

GROWTH WITH PURPOSE. PROGRESS WITH IMPACT.



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 Chopla

Independent Director

Mr. Anil Kaul

Independent Director

Leadership Team

Mr. Uday Suvarna

Chief Executive Officer & Key Managerial Personnel

Mr. Kartik Nagda

Chief Business Officer

Mr. Rajesh Rajak

Chief Financial Officer & Key Managerial Personnel

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. Ketaki Prasad Satam

Company Secretary & Key Managerial Personnel

Statutory Auditors

KKC & Associates LLP

Chartered Accountants
(formerly Khimji Kunverji & Co. LLP)

Secretarial Auditors

Keyur H Mirani

Practicing Company Secretary

Internal Auditors

N.S. Gokhale & Co.

Chartered Accountants

Registered Office

514, Dalamal Towers, 211, FPJ Marg,
Nariman Point, Mumbai – 400021

Telephone: +91 22 6209 3493

Email: wecare@hfs.in

Website: www.hfs.in

Branch Network

● Andhra Pradesh

● Telangana

● Tamil Nadu

● Karnataka

● Maharashtra

● Madhya Pradesh

● Uttar Pradesh

● Gujarat

● Rajasthan

Lenders and Bankers

● Aditya Birla Finance Limited

● AU Small Finance Bank Limited

● Axis Bank Limited

● Bajaj Finance Limited

● Bandhan Bank Limited

● Bank of Baroda

● Bank of Maharashtra

● 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

Across the Pages

02-35

Corporate Overview

- 04 About House of Hiranandani
- 06 About Us
- 08 Operations and Geographical Presence
- 10 Journey and Milestones
- 12 Message from the Promoter
- 14 Financial Highlights
- 16 Operating Environment
- 18 Technology
- 20 Value Creation Model
- 22 Customer Testimonials
- 24 Stakeholder Engagement
- 26 Risk Management
- 28 Employees
- 32 Corporate Social Responsibility
- 34 Governance

For more investor-related information, please visit:
<https://hfs.in/investor-information/>

Or, scan this QR code



36-84

Statutory Reports

- 36 Board's Report
- 53 Corporate Governance Report
- 80 Management Discussion and Analysis Report

85-182

Financial Statements

- 86 Independent Auditor's Report
- 98 Financial Statements



Disclaimer:

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



**GROWTH
WITH PURPOSE.**

**PROGRESS WITH
IMPACT.**





Real progress is not only measured in numbers; it is also reflected in the manner in which lives are transformed, the aspirations are enabled, and the ecosystems are built. It begins at the grassroots, where access to opportunity can ignite everlasting change. When growth is driven by intent and guided by impact, it becomes more than an economic advancement; it becomes a vehicle for empowerment, resilience, and inclusive development.

At HFS, growth is not only defined by its balance sheet size, it is also measured by the ripple effects it creates: enterprises that stay afloat, jobs that are retained and generated, communities that become more self-reliant. Every loan extended is not just capital for one entrepreneur; it is a catalyst for wider economic participation in the regions they serve. By helping micro and small businesses expand their reach and stability, HFS supports the services they provide, the jobs they create, and the informal networks they strengthen. This is where true progress takes root, as inclusive finance drives both individual upliftment and collective advancement.

This impact is anchored in clear intent and sustained by disciplined execution. During the year, HFS deepened its presence across Tier 3 and 4, focusing on underserved geographies where access to credit remains limited. It strengthened its secured lending portfolio, embedded digital systems to improve speed and transparency, and streamlined processes to enhance service delivery. Supported by a resilient governance framework and an unwavering customer focus, these efforts led to healthy financial growth, enhanced asset quality, and greater confidence among stakeholders.

Looking ahead, HFS remains committed to its core objective of being a reliable partner in the aspirations of India's real economy. With every entrepreneur supported and every community reached, the Company reaffirms its role as a responsible enabler of opportunity, resilience, and inclusive progress.



About House of Hiranandani

Shaping Skylines. Enriching Lives.



Backed with a legacy of over four decades, House of Hiranandani led by Mr. Surendra Hiranandani has transformed the realms of Indian real estate. With unparalleled expertise and a distinct approach to design and planning, Mr. Hiranandani has reshaped the real estate dynamics of India's top-tier cities.

The group has not only been present in multiple sectors such as residential real estate, commercial real estate, retail, healthcare, hospitality, finance, warehousing, but also has seamlessly integrated these in its mixed-use developments.

With their projects spread across Mumbai, Thane, Chennai, Bengaluru and Hyderabad, the brand has completed over 50.82 million sq. ft. of construction and delivered over 26,612 apartments. More than 95,228 students have completed world class education

from Hiranandani schools and over lakh of patients have secured healthcare facilities from the Hiranandani hospitals.

Company Ethos

House of Hiranandani has always been a design and engineering company with commitment to quality construction and architectural excellence. The four key pillars of its developments are:

1 New Urbanism

3 Construction Quality

2 Meticulous Planning

4 Customer Centricity

New Urbanism advocates for the development of eco-friendly communities centered around pedestrian-friendly environments and sustainability. Upholding this balance has fostered trust and confidence among their customers.

As a design and engineering company, they prioritize **quality construction** and **architectural excellence**. They invest heavily in research and development throughout the construction process, from macro-level urban planning to meticulous attention to detail at the micro-level.

All the developments are meticulously planned with a focus on quality construction. They adhere to Standard Operating Procedures (SOPs) to ensure superior quality across all projects, exceeding national building codes and industry standards. Stringent norms govern the procurement of raw materials, with expert monitoring and continuous evaluation at every stage of construction, ensuring only the highest quality products are utilized.

Sustainability is at the core of their functioning. House

of Hiranandani is dedicated to **sustainability** and the preservation of nature, exemplified through various green initiatives implemented across all their developments. Moreover, these projects are designed to coexist harmoniously with nature. With over **69,000 trees** planted, old wells preserved, and Kavesar Lake restored at Hiranandani Estate, Thane, they strive to enhance biodiversity and ecological balance.



Residential Development

House of Hiranandani structures built with neoclassical architecture have reshaped the skylines of **Mumbai, Thane, Bengaluru, Chennai, and Hyderabad**, providing residents with comprehensive living experiences.



Commercial Development

Hiranandani Business Park provides contemporary, sustainable office spaces and extensive amenities, catering to businesses of all scales. Its design encourages a walk-to-work culture, fostering an optimal work-life balance especially for residents living in the Hiranandani Estate.



Retail

House of Hiranandani integrates utility stores, grooming, lifestyle, and entertainment spots to enhance resident convenience.



Education

The educational programs in Hiranandani Powai, are thoughtfully designed to teach a strong team spirit, leadership qualities, critical thinking, and an innovative mind, creating a capacity for lifelong learning. The school infrastructure, designed to foster holistic growth and learning for children, further enhances this learning experience.



Healthcare

At House of Hiranandani developments, world-class health facilities are seamlessly woven in the developments. Dr. L H Hiranandani Hospital is one of the top and most trusted healthcare service providers in Mumbai and Thane, with qualified personnel and cutting-edge technology.



Innovations

Rainwater harvesting, sewage water treatment, waste management, Miyawaki forests were first introduced in the House of Hiranandani developments.

It is most likely the only real estate company that has a dedicated nursery with over 100 horticulture staff conducting research and development on local plantations. Its emphasis on maintaining local ecology has attracted rare birds of Sanjay Gandhi National Park to Hiranandani Estate.

40+

Years of Expertise

50.82 million sq. ft.

Area Developed

26,612

Apartments Constructed

95,228

Students Educated



About Us

Growth that Matters. Impact that Lasts.

Hiranandani Financial Services (also referred to as 'HFS,' 'The Company' or 'We') is a new-age Non-Banking Financial Company (NBFC) focused on micro, small, and medium enterprises (MSMEs) in India. Built to serve business owners who drive local economies and embody the country's entrepreneurial spirit, the Company designs lending solutions that are simple, relevant, and accessible.

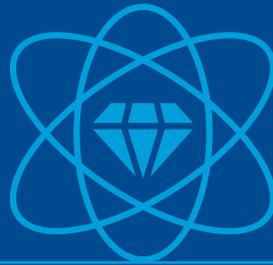
A large share of HFS's mission is rooted in India's Tier 2, 3, and 4 cities, where access to formal credit remains limited, yet entrepreneurial energy thrives. While conventional lenders often overlook these markets, HFS actively engages with entrepreneurs and underserved small businesses, bridging the credit gap where it matters most.

HFS has scaled its footprint to 129 branches across nine Indian states, reflecting its sustained focus on last-mile access and regional expansion. This physical presence is complemented by a deep understanding of local customer needs and the ability to tailor offerings with agility.

Backed by the legacy of the HoH, a name synonymous with quality and trust in India's real estate sector, HFS

represents the group's first major diversification beyond real estate. While it draws credibility from this legacy, HFS is focused on building an independent identity in the country's fast-evolving financial services sector: anchored in purpose, powered by technology, and aligned with the needs of India's real economy.





Vision

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

Core Values

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

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 maximization of the reach in short time frame
- Strong governance structure and professional management

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.

Operations and Geographical Presence

Supporting Enterprise. Enabling Progress.

At HFS, the lending approach is shaped by a deeper understanding of the challenges and realities faced by MSMEs. HFS focuses on delivering credit solutions that are relevant, accessible, and aligned with the everyday needs of this dynamic segment.

Whether the requirement is to purchase new equipment, expand a facility, manage working capital, or upgrade infrastructure, loan offerings from HFS are designed to support real-world business goals with minimum complexity and maximum clarity.

From neighborhood retailers and service providers to small-scale manufacturers and regional traders, HFS engages with a wide range of business

owners. By combining operational agility with deep local insights, the Company is helping bridge the credit gap in areas that are often underserved.

Each product is designed with flexible structures and transparent processes, enabling small enterprises to secure financing that addresses immediate operational needs while supporting their long-term business growth objectives.

Loan Offerings





129

Branches across India

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 with its accuracy or completeness.

	1	2	3	4	5	6	7	8	9
State	Andhra Pradesh	Telangana	Maharashtra	Tamil Nadu	Karnataka	Madhya Pradesh	Rajasthan	Gujarat	Uttar Pradesh
Branches	31	22	17	15	12	12	8	7	5

Journey and Milestones

Annual Report 2024-25

A Journey Fueled by Purpose and Progress



FY 2018-19

- NBFC license received in June 2018
- Set up teams, developed tech stack, formulated processes and policies

FY 2019-20

- Launched secured business loans
- Commenced branch operations in Maharashtra and Gujarat

FY 2020-21

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

FY 2021-22

- Increased network to 50 branches with presence in 4 new states
- Expanded presence in South India with new branches in Karnataka, Telangana, and Tamil Nadu
- Crossed AUM of ₹ 400 Crores



FY 2024-25

- Crossed ₹ 2,700 Crores in AUM
- Network expanded to 129 branches across 9 states
- Credit rating upgraded to A+ by CARE and CRISIL
- Liability diversification with maiden issue and listing of NCD on the BSE and first co-lending partnership in September 2024
- Net worth at ₹ 870 Crores

FY 2023-24

- Expanded network to 100+ branches across 9 states
- Crossed AUM of ₹ 1,900 Crores
- Expanded liability franchise with 29 marquee lenders
- Received equity infusion of ₹ 200 Crores in March 2024 and net worth at ₹ 740 Crores

FY 2022-23

- Received debut Credit Rating from CRISIL - A (Stable) in May 2022
- Leveraged balance sheet and commenced borrowing journey
- Crossed AUM of ₹ 1,000 Crores and net worth at ₹ 500 Crores



Message from the Promoter

Annual Report 2024-25

Growth and Impact: Fueling India's Future



66

We continue to deliver on the principles that define us — doorstep service, minimal documentation, and swift turnaround. But more importantly, we offer trust, respect, and a long-term financial partnership.

Dear Shareholders,

I am pleased to share the Annual Report of HFS for FY 2024-25 — a year that tested our resilience and reaffirmed our purpose. Even amidst global uncertainties, we remained steadfast in our mission: to empower India's small

businesses and deepen financial inclusion from the ground up.

The world entered 2025 at a profound geopolitical and economic crossroads. Amid this global fragility, India has stood out as an anchor of stability — driven by robust structural

reforms, resilient domestic demand, and increasing geopolitical relevance.

The IMF forecasts India's GDP to grow at 6.5% in FY 2024-25. Meanwhile, the RBI's June 2025 projection of 3.7% headline inflation marks a six-year low.



With three consecutive repo rate cuts this year, monetary policy is now more supportive — bringing down borrowing costs, improving liquidity, and opening credit channels.

For India's MSME sector, characterized by tight cash flows, limited buffers, and heightened rate sensitivity, this monetary shift provides timely relief. Easier access to credit at lower cost empowers small businesses to unlock working capital, invest in operations, and expand with greater confidence. The transformation of India's MSMEs is perhaps the most significant opportunity for achieving inclusive growth in this decade

The Union Budget 2025-26 outlined a four-engine model of growth: Agriculture, MSMEs, Investment, and Exports. This reinforces the Government's commitment to inclusive and broad-based development.

Among these, the MSME sector remained a central pillar — acknowledged for its pivotal role in fueling local entrepreneurship, accelerating job creation, and advancing economic resilience across semi-urban and rural India. These measures are enabling the formalization of informal enterprises, making it easier for micro-entrepreneurs to access structured finance, build credit histories, and

reinvest in their businesses with greater confidence.

This context reinforces the core ethos of HFS: to elevate local enterprise, unlock informal potential, and champion the ambitions of India's real economy from the grassroots up.

The HFS Viewpoint: Growth with Purpose. Progress with Impact.

FY 2024-25, we expanded our physical footprint from 103 to 129 branches, and entered two new states, Uttar Pradesh and Madhya Pradesh, bringing our total presence to nine. Our customer base grew from 19,315 to 27,159, and our team scaled to nearly 1,900+ employees — each one aligned with our vision to serve India's underbanked entrepreneurs.

In January 2024, we undertook a strategic shift to focus exclusively on secured business loans. This decision reflects our dual commitment: to uphold financial prudence while supporting sustainable, long-term value creation for small businesses. This move also strengthens our ability to responsibly manage risk, ensure credit discipline, and create impact at scale.

We continue to deliver on the principles that define us — doorstep service, minimal documentation, and

swift turnaround. But more importantly, we offer trust, respect, and a long-term financial partnership. Our customers are not just portfolios; they are real people building real futures — and we are proud to walk alongside them.

Looking Ahead

I extend my heartfelt gratitude to all our stakeholders — customers, lenders, regulators, and partners — for their continued belief in our journey.

To our 1,900+ team members: your passion, resilience, and shared sense of purpose power every success at HFS. Your efforts are helping shape a more inclusive, resilient financial ecosystem — one loan, one customer, and one community at a time.

We look to the future with confidence, clarity, and commitment. With your continued support, we will keep fuelling India's growth — not just with capital, but with courage, care, and conviction.

Warm Regards,

Harsh S. Hiranandani
Promoter

Financial Highlights

Numbers that Reflect a Bigger Mission

FY 2024-25 was a year of strong, broad-based growth for HFS. Despite a challenging macroeconomic environment, the Company delivered a 45% increase in AUM and more than 100% rise in overall profit. This performance was driven by a disciplined execution of our strategy - combining a high-touch, relationship-led approach with digital enablement.

HFS sustained its focus on end-to-end customer engagement, accelerating decision-making through technology-driven underwriting and automating key processes across sourcing, collections, and service delivery. These enhancements significantly improved operational efficiency and responsiveness. By simplifying operations and reducing turnaround time, HFS was able to reach more customers, meet their needs faster, and scale without compromising on credit quality. Continued policy support for the MSME sector further strengthened the Company's

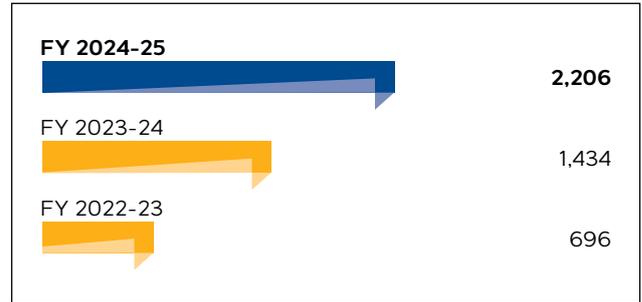
ability to expand outreach and deepen impact. Together, these efforts enhanced HFS's ability to serve more customers, respond faster, and manage higher volumes with greater precision. They also reinforced the Company's position in core markets, strengthened revenue streams, and improved unit-level profitability. As a result, the Company was able to deepen market presence, expand its footprint, and grow profitability, while staying true to its mission.



AUM (₹ Crores)



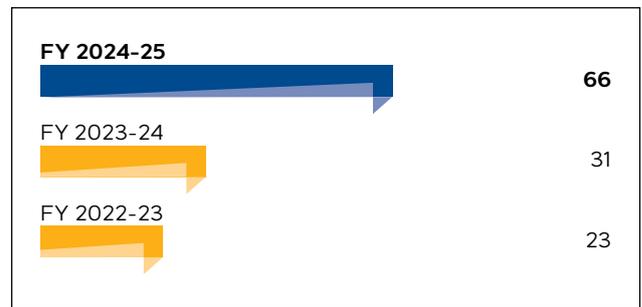
Total Borrowings (₹ Crores)*



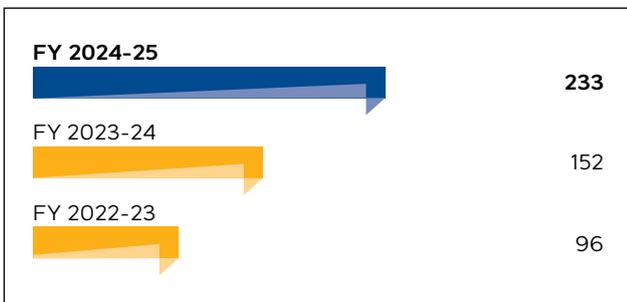
Net Worth (₹ Crores)



PAT (₹ Crores)



Net Interest Income (₹ Crores)



*Note: Total Borrowings include Debt Securities amounting to ₹ 99.89 Crores as of FY 2024-25



Operating Environment

Decoding the Landscape



India's economic momentum remained intact despite global headwinds, while structural shifts in digital adoption, credit behavior, and policy frameworks redefined how financial services are accessed and delivered. At HFS these shifts were not merely observed; they actively informed strategic priorities and operational decisions.

By staying agile and attuned to market signals, HFS responded with strategic precision, expanding its digital capabilities, extending its presence across emerging geographies, and strengthening governance frameworks in alignment with evolving regulatory expectations.

Macro-Economic Landscape

India's economy displayed notable resilience in FY 2024-25, with GDP growth estimated at 6.5%, supported by strong domestic consumption and prudent fiscal management.

A key enabler of this stability was the moderation in inflation, which declined from 5.69% in December 2023 to 3.70% in June 2025, providing relief to both consumers and businesses. This marked the lowest inflation rate recorded in the past six years.

Further reinforcing consumption was a landmark announcement in the Union Budget 2025-26, an increase in the income tax exemption limit. Individuals earning up to ₹ 12 Lakhs annually were exempted from paying income tax, significantly boosting disposable incomes and expanding the consumption base across middle-income households.

Additionally, the RBI reduced the repo rate from 6.5% in February 2025 to 5.5% in June 2025, while shifting its policy stance from 'withdrawal of accommodation' to 'neutral'. This shift is expected to ease borrowing costs across the board supporting both individual consumption and business investment. Lower interest rates will enhance the affordability of retail credit products such as home, auto, and personal loans, effectively increasing disposable income and stimulating demand.

(Source: https://mospi.gov.in/sites/default/files/press_release/CPI_PR_13May25.pdf, RBI Bulletin April 2025)

HFS' Strategic Alignment

As inflation eases and macro indicators remain stable, credit appetite in Tier 2-4 cities is expected to rise. This creates a strong runway for HFS to deepen its market presence and extend affordable, timely credit to micro and small enterprises that form the foundation of India's real economy.

Interest Rate and Liquidity Conditions

The RBI's accommodative stance during FY 2024-25 helped maintain ample liquidity in the financial system, enabling banks and NBFCs to expand credit availability. With borrowing costs remaining stable and credit spreads within manageable levels, lenders are well-positioned to meet rising demand from underserved segments, particularly in semi-urban and rural markets.

HFS' Strategic Alignment

A supportive interest rate and liquidity landscape reduces cost of funds and boosts credit flow. For HFS, this creates headroom for stronger margins, expanded lending capacity, and the flexibility to deliver value-driven financial products tailored to meet the needs of underserved customer segments.

E-Commerce and Digital Lending

The past year saw a marked acceleration in digital adoption among MSMEs, with 72% of transactions conducted through digital channels. This trend mirrors a broader shift in consumer and business expectations, driven by the demand for instant, frictionless, and paperless financial experiences. The growing comfort with digital tools is reshaping how small businesses access credit, manage cash flows, and engage with lenders.

(Source: <https://www.drishtiias.com/current-affairs-news-analysis-editorials/news-editorials/06-02-2025>)

As a result, the traditional lending model is undergoing transformation, with financial institutions rapidly integrating technology to automate workflows, improve visibility and traceability, and reduce human error.

HFS' Strategic Alignment

In response, HFS strengthened its digital infrastructure, aiming to deliver loan decisioning within five days, driven by seamless integration across systems and reduction in manual processes. With digital becoming the default, HFS's investments in technology and automation helped improve efficiency, scale operations, and enhance customer satisfaction.

MSME Credit Demand

India's MSME sector, contributes approximately 30% of its GDP and employs nearly 60% of people, remaining a vital pillar of the country's economic engine. As per CRISIL estimates, only 20% of the country's MSMEs have access to formal credit. While the recent expansion of guarantees under the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) has improved liquidity access, only 2.5 Crores out of 6.3 Crores MSMEs have availed formal credit - highlighting the scale of the unmet demand and the urgent need for inclusive financing mechanisms.

(Source: <https://www.drishtiias.com/current-affairs-news-analysis-editorials/news-editorials/06-02-2025>)

However, payment delays in the value chain, particularly in cases involving large buyers or public sector entities continue to strain MSME cash flows, often limiting access to working capital and affecting long-term sustainability. This demand was particularly pronounced in Tier 2, 3, and 4 cities, where entrepreneurs continue to seek formal credit avenues to scale their enterprises.

HFS' Strategic Alignment

As the growth aspirations of MSMEs rise, so will their demand for reliable and flexible credit. Recognizing this opportunity, HFS expanded its regional footprint, offering tailored financial solutions and strengthening customer relationships through its high-touch and relationship-led approach.

Regulatory and Policy Environment

The RBI's evolving policy framework for NBFCs enhanced sector stability. It reinforced responsible lending norms, elevated governance expectations, and greater borrower protections. Alongside this, several MSME-specific reforms were introduced during the year. These included expanded loan restructuring provisions, updated Priority Sector Lending (PSL) norms, and the Emergency Credit Line Guarantee Scheme (ECLGS). Additionally, there was renewed regulatory support for co-lending arrangements with banks, aimed at improving credit flow to underserved segments.

HFS' Strategic Alignment

As regulatory and policy measures continue to promote inclusive lending, HFS stands to benefit from increased borrower confidence and reduced underwriting risk. The Company aligned proactively with these evolving frameworks, maintaining full operational compliance while leveraging government-backed schemes to broaden its reach and serve a more diverse borrower base.

Technology

Driving Efficiency and Scale through Smart Digitization

HFS continues to view technology as a powerful catalyst - not just for digitization, but for **better decision-making, smarter outreach, and building stronger relationships**. Over the year, several digital initiatives were deployed to support faster customer acquisition, build robust risk management, and provide higher service reliability. More importantly, technology has enabled HFS to stay aligned with its core purpose: making inclusive finance more accessible, agile, and scalable.

Sharper Targeting, Deeper Reach



HFS is combining data-driven insights with grassroots knowledge to reach the right customers, faster. Relationship managers now use mobile-first sourcing tools that allow for real-time lead tracking and field intelligence capture. These digital platforms improve funnel visibility, minimize lead leakage, and support smarter prioritization of high-potential micro and small businesses, especially in underpenetrated and remote geographies.

Faster, Smarter Decision-Making



The Company has significantly reduced loan turnaround 'time' through automation and seamless process integration. The Loan Origination System (LOS) connects all steps of underwriting, from application to approval with minimal manual intervention. By integrating conventional credit assessments with alternate data sources, HFS ensures credit decisions are both swift and analytically robust. Most loans are now sanctioned within five days, empowering entrepreneurs to seize growth opportunities without delay.

Productivity that Scales with People



Behind every empowered frontline team is a digital backbone that simplifies and streamlines. HFS's ERP system has been instrumental in standardizing internal workflows, strengthening cross-functional coordination, and enhancing end-to-end process visibility. Field teams now benefit from automated dashboards that provide visibility into file status, bottlenecks, and customer communication, driving greater ownership, accountability, and execution speed across the Company.



Proactive Risk and Portfolio Management



As the portfolio grows, HFS is investing in tools that enable early risk identification and smarter collections. Collections teams now operate with real-time data access, mobile tracking, and predictive follow-up capabilities. Integrated dashboards monitor portfolio behavior on a real-time basis, enabling targeted interventions and tighter control over asset quality.

Service that Builds Trust



Technology is also enhancing the customer experience journey, from onboarding to service requests. A newly implemented customer service platform tracks every query, enforces turnaround time commitments, and triggers automated escalations where necessary. These systems ensure that customers not only get finance, but also consistent, timely, and transparent service throughout the loan lifecycle that builds trust and maintain long-term relationships.



Value Creation Model

Empowering Growth. Creating Value.

Capitals

Inputs

Value Creation Process



FINANCIAL CAPITAL

Net worth:	₹ 870 Crores
Equity capital:	₹ 732 Crores
Reserves:	₹ 138 Crores



PHYSICAL CAPITAL

Branches:	129
States covered:	9



INTELLECTUAL CAPITAL

Robust IT process and systems implemented

Implementation of paperless loan processing

Strengthened data protection and compliance with RBI's digital lending norms



NATURAL CAPITAL

Process workflow and documentation

Digital customer communications (e-statements)

Energy-efficient infrastructure (LEDs and e-waste management, among others)



HUMAN CAPITAL

Total workforce:	1,904
Training hours:	16,000+ hours

Employee wellness and engagement initiatives



SOCIAL & RELATIONSHIP CAPITAL

CSR expenditure: ₹ 43.5 Lakhs

CSR focus areas: Financial Literacy, Health, Women's Empowerment, Skilling, Education

Community engagement efforts

VISION

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

MISSION

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

CORE VALUES

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



Outcomes

SDGs Impacted

FINANCIAL CAPITAL

Revenue:	₹ 449 Crore
PAT:	₹ 66 Crore
AUM:	2,758 Crore
Loans disbursed:	₹ 1,185 Crore



PHYSICAL CAPITAL

Customer base:	27,159
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INTELLECTUAL CAPITAL

Faster loan approvals
Broader access to formal credit
Operational efficiency improvements



NATURAL CAPITAL

Lower paper usage
Improved talent retention
High employee satisfaction



HUMAN CAPITAL

Motivated and productive workforce
Reduced electricity consumption
Improved environmental footprint



SOCIAL & RELATIONSHIP CAPITAL

Lives impacted:	100,000+
Reach:	160+ Districts
Strengthened community trust	



Customer Testimonials

Voices of Progress



Across India's small towns and cities, micro and small business owners are building brighter futures with timely financial support from HFS. These entrepreneurs are the heartbeat of their local economies, and their stories reflect how access to capital when delivered with trust and empathy can fuel resilience, recovery, and long-term growth.

Testimonials from Clients



Shantaveerayya Rudrayya Kataraki

Koppal, Karnataka

“HFS has been a true partner in my growth. With their loan, I cleared an Old business liability, opened a new mobile shop, and built two additional rooms for my family. I was also able to purchase bulk stock for my textile and mobile business. Today, my income has increased, my business is stronger, and I am able to provide a better life for my family. I am truly thankful to HFS for supporting my dreams.”



M Anuwarulla

Shivajinagar, Maharashtra

“The funding from HFS changed everything for me. I went from running a single grocery shop to establishing a masala packaging unit with new machinery. My shop and factory now have over ₹ 30 Lakhs worth of stock, and my business supports my entire family and provides jobs to a few others. HFS not only helped me grow but gave me the confidence that I can build a secure future for my loved ones.”



Chandru K

Cuddalore, Tamil Nadu

“HFS came at the right time for my cashew business. With their loan, I expanded my operations and handled bigger orders, which boosted my earnings. This has allowed me to provide financial stability to my family and invest in my children’s education. HFS has not just supported my business; they have improved our quality of life.”



Rajana Apparao

Rajahmundry, Andhra Pradesh

“The loan from HFS helped me scale my bulk drinking water supply business. I invested in better purification systems and expanded deliveries of 20–30-liter water cans across the city. This growth has given my family a steady source of income and enabled me to employ more people from my community. HFS has been instrumental in helping me turn my business into a reliable livelihood for many.”



Rajamma N

Peenya, Karnataka

“I always dreamed of running my own garment manufacturing unit, and HFS made it possible. With their loan, I set up nine stitching machines and built an all-women team of 10 employees. This business has given me financial independence and the joy of helping other women in my community earn a stable livelihood. Thanks to HFS, I am living my dream and sharing that success with others.”

Stakeholder Engagement

Building Trust. Driving Progress.



At HFS, stakeholder engagement is embedded in the Company's DNA. It is a fundamental approach that drives meaningful, lasting impact across the MSME ecosystem. Every interaction is viewed as an opportunity to deepen relationships, enhance transparency, and build collective progress.

Stakeholder Group	Engagement Mode
 Customers	In-person visits, digital tools, service feedback, local relationship managers
 Employees	Training programs, open forums, performance reviews, internal communication platforms
 Lenders	Financial reports, lender meetings, audit disclosures
 Shareholders and Investors	Board meetings, disclosure of financial statements, publication of annual reports
 Regulatory Authorities	Compliance submissions, inspections, dialogue with regulators
 Communities	CSR initiatives, financial literacy programs



HFS maintains continuous, high-touch engagement with customers and local entrepreneurs through its extensive branch network and dedicated relationship managers. These engagements are not transactional; they are trust-based partnerships designed to evolve in tandem with the customer’s ambitions. Structured feedback loops, regular in-person visits, and digitally enabled platforms allow the Company to respond proactively and effectively to changing business needs.

Importance

Enables tailored loan solutions, strengthens trust, increases retention, and drives organic business growth via referrals

Builds a high-performance culture rooted in ownership, innovation, and customer-centricity

Reinforces confidence in Company fundamentals, supporting consistent capital inflow and stability

Fosters transparency, aligns strategic priorities, and enhances long-term shareholder value

Ensures full regulatory adherence and licenses required to operate while reinforcing ethics and governance

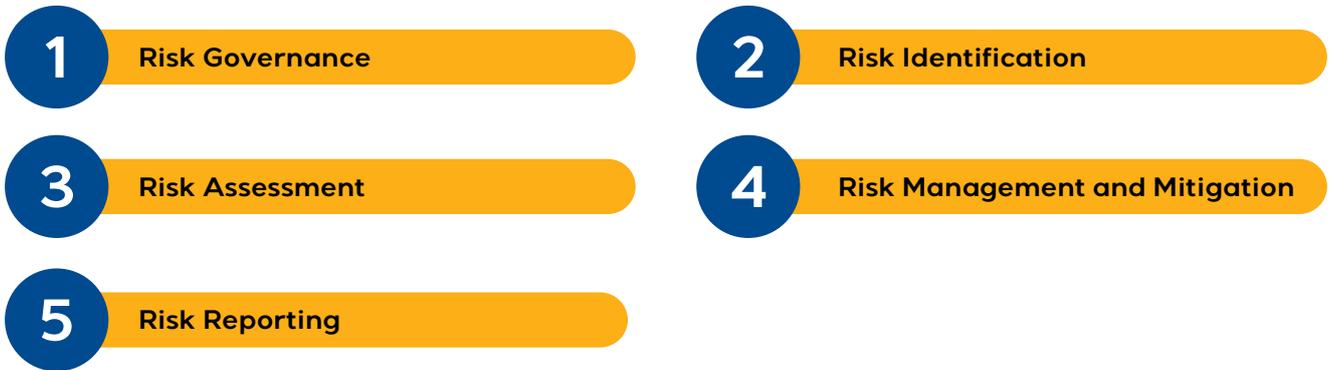
Extends impact of inclusive finance to underserved communities and promotes economic participation

Risk Management

Guarding Growth. Ensuring Prudence.

Risk management is integral to sustaining the Company's growth in a rapidly evolving MSME lending landscape. HFS has developed a robust risk management framework that carefully balances pursuit of new opportunities with prudent safeguards. By integrating data-led credit evaluation, tech-enabled portfolio monitoring, and disciplined underwriting practices, the Company ensures agility in decision-making while maintaining strong portfolio quality. This approach not only protects HFS's financial health but also supports its mission to serve underserved entrepreneurs with confidence and consistency.

Risk Management Process



Risk Management Framework

HFS operates within a structured and evolving risk management framework covering the entire credit lifecycle – from origination and underwriting to disbursement, monitoring, and collections. This framework identifies, measures, monitors, and mitigates risks at both portfolio and enterprise levels. It is anchored in a comprehensive Enterprise Risk Management (ERM) approach, which enables proactive oversight across multiple risk dimensions: credit, operational, market, and compliance. This integrated model ensures the Company remains resilient, responsive, and well-governed across all business functions.

Key pillars of the framework include:

- Asset-backed lending to secure downside protection
- Tailored risk policies for MSME lending, taking into account informal income documentation and local market conditions
- Use of technology and data analytics to improve predictability and reduce human errors



Risk Governance

The Board of Directors provides strategic oversight of risk management, supported by the Risk Management Committee and the senior management team. This multi-tiered governance structure ensures accountability, timely monitoring and escalation of potential risks aligned with regulatory expectations.

Risk governance is embedded in the culture of the Company through:

- Periodic policy reviews and updates
- Independent internal audit mechanisms
- Ongoing risk awareness and training initiatives across teams



Risk Management Process

Risk assessment at HFS follows a disciplined process integrating both qualitative and quantitative insights. Creditworthiness is assessed through a hybrid approach that combines conventional financial indicators with contextual intelligence, often leveraging alternative data sources such as GST filings, utility bill payments, and banking transaction patterns.

Key steps in the process:

- Customer profiling and pre-screening using digital tools
- Automated underwriting models to assess repayment ability and collateral value
- Portfolio monitoring through early warning systems (EWS) and real-time dashboards
- Periodic stress testing of different borrower segments and geographies



Employees

Empowering People. Enabling Progress.

HFS continues to prioritize people-centric growth by cultivating a workplace that nurtures talent, promotes well-being, and encourages continuous learning. From recruitment and training to recognition and leadership development, the Company remains committed to building a motivated and future-ready workforce that empowers inclusive finance across India.

Hiring with Purpose

HFS continues to strengthen its talent base by hiring individuals who align with its values and possess an empathetic, agile, and entrepreneurial mindset tailored to the needs of the MSME segment. The Company's recruitment strategy emphasizes a balanced mix of local market familiarity and professional skill sets, ensuring that teams are both relatable and effective in engaging with customers in Tier 2, 3 and 4 cities in India.

1,904

Total Strength FY 2024-25

WIN TOGETHER

Core Value

Training and Development

The Company significantly invests in continuous capability building through both digital platforms and in-person workshops. The HFS Academy rolled out a robust suite of learning modules including:

- 1 **NIRMAN** (Advanced sales training)
- 2 **AARAMBH** (Credit process orientation)
- 3 **eNACH and KYC modules** (Regulatory compliance)
- 4 **POSH Awareness** (Prevention of sexual harassment)
- 5 **Cash Handling, Digital Collections & RAPID App** training
- 6 **HFS Gurukul**
- 7 **HFS Internal Train the Trainer Program**

Training content focused on product knowledge, ethical sales practices, and delivering customer-first experiences. This ensured that concerned employees are informed and empowered.

16,000+

Total Training Hours Delivered

10

Average Training Hours Per Employee



Leadership Development

The Company remains focused on cultivating internal leadership by identifying high-potential employees and equipping them for expanded responsibilities. The HFS LEAD program developed in partnership with AntWalk provides an immersive four-month learning journey comprising workshops, coaching sessions, and strategic projects. The HFS Gurukul initiative further reinforces this effort by training select employees to serve as internal trainers.

HFS LEAD

Leadership Program

Workforce Diversity: Inclusive by Intent

HFS promotes diversity through inclusive hiring, cross-functional representation, and regionally diverse teams. Special emphasis is placed on expanding opportunities for women professionals and building a workplace culture that values equity, accessibility, and respect for all backgrounds.

Employee Well-being and Health and Safety

Employee well-being stands at the heart of the Company's people-first approach. With comprehensive health insurance, wellness programs and flexible leave policies, the focus is on helping individuals thrive: both professionally and personally. The Company also introduced wellness sessions focused on areas such as cardiovascular health and neurological care, along with dedicated mental health resources, promoting a more holistic approach to employee well-being. High standards

of health and safety are maintained across all offices and branches. Comprehensive protocols are embedded across locations to ensure preparedness and employee well-being. During the year, HFS conducted routine safety audits, emergency drills, and awareness campaigns to reinforce a culture of safety. HFS continues to ensure that all locations are well-equipped and staff is trained in core health and safety practices essential for a secure working environment.

100%

Employee Health Insurance Coverage

7

No. of Wellness Initiatives/Webinars Conducted

Workforce Engagement

Employee engagement initiatives play a vital role in building an empowered and motivated workforce. Over **1000 employees** have participated in the Quarterly **Empower Hour: HR Interaction Session**, which spotlighted the Company's growth story, values, and inspiring employee testimonials. Moreover, through periodic town halls, employee feedback surveys, PULSE newsletters, and in-person training events, HFS promotes transparent communication and a culture of inclusion and appreciation.



HFS Cricket Tournament



Annual Bash



Yoga Day Celebration



Monsoon Photography Sessions



Blood Donation Camp



Ganesh Chaturthi Celebration



Women's Day Celebration



Great Place to Work® Certification

In recognition of its progressive people practices and inclusive culture, HFS was certified as a **Great Place to Work®** in FY 2024-25. This milestone reflects the trust and positivity shared across the organization.



Celebrating Excellence: Employee Awards

HFS continued to acknowledge and celebrate its top performers through quarterly and annual awards that recognized excellence across sales, operations, credit, and support functions. These recognitions not only honored individual achievement but also strengthened a culture of aspirations, accountability, and shared purposes.

In parallel, the Company celebrated employee service milestones, recognizing individuals who completed one to five years of tenure with HFS. This initiative reflects HFS' deep appreciation for employee loyalty, commitment, and sustained contributions to the Company's mission.

Commemorative awards and personalized tokens of appreciation were presented at each milestone, reinforcing a strong sense of belonging and long-term engagement.

Uday Suvarna & Dheeraj Mittal



Compliance & Ethics

- Code of Conduct
- Fair Practices Code

HFS upholds the highest standards of integrity through a well-defined Code of Conduct and Fair Practices Code. These frameworks ensure ethical behavior, transparent communication, and a customer-first approach across all levels of the organization.



Corporate Social Responsibility

Driving Inclusive Progress. Taking Purpose-Led Action.

HFS remains committed to its Corporate Social Responsibility (CSR) initiatives and believes that businesses have a moral obligation to make a positive impact on society.

In line with this approach, the Company partnered with the Ambuja Foundation which, in collaboration with the Skill and Entrepreneurship Development Institute, aimed to empower individuals through training, resources, and opportunities, enabling them to secure stable employment.

Project Overview

During FY 2024-25, the Company's CSR efforts were focused on supporting communities in two key states: Gujarat and Rajasthan.

The partnership between the Company and the Ambuja Foundation aimed to train youth across Nagaur (Rajasthan), Morbi, and Surat (Gujarat) in trades such as General Duty Assistant (GDA), Assistant Electrician, Sewing Machine Operator (SMO), and Customer Care Executive (CCE). The project targeted a minimum placement rate of 70%, encompassing both wage-based and self-employment opportunities.



Placement Details

Placements success rate was 70% across Nagaur, Morbi & Surat locations where youths were successfully trained in trades such as electrician, sewing machine operator and customer care. Placements provided to these trained youths ensuring minimum wage rate & sustainable livelihood.



Placement Details



Raju Prajapat

Course: Assistant Electrician

Village: Jodhpur, Rajasthan

Enterprise: RP Electrics

Post: Proprietor

Monthly income: ₹ 35,000

Raju Prajapat, a young man from Jodhpur, began his career with humble beginnings. After completing his 12th grade and a diploma in BPP, he worked part-time as an electrician's helper. Though hardworking, his earnings were limited, and he realized that his true potential lay beyond his current situation. What he needed was the right skills and guidance to elevate his career.

Everything changed when Raju learned about the SEDI-Nagaur skill development center. Recognizing this as a chance to unlock new opportunities, he enrolled in the Assistant Electrician course. There, he not only mastered electrical work but also gained expertise in home appliance repair. As he progressed through the course, Raju began taking on small electrical projects, such as house wiring and fittings, which provided him with valuable hands-on experience and an additional income stream.

Upon completing his training, Raju took a bold step and launched his own business - RP Electrics. The enterprise quickly gained traction, and with his determination and skill, it expanded steadily. Today, Raju is a successful entrepreneur, earning over ₹ 35,000 per month and reaping the rewards of his efforts and entrepreneurial drive.

Raju's transformation from an underpaid helper to the proprietor of a thriving business reflects the power of skill development, perseverance, and seizing the right opportunities. His journey is a testament to what is possible when potential is matched with the courage to act.

Conclusion

The project demonstrated significant progress in both training and placement, achieving 86% of the targeted outcome. The collaboration between the Company and the Ambuja Foundation has played a critical role in empowering rural youth and fostering sustainable livelihoods.

By combining the Company's emphasis on education with the Ambuja Foundation's grassroots presence and vocational training expertise, the initiative has successfully bridged the gap between education, skill development, and employability, creating meaningful livelihood pathways for underserved communities.

Governance

Strengthening Governance. Attaining Success.

Governance is not just a compliance imperative but a strategic anchor that shapes responsible growth. HFS's governance framework is rooted in professionalism, ethical conduct, and proactive oversight. Regular Board reviews, strong internal controls, and a culture of accountability ensure that the Company navigates growth with discipline and transparency. This commitment enables HFS to serve stakeholders with trust, manage risk effectively, and stay aligned with its mission of inclusive financial empowerment.





Mr. Harsh S. Hiranandani
Promoter and Director



Ms. Neha S. Hiranandani
Promoter and Director



Mr. Utpal Sheth
Independent Director



Mr. Prem Kumar Chopra
Independent Director



Mr. Anil Kaul
Independent Director

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 8th (**Eighth**) Annual Report and the audited financial statements of the Company, for the financial year (FY) ended March 31, 2025.

1. BACKGROUND:

Hiranandani Financial Services Private Limited ("**HFS**" or "**the Company**"), is registered with the Reserve Bank of India ("**RBI**") as a Non-Banking Finance Company ("**NBFC**") and has been classified as a Middle Layer NBFC by the RBI under the RBI (Non-Banking Finance Companies Scale Based Regulation) Directions, 2023, as amended. HFS is primarily engaged granting of business loans, including loans against property and medium and small enterprise (**MSE**) financing.

2. FINANCIAL RESULTS AND HIGHLIGHTS:

a. FINANCIAL SUMMARY

The summary of the Company's financial performance for the FY ended March 31, 2025 as compared to the previous FY ended March 31, 2024, is given below:

(₹ in Crores)

Particulars	FY 2024-25	FY 2023-24
Total income	448.91	270.94
Total expenditure	361.00	223.95
Profit before exceptional items and tax	87.91	46.99
Exceptional items	-	6.20
Profit / (Loss) before taxation	87.91	40.79
Less: Provision for taxation (net)	22.08	9.49
Profit / (Loss) for the year	65.83	31.30
Add: other comprehensive income for the year	(0.92)	(0.14)
Add: Balance brought forward from previous year	31.68	6.78
Less: Transfer to Reserve Fund under section 45-IC of the RBI Act, 1934	13.17	6.26
Surplus/ (deficit) in the statement of profit and loss	83.42	31.68
Earnings per share:		
Basic	0.96	0.62
Fully Diluted basis	0.96	0.62

b. HIGHLIGHTS OF FINANCIAL PERFORMANCE

During the year under review, the Company had earned a total income of ₹ 448.91 Crores, as compared to ₹ 270.94 Crores in the previous FY ended March 31, 2024. The net profit of the Company for the FY ended March 31, 2025 stood at ₹ 65.83 Crores as against the net profit of ₹ 31.30 Crores for the previous FY ended March 31, 2024.

c. APPROPRIATIONS

According to the provisions of section 45-IC of the Reserve Bank of India Act, 1934, the Company transferred an amount of ₹ 13.17 Crores to Reserve Bank of India ("**RBI**") Reserve fund, for the FY ended March 31, 2025.

Board's Report (Contd.)**d. DIVIDEND**

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

e. BORROWING

As on March 31, 2025, the Company had a total outstanding borrowing (including debt securities) of ₹ 2,206.18 Crores, out of which the secured borrowings (secured against the pool of loan assets), including debt securities stood at ₹ 2,118.52 Crores. No interest payment or principal repayment of the term loans was due and unpaid as on March 31, 2025.

f. CAPITAL ADEQUACY RATIO

The Company's total Capital Adequacy Ratio ("CAR") as at March 31, 2025 stood at 30.63% as against 38.07% as on March 31, 2024, of the aggregate risk weighted assets on the balance sheet and risk adjusted value of the off-balance sheet items, which is above the stipulated regulatory requirement of 15%.

3. CAPITAL AND DEBT STRUCTURE:**a. AUTHORIZED SHARE CAPITAL**

As on March 31, 2025, the authorized share capital of the Company stood at ₹ 10,00,00,00,000/- (Rupees One Thousand Crore Only) comprising of:

- i. **Class A Equity Shares** of ₹ 9,94,00,00,000/- (Rupees Nine Hundred and Ninety-Four Crores Only) divided into 99,40,00,000 (Ninety-Nine Crores and Forty Lakhs) Equity Shares of the face value of ₹ 10/- (Rupees Ten Only) each ("**Class A Equity Shares**");
- ii. **Class B Equity Shares** of ₹ 3,00,00,000/- (Rupees Three Crores Only) divided into 30,00,000 (Thirty Lakhs) Equity Shares of the face value of ₹ 10/- (Rupees Ten Only) each, with differential voting rights ("**Class B Equity Shares**"); and
- iii. **Class C Equity Shares** of ₹ 3,00,00,000/- (Rupees Three Crores Only) divided into 30,00,000 (Thirty Lakhs) Equity Shares of the face value of ₹ 10/- (Rupees Ten Only) each, with differential voting rights ("**Class C Equity Shares**").

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

b. PAID-UP SHARE CAPITAL

During the year under review, the Company has issued and allotted 5,00,00,000 (Five Crores) Class A Equity Shares of the face value of ₹ 10/- (Rupees ten only) each fully paid, at a premium of ₹ 2/- (Rupee Two Only) each on a rights basis, aggregating to ₹ 60,00,00,000/- (Rupees Sixty Crores only), detailed as under:

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 26, 2025	March 26, 2025	Right Issue	12/- (Twelve only)	50,000,000 (Five Crores)	50,000,000 (Five Crores)	600,000,000/- (Rupees Sixty Crores only)

Post allotment of the equity shares as aforesaid, the total issued and paid up share capital of the Company as on March 31, 2025 stood at ₹ 7,321,181,830/- (Rupees Seven Hundred Thirty-Two Crores Eleven Lakhs Eighty-One Thousand Eight Hundred and Thirty Only) divided into 731,818,183 (Seventy

Board's Report (Contd.)

Three Crores Eighteen Lakhs Eighteen Thousand One Hundred and Eighty-Three) Class A Equity Shares of the face value of ₹ 10/- (Rupees Ten Only) each fully paid up and 3,000,000 (Thirty Lakhs) Class B equity shares of the face value of ₹ 10/- (Rupees Ten only) each, out of which ₹ 1/- (Rupee One Only) has been called and paid up.

c. ISSUE OF EQUITY SHARES WITH DIFFERENTIAL VOTING RIGHTS

During the year under review, your Company has not issued any equity shares with differential voting rights and hence the information as required under the provisions of Section 43(a)(ii) of the Companies Act, 2013 ("the Act") read with Rule 4(4) of the Companies (Share Capital and Debenture) Rules, 2014, is not furnished.

d. UPDATE ON PREFERENTIAL ALLOTMENT

Pursuant to the provisions of Sections 42, 62(1)(c) of the Companies Act, 2013, and the relevant Rules made thereunder, the Board at its meeting held on July 28, 2025, approved the creation, issue, and offer of 18,90,35,917 equity shares as fully paid up class A equity shares having face value of ₹ 10/- each for cash at a price of ₹ 42.32 (including at a premium of ₹ 32.32 per equity share), aggregating to ₹ 8,000,000,007.44 to Nama Taano Pte. Ltd, Singapore, subject to approval of the shareholders' by means of a special resolution.

The share price was determined based on the valuation report dated July 18, 2025, issued by a registered valuer, which was reviewed by the Audit Committee and approved by the Board at their respective meetings held on July 28, 2025. The shareholders at its Extra-Ordinary General Meeting held on the same day, approved the private placement by means of a special resolution.

Pursuant to receipt of the application money, the Board at its meeting on August 08, 2025, approved the allotment of the said shares. The funds raised will be used to augment long-term resources, meet working capital needs, and support general business purposes, with oversight by the Audit Committee.

4. OPERATIONAL HIGHLIGHTS OF THE YEAR:

a. Asset under Management (AUM)

During the year under review, the total Asset under Management (AUM) had increased to ₹ 2,758 Crores in FY 2024-25 from ₹ 1,903 Crores in FY 2023-24.

b. Branches

As on March 31, 2025, the Company' had established a network of 129 branches in 9 states (+1 Union territory), as compared to 103 branches in 9 states as on March 31, 2024.

c. Change in Nature of Business

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

d. Listing on Stock Exchange

i. Equity Shares

The Equity Shares of the Company are not listed on any of the recognized stock exchanges in India.

ii. Debentures

The Board at its meeting held on May 09, 2024, had approved the issue, offer of Senior Secured, Rated, Listed, Redeemable, Taxable, Non-Convertible Debentures of the face value of ₹ 100,000 (One Lakh) each, in one or more series/tranches on a private placement basis, during a period of one year, for an amount not exceeding ₹ 500 (Rupees five hundred Crores only) within the overall borrowing limits as approved by the Shareholders of the Company at its Annual General Meeting held on July 02, 2024.

Board's Report (Contd.)

During the year under review, the Company has issued and allotted 5,000 Senior Secured, Rated, Listed, Redeemable, Taxable Non-Convertible Debentures (NCDs) of the face value of ₹ 100,000 each aggregating to ₹ 500,000,000 (Rupees Fifty Crores only), which are listed on the Debt Market Segment of BSE Limited, effective from September 24, 2024.

The Company raised additional debt capital through issuance of 5,000 NCDs of the face value of ₹ 100,000 each aggregating to ₹ 500,000,000 (Rupees Fifty Crores only), which are listed on the said segment of BSE Limited, effective from February 27, 2025.

The Company has paid the Annual listing fees to BSE Limited in respect of the said NCDs, for the FY 2025-26.

5. BUSINESS OUTLOOK & INDUSTRY OVERVIEW:

The NBFC sector registered strong growth in FY 2024, with AUM rising by 23%. However, FY 2025 witnessed a moderation in disbursements due to elevated credit risk across segments and external factors such as elections, heatwaves, and floods. Rising delinquencies in unsecured and microfinance loans have emerged as key concerns, prompting NBFCs to tighten credit norms and recalibrate their portfolios. AUM growth is expected to stabilize at a healthier 15-17% by FY 2026, driven by cautious lending practices and an evolving macro-regulatory environment.

The Government of India aims to provide an additional ₹1.54 Lakh Crores in MSME credit during FY 2025, aiming to boost financial inclusion and support economic growth.

The Reserve Bank of India (RBI) has reduced the repo rate by 100 basis points from 6.50% to 5.50%; across the last three meetings of the Monetary Policy Committee held during February, April, and June 2025, in an effort to stimulate growth.

Non-Banking Financial Companies (NBFCs) continue to play a crucial role in expanding credit access to MSMEs, particularly in Tier II and Tier III cities where traditional banking penetration remains limited. Their flexible underwriting practices, faster disbursal processes, and deep understanding of localized borrower needs have made them integral to the MSME credit ecosystem.

In the current interest rate environment, maintaining a diversified borrowing mix, optimizing cost of funds, and sustaining lender confidence will be critical for future scalability and profitability. Co-lending arrangements, Non-Convertible Debentures (NCDs), and capital market instruments are gaining momentum, offering more competitive financing terms to MSMEs.

NBFCs that invest in operational efficiency and strengthen risk management frameworks will be best positioned to scale sustainably and meet the evolving credit needs of India's dynamic MSME sector.

6. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES:

As on March 31, 2025, 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 a subsidiary, joint venture or associate of the Company.

The details of the investments made by the Company are given in Notes to Account forming part of the financial statements of the Company for the FY ended March 31, 2025.

Board's Report (Contd.)

7. ISSUE OF NON-CONVERTIBLE DEBENTURES:

During the year under review, the Company has issued and allotted Secured, Rated, Listed, Redeemable, Taxable Non-Convertible Debentures, on private placement basis, detailed as under: -

Name of Security	Scrip name	Number	Allotment date	Redemption Date	Amount (in ₹)
10.25% HFS NCD 2027	Secured, rated, listed, redeemable, taxable non-convertible debentures	5,000	September 24, 2024	September 24, 2027	500,000,000.00
9.95% HFS NCD 2028	Secured, rated, listed, redeemable, non-convertible debentures	5,000	February 24, 2025	February 24, 2028	500,000,000.00

8. CREDIT RATING:

The brief details of the ratings received as on March 31, 2025 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

The credit rating of the Company was upgraded from CARE A/Stable to CARE A+/Stable for long term loan, CARE A1 to CARE A1+ for short term loan and CARE A/Stable to CARE A+/Stable for non-convertible debentures by CARE Rating Limited, in August 2024. In May 2025, the credit rating of the Company was upgraded from CRISIL A/Stable to CRISIL A+ Stable for long term loan.

9. RISK MANAGEMENT FRAMEWORK:

A well-defined and properly laid out Risk Management Framework (RMF) is critical for the sound functioning of retail lending business. It ensures that all material risks such as credit, market, operational, liquidity, interest rate, compliance, strategic, reputational, and technological are effectively identified, assessed, monitored and mitigated and most importantly are made aware to all stakeholders as a risk awareness culture.

The Board of Directors oversee risk governance, while a Risk Management Committee ensures implementation and review of risk strategies. Every material risk has a defined documentation to guide the user towards prompt and better control mechanisms. For example, credit risk is managed through proper product framework, proper credit appraisal, operating within exposure norms and periodical portfolio monitoring. Operational risk is mitigated through internal controls, standard operating procedures and incident reporting mechanisms.

A dedicated Risk Management unit undertakes periodic assessments to gauge potential losses under adverse conditions. An effective Asset Liability Management (ALM) policy is in place to manage timely treasury actions to better manage interest rate and liquidity risks.

The framework is reviewed periodically to adapt to dynamic market, business, and regulatory conditions. Regular portfolio reviews are conducted to assess asset quality performance, delinquency trends, and credit quality. Segmentation by product, risk rating, and ageing enables targeted analysis. Early warning signs are assessed through triggers such as overdue trends, sectoral stress and borrower behavior.

Board's Report (Contd.)

10. INFORMATION TECHNOLOGY:

Over the past few years, technology has become an integral part of every Company's business operations. In line with this trend, the Company has also put in place a robust technology framework, which provides for seamless business operations across the entire business value chain including sourcing, sanction, disbursement, collections and other back-office operations.

On the cyber security front, the IT Strategy Committee has formulated a comprehensive policy relating to Cyber Security, Business Continuity, Outsourcing and Information Security / Technology, in line with its terms of reference.

In its endeavor to ensure a secure environment, Company has built a robust IT infrastructure and carries out periodic comprehensive external and independent vulnerability assessments and penetration testing (VAPT), to identify and minimize external IT and Cyber security related threats.

During the year under review, the Company also conducted an independent Information System audit, the outcome of which was reviewed by the IT Strategy Committee at its meeting held on February 06, 2025.

11. CORPORATE SOCIAL RESPONSIBILITY (CSR):

Company's is a responsible corporate citizen and is committed to adhere to the values and ethos while conducting business consciously to respect social and environmental aspirations of the communities we serve.

As a responsible corporate citizen, a company must conduct its business with all stakeholders in a responsible and equitable manner. The Company is devoted to and performs its business activities legally, in compliance with highest ethical standards.

The Company believes in integrating its business values and operations to meet the expectations of its stakeholders. Our CSR philosophy is at the core of everything we do. 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 creating a positive social impact. We view ourselves as more than just a financial institution – we are a committed partner in building a better future. By actively engaging with communities, empowering diversity and managing risk conscientiously, we strive to create a positive impact beyond profits.

The Company believes in integrating its business model with the social welfare of people and the society in which it operates. The CSR Policy has been uploaded on the website of the Company and can be accessed at www.hfs.in.

During the year under review, the Company was exempted from constituting a CSR Committee, in terms of Section 135 (9) of the Act, as such all matters under the CSR Policy, were administered by the Board.

In terms of Section 135 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 enclosed as **Annexure-3** to this report.

The Chief Financial Officer of the Company has certified that the CSR Funds disbursed have been utilized for the purpose and in the manner as set out in the CSR Policy and as approved by the Board for the FY ended March 31, 2025.

12. COMPLIANCE & REGULATORY:

The Company has obtained a Certificate of Registration on June 07, 2018 as an NBFC – Investment Credit Company ("ICC") from the RBI.

As per Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 ("SBR"), NBFCs are divided into four layers viz., top layer, upper layer, middle layer and base layer based on the size, activity, and perceived riskiness. The Company is a Middle Layer NBFC as per SBR.

Board's Report (Contd.)

During the year under review, the Company formulated and adopted policies and codes aligned with the regulatory requirements and has reviewed and updated the same, as necessary, The Board also assessed the effectiveness of the systems and processes in place to ensure compliance with the applicable provisions.

The NCDs issued by the Company are listed on the BSE Limited ("BSE"). The Company is not a High Value Debt Listed Entity in accordance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended from time to time.

Furthermore, a compliance certificate, outlining the status of compliance with applicable legal and regulatory requirements, is presented to the Board for its review on a quarterly basis. Additionally, structured training programs were conducted throughout the year for all employees, including those at branch locations, to enhance their understanding of legal obligations. These sessions cover key areas such as Know Your Customer (KYC) & Anti-Money Laundering (AML) norms with the objective of strengthening adherence to the Company's compliance and regulatory standards.

During the year, under review the Company also underwent a inspection by the Reserve Bank of India (RBI) and the report of which was awaited as on March 31, 2025.

13. DEPOSITS:

The Company being a non-deposit taking Non-Banking Financial Company ("NBFC-ND") did not accept any deposits from the public at the beginning of the year nor has it accepted any deposits from the public during the year under review. Accordingly, the disclosure in respect of the details relating to the deposits as prescribed under Chapter V of the Act, is not required.

14. 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.

15. MANAGEMENT OF THE COMPANY:

a. BOARD OF DIRECTORS

The Board of the Company as at March 31, 2025, comprises of five Directors consisting of two Non-Executive Non-Independent Directors and three Independent Directors. The composition of the Board is in accordance with the provisions of the Act.

As on March 31, 2025, following are the directors on the Board of the Company:

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

During the year under review, the Board of Directors pursuant to the recommendation of the Nomination and Remuneration Committee, approved the re-appointment of Mr. Utpal Hemendra Sheth (DIN: 00081012) as an Independent Director of the Company for the second consecutive term of five years, with effect from January 14, 2025, subject to approval of the Members of the Company at the Extra-Ordinary General Meeting held on January 06, 2025, by means of a Special Resolution.

Board's Report (Contd.)

Pursuant to the 'Fit and Proper' Policy adopted by the Company under the RBI Directions for NBFCs, the Company has received the 'Fit and Proper' declaration from Mr. Utpal Hemendra Sheth for his re-appointment, as an Independent Director of the Company, which was taken on record by the Nomination and Remuneration Committee.

The Members of the Company at the Extra-Ordinary General Meeting held on January 06, 2025, approved the said re-appointment of Mr. Utpal Hemendra Sheth, by means of a Special Resolution.

During the year under review, all the directors of the Company have complied with the Fit & Proper criteria as stipulated under the Reserve Bank of India (Scale Based Regulation) Master Direction – Reserve Bank of India (Fit and Proper Criteria for Board of Directors of Banks) Directions, 2023.

The directors have also confirmed that they have neither incurred any of the disqualifications as referred to in Section 164 of the Act for being director of the Company nor have they attracted any situation prescribed under Section 167(1) of the Act, which could lead to vacation of their office as a director of the Company.

b. INDEPENDENT DIRECTORS

Mr. Utpal Hemendra Sheth, Mr. Prem Kumar Chopla and Mr. Anil Kaul are the Independent Directors of the Company.

The Company received the necessary declarations from the said Independent Directors, affirming that they meet the criteria of independence as laid down in Section 149 (6) of the Act, as amended from time to time and that they have complied with the Fit & Proper criteria as stipulated under the Reserve Bank of India (Scale Based Regulation) Master Direction – Reserve Bank of India (Fit and Proper Criteria for Board of Directors of Banks) Directions, 2023.

None of the Non-Executive Independent Directors of the Company have pecuniary relationship or transactions with the Company. None of the Non-Executive Independent Directors are related to each other. The Independent Directors have confirmed that they are not disqualified from being appointed as a Director, in terms of Section 164 of the Act and are not debarred from holding the office of Director by virtue of any order passed by SEBI or any other regulatory/ statutory authority.

The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience and expertise and that they hold the highest standards of integrity. In terms of Section 150 of the Act read with the Companies (Appointment & Qualification of Directors) Rules, 2014, the Independent Directors of the Company have registered themselves with the data bank of Independent Directors created and maintained by the Indian Institute of Corporate Affairs, Manesar.

In terms of the provision of Section 178 of the Act, the performance of the Board of Directors, Individual Directors and the Committees for the financial year 2024-25 was evaluated to assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

A separate meeting of Independent Directors of the Company was held on April 9, 2025.

c. RETIREMENT BY ROTATION

In accordance with the provisions of the Act and the Articles of Association of the Company, none of the Directors of the Company are liable to retire by rotation.

16. BOARD MEETINGS:

During the year under review, 7 (seven) meetings of the Board were held. For details of meetings of the Board, please refer to the Corporate Governance Report, which forms part of this Annual Report.

Board's Report (Contd.)

17. BOARD COMMITTEES:

The Company has the following board committees, which reviewed matters as per their respective terms of reference, reviewed and approved by the Board:

- i. Audit Committee
- ii. Nomination and Remuneration Committee
- iii. Risk Management Committee
- iv. IT Strategy Committee
- v. Corporate Social Responsibility Committee*
- vi. Asset Liability Committee
- vii. Finance and Investment Committee

**The Board constituted the said Committee w.e.f. June 16, 2025.*

For details of the said Board Committees, their terms of reference and meetings held during the year, please refer to the Corporate Governance Report, which forms part of this Annual Report.

The Board has also constituted the following Committees, which reviews matters as per their terms of reference, duly reviewed and approved by the Board.

- i. Information Security Committee
- ii. IT Steering Committee
- iii. Review Committee**
- iv. Identification Committee**
- v. Internal Complaints Committee
- vi. ESOP Committee
- vii. Committee of Executives**
- viii. New Product Committee#
- ix. Consumer Protection Committee#

***During the year under review, the Board constituted the said Committees, w.e.f. October 28, 2024.*

#During the year under review, the Board constituted the said Committees w.e.f. March 25, 2025.

18. SEPARATE MEETING OF INDEPENDENT DIRECTORS:

The Independent Directors of the Company convened a separate meeting without the presence of Non-Independent Directors and members of the management to discuss issues as they considered relevant.

For the year under review, the said meeting of the Independent Directors was held on April 09, 2025.

At the said meeting, the Independent Directors discussed and reviewed the performance of the Board of Directors, Individual Directors and the Committees and assessed the quality, quantity and timeliness of the flow of information between the management and the Board that is necessary for the Board to perform their duties effectively and reasonably.

19. POLICY ON APPOINTMENT OF DIRECTORS AND REMUNERATION POLICY:

In compliance with the Fit & Proper criteria as stipulated under the Reserve Bank of India (Scale Based Regulation) Master Direction – Reserve Bank of India (Fit and Proper Criteria for Board of Directors of Banks) Directions, 2023 and other applicable laws, the Company has formulated and approved the Policy on 'Fit and Proper' Criteria for Directors, to bring uniformity in the process of due diligence, while appointing directors.

Board's Report (Contd.)

The Company has formulated and adopted the Remuneration/ Compensation Policy in accordance with the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 and other applicable laws.

The remuneration payable to the Directors, Key Managerial Personnel and other applicable employees of the Company is approved by the Board in terms of the said Policy.

20. KEY MANAGERIAL PERSONNEL (“KMP”):

As on March 31, 2025 the Company had the following KMPs:

Sr. No.	Name of KMP	Designation
1	Mr. Uday Suvarna	Chief Executive Officer
2	Mr. Rajesh Rajak	Chief Financial Officer
3	Ms. Ketaki Prasad Satam*	Company Secretary (w.e.f. December 11, 2024)

*Mrs. Richa Arora, resigned as the Company Secretary and Compliance Officer of the Company w.e.f. December 10, 2024. The Board of Directors at its meeting held on December 10, 2024, appointed Ms. Ketaki Prasad Satam, as the Company Secretary and Compliance Officer of the Company, w.e.f. December 11, 2024.

21. INTERNAL FINANCIAL CONTROLS:

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the Internal, Statutory and Secretarial Auditors, including audit of internal financial controls over financial reporting by the Statutory Auditors and the reviews performed by the Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during FY 2024-25.

22. DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to the requirement of clause (c) of Section 134(3) read with Section 134(5) of the Act, the Board of Directors, to the best of their knowledge and ability, confirm that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed and there had been no material departure;
- 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 2024-25;
- proper and sufficient care was 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;
- the annual accounts were prepared on a going concern basis;
- the Company being the unlisted, sub-clause(e) of the Section 134(5) is not applicable; and
- proper systems were devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

23. FRAUD REPORTING:

During the year, no frauds were reported by the Auditors under Section 143(12) of the Act requiring disclosure in the Director's Report of the Company.

Board's Report (Contd.)

24. VIGIL MECHANISM:

The Company has formulated and adopted a Policy on Vigil Mechanism to address genuine concerns, as reported by its employees and directors. The said Policy also provides for adequate safeguards against victimization of persons who use it.

The Company had nominated Mr. Sudhakar V, Head - HR Business Partnering, as the Vigilance Officer to whom the employees and directors of the Company, can approach for reporting their concerns or grievances and shall have direct access to him. The employees and directors can also directly access the Chairperson of the Audit Committee, for reporting their concerns or grievances, in exceptional cases.

During the year under review, the Company did not receive any complaints from its employees or directors under the said Policy. The Board at its meeting held on May 10, 2025, reviewed and noted the status of the compliance under the said Policy.

The details of establishment of the vigil mechanism has been uploaded on the website of the Company and can be accessed at www.hfs.in.

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

The Company is committed to provide a conducive work environment in terms of anti-sexual harassment and has established appropriate mechanisms to ensure protection against sexual harassment of women at workplace.

The Company has formulated and adopted the Anti-Sexual Harassment Policy and constituted an 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 and the said policy is available on the website of the Company and can be accessed at www.hfs.in.

During the year under review, the Company did not receive any sexual harassment complaint, detailed as under.

No	Title	Particulars
1	No of sexual harassment complaints received during the year	NIL
2	No of sexual harassment complaints disposed off	NIL
3	No of sexual harassment complaints pending beyond 90 days	NIL

26. AUDIT COMMITTEE:

The Audit Committee provides direction to the audit function and monitors the quality of internal and statutory audit. For details pertaining to the composition of the Audit Committee, the terms of reference and meetings held, please refer to the Corporate Governance Report, which forms part of this Annual Report.

27. STATUTORY AUDITORS AND THEIR REPORT:

RBI on April 27, 2021 issued guidelines for Appointment of Statutory Central Auditors (SCAs)/ Statutory Auditors (SAs) for Banks and NBFCs (RBI Guidelines). The Company has formulated and adopted a Policy for appointment of Statutory Auditors of the Company in compliance with the RBI Guidelines. As per the requirement of the said guidelines, the Company can appoint Statutory Auditors for a continuous period of maximum three years, subject to the firms satisfying the eligibility norms on a continuous basis.

Further, as per the aforesaid RBI Guidelines and pursuant to the provisions of Section 139 of the Act and the Companies (Audit and Auditors) Rules, 2014 and as recommended by the Audit Committee and the Board, the members at their Seventh Annual General Meeting (AGM) held on July 02, 2024, had approved the appointment of M/s. KKC & Associates LLP, Chartered Accountants (FRN: 105146W/W100621) as the

Board's Report (Contd.)

statutory auditors of the Company (due to the completion of tenure of M/s. V Sankar Aiyar & Co., Chartered Accountants (FRN: 109208W)) for a term of three years, i.e. from the conclusion of seventh AGM till the conclusion of the tenth AGM to be held in the year 2027. The auditors meet the eligibility criteria as required under the Act.

The report issued by the Statutory Auditor, M/s. KKC & Associates LLP, Chartered Accountants on the Financial Statements of the Company for the financial year ended March 31, 2025 forms part of this Annual Report.

There are no qualifications, or adverse remarks 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.

28. ACCOUNTING STANDARDS:

The Financial Statements of the Company have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) Rules, 2016, and in terms of Section 133 of the Act.

The Accounting Policies adopted in the preparation of the Financial Statements have been consistently followed during the year under review.

29. SECRETARIAL AUDITORS AND THEIR REPORT:

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had appointed M/s. Keyur H. Mirani & Co., Practising Company Secretary having Certificate of Practice Number (ACS No: A26354, COP No. 24035) to undertake the Secretarial Audit of the Company for FY 2024-25.

The Secretarial Audit Report, in the prescribed Form No. MR-3 dated August 08, 2025 for the financial year ended March 31, 2025, is annexed to this Report and marked as **Annexure-4**, of this report.

There are no qualifications, adverse remarks made in the Secretarial Auditor's Report, except certain procedural observations/comments, in respect of which the explanations are as under:

1. Wherever required, the Company has taken corrective steps, including ratification or formalization through appropriate Board and Committee processes.
2. The relevant policies and codes under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the SEBI (Prohibition of Insider Trading) Regulations, 2015 have been adopted by the Board following the listing of its debt securities on September 27, 2024 and relevant disclosures were also made in due course.
3. The implementation of Structured Digital Database (SDD) software was completed within a reasonable time after listing of the non-convertible debentures (NCD) issued by the Company on the Wholesale Debt Market Segment of the BSE on September 27, 2024. Further, with respect to closure of the trading window, the events referred to did not materially impact the share price or terms of the listed NCDs, requiring trading window closure.

The Company has taken note of the comments/observations and has taken effective steps to ensure adherence to prescribed timelines and applicable regulatory requirements.

30. 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 is not applicable to the Company.

As such the Company was not required to appoint a Cost Auditor, during the year under review.

Board's Report (Contd.)

31. INFORMATION ON MATERIAL CHANGES AND COMMITMENTS:

There are no material changes or commitments affecting the financial position of the Company which have occurred between March 31, 2025 and August 08, 2025, being the date of this Report, except for the preferential issue on a private placement basis as stated in point 3 (d) above.

32. MATERIAL ORDERS OF JUDICIAL BODIES / REGULATORS:

No material order was 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.

33. RELATED PARTY TRANSACTIONS:

The Company has formulated a 'Policy on Related Party Transactions' for proper conduct and documentation of all contracts or arrangements with related parties. The said policy is available on the website of the Company and can be accessed at www.hfs.in.

The Audit Committee has granted omnibus approval for related party transactions of the Company, which are repetitive in nature and incidental to the general operations of the Company.

During the year, the Company has not entered into any transaction with Related Parties which is not in the ordinary course of its business or not on an arm's length basis other than as stated in the financial statements of the Company as required under Regulation 53(1)(f) read with Para A of Schedule V of the SEBI Listing Regulations.

During the year under review, there were no transaction requiring disclosure under Section 134(3)(h) of the Act. Hence, the prescribed Form AOC-2 does not form a part of this report. Details of Related Party Transactions, as required to be disclosed by Indian Accounting Standard - 24 on "Related Party Disclosures" specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, are given in the Notes to the Financial Statements.

Further, as regards to the disclosure required under Regulation 53(1)(f) read with Para A of Schedule V of SEBI Listing Regulations, the Company has in its Annual Report made relevant disclosure pertaining to the related party transactions.

34. 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 utilising 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.

Board's Report (Contd.)**(ii) the benefits derived like product improvement, cost reduction, product development or import substitution -**

NIL

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

NIL

- a. the details of technology imported – Not applicable
- b. the year of import – Not applicable
- c. whether the technology been fully absorbed – Not applicable
- d. if not fully absorbed, areas where absorption has not taken place, and the reasons thereof – Not applicable; and

(iv) the expenditure incurred on Research and Development -

NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO-

During the year under review, the Company spent an amount equivalent of ₹ 12,44,099/- (for previous financial year ₹ 5,10,443/-) in foreign exchange towards subscription fees and advertising services and interest on a foreign currency loan amounting to ₹ 4,40,923 /-. There were no foreign exchange earnings during the year under review.

35. PARTICULARS OF EMPLOYEE REMUNERATION

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

36. HUMAN RESOURCES

We believe our employees are our most important assets and the driving force behind our success. We are deeply committed to attracting, developing, and retaining top talent by fostering a culture that is collaborative, transparent and performance-driven.

Our human resource philosophy is anchored in empowering individuals to realize their potential, grow in their careers, and contribute meaningfully to the organization's goals. We reward merit and consistent high performance through well-structured recognition and incentive programs, and continuously invest in learning and development that build future-ready capabilities.

We are also focused on building an inclusive and engaging workplace where employees feel valued, inspired, and connected to a shared purpose.

As on March 31, 2025, the Company had a total of 1,904 employees on its rolls.

37. COMPLIANCE WITH MATERNITY BENEFITS

As required under the Rule (5)(xiii) of Companies (Accounts) Second Amendments Rules, 2025, the Company hereby confirms adherence to the stipulations under the Maternity Benefit Act, 1961, as amended, regarding maternity leave, medical benefits, and other related entitlements for eligible female employees.

During the year under review, 1 (one) eligible female employee availed maternity benefits offered by the Company.

Board's Report (Contd.)

38. INSIDER TRADING REGULATIONS

As required under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ("SEBI (PIT) Regulations"), the Company has adopted a 'Code of Conduct and Prevention of Insider Trading' in its Board meeting held on October 28, 2024 to foster investor confidence, promote fair trading practices, and avoid legal repercussions. The said Code is available on the website of the Company at www.hfs.in.

In accordance with SEBI (PIT) Regulations, the Company is required to appoint a senior officer as the Compliance Officer who shall be financially literate and capable of understanding and complying with the legal and regulatory obligations under these regulations. The Compliance Officer is responsible for monitoring adherence to the rules for the preservation of unpublished price sensitive information (UPSI), maintaining the structured digital database, and overseeing the implementation of the Code of Conduct.

The Board at its meeting held on May 10, 2025, designated Ms. Ketaki Prasad Satam, Company Secretary as the Compliance Officer of the Company, under the SEBI (PIT) Regulations.

39. 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 the applicable rules and regulations as prescribed by IRDAI, from time to time.

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

40. INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

During the year under review, no amount was required to be transferred to the Investor Education and Protection Fund.

Further, pursuant to the Investor Education and Protection Fund Authority ("IEPF Authority") (Accounting, Audit, Transfer and Refund) Rules, 2016 ("Rules"), Ms. Ketaki Prasad Satam, Company Secretary, has been appointed as the Nodal Officer of the Company, for the purpose of verification of claims and co-ordination with the IEPF Authority. The contact details of person handling Investor Grievance are available on the website of the Company at www.hfs.in.

41. 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.

42. ONE TIME SETTLEMENT WITH BANKS/ FINANCIAL INSTITUTIONS:

There was no instance of one-time settlement with any Bank/ Financial Institution in respect of loan taken by the Company, if any.

43. ANNUAL RETURN (FORM MGT-7):

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the annual return of the Company for the financial year ended March 31, 2025 in the prescribed Form MGT-7 will be available on the website of the Company and can be accessed at www.hfs.in.

44. EMPLOYEES STOCK OPTION SCHEME (ESOP)

The Company had introduced Hiranandani Financial Services ("HFS") Employees Stock Option Scheme 2020, as amended ("**ESOP 2020**") for eligible employees with a view to attract and retain talent, align

Board's Report (Contd.)

individual performance with the Company objectives and promote increased participation by them in the growth of the Company.

Further, the Board at its meeting held on March 25, 2025 and the Members at its Extra-Ordinary General meeting held on March 28, 2025, had approved and adopted the Hiranandani Financial Services ("HFS") Employees Stock Option Scheme 2025 ("**ESOP 2025/scheme**").

The information pertaining to ESOP 2020 and ESOP 2025, respectively, in terms of Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 as on March 31, 2025 enclosed as **Annexure-1**, of this Report.

45. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In accordance with the applicable provisions of the Master Direction (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, issued by the Reserve Bank of India, an analysis of the Company's performance is set out in the Management Discussion and Analysis Report, enclosed as **Annexure - 5**, of this Report.

46. CORPORATE GOVERNANCE REPORT

The Corporate Governance Report, prepared in accordance with the relevant provisions as required under the Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023, forms part of this Annual Report. Further, the additional disclosure requirements for NBFCs in accordance with the aforesaid RBI Directions forms part of the Corporate Governance Report marked as **Annexure-2**, of this report.

47. COMPLIANCE WITH SECRETARIAL STANDARDS

The Company is compliant with SS - 1 i.e. Secretarial Standard on Meetings of the Board of Directors and SS - 2 i.e. Secretarial Standard on General Meetings, issued by the Institute of Company Secretaries of India.

48. ACKNOWLEDGEMENT

The Directors would like to place on record, their gratitude for the cooperation and guidance received from all the regulatory/statutory authorities. 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.

The Directors also place on record their appreciation for all the employees of the Company for their commitment, team work, professionalism and for the resilience and dedication demonstrated by them, during the year under review.

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

Harsh S. Hiranandani
Director
DIN: 07661253

Place: Mumbai
Date: August 08, 2025

Neha S. Hiranandani
Director
DIN: 01954865

Place: London
Date: August 08, 2025

Annexure-1

Hiranandani Financial Services Employee Stock Option Plan 2020 (HFS ESOP 2020)

Nature of Disclosures	Particulars
Options approved to be issued as ESOPs	17,500,000
Options Granted	18,165,000*
Options Vested	12,626,614
Options Exercised	NIL
The total number of shares arising as a result of exercise of Options	NIL
Options Lapsed	1,005,000
Exercise Price	₹ 10
Variation in terms of Options	NA
Money realized by exercise of Options;	NIL
Total number of options in force	17,160,000
Employee wise details of options granted during the year to:	
i. Key Managerial Personnel	0
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;	0
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

*including options that have lapsed and re-granted.

Hiranandani Financial Services Employee Stock Option Plan 2025 (HFS ESOP 2025)

Nature of Disclosures	Particulars
Options approved to be issued as ESOPs	27,500,000
Options Granted during the FY	NIL
Options Vested	NIL
Options Exercised	NIL
The total number of shares arising as a result of exercise of Options	NIL
Options Lapsed	NIL
Exercise Price	NA
Variation in terms of Options	NIL
Money realized by exercise of Options;	NIL
Total number of options in force	
Employee wise details of options granted during the year to:	
i. Key Managerial Personnel	0
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;	0
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	0

Annexure-2

Corporate Governance Report

This report outlines compliance with requirements under the relevant provisions of the Companies Act, 2013 (the “Act”), the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (“**the SEBI Listing Regulations**”) and the RBI (Non-Banking Financial Company - Scale Based Regulations) Directions, 2023 (the “**RBI SBR Directions**”), as amended from time to time, as applicable to the Hiranandani Financial Services Private Limited (“**HFS**”/ “**the Company**”).

1) COMPANY’S PHILOSOPHY ON CORPORATE GOVERNANCE

HFS is committed to maintaining the highest standards of corporate governance. The Company believes that sound governance practices emerge from well-defined processes that ensure that the Board of Directors are equipped with timely and accurate information, sufficient resources, and unrestricted access to management. The Board is dedicated to safeguarding and enhancing long-term stakeholder value through independent, objective, and informed decision-making.

Our Board comprises of members with diverse backgrounds, professional expertise, and strong ethical standards, collectively ensuring effective oversight and strategic guidance. The management team, under the supervision of the Board and leadership of the Chief Executive Officer, diligently manages the Company’s day-to-day operations. HFS remains steadfast in its endeavor to foster a culture of transparency, fairness, and accountability across all levels of the organization, in line with evolving corporate governance best 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 comprises of qualified and experienced persons with diverse skills, expertise, experience and practical knowledge in the matters relating to the business of the Company (competencies) whose insights have been invaluable to the management and has helped the Company retain its competitive advantage. The fundamental role of the Board is to exercise their business judgment whilst discharging their fiduciary obligation in the best interest of the Company and its stakeholders.

The Board has an optimum combination of Non-Executive Directors and Independent Directors. The composition of Board is in conformity with the relevant provisions of the Companies Act, 2013, the relevant Rules made thereunder, the Reserve Bank of India (Non-Banking Finance Companies- Scale Based Regulations) Directions, 2023 (RBI SBR Directions), and the relevant provisions of the Articles of Association of the Company, as amended, from time to time.

As on March 31st 2025, the Board comprised of 5 (five) directors, of which 3 (three) are Independent Directors and 2 (two) are Non-Executive Directors (including 1 (one) woman director). All Independent Directors of the Company possess requisite skills, experience, expertise and practical knowledge in diverse fields, which are relevant to the business of the Company. Necessary disclosures relating to their interest, independence and confirmation of adherence to the Code of Conduct etc., have been obtained from all the directors and placed before the Board for their noting.

The profile of the Directors of the Company is available in the Company’s website and can be accessed at <https://hfs.in/our-team/>

Corporate Governance Report (Contd.)

The Board met 7 (seven)* times during the Financial Year (FY) 2024-2025 i.e. on May 09, 2024, May 11, 2024, July 31, 2024, October 28, 2024, November 13, 2024, December 10, 2024, February 06, 2025 and March 25, 2025. The gap between two consecutive meetings did not exceed more than 120 (one hundred and twenty) days, as per the provisions of the Act. The requisite quorum was present throughout the said meetings.

*Note: The Board Meeting held on May 09, 2024 was adjourned and reconvened on May 11, 2024 to complete the remaining business as set out in the agenda. Hence, the said meetings are being considered as a single meeting for the purpose of reporting the number of meetings held during the year under review.

Sr. No.	Name of Director	Director since	Capacity	DIN	No. of Board Meetings		No. of other Directorships**	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	7	7	19	0	0	0	585,454,546 (Class A Equity Shares)
2.	Neha S. Hiranandani	February 10, 2017	Non-Executive Director	01954865	7	4	7	0	0	0	146,363,637 (Class A Equity Shares)
3.	Utpal Hemendra Sheth	January 10, 2020	Independent Director	00081012	7	4	15	0	0	0	0
4.	Prem Kumar Chopla	May 20, 2022	Independent Director	09555408	7	7	1	0	2,300,000	200,000*	0
5.	Anil Kaul	August 24, 2023	Independent Director	00644761	7	7	4	0	800,000	1,700,000	0

#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 excludes directorship held in foreign companies.

***the Company does not have convertible instruments.

*An amount of ₹ 87,500 was also disbursed to Mr. Prem Kumar Chopla in respect of the previous financial year.

Note: Leave of absence was granted to the Directors/Members wherever applicable.

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

There are no changes in composition of the Board during the current financial year.

During the previous financial year, the changes in the composition of the Board are as follows:

Sr. No	Name of Director	Capacity	Nature of change	Effective date	Reason of 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

Corporate Governance Report (Contd.)

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

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

iii) Details of no. of shares and convertible instruments held by non-executive directors

Details of equity shares held by Mr. Harsh S Hiranandani and Ms. Neha S Hiranandani, Non-Executive Directors of the Company have been provided in the table above.

None of the directors hold any convertible instruments of the Company.

iv) Confirmations from the Independent Directors:

All the Independent Directors of the Company have given their declaration 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 Board at its meeting held on May 10, 2025, obtained the declarations of independence from all the Independent Directors declaring that they have complied with the criteria of Independence as envisaged under Section 149 of the Act.

The said independent directors have also confirmed that they are not on the Board of more than 3 (three) NBFCs (NBFC-Middle Layer or NBFC-Upper Layer), in line with Master Directions (Reserve Bank of India) Scale Based Regulation) Directions, 2023.

During the year under review, no independent director has resigned, before the expiry of his tenure.

B. Committees of the Board and their composition

The Board has constituted various Committees to monitor the activities of the Company, as per the scope defined in their terms of reference. The Company secretary acts as Secretary to all the Board Committees.

The Board has constituted the following 7 (Seven) Committees:

- a. Audit Committee
- b. Nomination and Remuneration Committee
- c. Risk Management Committee
- d. IT Strategy Committee
- e. Corporate Social Responsibility Committee*
- f. Asset Liability Committee
- g. Finance and Investment Committee

*The Board constituted the said Committee w.e.f. June 16, 2025.

The Company has also constituted the following Committees, comprising of Directors and Senior Management Personnel:

- h. Information Security Committee
- i. IT Steering Committee
- j. Review Committee**
- k. Identification Committee**
- l. Internal Complaints Committee
- m. ESOP Committee

Corporate Governance Report (Contd.)

- n. Committee of Executives**
- o. New Product Committee#
- p. Consumer Protection Committee#

**During the year under review, the Board constituted the said Committees, w.e.f. October 28, 2024.

#During the year under review, the Board constituted the said Committees w.e.f. March 25, 2025.

a. Audit Committee

Pursuant to the provisions of Section 177 of the Act, the RBI SBR Directions and the SEBI Listing Regulations, the Board has constituted the Audit Committee of Board (ACB).

The ACB comprises of 3 (three) members, including 2 (two) independent directors, and 1 (one) non-executive director. The Chairman of meetings of the ACB is an independent director.

All the members of the ACB are financially literate and have accounting and related financial management expertise.

During the FY 2024-25, the ACB met 5 (five)* times viz. May 09, 2024, May 11, 2024, July 31, 2024, October 28, 2024, November 13, 2024 and February 06, 2025. These meeting were scheduled well in advance and the gap between two meetings did not exceed 120 (one hundred and twenty days).

*Note: The Committee meeting held on May 09, 2024 was adjourned and subsequently reconvened on May 11, 2024 to complete the remaining business. Hence, these two meetings are considered as a single meeting for the purpose of reporting the number of meetings held during the year under review.

In addition to the members of the Audit Committee, these meetings were attended by Chief Financial Officer, Chief Executive Officer, Company Secretary, representatives of Statutory Auditor, Internal Auditor and other 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 2024-25:

Sr. 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	5	5	NIL
2	Prem Kumar Chopla	June 15, 2022	Non-Executive, Independent Director	5	5	NIL
3	Harsh S. Hiranandani	May 22, 2023	Non-Executive Director	5	5	585,454,546 (Class A Equity Shares)

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

Note: Leave of absence was granted to the Directors/Members wherever applicable.

Corporate Governance Report (Contd.)

The terms of reference of ACB 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. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
 - ii. Changes, if any, in accounting policies and practices and reasons for the same;
 - iii. Major accounting entries involving estimates based on the exercise of judgment by management;
 - iv. Significant adjustments made in the financial statements arising out of audit findings;
 - v. Compliance with listing and other legal requirements relating to financial statements;
 - vi. Disclosure of any related party transactions;
 - vii. Modified opinion(s) in the draft audit report.
- l. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
- m. 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;
- n. 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;
- o. 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;
- p. 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;

Corporate Governance Report (Contd.)

- q. To look into the reasons for substantial defaults in the payment to the depositors, debenture-holders, shareholders (in case of non-payment of declared dividends) and creditors;
- r. Recommendation on financial management including audit report which shall be binding on the Board;
- s. 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;
- t. Right to call for the comments of the auditors about internal control systems, the scope of audit and discuss any related issues with the internal and statutory auditors and the management of the Company;
- u. Carrying out any other function as prescribed by Board from time to time or as required under any applicable Regulation;

During FY 2024-25, the Board accepted all recommendations made by the Committee.

b. Nomination & Remuneration Committee

Pursuant to the provisions of Section 178 of the Act, the RBI SBR Directions and the relevant provisions of SEBI Listing Regulations as applicable, the Board has constituted the Nomination and Remuneration Committee (NRC). The NRC comprised of three members, including 2 (two) independent directors. The Chairman of the NRC is an independent director.

During the year under review, the NRC met 3 (three) times on June 26, 2024, December 10, 2024 and March 25, 2025.

Composition of the NRC and attendance record of the members for FY 2024-25:

Sr. 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 (Chairman)	June 15, 2022	Non-Executive, Independent Director	3	2	NIL
2	Prem Kumar Chopla	June 15, 2022	Non-Executive, Independent Director	3	3	NIL
3	Harsh S. Hiranandani	June 15, 2022	Non-Executive Director	3	3	585,454,546 (Class A Equity Shares)

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

Note: Leave of absence was granted to the Directors/Members wherever applicable.

The terms of reference of NRC 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;

Corporate Governance Report (Contd.)

- 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.

During FY 2024-25, the Board had accepted all recommendation made by the Committee.

c. Risk Management Committee

Pursuant to the provisions of the RBI SBR Directions and the relevant provisions as applicable, the Board has constituted the Risk Management Committee (RMC). The RMC comprises of Eight members including 3 (three) directors i.e. Two Independent Director and one Non-Executive Director. The composition of the RMC was reconstituted on November 13, 2024.

The Company has formulated and adopted the Integrated Enterprises Risk Management (IERM) framework to oversee the risk management of the organization. During the year under review, the RMC met 4 (four) times i.e. on May 08, 2024, July 31, 2024, October 28, 2024 and February 06, 2025.

Composition of the RMC and attendance record of the members for FY 2024-25:

Sr. 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 (Chairman)	June 28, 2021	Non-Executive Director	4	4	585,454,546 (Class A Equity Shares)
2	Prem Kumar Chopla	June 15, 2022	Non-Executive, Independent Director	4	4	NIL
3	Anil Kaul*	November 13, 2024	Non-Executive, Independent Director	1	1	NIL
4	Uday Suvarna	July 16, 2019	Chief Executive Officer	4	4	3,000,000 (Class B Equity Shares)

Corporate Governance Report (Contd.)

Sr. 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	
5	Manish Odeka	July 16, 2019	Chief Risk Officer	4	4	NIL
6	Kartik Nagda	July 16, 2019	Chief Business officer	4	4	NIL
7	Dheeraj Mittal	July 16, 2019	Chief Operating officer	4	4	NIL
8	Rajesh Rajak	December 03, 2022	Chief Financial Officer	4	4	NIL

*Appointed as a member of the committee w.e.f. November 13, 2024.

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

Note: Leave of absence was granted to the Directors/Members wherever applicable.

The terms of reference of RMC, 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.

During FY 2024-25, the Board had accepted all recommendations made by the Committee.

d. IT Strategy Committee

Pursuant to Master Direction - Information Technology Framework issued by RBI for NBFC Sector, the Company has constituted an IT Strategy Committee. The Committee was reconstituted on March 26, 2024 pursuant to the revised requirements under the Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices dated November 07, 2023. The Committee comprised of 6 (six) members, including 1 (one) independent director, 2 (two) non-executive directors and 3 (three) senior executives of the Company. During the year under review, the IT Strategy Committee met 4 (four) times viz. May 08, 2024, July 31, 2024, October 28, 2024 and February 06, 2025.

Corporate Governance Report (Contd.)

Composition of the IT Strategy Committee and attendance record of the members for FY 2024-25:

Sr. 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 Chopla (Chairman)	June 15, 2023	Non-Executive, Independent Director	4	4	NIL
2	Harsh S. Hiranandani	June 15, 2023	Non-Executive Director	4	4	585,454,546 (Class A Equity Shares)
3	Neha S. Hiranandani	March 26, 2024	Non-Executive Director	4	0	146,363,637 (Class A Equity Shares)
4	Manish Odeka	June 15, 2023	Chief Risk Officer	4	4	NIL
5	Dheeraj Mittal	June 15, 2023	Chief Operating Officer	4	4	NIL
6	Aditya Nabar	June 15, 2023	Chief Information Officer	4	4	NIL

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

Note: Leave of absence was granted to the Directors/Members wherever applicable.

The terms of reference of IT strategy Committee, 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.

Corporate Governance Report (Contd.)

During FY 2024-25, the Board had accepted all recommendations made by the Committee.

e. Corporate Social Responsibility 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.

f. 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 a quarterly basis and as when required. During the year under review, the said Committee met 5 (five) times on April 15, 2024, April 23, 2024, July 30, 2024, November 14, 2024 and February 05, 2025.

Composition of the ALCO and attendance record of the members for FY 2024-25:

Sr. 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	5	5	3,000,000 (Class-B Equity Shares)
2	Manish Odeka	July 16, 2019	Chief Risk Officer	5	5	NIL
3	Kartik Nagda	March 28, 2019	Chief Business officer	5	5	NIL
4	Dheeraj Mittal	March 28, 2019	Chief Operating Officer	5	5	NIL
5	Rajesh Rajak	February 03, 2022	Chief Financial officer	5	5	NIL

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

Note: Leave of absence was granted to the Directors/Members wherever applicable.

The terms of reference of ALCO includes 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
- g. Finance and Investment Committee (FIC)

Corporate Governance Report (Contd.)

The Board of the Company had constituted Finance and Investment Committee (FIC) on February 02 2022. As on March 31 2025, 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 Committee met 18 (eighteen) times viz. May 14, 2024, May 28, 2024, June 26, 2024, June 29, 2024, July 15, 2024, August 13, 2024, September 23, 2024, September 24, 2024, September 27, 2024, October 07, 2024, October 25, 2024, November 28, 2024, December 11, 2024, December 24, 2024, February 18, 2025, February 21, 2025, February 24, 2025 and March 24, 2025.

Composition of the FIC and attendance record of the members for FY 2024-25:

Sr. 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	Harsh S. Hiranandani	May 22, 2023	Non-Executive Director	18	18	585,454,546 (Class A Equity Shares)
2	Neha S. Hiranandani	May 22, 2023	Non-Executive Director	18	1	146,363,637 (Class A Equity Shares)
3	Uday Suvarna	May 22, 2023	Chief Executive officer	18	18	3,000,000 (Class-B Equity Shares)
4	Rajesh Rajak	May 22, 2023	Chief Financial officer	18	18	NIL

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

Note: Leave of absence was granted to the Directors/Members wherever applicable.

The terms of reference of the Finance and Investment Committee are as under:

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

Corporate Governance Report (Contd.)

- 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)
 - 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 favor 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 favor 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.

OTHER COMMITTEES:

h. Information Security Committee

The Company has constituted the Information Security Committee pursuant to the Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices issued by Reserve Bank of India dated March 26, 2024. The Committee comprises of senior executives of the Company. The Chief Risk Officer chairs the meetings of the Committee.

Corporate Governance Report (Contd.)

The role of IT Security Committee involves managing cyber and information security, mitigating potential risks, and ensuring the protection of information resources. Responsibilities include developing and implementing information/cyber security policies, procedures, and standards, as well as overseeing and approving security projects, budgets, and priorities. It also entails reviewing security awareness initiatives, monitoring cyber incidents, conducting risk assessments, and addressing audit findings. Regular assessment of emerging security issues and third-party cyber risks is crucial, alongside supervising vulnerability assessments and penetration testing. The role requires reporting to the IT Strategy Committee and CEO, and fulfilling additional functions as directed by the Board or regulatory requirements.

i. Information Technology (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. The Committee comprises of senior executives of the Company. The Chief Executive Officer chairs the meetings of the Committee. During the year under review, the IT Steering Committee was convened at various intervals as necessary.

The IT Steering Committee's terms of reference include assisting the Board and IT Strategy Committee with strategic IT planning and ensuring IT aligns with business needs. It oversees business continuity processes, risk management, and prioritization of critical functions and disaster recovery. The committee reviews progress on key IT projects and ensures a robust IT architecture that complies with statutory and regulatory requirements. It also provides regular updates to the IT Strategy Committee and Chief Executive Officer (CEO) and performs any other duties assigned by the Board or required by regulations.

j. Review Committee

The Company had constituted Review Committee on October 28, 2024 pursuant to Master Direction on Treatment of Willful Defaulters and Large Defaulters issued by Reserve Bank of India. The Committee comprises of 2 (two) non-executive director, the Chief Executive Officer and Chief Financial Officer of the Company. The Chief Executive Officer chairs the meetings of the Committee.

The Review Committee shall consider the proposal of the Identification Committee along with any written representations received from the borrower, guarantor, promoter, director, or other responsible persons. It will also provide an opportunity for a personal hearing to these individuals. After reviewing all relevant facts and materials, the committee will take a decision and pass a reasoned order, which will be communicated to the willful defaulter. Additionally, the committee shall perform any other functions as delegated by the Board from time to time.

k. Identification Committee

The Company had constituted Identification Committee on October 28, 2024 pursuant to the Master Direction on Treatment of Willful Defaulters and Large Defaulters issued by Reserve Bank of India. The Committee comprises of senior executives of the Company. The Chief Risk Officer chairs the meetings of the Committee.

The Identification Committee is responsible for examining and approving the identification of borrowers, guarantors, promoters, directors, or key management personnel as "Willful Defaulters" and referring such cases to the Review Committee. It shall issue Show Cause Notices to the identified individuals, allowing them 21 days to respond, and subsequently proposes their classification as willful defaulters with written justification. The committee also evaluates whether criminal proceedings should be initiated based on case specifics and carries out any additional tasks assigned by the Board.

Corporate Governance Report (Contd.)

i. Internal Complaints Committee (ICC)

The Company had constituted the Internal Complaints Committee (ICC) pursuant to the adoption of Policy for Prevention of Sexual Harassment at the workplace at the entity level on December 29, 2020. It takes appropriate remedial measures in cases of substantiated allegations and works to prevent and discourage sexual harassment in the workplace. Additionally, the ICC may recommend action against a complainant if a complaint is found to be false or malicious, or if false evidence is provided.

m. ESOP Committee

For the purpose of smooth implementation and administration of various ESOP Schemes to be introduced by Company from time to time, the ESOP Committee was constituted on June 3, 2020. The Committee's terms of reference include selecting employees eligible for stock options, determining the number and terms of such options under various ESOP schemes, and approving related documentation. It will set conditions for vesting and exercising options, which may include performance criteria, and may waive forfeiture restrictions or impose limitations based on its discretion. The Committee is also responsible for interpreting the ESOP terms, handling fair adjustments during corporate actions (like mergers or stock splits), managing procedures for cashless exercises, and ensuring tax compliance by the optionees before issuing equity shares.

n. Committee of Executives (COE)

The Company had constituted Committee of Executives (COE) on October 28, 2024 pursuant to the Master Direction on Fraud Risk Management in Non-Banking Financial Companies which shall meet once in a quarter or such other interval as Board may deem fit.

The Committee of Executives is tasked with overseeing the Fraud Risk Management Framework and reviewing the Internal Control System. It is responsible for examining instances of fraud, conducting root cause analyses, and recommending measures to strengthen internal controls and reduce fraud occurrences. Additionally, the committee will carry out other functions as delegated by the Board from time to time.

o. New Product Committee

The Company had constituted New Product Committee on March 25, 2025, pursuant to the Framework for Compliance Function and Role of Chief Compliance Officer in Non-Banking Financial Companies in Upper Layer and Middle Layer (NBFC-UL & NBFC-ML) issued by RBI on April 11, 2022. The Committee comprises of senior executives of the Company. The Chief Executive Officer chairs the meetings of the Committee.

The New Product Committee is responsible for reviewing and approving new products before launch and closely monitoring them for at least six months post-launch. It identifies and manages compliance and credit risks related to both new and existing products by implementing appropriate mitigants. The committee also assesses the financial benefits, liquidity costs, and evaluate business projections to ensure profitability and support strategic growth. Additionally, it ensures that new products align with the Company's overall business strategy and long-term goals, while also performing any other duties assigned by the Board.

p. Consumer Protection Committee

The Company had constituted Consumer Protection Committee on March 25, 2025 pursuant to Master Direction of Reserve Bank of India (Credit Information Reporting) Directions, 2025, dated January 06, 2025. The Committee comprises of senior executives of the Company. The Chief Business Officer chairs the meetings of the Committee.

Corporate Governance Report (Contd.)

The Consumer Protection Committee shall establish a structured grievance redressal mechanism to ensure swift and effective resolution of consumer complaints, with a focus on updating and correcting credit information to prevent litigation. It will implement dispute resolution processes, set strict turnaround times, monitor and improve the grievance handling system, and ensure regulatory compliance. The committee will provide quarterly reports to the Board, promote consumer awareness, periodically review policies for efficiency, and carry out any additional functions as recommended by the Board.

3) GENERAL BODY MEETINGS

a. Details of the Annual General meetings held in the previous three financial years is as follows:

Sr. No.	Type of Meeting	Date and Place	Special Resolutions passed*
1	Annual General Meeting (through Audio Visual Means)	July 02, 2024 at 5:00 p.m. at the Corporate office at 9th floor, Sigma, Hiranandani Business park, Technology Street, Powai, Mumbai -400076	Ordinary Resolution – 02 Special Resolution – 01
2	Annual General Meeting (through Audio Visual Means)	September 09, 2023 at 5:30 p.m. at the Corporate office at 9th floor, Sigma, Hiranandani Business park, Technology Street, Powai, Mumbai -400076	Ordinary Resolution – 01 Special Resolution – 01
3	Annual General Meeting (through Audio Visual Means)	September 30, 2022 at 10:45 a.m. at the Corporate office at 9th floor, Sigma, Hiranandani Business park, Technology Street, Powai, Mumbai -400076	Ordinary Resolution – 01 Special Resolution – 01
4	Annual General Meeting (through Audio Visual Means)	September 27, 2021 at 5:00 p.m. at the Corporate office at 9th floor, Sigma, Hiranandani Business park, Technology Street, Powai, Mumbai -400076	Ordinary Resolution – 02 Special Resolution – 01

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

During the year, the Company has not passed any resolutions through Postal ballot

Brief particulars of the Special resolutions passed during the said period:

Sr. No.	Annual General meeting date	Brief particulars of Special Resolutions passed*
1	July 02, 2024	Special Resolution – 01 (To approve issue of Non-Convertible Debentures on private placement basis)
2	September 09, 2023	Special Resolution – 01 (Appointment of Mr. Anil Kaul (DIN: 00644761) as an Independent Director of the Company)
3	September 30, 2022	Special Resolution – 01 (Appointment of Mr. Prem Kumar Chopla (DIN: 09555408) as an Independent Director of the Company)
4	September 27, 2021	Special Resolution – 01 (Appointment of Mr. Parveen Kumar Gupta (DIN: 02895343) as an Independent Director of the Company)

Corporate Governance Report (Contd.)

b. Details of the Extra-Ordinary General meetings held in the previous three financial years, is as follows:

Sr. No.	Type of Meeting	Date and Place	Special Resolutions passed*
1	Extra-Ordinary General Meeting	March 28, 2025 at 6:00 p.m. at the Corporate office at 9th floor, Sigma, Hiranandani Business park, Technology Street, Powai, Mumbai -400076	Ordinary Resolution - 01 Special Resolution - 02
2	Extra-Ordinary General Meeting	January 06, 2025 at 10:00 a.m. at the Corporate office at 9th floor, Sigma, Hiranandani Business park, Technology Street, Powai, Mumbai -400076	Ordinary Resolution - NA Special Resolution - 01
3	Extra-Ordinary General Meeting	February 27, 2024 at 2:33 p.m. at the Corporate office at 9th floor, Sigma, Hiranandani Business park, Technology Street, Powai, Mumbai -400076	Ordinary Resolution - NA Special Resolution - 01
4	Extra-Ordinary General Meeting	May 04, 2023 at 1:40 p.m. at the Corporate office at 9th floor, Sigma, Hiranandani Business park, Technology Street, Powai, Mumbai -400076	Ordinary Resolution - NA Special Resolution - 04
5	Extra-Ordinary General Meeting	March 04, 2022 at 5:00 p.m. at the Corporate office at 9th floor, Sigma, Hiranandani Business park, Technology Street, Powai, Mumbai -400076	Ordinary Resolution - 01 Special Resolution - 02
6	Extra-Ordinary General Meeting	February 02, 2022 at 5:00 p.m. at the Corporate office at 9th floor, Sigma, Hiranandani Business park, Technology Street, Powai, Mumbai -400076	Ordinary Resolution - NA Special Resolution - 02
7	Extra-Ordinary General Meeting	May 04, 2021 at 11:30 a.m. at the Corporate office at 9th floor, Sigma, Hiranandani Business park, Technology Street, Powai, Mumbai -400076	Ordinary Resolution - NA Special Resolution - 01

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

During the year, the Company has not passed any resolutions through Postal ballot

c. Brief particulars of the Special resolutions passed during the said period:

Sr. No.	Extra-Ordinary General meeting date	Brief particulars of Special Resolutions passed*
1	March 28, 2025	Special Resolution - 02 (To approve the enhancement of borrowing powers of the Company) (To grant powers to create charges, mortgages and hypothecation on the assets of the Company)
2	January 06, 2025	Special Resolution - 01 (To approve re-appointment of Mr. Utpal Sheth as the Independent Director of the Company for a 2nd term of 5 years)
3	February 27, 2024	Special Resolution - 01 (To approve the increase in the ESOP pool grant options and amendment in HFS Employee Stock Option Scheme 2020)

Corporate Governance Report (Contd.)

Sr. No.	Extra-Ordinary General meeting date	Brief particulars of Special Resolutions passed*
4	May 04, 2023	Special Resolution - 04 (To approve the enhancement of borrowing powers of the Company) (To grant powers to create charges, mortgages and hypothecation of the assets of the Company) (Approval of issue of Non-Convertible Debentures on private placement basis) (To alter the Articles of Association of the Company)
5	March 04, 2022	Special Resolution - 02 (To amend Articles of Association of the Company) (To offer, issue and allot Class B Equity shares on preferential allotment basis)
6	February 02, 2022	Special Resolution - 02 (Approve overall borrowing powers of the Company) (To grant powers to create charges, mortgages and hypothecations on the assets of the Company)
7	May 04, 2021	Special Resolution - 01 (Increase in Authorized Share Capital and Consequent Alteration of Memorandum of Association)

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

During the year, the Company has not passed any resolutions through Postal ballot

4) DETAILS OF DEBENTURE TRUSTEES

Name of Debenture Trustee	Address & Contact Details	Contact Details
Catalyst Trusteeship Limited	901, 9th Floor, Tower - B, Peninsula Business Park, Senapati Bapat Marg, Lower Parel (W), Mumbai - 400013	+91 22 49220555

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

The Company has complied with the requirements of the Companies Act, 2013, including rules, regulations, guidelines, standards made thereunder, except for the observations as stated in the Secretarial Auditors Report in prescribed Form MR-3, as annexed to the Annual Report and marked as **Annexure-4**.

6) DETAILS OF PENALTIES AND STRICTURES

No penalties or stricture have been imposed on the Company by the Reserve Bank of India or any other statutory authority(ies) or regulator(s) except as mentioned below:

The Securities and Exchange Board of India (SEBI) had imposed fine of ₹ 11,800/- for non-compliance of issuing notice of Record Date under Regulation 60(2) of the SEBI Listing Regulations.

Month	Regulation	Penalty paid (₹)
October 2024	60(2) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 - Delay in issuing notice of the Record Date*	11,800/- (Including taxes)

*In reference to the SEBI circular no. SEBI/HO/DDHS/DDHS_Div1/P/CIR/2022/0000000103 dated July 29, 2022; BSE Limited through its email dated December 02, 2024, levied a fine on the Company for non-compliance of delay in submission of the notice of Record Date under Regulation 60(2) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. The Company made the payment of the fine levied to the BSE Limited on February 02, 2025.

Corporate Governance Report (Contd.)

7) BREACH OF COVENANT

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

8) DIVERGENCE IN ASSET CLASSIFICATION AND PROVISIONING

- i) No additional provisioning requirements have been assessed by Reserve Bank of India exceeding 5 Percent of the reported profits before tax and impairment loss on financial instruments for the FY ended 31 March 2024 and 31 March 2025, respectively.
- ii) Reserve Bank of India has not identified additional GNPA's exceeding 5% of reported GNPA's for the FY ended 31 March 2024 and 31 March 2025, respectively.

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

Harsh S. Hiranandani
Director
DIN: 07661253
Place: Mumbai
Date: August 08, 2025

Neha S. Hiranandani
Director
DIN: 01954865
Place: London
Date: August 08, 2025

Annexure-3

ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR (FY) 2024-25

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 2024-25:

- Supporting sustainable livelihood enhancement projects
- Enhancing vocational skills among rural youth including women.
- Promoting women empowerment

CSR Activity undertaken in FY 2024-25: In the year under review, Company had partnered with Ambuja Foundation, a non-governmental organization (NGO) as part of their Skill Development Programme which supports rural youth including women from low-income communities with the impetus they need to be financially independent. Through this partnership, Company has supported local youth from marginalized areas of Surat & Morbi, Gujarat and Nagaur, Rajasthan by equipping them with both technical & soft skills tailored to the current demands of the local job market, thereby creating significant employment opportunities.

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: ₹ 2,173.72 Lakhs

(b) Two percent of average net profit of the Company as per sub-section (5) of section 135: ₹ 43.47 Lakhs

(c) Surplus arising out of the CSR Projects or programs or activities of the previous financial years: ₹ 0.07 Lakhs

(d) Amount required to be set-off for the Financial Year, if any: ₹ 0.07 Lakhs

(e) Total CSR obligation for the Financial Year [(b)+(c)-(d)]: ₹ 43.47 Lakhs

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): ₹ 36.87 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)]: ₹ 43.50 Lakhs

Annexure-3 (Contd.)

(e) CSR amount spent or unspent for the Financial Year: ₹ 43.50 Lakhs & Nil unspent

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
43.50	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	43.47
(ii)	Total amount spent for the Financial Year	43.50
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	0.03
(iv)	Surplus arising out of the CSR projects or programs or activities of the previous Financial Years, if any	0.07
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	0.10

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 2023-24	-	-	-	-	-	-	-
	FY 2022-23	-	-	-	-	-	-	-
	FY 2021-22	-	-	-	-	-	-	-

Annexure-3 (Contd.)

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

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]	Pin code 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 per cent 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: August 08, 2025

Harsh S. Hiranandani
Director

DIN: 07661253
Place: Mumbai
Date: August 08, 2025

Annexure-4

Form No. MR-3

**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2025**

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

To,

The Board of Directors

HIRANANDANI FINANCIAL SERVICES PRIVATE LIMITED,

CIN: U65999MH2017PTC291060

9th Floor, Sigma Building, Hiranandani Business Park,

Technology Street, Powai, Mumbai- 400076

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 provided to me and also the information provided by the Company, its officers 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, 2025 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, 2025 according to the provisions of:

- (i) The Companies Act, 2013 (the "**Act**") and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ("**SCRA**") and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of the Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (**Not applicable during the year under review**);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("**SEBI Act**"):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (**Not applicable during the year under review**);
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ("SEBI PIT Regulations");
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (**Not applicable during the year under review**);
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (**Not applicable during the year under review**);

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 (**Not applicable during the year under review**);
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (**Not applicable during the year under review**);
- (i) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018; and
- (j) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015;

We further report that, having regard to the compliance system prevailing in the Company and on the examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has generally complied with the following laws applicable specifically to the Company:

Master Direction/Circulars/Guidelines issued by the Reserve Bank of India (“**RBI**”), as applicable to Non-Banking Financial Companies (“**NBFC**”), including the following:

- i. The Reserve Bank of India Act, 1934;
- ii. Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016;
- iii. Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023;
- iv. Master Direction - Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016;
- v. Master Direction - Know Your Customer (KYC) Direction, 2016;
- vi. Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016;
- vii. Master Directions on Fraud Risk Management in Non-Banking Financial Companies;
- viii. Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices;
- ix. Master Direction - Information Technology Framework for the NBFC Sector;
- x. Raising Money through Private Placement of Non-Convertible Debentures (NCDs) by NBFCs - RBI Guidelines; and
- xi. Master Circular - Non-Banking Financial Companies - Corporate Governance (Reserve Bank) Directions, 2015

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

- (i) Applicable Secretarial Standards issued by the Institute of Company Secretaries of India; and;
- (ii) The Listing Agreements entered into by the Company with Stock Exchange(s) and the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”);

During the year under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc. as mentioned above subject to the following observations:

1. *The Board approved availing a secured loan from IndusInd Bank Limited through resolution passed by circulation instead of a resolution passed at a duly convened meeting of the Board, as required under Section 179 of the Act.*

Annexure-4 (Contd.)

2. In terms of Rule 6A of the Companies (Meetings of Board and its Powers) Rules, 2014, the Audit Committee may grant omnibus approval for related party transactions only after the Board has approved the criteria for such approvals. However, the Audit Committee granted omnibus approvals prior to the Board's approval of the criteria. The Board subsequently approved the criteria for granting omnibus approvals at its meeting held on May 10, 2025.
3. In terms of Rule 9 of the Companies (Management and Administration) Rules, 2014 (effective from October 27, 2023), the Company shall designate a person who shall be responsible for furnishing information regarding beneficial interest in shares to the Registrar of Companies or any officer authorized by the Ministry of Corporate Affairs and the Company shall inform the details of the designated person in annual return. The Board at its meeting held on March 25, 2025 has designated the Company Secretary of the Company for the aforesaid purpose.
4. In terms of Regulation 51(2) of the SEBI Listing Regulations, the following disclosures were required to be made to Stock Exchange within 24 hours of the occurrence of such events, however the Company has submitted such disclosures as mentioned below:

Sr. No.	Disclosure of events or information	Date of event	Date of submission
1	Proceedings of the Extra Ordinary General Meeting of the members of the Company held on January 06, 2025	January 06, 2025	April 14, 2025
2	Intimation regarding the appointment of an Independent Director for the second term	January 06, 2025	July 07, 2025
3	Disclosure of credit rating	February 25, 2025 March 03, 2025	July 11, .2025

5. Subsequent to the year under review, the Board at its meeting held on May 10, 2025 has adopted/ approved the following:
 - i. Archival Policy as required under Regulation 9 of the SEBI Listing Regulations.
 - ii. Framework for the transfer of unclaimed amounts to an Escrow Account and appointment of the Nodal Officer as required under the SEBI circular dated November 8, 2023.
 - iii. Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information as required under Regulation 8 of the SEBI PIT Regulations.
6. The definition of "Designated Person" as mentioned under the Policy for Code of Conduct and Prevention of Insider Trading' was not in line with the provisions of the Regulation 9(4) of the SEBI PIT Regulations.
7. The Board at its meeting held on October 28, 2024 approved and adopted the "Policy for Code of conduct and Prevention of Insider Trading", wherein the following has been incorporated:
 - "The Company Secretary of the Company or such other senior official nominated as such by the Company from time to time shall be the Chief Investor Relations Officer ("CIRO") for the purpose of the Code."
 - "The Company Secretary and in his/her absence Chief Financial Officer of the Company is designated as the Compliance Officer for the purpose of this Policy and the PIT Regulations."

The Board at its meeting held on May 10, 2025, has designated the Company Secretary as the Compliance Officer and the Chief Investor Relations Officer pursuant to the provisions of SEBI PIT Regulations.

Annexure-4 (Contd.)

8. *The Company has not closed its trading window for the following unpublished price sensitive events as required under SEBI PIT Regulations:*
 - (a) *Change in the Key Managerial Personnel i.e. appointment and resignation of the Company Secretary; and*
 - (b) *Change in capital structure i.e. allotment of the Equity Shares on the rights basis amounting to ₹ 60 Crores on March 26, 2025.*
9. *The debentures of the Company were listed on the Stock Exchange on September 27, 2024 and the Structured Digital Database (SDD) as required under Regulation 3(5) of the SEBI PIT Regulations was implemented in November 2024.*
10. *In terms of Regulation 9A (4) of the SEBI PIT Regulations, the Audit Committee shall review compliance with the provisions of the SEBI PIT Regulations at least once in the financial year and shall verify that the systems for internal controls are adequate and are operating effectively. The Audit Committee at its meeting held on July 28, 2025 reviewed the said compliance.*
11. *A fraud detected by the Company on June 18, 2024 which was reported to the Risk Management Committee and the Board on October 28, 2024 which was not in line with the requirements under Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016.*
12. *In terms of the Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices, the IT Steering Committee shall meet at least on a quarterly basis. The IT Steering Committee met 3 (three) times.*
13. *The BSE Limited levied a fine of ₹ 3,540/- (inclusive of taxes) for a delay in the appointment of the Compliance Officer as required under Regulation 6 of the SEBI Listing Regulations. Based on the representation made by the Company, the BSE Limited waived the fine levied by it.*
14. *The BSE Limited levied a fine of ₹ 11,800/- (inclusive of taxes) for a one-day delay in reporting the record date as required under Regulation 60(2) of the SEBI Listing Regulations, which was paid by the Company to the BSE Limited.*

I further report that:

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

Adequate notice was given to all directors to schedule the Board Meetings (including committees meetings), agenda and detailed notes on agenda were sent at least seven days in advance except where consent of directors was received for circulation of notice, agenda and notes on agenda at a shorter notice, 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.

All decisions at the Meetings of the Board and its Committee were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

I further report that having regard to the compliance system prevailing in the Company, the Company has 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 year under review, the Company has done the following transactions in due compliance with the applicable provisions of the Act:

Annexure-4 (Contd.)

1. The Company has inter-alia passed the following special resolution in the Annual General Meeting held on July 2, 2024:
 - (a) To approve issue of Non-Convertible Debentures on private placement basis.
2. The Company has issued and allotted Non-Convertible Debentures on Private Placement basis in various tranches the details of which are as follows:

Sr. No.	Particulars	Quantity	Face Value per Debenture (Amt in ₹)
1	Rated, Listed, Secured, Redeemable, Non-Convertible Debentures allotted on 24th September, 2024	5,000	1,00,000
2	Rated, Listed, Secured, Redeemable, Non-Convertible Debentures allotted on 24th February 2025	5,000	1,00,000

3. The Board at its meeting held on December 10, 2024, approved the resignation of Ms. Richa Arora, Company Secretary and Key Managerial Personnel of the Company. Further, at the same meeting, the Board on the recommendation of the Nomination and Remuneration Committee, approved the appointment of Ms. Ketaki Prasad Satam as the Company Secretary and Key Managerial Personnel of the Company w.e.f. December 11, 2024.
4. The Company has issued 5,00,00,000 (Five Crore) fully paid-up Class A Equity Shares of face value of ₹ 10/- (Indian Rupees Ten only) each (the "Equity Shares") at a price of ₹ 12/- (Indian Rupees Twelve only) per share for an aggregate amount not exceeding ₹ 60,00,00,000/- (Indian Rupees Sixty Crore only) by way of a rights issue on March 26, 2025.
5. The Company has adopted Hiranandani Financial Services - Employee Stock Option Plan 2025 to grant options exercisable into not more than 2,75,00,000 equity shares of face value of ₹ 10/- each fully paid-up.

Keyur H. Mirani
 Practising Company Secretary
 ACS No: A26354, COP No. 24035
 PR No: 3247/2023

Place: Mumbai
 Date: August 08, 2025
 UDIN: A026354G000929674

The Report is to be read with my letter of even date which is annexed as Annexure and forms an integral part of this report.

Annexure-4 (Contd.)

ANNEXURE TO SECRETARIAL AUDIT REPORT

To,
The Board of Directors
HIRANANDANI FINANCIAL SERVICES PRIVATE LIMITED,
CIN: U65999MH2017PTC291060
9th Floor, Sigma Building, Hiranandani Business Park,
Technology Street, Powai, Mumbai- 400076

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 test-check 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 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-check basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Keyur H Mirani
Practising Company Secretary
ACS No: A26354, COP No. 24035
PR No: 3247/2023

Place: Mumbai
Date: August 08, 2025
UDIN: A026354G000929674

Annexure-5

Management Discussion and Analysis Report

1. INDUSTRY STRUCTURE AND DEVELOPMENTS:

Global Economic Overview:

The global economy in FY 2024-25 navigated a complex mix of geopolitical tensions, shifting policies, and uneven growth. Advanced economies show moderate growth with easing inflation, while emerging markets experience varied recoveries amid commodity and capital flow challenges. Central banks in developed countries have largely moved to neutral rates, while some emerging markets keep rates high to control inflation. Global inflation eased from 6.8% to 5.9%, in several major economies. However, rising protectionism and geopolitical tensions continue to create structural shift in global supply chain, trade and investor confidence. Collaborative efforts remain vital for stability and sustainable growth.

Indian Economic Overview:

Despite global uncertainties and rising protectionism, India remains the world's fastest-growing major economy, projected to grow at 6.4% in FY25 National Statistical Office (NSO) estimates and 6.5% in 2025-26 International Monetary Fund (IMF) forecast. Growth is driven by resilient domestic demand, a strong services sector, sustained investment, and a recovering rural economy. India's demographic dividend, expanding middle class, and ongoing policy reforms underpin this momentum. The external sector remains robust with stable capital inflows and healthy foreign exchange reserves. Financially, bank credit growth aligns with deposits, non-performing assets have declined, and profitability of commercial banks has improved. The Financial Inclusion Index rose from 53.9 in March 2021 to 64.2 in March 2024, reflecting progress in expanding access to financial services. Capital markets hit record highs in September 2024, while insurance and pension sectors continue to strengthen. However, growing consumer credit, rising non-bank financing, and increased IPO activity call for balanced regulation to sustain growth and financial stability. RBI's 100 bps Repo Rate cut in CY 2025, from 6.5% to 5.5% is set to boost NBFCs by widening margins through lower funding costs and increased credit demand.

Brief Overview of MSMEs in India:

Micro, Small, and Medium Enterprises (MSMEs) form a crucial backbone of India's economy, driving entrepreneurship, employment, and contributing over 30% to the country's GDP, up from 27.3% in 2020-21, with government ambitions to raise this to 50%. As of February 2025, the sector comprises over 5.93 Crore enterprises employing around 24.14 Crore people. MSMEs have shown remarkable resilience, particularly in exports, which surged from ₹ 3.95 Lakh Crore in 2020-21 to ₹ 12.39 Lakh Crore in 2024-25, while the number of exporting MSMEs grew more than threefold. The sector's total funding requirement is projected at ₹ 134.40 Lakh Crore, with debt demand estimated at ₹ 106.11 Lakh Crore. Despite significant government efforts, including increased budget allocations and digital initiatives like the Unified Lending Interface to improve credit access, many MSMEs still face challenges such as limited formal credit availability, infrastructural bottlenecks, and the need for technological upgrades. NBFCs have emerged as key lenders to MSMEs, outpacing banks in growth, with MSME-related assets under management expected to surpass ₹ 5.3 Lakh Crore by FY 2026. Addressing these challenges will require coordinated action among financial institutions, policymakers, and stakeholders to foster innovation, competitiveness, and sustainable growth in the sector.

Growth in the MSME Credit Market:

Strong credit expansion is evident in semi-urban and rural geographies, which contribute 52% of Micro segment origination volumes and 42% in Small segment. Risk profile improvements continue, with the share of high-risk MSMEs (CMR 7-10) reducing to 12% in Q2 FY25 from 13% in Q2 FY24. Medium risk MSMEs (CMR 4-6) account for 53%.

Management Discussion and Analysis Report (Contd.)

Regulatory Landscape:

In recent developments aimed at enhancing transparency and customer protection, the Reserve Bank of India (RBI) has introduced several measures to improve disclosure standards among regulated entities (REs), particularly in the pricing of loans and associated charges. A significant step in this direction is the expansion of the mandate related to the Key Fact Statement (KFS). The RBI has now mandated that all REs provide a KFS for all retail and MSME loans. This expanded mandate ensures that key terms and conditions, especially the total cost of borrowing, are transparently communicated to customers at the outset of the loan agreement. The measure is expected to significantly enhance borrower awareness, reduce information asymmetry, and support more responsible lending practices across the financial ecosystem.

Further, The Scale Based Regulation (SBR) framework for NBFCs was further refined in FY 2024-25 to enhance risk management, transparency, and supervision aligned with their asset sizes and complexities.

During the year under review, the Company was materially compliant with applicable laws.

2. OPPORTUNITIES AND THREATS:

The Company operates amid evolving market dynamics, targeting underserved MSME and retail segments with secured financial products. The following summarizes the key opportunities and threats:

Opportunities:

- Growing credit demand in the expansive MSME and retail sectors with underserved pockets in rural and semi-urban India.
- Expansion of branch network into tier 3 and 4 cities, capitalizing on regional economic growth.
- Co-lending partnerships and syndication avenues to diversify funding sources and enhance liability mix.
- Leveraging AI and advanced analytics to boost underwriting efficiency, risk assessment, and customer experience.
- Rising women entrepreneurs and workforce participation driving increased credit demand from women borrowers.
- Digital transformation enabling seamless customer onboarding and faster credit decisioning.

Threats:

- Geopolitical uncertainties impacting economic sentiment and credit cycles.
- Intensifying competition from NBFCs and traditional banks, particularly in MSME lending.
- Potential regulatory changes affecting credit norms and capital adequacy.
- Anticipated pressure on collections in certain segments may lead to a potential rise in NPAs, necessitating strengthening of the Company's recovery strategy.
- Rapid technological changes posing operational risks if not effectively managed.

3. BUSINESS PERFORMANCE:

Top-line Highlights:

The Company recorded strong growth with AUM expanding by 45% YoY and disbursements increasing by 9% in FY 2024-25.

Management Discussion and Analysis Report (Contd.)

Business Model:

Continuing with a branch-led Direct-to-Consumer (D2C) model, the Company deepens customer engagement by delivering tailored secured loan products primarily backed by residential assets. The approach targets MSMEs and retail borrowers predominantly in tier 3 and 4 cities.

Network & Target Audience:

Our branch network scaled further to 129 branches as of March 31, 2025, reflecting calibrated expansion based on granular market assessments.

Digital Journey:

The Company enhanced its digital infrastructure, API driven automation tools for credit assessment and customer self-service portals, resulting in faster loan processing times and improved collections efficiency.

4. OUTLOOK:

The NBFC sector is poised for sustained growth given persistent financing needs across MSMEs and retail sectors. However, collection pressures and potential asset quality challenges in some pockets from an economic slowdown remain key monitorable. Our Company's investments in technology, human capital, and governance provide a strong foundation to capture opportunities in FY 2025-26.

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
- Reputation Risk
- Strategy Risk
- Financial & Reporting Risk
- Information Security Risk
- Asset Liability Mismatch 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.

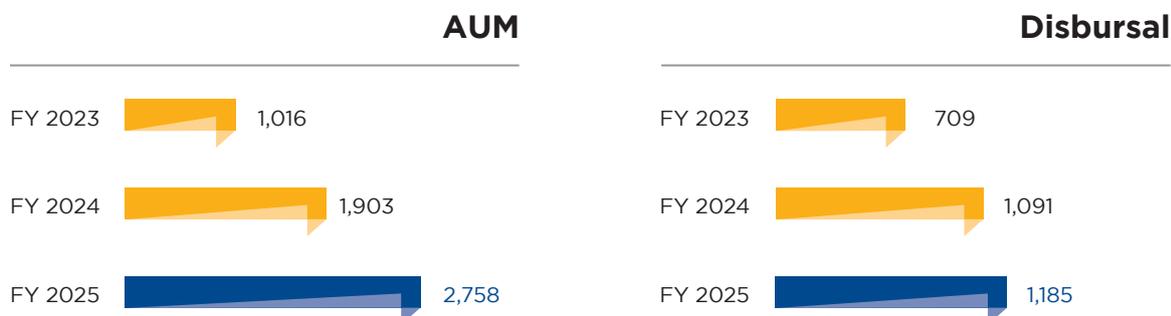
7. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

Portfolio Growth

HFS has made an impact on the lives of 27,159 customers as of March 31, 2025. The Company has a loan portfolio of ₹ 2,758 Crores as of March 31, 2025 growing from ₹ 1,903 Crores as of March 31, 2024. We closed

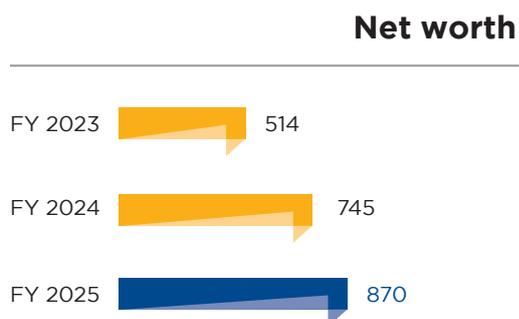
Management Discussion and Analysis Report (Contd.)

the year with a disbursement of ₹ 1,185 Crores as against ₹ 1,091 Crores in the previous year. Disbursements and Assets under management (AUM) over the years since inception is given below:



Asset Quality

Despite a challenging collection environment, robust customer assessment and monitoring practices helped maintain Gross NPA at 2.0% and Net NPA at 1.2%, respectively. The Stage 3 provision coverage ratio stands at 39%, reflecting a consistent and cautious approach to portfolio management.



Capital

The Company's total net worth increased from ₹ 745 Crore as of March 31, 2024, to ₹ 870 Crore as of March 31, 2025, driven by a ₹ 60 Crore rights issue fully subscribed by the promoters. The Company continues to maintain a strong capital position, with a capital adequacy ratio of 30.63% as of March 31, 2025, well above the regulatory requirements set by the RBI.

Diversified Funding Profile

The Company continues to follow a policy of diversifying its funding sources. It maintains relationships with 31 lenders, including Banks, NBFCs, DFIs, and SFBs, and is actively deepening ties with both private and public sector banks. As of March 31, 2025, the Company's loan outstanding stands at ₹ 2,218 Crore, with a debt-to-equity ratio of 2.6x. During the year, the Company undertook maiden 100 Crores NCD issuances listed on the Bombay Stock Exchange (BSE).

LISTING ON STOCK EXCHANGE

During the year under review, the Company had issued 5,000 Non-Convertible Debentures each aggregating to ₹ 50,00,00,000 (Rupees Fifty Crores only), which were listed on the Debt Market Segment of BSE Limited effective from September 24, 2024. The Company raised additional debt capital through issuance of 5,000 Non-Convertible Debentures each aggregating to ₹ 50,00,00,000 (Rupees Fifty Crores only), which were listed on the said segment of the BSE Limited, effective from February 27, 2025.

Operational Overview

The key operational highlights of the year 2024-25 are:

Particular	FY 2025	FY 2024	YOY%
AUM	₹ 2,758	₹ 1,903	45%
Revenue	₹ 449	₹ 271	66%
PAT	₹ 66	₹ 31	110%
Customer	27,159	19,315	41%
Employee	1,904	1,435	33%

Management Discussion and Analysis Report (Contd.)

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

The Company values its human resources and believes that the success of an organization is directly linked to the competencies, capabilities, contributions, and experience of its employees. The Company's core philosophy is centered around promoting a safe, healthy, and happy workplace while fostering a conducive work environment among its employees. The HR department promotes a culture of integrity, honesty and a constant learning attitude, while also maintaining cordial relationships, equal opportunities and policies to prevent harassment.

The Company constantly works towards promoting a respectful and secure workplace and aims to provide its employees with careers, not just jobs, and creating an environment of trust, confidence and transparency. The HR policies of the Company are designed to empower its workforce with knowledge and build their capabilities to grow and prosper in a healthy work environment.

Through a performance-driven culture, the Company motivates its employees to deliver excellence, which adds value to its brand while responding successfully to business challenges. As we scale up our business and strive to build a future-ready organization, talent attraction and retention, employee development and well-being, equal opportunities and harmonious relationships are key areas of focus.

Our HR processes are guided by well-defined competencies and Company values.

- HFS Academy - our dedicated online learning platform which enables our employee capability building initiatives including Induction, Functional/Refresher and Mandatory training programs.
- Regional and Annual Meets - fostering collaboration, alignment, and engagement across teams.
- Performance Management & Rewards / Recognition Programs - maintaining employee engagement and fostering a culture of healthy competition.

As of March 31, 2025, the total number of employees was 1904, with a net addition of 469 employees during FY 2024-25.

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.

Financial Statements



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 ('the Company'), which comprise the Balance Sheet as at 31 March 2025, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, and notes to the Financial Statements, including a summary of material accounting policy information and other explanatory information ('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 ('Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the 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 31 March 2025, and its Profit and Other Comprehensive Income, Changes in Equity and its Cash Flows for the year ended on that date.

Basis for Opinion

- We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143(10) of the Act. Our responsibilities under those SAs 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 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.

Key Audit Matters

- Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current year. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the Key Audit Matter to be communicated in our report.

Sr. No.	Key Audit Matter	How the Key Audit Matter was addressed in our audit
1	<p>Impairment of financial assets (including provision for expected credit loss) (as described in note 6, 29 and 39(i) of the Financial Statements)</p> <p>Subjective estimates: Under Ind AS 109, "Financial Instruments", allowance for loan losses is determined using expected credit loss ('ECL') estimation model. The estimation of ECL on financial instruments involves significant judgement and estimates.</p>	<p>Our key audit procedures included:</p> <ul style="list-style-type: none"> Reviewing board approved policies for impairment of financial Instruments and assessing compliance with the policies in terms of Ind AS 109; Testing the stage-wise bifurcation of product-wise portfolios;

Independent Auditor's Report (Contd.)

Sr. No.	Key Audit Matter	How the Key Audit Matter was addressed in our audit
	<p>The key areas significant management judgements are involved and therefore increased levels of audit focus in the Company's estimation of ECLs are:</p> <ul style="list-style-type: none"> • Data inputs: The computation of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. • Model estimations: Judgements and Estimates in the models that are used to estimate ECL which involves determining Probabilities of Default ('PD'), Loss Given Default ('LGD'), and Exposures at Default ('EAD'). <p>The underlying assumptions used in the estimates of impairment loss allowance is subject to uncertainties. Given the size of loan portfolio relative to the balance sheet and the impact of impairment allowance on the financial statements, we have considered this as a key audit matter.</p> <p>The disclosures (including as prescribed by RBI) regarding the Company's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results.</p>	<ul style="list-style-type: none"> • Reviewing the determination the PD and LGD rates; • Testing of provisions and disclosures in the Ind AS Financial Statements. <p>Substantive verification:</p> <ul style="list-style-type: none"> • Sample testing over inputs, data and assumptions impacting ECL calculations. • Model calculations testing through re-computation. <p>Testing the arithmetical accuracy of the computation of ECL provision performed by the Company.</p> <ul style="list-style-type: none"> • Assessing whether the disclosures on key judgements, assumptions and quantitative data with respect to impairment of loans in the Ind AS Financial Statements are appropriate and sufficient.

Other Information

5. The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report but does not include the Financial Statements and our auditors' report thereon. The Other Information is expected to be made available to us after the date of this auditor's report.
6. Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.
7. 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 the other information is materially inconsistent with the Financial Statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.
8. When we read the Other Information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

Independent Auditor's Report (Contd.)

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

9. 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 State of Affairs, profit and Other Comprehensive Income, Changes in Equity and Cash Flows of the Company in) conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended 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 of the appropriate accounting software for ensuring compliance with applicable laws and regulations including those related to retention of audit logs; 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.
10. In preparing the Financial Statements, the Board of Directors 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
11. The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the Financial Statements

12. 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:
 - 12.1. 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.
 - 12.2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to Financial Statements in place and the operating effectiveness of such controls.
 - 12.3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
 - 12.4. Conclude on the appropriateness of the 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

Independent Auditor's Report (Contd.)

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.

12.5. 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.

13. 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.
14. 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.
15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

16. The Financial Statements of the Company for the year ended 31 March 2024 were audited by erstwhile Statutory auditors whose reports dated 11 May 2024 expressed an unmodified opinion on those financial statements. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

17. As required by the Companies (Auditor's Report) Order, 2020 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
18. As required by Section 143(3) of the Act, we report that:
 - 18.1. 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.
 - 18.2. In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books except for the matters stated in paragraph 19.8 below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended).
 - 18.3. The balance sheet, the statement of profit and loss including Other Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - 18.4. In our opinion, the aforesaid Financial Statements comply with the Ind AS specified under Section 133 of the Act read with the relevant rules thereunder.
 - 18.5. On the basis of the written representations received from the directors as on 31 March 2025 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2025 from being appointed as a director in terms of Section 164(2) of the Act.

Independent Auditor's Report (Contd.)

- 18.6. The modification relating to the maintenance of books of accounts and other matters connected therewith are as stated in the paragraph 18.2 above on reporting under Section 143(3)(b) and paragraph 19.8 below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended).
- 18.7. With respect to the adequacy of the internal financial controls with reference to Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'.
- 18.8. With respect to the matter to be included in the Auditor's report under section 197(16) of the Act, in our opinion, according to the information and explanation given to us, the provisions of section 197 read with Schedule V of the Act are not applicable to the Company as it is a private limited company.
19. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
- 19.1. The Company has disclosed the impact of pending litigations as at 31 March 2025 on its financial position in its Financial Statements – Refer Note 41 to the Financial Statements;
- 19.2. The Company has made provision, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 52.14 to the Financial Statements;
- 19.3. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- 19.4. The Management has represented, to best of their knowledge and belief, that no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- 19.5. The Management has represented, to best of their knowledge and belief, that no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- 19.6. Based on such audit procedures, that have been considered reasonable and appropriate in the circumstances, performed by us, nothing has come to our notice that has caused us to believe that the representation under para 19.4 and 19.5 contain any material misstatement.
- 19.7. In our opinion and according to information and explanation given to us, the Company has not declared or paid dividend during the year, accordingly compliance with section 123 of the Act by the Company is not applicable.

Independent Auditor's Report (Contd.)

19.8. Based on our examination which included test checks, the company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility except for two accounting software, where the audit trail has not been enabled at the database level to log any direct data changes. Based on our procedures performed, for the accounting software other than the aforesaid databases where the question of our commenting does not arise, we did not notice any instance of the audit trail feature being tampered with.

Additionally, the audit trail has been preserved by the Company as per the statutory requirements for record retention other than the aforesaid databases where the question of our commenting does not arise.

For KKC & Associates LLP

Chartered Accountants

(formerly Khimji Kunverji & Co LLP)

Firm Registration Number: 105146W/W100621

Vinit K Jain

Partner

ICAI Membership No: 145911

UDIN: 25145911BMNQYT4006

Place: Mumbai

Date: 10 May 2025



Annexure 'A'

To the Independent Auditor's Report (Contd.)

Annexure 'A' to the Independent Auditor's Report on the Financial Statements of Hiranandani Financial Services Private Limited for the year ended 31 March 2025

(Referred to in paragraph 17 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

The Company is maintaining proper records showing full particulars of intangible assets.

- (b) The Company has a regular programme of physical verification of its PPE by which all PPE are verified in a phased manner over a period of 3 years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain PPE were physically verified by the Management during the year. In our opinion, and according to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The Company does not own immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), hence reporting under paragraph 3(i)(c) of the Order is not applicable.
- (d) In our opinion and according to the information and explanations given to us, the Company has not revalued its PPE (including Right of Use assets) or intangible assets or both during the year.
- (e) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, 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.
- ii. (a) The Company does not have any inventory, hence physical verification of inventory and reporting under paragraph 3(ii)(a) of the Order is not applicable.
- (b) In our opinion and according to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of rupees five crore, in aggregate, from banks or financial institutions which are secured on the basis of security of current assets. The quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company.
- iii. (a) Since the Company's principal business is to give loans, the provisions of clause 3(iii)(a) of the Order are not applicable to it.
- (b) In our opinion and according to the information and explanations given to us, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prejudicial to the Company's interest.
- (c) The Company, being a NBFC, registered under the provisions of the RBI Act, 1934 and rules made thereunder, in pursuance of its compliance with provisions of the said Act/Rules, particularly, the Income Recognition, Asset Classification and Provisioning Norms, monitors repayments of principal and payment of interest by its customers as stipulated. In our opinion and according to the information and explanations given to us, in respect of loans and advances in the nature of loans, the schedule of repayment of principal and payment of interest has been stipulated and in cases where repayment of principal and payment of interest is not received as stipulated, the cognizance thereof is taken by the Company in course of its periodic regulatory reporting. Refer Note 6 and 39(i) to the Financial Statements for summarized details of such loans/advances which are not repaid by borrowers as per stipulations. According to the information and explanation made available to us, reasonable steps are taken by the Company for recovery thereof.

Annexure 'A' to the Independent Auditor's Report (Contd.)

- (d) The Company, being a NBFC, registered under provisions of RBI Act, 1934 and rules made thereunder, in pursuance of its compliance with provisions of the said Act/Rules, particularly, the Income Recognition, Asset Classification and Provisioning Norms, monitors and reports total amount overdue including principal and/or payment of interest by its customers for more than 90 days. In cases where repayment of principal and payment of interest is not received as stipulated, the cognizance thereof is taken by the Company in course of its periodic regulatory reporting. Refer Note 6 and 39(i) to the Financial Statements for summarised details of such loans/advances which are not repaid by borrowers as per stipulations. According to the information and explanation made available to us, reasonable steps are taken by the Company for recovery thereof. Having regards, to the nature of business and volume of transactions and information involved, it is impracticable to provide the list of loan assets where delinquencies in the repayment of principal and interest have been identified.
- (e) Since the Company's principal business is to give loans, the provisions of paragraph 3(iii)(e) of the Order are not applicable to it.
- (f) Based on our audit procedures and the information and explanation made available to us, the Company has not granted any loans or advances in the nature of loans to Promoters/Related Parties (as defined in section 2(76) of the Act) which are either repayable on demand or without specifying any terms or period of repayment.
- iv. In our opinion and according to the information and explanations given to us, the Company has not either directly or indirectly, granted any loan to any of its directors or to any other person in whom the director is interested, in accordance with the provisions of section 185 of the Act and the Company has not made investments through more than two layers of investment companies in accordance with the provisions of section 186 of the Act. Accordingly, provisions stated in paragraph 3(iv) of the Order are not applicable to the Company.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits from the public during the year in terms of directives issued by the Reserve Bank of India or the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- vi. The Company is not required to maintain cost records under Section 148(1) of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014 and hence reporting under paragraph 3(vi) of the Order is not applicable to the Company.
- vii. (a) In our opinion and according to the information and explanations given to us, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues generally have been regularly deposited by the Company with the appropriate authorities in all the cases during the year.
- According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, Goods and Services Tax, duty of customs, cess and other material statutory dues were in arrears as at 31 March 2025 for a period of more than six months from the date they became payable.
- (b) In our opinion and according to the information and explanations given to us, we confirm that there are no dues of Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, that have not been deposited to/with the appropriate authority on account of any dispute.
- viii. In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, we confirm that we have not come across any 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.

Annexure 'A' to the Independent Auditor's Report (Contd.)

- ix. (a) In our opinion, the Company has not defaulted in repayment of loans or other borrowings to financial institutions, banks, government and dues to debenture holders or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority or any other lender.
- (c) In our opinion and according to the information and explanations given to us, the Company has utilized the money obtained by way of term loans during the year for the purposes for which they were obtained
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) & (f) The Company does not have any subsidiaries, associates, or joint ventures. Accordingly, the provisions of the clauses (ix)(e) & (f) of the Order are not applicable.
- x. (a) The Company did not raise money by way of initial public offer or further public offer (including debt instruments) during the year.
- (b) During the year the company has issued 500 lakhs equity shares on rights basis to its existing equity shareholders for consideration of Rs.6,000 lakh and the requirements of section 62 of the Act have been complied with, and the funds have been used for the purposes for which such funds were raised. The company has not issued any convertible debentures (Fully or Partially or optionally convertible) during the year.
- xi. (a) In our opinion and according to the information and explanations given to us, there has been no fraud by the Company or any fraud on the Company that has been noticed or reported during the year other than the instances of fraud noticed and reported by the management in terms of the regulatory provisions applicable to the Company amounting to 24.42 lakhs comprising of 4 cases. Also refer Note 48.29 to the financial statements.
- (b) In our opinion and according to the information and explanations given to us, no report under sub section (12) of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the Management, there are no whistle blower complaints received by the Company during the year.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date, for the period under audit.
- xv. According to the information and explanations given to us, in our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company
- xvi. (a) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and the Company has obtained the required registration

Annexure 'A' to the Independent Auditor's Report (Contd.)

- (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid CoR from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (c) The Company is not a Core Investment Company ('CIC') as defined in the regulations made by Reserve Bank of India and accordingly reporting under clause 3(xvi)(c) of the order is not applicable.
- (d) In our opinion there are no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions 2016) and accordingly reporting under clause 3(xvi) (d) of the order is not applicable
- xvii. The Company has not incurred any cash losses in the financial year and in the immediately preceding financial year.
- xviii. During the year, the erstwhile Statutory auditors of the Company have completed their term and rotated out in accordance with RBI circular dated April 27, 2021. As informed, there have been no issues, objections or concerns raised by the said outgoing auditors.
- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. According to the information and explanations given to us, there is no unspent amount under sub-section (5) of section 135 of the said Act pursuant to any project and accordingly reporting under clause 3(xx) of the order is not applicable

For KKC & Associates LLP

Chartered Accountants

(formerly Khimji Kunverji & Co LLP)

Firm Registration Number: 105146W/W100621

Vinit K Jain

Partner

ICAI Membership No: 145911

UDIN: 25145911BMNQYT4006

Place: Mumbai

Date: 10 May 2025

Annexure 'B'

To the Independent Auditor's Report (Contd.)

Annexure 'B' to the Independent Auditors' report on the Financial Statements of Hiranandani Financial Services Private Limited for the year ended 31 March 2025

(Referred to in paragraph '18.7' under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to the aforesaid Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act').

Opinion

1. We have audited the internal financial controls with reference to the Financial Statements of Hiranandani Financial Services Private Limited ('the Company') as at 31 March 2025 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.
2. In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to the Financial Statements and such internal financial controls were operating effectively as at 31 March 2025, based on the internal controls 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 ('the Guidance Note').

Management's responsibility for Internal Financial Controls

3. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's responsibility

4. Our responsibility is to express an opinion on the Company's internal financial controls with reference to the Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing ('SA '), prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the Financial Statements. Those SAs and the Guidance Note require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the Financial Statements were established and maintained and whether such controls operated effectively in all material respects.
5. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to the Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to the Financial Statements included obtaining an understanding of internal financial controls with reference to the Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to the Financial Statements.

Annexure 'B' to the Independent Auditor's Report (Contd.)

Meaning of Internal Financial Controls with reference to the Financial Statements

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

Inherent Limitations of Internal Financial Controls with reference to the Financial Statements

8. Because of the inherent limitations of internal financial controls with reference to the Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to the Financial Statements to future periods are subject to the risk that the internal financial controls with reference to the Financial Statements may become inadequate because

For KKC & Associates LLP

Chartered Accountants

(formerly Khimji Kunverji & Co LLP)

Firm Registration Number: 105146W/W100621

Vinit K Jain

Partner

ICAI Membership No: 145911

UDIN: 25145911BMNQYT4006

Place: Mumbai

Date: 10 May 2025

Balance Sheet

as at March 31, 2025

(Amounts in ₹ Lakhs, unless otherwise stated)

	Note No.	As at March 31, 2025	As at March 31, 2024
ASSETS			
Financial assets			
(a) Cash and cash equivalents	3	15,262.85	26,887.94
(b) Bank balance other than included in (a) above	4	20,004.78	8,073.18
(c) Receivables			
- Trade receivables	5 (a)	-	82.59
- Other receivables	5 (b)	333.04	520.04
(d) Loans	6	2,71,245.86	1,88,373.88
(e) Investments		-	-
(f) Other financial assets	7	1,051.49	501.81
Total financial assets		3,07,898.02	2,24,439.44
Non-financial assets			
(a) Current tax assets (Net)	8	348.59	-
(b) Deferred tax assets (Net)	33	1,309.44	1,203.64
(c) Property, plant and equipment	9	412.28	344.40
(d) Intangible assets	10	175.69	132.11
(e) Intangible assets under development	10.1	36.93	-
(f) Right-of-use assets	43	1,166.38	53.61
(g) Other non-financial assets	11	375.52	402.51
Total non-financial assets		3,824.83	2,136.27
Total Assets		3,11,722.85	2,26,575.71
LIABILITIES AND EQUITY			
Liabilities			
Financial liabilities			
(a) Derivative Financial Instrument	12	506.95	-
(b) Payables	13		
(I) Trade payables			
(i) Total outstanding dues of micro enterprise and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		34.18	23.29
(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		-	-
(c) Debt Securities	14	9,988.53	-
(d) Borrowings (Other than debt securities)	15	2,10,629.00	1,43,651.13
(e) Lease liabilities	43	1,117.52	54.50
(f) Other financial liabilities	16	1,190.80	6,127.68
Total financial liabilities		2,23,466.98	1,49,856.60
Non-financial liabilities			
(a) Current tax liabilities (Net)	17	-	0.27
(b) Provisions	18	854.41	1,926.14
(c) Other non-financial liabilities	19	387.80	299.54
Total non-financial liabilities		1,242.21	2,225.95
Total Liabilities		2,24,709.19	1,52,082.55
Equity			
(a) Equity share capital	20	73,211.82	68,211.82
(b) Other equity	21	13,801.84	6,281.34
		87,013.66	74,493.16
Total Liabilities and Equity		3,11,722.85	2,26,575.71
See accompanying notes forming part of the financial statements	01-58		

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

As per our report of even date attached
For KKC & Associates LLP
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
ICAI Firm Registration No. 105146W/W100621

Vinit Jain
Partner
Membership No : 145911
Place : Mumbai
Date : May 10, 2025

Uday Suvarna
Chief Executive Officer

Place : Mumbai
Date : May 10, 2025

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 10, 2025

Rajesh Rajak
Chief Financial Officer

Place : Mumbai
Date : May 10, 2025

Neha S. Hiranandani
Director
DIN : 01954865
Place : London
Date : May 10, 2025

Ketaki Prasad Satam
Company Secretary
M.No. A28476
Place : Mumbai
Date : May 10, 2025

Statement of Profit and Loss

for the year ended March 31, 2025

(Amounts in ₹ Lakhs, unless otherwise stated)

	Note No.	For the year ended March 31, 2025	For the year ended March 31, 2024
INCOME			
Revenue from operations			
Interest income	22	40,760.27	24,649.52
Fees and commission income	23	1,313.25	622.73
Net gain on fair value changes	24	714.75	473.83
Net gain on derecognition of financial instruments	25	226.62	-
Other operating revenue	26	1,829.47	1,320.29
I Total revenue from operations (I)		44,844.36	27,066.37
II Other income	27	47.09	28.08
III Total income (I+II)		44,891.45	27,094.45
EXPENSES			
Finance costs	28	17,500.57	9,495.45
Impairment on financial instruments	29	2,625.37	1,291.38
Employee benefits expense	30	12,010.03	8,884.27
Depreciation and amortization expenses	31	333.72	215.50
Other expenses	32	3,630.94	2,508.45
IV Total expenses		36,100.63	22,395.05
V Profit before exceptional items and tax (III-IV)		8,790.82	4,699.40
VI Exceptional items	18	-	620.26
VII Profit before tax (V-VI)		8,790.82	4,079.14
VIII Tax expense :	33		
Current tax		2,283.07	1,605.52
Deferred tax		(75.01)	(656.20)
Total tax expense		2,208.06	949.32
IX Profit for the year (V-VI)		6,582.76	3,129.82
X Other comprehensive income (OCI)			
(A) Items that will not be subsequently reclassified to profit or loss			
Remeasurement of the post employment defined benefit obligations		(29.52)	(18.25)
Income tax effect		7.43	4.59
(B) Items that will be subsequently reclassified to profit or loss			
The effective portion of gain and loss on hedging instruments in a cash flow hedge		(92.83)	-
Income tax effect		23.36	-
Other comprehensive income for the year		(91.56)	(13.66)
XI Total comprehensive income for the year (VII+VIII)		6,491.20	3,116.16
XII Earnings per share (Equity shares, face value of ₹ 10/- each)	34		
Basic		0.96	0.62
Diluted		0.96	0.62
See accompanying notes forming part of the financial statements	01-58		

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

**As per our report of even date attached
For KKC & Associates LLP**
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
ICAI Firm Registration No. 105146W/W100621

Vinit Jain
Partner
Membership No: 145911
Place : Mumbai
Date : May 10, 2025

Uday Suvarna
Chief Executive Officer

Place : Mumbai
Date : May 10, 2025

**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 10, 2025

Rajesh Rajak
Chief Financial Officer

Place : Mumbai
Date : May 10, 2025

Neha S. Hiranandani
Director
DIN : 01954865
Place : London
Date : May 10, 2025

Ketaki Prasad Satam
Company Secretary
M.No. A28476
Place : Mumbai
Date : May 10, 2025

Statement of Cash Flows

for the year ended March 31, 2025

(Amounts in ₹ Lakhs, unless otherwise stated)

	For the year ended March 31, 2025	For the year ended March 31, 2024
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	8,790.82	4,079.14
Adjustments for:		
Interest income on loans	(38,328.91)	(23,524.96)
Interest income on fixed deposits	(1,460.41)	(914.51)
Fees and commission income	(1,313.25)	(622.73)
Depreciation of property, plant and equipment	132.19	111.20
Depreciation on right of use assets	142.61	75.41
Amortization of intangible assets	58.92	28.89
Net (Gain)/Loss on financial instruments at fair value through profit or loss	(207.80)	(473.83)
Effective portion of gain and loss on hedging instruments in a cash flow hedge	(92.83)	-
Loss/(Profit) on sales of fixed assets	1.89	0.41
Share-based payment expense	29.29	20.41
Impairment on financial instruments	2,625.37	1,291.38
Finance costs	17,500.57	9,495.45
Exceptional items	-	620.26
Expenses on gratuity and compensated absences	112.13	51.48
Net (Gain)/Loss on derecognition of Lease Liabilities	(5.25)	-
Net (Gain)/Loss on derecognition of financial instruments	(226.62)	-
	(12,241.28)	(9,762.00)
Operational Cash Flows		
Cash inflow from interest on loans	37,272.29	22,460.45
Cash inflow from interest on fixed deposits	1,274.25	686.46
Cash inflow from Fees and commission	1,313.25	622.73
Cash outflow towards finance cost on borrowings and debt securities	(18,017.31)	(9,881.59)
Operating profit/(loss) before working capital changes	9,601.20	4,126.05
Changes in working capital		
(Increase)/Decrease in trade receivables	82.59	(28.45)
(Increase)/Decrease in other receivables	187.00	(360.78)
(Increase)/Decrease in other financial assets	(136.90)	(73.27)
(Increase)/Decrease in loans	(84,440.73)	(88,117.68)
(Increase)/Decrease in other non-financial assets	(45.19)	(172.65)
Increase/(Decrease) in trade payables	10.89	(415.24)
Increase/(Decrease) in other financial liabilities	(4,710.66)	5,714.03
Increase/(Decrease) in other non financial liabilities	88.26	102.67
Increase/(Decrease) in provisions	(1,213.39)	716.46
Cash generated from/(used in) operations	(80,576.93)	(78,508.86)
Income tax paid (net)	(2,631.93)	(1,625.52)
Net cash generated/(used in) from operating activities (A)	(83,208.86)	(80,134.38)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets	(305.09)	(273.98)
Sale of property, plant and equipment and intangible assets	0.64	0.10
Capital work in progress	(36.93)	40.00
Investments in mutual funds	(1,23,250.00)	(1,49,330.54)
Redemption of mutual funds	1,23,964.75	1,49,804.37
Investment in term deposits with banks (net)	(11,931.60)	(7,381.77)
Net cash generated/(used) in investing activities (B)	(11,558.23)	(7,141.82)

Statement of Cash Flows

for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

	For the year ended March 31, 2025	For the year ended March 31, 2024
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares (including securities premium)	6,000.00	20,000.00
Proceeds from borrowings	1,20,499.45	97,949.90
Repayment of borrowings	(53,210.15)	(23,761.90)
Proceeds from Debt Securities	10,000.00	-
Lease Liability Paid	(147.30)	(72.32)
Net cash generated/(used) in financing activities (C)	83,142.00	94,115.68
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(11,625.09)	6,839.48
Cash and cash equivalents at the beginning of the year	26,887.94	20,048.46
Cash and cash equivalents at the end of the year (note 3)	15,262.85	26,887.94

Notes:-

- 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'
- Figures in brackets indicate cash outflow
- 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

01-58

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

As per our report of even date attached For KKC & Associates LLP

Chartered Accountants

(formerly Khimji Kunverji & Co LLP)

ICAI Firm Registration No. 105146W/W100621

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

Vinit Jain

Partner

Membership No: 145911

Place : Mumbai

Date : May 10, 2025

Harsh S. Hiranandani

Director

DIN : 07661253

Place : Mumbai

Date : May 10, 2025

Neha S. Hiranandani

Director

DIN : 01954865

Place : London

Date : May 10, 2025

Uday Suvarna

Chief Executive Officer

Place : Mumbai

Date : May 10, 2025

Rajesh Rajak

Chief Financial Officer

Place : Mumbai

Date : May 10, 2025

Ketaki Prasad Satam

Company Secretary

M.No. A28476

Place : Mumbai

Date : May 10, 2025

Statement of Changes in Equity

for the year ended March 31, 2025

(Amounts in ₹ Lakhs, unless otherwise stated)

(a) Equity share capital (refer note 20)

Equity shares of ₹ 10 each issued, subscribed and fully/Partly paid up	Amount
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
Equity share capital issued during the year	5,000.00
As at March 31, 2025	73,211.82

(b) Other equity (refer note 21)

Particulars	Reserve and surplus				Other comprehensive income on		Total other equity
	Retained earnings	Statutory reserves fund as per Section 45-IC of the RBI Act, 1934	Employee stock option plan reserve	Securities Premium	Remeasurement gain / (loss) on defined benefit plans	Effective portion of Cash Flow Hedge	
Balance as at March 31, 2023	659.91	504.41	144.11	-	18.16	-	1,326.59
Total comprehensive income for the year ended March 31, 2023							
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	3,129.82	-	-	-	(13.66)	-	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	-	-	20.41	-	-	-	20.41
Balance as at March 31, 2024	3,163.77	1,130.37	164.52	1,818.18	4.50	-	6,281.34
Total comprehensive income for the year ended March 31, 2024							
Profit for the year	6,582.76	-	-	-	-	-	6,582.76
Other comprehensive income for the year, net of tax	-	-	-	-	(22.09)	(69.47)	(91.56)

Statement of Changes in Equity

for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Reserve and surplus				Other comprehensive income on		Total other equity
	Retained earnings	Statutory reserves fund as per Section 45-IC of the RBI Act, 1934	Employee stock option plan reserve	Securities Premium	Remeasurement gain / (loss) on defined benefit plans	Effective portion of Cash Flow Hedge	
Total comprehensive income	6,582.76	-	-	-	(22.09)	(69.47)	6,491.20
Transfers to statutory reserves	(1,316.55)	1,316.55	-	-	-	-	-
Premium on Issue of share capital	-	-	-	1,000.00	-	-	1,000.00
Recognition of share-based payments	-	-	29.30	-	-	-	29.30
Balance as at March 31, 2025	8,429.98	2,446.92	193.82	2,818.18	(17.59)	(69.47)	13,801.84

See accompanying notes forming part of the financial statements

01-58

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

As per our report of even date attached
For KKC & Associates LLP
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
ICAI Firm Registration No. 105146W/W100621

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

Vinit Jain

Partner
Membership No: 145911
Place : Mumbai
Date : May 10, 2025

Harsh S. Hiranandani

Director
DIN : 07661253
Place : Mumbai
Date : May 10, 2025

Neha S. Hiranandani

Director
DIN : 01954865
Place : London
Date : May 10, 2025

Uday Suvarna

Chief Executive Officer

Place : Mumbai
Date : May 10, 2025

Rajesh Rajak

Chief Financial Officer

Place : Mumbai
Date : May 10, 2025

Ketaki Prasad Satam

Company Secretary
M.No. A28476
Place : Mumbai
Date : May 10, 2025

Notes to the financial statements for the year ended March 31, 2025

(Amounts in ₹ Lakhs, unless otherwise stated)

1(A). 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 2025 were authorized for issue in accordance with a resolution of the board of directors on May 10 2025.

1(B). 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.

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

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

ii. Impairment of Financial Assets

The measurement of impairment losses on loan assets and commitments requires judgment in estimating the amount and timing of future cash flows and recoverability of collateral values

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

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:

- 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 35 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

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

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.

2. MATERIAL 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').

Business Model Test: The Company determines the business model at a level that reflects how Company's financial assets are managed together to achieve a particular business

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

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

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

Basis the above tests for purposes of subsequent measurement, financial assets are classified in 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.

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

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

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

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 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:

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

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.

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

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.

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

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.



Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

v. Fee Income

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

vi. Other operational revenue

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

c) Employee benefits

The Company's employee benefits mainly include salaries and bonuses, defined contribution plans (i.e. provident funds and employee state insurance scheme), defined benefits plans (i.e. gratuity) and other long-term employee benefits (i.e. compensated absences). The employee benefits are 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

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

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. On cancellation or lapse of option granted to employees, the compensation cost charged to statement of profit & loss is credited with corresponding decrease in equity.

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

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflect that the Company exercise a purchase option. The Company applies Ind AS 36 to determine whether a ROU asset is impaired and accounts for any identified impairment loss as described in the accounting policy below on “Impairment of non-financial assets”.

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

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

f) **Property, plant, and equipment (PPE)**

Recognition and measurement

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

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located. The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located. Cost includes, for qualifying assets, borrowing costs capitalised in accordance with the Company’s accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Subsequent costs relating to an item of Property, Plant and Equipment are recognized in the carrying amount of the item if the recognition criteria are met.

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

Depreciation

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

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

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

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

i) Impairment of non-financial assets

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

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

j) Provisions, contingent liabilities and contingent assets

i. Provisions

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

ii. Contingent liabilities

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

iii. Contingent assets

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

k) Taxation

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

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

l) 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.

i. 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.

m) 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.

n) 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.

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

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.

o) 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.

p) 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.

q) Derivative financial instruments

The Company enters into derivative financial instruments such as foreign exchange forward contracts to manage its exposure to foreign exchange rate risk.

Initial Recognition and Subsequent Measurement

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain/loss is recognized in the Statement of profit and loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the statement of profit and loss depends on the nature of the hedge relationship. The Company designates certain derivatives as either hedges of the fair value of recognized assets or liabilities (fair value hedges) or hedges of highly probable forecast transactions (cash flow hedges). A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability.

Hedge Accounting

The Company uses derivative instruments to manage its risk on exposures to interest rate and foreign currency. In order to manage particular risks, the Company applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/economic relationship, the hedged item or transaction and the nature of the risk being hedged. Hedge effectiveness is determined at the inception of the hedge relationship and at the end of each reporting period through the assessment of the hedged items and hedging instrument to determine whether there is still an economic relationship between the two. The critical

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

terms of the foreign currency derivatives entered into exactly match the terms of the hedged item. As such the economic relationship and hedge effectiveness are based on the qualitative factors and the use of a hypothetical derivative where appropriate.

Cash Flow Hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability (such as all or some future interest payments on floating interest rate) or a highly probable forecast transaction that can affect profit or loss.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognized directly in OCI reserve within Other Equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognized immediately as Finance Cost in the Statement of Profit and Loss.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognized in OCI at that time is transferred to the Statement of Profit and Loss.

r) Expenditure on Corporate Social Responsibility (CSR)

The Company accounts the expenditure incurred towards Corporate Social Responsibility as required under the Companies Act 2013 as a charge to the statement of profit and loss, if applicable.

s) Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past / future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

t) Recent Accounting Pronouncements

Ministry of Corporate Affairs ('MCA') notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31 2025, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.



Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

3 CASH AND CASH EQUIVALENTS

	As at March 31, 2025	As at March 31, 2024
Cash on hand	173.15	86.76
Balances with banks in current accounts	5,289.39	10,800.88
Bank deposits with original maturity of less than three months	9,800.31	16,000.30
Total	15,262.85	26,887.94
₹ 0.31 Lakhs (March 31, 2024: Nil) kept as lien against borrowings.		

4 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

	As at March 31, 2025	As at March 31, 2024
Bank deposits with original maturity for more than three months	20,004.78	8,073.18
Total	20,004.78	8,073.18
₹ 7,517.72 Lakhs (March 31, 2024: ₹ 8,067.29 Lakhs) kept as lien against borrowings.		

5 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

5(a) Trade receivables

	As at March 31, 2025	As at March 31, 2024
Unsecured, considered good	-	82.59
Less: Impairment loss allowance	-	-
Total	-	82.59

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, 2025

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	-	-	-	-	-	-
(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, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

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	-	-	-	-	-
(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, 2025	As at March 31, 2024
Unsecured, considered good	333.04	520.04
Less: Impairment loss allowance	-	-
Total	333.04	520.04

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.

Ageing as at March 31, 2025

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 Other receivables - Considered good	333.04	-	-	-	-	333.04
(ii) Undisputed Other receivables - Considered doubtful	-	-	-	-	-	-
(iii) Disputed Other receivables - Considered doubtful	-	-	-	-	-	-
(iv) Disputed Other receivables - Considered doubtful	-	-	-	-	-	-

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 Other receivables - Considered good	520.04	-	-	-	-	520.04
(ii) Undisputed Other receivables - Considered doubtful	-	-	-	-	-	-
(iii) Disputed Other receivables - Considered doubtful	-	-	-	-	-	-
(iv) Disputed Other receivables - Considered doubtful	-	-	-	-	-	-

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

6 LOANS

	As at March 31, 2025	As at March 31, 2024
(A) Loans (at amortized cost):		
Loans	2,78,665.66	1,92,713.59
Less:- Effective interest rate adjustment	(3,973.20)	(2,802.95)
Total (Gross)	2,74,692.46	1,89,910.64
Less: Impairment loss allowance	(3,446.60)	(1,536.76)
Total (Net)	2,71,245.86	1,88,373.88
(B) Breakup of loans into secured/unsecured category		
i) Secured by tangible assets	2,77,652.93	1,89,341.33
ii) Unsecured	1,012.73	3,372.26
Less:- Effective interest rate adjustment	(3,973.20)	(2,802.95)
Total (Gross)	2,74,692.46	1,89,910.64
Less: Impairment loss allowance	(3,446.60)	(1,536.76)
Total (Net)	2,71,245.86	1,88,373.88
(C) Breakup of loans geographical area-wise		
(i) Loans in India		
(a) Public sector	-	-
(b) Others	2,78,665.66	1,92,713.59
Less:- Effective interest rate adjustment	(3,973.20)	(2,802.95)
Total (Gross)	2,74,692.46	1,89,910.64
Less: Impairment loss allowance	(3,446.60)	(1,536.76)
Total (Net)	2,71,245.86	1,88,373.88
(ii) Loans outside India	-	-

Notes:

- (1) There is no loan asset measured at FVTOCI or FVTPL or designated at FVTPL.
- (2) Loan amount includes accrued interest amounting ₹ 3,748.64 Lakhs (March 31, 2024: ₹ 2,387.56 Lakhs).

7 OTHER FINANCIAL ASSETS

	As at March 31, 2025	As at March 31, 2024
Security deposits	237.37	221.00
Interest accrued but not due on		
- deposits with banks	591.61	280.81
Excessive Interest Spread (EIS) Receivable	213.87	-
Less: ECL on EIS Receivable	(0.86)	-
Others	9.50	-
Total	1,051.49	501.81

8 CURRENT TAX ASSETS (NET)

	As at March 31, 2025	As at March 31, 2024
Advance income tax	348.59	-
[Net of provision of income tax]		
Total	348.59	-

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

**9 PROPERTY, PLANT & EQUIPMENT**

	Vehicles	Furniture and fixtures	Computer and Information Technology equipment	Office Equipment	Total
Cost					
As at March 31, 2023	110.14	50.78	205.11	23.84	389.87
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	110.12	68.40	330.99	39.19	548.70
Additions during the year	-	23.44	134.43	44.73	202.60
Disposals / deductions during the year	-	(2.07)	(8.20)	(1.24)	(11.51)
As at March 31, 2025	110.12	89.77	457.22	82.68	739.79
Accumulated depreciation					
As at March 31, 2023	1.76	3.35	84.49	3.94	93.54
Charge for the year	13.83	6.00	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	204.30
Charge for the year	13.76	7.93	100.77	9.73	132.19
Disposals / deductions during the year	-	(0.55)	(7.61)	(0.82)	(8.98)
As at March 31, 2025	29.35	16.68	262.52	18.96	327.51
Carrying amount					
As at March 31, 2024	94.53	59.10	161.63	29.14	344.40
As at March 31, 2025	80.77	73.09	194.70	63.72	412.28

10 INTANGIBLE ASSETS

	Computer Software	Website Development Cost	Trademark	Total
Cost				
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
Additions during the year	102.50	-	-	102.50
Disposals / deductions during the year	-	-	-	-
As at March 31, 2025	291.66	35.57	4.04	331.27
Accumulated depreciation				
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
Charge for the year	51.72	7.20	-	58.92
Disposals / deductions during the year	-	-	-	-
As at March 31, 2025	124.81	26.73	4.04	155.58
Carrying amount				
As at March 31, 2024	116.07	16.04	-	132.11
As at March 31, 2025	166.85	8.84	-	175.69

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

10.1 Intangible assets under development ageing schedule

Particulars	Amount in Intangibles under Development for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
As at March 31, 2025					
Project in progress #	36.93	-	-	-	36.93
Project temporarily suspended	-	-	-	-	-
As at March 31, 2024					
Project in progress#	-	-	-	-	-
Project temporarily suspended	-	-	-	-	-

There are no projects whose completion are overdue or has exceeded its cost compared to its original plan.

11 OTHER NON-FINANCIAL ASSETS

	As at March 31, 2025	As at March 31, 2024
Prepaid expenses	276.88	218.04
Balances with government authorities	24.78	106.45
Advance to vendors	53.87	68.53
Other advances	19.99	9.49
	375.52	402.51

12 DERIVATIVE FINANCIAL INSTRUMENTS

	As at March 31, 2025	As at March 31, 2024
Fair value liability		
Part I		
Forwards		
Notional Amounts	22,355.69	-
Fair Value-Liability	506.95	-
Total derivative financial instruments	506.95	-
Part II		
Included in above (Part I) are derivatives held for hedging and risk management purpose as follows:		
Notional Amounts	22,355.69	-
Fair Value-Liability	506.95	-
Total	506.95	-

The Company enters into derivative financial instruments for its foreign currency risk exposures. The derivatives are measured to their fair value at the balance sheet date. These instruments are designated as cash flow hedges and are measured at fair value. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated in equity under hedge reserve. Fair values of derivative financial instruments are determined on a Marked to Market basis. (Refer Note 39)

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

13 PAYABLES

	As at March 31, 2025	As at March 31, 2024
Trade Payables		
- Total outstanding dues of micro enterprises and small enterprises (Refer note 43)*	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	34.18	23.29
	34.18	23.29

*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, 2025 (March 31, 2024 - NIL). There is no interest due or outstanding on the same.

Ageing as at March 31, 2025

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	34.18	-	-	-	34.18
(iii) Disputed	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-

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	-	-	-	-	-

14 DEBT SECURITIES

	As at March 31, 2025	As at March 31, 2024
(at amortized cost)		
a) Non convertible debentures (Secured, listed, fully paid and privately placed)	10,000.00	-
Add:- Interest Accrued but not due on debt securities	49.07	-
Less:- Effective interest rate adjustment	(60.54)	-
Total (A)	9,988.53	-
Debt Securities in India	9,988.53	-
Debt Securities outside India	-	-
Total (B)	9,988.53	-

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

14.1 Terms of repayment of privately placed redeemable non convertible debentures:

Tenure (From balance Sheet date)	As at March 31, 2025		As at March 31, 2024	
	Rate of interest (%)	Amount	Rate of interest (%)	Amount
Due Within 1 year	-	-	-	-
Due 1 year to 3 years	9.95%-10.25%	10,000.00	-	-
Total		10,000.00		-
Interest accrued		49.07		-
Effective interest rate adjustment		(60.54)		-
Net Amount		9,988.53		-

14.2 Details of Secured Redeemable Non Convertible Debentures :

Name of Security	Type of Charge	Number of securities	Allotment date	Redemption Date	As at March 31, 2025	As at March 31, 2024
(1.) 10.25% HFS NCD 2027 (Secured, rated, listed, redeemable, non-convertible debentures)	Pari-passu	5000	September 24, 2024	September 24, 2027	5,000.00	-
(2.) 9.95% HFS NCD 2028 (Secured, rated, listed, redeemable, non-convertible debentures)	Pari-passu	5000	February 24, 2025	February 24, 2028	5,000.00	-

Details :

- (1) 10.25% HFS NCD 2027 (Secured, rated, listed, redeemable, non-convertible debentures) Maturity Dated -Sept 24, 2027 : Face value of Non Convertible Debentures is 1 Lakh. These debentures are redeemable at the end of 36 months from the date of allotment. Payment of Interest is monthly and principal repayment at maturity.
- (2) 9.95% HFS NCD 2028 (Secured, rated, listed, redeemable, non-convertible debentures) Maturity Dated - Feb 24, 2028 : Face value of Non Convertible Debentures is 1 Lakh. These debentures are redeemable at the end of 36 months from the date of allotment. Payment of Interest is quarterly and principal repayment at maturity.

14.3 The secured non-convertible debentures issued by the Company are fully secured by way of a first-ranking pari-passu charge in favour of the debenture trustee over loan receivables of the Company, to the extent required to maintain security cover as specified in the respective debenture trust deeds. Further the Company has at all times, for the non-convertible debentures issued, maintained asset cover as stated in the respective information memorandum which is sufficient to discharge the principal amount, interest accrued thereon and such other sums as mentioned therein.

Notes:

- (1) There is no debt securities measured at FVTPL or designated at FVTPL.
- (2) The debt securities have not been guaranteed by directors or others. Also the Company has not defaulted in repayment of principal and interest.
- (3) The debt securities have been utilised for the purpose for which they were issued.

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

15 BORROWINGS (OTHER THAN DEBT SECURITIES)

	As at March 31, 2025	As at March 31, 2024
(at amortized cost)		
a) Term loans		
i) from bank (Secured)	1,73,972.94	1,15,019.57
ii) from financial Institutions (Secured)	37,451.88	24,517.72
Add:- Interest Accrued but not due on borrowings	426.69	249.54
b) Loans from related parties (Unsecured)	-	4,600.00
c) Cash Credit (Unsecured)	1.77	0.01
Less:- Effective interest rate adjustment	(1,224.28)	(735.71)
Total (A)	2,10,629.00	1,43,651.13
Borrowings in India	2,10,629.00	1,43,651.13
Borrowings outside India	-	-
Total (B)	2,10,629.00	1,43,651.13

15.1 Terms of repayment of Borrowings:

Tenure (From balance Sheet date)	As at March 31, 2025		As at March 31, 2024	
	Rate of interest (%)	Amount	Rate of interest (%)	Amount
Secured (against loan receivable)				
Due Within 1 year	8.13%-10.95%	64,190.87	8.38%-11.12%	39,474.64
Due 1 year to 3 years	8.13%-10.95%	1,04,546.97	8.38%-10.85%	72,023.66
Due 3 year to 5 years	8.39%-10.45%	33,702.35	8.38%-10.60%	24,949.45
Above 5 years	9.03%-10.35%	8,986.40	9.75%-10.25%	3,089.55
Unsecured				
Due Within 1 year	-	-	0%	4,600.00
Total		2,11,426.59		1,44,137.30
Interest accrued		426.69		249.54
Effective interest rate adjustment		(1,224.28)		(735.71)
Net Amount		2,10,629.00	-	1,43,651.13

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) Unsecured term loan outstanding as at March 31, 2025 aggregating to ₹Nil (March 31, 2024: ₹ 4,600.00 Lakhs was obtained from the director Mr. Harsh S. Hiranandani)
- (4) The Company has utilised the funds raised from banks and financial institutions for the specific purpose for which they were borrowed.
- (5) The Company has borrowed funds from banks and financial institutions on the basis of security of loan assets . It has submitted statements of loan assets with banks and financial institutions on monthly basis and the said statements are in agreement with books of accounts.

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

16 OTHER FINANCIAL LIABILITIES

	As at March 31, 2025	As at March 31, 2024
Employee benefit expenses payable	62.30	38.24
Accrued expenses	921.22	876.06
Book overdraft	-	5,023.45
Others	207.28	189.93
Total	1,190.80	6,127.68

17 CURRENT TAX LIABILITIES (NET)

	As at March 31, 2025	As at March 31, 2024
Provision for income tax [Net of advance tax]	-	0.27
Total	-	0.27

18 PROVISIONS

	As at March 31, 2025	As at March 31, 2024
Provision for employee benefits		
- Gratuity	30.90	81.52
- Provision for compensated absences	226.51	134.40
- Provision for bonus and other incentives	597.00	492.00
Others*	-	1,218.22
Total	854.41	1,926.14

* During previous year, in line with the RBI circular on 'Fair Practices Code for Lenders - Charging of Interest' dated April 29, 2024, the Company 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 was 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 period prior to March 31, 2023 was disclosed as a non-recurring exceptional item in the Statement of Profit and Loss for the year ended March 31, 2024.

19 OTHER NON-FINANCIAL LIABILITIES

	As at March 31, 2025	As at March 31, 2024
Statutory dues and taxes payable	379.08	291.14
Others	8.72	8.40
Total	387.80	299.54

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

20 EQUITY SHARE CAPITAL**20 (a) Equity share Capital**

Authorised equity share capital	Class A Equity Shares (Face Value = ₹ 10/-)		Class B Equity Shares (Face Value = ₹ 10/-)		Class C Equity Shares (Face Value = ₹ 10/-)	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
As at 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
Increase/decrease during the year	-	-	-	-	-	-
As at March 31, 2025	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, 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	-	-
Shares issued during the year	5,00,00,000	5,000.00	-	-	-	-
At March 31, 2025	73,18,18,183	73,181.82	30,00,000	30.00	-	-

20 (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. Class C Equity Shares does not contain any voting rights but shall be entitled to same dividend rights as Class A Equity Shareholders and shall have tag along right / drag along right as mentioned in share subscription agreement. 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, 2025 and March 31, 2024, 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.

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

	As at March 31, 2025		As at March 31, 2024	
	No. of shares	% Holding	No. of shares	% Holding
Class A Equity Shares (Face Value = ₹ 10/-)				
Mr. Harsh S. Hiranandani	58,54,54,546	79.67%	54,54,54,546	79.65%
Ms. Neha S. Hiranandani	14,63,63,637	19.92%	13,63,63,637	19.91%
Total	73,18,18,183	99.59%	68,18,18,183	99.56%

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

20 (d) Share holding of Promoters

Share held by promoters at the year ending on March 31, 2025

Promoter name	No of Shares	% of Total Shares	% Changes during the year
Mr. Harsh S. Hiranandani	58,54,54,546	79.67%	0.02%
Ms. Neha S. Hiranandani	14,63,63,637	19.92%	0.01%

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 S. Hiranandani	54,54,54,546	79.65%	0.13%
Ms. Neha S. Hiranandani	13,63,63,637	19.91%	0.03%

20 (e) The Company has not issued any bonus shares or shares for consideration other than cash nor has there been any buyback of shares during five years immediately preceding 31 March, 2025.

21 OTHER EQUITY

	As at March 31, 2025	As at March 31, 2024
Statutory reserves fund as per Section 45-IC of the RBI Act, 1934	2,446.92	1,130.37
Retained earnings	8,429.98	3,163.77
Securities Premium Reserve	2,818.18	1,818.18
Employee stock option plan reserve	193.82	164.52
Items of other comprehensive income		
Remeasurement gain / (loss) on defined benefit plans	(17.59)	4.50
Effective portion of Cash Flow Hedge	(69.47)	-
Total other equity	13,801.84	6,281.34

Notes:

Description of the nature and purpose of Other Equity :

- 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 utilised only for limited purposes as specified by RBI from time to time and every such utilisation shall be reported to the RBI within specified period of time from the date of such utilisation.
- 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.
- Securities premium:** Securities premium represents the amount of premium received by the Company on the issuance of shares. The utilisation of the Securities premium is in accordance with the provisions of the Companies Act, 2013.
- 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, in accordance with Ind AS 102 'Share-based Payment'.

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

- e) **Items of Other Comprehensive Income:** The components of other comprehensive income include remeasurement of gain/(loss) on defined benefit plans and derivatives designated at Cash flow hedge and gain/(loss) on fair valuation of loans.

22 INTEREST INCOME

	For the year ended March 31, 2025	For the year ended March 31, 2024
On financial instruments measured at Amortized cost		
- Interest income on loans	39,292.02	23,727.44
- Interest on deposits with banks	1,460.41	914.51
- Other interest income	7.84	7.57
	40,760.27	24,649.52

23 FEES AND COMMISSION INCOME

	For the year ended March 31, 2025	For the year ended March 31, 2024
Fee Income and Other Charges	1,313.25	622.73
	1,313.25	622.73

24 NET GAIN ON FAIR VALUE CHANGES

	For the year ended March 31, 2025	For the year ended March 31, 2024
Net gain on financial instruments at FVTPL		
Investment in Mutual Funds	714.75	473.83
Total	714.75	473.83
Fair value changes:		
- Realised	714.75	473.83
	714.75	473.83

25 NET GAIN ON DERECOGNITION OF FINANCIAL INSTRUMENTS

	For the year ended March 31, 2025	For the year ended March 31, 2024
Net gain on derecognition of financial instruments	226.62	-
	226.62	-

26 OTHER OPERATING REVENUE

	For the year ended March 31, 2025	For the year ended March 31, 2024
Income from advertisement	120.00	949.65
Corporate Agency Commission	1,709.47	370.64
	1,829.47	1,320.29

27 OTHER INCOME

	For the year ended March 31, 2025	For the year ended March 31, 2024
Other non-operating income	47.09	28.08
	47.09	28.08

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

28 FINANCE COSTS

	For the year ended March 31, 2025	For the year ended March 31, 2024
On financial liabilities measured at amortized cost		
- Interest on borrowings	16,566.22	9,180.58
- Interest on debt securities	314.45	-
- Interest expense on lease liabilities	32.37	6.30
- Other borrowing costs	587.53	308.57
Total	17,500.57	9,495.45

29 IMPAIRMENT ON FINANCIAL INSTRUMENTS

	For the year ended March 31, 2025	For the year ended March 31, 2024
On financial instruments measured at amortized cost		
- Loans*	1,909.84	875.01
Loans written off	715.53	416.37
	2,625.37	1,291.38

30 EMPLOYEE BENEFITS EXPENSES

	For the year ended March 31, 2025	For the year ended March 31, 2024
Salaries, allowances and bonus	11,135.43	8,198.52
Gratuity expense (refer note 35)	20.02	15.82
Compensated absence expense (refer note 35)	118.13	55.76
Contribution to provident and other funds	500.11	355.83
Employee stock options expense (refer note 36)	29.30	20.41
Staff welfare expenses	207.04	237.93
Total	12,010.03	8,884.27

Note:

Gratuity expenses includes ₹ Nil (March 31, 2024: ₹ Nil) paid to Key Managerial Personnel (KMP).

31 DEPRECIATION AND AMORTIZATION EXPENSES

	For the year ended March 31, 2025	For the year ended March 31, 2024
Depreciation of property, plant and equipment (refer note 9)	132.19	111.20
Amortization of intangible assets	58.92	28.89
Depreciation on right of use assets (refer note 44)	142.61	75.41
Total	333.72	215.50

32 OTHER EXPENSES

	For the year ended March 31, 2025	For the year ended March 31, 2024
Advertisement & sales promotion	150.98	129.15
Commission expense	254.24	48.54
Electricity charges	30.87	129.71

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

	For the year ended March 31, 2025	For the year ended March 31, 2024
Insurance	159.67	82.16
Information technology expenses	312.24	179.46
Legal & professional charges	448.89	317.67
Payments to statutory auditors (Refer Note 32.1)	41.84	15.40
Credit verification charges	484.48	351.16
Office expense	419.47	200.43
Postage & telephones	60.00	103.06
Printing & stationery	62.16	64.46
Rates & taxes	330.22	211.89
Rent expense	229.85	248.42
Repairs & maintenance	27.88	33.55
Security expense	5.11	6.81
Travelling, lodging, boarding & conveyance expenses	507.85	346.49
CSR Expenses	43.50	17.70
Loss on sale/disposal of Fixed Assets	1.89	0.41
Miscellaneous expense	59.80	21.98
	3,630.94	2,508.45

32.1 Payments to statutory auditors

	For the year ended March 31, 2025	For the year ended March 31, 2024
- For Audit	35.00	12.50
- For Tax Audit	3.00	2.00
- For Certification	3.50	0.50
- Reimbursement of expenses	0.34	0.40
	41.84	15.40

33 INCOME TAX

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

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

	For the year ended March 31, 2025	For the year ended March 31, 2024
Current tax		
Current income tax for the year	2,591.57	1,648.18
Tax pertaining to earlier periods	(308.50)	(42.66)
Total current tax expenses	2,283.07	1,605.52
Deferred tax		
Relating to origination and reversal of temporary differences	(75.01)	(656.20)
Total deferred tax expenses/(benefits)	(75.01)	(656.20)
Total income tax expense	2,208.06	949.32

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

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

Deferred tax related to items recognized in OCI during the year

	For the year ended March 31, 2025	For the year ended March 31, 2024
Deferred tax on remeasurements of defined benefit plans	(7.43)	(4.59)
Deferred tax on the effective portion of gain and loss on hedging instruments in a cash flow hedge	(23.36)	-
	(30.79)	(4.59)

c) Reconciliation of Total tax Expense during the year

	For the year ended March 31, 2025	For the year ended March 31, 2024
Profit before tax	8,790.82	4,079.14
Accounting profit before income tax	8,790.82	4,079.14
Tax expense at statutory income tax rate of 25.168% (March 31, 2024: 25.168%)	2,212.47	1,026.64
Adjustment of excess tax provision of earlier years	(308.50)	(42.66)
Adjustment for deferred tax pertaining to earlier years	308.50	-
<i>Tax effects of permanent differences:</i>		
Deduction u/s 80JJAA of the Income Tax Act, 1961	(107.53)	(48.53)
Disallowance related to CSR expenditure	10.95	4.45
Tax on Perquisite/Benefit u/s 194R	38.61	-
Items on which deferred tax asset/Liability (net) was not created	53.56	9.42
Tax expense at the effective income tax rate of 25.12% (March 31, 2024: 23.27%)	2,208.06	949.32

d) Breakup of deferred tax recognized in the Balance sheet

	As at March 31, 2025	As at March 31, 2024
Deferred tax assets		
Preliminary expenses	8.74	17.49
Provision for gratuity	7.78	20.52
Provision for compensated absences	57.01	33.83
Provision for loan assets	588.71	296.41
Security Deposits	17.16	0.97
Other non-financial liabilities - Unamortized processing fee	999.97	705.45
Right of use assets and lease liabilities	-	0.22
Additional Provision for interest Income	-	306.60
Total deferred tax assets recognized (A)	1,679.37	1,381.49
Deferred tax liabilities		
Property, plant and equipment and other intangible assets	(9.73)	(0.95)
Right of use assets and lease liabilities	(12.30)	-
Excessive Interest Spread (EIS) Receivable	(53.83)	-
Others	-	(5.24)
Prepaid processing fee on Loan liabilities	(323.34)	(170.14)
Total deferred tax liabilities (B)	(399.20)	(176.33)

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

	As at March 31, 2025	As at March 31, 2024
Deferred tax assets/(liabilities) related to items recognized in OCI during the year		
Remeasurements of defined benefit plans	5.91	(1.52)
Effective portion of gain and loss on hedging instruments in a cash flow hedge	23.36	-
Total Deferred tax related to items recognized in OCI during the year (C)	29.27	(1.52)
Net deferred tax assets/(liabilities) (A+B+C)	1,309.44	1,203.64
Total including Deferred tax related to items recognized in OCI	1,309.44	1,203.64

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.

34 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:

Basic	For the year ended March 31, 2025	For the year ended March 31, 2024
Net profit after tax attributable to owners of the Company (A)	6,582.76	3,129.82
Weighted average number of equity shares in calculating basic EPS (B) (nos.)	68,29,40,101	50,22,87,084
Basic earnings per equity share (A)/(B) (In ₹)	0.96	0.62
Diluted		
Net profit after tax attributable to owners of the Company (A)	6,582.76	3,129.82
Weighted average number of equity shares in calculating basic EPS (nos.)	68,29,40,101	50,22,87,084
Add: Equity shares arising on grant of stock options under ESOP (nos.)	27,21,867	14,59,175
Weighted average number of equity shares in calculating diluted EPS (B) (nos.)	68,56,61,968	50,37,46,259
Diluted earnings per equity share (A)/(B) (In ₹)	0.96	0.62

35 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 ₹ 444.97 Lakhs (March 31, 2024: ₹ 315.37 Lakhs) for provident fund contributions in the Statement of Profit and Loss.

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

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 unutilised accumulated compensated absences and utilise 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 unutilised entitlement that has accumulated at the balance sheet date. Actuarial gains/losses arise due to difference in the actual experience and the assumed parameters and also due to changes in the assumptions used for valuation. Actuarial gains/losses are immediately taken to the Other Comprehensive income.

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

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Present value of unfunded obligations	226.51	134.40
Expense recognized in the Statement of Profit and Loss	118.13	55.76
Discount rate	6.54% per annum	7.11% per annum
Salary growth rate	1. Senior Management/ Kmp 9% 2. Others 7%	6.00 % per annum

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.

Characteristics of defined benefit plan : The entity has a defined benefit gratuity plan in India (funded). The entity's defined benefit gratuity plan is a final salary plan for employees, which requires contributions to be made to a separately administered fund. The fund is managed by a trust which is governed by the Board of Trustees. The Board of Trustees are responsible for the administration of the plan assets and for the definition of the investment strategy.

A separate trust fund is created to manage the Gratuity plan and the contributions towards the trust fund is done as guided by rule 103 of Income Tax Rules, 1962.

During the year, there were no plan amendments, curtailments and settlements.

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. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

- 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.
- e) Investment Risk:** The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.
- f) Concentration Risk:** Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very low as insurance companies have to follow stringent regulatory guidelines which mitigate risk.

Gratuity - defined benefit plan

	As at March 31, 2025	As at March 31, 2024
Present value of Un-funded defined benefit obligation	(131.03)	(81.52)
(Fair Value of Plan Assets at the End of the Period)	100.13	
Funded Status (Surplus/ (Deficit))	(30.90)	(81.52)
Net liability arising from defined benefit obligation	(30.90)	(81.52)

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

Particulars	Gratuity	
	For the year ended March 31, 2025	For the year ended March 31, 2024
Balance at the beginning of the year	81.52	51.08
Current service cost	14.22	12.10
Interest cost	5.80	3.72
Benefit Paid Directly by the Employer	(0.16)	(3.63)
Actuarial (gains) losses	-	-
- changes in financial assumptions	9.82	0.79
- changes in demographic assumptions	-	-
- experience adjustments	19.83	17.46
Present Value of Benefit Obligation at the End of year	131.03	81.52

b) Reconciliation of the net defined benefit Asset

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

Reconciliation of present value of defined benefit Asset for Gratuity

Particulars	Gratuity	
	For the year ended March 31, 2025	For the year ended March 31, 2024
Balance at the beginning of the year	-	-
Interest Income	-	-
Contributions by the Employer	100.00	-
Expected Contributions by the Employees	-	-
Benefit Paid from the Fund	-	-
Assets Distributed on Settlements	-	-

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Gratuity	
	For the year ended March 31, 2025	For the year ended March 31, 2024
Effects of Asset Ceiling	-	-
Effect of Changes In Foreign Exchange Rates	-	-
Return on Plan Assets, Excluding Interest Income	0.13	-
Fair Value of Plan Assets at the End of the Period	100.13	-
Net (Liability)/Asset Recognized	(30.90)	(81.52)

Note :

Company has contributed a sum of ₹100 Lakhs towards gratuity fund managed by HDFC Life under the plan Defensive Managed fund II.

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

Particulars	Gratuity	
	For the year ended March 31, 2025	For the year ended March 31, 2024
Expenses Recognized in the Statement of Profit or Loss		
Current service cost	14.22	12.10
Net interest expense	5.80	3.72
Components of defined benefit costs recognized in profit or loss	20.02	15.82
Expenses Recognized in the Other Comprehensive Income		
Actuarial (gain) loss on defined benefit obligation	29.65	18.25
Return on Plan Assets, Excluding Interest Income	(0.13)	-
Net (Income)/Expense For the Period recognized in other comprehensive income	29.52	18.25

The most recent actuarial valuations of the present value of the defined benefit liability were carried out at March 31, 2025. The present value of the defined benefit liability, and the related current service cost, were measured using the projected unit credit method.

d) 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	Gratuity	
	For the year ended March 31, 2025	For the year ended March 31, 2024
Expected Return on Plan Assets	6.54% per annum	NA
Discount rate	6.54% per annum	7.11% per annum
Expected rate of salary increase	1. Senior Management/ KMP 9% 2. Others 7%	6.00 % per annum
Retirement age	58 years	58 years

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Gratuity	
	For the year ended March 31, 2025	For the year ended March 31, 2024
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.

e) 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, 2025	Increase	Decrease
Impact of change in discount rate by 1%	(5.94)	6.46
Impact of change in salary growth rate by 1%	2.78	(2.64)
Impact of change in employee turnover rate by 1%	(0.77)	0.78
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

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.

f) The table below summarises the maturity profile and duration of the gratuity liability:

Particulars	Gratuity Liability	
	For the year ended March 31, 2025	For the year ended March 31, 2024
1st following year	19.67	9.27
2nd following year	17.24	9.18
3rd following year	12.79	8.26
4th following year	9.98	6.22
5th Following Year	7.18	4.83
6 to 10 years	83.35	28.27
11 years and above	35.25	59.91

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

36 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)”.

(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)	Fair value of options (₹)	Risk free interest rate	Expected volatility
Grant - I	10th June 2020	1,24,65,000	On 3rd/4th/5th anniversary from the date of joining.	10	1.17	5.18%	16.85%
Grant - II	08th July 2021	1,80,000	On 3rd/4th/5th anniversary from the date of joining.	10	1.05	5.03%	21.31%
Grant - III	04th April 2022	2,85,000	On 3rd/4th/5th anniversary from the date of joining.	10	1.24	4.93%	32.06%
Grant - III	04th April 2022	8,95,000	1/3rd each every year from date of grant.	10	1.24	4.93%	32.06%
Grant - IV	18th November 2022	16,40,000	On 3rd/4th/5th anniversary from the date of joining.	10	1.03	6.65%	12.09%
Grant - V	23rd October 2023	16,00,000	1/3rd each every year from date of grant.	10	3.46	7.42%	15.76%
Grant - V	23rd October 2023	2,75,000	On 3rd/4th/5th anniversary from the date of joining.	10	3.46	7.42%	15.76%
Grant - VI	February 27, 2024	8,25,000	1/3rd each every year from date of grant.	10	3.60	7.08%	24.54%

	HFS EMPLOYEES STOCK OPTION SCHEME 2020 (ESOP 2020)	HIRANANDANI FINANCIAL SERVICES - EMPLOYEE STOCK OPTION PLAN 2025 (ESOP 2025/PLAN)*
Date of Board Approval of the relevant scheme	03-06-2020	25-03-2025
Date of Shareholder’s approval of the relevant scheme	08-06-2020	28-03-2025
Date of Last Modification	27-02-2024	NA
Method of Settlement (Cash/Equity)	Equity	Equity

*There has been no ESOPs granted in HIRANANDANI FINANCIAL SERVICES - EMPLOYEE STOCK OPTION PLAN 2025 (ESOP 2025/PLAN) scheme as on 31st March 2025

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

- (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, 2025		March 31, 2024	
	Number of Options Granted	WAEP	Number of Options Granted	WAEP
Outstanding at the beginning of the year	1,73,05,000	10.00	1,47,45,000	10.00
Options granted during the year	-	10.00	27,00,000	10.00
Options exercised during the year	-	10.00	-	10.00
Options forfeited during the year	(1,45,000)	10.00	(1,40,000)	10.00
Options expired during the year	-	10.00	-	10.00
Options outstanding at the end of the year	1,71,60,000	10.00	1,73,05,000	10.00
Of which, vested options outstanding at the end of the year	1,26,26,614	10.00	1,20,83,255	10.00

The ESOPs outstanding at the end of the year had exercise price of ₹ 10 (as at March 31, 2024: ₹ 10), and a weighted average remaining contractual life (Vesting and exercise period) of 2.32 years (as March 31, 2024: 2.68 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.

- (e) **Amount of expense recognized in the statement of profit and loss**

Particulars	ESOP	
	March 31, 2025	March 31, 2024
- Expenses arising from share based payments during the year	29.30	20.41
Total	29.30	20.41

37 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	Carrying Value		Fair Value	
		As at March 31, 2025	As at March 31, 2024	As at March 31, 2025	As at March 31, 2024
Financial assets					
a) Measured at fair value through profit or loss (FVTPL)					
- Investment in mutual funds	Level 1	-	-	-	-
b) Measured at amortized cost					
- Cash and cash equivalents	Level 1	15,262.85	26,887.94	15,262.85	26,887.94
- Bank balance other than included in (a) above	Level 1	20,004.78	8,073.18	20,004.78	8,073.18
- Loans	Level 3	2,71,245.86	1,88,373.88	2,71,245.86	1,88,373.88
- Security deposits	Level 3	237.37	221.00	237.37	221.00
- Trade receivables	Level 3	-	82.59	-	82.59

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

	Level	Carrying Value		Fair Value	
		As at March 31, 2025	As at March 31, 2024	As at March 31, 2025	As at March 31, 2024
- Other receivables	Level 3	333.04	520.04	333.04	520.04
- Other financial assets	Level 3	814.12	280.81	814.12	280.81
		3,07,898.02	2,24,439.44	3,07,898.02	2,24,439.44
Total financial assets		3,07,898.02	2,24,439.44	3,07,898.02	2,24,439.44
Financial liabilities					
a) Measured at fair value through other comprehensive income (FVTOCI)					
- Derivative Financial Instruments	Level 2	506.95	-	506.95	-
b) Measured at amortized cost					
- Debt Securities	Level 3	9,988.53	-	9,988.53	-
- Borrowings (Other than debt securities)	Level 3	2,10,629.00	1,43,651.13	2,10,629.00	1,43,651.13
- Trade payables	Level 3	34.18	23.29	34.18	23.29
- Other payables	Level 3	-	-	-	-
- Lease liabilities (refer note 44)	Level 3	1,117.52	54.50	1,117.52	54.50
- Other financial liabilities	Level 3	1,190.80	6,127.68	1,190.80	6,127.68
		2,23,466.98	1,49,856.60	2,23,466.98	1,49,856.60
Total financial liabilities		2,23,466.98	1,49,856.60	2,23,466.98	1,49,856.60

- b) The following is the basis of categorising the financial instruments measured at fair value into Level 1 to Level 3:

Level 1: This level includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: This level includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: This level includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

- c) There were no transfers between any levels for Fair value measurements.

d) The following methods / assumptions were used to estimate the fair values:

- i) The carrying value of trade receivables, cash and cash equivalents, other bank balances, trade payables, other payables, security deposits, other financial assets and other financial liabilities measured at amortized cost approximate their fair value due to the short-term maturities of these instruments.
- ii) Loans The Company measures loans at amortized cost and estimates their fair value using the present value technique, discounting the expected future cash flows at current market rates. The current market rates used do not reflect significant changes from the rates applied initially. Therefore, the carrying amounts of loans approximate their fair values.

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

- iii) Borrowings The Company measures borrowings at amortized cost and determines their fair value using the present value technique by discounting future cash flows at prevailing market rates. As there are no material differences between current market rates and the rates at which these borrowings were originally contracted, their carrying amounts approximate their fair values.
- iv) Derivative financial instruments The Company enters into derivative financial instruments such as foreign exchange forward contracts to manage its exposure to foreign exchange rate risk and are measured at fair value through other comprehensive income. The fair values of derivative financial instruments is measured on Marked to Market basis.
- v) Investments Investments in mutual funds are measured at fair value through profit or loss. The fair value is determined based on the Net Asset Value (NAV) declared by the respective mutual fund at which units are issued or redeemed as at the reporting date. Changes in fair value are recognized in the statement of profit and loss.

e) Fair Value Hierarchy of assets and liabilities

	Level	Fair Value	
		As at March 31, 2025	As at March 31, 2024
Assets measured at fair value on a recurring basis			
- Investment in mutual funds	Level 1	-	-
Liabilities measured at fair value on a recurring basis			
- Derivative Financial Instruments	Level 2	506.95	-

Investments in Mutual Fund are fair valued through Profit & Loss account. Derivative Financial Instruments are fair valued through Other Comprehensive Income.

38 CAPITAL MANAGEMENT

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. For details refer note 48.1.

	As at March 31, 2025	As at March 31, 2024
Tier - I capital	85,001.71	72,939.37
Tier - II capital	818.09	715.07
Total Capital	85,819.80	73,654.44
Aggregate of Risk Weighted Assets	2,80,220.67	1,93,465.19
Tier - I capital ratio	30.34%	37.70%
Tier - II capital ratio	0.29%	0.37%
Total Capital ratio	30.63%	38.07%

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

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

i) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's loans, advances and other financial assets. The Company has credit policy approved by the Board of directors which is subject to annual review. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, obtaining sufficient collateral, where appropriate and by monitoring exposures in relation to such limits. The Company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. The credit quality review process aims to allow the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective actions. The maximum exposure to credit risk in case of all the financial instruments is restricted to their respective carrying amount except in case of loans where the maximum exposure to credit risk includes exposure with respect to undrawn commitments. Credit Risk is monitored through stringent credit appraisal, counter party limits and internal risk ranges of the borrowers. Exposure to credit risk is managed through regular analysis of the ability of all the customers and counterparties to meet interest and capital repayment obligations and by changing lending limits where appropriate.

a) Maximum exposure to the Credit risk

This table below shows the Company's maximum exposure to the credit risk.

	As at March 31, 2025	As at March 31, 2024
Financial Assets at amortized cost - Loans (Gross)	2,74,692.46	1,89,910.64
Less : Impairment loss allowances*	(3,446.60)	(1,536.76)
Financial Assets at amortized cost - Loans (Net)	2,71,245.86	1,88,373.88
Financial Assets at amortized cost - Receivables (Gross)	333.04	602.63
Less : Impairment loss allowances	-	-
Financial Assets at amortized cost - Receivables (Net)	333.04	602.63

* 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.

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

Trade receivables, Security deposits and other financial assets

The Company monitors the credit behaviour 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.

EAD - The Exposure at Default represents the gross carrying amount of financial assets at reporting date which includes principal outstanding and interest accrued on reporting date and expected drawdown on committed facility.

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

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

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

	As at March 31, 2025	As at March 31, 2024
Gross Stage 1 (DPD<= 30 days) performing asset and 12 month ECL	2,64,180.95	1,88,685.57
Less : Impairment loss allowance	(818.08)	(715.06)
Net Stage 1 Assets	2,63,362.87	1,87,970.51
ECL provision coverage	0.31%	0.38%
Gross Stage 2 (30>DPD<= 90 days) under performing assets increase in credit risk and lifetime ECL	8,963.59	2,447.49
Less : Impairment loss allowance	(480.59)	(143.22)
Net Stage 2 Assets	8,483.00	2,304.27
ECL provision coverage	5.36%	5.85%
Gross Stage 3 (DPD>90) non-performing assets credit impaired and lifetime ECL*	5,521.12	1,580.53
Less : Impairment loss allowance	(2,147.93)	(678.48)
Net Stage 3 Assets	3,373.19	902.05
ECL provision coverage	38.90%	42.93%
Total loans	2,78,665.66	1,92,713.59
Less : Impairment loss allowance	(3,446.60)	(1,536.76)
Net loans	2,75,219.06	1,91,176.83
ECL provision coverage	1.24%	0.80%

*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

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, 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	-
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)	-

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

	Movement in Gross Exposure to Loans				Movement in ECL			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
- New assets originated, repaid and derecognized during the year	90,225.81	(86.33)	(158.87)	89,980.61	844.71	38.61	(4.71)	878.61
Gross carrying amount as at March 31, 2024	1,88,685.57	2,447.49	1,580.53	1,92,713.59	715.06	143.22	678.48	1,536.76
Gross carrying amount as at March 31, 2024	1,88,685.57	2,447.49	1,580.53	1,92,713.59	715.06	143.22	678.48	1,536.76
Add / (Less):								
- Transfers between Stages								
a) Transfers from Stage I	(11,525.62)	7,943.14	3,582.48	-	(1,745.88)	426.94	1,318.94	-
b) Transfers from Stage II	344.94	(1,275.08)	930.14	-	1.05	(326.60)	325.55	-
c) Transfers from Stage III	44.62	33.88	(78.50)	-	0.13	1.78	(1.91)	-
- New assets originated, repaid and derecognized during the year	86,631.44	(185.84)	(493.53)	85,952.07	1,847.72	235.25	(173.13)	1,909.84
Gross carrying amount as at March 31, 2025	2,64,180.95	8,963.59	5,521.12	2,78,665.66	818.08	480.59	2,147.93	3,446.60

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.

An estimate of the lower of fair value of collateral and other security enhancements held and carrying amounts of the financial assets as at the reporting date is shown below.

As at March 31, 2025	Maximum exposure to credit risk	Residential Property	Commercial Property	Total Collateral	Net Exposure	Associated ECL
Financial assets						
(a) Cash & Bank balance (Excluding Cash in hand)	35,094.48	-	-	-	35,094.48	-
(c) Receivables	333.04	-	-	-	333.04	-
(d) Loans (Gross)*	2,78,665.66	8,08,981.53	37,745.69	8,46,727.21	1,012.73	3,446.60
(e) Investments	-	-	-	-	-	-
(f) Other financial assets	1,051.49	-	-	-	1,051.49	-
Total financial assets	3,15,144.67	8,08,981.53	37,745.69	8,46,727.21	37,491.74	3,446.60

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

As at March 31, 2024	Maximum exposure to credit risk	Residential Property	Commercial Property	Total Collateral	Net Exposure	Associated ECL
Financial assets						
(a) Cash & Bank balance (Excluding Cash in hand)	34,874.36	-	-	-	34,874.36	-
(c) Receivables	602.63	-	-	-	602.63	-
(d) Loans (Gross)*	1,92,713.59	5,50,381.56	31,247.68	5,81,629.25	3,372.26	1,536.76
(e) Investments	-	-	-	-	-	-
(f) Other financial assets	501.81	-	-	-	501.81	-
Total financial assets	2,28,692.39	5,50,381.56	31,247.68	5,81,629.25	39,351.06	1,536.76

* Net exposure of Loans (Gross) represents unsecured loan portfolio. Net exposure to secured loan book is Nil.

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.

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), is responsible for ensuring adherence to the liquidity risk tolerance/limits as well as implementing the liquidity risk management strategy. The role of the ALCO with respect to liquidity risk includes, inter alia, decision on desired maturity profile and mix of incremental assets and liabilities, responsibilities and controls for managing liquidity risk, and overseeing the liquidity positions at an entity level.

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

Maturities of financial liabilities

Contractual maturities of significant financial Liabilities as on March 31, 2025 and March 31, 2024 based on undiscounted payments are as follows:

Maturities of financial liabilities

March 31, 2025	Within 1 year	Between 1 and 5 years	More than 5 years	Total
Debt Securities	49.07	9,939.46	-	9,988.53
Borrowings	64,617.56	1,38,249.32	7,762.12	2,10,629.00
Derivative Financial Instrument	506.95	-	-	506.95
Lease liabilities	287.86	829.66	-	1,117.52
Trade payables	34.18	-	-	34.18
Other Payables	-	-	-	-
Other financial liabilities	1,190.80	-	-	1,190.80
	66,686.42	1,49,018.44	7,762.12	2,23,466.98
March 31, 2024	Within 1 year	Between 1 and 5 years	More than 5 years	Total
Debt Securities	-	-	-	-
Borrowings	44,099.20	96,478.14	3,073.79	1,43,651.13
Derivative Financial Instrument	-	-	-	-
Lease liabilities	47.62	6.88	-	54.50
Trade payables	23.29	-	-	23.29
Other Payables	-	-	-	-
Other financial liabilities	6,127.68	-	-	6,127.68
	50,297.79	96,485.02	3,073.79	1,49,856.60
Contingent Liability				
March 31, 2025	3,210.07	115.43	-	3,325.50
March 31, 2024	2,705.82	127.00	-	2,832.82

Note:

- Debt Securities are classified based on the exercise date of the call or put option.

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.

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

The Company's exposure to changes in interest rates relates to the Company's outstanding floating rate liabilities. Certain borrowings carry variable interest rates, making them sensitive to fluctuations in market interest rates. 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, 2025	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	1,908.93	(1,908.93)	1,428.49	(1,428.49)
Loans	(2,739.23)	2,739.23	(2,049.82)	2,049.82

As at March 31, 2024	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

(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 (31st March 2024 : NIL). A similar percentage decrease would have resulted equivalent opposite impact.

(c) Foreign Currency Risk

The Company is exposed to foreign currency risk primarily on account of its foreign currency borrowings. In order to manage this risk, the Company enters into derivative financial instruments, such as forward contracts, to hedge its exposure to foreign currency fluctuations. The Company fully hedge all foreign currency borrowings at the time of drawdown and to maintain the hedge until the repayment of the borrowings. The counterparties to these derivative contracts are generally reputable banks.

The Company has Nil amount of unhedged foreign currency exposure as on March 31, 2025 and as on March 31, 2024.

In accordance with the Company's policy, its risk profile is assessed before entering into hedging transactions, which are approved by the authorised signatory of the Company. The effectiveness of hedges is assessed by the ALCO. The effectiveness of all the hedge relationships is monitored by the ALCO from time to time. Currently, the positions are fully hedged (i.e. 100% risk of foreign exchange movement) in line with the Board approved policy."

iii) Enterprise risk management

The Company has adopted a comprehensive enterprise-level risk management framework designed to proactively identify, assess, and mitigate risks through layered controls. This framework is anchored in the "Three Lines of Defense" model, ensuring robust governance and oversight across all levels of the organization.

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

(a) Operational Risk

The Company adopts a structured approach to operational risk management. Key controls include robust policies, internal control standards, a Risk and Control Matrix (RCM), and a defined governance structure. Regular monitoring and updates ensure alignment with regulatory changes and industry best practices.

(b) Information Security Risk

Given the dynamic and evolving threat landscape, Information Security continues to be a critical focus area. The Company has implemented comprehensive policies, processes, and a supporting technology framework to strengthen its security posture. Oversight is provided by the Information Security Committee (ISC), which operates under the supervision of the IT Strategy Committee (ITSC), ensuring a structured approach to managing cyber and information security risks.

40 RELATED PARTY TRANSACTIONS**40.1 Description of relationship****i) Key Managerial Personnel (KMP)**

Name of person	Nature of Relationship
Uday Suvarna	Chief Executive Officer (CEO)
Rajesh Rajak	Chief Financial Officer (CFO)
Richa Arora (till Dec 10, 2024)	Company Secretary (CS)
Ketaki Satam (from Dec 10, 2024)	Company Secretary (CS)
Harsh Hiranandani	Director
Neha Hiranandani	Director
Utpal Sheth	Independent Director
Prem Kumar Chopla	Independent Director
Anil Kaul	Independent Director
Hiranandani Financial Services Employees' Gratuity Trust	Controlled Gratuity Trust
Hiranandani Constructions Pvt. Ltd.	Relative of director is KMP in this company
HGP Community Private Limited.	Relative of director is KMP in this company
Roma Builders Private Limited.	Relative of director is KMP in this company

We have disclosed the list of related parties with whom transactions have been undertaken during the reporting period.

40.2 Transactions with related parties during the year

Nature of Transaction	March 31, 2025	March 31, 2024
Transactions with key managerial personnel		
Equity infusion & allotment of shares (Including share premium)		
- Harsh Hiranandani	5,000.00	16,000.00
- Neha Hiranadani	1,000.00	4,000.00
Repayment of Loan Received		
- Harsh Hiranandani	4,600.00	-

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

Nature of Transaction	March 31, 2025	March 31, 2024
Contribution towards Trust		
- Hiranandani Financial Services Employees' Gratuity Trust	100.00	-
Payment of Office Rent		
- Hiranandani Constructions Pvt. Ltd.	0.36	0.36
- Roma Builders Private Limited.	0.05	-
- HGP Community Private Limited.	-	-
Remuneration to KMPs**	509.11	456.28
Sitting fees to Directors		
- Prem Kumar Chopla	23.00	21.00
- Anil Kaul	8.00	4.00
Commission to Directors		
- Prem Kumar Chopla**	2.88	4.00
- Anil Kaul	17.00	11.10

* Remuneration to KMPs does not include provision for gratuity and compensated absences.

**Includes 0.88 pertaining to previous period.

40.3 Closing balance of related parties

Nature of Transaction	As at March 31, 2025	As at March 31, 2024
Loan outstanding		
- Harsh Hiranandani	-	4,600.00
Office rent payable		
- Roma Builders Private Limited.	0.05	-
Sitting fees payable to Directors		
- Anil Kaul	1.00	-
Commission payable to Directors		
- Prem Kumar Chopla	0.50	-
- Anil Kaul	6.50	-

41 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, 2025 and March 31, 2024.

(ii) Commitments

Particulars	As at March 31, 2025	As at March 31, 2024
a. Estimated amount of contract remaining to be executed on capital account and not provided for (net of advance)	115.43	127.00
b. Loan sanctioned but not disbursed and or partially disbursed	3,210.07	2,705.82

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

42 EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY

Amount required to be spent by the Company on Corporate Social Responsibility (CSR) related activities during the year is ₹43.47 Lakhs (Previous year: ₹17.63 Lakhs).

(a) The amount recognized as expense in the Statement of Profit and Loss on CSR related activities is ₹43.5 Lakhs (previous year: ₹ 17.7 Lakhs) (Refer note no. 32 of financial statements), which comprises of:

(a) Amount spent during the year on:

Nature of Transaction	March 31, 2025	March 31, 2024
(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	43.50	17.70
Set off from Previous Year	-	-
Total	43.50	17.70

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

Nature of Transaction	March 31, 2025	March 31, 2024
Amount spent in excess of requirements as per Companies Act, 2013 available for set off in subsequent years	0.07	-
Actual amounts spent	43.50	17.70
Amounts to be spent as per the requirements of Companies Act, 2013	43.47	17.63
Surplus carried forward to be set off in subsequent years	0.10	0.07

(c) Reason for shortfall

	Not applicable	Not applicable
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(d) Nature of CSR activities

March 31, 2025	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects
March 31, 2024	Promoting women empowerment, Enhancing vocational skills among women, Supporting livelihood enhancement projects

43 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

Nature of Transaction	As at March 31, 2025	As at March 31, 2024
(a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:		
(i) Principal amount due	-	-
(ii) Interest due on above	-	-

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

Nature of Transaction	As at March 31, 2025	As at March 31, 2024
(b) The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

The aforementioned is based on the responses received by the Company to its inquiries with suppliers with regard to applicability under the said Act. This has been relied upon by the auditors.

44 LEASES

Company as a lessee

The Company's leased assets primarily consist of lease of office space. The Company has elected to apply the practical expedient available under Ind AS 116 for short term leases. The Company does not recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

Below are the summary of financial information related to the above lease contracts:

Movement in right of use assets:

	As at March 31, 2025	As at March 31, 2024
Gross Block		
Opening balance	215.92	143.04
Additions	1,346.17	72.88
Termination/ Modification/ End of lease contract	(307.87)	-
Closing Balance	1,254.22	215.92
Accumulated Depreciation		
Opening balance	162.31	86.90
Additions	142.61	75.41
Termination/ Modification/ End of lease contract	(217.08)	-
Closing Balance	87.84	162.31

Amounts recognized in profit or loss:

Particulars	March 31, 2025	March 31, 2024
Depreciation expense on right-of-use assets	142.61	75.41
Interest expense on lease liability	32.37	6.30
Expenses relating to short-term leases	229.85	248.42

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

Movement in lease liabilities:

	As at March 31, 2025	As at March 31, 2024
Opening balance	54.50	52.87
Additions	1,268.49	67.65
Modification	(90.54)	-
Amounts recognized in statement of profit and loss as interest expense	32.37	6.30
Payment of lease liabilities	(147.30)	(72.32)
Closing Balance	1,117.52	54.50

Amounts recognized in statement of cash flows:

Particulars	March 31, 2025	March 31, 2024
Total cash outflow for leases	147.30	72.32

Maturity analysis of contractual undiscounted cash flow:

Particulars	As at March 31, 2025	As at March 31, 2024
Not later than one year	384.60	45.81
Later than one year and not later than five years	943.60	9.69

Maturity analysis of lease liability:

Particulars	As at March 31, 2025	As at March 31, 2024
Not later than one year	287.86	47.62
Later than one year and not later than five years	829.66	6.88

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 9.98% p.a. for March 31, 2025 (For March 31, 2024 : 9.80%).
- (2) The maturity analysis of lease liabilities is presented in Note 39.
- (3) During the year, the Company revised its estimate for determining lease terms under IND AS 116 – Leases. Previously, lease terms were based on the non-cancellable (lock-in) period. Effective January 01, 2025, lease terms are now assessed based on the full contractual period, including extension options where there is reasonable certainty of renewal, in compliance with IND AS 116. This change has been applied prospectively as a change in accounting estimate in accordance with IND AS 8. As a result, lease liabilities and right-of-use assets increased by ₹ 1,046.94 Lakhs and ₹ 1,096.86 Lakhs respectively, while security deposits decreased by ₹ 64.06 Lakhs

Additionally, the change in estimate led to an impact on the Statement of Profit and Loss comprising:

Increase in Depreciation on right of use assets: ₹ 66.58 Lakhs

Increase in Interest expense on lease liabilities: ₹ 25.67 Lakhs

Increase in Other interest income: ₹ 3.69 Lakhs

Decrease in Rent expense: ₹ 69.95 Lakhs

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

45 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.

46 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, 2025			As at March 31, 2024		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
(a) Cash and cash equivalents	15,262.85	-	15,262.85	26,887.94	-	26,887.94
(b) Bank balance other than included in (a) above	19,826.38	178.40	20,004.78	7,773.18	300.00	8,073.18
(c) Receivables						
- Trade receivables	-	-	-	82.59	-	82.59
- Other receivables	333.04	-	333.04	520.04	-	520.04
(d) Loans	45,151.76	2,26,094.10	2,71,245.86	31,857.12	1,56,516.76	1,88,373.88
(e) Investments	-	-	-	-	-	-
(f) Other financial assets	582.02	469.47	1,051.49	280.81	221.00	501.81
Total financial assets	81,156.05	2,26,741.97	3,07,898.02	67,401.68	1,57,037.76	2,24,439.44
Non-financial assets						
(a) Current tax assets (Net)	-	348.59	348.59	-	-	-
(b) Deferred tax assets (Net)	-	1,309.44	1,309.44	-	1,203.64	1,203.64
(c) Property, plant and equipment	-	412.28	412.28	-	344.40	344.40
(d) Intangible assets	-	175.69	175.69	-	132.11	132.11
(e) Capital work in progress	36.93	-	36.93	-	-	-
(f) Right-of-use assets	-	1,166.38	1,166.38	-	53.61	53.61
(g) Other non-financial assets	346.87	28.65	375.52	68.53	333.98	402.51
Total non-financial assets	383.80	3,441.03	3,824.83	68.53	2,067.74	2,136.27
Total assets	81,539.85	2,30,183.00	3,11,722.85	67,470.21	1,59,105.50	2,26,575.71
Liabilities						
Financial liabilities						
(a) Derivative Financial Instrument	506.95	-	506.95	-	-	-

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

	As at March 31, 2025			As at March 31, 2024		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
(b) Payables						
(I) Trade payables						
(i) Total outstanding dues of micro enterprise and small enterprises	-	-	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	34.18	-	34.18	23.29	-	23.29
(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	-	-	-	-	-	-
(c) Debt Securities	49.07	9,939.46	9,988.53	-	-	-
(d) Borrowings	64,617.56	1,46,011.44	2,10,629.00	44,099.21	99,551.92	1,43,651.13
(e) Lease liabilities	287.86	829.66	1,117.52	47.62	6.88	54.50
(f) Other financial liabilities	1,190.80	-	1,190.80	6,127.68	-	6,127.68
Total financial liabilities	66,686.42	1,56,780.56	2,23,466.98	50,297.80	99,558.80	1,49,856.60
Non-financial liabilities						
(a) Current tax liabilities (Net)	-	-	-	-	0.27	0.27
(b) Provisions	728.98	125.43	854.41	1,784.39	141.75	1,926.14
(c) Other non-financial liabilities	379.08	8.72	387.80	291.14	8.40	299.54
Total non-financial liabilities	1,108.06	134.15	1,242.21	2,075.53	150.42	2,225.95
Total liabilities	67,794.48	1,56,914.71	2,24,709.19	52,373.33	99,709.22	1,52,082.55

Notes:

- Impairment loss allowance and Effective interest rate adjustment is classified under the bucket "After 12 months."
- Debt Securities are classified based on the exercise date of the call or put option.

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

47 DISCLOSURE AS PER APPENDIX II-A OF MASTER DIRECTION - RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANY - SCALE BASED REGULATION) DIRECTIONS, 2023 (UPDATED AS ON FEBRUARY 27, 2025)

(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, 2025

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	2,64,180.95	808.46	2,63,372.49	1,046.52	(238.06)
	Stage 2	8,963.59	480.49	8,483.10	34.31	446.18
Subtotal for standard		2,73,144.54	1,288.95	2,71,855.59	1,080.83	208.12
Non-Performing Assets (NPA)						
Substandard	Stage 3	4,525.15	1,638.90	2,886.25	459.15	1,179.75
Doubtful - up to 1 year	Stage 3	795.52	372.84	422.68	160.36	212.48
1 to 3 years	Stage 3	185.82	121.09	64.73	57.02	64.07
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		5,506.49	2,132.83	3,373.66	676.53	1,456.30
Loss	Stage 3	14.63	14.63	-	14.63	-
Subtotal for NPA		5,521.12	2,147.46	3,373.66	691.16	1,456.30
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	3,206.96	9.62	3,197.34	-	9.62
	Stage 2	1.76	0.10	1.66	-	0.10
	Stage 3	1.35	0.47	0.88	-	0.47
Subtotal		3,210.07	10.19	3,199.88	-	10.19
Total	Stage 1	2,67,387.91	818.08	2,66,569.83	1,046.52	(228.44)
	Stage 2	8,965.35	480.59	8,484.76	34.31	446.28
	Stage 3	5,522.47	2,147.93	3,374.54	691.16	1,456.77
Total		2,81,875.73	3,446.60	2,78,429.13	1,771.99	1,674.61

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

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	1,88,685.57	705.59	1,87,979.98	753.36	(47.77)
	Stage 2	2,447.49	143.22	2,304.27	11.91	131.31
Subtotal for standard		1,91,133.06	848.81	1,90,284.25	765.27	83.54
Non-Performing Assets (NPA)						
Substandard	Stage 3	1,263.59	522.00	741.59	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	39.10	31.75	34.98
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		1,580.53	678.48	902.05	203.94	474.54
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		1,580.53	678.48	902.05	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	2,705.82	9.47	2,696.35	-	9.47
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		2,705.82	9.47	2,696.35	-	9.47
Total	Stage 1	1,91,391.39	715.06	1,90,676.33	753.36	(38.30)
	Stage 2	2,447.49	143.22	2,304.27	11.91	131.31
	Stage 3	1,580.53	678.48	902.05	203.94	474.54
Total		1,95,419.41	1,536.76	1,93,882.65	969.21	567.55

* 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, 2025 and March 31, 2024, no amount is required to be transferred to 'Impairment Reserve' for both the financial years. 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, 2025 and March 31, 2024, 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, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

48 NBFC DISCLOSURES:

Disclosure as per Annex VII of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (Updated as on February 27, 2025)

48.1 Capital to Risk Asset ratio (CRAR):

	As at March 31, 2025	As at March 31, 2024
CRAR (%)	30.63%	38.07%
CRAR -Tier I Capital (%)	30.34%	37.70%
CRAR-Tier II Capital (%)	0.29%	0.37%
Amount of Subordinated debt raised as Tier-2 capital	-	-
Amount raised by issue of Perpetual Debt Instruments	-	-

48.2 Investments

	As at March 31, 2025	As at March 31, 2024
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 investments		
(i) Opening balance	-	-
(ii) Add : Provisions made during the year	-	-
(iii) Less : Write-off / write-back of excess provisions during the year	-	-
(iv) Closing balance	-	-

48.3 Derivatives

a) Forward Rate Agreement/Interest Rate Swap

	As at March 31, 2025	As at March 31, 2024
(i) The notional principal of swap agreements	-	-
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	-
(iii) Collateral required by the NBFC upon entering into swaps	-	-
(iv) Concentration of credit risk arising from the swaps [§]	-	-
(v) The fair value of the swap book [®]	-	-

Note:

Nature and terms of the swaps including information on credit and market risk and the accounting policies adopted for recording the swaps should also be disclosed.

[§]Examples of concentration could be exposures to particular industries or swaps with highly geared companies.

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

@ If the swaps are linked to specific assets, liabilities, or commitments, the fair value would be the estimated amount that the NBFC would receive or pay to terminate the swap agreements as on the balance sheet date

b) Exchange Traded Interest Rate (IR) Derivative

	As at March 31, 2025	As at March 31, 2024
(i) Notional principal amount of exchange traded IR derivatives undertaken during the year	-	-
(ii) Notional principal amount of exchange traded IR derivatives outstanding as on 31st March	-	-
(iii) Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective"	-	-
(iv) Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective"	-	-

c) Disclosures on risk exposure in derivatives**Qualitative disclosure**

The Company enters into derivative financial instruments for its foreign currency risk exposures. The derivatives are measured to their fair value at the balance sheet date. These instruments are designated as cash flow hedges and are measured at fair value. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated in equity under hedge reserve. Fair values of derivative financial instruments are determined on a Marked to Market basis.

Quantitative disclosure

Particulars	As at March 31, 2025	As at March 31, 2024
	Currency Derivatives	Currency Derivatives
Derivatives (notional principal amount)	22,355.69	-
Marked to market positions	-	-
Assets (+)	-	-
Liability (-)	506.95	-
Credit exposure	-	-
Unhedged exposure	-	-

48.4 Refer note for Asset Liability Management statement.**48.5 Exposure to Real Estate Sector:**

	As at March 31, 2025	As at March 31, 2024
i) Direct exposure		
a) Residential Mortgages	2,62,994.56	1,77,883.32
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.		

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

	As at March 31, 2025	As at March 31, 2024
b) Commercial Real Estate	10,928.55	9,131.32
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.	-	-
c) Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based limits.		
i. Residential	-	-
ii. Commercial Real Estate	-	-
ii) Indirect Exposure		
Fund based and non-fund-based exposures on National Housing Bank and Housing Finance Companies.		
Total Exposure to Real Estate Sector	2,73,923.11	1,87,014.64

48.6 Exposure to Capital Market

	As at March 31, 2025	As at March 31, 2024
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
(ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) Bridge loans to companies against expected equity flows / issues;	-	-

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

	As at March 31, 2025	As at March 31, 2024
(viii) Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
(ix) All exposures to Venture Capital Funds (both registered and unregistered)	-	-
(x) Financing to stockbrokers for margin trading		
(xi) All exposures to Alternative Investment Funds:		
(a) Category I		
(b) Category II		
(c) Category III		
Total Exposure to Capital Market	-	-

48.7 Sectoral exposure

Sectors	As at March 31, 2025			As at March 31, 2024		
	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
1. Agriculture and Allied Activities	50,299.16	1,055.79	2.10%	30,882.31	302.09	0.98%
i. Agricultural And Allied Products	16,320.85	304.38	1.86%	10,010.40	75.11	0.75%
ii. Dairy And Dairy Products	31,126.82	708.39	2.28%	19,241.01	212.78	1.11%
iii. Others	2,851.49	43.02	1.51%	1,630.90	14.20	0.87%
2. Industry (MSME)	1,30,328.20	2,991.87	2.30%	92,331.07	844.38	0.91%
i. Consumer Durables	10,472.86	346.55	3.31%	7,484.86	100.16	1.34%
ii. Contracting And Ancillary	32,120.15	634.73	1.98%	17,073.35	128.22	0.75%
iii. Food And Beverages	11,763.30	399.10	3.39%	10,316.22	122.18	1.18%
iv. Retail	20,037.29	414.07	2.07%	12,405.17	109.29	0.88%
v. Textiles	17,498.51	520.78	2.98%	14,665.50	94.84	0.65%
vi. Other	38,436.08	676.64	1.76%	30,385.96	289.69	0.95%
3. Services	39,450.43	867.65	2.20%	31,534.46	202.04	0.64%
4. Personal Loans	54,839.22	605.82	1.10%	35,578.20	232.00	0.65%

48.8 Company has Nil intra-group exposure during the financial year ended March 31, 2025. (Previous Year - Nil)**48.9** The Company does not finance any parent company products during the financial year ended March 31, 2025. (Previous Year - Nil)**48.10** The Company has not exceeded the Single Borrower Limit and nor has exceeded the Group Borrower Limit during the financial year ended March 31, 2025. (Previous Year - Nil)**48.11** The Company has not given any loans against intangible securities during the financial year ended March 31, 2025. (Previous Year - Nil)**48.12** No instances of breach of covenant of loan availed or debt securities issued during the financial year ended March 31, 2025. (Previous Year - Nil). The Company reports covenant compliance to its lenders on regular basis. As there are no covenant breaches, no loans have been recalled by any of the lenders for the year ended March 31, 2025 and March 31, 2024.

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

48.13 Divergence in Asset Classification and Provisioning

Below two conditions are not satisfied hence the details of diversions are not required to be disclosed:

- a) No additional provisions have been assessed by RBI exceeding 5 percent of the reported profits before tax and impairment loss on financial instruments for the year ended March 31, 2024 and March 31, 2023.
- b) RBI has not identified additional GNPA's exceeding 5 percent of reported GNPA's for the year ended March 31, 2024 and March 31, 2023.

48.14 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.

48.15 During the financial year ended March 31, 2025, no penalties were imposed by any regulator including the Reserve Bank of India (Previous Year - Nil). However, during the year, a penalty of ₹ 0.03 Lakhs (including taxes) was levied in September 2024 for non-compliance with Regulation 6(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, relating to the requirement to appoint a qualified Company Secretary as the Compliance Officer, which was subsequently waived off. Further, in October 2024, a penalty of ₹ 0.12 Lakhs (including taxes) was levied for non-compliance with Regulation 60(2) of the SEBI (LODR) Regulations, 2015 regarding delay in giving Notice of Record Date, which was paid on February 27, 2025.

48.16 Provisions and Contingencies

Category wise breakup of Provisions & Contingencies shown in Statement of Profit and Loss	For the year ended March 31, 2025	For the year ended March 31, 2024
Provision towards Expected Credit Loss (ECL)	1,909.84	875.01
Provision for income tax	2,283.07	1,605.52
Provision for gratuity	20.02	15.82
Provision for leave encashment	118.13	55.76
Provision for bonus and other incentive	597.00	492.00
Provision for interest (Exceptional item)	-	620.26
Provision for depreciation and amortization	333.72	215.50

48.17 Concentration of Advances

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Total Advances to twenty largest borrowers	1,653.49	1,528.56
Percentage of Advances to twenty largest borrowers to Total Advances of the applicable NBFC	0.60%	0.80%

- Advance is taken as Principal Balance and accordingly percentage is derived

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

48.18 Concentration of Exposures

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Total Exposures to twenty largest borrowers/customers	1,653.49	1,528.56
Percentage of Exposures to twenty largest borrowers/Customers to Total Exposures of the NBFC on borrowers/Customers	0.60%	0.80%

- Advance is taken as Principal Balance and accordingly percentage is derived

48.19 Concentration of NPAs

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Total Exposures to top four NPA accounts	167.09	99.94

48.20 Sector-wise NPAs

Sector	Percentage of NPAs to Total Advances in that sector	
	For the year ended March 31, 2025	For the year ended March 31, 2024
Agriculture & allied activities	2.10%	0.98%
MSME	2.30%	0.91%
Corporate borrowers	-	-
Services	2.20%	0.64%
Unsecured personal loans	-	-
Auto loans	-	-
Other personal loans	1.10%	0.65%

48.21 Movement of NPA

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
(i) Net NPA to Net Advances (%)	1.23%	0.48%
(ii) Movement of NPA (Gross)		
(a) Opening balance	1,580.53	585.41
(b) Additions during the year	4,512.62	1,176.94
(c) Reductions during the year	(572.03)	(181.82)
(d) Closing balance	5,521.12	1,580.53
(iii) Movement of Net NPA		
(a) Opening balance	902.05	381.24
(b) Additions during the year (net)	2,815.80	635.89
(c) Reductions during the year (net)	(344.66)	(115.08)
(d) Closing balance	3,373.19	902.05
(iv) Movement of provisions for NPA		
(a) Opening balance	678.48	204.17
(b) Provisions made during the year	1,696.82	541.05
(c) Write-off / write -back of excess provisions	(227.38)	(66.74)
(d) Closing balance	2,147.93	678.48

48.22 The Company does not have any overseas assets during the financial year ended March 31, 2025. (Previous Year - Nil)**48.23** The Company does not have Off-balance Sheet SPVs sponsored during the financial year ended March 31, 2025. (Previous Year - Nil)

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

48.24 The Company has made no drawdown from existing reserves during the financial year ended March 31, 2025. (Previous Year - Nil)

48.25 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, 2025	For the year ended March 31, 2024
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
CARE Ratings Limited	Non-convertible Debenture	CARE A+/Stable	-

48.26 Remuneration of Directors

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Directors sitting fees and Commission paid to		
Utpal Sheth	-	-
Prem Kumar Chopla	25.88	25.00
Anil Kaul	25.00	15.10

There are no other pecuniary transactions with Non-executive Directors during the year (Previous Year: Nil).

48.27 Customer complaints

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
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	82	37
No. of complaints disposed during the year	82	37
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, 2025	For the year ended March 31, 2024
Maintainable complaints received by the NBFC from Office of Ombudsman		
A) Number of maintainable complaints received by the NBFC from Office of Ombudsman	27	14
of A, number of complaints resolved in favour of the NBFC by Office of Ombudsman	27	14
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)	-	-

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

Top five grounds 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, 2025					
Ground - 1 - Request for Foreclosure Letter	-	24	0.00%	-	-
Ground - 2 - Others	-	58	728.57%	-	-
Ground - 3 -	-	-	-	-	-
Ground - 4 -	-	-	-	-	-
Ground - 5 -	-	-	-	-	-
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	-	-	-	-	-

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

48.28 Refer note for Details of all material transactions with related parties.**48.29** Pursuant to the RBI Circular No DNBS.PD.CC. No. 256/03.10.042/2011-12 Dated 2 March, 2012, the details of frauds noticed / reported are as below:

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Amount Involved is greater than or equal to 1 lakh*	24.42	-
Amount Recovered	9.68	-
Amount written off/provided	14.74	-
Balance	-	-

*No fraud with amount involved less than 1 lakh

48.30 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.**48.31** There is no transaction in which the Revenue recognition has been postponed or pending the resolution of significant uncertainty.**48.32** The Company has not entered into Securitization transactions during the financial year ended March 31, 2025. (Previous Year - Nil)**48.33** The Company do not lend any gold loans during the financial year ended March 31, 2025. (Previous Year - Nil)**48.34** The Company does not have any Subsidiary /Joint Venture /Associates as at March 31, 2025. Accordingly, the requirement to prepare Consolidated Financial Statements is not applicable.

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

49 ADDITIONAL NBFC DISCLOSURES:

Disclosure as per Annex VIII of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (Updated as on February 27, 2025)

Particulars	March 31, 2025		March 31, 2024	
	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
Liabilities side				
(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:				
(a) Debentures : Secured	9,988.53	-	-	-
: Unsecured	-	-	-	-
(other than falling within the meaning of public deposits*)				
(b) Deferred credits	-	-	-	-
(c) Term loans	2,10,627.23	-	1,43,651.12	-
(d) Inter-corporate loans and borrowings	-	-	-	-
(e) Commercial Paper	-	-	-	-
(f) Public deposits	-	-	-	-
(g) Other Loans – WCDL	-	-	-	-
(h) Other Loans – Cash Credit	1.77	-	0.01	-
(i) Other Loans – Finance Lease Obligation	-	-	-	-
(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:	Principal outstanding	
	March 31, 2025	March 31, 2024
(3) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:		
(a) Secured	2,73,923.11	1,87,014.64
(b) Unsecured	993.91	3,311.39

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

(4) Break up of leased assets and stock on hire and other assets counting towards Asset financing activities	March 31, 2025	March 31, 2024
(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, 2025	March 31, 2024
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, 2025	March 31, 2024
Long term investments:		
1. Quoted:		
(i) Shares: (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others – Commercial Paper	-	-
2. Unquoted:		
(i) Shares: (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others – Commercial Paper	-	-

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

(6) Borrower group-wise classification of assets financed as in (3) and (4) above: Refer note 2 below:

Category	Amount (net of provisions)			
	March 31, 2025		March 31, 2024	
	Secured	Unsecured	Secured	Unsecured
1. Related Parties**				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same group	-	-	-	-
(c) Other related parties	-	-	-	-
2. Other than related parties	2,70,584.82	885.59	1,85,670.51	3,118.76
Total	2,70,584.82	885.59	1,85,670.51	3,118.76

(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, 2025		March 31, 2024	
	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, 2025	March 31, 2024
(i) Gross Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	5,521.12	1,580.53
(ii) Net Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	3,373.19	902.05
(iii) Assets acquired in satisfaction of debt	-	-

Notes:

- As defined in paragraph 5.1.26 of the Directions.
- Provisioning norms shall be applicable as prescribed in these Directions.
- All notified Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/ fair value/ NAV in respect of unquoted investments shall be disclosed irrespective of whether they are classified as long term (amortized cost in the case of Ind AS) or current (fair value in the case of Ind AS) in (5) above.

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

48.4 Maturity pattern of certain items of Assets and Liabilities as at March 31, 2025

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
Loans	5,679.53	1,634.26	-	3,347.92	3,417.27	10,305.57	20,767.21	83,314.79	35,926.65	1,06,852.66	2,71,245.86
Borrowings	775.87	170.07	2,973.38	3,384.41	8,668.27	16,147.91	32,497.65	1,04,546.97	33,702.35	7,762.12	2,10,629.00
Debt Securities	-	-	-	49.07	-	-	-	9,939.46	-	-	9,988.53

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
Loans	248.87	1.00	4,480.16	2,418.22	2,440.45	7,400.83	14,867.59	58,170.05	25,469.36	72,877.35	1,88,373.88
Borrowings	468.59	164.24	1,904.56	2,346.93	4,898.50	10,013.34	24,528.00	72,023.66	24,949.45	2,353.86	1,43,651.13
Debt Securities	-	-	-	-	-	-	-	-	-	-	-

Notes:

- Impairment loss allowance and Effective interest rate adjustment is classified under the bucket "Over 5 years."
- Debt Securities are classified based on the exercise date of the call or put option.
- In the preparation of the above disclosure, certain assumption have been considered by the management which have been relied upon by the auditors.



Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

48.28 Details of all material transactions with related parties

Related Party	Parent (as per ownership or control)		Subsidiaries		Associates/ Joint ventures		Key Management @		Relatives of Key Management Personnel@		Others*		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Placement of deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of fixed/other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of fixed/other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest received	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity infusion & allotment of shares (Including share premium)	-	-	-	-	-	-	6,000.00	20,000.00	-	-	-	-	6,000.00	20,000.00
Repayment of Loan Received	-	-	-	-	-	-	4,600.00	-	-	-	-	-	4,600.00	-
Others*	-	-	-	-	-	-	509.11	456.28	-	-	151.29	40.46	660.40	496.74

*Others include total for the items which are not more than 5 per cent of total related party transactions.

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

50 NBFC DISCLOSURES:

Disclosure as per Appendix III-D of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (Updated as on February 27, 2025)

Sr. No.	Asset Classification Details	Type of Restructuring			Others		Total
			Standard	Sub-Standard	Doubtful	Loss	
1	Restructured Accounts as on April 01, 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	-	19.21
2	Fresh restructuring during the year / repayment during the year	No. of borrowers	-	1	-	-	1
		Amount outstanding	(2.95)	26.13	-	-	23.18
		Provision thereon	(0.31)	9.15	-	-	8.84
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	(5)	(1)	-	-	(6)
		Amount outstanding	(55.25)	(7.93)	(0.72)	-	(63.90)
		Provision thereon	(5.75)	(0.60)	2.37	-	(3.98)
5	Downgradations of restructured accounts during the FY	No. of borrowers	(1)	-	1	-	-
		Amount outstanding	(10.28)	(2.89)	13.17	-	-
		Provision thereon	(1.07)	(1.57)	2.63	-	(0.01)
6	Write-offs of restructured accounts during the FY	No. of borrowers	(1)	(1)	-	-	(2)
		Amount outstanding	(1.97)	(2.30)	-	-	(4.27)
		Provision thereon	(0.20)	(0.46)	-	-	(0.66)
7	Restructured Accounts as on March 31, 2025	No. of borrowers	2	2	2	-	6
		Amount outstanding	32.43	36.34	25.25	-	94.02
		Provision thereon	3.37	11.19	8.84	-	23.40

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

Sr. No.	Asset Classification Details	Type of Restructuring			Others		Total
			Standard	Sub-Standard	Doubtful	Loss	
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	-	0.00
		Provision thereon	(6.42)	2.58	3.84	-	-
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	-	19.21

51 Public Disclosure on Liquidity Risk as per Appendix VI-A of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (Updated as on February 27, 2025)

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

As at March 31, 2025

Number of Significant Counterparties	Amount	% of Total Deposits	% of Total Liabilities
29 (Twenty Nine)	2,18,504.83	N.A.	97.24%

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

As at March 31, 2024

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

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 and is classified under Middle Layer pursuant to Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, 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, 2025

Amount (₹)	% of Total Borrowings
1,34,594.66	60.79%

As at March 31, 2024

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

4. Funding Concentration based on significant instrument/product:

Name of the instrument / product	As at March 31, 2025		As at March 31, 2024	
	Amount	% of Total Liabilities	Amount	% of Total Liabilities
Term Loans from Banks and Financial Institutions	2,11,424.82	94.09%	1,39,537.28	91.75%
Non-convertible debentures	10,000.00	4.45%	-	0.00%
Term Loan from Promotor	-	0.00%	4,600.00	3.02%

- above amounts excludes interest accrued

5. Stock Ratios:

As at March 31, 2025

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)	0.00%	0.00%	0.00%
Other short-term liabilities	28.99%	28.57%	20.59%

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%

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

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), is responsible for ensuring adherence to the liquidity risk tolerance/limits as well as implementing the liquidity risk management strategy. The role of the ALCO with respect to liquidity risk includes, inter alia, decision on desired maturity profile and mix of incremental assets and liabilities, responsibilities and controls for managing liquidity risk, and overseeing the liquidity positions at an entity level.

Notes:

- a. "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.

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

- 52.1** The Company has no relationship and transactions with struck off companies.
- 52.2** 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.
- 52.3** The Company is not having any subsidiary. Therefore, the provisions of clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017 in respect of Number of Layers is not applicable to the Company.
- 52.4** There are no such immovable properties on lease where lease deeds are not held in name of the Company.
- 52.5** There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act.
- 52.6** The Company is not holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)
- 52.7** 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.

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

- 52.8** 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.
- 52.9** 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.
- 52.10** The Company has not traded or invested in Crypto currency or Virtual Currency.
- 52.11** The Company has not made any delay in registration of charges.
- 52.12** The Company has obtained various borrowings from banks/ FI on basis of security of current assets wherein the quarterly returns/ statements of current assets as filed with banks/ FI are in agreement with the books. The Company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken at the balance sheet date. The Company is not declared as willful defaulter by any bank or financial Institution or other lender as at March 31, 2024.
- 52.13** There is no such scheme of arrangements has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.
- 52.14** The Company has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provisions are required under any law / accounting standards for material foreseeable losses on such long-term contracts has been made in the books of accounts.
- 52.15** There have been no events after the reporting date that require disclosure in these financial statements.

53 DIRECT ASSIGNMENT

Disclosures pursuant to RBI Notification - RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021 (updated as on December 28, 2023) for transfer through assignment of loan, acquisition of loans through assignment and acquisition/transfer of any stressed loan is as below:

- a) The Company has not acquired any loans through assignment in respect of loans not in default during the year ended March 31, 2025. (March 31, 2024: Nil)
- b) Details of loans (not in default) transferred through co-lending arrangement (CLM-2) during the year ended March 31, 2025 (March 31, 2024: Nil):

Particulars	Transferred
Entity	Bank
Count of loan accounts assigned (in numbers)	79
Amount of loan account assigned (in Lakhs)	884.76
Retention of beneficial economic interest (MRR)	20%
Weighted average maturity (residual maturity in months)	114.23
Weighted average holding period (in months)	6.72
Coverage of tangible Security	100%
Rating-wise distribution of rated loans	Not Rated

- c) The Company has not transferred/acquired any stressed loans during the year ended March 31, 2025 (March 31, 2024: Nil).

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

- 54** Disclosures pursuant to RBI Notification - RBI/2021-22/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 6, 2020 and RBI/2021-22/31/DOR.STR.REC .11/21.04.048/2021-22 dated May 05, 2021 is as below:

(₹ in Lakhs)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of March- 2024 (A)	Of (A), aggregate debt that slipped into NPA during the Half Year	Of (A) amount written off during the Half Year**	Of (A) amount paid by the borrowers during the Half Year***	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of 30 September 2024**
Personal Loans	-	-	-	-	-
Corporate persons*	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	102.87	1.97	1.97	9.97	90.93
Total	102.87	1.97	1.97	9.97	90.93

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

**represents debt that had slipped into stage 3 and was subsequently written off during the half-year ended September 30, 2024.

***represents receipts net of interest accruals.

(₹ in Lakhs)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of September- 2024 (A)	Of (A), aggregate debt that slipped into NPA during the Half Year	Of (A) amount written off during the Half Year**	Of (A) amount paid by the borrowers during the Half Year***	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of March 31, 2025**
Personal Loans	-	-	-	-	-
Corporate persons*	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	90.93	10.21	-	48.29	32.43
Total	90.93	10.21	-	48.29	32.43

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

**represents debt that had slipped into stage 3 and was subsequently written off during the half-year ended March 31, 2025.

***represents receipts net of interest accruals.

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

55 PREVIOUS YEAR FIGURES HAVE BEEN RE-GROUPED / RECLASSIFIED WHERE NECESSARY TO CONFORM TO THE CURRENT YEAR'S CLASSIFICATION.

- a) Late Payment Penalty ₹ 9.99 Lakhs, previously classified under 'Interest Income', has been reclassified under 'Fees and Commission Income'.
- b) Foreclosure Charges ₹ 227.26 Lakhs, Bounce Charges ₹ 110.14 Lakhs, Other Charges ₹ 6.89 Lakhs, and Documentation Fee Income ₹ 15.59 Lakhs, earlier grouped under 'Other Operating Revenue', are now presented under 'Fees and Commission Income'.
- c) Overdue Interest on Loans ₹ 71.69 Lakhs, earlier included under 'Other Receivables', has been regrouped under 'Loans'.
- d) Interest accrued but not due on borrowings ₹ 249.54 Lakhs has been regrouped from 'Other Financial Liabilities' to 'Interest Accrued but Not Due on Borrowings' under Borrowings.
- e) Commission expense of ₹ 32.28 Lakhs has been regrouped from 'Employee Benefit Expense' to 'Other Expenses'.

56 CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES:

Particulars	As at March 31, 2024	Cash Flow (Net)	Exchange Difference	Others*	As at March 31, 2025
Debt Securities	-	10,000.00	-	(11.47)	9,988.53
Borrowings Other than Debt Securities	1,43,651.13	67,289.30	415.80	(727.23)	2,10,629.00
Total	1,43,651.13	77,289.30	415.80	(738.70)	2,20,617.53

Particulars	As at March 31, 2023	Cash Flow (Net)	Exchange Difference	Others*	As at March 31, 2024
Debt Securities	-	-	-	-	-
Borrowings Other than Debt Securities	69,746.69	74,188.00	-	(283.56)	1,43,651.13
Total	69,746.69	74,188.00	-	(283.56)	1,43,651.13

*Others includes effective interest adjustment and interest accrued.

57 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

Notes to the financial statements for the year ended March 31, 2025 (Contd.)

(Amounts in ₹ Lakhs, unless otherwise stated)

58 APPROVAL OF FINANCIAL STATEMENTS

The financial statements for the year ended March 31, 2025 were approved by the Board of Directors and authorised for issue on May 10, 2025.

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

**As per our report of even date attached
For KKC & Associates LLP**

Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
ICAI Firm Registration No. 105146W/W100621

Vinit Jain

Partner
Membership No: 145911
Place : Mumbai
Date : May 10, 2025

Uday Suvarna

Chief Executive Officer

Place : Mumbai
Date : May 10, 2025

**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 10, 2025

Rajesh Rajak

Chief Financial Officer

Place : Mumbai
Date : May 10, 2025

Neha S. Hiranandani

Director
DIN : 01954865
Place : London
Date : May 10, 2025

Ketaki Prasad Satam

Company Secretary
M.No. A28476
Place : Mumbai
Date : May 10, 2025



Registered Office

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Corporate Office

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