024	For the year ended March 31 2023
Basic		
Profit for basic EPS being net profit attributable to owners of the Company (A)	3,129.82	2,333.04
Weighted average number of equity shares in calculating basic EPS (B) (nos.)	50,22,87,084	44,46,83,562
Basic earnings per equity share (A)/(B) (In ₹)	0.62	0.52
Diluted		
Profit for basic EPS being net profit attributable to owners of the Company (A)	3,129.82	2,333.04
Weighted average number of equity shares in calculating basic EPS (nos.)	50,22,87,084	44,46,83,562
Add: Equity shares arising on grant of stock options under ESOP	13,96,454	-
Weighted average number of equity shares in calculating diluted EPS (B) (nos.)	50,36,83,537	44,46,83,562
Diluted earnings per equity share (A)/(B) (In ₹)	0.62	0.52

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 ₹ 315.37 Lakhs (March 31 2023: ₹ 203.11 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 arize 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 ₹ 55.76 Lakhs (March 31 2023: ₹ 36.61 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

	As at March 31 2024	As at March 31 2023
Present value of un-funded defined benefit obligation	81.52	51.08
Net liability arising from defined benefit obligation	**81.52**	**51.08**

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 2024	For the year ended March 31 2023
Balance at the beginning of the year	51.08	47.54
Current service cost	12.10	25.06
Interest cost	3.72	2.45
Benefit Paid Directly by the Employer	(3.63)	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2024 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

	Gratuity	
	For the year ended March 31 2024	For the year ended March 31 2023
Actuarial (gains) losses	-	-
- changes in financial assumptions	0.79	(8.36)
- changes in demographic assumptions	-	(13.32)
- experience adjustments	17.46	(2.28)
Balance at the end of the year	**81.52**	**51.08**

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

	Gratuity	
	For the year ended March 31 2024	For the year ended March 31 2023
Current service cost	12.10	25.06
Net interest expense	3.72	2.45
Components of defined benefit costs recognized in profit or loss	**15.82**	**27.51**
Remeasurement of the net defined benefit liability		
Actuarial (gain) loss on defined benefit obligation	18.25	(23.96)
Components of defined benefit costs recognized in other comprehensive income	**18.25**	**(23.96)**

The most recent actuarial valuations of the present value of the defined benefit liability were carried out at March 31 2024. 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 2024	For the year ended March 31 2023
Discount rate	7.11% per annum	7.29% per annum
Expected rate of salary increase	6.00 % per annum	6.00 % per annum
Retirement age	58 years	58 years
Attrition rate	1. Senior Management/ KMP 2% 2. Others 60%	1. Senior Management/ KMP 2% 2. Others 60%
Mortality table	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality 2012-14 (Urban)

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.

(Amounts in ₹ Lakhs, unless otherwise stated)

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 2024	Increase	Decrease
Impact of change in discount rate by 1%	(4.21)	4.61
Impact of change in salary growth rate by 1%	2.10	(2.04)
Impact of change in employee turnover rate by 1%	(0.09)	0.08

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

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 2024	For the year ended March 31 2023
1st following year	9.27	0.88
2nd following year	9.18	4.91
3rd following year	8.26	3.95
4th following year	6.22	3.73
5th Following Year	4.83	3.12
6 to 10 years	28.27	25.21
11 years and above	59.91	47.14
Total	**125.94**	**88.94**

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)".

As on March 31 2024, there are 2 separate ESOPs' arrangements, which are described below.

(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	1,24,65,000	On 3rd/4th/5th anniversay from the date of joining.	10
Grant - II	July 08 2021	1,80,000	On 3rd/4th/5th anniversay from the date of joining.	10
Grant - III	April 04 2022	2,85,000	On 3rd/4th/5th anniversay from the date of joining.	10
Grant - III	April 04 2022	8,95,000	1/3rd each every year from date of grant.	10
Grant - IV	November 18 2022	16,40,000	On 3rd/4th/5th anniversay from the date of joining.	10

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2024 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

Particulars	ESOP Scheme			
	Date of Grant	Number of Options Granted	Vesting Period	Exercise Price (₹ per option)
	October 23 2023	16,00,000	1/3rd each every year from date of grant.	10
Grant - V	October 23 2023	2,75,000	On 3rd/4th/5th anniversay from the date of joining.	10
Grant - VI	February 27 2024	8,25,000	1/3rd each every year from date of grant.	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	27-02-2024
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 2024		March 31 2023	
	Number of Options Granted	WAEP	Number of Options Granted	WAEP
Outstanding at the beginning of the year	1,47,45,000	10.00	1,25,20,000	10.00
Options granted during the year	27,00,000	10.00	28,20,000	10.00
Options exercised during the year	-	10.00	-	10.00
Options forfeited during the year	(1,40,000)	10.00	(5,95,000)	10.00
Options expired during the year	-	10.00	-	10.00
Options outstanding at the end of the year	**1,73,05,000**	**10.00**	**1,47,45,000**	**10.00**
Of which, vested options outstanding at the end of the year	1,20,83,255	10.00	78,24,551	10.00

The ESOPs outstanding at the end of the year had exercise price of ₹ 10 (as at March 31 2023: ₹ 10), and a weighted average remaining contractual life (Vesting and exercise period) of 2.68 years (as March 31 2023: 2.99 years).

The life of the options granted (Vesting and exercise period) ranges from 1 year to 8 years.

(d) Fair value of share options

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 behavioral considerations.

Plan Type	ESOP	
Particulars	**March 31 2024**	**March 31 2023**
Fair value of options (₹)	1.03 - 3.60	1.03 - 1.24

The key assumptions used are:		
- Risk free interest rate	7.42%/7.08%	4.93%/6.65%
- Expected volatility*	15.76%/24.54%	32.06%/12.09%

*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 2024	March 31 2023
- Expenses arising from share based payments during the year	20.41	28.79
Total	**20.41**	**28.79**

(Amounts in ₹ Lakhs, unless otherwise stated)

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 2024	As at March 31 2023
Financial assets			
a) Measured at fair value through profit or loss (FVTPL)			
- Investment in mutual funds	Level 1	-	-
b) Measured at amortized cost			
- Investment in debt instruments			
- Cash and cash equivalents	Level 1	26,887.94	20,048.46
- Bank balance other than included in (a) above	Level 1	8,073.18	691.41
- Loans	Level 3	1,88,302.18	1,00,483.06
- Security deposits	Level 3	221.00	147.73
- Trade receivables	Level 3	82.59	54.14
- Other receivables	Level 3	591.74	159.26
- Other financial assets	Level 3	280.81	52.76
		2,24,439.44	1,21,636.82
Total financial assets		**2,24,439.44**	**1,21,636.82**
Financial liabilities			
a) Measured at amortized cost			
- Borrowings	Level 3	1,43,401.57	69,606.02
- Trade payables	Level 3	23.29	438.53
- Other payables	Level 3	-	-
- Lease liabilities	Level 3	54.50	52.87
- Other financial liabilities	Level 3	6,377.24	752.26
- Lease liabilities (refer note 41)	Level 3		
		1,49,856.60	**70,849.68**
Total financial liabilities		**1,49,856.60**	**70,849.68**

b) The following is the basis of categorizing 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2024 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

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 signifcant 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 signifcant changes from the discount rates used initially. Therefore, the carrying value of these instruments measured at amortized 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.

Particulars	As at March 31 2024	As at March 31 2023
Tier - I capital	72,939.37	50,622.21
Tier - II capital	715.07	453.98
Total Capital	**73,654.44**	**51,076.19**
Aggregate of Risk Weighted Assets	1,93,465.19	1,02,893.33
Tier - I capital ratio	37.70%	49.20%
Tier - II capital ratio	0.37%	0.44%
Total Capital ratio	38.07%	49.64%

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 analyzing 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 analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

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 arizes 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2024 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

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 2024	As at March 31 2023
Financial Assets at amortized cost - Loans (Gross)	1,89,838.94	1,01,141.21
Less : Impairment loss allowances*	1,536.76	658.15
Financial Assets at amortized cost - Loans (Net)	**1,88,302.18**	**1,00,483.06**
Financial Assets at amortized cost - Receivables (Gross)	674.33	213.40
Less : Impairment loss allowances	-	-
Financial Assets at amortized cost - Receivables (Net)	**674.33**	**213.40**

* 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 behavior 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 amortized 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 derecognized 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.

(Amounts in ₹ Lakhs, unless otherwise stated)

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 realization 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 analyzes 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.

The following table sets out information about the credit quality of financial assets measured at amortized cost.

Particulars	As at March 31 2024	As at March 31 2023
Gross Stage 1 (DPD<= 30 days) performing asset and 12 month ECL	1,88,613.87	1,01,623.80
Less : Impairment loss allowance	(715.06)	(419.90)
Net Stage 1 Assets	**1,87,898.80**	**1,01,203.89**
ECL provision coverage	0.38%	0.41%
Gross Stage 2 (30>DPD<= 90 days) under performing assets increase in credit risk and lifetime ECL	2,447.49	523.77
Less : Impairment loss allowance	(143.22)	(34.08)
Net Stage 2 Assets	**2,304.28**	**489.70**
ECL provision coverage	5.85%	6.51%
Gross Stage 3 (DPD>90) non-performing assets credit impaired and lifetime ECL*	1,580.53	585.41
Less : Impairment loss allowance	(678.48)	(204.17)
Net Stage 3 Assets	**902.04**	**381.24**
ECL provision coverage	42.93%	34.88%
Total loans	**1,92,641.89**	**1,02,732.98**
Less : Impairment loss allowance	(1,536.76)	(658.15)
Net loans	**1,91,105.13**	**1,02,074.83**
ECL provision coverage	0.80%	0.64%

* Including accounts marked as NPA in accordance with RBI circular no. RBI/2021-2022/125 dated November 12 2021

Note - Gross amount includes accrued interest

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2024 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

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 amortized 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 March 31 2022	41,307.86	724.01	411.13	42,443.00	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 derecognized during the year	60,702.28	(388.75)	(23.55)	60,289.99	259.18	(6.66)	59.38	311.90
Gross carrying amount as at March 31 2023	**1,01,623.80**	**523.77**	**585.41**	**1,02,732.98**	**419.90**	**34.08**	**204.17**	**658.15**
Gross carrying amount as at March 31 2023	**1,01,623.80**	**523.77**	**585.41**	**1,02,732.98**	**419.90**	**34.08**	**204.17**	**658.15**
Add / (Less):								
- Transfers between Stages								
a) Transfers from Stage I	(3,291.18)	2,268.25	1,022.93	-	(549.99)	131.86	418.14	0.00
b) Transfers from Stage II	106.96	(261.24)	154.28	-	0.37	(61.49)	61.12	-
c) Transfers from Stage III	20.18	3.04	(23.22)	-	0.07	0.16	(0.24)	-
- New assets originated, repaid and derecognized during the year	90,154.11	(86.33)	(158.87)	89,908.91	844.71	38.61	(4.71)	878.61
Gross carrying amount as at March 31 2024	**1,88,613.87**	**2,447.49**	**1,580.53**	**1,92,641.89**	**715.06**	**143.22**	**678.48**	**1,536.76**

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.

(Amounts in ₹ Lakhs, unless otherwise stated)

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 sufficient amount of outstanding term borrowings. The Company believes that its working capital and term loans are 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 2024 and March 31 2023 based on undiscounted payments are as follows:

Maturities of financial liabilities

March 31 2024	Within 1 year	Between 1 and 5 years	More than 5 years	Total
Borrowings				
- Principal	43,849.66	96,478.14	3,073.78	1,43,401.57
- Interest	249.54	-	-	249.54
Lease liabilities	47.62	6.88	-	54.50
Trade payables	23.29	-	-	23.29
Other Payables	-	-	-	-
Other financial liabilities	6,127.70	-	-	6,127.70
	50,297.80	96,485.02	3,073.78	1,49,856.60

March 31 2023	Within 1 year	Between 1 and 5 years	More than 5 years	Total
Borrowings				
- Principal	21,808.95	47,797.08	-	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
	23,046.31	47,803.37	-	70,849.68

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2024 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

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 2024

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
Borrowings	1,285.72	(1,285.72)	962.13	(962.13)
Loans	(1,870.15)	1,870.15	(1,399.47)	1,399.47

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
Borrowings	653.49	(653.49)	489.02	(489.02)
Loans	(975.45)	975.45	(729.95)	729.95

(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 2023 : NIL). 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 Aug 30, 2022)	Chief Financial Officer (CFO)
Rajesh Rajak (From Nov 03, 2022)	Chief Financial Officer (CFO)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2024 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

Name of person	Nature of Relationship
Ankitkumar Jain (Till Jun 15, 2022)	Company Secretary
Richa Arora (From Jun 15, 2022)	Company Secretary
Harsh Hiranandani	Director
Neha Hiranandani	Director
Hiranandani Constructions Pvt. Ltd.	Relative of a director is the direcor of the Company

38.2 Transactions with related parties during the year

Nature of Transaction	March 31 2024	March 31 2023
Transactions with key managerial personnel		
Equity influsion & allotment of shares (Including share premium)		
- Harsh Hiranandani	16,000.00	10,000.00
- Neha Hiranandani	4,000.00	-
Loan Received		
- Harsh Hiranandani	-	7,500.00
Repayment of Loan Received		
- Harsh Hiranandani	-	10,000.00
Payment of Office Rent		
- Hiranandani Constructions Pvt. Ltd.	0.36	0.36
Remuneration to KMPs'*	456.28	370.94

* 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 2024	As at March 31 2023
Loan outstanding		
- Harsh Hiranandani	4,600.00	4,600.00

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 2024 and March 31 2023.

(ii) Commitments

Particulars	As at March 31 2024	As at April 01 2023
a. Estimated amount of contract remaining to be executed on capital account and not provided for (net of advance)	127.00	153.00
b. Loan sanctioned but not disbursed and or partially disbursed	3,725.89	2,187.78

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2024 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

40 EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY

Amount required to be spent by the Company on Corporate Social Responsibility (CSR) related activities during the year is ₹17.63 Lakhs (Previous year: Nil).

(a) The amount recognized as expense in the Statement of Profit and Loss on CSR related activities is ₹17.70 Lakhs (previous year: Nil) (Refer note no. 30 of financial statements), which comprizes of:

(a) Amount spent during the year on:

Particulars	March 31 2024	March 31 2023
(i) Construction/ acquisition of any asset		
Paid during the year	-	-
Set off from Previous Year	-	-
Total	-	-
(ii) On purposes other than (i)above		
Paid during the year	17.70	-
Set off from Previous Year	-	-
Total	**17.70**	**-**

(b) Amount of surplus to be carried forward in subsequent years for Set off :

Particulars	March 31 2024	March 31 2023
Amount spent in excess of requirements as per Companies Act, 2013 available for set off in subsequent years	-	-
Actual amounts spent	17.70	-
Amounts to be spent as per the requirements of Companies Act, 2013	17.63	-
Surplus carried forward to be set off in subsequent years	0.07	-

(c) Reason for shortfall Not applicable Not applicable

(d) Nature of CSR activities

March 31 2024	Promoting women empowerment Enhancing vocational skills among women Supporting livelihood enhancement projects
March 31 2023	Not applicable

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 recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and recognizes 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:

Gross Block

Particulars	As at March 31 2024	As at March 31 2023
Gross Block		
Opening balance	143.04	69.61
Additions	72.88	73.43

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2024 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

Particulars	As at March 31 2024	As at March 31 2023
Termination/ End of lease contract	-	-
Closing Balance	**215.92**	**143.04**
Accumulated Depreciation		
Opening balance	86.90	42.82
Additions	75.41	44.08
Termination/ End of lease contract	-	-
Closing Balance	**162.31**	**86.90**

Amounts recognized in profit or loss:

Particulars	As at March 31 2024	As at March 31 2023
Depreciation expense on right-of-use assets	75.41	44.08
Interest expense on lease liability	6.30	3.76
Expenses relating to short-term leases	248.42	164.17

Movement in lease liabilities:

Particulars	As at March 31 2024	As at March 31 2023
Opening balance	52.87	25.22
Additions	67.65	69.33
Amounts recognized in statement of profit and loss as interest expense	6.30	3.76
Payment of lease liabilities	(72.32)	(45.44)
Closing Balance	**54.50**	**52.87**

Amounts recognized in statement of cash flows:

Particulars	March 31 2024	March 31 2023
Total cash outflow for leases	72.32	45.44

The future minimum lease expense in respect of non-cancellable period of lease of the premises is as follows:

Particulars	As at March 31 2024	As at March 31 2023
Not later than one year	47.62	46.58
Later than one year and not later than five years	6.88	6.29

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 9.8% p.a. for March 31 2022 and for March 31 2024.

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2024 (Contd.)

(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 2024			As at April 01 2023		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
(a) Cash and cash equivalents	26,887.94	-	**26,887.94**	20,048.46	-	**20,048.46**
(b) Bank balance other than included in (a) above	7,773.18	300.00	**8,073.18**	230.00	461.41	**691.41**
(c) Receivables						
- Trade receivables	82.59	-	**82.59**	54.14	-	**54.14**
- Other receivables	591.74	-	**591.74**	159.26	-	**159.26**
(d) Loans	34,101.29	1,54,200.89	**1,88,302.18**	7,939.69	92,543.37	**1,00,483.06**
(e) Investments	-	-	**-**	-	-	**-**
(f) Other financial assets	280.81	221.00	**501.81**	52.76	147.73	**200.49**
Total financial assets	**69,717.55**	**1,54,721.89**	**2,24,439.44**	**28,484.31**	**93,152.51**	**1,21,636.82**
Non-financial assets						
(a) Current tax assets (Net)	-	-	**-**	-	42.16	**42.16**
(b) Deferred tax assets (Net)	-	1,203.64	**1,203.64**	-	542.85	**542.85**
(c) Property, plant and equipment	-	344.40	**344.40**	-	296.33	**296.33**
(d) Intangible assets	-	132.11	**132.11**	-	46.80	**46.80**
(e) Capital work in progress	-	-	**-**	-	40.00	**40.00**
(f) Right-of-use assets	-	53.61	**53.61**	-	56.14	**56.14**
(g) Other non-financial assets	68.53	333.98	**402.51**	52.14	209.59	**261.72**
Total non-financial assets	**68.53**	**2,067.74**	**2,136.27**	**52.14**	**1,233.86**	**1,286.00**
Total assets	**69,786.08**	**1,56,789.63**	**2,26,575.71**	**28,536.45**	**94,386.37**	**1,22,922.82**
Liabilities						

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2024 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

	As at March 31 2024			As at April 01 2023		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
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	23.29	-	**23.29**	433.53	-	**433.53**
(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	43,849.66	99,551.92	**1,43,401.57**	21,808.95	47,797.08	**69,606.02**
(c) Lease liabilities	47.62	6.88	**54.50**	46.58	6.29	**52.87**
(d) Other financial liabilities	6,377.24	-	**6,377.24**	752.26	-	**752.26**
Total financial liabilities	**50,297.80**	**99,558.80**	**1,49,856.60**	**23,046.31**	**47,803.37**	**70,849.68**
Non-financial liabilities						
(a) Current tax liabilities (Net)	-	0.27	**0.27**	-	-	**-**
(b) Provisions	1,784.39	141.74	**1,926.13**	393.65	126.04	**519.69**
(c) Other non-financial liabilities	291.14	8.40	**299.54**	185.99	10.88	**196.87**
Total non-financial liabilities	**2,075.53**	**150.41**	**2,225.94**	**579.64**	**136.92**	**716.56**
Total liabilities	**52,373.33**	**99,709.21**	**1,52,082.54**	**23,625.95**	**47,940.29**	**71,566.24**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2024 (Contd.)

(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 2024

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	1,88,613.87	715.07	1,87,898.80	753.36	(38.30)
	Stage 2	2,447.50	143.21	2,304.29	11.91	131.31
Subtotal for standard		**1,91,061.37**	**858.28**	**1,90,203.09**	**765.27**	**93.01**
Non-Performing Assets (NPA)						
Substandard	Stage 3	1,263.58	522.00	741.58	128.69	393.31
Doubtful - up to 1 year	Stage 3	211.11	89.75	121.36	43.50	46.25
1 to 3 years	Stage 3	105.83	66.73	39.09	31.75	34.98
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		**1,580.52**	**678.48**	**902.04**	**203.94**	**474.54**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**1,580.52**	**678.48**	**902.04**	**203.94**	**474.54**
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	1,88,613.87	715.07	1,87,898.80	753.36	(38.30)
	Stage 2	2,447.50	143.21	2,304.29	11.91	131.31
	Stage 3	1,580.52	678.48	902.04	203.94	474.54
Total		**1,92,641.89**	**1,536.76**	**1,91,105.13**	**969.21**	**567.55**

(Amounts in ₹ Lakhs, unless otherwise stated)

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	1,01,623.80	419.90	1,01,203.90	410.94	8.96
	Stage 2	523.78	34.08	489.70	16.05	18.03
Subtotal for standard		**1,02,147.58**	**453.98**	**1,01,693.60**	**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**	**112.65**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**585.40**	**204.17**	**381.23**	**91.52**	**112.65**
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	1,01,623.80	419.90	1,01,203.90	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	112.65
Total		**1,02,732.98**	**658.15**	**1,02,074.83**	**518.51**	**139.64**

* Gross amount includes 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 2024 and March 31 2023, 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 2024 and March 31 2023, 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2024 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

46 NBFC DISCLOSURES:

During the previous 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")

46.1 Capital to Risk Asset ratio (CRAR):

Particulars	As at March 31 2024	As at March 31 2023
CRAR (%)	38.07%	49.64%
CRAR -Tier I Capital (%)	37.70%	49.20%
CRAR-Tier II Capital (%)	0.37%	0.44%

The Company has not raised any amount by way of subordinated debt or perpetual debt instrument.

46.2 Investments

Particulars	As at March 31 2024	As at March 31 2023
Value of Investments		
(i) Gross Value of Investments		
a) In India	-	-
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		
(i) Opening balance	-	-
(ii) Add : Provisions made during the year	-	-
(iii) Less : Write-off / write-back of excess provisions during the	-	-
(iv) Closing balance	-	-

46.3 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 2024. (Previous Year - Nil)

46.4 Refer note for Asset Liability Management statement

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2024 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

46.5 Exposure to Real Estate Sector:

Particulars	As at March 31 2024	As at March 31 2023
a) Direct exposure		
i) Residential Mortgages	1,77,883.32	90,795.20
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	9,131.32	6,749.70
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 securitized 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	**1,87,014.64**	**97,544.90**

46.6 Exposure to Capital Market

Particulars	As at March 31 2024	As at March 31 2023
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equityoriented 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;	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2024 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

Particulars	As at March 31 2024	As at March 31 2023
(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;	-	-
(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	**-**	**-**

46.7 The Company does not have parent company during the financial year ended March 31 2024. (Previous Year - Nil)

46.8 The Company has not exceeded the Single Borrower Limit and nor has exceeded the Group Borrower Limit during the financial year ended March 31 2024. (Previous Year - Nil)

46.9 The Company has not given any loans against intangible securities during the financial year ended March 31 2024. (Previous Year - Nil)

46.10 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
Insurance Regulatory and Development Authority of India	Certificate of Registration No. CA0887 as Corporate Agent (Composite)

The Company is not registered under any other regulator other than mentioned above

46.11 None of the regulators including RBI has imposed any penalty during the financial year ended March 31 2024. (Previous Year - Nil)

46.12 Provisions and Contingencies

Category wise breakup of Provisions & Contingencies shown in Statement of Profit and Loss	For the year ended March 31 2024	For the year ended March 31 2023
Provision towards Expected Credit Loss (ECL)	875.01	313.91
Provision for income tax	1,605.52	921.27
Provision for gratuity	15.82	27.51
Provision for leave encashment	55.76	36.61
Provision for bonus and other incentive	492.00	350.00
Provision for interest (Exceptional item)	620.26	-
Provision for depreciation	215.50	135.97

46.13 Concentration of Advances

Particulars	For the year ended March 31 2024	For the year ended March 31 2023
Total Advances to twenty largest borrowers	1,528.56	1,286.11
Percentage of Advances to twenty largest borrowers to Total Advances of the applicable NBFC	0.80%	1.27%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2024 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

47.14 Concentration of Exposures

Particulars	For the year ended March 31 2024	For the year ended March 31 2023
Total Exposures to twenty largest borrowers/customers	1,528.56	1,286.11
Percentage of Exposures to twenty largest borrowers/Customers to Total Exposures of the NBFC on borrowers/Customers	0.80%	1.27%

47.15 Concentration of NPAs

Particulars	For the year ended March 31 2024	For the year ended March 31 2023
Total Exposures to top four NPA accounts	99.94	88.51

47.16 Sector-wise NPAs

Sector	Percentage of NPAs to Total Advances in that sector	
	For the year ended March 31 2024	For the year ended March 31 2023
Agriculture & allied activities	0.98%	0.35%
MSME	0.91%	0.46%
Corporate borrowers	-	-
Services	0.64%	0.19%
Unsecured personal loans	-	-
Auto loans	-	-
Other personal loans	0.65%	1.32%

46.17 Movement of NPA

Particulars	For the year ended March 31 2024	For the year ended March 31 2023
(i) Net NPA to Net Advances (%)	0.48%	0.38%
(ii) Movement of NPA (Gross)		
(a) Opening balance	585.41	411.13
(b) Additions during the year	1,176.94	319.58
(c) Reductions during the year	(181.83)	(145.30)
(d) Closing balance	1,580.52	585.41
(iii) Movement of Net NPA		
(a) Opening balance	381.24	266.34
(b) Additions during the year (net)	635.89	207.47
(c) Reductions during the year (net)	(115.09)	(92.57)
(d) Closing balance	902.04	381.24
(iv) Movement of provisions for NPA		
(a) Opening balance	204.17	144.79
(b) Provisions made during the year	541.05	112.12
(c) Write-off / write -back of excess provisions	(66.74)	(52.74)
(d) Closing balance	678.48	204.17

46.18 The Company does not have any overseas assets during the financial year ended March 31 2024. (Previous Year - Nil)

46.19 The Company does not have Off-balance Sheet SPVs sponsored during the financial year ended March 31 2024. (Previous Year - Nil)

46.20 The Company has made no drawdown from existing reserves during the financial year ended March 31 2024. (Previous Year - Nil)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2024 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

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

Name of credit rating agency	Instrument	For the year ended March 31 2024	For the year ended March 31 2023
CARE Ratings Limited	Long Term Bank Facilities	CARE A/Stable	CARE A/Stable
CARE Ratings Limited	Short Term Bank Facilities	CARE A1	CARE A1
CRISIL Ratings	Long Term Bank Facilities	CRISIL A/Stable	CRISIL A/Stable

Note - There is no change in credit rating during FY 2023-24

46.22 Customer complaints

Particulars	For the year ended March 31 2024	For the year ended March 31 2023
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	37	13
No. of complaints disposed during the year	37	13
Of which, number of complaints rejected by the NBFC	-	-
No. of complaints pending at the end of the year	-	-

Particulars	For the year ended March 31 2024	For the year ended March 31 2023
Maintainable complaints received by the NBFC from Office of Ombudsman		
A) Number of maintainable complaints received by the NBFC from Office of Ombudsman	14	2
of A, number of complaints resolved in favour of the NBFC by Office of Ombudsman	14	2
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)	-	-

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
For the year ended March 31 2024					
Ground - 1 - Request for Foreclosure Letter	-	24*	84.61	-	-
Ground - 2 - List of Documents & Statement of Accounts	-	7*	100	-	-
Ground - 3 -	-	-	-	-	-
Ground - 4 -	-	-	-	-	-
Ground - 5 -	-	-	-	-	-
For the year ended March 31 2023					
Ground - 1 - Request for Foreclosure Letter	-	13	N.A	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2024 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

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
Ground - 2	-	-	-	-	-
Ground - 3	-	-	-	-	-
Ground - 4	-	-	-	-	-
Ground - 5	-	-	-	-	-

*This Disclosure contains compliants forming 10% or more of total Compliants.

46.23 Details of all material transactions with related parties are disclosed in note 38

46.24 Ageing of loans and advances

Particulars	For the year ended March 31 2024	For the year ended March 31 2023
DPD 90 and below	1,88,816.73	1,01,020.35
DPD more than 90	1,509.30	539.39

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.

46.25 During the year, there were no instances of fraud committed by customers of the Company (Previous Year - 2 frauds amounting to ₹ 17.62 Lakhs)

46.26 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.

46.27 There is no transaction in which the Revenue recognition has been postponed or pending the resolution of significant uncertainty (refer note 1)

46.28 The Company does not have any subsidiary

47 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 2024		March 31 2023	
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	1,43,651.11	-	69,746.69	-
(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	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2024 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

(Amount in ₹)

Particulars	March 31 2024		March 31 2023	
Liabilities side	**Amount outstanding**	**Amount overdue**	**Amount outstanding**	**Amount overdue**
(j) Other Loans - Overdraft	-	-	-	-
* 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 2024**	**March 31 2023**
(a) Secured	1,87,014.64	97,544.90
(b) Unsecured	3,311.39	4,014.84

(4) Break up of leased assets and stock on hire and other assets counting towards Asset financing activities	March 31 2024	March 31 2023
(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 2024	March 31 2023
Current 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	-	-

(5) Break-up of investments:	March 31 2024	March 31 2023
Long term investments:		
1. Quoted:		
(i) Shares: (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2024 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

(5) Break-up of investments:	March 31 2024	March 31 2023
(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:

	Amount (net of provisions)			
	March 31 2024		March 31 2023	
	Secured	Unsecured	Secured	Unsecured
1. Related Parties**				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same group	-	-	-	-
(c) Other related parties	-	-	-	-
2. Other than related parties	1,85,670.51	3,118.76	96,990.02	3,911.56
Total	**1,85,670.51**	**3,118.76**	**96,990.02**	**3,911.56**

(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 2024		March 31 2023	
	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	**-**	**-**	**-**	**-**

(8) Other information:

Particulars	March 31 2024	March 31 2023
(i) Gross Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	1,580.52	0.01
(ii) Net Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	902.04	381.24
(iii) Assets acquired in satisfaction of debt	-	-

Notes:

1. As defined in point xxvii of paragraph 3 of Chapter - II of Directions

3. 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 2024.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2024 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

46.4

Maturity pattern of certain items of Assets and Liabilities as at March 31 2024

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
Bank deposits	2,545.00	-	9,505.30	2,500.00	4,003.40	5,074.31	145.48	270.00	30.00	-	24,073.48
Loans	177.18	1.00	4,480.16	2,418.22	2,440.45	7,400.83	14,867.59	58,170.05	25,469.36	74,901.19	1,90,326.03
Investment in Mutual fund	-	-	-	-	-	-	-	-	-	-	-
Borrowings	219.05	164.24	1,904.56	2,346.93	4,898.50	10,013.34	24,528.00	72,023.66	24,949.45	3,089.55	1,44,137.28

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
Bank deposits	5,100.00	1,500.00	5,500.00	6,200.00	-	-	35.50	395.91	60.00	-	18,791.41
Loans	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	1,01,559.73
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	43.33	69,949.29

48 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 2023	No. of borrowers	18	3	-	-	21
		Amount outstanding	192.67	18.15	-	-	210.82
		Provision thereon	19.27	3.10	-	-	22.37
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	(4)	-	-	-	(4)
		Amount outstanding	(61.62)	-	-	-	(61.62)
		Provision thereon	(2.15)	-	-	-	(2.15)
5	Downgradations of restructured accounts during the FY	No. of borrowers	(5)	4	1	-	-
		Amount outstanding	(28.18)	15.38	12.80	-	-
		Provision thereon	(6.42)	2.58	3.84	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2024 (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	-	(4)	-	-	(4)
		Amount outstanding	-	(10.20)	-	-	(10.20)
		Provision thereon	-	(1.02)	-	-	(1.02)
7	Restructured Accounts as on March 31 2024	No. of borrowers	9	3	1	-	13
		Amount outstanding	102.87	23.33	12.80	-	139.00
		Provision thereon	10.70	4.67	3.84	-	19.20

	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	Downgradations of restructured accounts during the FY	No. of borrowers	(11)	11	-	-	-
		Amount outstanding	(61.28)	61.28	-	-	-
		Provision thereon	(7.42)	7.42	-	-	-
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

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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.

1. **Funding Concentration based on significant counterparty (both deposits and borrowings)**

As at March 31 2024

Number of Significant Counterparties	Amount	% of Total Deposits	% of Total Liabilities
29 (Twenty Nine)	1,41,290.17	N.A.	92.90%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2024 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

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%

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 2024

Amount (₹)	% of Total Borrowings
81,810.34	56.76%

As at March 31 2023

Amount (₹)	% of Total Borrowings
45,208.33	64.63%

4. Funding Concentration based on significant instrument/product:

Name of the instrument / product	As at March 31 2024		As at March 31 2023	
	Amount	% of Total Liabilities	Amount	% of Total Liabilities
Working Capital Limits from Banks	(0.01)	0.00%	-	0.00%
Term Loans from Banks and Financial Institutions	1,39,537.28	91.75%	65,349.29	91.31%
Term Loan from Promotor	4,600.00	3.02%	4,600.00	6.43%

5. Stock Ratios:

As at March 31 2024

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	30.58%	28.98%	19.45%

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%

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.

(Amounts in ₹ Lakhs, unless otherwise stated)

Notes:

a. “Significant counterparty” means as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of total liabilities.

b. “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.

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.

50 FOLLOWING ARE THE ADDITIONAL DISCLOSURES REQUIRED AS PER SCHEDULE III TO THE COMPANIES ACT, 2013 VIDE NOTIFICATION DATED MARCH 24 2021;

50.1 The Company has no relationship and transactions with struck off companies.

50.2 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.

50.3 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.

50.4 There are no such immovable properties on lease where lease deeds are not held in name of the Company

50.5 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

50.6 The Company is not holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)

50.7 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.

50.8 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.

50.9 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

50.10 The Company has not traded or invested in Crypto currency or Virtual Currency.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2024 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

50.11 The Company has not made any delay in registration of Charges

50.12 The Company is not a wilful defaulter under guidelines on wilful defaulters issued by the Reserve Bank of India.

51 DIRECT ASSIGNMENT

Particulars of the transactions are provided below:

Particulars	As at March 31 2024	As at March 31 2023
No. of customer accounts acquired (#)	Nil	Nil
Value of the portfolio acquired	Nil	Nil
Outstanding amount	161.01	337.62

52 CUSTOMER COMPLAINS

Kindly refer note 46.22 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")

53 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. The Company has transferred twenty per cent of its net profit in special reserve

54 DETAILS OF UNHEDGED FOREIGN CURRENCY EXPOSURE

There are no outstanding derivative contracts as on March 31 2024 and as on March 31 2023.

The Company has Nil amount of unhedged foreign currency exposure as on March 31 2024 and as on March 31 2023.

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Previous year figures have been re-grouped / reclassified where necessary to conform to the current year's classification.

56 APPROVAL OF FINANCIAL STATEMENTS

The financial statements for the year ended March 31 2024 were approved by the Board of Directors and authorized for issue on May 11 2024.

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 11 2024

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 11 2024

Neha S. Hiranandani
Director
DIN : 01954865
Place : London
Date : May 11 2024

Uday Suvarna
Chief Executive Officer

Place : Mumbai
Date : May 11 2024

Rajesh Rajak
Chief Financial Officer

Place : Mumbai
Date : May 11 2024

Richa Arora
Company Secretary
M.No. A42906
Place : Mumbai
Date : May 11 2024

NOTES

NOTES

HFS | Hiranandani Financial Services

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Nariman Point,
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Corporate Office

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