

SIMPLIFYING
SOLUTIONS

MULTIPLYING
ASPIRATIONS

ANNUAL REPORT
2019-20



HFS

Hiranandani
Financial Services

Corporate Information

CIN : U65999MH2017PTC291060

BOARD OF DIRECTORS

Mr. Harsh S Hiranandani
Non-Executive Director

Ms. Neha S Hiranandani
Non-Executive Director

Mr. Gulab Singh Lodha
Non-Executive Director

Mr. Utpal Sheth
Additional Director
(Independent Director)

KEY MANAGERIAL PERSONNEL

Mr. Uday Suvarna
Chief Executive Officer

Mr. Vivekanand Ramachandran
Chief Financial Officer

Mr. Ankit Kumar Jain
Company Secretary & Compliance Officer

STATUTORY AUDITORS

M/s. Chaturvedi & Shah LLP,
Chartered Accountants

REGISTERED OFFICE

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

CORPORATE OFFICE

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

TELEPHONE
+91 22 2576 3623

EMAIL
wecare@hfs.in

WEBSITE
www.hfs.in

BRANCHES

Maharashtra :
Aurangabad
Mumbai
Nashik
Pune

Gujarat :
Ahmedabad
Anand
Bharuch
Mehsana
Rajkot
Surat
Vapi

Tamil Nadu :
Chennai

BANKERS

HDFC Bank Limited
Axis Bank Limited
ICICI Bank Limited

Oriental Bank of Commerce (Now
merged with Punjab National Bank)

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In a constantly advancing environment, our focus on empowering the underserved micro and small businesses is what distinguishes us as an emerging NBFC. We offer bespoke financial assistance to our customers, helping them fulfil their financial aspirations while transforming lives.



Our affordable and accessible products enable us to bridge the credit gap and aid people who have the ambition but lack the resources to realise their dreams. With a mix of human touch and state-of-the-art technology-integrated processes, we aim to facilitate financial services till the bottom of the pyramid.

Within a short span of time, we have grown distinctly, underpinned by a differentiated business model, strong brand name, effective governance and experienced management. Backed by the renowned House of Hiranandani, we look forward to constantly enhance our value proposition for all the stakeholders.

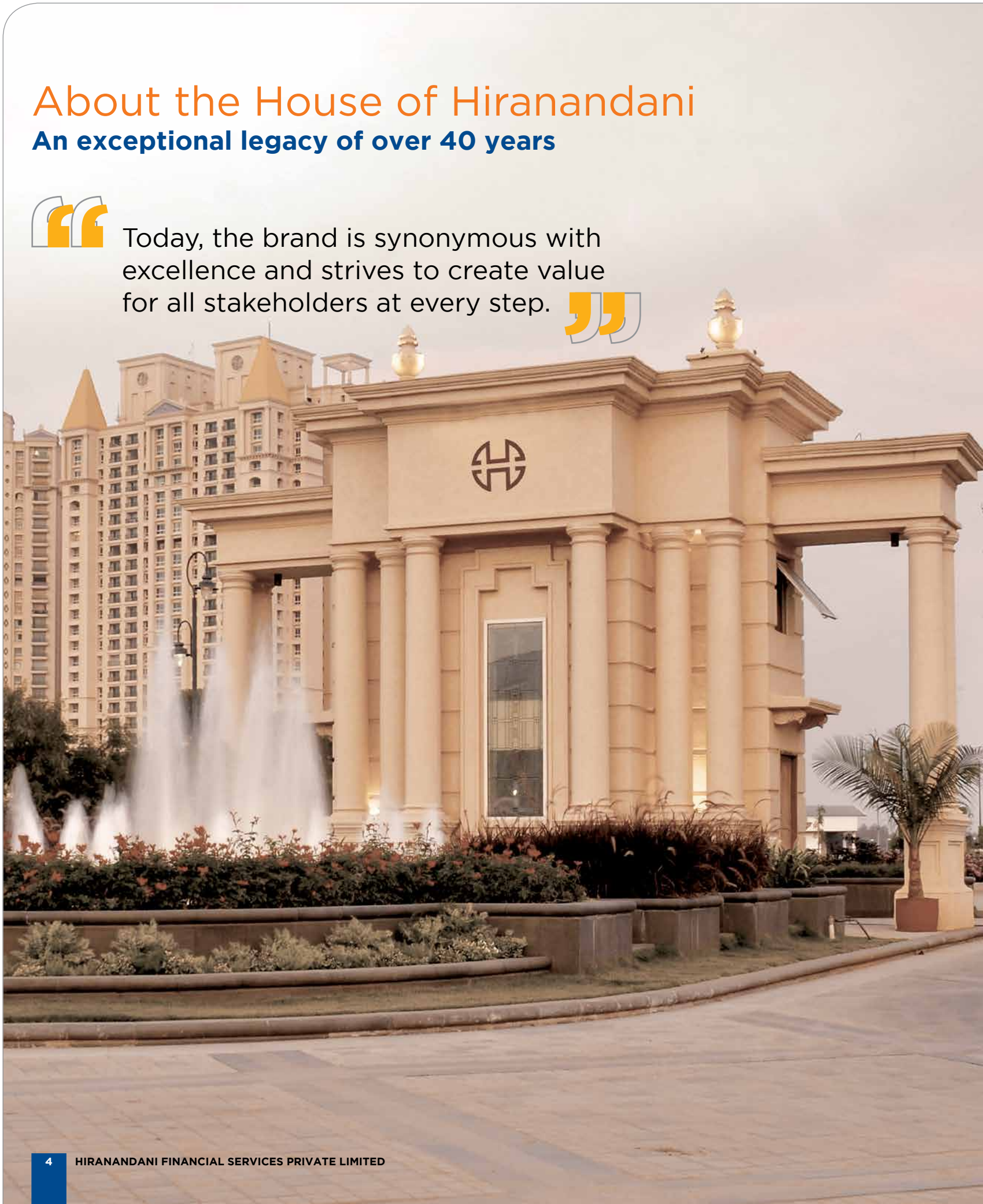
About the House of Hiranandani

An exceptional legacy of over 40 years

“

Today, the brand is synonymous with excellence and strives to create value for all stakeholders at every step.

”



Since inception, the House of Hiranandani (‘HoH’) is forging ahead with the distinguished parentage from the visionary leader, Mr. Surendra Hiranandani. HoH is recognised as the pioneer in developing integrated communities and landmarks in India. It has enhanced the skyline of Mumbai, Bengaluru and Chennai with its spectacular and renowned style of neighbourhoods, offering premium living experiences.

HoH is amongst the strongest brands in the real estate landscape with impeccable expertise and reputation to its credit. Our aim has always been to integrate every family into a bigger and more inclusive community. Architectural acumen, robust construction quality and impeccable planning and designing are the bedrock of our iconic and world-class structures that surpass industry benchmarks.

Today, the brand is synonymous with excellence and strives to create value for all stakeholders at every step.

Numbers

Defining HoH

4

DECADES

OF EXPERTISE

37.9

MILLION SQ. FT

AREA DEVELOPED

22,215

HOMES DELIVERED

12,500

STUDENTS EDUCATED

28,231

TREES PLANTED



At our core, we have always been a design and engineering company with commitment to quality construction and architectural excellence.



Values start at the

House of Hiranandani

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

- New Urbanism
- Architectural Prowess
- Quality Construction
- Timely Delivery

Key

Cornerstones

Our key cornerstones support the Company's vision, shape its culture, foster innovation and help deliver excellent customer service.



INNOVATION



CUSTOMER FOCUS



SUPERIOR DESIGN



QUALITY CONSTRUCTION



TRUST & TRANSPARENCY

Introducing

Hiranandani Financial Services Private Limited

“ The Company is an emerging NBFC, focused on serving the needs of aspirational Indian entrepreneurs engaged in MSME sector. ”



Incorporated in 2017, Hiranandani Financial Services Private Limited ‘HFS’ (formerly known as Dobra Finance Private Limited) obtained its license to operate as an NBFC (Non-Banking Financial Company) in 2018. The Company is an emerging NBFC focused on serving the needs of aspirational Indian entrepreneurs engaged in MSME sector. It offers tailored financial assistance to fulfil the dreams of underserved micro and small enterprises.

Under the honoured aegis of the renowned House of Hiranandani, the Company addresses the growing capital requirements of its customers through secured and unsecured financial products. HFS efficiently delivers a personalised experience to its customers by leveraging advanced technology and data science. Driven by a proficient team and led by an experienced management, HFS is committed to cater to India’s growing credit demand.

₹ **159.96** CRORE
ASSETS UNDER MANAGEMENT

₹ **181.6** CRORE
LOAN DISBURSEMENT

12
NUMBER OF BRANCHES

127
EMPLOYEES

959
CUSTOMERS*

*includes customers acquired through direct assignment in July 2019
Note: The above financial figures are as on March 31, 2020



BRAND

Vision

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



MISSION

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

CORE

Values

To achieve the most of our potential, we are guided by values that make our journey full of purpose and perseverance:

- OWN THE CUSTOMER EXPERIENCE

Our intent is to keep people at the centre of everything. Win them over by delightful and unique customer experiences through various touch points.
- WIN TOGETHER

Fostering collaborative effort helps every team member conceive unique and innovative solutions. Working together ensures a win for both, the customer and for us, every single time.
- BUILD CREDIBILITY AND TRUST

Trust is the cornerstone in any relationship. We endeavour to build this through every interaction we have with our stakeholders, building and sustaining our brand's credibility.
- IMPROVE EVERYDAY

Each day presents us with opportunities to learn, evolve and improvise as an organisation. This enables us to uniquely engage and offer solutions to every new customer at their point of need.

SIMPLIFIED SOLUTIONS TO CATER TO OUR CUSTOMERS' NEEDS

Our financial solutions are in line with the evolving needs of the customers. We also offer loans with or without collateral which helps people conveniently access the product and expand their business:



BUSINESS LOAN



EQUIPMENT AND MACHINERY LOAN



WORKING CAPITAL LOAN



LOANS FOR BUYING COMMERCIAL PREMISES



Promoter's Message

"I take great pride in declaring that HFS remains committed to make a difference in the lives of many credit-deprived enterprises on the strength of a strong and ethical business model."

DEAR STAKEHOLDERS,

It gives me great pleasure to write to you after HFS's first full year of operations. HFS is founded on the vision to be the preferred financier for the Micro and Small enterprises of India. The Company looks for opportunities to be a part of the new emerging India. We give wings to the entrepreneurial dreams of many, in the process, uplifting the 'Aatmanirbhar Bharat' abhiyaan of the Government.

The Micro, Small and Medium Enterprise (MSME) segment is the backbone of our country's economic growth and finance is the fuel needed to keep the engine running. MSMEs hold enormous potential to generate employment, promote exports and import substitution, widen the tax base and directly contribute to various parameters of economic growth. Easy access to affordable capital, convenience in processing, and certainty in speed of disbursement are some of the key requirements of MSMEs that HFS seeks to address.

The Indian economy witnessed a slowdown in the year 2019-20 with financial sector stress, muted consumption and investment. The Government and the RBI announced a host of new measures to revive growth and credit. However, economic growth further slowed down with the outbreak of Novel Coronavirus intensifying in March 2020. Fortunately, given our recency of operations, we are not bogged down by legacy systems and processes, and I am glad to see that HFS has been remarkably swift in reorienting its strategy by amending its credit policy and collection strategy. Our

robust technology-led processes helped us function smoothly and continue to serve our customers uninterrupted.

The HFS team, in its first year of operations, has been able to create a robust franchise, focused on lending to the micro and small segment. We have launched our own branches in a mix of tier I, II and III cities, giving us greater reach and access to our customers along with superior customer service to our target market. We have also worked extensively on our technology platform to enhance both our underwriting capabilities and speed of operations.

I take great pride in declaring that HFS remains committed to make a difference in the lives of many credit-deprived enterprises on the strength of a strong and ethical business model. Our strong focus on good corporate governance and compliance through regular audits enables us to bring accountability, strengthen relationships, and build trust with all our stakeholders. Moreover, we will continue to invest ahead in the latest technology and data analytics to provide the best experience to our customers.

On behalf of the Board, I would like to thank our customers, channel partners, technology partners, banking partners and many others who helped HFS in its journey during 2019-20. I remain grateful to the entire HFS team for their positivity and commitment.

Regards,

Harsh S Hiranandani

Promoter & Director

From the CEO's Desk

"We have fulfilled our customers' expectations through customised and accessible financial solutions."

As an upcoming NBFC, we are swiftly traversing in our growth journey. We have fulfilled our customers' expectations through customised and accessible financial solutions. The year 2019-20 was effectively the first full year of our business operations. Amidst these tumultuous times when the world is fighting COVID-19 pandemic, it feels great to look back at some of the achievements in the year gone by:

- Commenced our retail business operations with secured and unsecured product offering
- Launched new branches in Maharashtra and Gujarat in a 3-phase roll-out
- Went live on key loan management and loan origination systems
- Introduced the 'Hiranandani Financial Services - HFS' branding
- Built a dedicated and experienced financial services team
- Crossed ₹ 150 crore AUM with customers spread across various industry segments

A growing segment of aspirational entrepreneurs in the MSME segment, looking for easy access to credit for multiple needs, presents lucrative opportunities for alternative lenders. The Company's focus segment is the credit starved Micro and Small Enterprises. We have deployed cutting-edge technology along with traditional touch and feel-based credit assessment to successfully underwrite loans. The availability of data from multiple sources has made the risk assessment of these micro enterprises less challenging. This will lead to a growth of organised lending in this segment. With robust competencies and customised offerings, HFS is well-placed to tap this opportunity and grow.

There were visible signs of the Indian economy slowing down in the beginning of 2019-20. The Company adopted a cautious approach, emphasised on secured product offering and kept operating costs under control. Towards the end of the year, the world was hit by the COVID-19 pandemic, followed by one of

the most stringent lockdowns in multiple phases. The lockdown significantly impacted the economic activities across sectors. Our business was also impacted, marked by lower disbursements and benign AUM growth during the fourth quarter. The Company, however, reported a nominal profit for the year on a strong foundation of robust credit assessment and cost control.

We undertook an exercise to understand the impact of the lockdown on our customer segments. Several initiatives were undertaken to address the welfare of our employees and customers, in line with the Government guidelines. By recalibrating the credit policies, we ensured sourcing quality. We also crafted a targeted collection strategy based on customer risk assessment. The Company maintained adequate liquidity and was able to offer moratorium to its customers, as per the RBI norms. We have been taking measures to reduce fixed costs, rationalise other costs and expect the results for the same in the next few quarters.

Further, this crisis has ensured increased thrust on adopting technology. Our digital platform for lead origination, disbursement, collection and increasing the digital interface with customer is expected to be operational during 2020-21. Given our lean size and scale of operations, we have been able to reorient faster and make a fresh beginning by overcoming the challenges posed by the pandemic. We are confident of the Company's continued growth in the current year.

I would like to place on record my sincerest gratitude for our Promoters, Board of Directors and all the employees who have made this journey delightful and fulfilling. Most importantly, I would like to thank all our customers for supporting and inspiring us to keep improving every day.

Regards,
Uday Suvarna
Chief Executive Officer

SIMPLIFYING SOLUTIONS

Multiplying Aspirations

A research report by PWC indicates that the credit availed by micro, small and medium enterprises (MSMEs) has been witnessing an improvement at a CAGR of 19.3% in recent years. However, a considerable part of India’s population lacks access to the formal channels of finance, due to the unavailability of necessary documents. This scenario poses huge opportunity for NBFCs to formalise lending for the untapped MSME segment.

Some compelling facts about the country’s MSME segment in 2019

31%

CONTRIBUTION TO INDIA’S GDP

45%

CONTRIBUTION TO EXPORT

124 MILLION

PEOPLE EMPLOYED BY 65 MILLION MSMEs

US\$ 380 BILLION

CREDIT GAP IN THE MSME SECTOR

Empowering MSME segment through our unique offerings

As a growing and young NBFC, our focus is on funding micro and small enterprises who are often denied loan merely due to inadequacy in formal income documents or absence of credit history. We offer easy and customised loans to cater to the diverse business aspirations of this segment.

HFS provides secured loans for various tenure including longer tenure loans for business expansion, adding new business lines, and acquisition of any asset, among others. These loans are backed by immovable property as collateral and ticket sizes range between ₹ 5 to 25 lacs.

Our Smart Business loans are ideal for catering to smaller loan requirements for short-term with the end-use typically ranging from working capital needs, to executing a new order or to upgrade the setup. The collateral-free feature of these loans makes funding much faster with minimal documentation.



Simplifying Solutions through New-age Technology

At HFS, technology is deeply embedded in our processes. Adoption of advanced technology and data analytics has enabled us to deliver cost-effective and accessible financial solutions to meet the needs of our customers.

Our unique online platform and mobile application help reach the underpenetrated customer segment and provide a faster, safer and secured experience. We have a robust credit underwriting mechanism which uses traditional cash flow-based data and technology integration with other data points through various APIs, leading to an optimal lending decision.

Distinguished technologies to simplify loan processing

- Automated business rule engine to help generate the customer eligibility and instant sanction decision
- Credit underwriting process with automated scorecard and auto-deviations
- Advanced system to facilitate online updation of profile validation, screening and property valuation
- KYC verification through API interface and external systems
- Assisted mobile application for seamless customer onboarding
- Online transaction processing capability to help track the processing
- Efficient tracking of lending activities and customer interaction for process control
- Easy online payment of EMIs to facilitate faster collection process

NURTURING THE SPIRIT OF ENTREPRENEURSHIP

Customer Success Stories

Customers are at the centre of everything we do. We create deep impact through every customer interaction across various touch points. Our larger objective is to enhance entrepreneurship opportunities for our customers and help them attain self-sufficiency.

Here are a few excerpts from what our customers have to say about us:



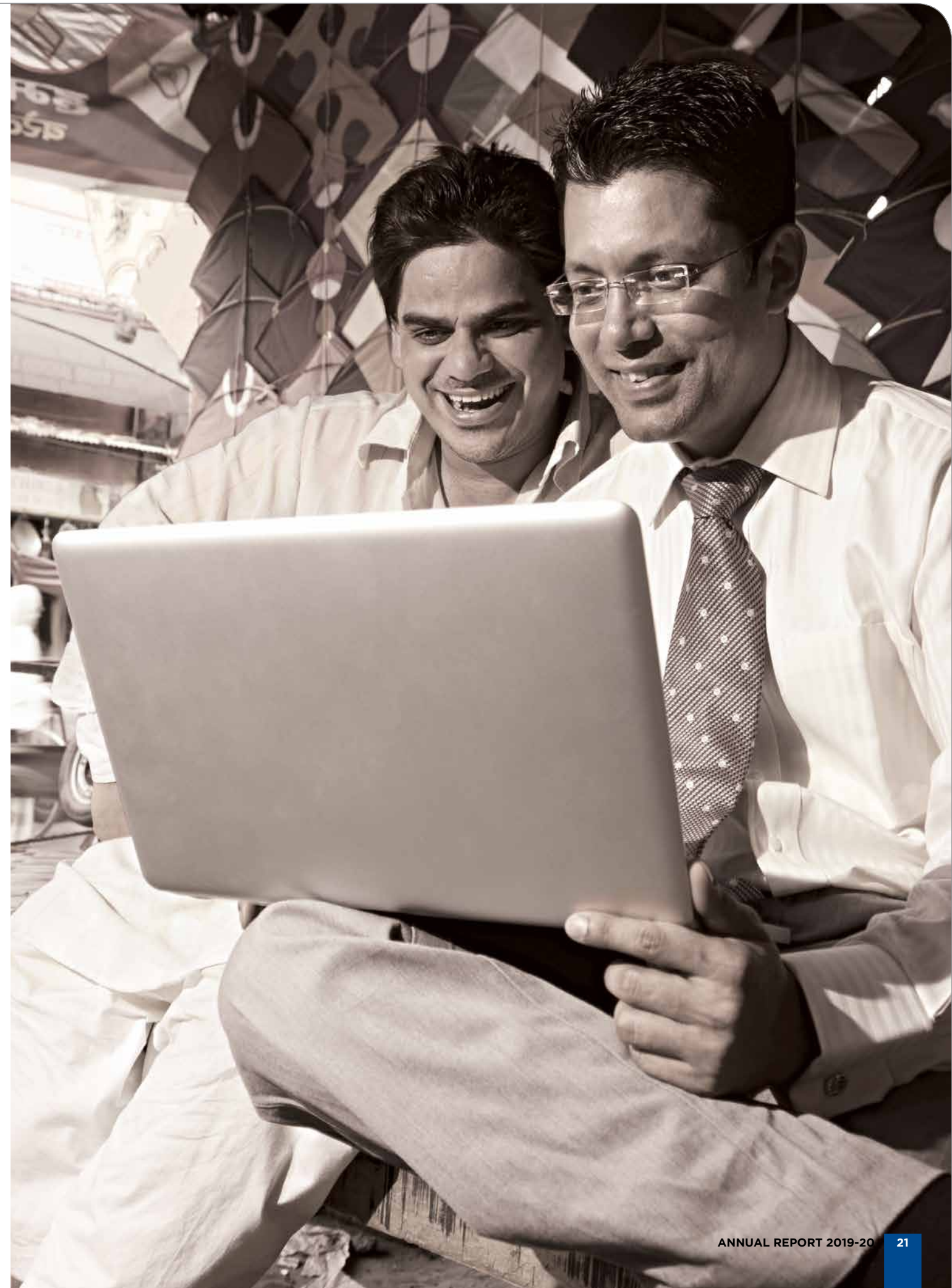
BHARATBHAI BANSILAL CHOUHAN
Sonal Bag House, Mehsana

I had applied for a loan from HFS to smoothly run my business. With their prompt sanction, I could avail the loan easily. Today, my business is thriving and I am extremely grateful to HFS for the same.



NAIM RAFFIK
Mayuri Foreign Education, Vapi

Applying for a business loan from HFS worked really well for me. I got sanction within a minimal time and that too at a reasonable interest rate. This has been one of the best experiences I ever had and I would highly recommend HFS to others.



SIMPLIFYING SOLUTIONS THROUGH Sound Governance Standards

At HFS, sound governance forms our DNA. We believe that good Corporate Governance practices are powerful enablers that infuse trust and confidence amongst stakeholders.

We operate our business with the highest ethical standards and transparency to achieve sustainable growth.

- Adherence to KYC guidelines and various other policies as prescribed by the RBI
- Following Fair Practices Code as prescribed by the RBI to bring more transparency in dealing with customers
- Adaptation of grievance redressal mechanism to effectively address customer grievances and complaints

Our Board of Directors are highly respected for their professional integrity as well as rich and diverse experience and expertise. Various Board Committees have been formed to ensure implementation of key initiatives and giving appropriate direction to regular functioning of the Company. Presently, the Company has the following Committees:

Risk Management Committee (RMC)

Asset Liability Committee (ALCO)

Investment Committee



Mr. Harsh Hiranandani

Director

Mr. Harsh Hiranandani is instrumental in conceptualising and setting up Hiranandani Financial Services Private Limited ('HFS'). He is the Founder and key promoter of HFS.

Harsh also spearheads the business development of House of Hiranandani group and manages operations and oversees execution for the Group's other projects.

Prior to joining the House of Hiranandani, Harsh has worked with Credit Suisse in their investment banking division in New York, where he was involved in numerous cross-border advisory and fund-raising transactions.

He graduated from the University of Chicago, majoring in Economics.



Ms. Neha Hiranandani

Director

A University of Virginia alumni and a Law Graduate, Ms. Neha is responsible for overseeing the direction and organisational strategy of the House of Hiranandani.

Neha has successfully combined her business acumen and strategic mindset to aid in the emergence of the Company as one of the foremost and most sought after brands in Indian real estate. An accomplished spokesperson at various thought leadership forums and industry events, Neha actively shares her domain knowledge with industry stakeholders. She is also a member of the Indian Merchants Chamber Young Leaders' Forum.



Mr. Gulab Singh Lodha

Director

Mr. G S Lodha carries over 40+ years of professional experience and is a member of the Institute of Chartered Accountants of India (ICAI) and the Institute of Company Secretaries of India (ICSI).

He has a wide ranging experience spanning across a multitude of sectors such as real estate, steel, futures and commodities trading and international financial markets.

Mr. Lodha is an efficacious communicator and has a strong understanding of the myriad Indian laws along with a rich experience in international businesses.

With his unique entrepreneurial style of management he has been an architect in conceptualising and transforming businesses involving deal structuring, M&A advisory, and joint ventures, among others. His efforts have always resulted in an accretive value addition for all stakeholders.



Mr. Utpal Sheth

Independent Director

A Commerce Graduate, Grad. CWA and Member of Institute of Chartered Financial Analysts of India (ICFAI), Mr. Utpal's business acumen and rich experience provides perspective for long term growth of the Company and also helps in ensuring the highest level of corporate governance to balance the interest of all stakeholders.

Mr. Utpal is the Chief Executive Officer and Senior partner of Rare Enterprises and he is also the Founder and Mentor of Trust Group and Chanakya Wealth Creation.

He is also on the Board of several public and private companies.

Management Team

Our management team comprises industry stalwarts with experience in banking, public service and legal professions.



Mr. Uday Suvarna
Chief Executive Officer

Mr. Uday Suvarna is the Chief Executive Officer at Hiranandani Financial Services.

A seasoned professional with a proven track record in building scalable and profitable businesses, he is responsible for laying down the vision along with creating both short and long-term strategic framework and ensure its execution towards achievement of organisation goals.

Uday has over two decades of experience in the retail and MSME lending domain. He has been associated with leading retail finance lenders like IndusInd Bank, HDFC Bank and GE Money. Prior to joining HFS, he served as the Executive Vice President of IndusInd Bank.

Uday holds a Masters in Management Studies and Bachelor in Science from the Mumbai University.



Mr. Kartik Nagda
Chief Business Officer

Mr. Kartik Nagda is the Chief Business Officer at Hiranandani Financial Services. He has 20 years of rich experience in the retail lending business.

As the Chief Business Officer, he is responsible for driving the overall business growth of the Company and leads the retail sales, product development & marketing functions.

Kartik was earlier associated with organisations like HDFC Bank where he served in the capacities of Head of their mortgage business as well as the Emerging Enterprise Group. Prior to that, he was associated with GE Money & Navneet Publications.

Kartik holds a Post Graduate Degree from Symbiosis Institute of International Business, Pune.



Mr. Vivekanand Ramachandran
Chief Financial Officer

Mr. Vivekanand Ramachandran is the Chief Financial Officer at Hiranandani Financial Services. He has two decades of experience in the field of finance, accounts and treasury services.

Vivekanand is Chartered Accountant, Company Secretary and Cost Accountant by qualification and leads the finance & accounts, financial planning & analysis and treasury functions.

Prior to joining HFS, Vivekanand worked with NeoGrowth Credit Limited, and was also associated with notable brands like L&T Financial Services, L&T Power, DSP Merrill Lynch, HPCL and NSE.



Mr. Dheeraj Mittal
Chief Operating Officer

Mr. Dheeraj Mittal is the Chief Operating Officer at Hiranandani Financial Services. He has over 20 years of experience in diverse areas of credit risk, retail banking & operations, and technology & process management.

As COO at HFS, Dheeraj is responsible for managing the central & branch operations, information technology and administration functions.

Prior to HFS, he has been associated with organisations like Reliance Money, IDFC First Bank, HDFC Bank and GE money, in varying capacities.

Dheeraj has his Masters in Finance Administration as well as Masters in Commerce from DAVV Indore.



Mr. Manish Odeka
Chief Risk Officer

Mr. Manish Odeka is the Chief Risk Officer at Hiranandani Financial Services. He has 17 years of retail banking experience across multiple disciplines of risk, credit, collections, operations, product & strategy and financial planning, to his credit.

As CRO, Manish will drive the enterprise risk management and will be responsible for laying down and executing the entire risk policy framework, credit underwriting & policy, operational risk, fraud control, collateral management, information security and debt service management.

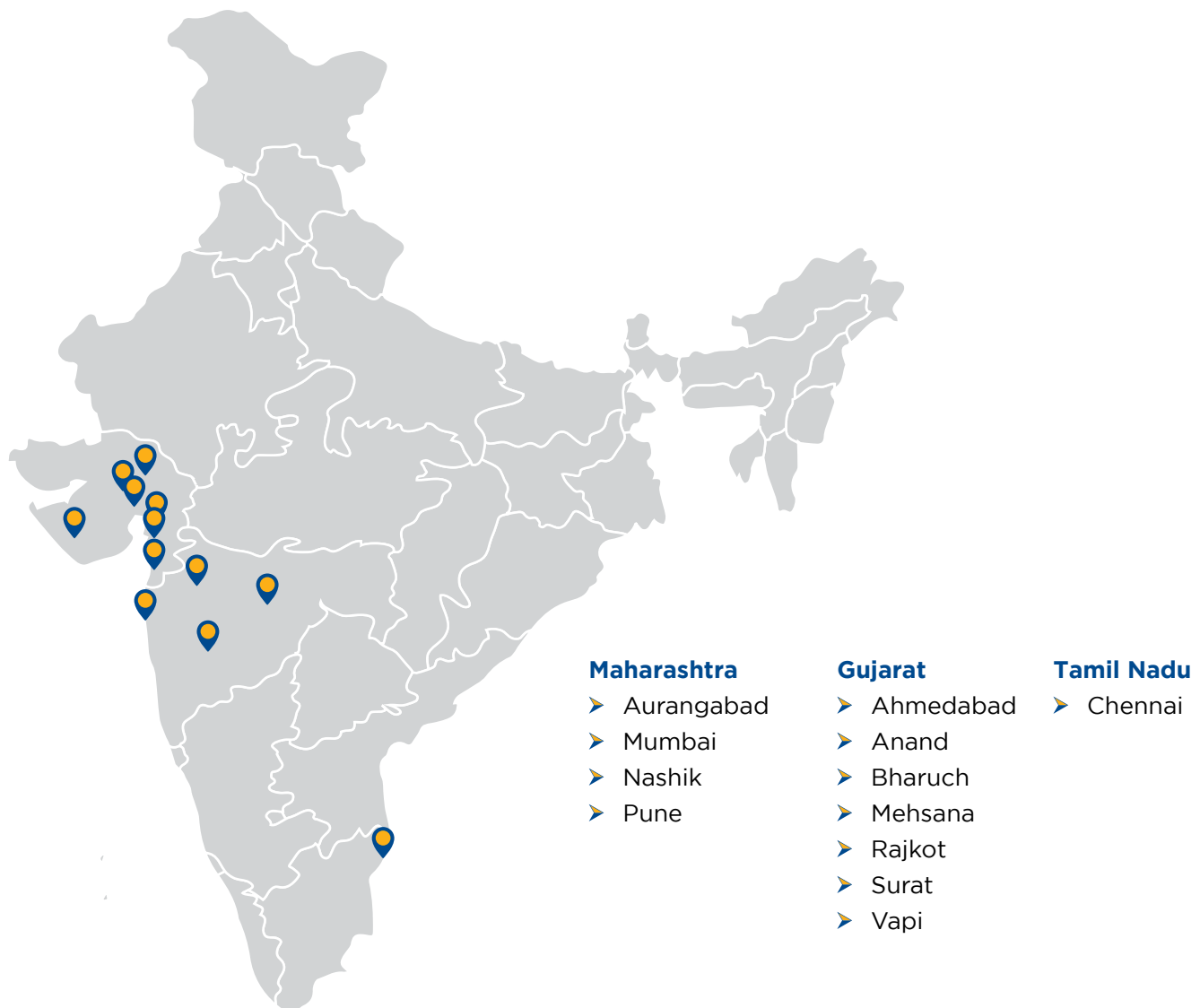
Prior to joining HFS, Manish has served in leadership roles with various large NBFCs such as Reliance Money and Fullerton India Credit along with an initial stint at ICICI Bank.

Manish is a Chartered Accountant and holds an Executive MBA from the Emeritus Institute, Singapore.

Steadily Extending Our Presence

Our vision is to make financial solutions easily accessible to the growing businesses of India. This perspective is fuelled by our will to contribute in the development of MSMEs pan-India.

We constantly work towards enhancing our presence so as to make our vision a reality. Our journey began with opening 12 branches in the first year of our operation. This is the first milestone for HFS as it grows into a one-stop financial solution provider for its customers.



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

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BOARD'S REPORT

To

The Members,

Hiranandani Financial Services Private Limited

(Formerly known as Dobra Finance Private Limited)

Dear Members,

The Directors of your Company have immense pleasure in presenting the Third Annual Report on the business and operations of your Company for the Financial Year ended on March 31, 2020, together with the Audited Financial Statements and Auditors' Report for the Financial Year ended March 31, 2020.

FINANCIAL RESULTS AND HIGHLIGHTS:

FINANCIAL SUMMARY:

The summary of the Company's financial performance as on March 31, 2020 as compared to the previous year ended March 31, 2019 is given below:

(Amount in ₹)		
Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Total Income	19,35,68,727	1,83,43,311
Total Expenditure	19,03,30,027	6,79,51,234
Profit / (Loss) before taxation	32,38,699	(4,96,07,923)
Provision for taxation (net)	3,54,844	-
Profit / (Loss) for the year	28,83,855	(4,96,07,923)
Add: Balance brought forward from previous year	(5,15,49,547)	(19,41,624)
Less: Transfer to Reserve Fund under Section 45-IC of the RBI Act, 1934	(5,76,771)	-
Surplus/ (deficit) in the Statement of Profit and Loss	(4,92,42,463)	(5,15,49,547)
Earnings Per Share:		
Basic	0.07	(2.92)
Diluted	0.07	(2.92)

HIGHLIGHTS OF FINANCIAL PERFORMANCE:

The Company earned a total income of ₹ 19.35 crore during the year under review, compared to ₹ 1.83 crore in the previous accounting period ended March 31, 2019. The Net Profit of the Company for the aforesaid reporting period stood at ₹ 28.84 Lacs as compared to the loss of ₹ 4.96 crore in the previous accounting period ended March 31, 2019.

APPROPRIATIONS:

For the financial year ended March 31, 2020, your Company has

transferred an amount of ₹ 5,76,771 to Reserve Fund, a statutory reserve to be maintained under Section 45-IC of the RBI Act, 1934.

DIVIDEND:

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

CAPITAL ADEQUACY RATIO:

Your Company had a Capital to Risk Adjusted Assets Ratio of 42.64% against the statutory requirement of 15%.

BOARD'S REPORT (Contd.)

➤ INFORMATION ON THE STATE OF AFFAIRS OF THE COMPANY:

● OPERATIONAL HIGHLIGHTS:

▲ Disbursement

The Company disbursed ₹ 181.60 crore during the period, comprising of secured and unsecured business loans to Micro, Small and Medium Enterprises (MSME), loans for on-lending to MSMEs, Micro Finance and personal loans.

Your Company's primary focus is providing secured and unsecured loans to MSMEs.

▲ Assets under management (AUM)

Your Company reached an important milestone of ₹ 100 crore AUM during the year under review.

The AUM as on March 31, 2020 stood at ₹ 159.96 crore (previous year: ₹ 42.72 crore).

▲ Branches

Your Company had 12 branches operational, spread majorly across Maharashtra and Gujarat as on March 31, 2020.

▲ COVID-19 Pandemic and resultant lockdown

Your Company was well on the growth path, when towards the end of the year the COVID-19 pandemic spread across India causing the Government to announce a nation-wide lockdown. Expectedly, with the lockdown imposed, economic activity slowed down significantly during March 2020 and your Company like most other industry players, could do very minimal business during March 2020 that impacted the overall growth of the Company during the year under review.

Amidst the lockdown, the Government along with RBI announced numerous measures to uplift the economy and provide relief to the common

citizens, notable among them being the relief in repayment of loans in the form of a moratorium for 3 months, that was subsequently extended by another three months. Your Company too introduced a policy for grant of moratorium to our Customers, in compliance with the RBI regulations.

▲ Initiative undertaken during the year:

No major initiative was undertaken during the period under review.

● Material changes and Commitments:

There were no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year to which the financial statements relate and the date of the Report.

During the year under review, the Corporate office of your Company was changed from Olympia, Central Avenue, Hiranandani Business Park, Powai, Mumbai - 400076 to 9th Floor, Sigma Towers, Hiranandani Business Park, Technology Street, Powai, Mumbai - 400076, effective from May 1, 2019.

On March 24, 2020, the Government of India announced a strict 21-day lockdown across the country to contain the spread of COVID-19 virus responsible for COVID-19. The lockdown was extended and was relaxed only during June 2020. On April 17, 2020, RBI notified the "COVID19 Regulatory Package - Asset classification and Provisioning", to alleviate the temporary stress caused by the pandemic. With the pandemic continuing and the limited likelihood of a vaccine launch soon, the disruption arising from the pandemic will continue. Company though has thus far not faced any material impact on its financial position due to the pandemic.

➤ BUSINESS OUTLOOK & INDUSTRY OVERVIEW:

The Company's focus segment is the Micro Small and Medium enterprises segment. The MSME segment holds enormous potential. In recent times, the Government has also become

BOARD'S REPORT (Contd.)

aware of the immense potential that the MSME segments holds in terms of providing employment opportunities, contributing to the economic growth, conserving and increasing foreign exchange through exports and import substitution, etc.

The Government recently notified new norms for classification of MSMEs through twin criteria of investment and turnover. Possibly, a larger number of enterprises are likely to fall within the MSME classification, thereby entitling them to a plethora of benefits from various Government schemes.

Additionally, as part of the 'Aatmanirbhar Bharat' campaign, the Government has introduced substantial benefits to MSMEs both financial and non-financial. Some of the non-financial benefits include ease of registration for startups, reduced tax and other regulatory compliance filings, relaxed criteria for qualification in government contracts / tenders, etc. Financial benefits have been numerous in terms of credit support and support through other means.

The COVID-19 pandemic continues to cast its shadow on India. Economic growth has been negative during Q1 and the absence of a medical cure or vaccine for the virus, India and the world continue to be beseeched with increased number of people getting infected. As a result, many areas in the country still continue to face brief periods of lockdown and we could still be another two or three quarters away from normalcy.

RBI relief to borrowers through moratorium on loan repayment continues till August 2020. A large section of the Company's borrowers have come out of the moratorium and started servicing their loan repayments. The Company continues to monitor the portfolio rigorously. Apart from increasing its collection team, Company has invested in technology launching a collection application and entered into tie-ups with payment gateways to offer digital channels for repayments to its borrowers.

Company is also proceeding with its planned expansion of branches and intends to enter Andhra Pradesh with 5 branches in near future. It is also further deepening its presence in Maharashtra and Gujarat.

Company's robust underwriting and credit risk assessment framework is expected to help us sail through the strong head-winds from the COVID-19 pandemic.

Given the economic slowdown and the liquidity and asset quality challenges affecting the NBFC sector at large, your Company with its growing distribution franchise coupled with adequate liquidity in the form of equity is well poised for cautious growth in FY 2020-21.

 CAPITAL AND DEBT STRUCTURE:

- **Authorised Share Capital:**

The Authorised Share capital as on March 31, 2020 was ₹ 100,00,00,000/- (Rupees Hundred crore only) divided into 10,00,00,000 (Ten crore) Equity Shares of ₹ 10/- (Rupees Ten Only) each.

During the year under review, the Authorised capital was increased from ₹ 50,00,00,000 (Rupees Fifty crore only) to ₹ 100,00,00,000 (Rupees Hundred crore only) vide Special Resolution passed at the Extra Ordinary General Meeting ("EGM") held on December 23, 2019.

- **Paid-up Share Capital:**

The Paid-up Share capital as on March 31, 2020 was ₹ 75,00,00,000/- (Rupees Seventy Five crore only) divided into 7,50,00,000 (Seven crore and Fifty Lacs) Equity Shares of face value of ₹ 10/- (Rupees Ten Only) each.

During the year under review, the Paid-up Share Capital was increased once:

BOARD'S REPORT (Contd.)

Date of Issue	Date of Allotment	Method of Allotment	Issue Price (In ₹)	Number of shares allotted	Number of shares or securities allotted to the promoter group	Amount of allotment (In ₹)
December 31, 2019*	January 14, 2020	Right Issue	10 (Ten Only)	4,00,00,000 (Four crore)	4,00,00,000 (Four crore)	40,00,00,000 (Forty crore Only)

*Date of offer letter, The Board had approved Right Issue at its Meeting held on December 23, 2019.

● Dematerialisation of Shares:

During the year under review, the Company has dematerialised all the physical shares w.e.f. June 20, 2019.

● During the period under reporting, Company has not issued any:

- ▲ Convertible Securities or
- ▲ Shares with differential rights or
- ▲ Sweat Equity Shares or
- ▲ Employee Stock Options or
- ▲ Debentures, bonds or any non-convertible securities or
- ▲ Warrants

➤ CREDIT RATING OF SECURITIES:

During the period under reporting, the Company has not obtained any Credit rating.

➤ INVESTOR EDUCATION AND PROTECTION FUND (IEPF):

During the period under reporting, the provisions of Section 125 of the Companies Act, 2013 and rules made thereunder were not applicable on the Company.

➤ MANAGEMENT OF THE COMPANY:

● Directors:

The composition of the Board is in accordance with the provisions of the Companies Act, 2013 (**"the Act"**).

The Board of Directors as on March 31, 2020 consists of following Directors:

Sr. No.	Director's name	Designation
1	Mr. Harsh Surendra Hiranandani (DIN: 07661253)	Non-Executive Director
2	Ms. Neha Surendra Hiranandani (DIN: 01954865)	Non-Executive Director
3	Mr. Gulab Singh Lodha (DIN: 08014426)	Non-Executive Director
4	Mr. Utpal Hemendra Sheth* (DIN: 00081012)	Additional Director (Independent Director)

*Appointed w.e.f. January 14, 2020

During the year under review, the Company has appointed Mr. Utpal Sheth (DIN: 00081012) as an Additional Director (Independent) in accordance with the provisions of Sections 149, 152, 161 and other applicable provisions of the Act with effect from January 14, 2020 to hold office upto ensuing Annual General Meeting.

Mr. Utpal Sheth was appointed for term of 5 years i.e. January 14, 2020 to January 13, 2025, subject to approval of Members in ensuing Annual General Meeting of the Company. In terms of Sections 149, 152 and other applicable provisions of the Act, Mr. Utpal Sheth is proposed to be appointed as an Independent Director of the Company. Appropriate resolution seeking approval of the shareholders will be included in the notice of the Annual General Meeting.

In opinion of the Board, Mr. Utpal Sheth is a person of integrity. Further, he possesses relevant experience and expertise to be

BOARD'S REPORT (Contd.)

appointed as Independent Director of the Company. Brief profile of Mr. Utpal Sheth shall form part of Notice of the Annual General Meeting.

The Company has received necessary declaration from Independent Director of the Company that the Independent Director fulfills the criteria of their Independence laid down in Section 149 of the Act and has complied with the Code for Independent Directors as prescribed in Schedule IV of the Act.

- Key Managerial Personnel ("KMP"):**

There was no change in the KMPs of the Company during the year under review.

As on March 31, 2020, the Company had the following KMPs:

Sr. No.	Name of KMP	Designation
1	Mr. Uday Suvarna	Chief Executive Officer
2	Mr. Vivekanand Ramachandran	Chief Financial Officer
3	Mr. Ankit Kumar Jain	Company Secretary

The attendance of the Members of the Board at the meetings held during the year under review is as follows:

Sr. No.	Name of Director	Designation	No. of Meetings held during the year/ tenure of Directors	No. of Meetings attended
1	Mr. Harsh Surendra Hiranandani (DIN: 07661253)	Non-Executive Director	6	6
2	Ms. Neha Surendra Hiranandani (DIN: 01954865)	Non-Executive Director	6	1
3	Mr. Gulab Singh Lodha (DIN: 08014426)	Non-Executive Director	6	6
4	Mr. Utpal Sheth* (DIN: 00081012)	Additional Director (Independent Director)	1	0

*Appointed with effect from January 14, 2020.

There was no change in Directors and KMPs after the end of the financial year and upto the date of the Report.

- Board Meetings:**

During the reporting period, 6 (Six) Board Meetings were convened and held. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013:

Serial Number of Meeting	Date of the Meeting
1/2019-20	April 30, 2019
2/2019-20	July 16, 2019
3/2019-20	October 3, 2019
4/2019-20	December 23, 2019
5/2019-20	January 14, 2020
6/2019-20	March 17, 2020

The Agenda for the Meetings were circulated to the Directors in timely manner. The Minutes of the Meetings of the Board of Directors were circulated amongst the Members of the Board for their perusal.

BOARD'S REPORT (Contd.)

● Committees:

During the reporting period, the Company has constituted Risk Management Committee (RMC) w.e.f. July 16, 2019 and reconstituted the Asset Liability Committee (ALCO) to include Mr. Manish Odeka - Chief Risk Officer as Member.

As on March 31, 2020, the Company had the following committees:

Name of Committee	Members	Date(s) of Meeting
Investment Committee	Mr. Harsh S. Hiranandani Mr. Uday Suvarna Mr. Vivekanand Ramachandran	November 8, 2019
Asset Liability Committee (ALCO)	Mr. Uday Suvarna Mr. Kartik Nagda Mr. Vivekanand Ramachandran Mr. Dheeraj Mittal Mr. Manish Odeka	April 30, 2019 July 16, 2019 November 8, 2019 February 14, 2020
Risk Management Committee (RMC)	Mr. Uday Suvarna Mr. Kartik Nagda Mr. Vivekanand Ramachandran Mr. Dheeraj Mittal Mr. Manish Odeka	December 9, 2019 March 17, 2020

During the year under review, the Company was not required to constitute:

- ▲ Audit Committee or
- ▲ Nomination and Remuneration Committee or
- ▲ Corporate Social Responsibility ("CSR") Committee or
- ▲ Stakeholder Relationship Committee.

● Company's Policy on Director's appointment and remuneration:

Company being Unlisted Private Limited Company, was not required to adopt policy on Directors' appointment and remuneration.

● Board Evaluation:

Company being Unlisted Private Limited Company, was not required to include statement with respect to annual evaluation of Board, its committees and individual directors.

● Particulars of Employee Remuneration:

The Company being Unlisted Private Limited Company is not required to

provide disclosure of remuneration details of employees pursuant to Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

● Directors' Responsibility Statement:

The Directors, based on the information/explanations/representations received from the operational management, in accordance with provisions of Section 134(3)(c) and 134(5) of the Companies Act, 2013 confirm that:

- i. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial

BOARD'S REPORT (Contd.)

year and of the profit and loss of the Company for that period;

- iii. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the directors had prepared the annual accounts on a going concern basis; and
- v. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws including Secretarial Standards and that such systems were adequate and operating effectively.

- **Internal Financial Controls:**

The Company's internal control system is commensurate with its size, scale and complexities of its operations. All the transactions are properly authorised, recorded and reported to the Management. The Company is following all the applicable Accounting Standards for properly maintaining the books of accounts and reporting financial statements.

- **Fraud:**

During the year under review, no fraud was reported by the Auditor of the Company and no fraud was detected by the Company.

➤ **DISCLOSURES RELATING TO SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES:**

During the year under review, the Company had no Subsidiary, Joint Venture or Associate Company, hence the details with respect to the same has not been disclosed.

➤ **DEPOSITS:**

The Company being a Non-deposit taking Non-Banking Financial Company ("ND-NBFC") has not accepted any deposits from the public during the year under review.

➤ **BORROWINGS:**

As on March 31, 2020, the Vehicle loan from ICICI Bank Limited stood at ₹ 41,54,083 and Unsecured & Interest free loan from Directors stood at ₹ 111,00,00,000.

➤ **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS:**

The Company has neither given any loans or guarantees, nor made any investments covered under the provisions of Section 186 of the Companies Act, 2013.

➤ **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

During the year under review, all the related party transactions were entered into on arm's length basis and were in the ordinary course of the business. Details of material transactions are provided in Form No. AOC-2 and appended as **Annexure I** to this Report.

➤ **CORPORATE SOCIAL RESPONSIBILITY (CSR):**

Considering the present Net Worth, Turnover and Net Profit of the Company, the Company is not required to develop & implement CSR policy and spend any amount on CSR activities during the aforesaid reporting period, as per Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

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

A. CONSERVATION OF ENERGY-

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

The operations of your 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

BOARD'S REPORT (Contd.)

shall explore alternative source of energy, as and when the necessity arises;

(iii) the capital investment on energy conservation equipments - NIL.

B. TECHNOLOGY ABSORPTION-

(i) the efforts made towards technology absorption -

The minimum technology required for the business has been absorbed.

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

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

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

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO-

During the year under review, the Company spent an amount equivalent of ₹ 4,61,924/- in foreign exchange towards acquisition of an internet domain. There were no foreign exchange earnings during the year under review.

➤ RISK MANAGEMENT:

The Company has Risk Management Policy in place which deals with identification of potential risks to which the Company may be exposed to and which can severely impact the organisation's threat matrix and thereby take measures for

control and mitigation of the impact of such risks on the Company.

➤ VIGIL MECHANISM:

The Company for good governance has formulated a policy on vigil mechanism to address genuine concerns, if any of Directors and Employees. The Company has nominated Mr. Eusebius Pereira to whom Directors and Employees may approach for reporting their concerns or grievances and shall have direct access to him.

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

➤ MATERIAL ORDERS OF JUDICIAL BODIES / REGULATORS:

There were no significant and material orders passed by the Regulators/Courts/Tribunals/ Statutory or quasi-judicial body which would impact the going concern status of the Company and its future operations.

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

➤ AUDITORS:

Pursuant to the provisions of Section 139(2) of the Act and the rules made thereunder, the Members at their First AGM held on September 28, 2018 had appointed M/s. Chaturvedi & Shah LLP, Chartered Accountants, Mumbai [FRN: 101720W/W100355], as the Statutory Auditors of the Company for a term of five years i.e. from the Financial Year 2018-19 to the Financial Year 2022-23.

The Company was not required to appoint Cost Auditor or Secretarial Auditor during the reporting period.

➤ STATUTORY AUDITORS' REPORT:

The Auditors' Report to the Members for the year under review does not contain any qualification. 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.

BOARD'S REPORT (Contd.)**➤ ANNUAL RETURN (FORM MGT-7) AND EXTRACT OF ANNUAL RETURN (FORM MGT-9):**

The extract of Annual Return in Form MGT-9 as required under Section 92(3) of the Act and prescribed in Rule 12 of the Companies (Management and Administration) Rules, 2014, is appended as **Annexure II** to this Report.

The Annual Return in Form MGT-7 as required under Section 92(3) of the Act shall be placed on the website of the Company viz. www.hfs.in

➤ COST RECORDS:

During the year under review, Company was not required to maintain cost records as specified by the Central Government under Section 148(1) of the Companies Act, 2013.

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

The Company has in place a policy at group level for prevention, prohibition and redressal of sexual harassment at work place. Further, the Company has constituted an Internal Complaints Committee at group level under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, where employees can register their complaints against sexual harassment. Appropriate reporting mechanisms are in place for ensuring protection against sexual harassment and the right to work with dignity.

During the year under review, the Company has not received any complaints in this regard.

➤ HUMAN RESOURCES:

The Company is committed to delivering sustainable growth. The Human Resources department plays a crucial role in the journey towards this objective, with a clear plan for capitalising and building upon current capabilities, while simultaneously acquiring and leveraging new capabilities.

The Company has a work environment that inspires people to do their best and encourages

an ecosystem of teamwork, continuous learning and work-life balance. In an increasingly competitive market for talent, Your Company continues to focus on attracting and retaining the right talent.

As on March 31, 2020, the Company had a total headcount of 127 employees.

➤ RBI REGULATIONS:

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

➤ STATUTORY DISCLOSURES:

None of the Directors of your Company is disqualified as per the provisions of Section 164(2) of the Companies Act, 2013. The Directors of the Company have made necessary disclosures, as required under various provisions of the Companies Act, 2013.

➤ OTHER DISCLOSURES:

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

➤ CAUTIONARY NOTE:

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

➤ ACKNOWLEDGEMENT AND APPRECIATION:

The Directors express their sincere gratitude to the Reserve Bank of India, Ministry of Finance, Ministry of Corporate Affairs, Registrar of Companies, other government and regulatory authorities, lenders, financial institutions and the Company's bankers for the on-going support extended by them.

The Directors also place on record their sincere appreciation for the continued support extended

BOARD'S REPORT (Contd.)

by the Company's stakeholders and trust reposed by them in the Company. The Directors sincerely appreciate the commitment displayed

by the employees of the Company across all levels, resulting in a successful performance during the year.

For and on behalf of the Board of Directors
Hiranandani Financial Services Private Limited
(Formerly known as Dobra Finance Private Limited)

Sd/-
Harsh S. Hiranandani
Director
DIN: 07661253

Sd/-
Gulab Singh Lodha
Director
DIN: 08014426

Place: Mumbai
Date: June 27, 2020

ANNEXURE I
TO BOARD'S REPORT**FORM NO. AOC - 2****(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and
Rule 8(2) of the Companies (Accounts) Rules, 2014****Form for Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.****1. Details of contracts or arrangements or transactions not at Arm's length basis:**

Name(s) of the related party and nature of relationship	Nature of contracts arrangements/ transactions	Duration of the contracts arrangements transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
NIL							

2. *Details of contracts or arrangements or transactions at Arm's length basis:

Name(s) of the related party and nature of relationship	Nature of contracts arrangements transactions	Duration of the contracts/ arrangements transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date of approval by the Board	Amount paid as advances, if any
Mr. Harsh S. Hiranandani	Unsecured Interest free loan taken by the Company	FY 2019-20, as mutually agreed between the Company and Director	₹ 111,00,00,000	April 30, 2019 & July 16, 2019	NIL

*Transaction was done in ordinary course of business.

For and on behalf of the Board of Directors
Hiranandani Financial Services Private Limited
(Formerly known as Dobra Finance Private Limited)Sd/-
Harsh S. Hiranandani
Director
DIN: 07661253Sd/-
Gulab Singh Lodha
Director
DIN: 08014426**Place:** Mumbai
Date: June 27, 2020

ANNEXURE II

TO BOARD'S REPORT

FORM NO. MGT- 9 EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2020

[Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014]

I. REGISTRATION & OTHER DETAILS:

(i)	CIN	: U65999MH2017PTC291060
(ii)	Registration Date	: February 10, 2017
(iii)	Name of the Company	: Hiranandani Financial Services Private Limited (Formerly known as Dobra Finance Private Limited)
(iv)	Category / Sub-category of the Company	: Category - Company Limited by shares Subcategory - Indian Non-Government Company Class - Private Limited Company
(v)	Address of the Registered office & contact details	: 514, Dalamal Towers, 211, FPJ Marg, Nariman Point, Mumbai - 400021, Maharashtra, India. Tel: 022-2576 3623 Email: Compliance@hfs.in Website: www.hfs.in
(vi)	Whether listed company	: No
(vii)	Name, Address & contact details of the Registrar & Transfer Agent, if any.	: KFin Technologies Private Limited (Previously known as Karvy Fintech Pvt. Ltd.) Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad-500 032, Telangana, India Toll Free No.1800 345 4001 Tel: +91-040-67162222/+91-040-2300 1153 Email: einward.ris@kfintech.com/karisma@kfintech.com Website: www.kfintech.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

Name and Description of main products / services	NIC Code of the Product/ service (NIC 2008)	% to total turnover of the Company
Non-Banking Finance Company - Providing Financial Service and to carry on business of Financial Institution without accepting Public deposit	649 as per the NIC-2008 List	98%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and address of the Company	CIN / GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
NA					

ANNEXURE II TO BOARD'S REPORT (Contd.)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

(i) Category-wise Share Holding:

Equity Share Capital:

Category of Shareholders	No. of Shares held at the beginning of the year (As on April 1, 2019)				No. of Shares held at the end of the year (As on March 31, 2020)				% Change during the year
	Demat	Physical*	Total	% Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	-	1,75,00,000	1,75,00,000	50	3,75,00,000	-	3,75,00,000	50	114%
b) Central Government	-	-	-	-	-	-	-	-	-
c) State Government (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
SUB-TOTAL (A) (1)	-	1,75,00,000	1,75,00,000	50	3,75,00,000	-	3,75,00,000	50	114%
(2) Foreign									
a) NRIs Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	1,75,00,000	1,75,00,000	50	3,75,00,000	-	3,75,00,000	50	114%
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Bank / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
SUB-TOTAL (A) (2)	-	1,75,00,000	1,75,00,000	50	3,75,00,000	-	3,75,00,000	50	114%
Total Shareholding of Promoter (A) = (A) (1) + (A) (2)	-	3,50,00,000	3,50,00,000	100	7,50,00,000	-	7,50,00,000	100	114%
B. Public Shareholding	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A + B + C)	-	3,50,00,000	3,50,00,000	100	7,50,00,000	-	7,50,00,000	100	114%

* All the Equity shares of the Company have been dematerialised w.e.f. June 20, 2019.

(ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on April 1, 2019)			Shareholding at the end of the year (As on March 31, 2020)			% Change during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to to-tal shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Mr. Harsh S. Hiranandani	1,75,00,000	50	-	3,75,00,000	50	-	114%
2	Ms. Neha S. Hiranandani	1,75,00,000	50	-	3,75,00,000	50	-	114%
Total		3,50,00,000	100	-	7,50,00,000	100	-	114%

**ANNEXURE II
TO BOARD'S REPORT (Contd.)**
(iii) Change in Promoter's Shareholding:

Sr. No.	Name of Promoter	Shareholding at the beginning of the year (As on April 1, 2019)		Transactions during the year (April 1, 2019 to March 31, 2020)		Cumulative Shareholding during the year (April 1, 2019 to March 31, 2020)	
		No. of shares	% of total shares of the Company	Date of transaction	No. of Shares	No. of shares	% of total shares of the Company
1	Mr. Harsh S. Hiranandani						
	At the beginning of the year	1,75,00,000	50	-	-	-	-
	Rights Issue	-	-	January 14, 2020	2,00,00,000	3,75,00,000	50
	At the end of the year	-	-	-	-	3,75,00,000	50
2	Ms. Neha S. Hiranandani						
	At the beginning of the year	1,75,00,000	50	-	-	-	-
	Rights Issue	-	-	January 14, 2020	2,00,00,000	3,75,00,000	50
	At the end of the year	-	-	-	-	3,75,00,000	50

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year (As on April 1, 2019)		Cumulative Shareholding during the year (April 1, 2019 to March 31, 2020)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	-	-	-	-
	At the end of the year (or on the date of separation, if separated during the year)	-	-	-	-

**ANNEXURE II
TO BOARD'S REPORT (Contd.)****(v) Shareholding of Directors and Key Managerial Personnel ("KMP"):**

Sr. No.	Name of Director/KMP	Shareholding at the beginning of the year (As on April 1, 2019)		Transactions during the year (April 1, 2019 to March 31, 2020)		Cumulative Shareholding during the year (April 1, 2019 to March 31, 2020)	
		No. of shares	% of total shares of the Company	Date of transaction	No. of Shares	No. of shares	% of total shares of the Company
Directors							
1	Mr. Harsh S. Hiranandani						
	At the beginning of the year	1,75,00,000	50	-	-	-	-
	Rights Issue	-	-	January 14, 2020	2,00,00,000	3,75,00,000	50
	At the end of the year	-	-	-	-	3,75,00,000	50
2	Ms. Neha S. Hiranandani						
	At the beginning of the year	1,75,00,000	50	-	-	-	-
	Rights Issue	-	-	January 14, 2020	2,00,00,000	3,75,00,000	50
	At the end of the year	-	-	-	-	3,75,00,000	50
3	Mr. Gulab Singh Lodha	NIL					
4	Mr. Utpal Sheth	NIL					
Key Managerial Personnel							
5	Mr. Uday Suvarna (CEO)	NIL					
6	Mr. Vivekanand Ramachandran (CFO)	NIL					
7	Mr. Ankit Kumar Jain (CS)	NIL					

**ANNEXURE II
TO BOARD'S REPORT (Contd.)**
V. INDEBTEDNESS
Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(Amount in ₹)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (April 1, 2019)				
i) Principal Amount	56,10,012	27,00,00,000	0	27,56,10,012
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	27,616	0	0	27,616
Total (i + ii + iii)	56,37,628	27,00,00,000	0	27,56,37,628
Change in Indebtedness during the financial year				
Addition	0	138,00,00,000	0	138,00,00,000
Reduction	14,55,929	54,00,00,000	0	54,14,55,929
Interest accrued but not due	0	0	0	0
Net Change	(14,55,929)	84,00,00,000	0	83,85,44,071
Indebtedness at the end of the financial year (March 31, 2020)				
i) Principal Amount	41,54,083	111,00,00,000	0	111,41,54,083
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	18,438	0	0	18,438
Total (i + ii + iii)	41,72,521	111,00,00,000	0	111,41,72,521

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:
A. Remuneration to Managing Director, Whole-time Directors and Manager: NIL

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of MD/ WTD/Manager	Total Amount
1	Gross salary	-	-
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-
(b)	Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-
(c)	Profits in lieu of salary under section 17(3) of the Income tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission		
	- as % of profit	-	-
	- others (specify)	-	-
5	Others, please specify	-	-
	Total (A)	-	-
	Ceiling as per the Act	-	-

**ANNEXURE II
TO BOARD'S REPORT (Contd.)****B. Remuneration to other Directors: NIL**

(Amount in ₹)

Particulars of Remuneration	Name of Directors				Total Amount
	Mr. Harsh S. Hiranandani	Ms. Neha S. Hiranandani	Mr. Gulab Singh Lodha	Mr. Utpal Sheth*	
Independent Directors					
Fee for attending board / committee meetings	--	--	--	--	--
Commission	--	--	--	--	--
Others, please specify	--	--	--	--	--
Total (1)	--	--	--	--	--
Other Non-Executive Directors					
Fee for attending board / committee meetings	--	--	--	--	--
Commission	--	--	--	--	--
Others, please specify	--	--	--	--	--
Total (2)	--	--	--	--	--
Total=(1+2)	--	--	--	--	--
Total Managerial Remuneration	--	--	--	--	--
Overall Ceiling as per the Act	NA	NA	NA	NA	NA

* Appointed as Director with effect from January 14, 2020.

C. Remuneration to Key Managerial Personnel other than Managing Director / Manager / Whole-time Director:

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of the Key Managerial Personnel			Total Amount
		Mr. Uday Suvarna (CEO)	Mr. Vivekanand Ramachandran (CFO)	Mr. Ankit Kumar Jain (CS)	
1	Gross salary				
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,02,71,861	58,83,983	32,71,646	2,94,27,490
(b)	Value of perquisites u/s 17(2) of the Income-tax Act, 1961	39,600	-	-	39,600
(c)	Profits in lieu of salary under section 17(3) of the Income tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission				
	- as % of profit	-	-	-	-
	- others (specify)	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (A)	2,03,11,461	58,83,983	32,71,646	2,94,67,090

**ANNEXURE II
TO BOARD'S REPORT (Contd.)****VII. Penalties / Punishment/ Compounding of Offences:**

During the year under review, no penalty was imposed, nor was any order with respect to punishment passed against the Company or its Directors or other officers. The Company did not make any application for Compounding of offences.

For and on behalf of the Board of Directors
Hiranandani Financial Services Private Limited
(Formerly known as Dobra Finance Private Limited)

Sd/-
Harsh S. Hiranandani
Director
DIN: 07661253

Sd/-
Gulab Singh Lodha
Director
DIN: 08014426

Place: Mumbai
Date: June 27, 2020

FINANCIAL STATEMENTS 47-81

INDEPENDENT AUDITOR'S REPORT

**To the Members of
Hiranandani Financial Services Private Limited
Report on the Audit of 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 March 31, 2020, the Statement of Profit and Loss and the Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "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 in the manner so required and gives a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its Profit 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 ("SA") specified under Section 143(10) of the Companies Act, 2013 (the "Act"). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Companies Act, 2013 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.

OTHER INFORMATION

The Company's Board of Directors is responsible for the preparation of other information. The other information comprises the Annual Report including Annexures to Annual Report but does not include the Financial Statement and our auditor's report thereon. Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act, with respect to the preparation of these Financial Statements that give a true and fair view of the Financial Position, Financial Performance and the Cash Flows of the Company in accordance with the accounting principles generally accepted in India specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgements 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 fair presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT (Contd.)

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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.

INDEPENDENT AUDITOR'S REPORT (Contd.)

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the aforesaid Financial Statements comply with the accounting standards specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended.
 - e) On the basis of written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of section 164(2) of the Act;
 - f) With respect to the other matters to be included in the Auditor's Report in accordance with Rules 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact on its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company during the year.

For **Chaturvedi & Shah LLP**

Chartered Accountants

ICAI Firm registration number: 101720W/W100355

Sd/-

Amit Chaturvedi

Partner

Membership No.: 103141

UDIN : 20103141AAAALY9828

Place: Mumbai

Date: June 27, 2020

“ANNEXURE A”**TO THE INDEPENDENT AUDITORS’ REPORT ON THE FINANCIAL STATEMENTS OF HIRANANDANI FINANCIAL SERVICES PRIVATE LIMITED**

(Referred to in Paragraph 1 under the heading of “Report on other legal and regulatory requirements” of our report of even date)

- i) In respect of its fixed assets :
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
 - b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c) As the Company has no immovable assets during the year, clause (c) (i) of paragraph 3 of the Order is not applicable to the company.
- ii) The Company is engaged in the business of lending primarily to retail and institutional borrowers. The company had no inventory during the year. Hence, the requirement of Clause (ii) of paragraph 3 of the order is not applicable to the company.
- iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Hence, the requirement of clause (iii) (a) to clause (iii) (c) of paragraph 3 of the Order is not applicable to the Company.
- iv) In respect of loans, investments, guarantees and security,
 - a) Company has not directly or indirectly advanced loan to the persons or given guarantees or securities in connection with the loan taken by persons covered under Section 185 of the Act.
 - b) Company has not made any investments or given any loan or any guarantee or security in connection with the loan to any person or body corporate covered under section 186 of the Act.
- v) According to the information and explanations given to us, the Company has not accepted any deposits within the meaning of provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Therefore, the clause (v) of paragraph 3 of the Order is not applicable to the Company.
- vi) To the best of our knowledge and as explained, the central government has not prescribed the maintenance of cost records under sub section (1) of Section 148 of the Act in respect of the activities undertaken by the company.
- vii) In respect of Statutory dues :
 - a) According to the records of the Company, undisputed statutory dues including provident fund, employees’ state insurance, income tax, goods and service tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues have been regularly deposited with appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues, were outstanding as at March 31, 2020 for a period of more than six months from the date they became payable.
 - b) According to the information and explanations given to us, there are no dues of income tax, sales tax, goods and service tax, duty of customs, duty of excise, value added tax, cess on account of any dispute, which have not been deposited.
- viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a bank. The Company has not raised loans from financial institutions, government or by issue of debentures.
- ix) The company has not raised money by way of Initial public offer or further public offer (including debt instruments). The money raised by way of term loans has been applied for the purpose for which they are raised.

“ANNEXURE A” (Contd.)

- x) Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi) Company is a private limited company and hence the provisions of section 197 read with Schedule V to the Act are not applicable to the company. Therefore the provision of clause (xi) of paragraph 3 of the Order is not applicable to the Company.
- xii) In our opinion company is not a nidhi company. Therefore, the provisions of clause (xii) of paragraph 3 of the Order are not applicable to the company.
- xiii) In respect of transactions with related parties :
 - a) In our opinion and according to the information and explanations given to us, section 177 of the Act is not applicable to the Company.
 - b) In our opinion and according to the information and explanations given to us, Company is in compliance with the section 188 of the Act and details have been disclosed in the financial statements etc., as required by the applicable accounting standards.
- xiv) In our opinion and according to the information and explanations given to us, the company has not made any private placement or preferential allotment of shares or fully or partly convertible debentures during the year and hence clause (xiv) of paragraph 3 of the Order is not applicable to the company.
- xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transaction with the directors or persons connected with him and covered under section 192 of the Act. Hence, clause (xv) of the paragraph 3 of the Order is not applicable to the Company.
- xvi) Based on information and explanation given to us, 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 certificate of registration.

For **Chaturvedi & Shah LLP**

Chartered Accountants

ICAI Firm registration number: 101720W/W100355

Sd/-

Amit Chaturvedi

Partner

Membership No.: 103141

UDIN : 20103141AAAALY9828

Place: Mumbai

Date: June 27, 2020

NBFC AUDITOR REPORT TO BOARD

To
The Board of Directors,
Hiranandani Financial Services Private Limited

SUB: REPORT IN TERMS OF THE PROVISIONS OF THE NON-BANKING FINANCIAL COMPANIES (RESERVE BANK) DIRECTION, 2016.

We have audited the annual accounts of **Hiranandani Financial Services Private Limited** ("the Company") for the year ended March 31, 2020. Pursuant to the Para 3 and 4 of Chapter II of Non-Banking Financial Companies (Reserve Bank) Direction, 2016, we have examined the matters specified in the Para 3 and 4 of these direction in respect of the Company for the year ended March 31, 2020.

MANAGEMENT'S RESPONSIBILITY

The Management of the Company is responsible for compliance of Non-Banking Financial Companies (Reserve Bank) Directions, 2016 on an on-going basis and reporting non-compliance, if any, to the regulatory authority and board of the company. This responsibility also includes (a) creation and maintenance of proper accounting and other records (b) the design, implementation and maintenance of adequate internal procedures / systems / processes / controls relevant to the creation and maintenance of the aforesaid records. Further, this responsibility includes ensuring that the relevant records provided to us for our examination are correct and complete.

AUDITORS' RESPONSIBILITY

Our responsibility is to report on the matters specified in Para 3 and 4 of Chapter II of Non-Banking Financial Companies (Reserve Bank) Direction, 2016 based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India (ICAI), specified under sub-section 10 of Section 143 of the Companies Act, 2013. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether there are any identified non-compliances.

An audit involves performing procedures to obtain audit evidence about the compliance with the Directions. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the information and records, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's compliance with the Directions in order to design audit procedures that are appropriate in the circumstances. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes ("the Guidance Note") issued by the ICAI. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) -1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

OPINION

Based on the examination of the books of account and relevant records of the Company and audit procedures and such checks as considered appropriate by us and taking into consideration the information and explanations provided to us by the Company officials, we report that:

1. The Company is engaged in the business of non banking financial institution and has obtained Certificate of Registration from RBI as a Non-Banking Financial Company without accepting public deposits vide Certificate No. N- 13.02257 dated June 07, 2018.

NBFC AUDITOR REPORT TO BOARD (Contd.)

2. Based on the principal business criteria (Financial asset/income pattern) as on March 31, 2020, as defined vide Press Release 1998-99/1269 dated April 8, 1999, the Company continues to undertake the business of a Non-Banking Financial Institution requiring it to hold Certificate of Registration.
3. The Board of Directors has passed the necessary resolutions regarding the non-acceptance of any public deposits.
4. The Company is meeting the required Net Owned Fund (NOF) requirement as prescribed in Master Direction - Non-Banking Financial Company – Non Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 (as applicable to Non-Banking Financial Company- Non Systemically Important Non-Deposit taking Company).
5. The Company has not accepted any deposits from the public as defined in the Non Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 1998, during the year and the Company does not hold any public deposits as on March 31, 2020.
6. In our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning, as applicable to it in terms of Non-Banking Financial Company – Non-Systemically Important Non-Deposit Taking Company (Reserve Bank) Directions, 2016 (as applicable to Non-Banking Financial Company- Systemically Important Non-Deposit taking Company).

For **Chaturvedi & Shah LLP**

Chartered Accountants

Firm Registration No.: 101720W/W100355

Sd/-

Amit Chaturvedi

Partner

Membership No.: 103141

UDIN: 20103141AAAAMB9580

Place: Mumbai

Date: June 27, 2020

BALANCE SHEET

AS AT MARCH 31, 2020

(Amount in ₹)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
EQUITY & LIABILITIES			
Shareholders' Fund			
Share Capital	3	75,00,00,000	35,00,00,000
Reserves and Surplus	4	(4,86,65,692)	(5,15,49,547)
		70,13,34,308	29,84,50,453
Non-current liabilities			
Long-term borrowings	5	25,64,813	41,54,083
Long-term provisions	6	43,98,531	12,53,096
		69,63,344	54,07,179
Current Liabilities			
Short term Borrowings	7	1,11,00,00,000	27,00,00,000
Trade payables	8		
Micro and Small Enterprises		-	-
Others		6,54,334	8,90,325
Other Current Liabilities	9	1,04,78,754	54,94,607
Short-term provisions	10	1,06,71,462	10,73,030
		1,13,18,04,550	27,74,57,962
Total		1,84,01,02,202	58,13,15,594
ASSETS			
Non Current Assets			
Property, Plant & Equipment (PPE)	11		
- Tangible assets		70,32,348	71,56,482
- Intangible assets		25,66,406	4,19,863
- Intangible Under Development		-	12,13,500
Non-Current Investments		-	-
Long-Term Loans and Advances	12	80,96,91,450	19,55,11,835
		81,92,90,204	20,43,01,680
Currents Assets			
Current Investments	13	-	5,47,36,006
Cash and Cash Equivalents	14	18,92,46,317	8,40,54,736
Short-Term Loans and Advances	15	83,15,65,681	23,82,23,172
		1,02,08,11,998	37,70,13,914
Total		1,84,01,02,202	58,13,15,594
Significant Accounting Policies and Notes to financial statements		Note No "1" to Note No "36"	

As per our report of even date
For Chaturvedi & Shah LLP
 Chartered Accountants
 Firm Regn. No.101720W/W100355

Amit Chaturvedi
 Partner
 Membership No: 103141
 Place : Mumbai
 Date : June 27, 2020

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

Harsh S. Hiranandani
 Director
 DIN No : 07661253
 Place : Mumbai
 Date : June 27, 2020

Gulab Singh Lodha
 Director
 DIN No : 08014426
 Place : Mumbai
 Date : June 27, 2020

Uday Suvarna
 CEO

Vivekanand Ramachandran
 CFO

Ankit Kumar Jain
 Company Secretary
 M No. A21893

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2020

(Amount in ₹)

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
INCOME :-			
Revenue From Operation	16	18,93,08,271	1,41,08,531
Other Income	17	42,60,456	42,34,780
Total		19,35,68,727	1,83,43,311
EXPENSES :-			
Finance Cost	18	4,22,265	2,49,796
Employee Benefit Expenses	19	12,78,27,030	4,59,18,087
Administrative and Other Expenses	20	5,36,53,224	1,97,65,426
Depreciation	11	47,91,430	9,49,765
Provisions & Write Offs	21	36,36,078	10,68,160
Total		19,03,30,027	6,79,51,234
Profit Before Tax		32,38,699	(4,96,07,923)
Provision for Taxation		3,54,844	
Profit/(Loss) After Tax		28,83,855	(4,96,07,923)
Earning Per Share - Basic and Diluted		0.07	(2.92)
(Nominal Value of ₹ 10/- per share)			
[Refer Note 24]			
Significant Accounting Policies and Notes to financial statements	Note No "1" to Note No "36"		

As per our report of even date
For Chaturvedi & Shah LLP
Chartered Accountants
Firm Regn. No.101720W/W100355

Amit Chaturvedi
Partner
Membership No: 103141
Place : Mumbai
Date : June 27, 2020

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

Harsh S. Hiranandani
Director
DIN No : 07661253
Place : Mumbai
Date : June 27, 2020

Gulab Singh Lodha
Director
DIN No : 08014426
Place : Mumbai
Date : June 27, 2020

Uday Suvarna
CEO

Vivekanand Ramachandran
CFO

Ankit Kumar Jain
Company Secretary
M No. A21893

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2020

(Amount in ₹)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
CASH FLOW FROM OPERATING ACTIVITIES:-		
Profit / (Loss) Before Tax	32,38,699	(4,96,07,923)
Adjusted for:	53,50,691	(19,67,059)
Depreciation and amortisation	47,91,430	9,49,765
Profit on sale of Mutual Fund	(34,99,083)	(22,36,006)
Interest Income	-	(19,98,774)
Provision for Standard Assets	36,36,078	10,68,160
Finance Cost	4,22,265	2,49,796
Operating Profit Before Working Capital Changes	85,89,390	(5,15,74,982)
Adjusted for operating assets and liabilities		
Loans and advances	(1,19,43,09,664)	(43,10,01,854)
Trade payables	(2,35,991)	(16,02,675)
Other current liabilities	49,84,147	35,77,178
Other Provisions	91,07,788.65	12,57,966
Cash used in Operations	(1,17,18,64,330)	(47,93,44,367)
Taxes Refunded/(Paid)	(1,32,12,460)	(15,39,146)
Provision for Taxation	(3,54,844)	
Net Cash used in Operating Activities (A)	(1,18,54,31,634)	(48,08,83,513)
CASH FLOW FROM INVESTING ACTIVITIES:-		
Purchase of PPE	(56,00,339)	(97,39,610)
Purchase of Mutual Fund units	(1,93,75,70,333)	(32,00,00,000)
Proceeds from sale of mutual fund units	1,99,58,05,422	26,75,00,000
Interest on investments	-	19,98,774
Net Cash from/(used in) Investing Activities (B)	5,26,34,749	(6,02,40,836)

**CASH FLOW STATEMENT
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)**

(Amount in ₹)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
CASH FLOW FROM FINANCING ACTIVITIES:-		
Proceeds / (Outflow) from issue of shares	40,00,00,000	32,75,00,000
Net Proceeds/(Repayment) of short term borrowings	84,00,00,000	27,00,00,000
Proceeds of Long term borrowings	-	61,57,346
Repayment of Long term borrowings	(15,89,270)	(5,47,334)
Finance cost	(4,22,265)	(2,49,796)
Net Cash from Financing Activities (C)	1,23,79,88,465	60,28,60,216
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	10,51,91,581	6,17,35,867
Opening Balance of Cash and Cash Equivalents	8,40,54,736	2,23,18,869
Closing Balance of Cash and Cash Equivalents	18,92,46,317	8,40,54,736
Components of cash and cash equivalents:		
Cash on hand	5,939	13,988
With banks - in current account	2,90,15,378	8,40,40,748
- in deposit account	16,02,25,000	-
	18,92,46,317	8,40,54,736

Note:

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard -3 "Cash Flow Statement" as notified in the Companies (Accounting Standards) Rules, 2006.
- The previous year's figures have been regroup, rearranged, restated and reclassified wherever necessary.
- Bracket indicates cash outflow.

As per our report of even date
For Chaturvedi & Shah LLP
Chartered Accountants
Firm Regn. No.101720W/W100355

Amit Chaturvedi
Partner
Membership No: 103141
Place : Mumbai
Date : June 27, 2020

Uday Suvarna
CEO

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

Harsh S. Hiranandani
Director
DIN No : 07661253
Place : Mumbai
Date : June 27, 2020

Vivekanand Ramachandran
CFO

Gulab Singh Lodha
Director
DIN No : 08014426
Place : Mumbai
Date : June 27, 2020

Ankit Kumar Jain
Company Secretary
M No. A21893

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

1 COMPANY OVERVIEW

Hiranandani Financial Services Private Limited (formerly known as Dobra Finance Private Limited (CIN:U65999MH2017PTC291060) ('the Company') was incorporated on February 10, 2017. The name of the Company was changed and the fresh certificate of incorporation with the new name was received February 7, 2019. The Company had received the Certificate of Registration (COR) dated June 7, 2018 from the Reserve Bank of India ("RBI") to carry on the business of Non-Banking Financial Institution and thereafter a fresh COR dated February 22, 2019 was received from RBI pursuant to change in the name of the Company. The Company is presently categorized as Non-Systemically Important Non-Deposit taking non-banking financial company (NBFC-ND-NSI) in accordance with the guidelines of Reserve Bank of India.

The Company is engaged in the business of providing loans to micro, small and medium enterprises, personal loans and loans for onwards lending to borrowers in SME/MSME segment, Personal loan, Consumer loan and micro-finance loan.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of financial statements

The financial statements have been prepared and presented under historical cost convention and accrual basis of accounting, unless otherwise stated, and in accordance with the generally accepted accounting principles in India (Indian GAAP) and conform to the statutory requirements, circulars, regulations and guidelines issued by Reserve Bank of India (RBI) from time to time to the extent they have an impact on the financial statements and current practices prevailing in India. The financial statements have been prepared to comply in all material aspects with the Accounting Standards ("AS") notified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent applicable. The Company follows the prudential norms for income recognition, asset classification and provisioning as prescribed by the RBI for NBFC-ND-NSI.

b. Use of estimates

The preparation of financial statements in conformity with the Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting year, reported balance of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future years.

c. Revenue Recognition

Revenue is recognized to the extent that it is possible that economic benefits will flow to the Company and revenue can be reliably measured.

- (i) Interest income is recognized in the statement of profit and loss on an accrual basis. Interest income on Non-Performing Assets (NPA) is recognised as per the RBI Guidelines. Interest accrued and not realised before the classification of the asset as an NPA is reversed in the month in which the loan is classified as NPA.
- (ii) Processing fees are recovered and recognised at the time of disbursement of loan / receipt.
- (iii) Interest income on other deposits are recognised on a time proportion basis. Income from dividend is recognized in the statement of profit and loss when the right to receive is established.
- (iv) Profit / Loss on disposal of an investment is recognised at the time of such sale / redemption and is computed based on average carrying amount of the investment.
- (v) Other Charges/penal interest are recognized on receipt basis.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

d. Tangible Assets:

Tangible Assets are stated at cost less accumulated depreciation and impairment losses, if any. The cost of Tangible Assets includes non-refundable taxes, duties, freight and other incidental expenses incurred directly related to the acquisition and installation of the asset. Subsequent expenditure on Tangible Assets after their purchase / completion is capitalized, only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. Cost of assets not ready for intended use, as on balance sheet date, is shown as capital work in progress. Advance given towards acquisition of Property, Plant & Equipments (PPE) outstanding at each balance sheet date are disclosed as long terms loans and advances.

The residual values, useful lives and methods of depreciation of PPE are reviewed at each financial year end and adjusted prospectively

e. Impairment of Assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an individual asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. 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 risks specific to the asset.

f. Depreciation and amortization

i. Tangible Assets:

Depreciation on Tangible Assets is provided on pro-rata basis (i.e. from the date on which the asset is ready to use) on Written Down Value (WDV) method. Depreciation on Tangible Assets is provided over the useful lives of the asset, as estimated by the management. If the management's estimate of the useful life of a Tangible Assets at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged, depreciation is provided at a higher rate based on the management's estimate of the useful life / remaining useful life. Pursuant to this policy, the estimated useful life of assets are as follows:

Tangible Assets description	Management estimate of useful life	Useful life as per schedule II
Vehicles	8	8
Office Equipment	5	5
Computers	3	3

Depreciation on PPE is provided on written down value method at the rates and in the manner prescribed in Schedule II to the Companies Act 2013 over their useful life as specified in Schedule II to the Companies Act, 2013.

ii. Intangible Assets:

Intangible assets include: customizations, enhancements in the software procured on usage rights model & which are carried at cost of developments less accumulated amortization and amortized on an Straight Line Method (SLM) basis over the period of usage right contract period.

Trademark/LOGO are carried over cost of developments less accumulated amortization and amortized on SLM basis over 5 years.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)****g. Borrowing costs**

Borrowing costs include interest and ancillary costs that the Company incurs in connection with the borrowings. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss at the time of availment of the loan unless it is incurred on periodic basis.

h. Foreign currency transactions

Foreign currency transactions are recorded into Indian rupees using the actual exchange rates prevailing at the date of the transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the statement of profit and loss. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date. Exchange differences arising on foreign exchange transactions during the year and on restatement of monetary assets and liabilities are recognized in the Statement of Profit and Loss.

i. Investments

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage and fees.

Investments maturing within three months from the date of acquisition are classified as cash equivalents if they are readily convertible into cash. Investments that are readily realizable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realized within 12 months after the reporting date is also presented under 'current assets' as "current portion of long term investments". Long-term investments (including current portion thereof) are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment. Current investments are carried at the lower of cost and fair value.

Any reductions in the carrying amount and any reversals of such reductions are charged or credited to the Statement of Profit and Loss.

j. Employee Benefits**Long-term employee benefits**

Compensated absences which are not expected to occur within twelve months after the end of the year in which the employee renders the related service are recognized as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

Defined contribution plan

The Company's contribution to provident fund are considered as defined contribution plan and are charged as an expense as they fall due based on the amount of contribution required to be made and when the services are rendered by the employees.

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date.

Actuarial gains and losses are recognized in the Statement of Profit and Loss in the year in which they occur.

Past service cost is recognized immediately to the extent that the benefits are already vested and otherwise is amortized on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the year in which the employee renders the related service. The cost of such compensated absences is accounted as under :

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

k. Operating leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on straight line basis over the lease term.

l. Earnings per share

The Company reports basic and diluted earnings per equity share in accordance with AS 20-Earnings Per Share. Basic earnings per equity share is computed by dividing net profit / loss attributable to the equity share holders for the year by the weighted average number of equity shares outstanding during the year.

m. Current Tax and Deferred Tax

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Income-tax expense is recognized in statement of profit and loss except that tax expense relating to items recognized directly in reserves is also recognized in those reserves.

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws. Deferred tax is recognized in respect of timing differences between taxable income and accounting income i.e. differences that originate in one year and are capable of reversal in one or more subsequent years. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets and liabilities are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

n. Provision, Contingent Liabilities and Contingent assets

A provision is recognized when there is present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

o. Operating cycle

Assets and liabilities are classified as current and non-current based on the operating cycle which has been estimated to be 12 months. All assets and liabilities which are expected to be realized and settled within a period of 12 months from the date of Balance sheet have been classified as current and other assets and liabilities are classified as non-current.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

p. Classification and Provisioning for Loan Portfolio

(a) Asset Classification:

Loans from financing activities are classified and provided for as per the company policy and management estimates, subject to the minimum classification and provisioning norms as per the Reserve Bank of India Master Direction - Non-Banking Financial Company - Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016.

Asset Classification	Period of Overdue Secured Loans	Period of Overdue Unsecured Loans
Standard Assets	Not overdue or period of overdue less than 3 months	Not overdue or period of overdue less than 3 months
Non-Performing Assets (NPA)		
Sub-standard Assets	Overdue for 3 months and more but up to 1 year	Overdue for 3 months and more but up to 4 Months
Doubtful Assets	Overdue for more than 1 year	Overdue for more than 4 Months upto 6 Months
Loss Assets/Write Off	Assets which are identified as loss asset by Company or the internal auditor or the external auditor or by the Reserve Bank of India	Overdue for more than 6 Months

“Overdue” refers to interest and / or principal and / or instalment remaining unpaid from the day it became receivable.

(b) Provisioning norms for loans:

As Per Reserve Bank of India Master Direction - Non-Banking Financial Company - Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016, the provisioning shall be as under:

Classification	Arrear Period	% of Provision Secured Loans	% of Provision Unsecured Loans
Standard Assets	-	0.25%	0.25%
Sub-standard Assets	-	10.00%	10.00%
Doubtful assets	Overdue up to 1 year	20% -50%	100.00%
Loss Assets	-	100.00%	100.00%

(c) Provision on Moratorium cases

RBI through its notification DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020 (‘Regulatory Package’) permitted the lending institutions to grant to its Customers a moratorium of three months on payment of all term loan instalments falling due between March 1, 2020 and May 31, 2020. RBI further through its notification dated May 23, 2020 permitted grant of moratorium to borrowers for a further period of three months upto August 31, 2020. The Company has accordingly through a Board approved policy granted a moratorium as permitted by RBI to its eligible borrowers. In line with the RBI norms, for all accounts where the moratorium has been granted, the asset classification shall remain standstill during the moratorium period i.e. the number of days past due shall exclude the moratorium period for the purpose of asset classification under RBI’s Income Recognition and Asset Classification norms.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

The Company has made a provision as on March 31, 2020 in respect of accounts in default as on February 29, 2020 but standard against the potential impact of Covid-19. Further as permitted under the RBI norms and based on management assessment, the Company has made a provision of ₹ 78938.60 in the period ended March 31, 2020, which represents the minimum provision of 10% on standard assets availing moratorium and where asset classification benefit is extended as required in para 5 of the RBI notification dated April 17, 2020.

(Amount in ₹)

Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended	Respective amount where asset classification benefits is extended.	Provisions made during the Q4FY2020	Provisions adjusted during the respective accounting periods against slippages and the residual provisions
7,89,386.00	7,89,386.00	78,938.60	Nil

3 SHARE CAPITAL

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised		
10,00,00,000 (P.Y. 5,00,00,000) Equity Shares of ₹ 10/- each	1,00,00,00,000	50,00,00,000
	1,00,00,00,000	50,00,00,000
Issued, Subscribed & Paid Up Share Capital		
7,50,00,000 (P.Y. 3,50,00,000) Equity Shares of ₹ 10/- each fully paid up	75,00,00,000	35,00,00,000
Total	75,00,00,000	35,00,00,000

a) Reconciliation of the Shares outstanding at the end of the reporting period

(Amount in ₹)

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	₹	No. of Shares	₹
Equity Shares of ₹ 10/- each				
At the beginning of the year	3,50,00,000	35,00,00,000	22,50,000	2,25,00,000
Issued during the year	4,00,00,000	40,00,00,000	3,27,50,000	32,75,00,000
Outstanding at the end of the year	7,50,00,000	75,00,00,000	3,50,00,000	35,00,00,000

b) Details of Shareholding more than 5% Shares in the Company

(Amount in ₹)

Particulars	As at March 31, 2020				As at March 31, 2019			
	No. of Shares	%	Amount	%	No. of Shares	%	Amount	%
Equity Shares of ₹ 10/- each								
Ms. Neha Hiranandani	3,75,00,000	50	37,50,00,000	50	1,75,00,000	50	17,50,00,000	50
Mr. Harsh Hiranandani	3,75,00,000	50	37,50,00,000	50	1,75,00,000	50	17,50,00,000	50
Total	7,50,00,000	100	75,00,00,000	100	3,50,00,000	100	35,00,00,000	100

c) Terms / Rights / preferences attached to Equity Class of shares:-

The Company has only one type of shares i.e. equity shares. There is only one class of Equity Shares having a face value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share held and each share has same dividend rights.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)**

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.

4 RESERVES AND SURPLUS

(Amount in ₹)		
Particulars	As at March 31, 2020	As at March 31, 2019
a. Statutory Reserves:		
Balance at the beginning of the year	-	-
Add: Transferred from surplus in Statement of Profit & Loss (Refer Note 32c)	5,76,771	-
	5,76,771	-
b. Surplus/(Deficit) in the statement of Profit and Loss:		
Opening balance	(5,15,49,547)	(19,41,624)
(+) Net Profit/(Net Loss) For the current year	28,83,855	(4,96,07,923)
Less : Appropriations Transfer to Statutory Reserve (Refer Note 32c)	(5,76,771)	
	(4,92,42,463)	(5,15,49,547)
Total	(4,86,65,692)	(5,15,49,547)

5 LONG TERM BORROWING

(Amount in ₹)		
Particulars	As at March 31, 2020	As at March 31, 2019
Secured		
Vehicle Loan*	25,64,813	41,54,083
Total	25,64,813	41,54,083
Vehicle loan obtained from ICICI Bank by the Company are secured against the respective vehicle for which the loan has been taken		
Vehicle loan is repayable in 36 to 60 monthly instalment. Interest varies from 8.5% to 9% per annum		
Maturity Profile		
- Amount Due within One year	15,89,270	14,55,929
- Amount Due between One year to Three years	21,53,949	29,71,780
- Amount Due above Three years	4,10,864	11,82,303
	41,54,083	56,10,012

* Company has not availed moratorium, in EMI repayments on Vehicle loans, as per the RBI circular RBI/2019-20/ 186

6 LONG TERM PROVISION

(Amount in ₹)		
Particulars	As at March 31, 2020	As at March 31, 2019
Provision for Standard Asset	19,75,886	4,82,191
Provision For Gratuity	10,16,579	3,34,842
Provision For Leave Encashment	14,06,066	4,36,063
Total	43,98,531	12,53,096

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

7 SHORT TERM BORROWING

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Loan from Director - Unsecured Loan	1,11,00,00,000	27,00,00,000
Total	1,11,00,00,000	27,00,00,000

8 TRADE PAYABLE

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Micro and Small Enterprises (Refer Note 22)	-	-
Others	6,54,334	8,90,325
Total	6,54,334	8,90,325

9 OTHER CURRENT LIABILITIES

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory Dues Payable	35,01,739	33,52,689
Employee related Payables	6,60,262	5,15,360
-Salary Payable 5,32,559		
-Staff payable - Reimbursement 1,27,703		
Current Maturities of Long Term Borrowings	15,89,270	14,55,929
Others	18,438	27,616
Advance from Customer	46,01,519	1,43,013
Loan Payable	1,07,526	-
Total	1,04,78,754	54,94,607

10 SHORT TERM PROVISION

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for Standard Asset	21,03,605	5,85,969
Provision For Gratuity	5,730	1,480
Provision For Leave Encashment	4,96,303	45,630
Provision For Leave Travelling Allowances	4,65,044	4,24,942
Provision For Bonus	-	15,009
Provision for Expenses	72,45,937	-
Provision for Taxation	3,54,844	-
Total	1,06,71,462	10,73,030

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

11 PROPERTY, PLANT & EQUIPMENT:

Sr. No.	Particulars	GROSS BLOCK			ACCUMULATED DEPRECIATION			NET BLOCK		
		As on April 1, 2019	Additions	Deductions	As on March 31, 2020	As on April 1, 2019	For The Year/ Adjustments	Deletions / Adjustments	As on March 31, 2020	As on March 31, 2019
	Tangible Assets:-									
1	Computers	9,95,328	31,41,493	-	41,36,821	1,23,367	17,80,830	-	19,04,197	8,71,961
2	Office Equipments	75,633	1,93,225	-	2,68,858	7,845	59,375	-	67,220	67,788
3	Vehicles	69,55,149	-	-	69,55,149	7,38,416	19,41,486	-	26,79,902	62,16,733
4	Furniture & Fixtures	-	3,72,198	-	3,72,198	-	49,360	-	49,360	-
	Total (A)	80,26,110	37,06,915	-	1,17,33,026	8,69,628	38,31,050	-	47,00,678	71,56,482
	Previous Year		80,26,110	-	80,26,110		8,69,628	-	8,69,628	
	Intangible Assets									
1	Software customization and Implementation	5,00,000	12,91,000		17,91,000	80,137	5,57,861		6,37,998	4,19,863
2	Trademark		8,00,000		8,00,000	-	1,95,628		1,95,628	-
3	Website Development Cost		10,15,924		10,15,924	-	2,06,891		2,06,891	-
	Total (A)	5,00,000	31,06,924	-	36,06,924	80,137	9,60,380	-	10,40,517	4,19,863
	Previous Year		5,00,000	-	5,00,000		80,137	-	80,137	-

- Intangible under development

Particulars	(Amount in ₹)	
	As at March 31, 2020	As at March 31, 2019
Trademark	-	8,00,000
Website Development Cost	-	4,13,500
Total	-	12,13,500
Previous Year	12,13,500	-

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)**
12 LONG TERM LOANS & ADVANCE

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
A) Loans:		
Secured and Considered Good*	72,71,48,751	19,28,76,347
Unsecured and Considered Good	6,32,05,480	
	79,03,54,231	19,28,76,347
B) Other Advances:		
Advance Income Tax (Tax Deducted at Source)	1,47,51,606	16,85,997
Security Deposits	37,95,049	8,90,000
Prepaid Expenses	7,90,564	59,491
	1,93,37,219	26,35,488
Total	80,96,91,450	19,55,11,835

* Secured against Tangible Assets

13 INVESTMENTS

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Investment in Mutual Fund (Short Term Quoted)	-	5,47,36,006
	-	5,47,36,006

14 CASH AND CASH EQUIVALENTS

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
a. Balances with banks		
- In Current account	2,90,15,378	8,40,40,748
b. Cash on hand	5,939	13,988
c. Fixed Deposit	16,02,25,000	-
Total	18,92,46,317	8,40,54,736

15 SHORT TERM LOANS AND ADVANCES

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
A) Loans:		
Secured and Considered Good*	77,85,41,750	23,43,87,397
Unsecured and Considered Good	3,06,74,349	-
	80,92,16,099	23,43,87,397

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)**

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
B) Other Current Assets:		
Interest Overdue	16,518	-
Balances with Govt. Authorities	12,32,432	8,80,915
Advances to Vendors	7,13,810	91,983
Interest Accrued but not Due	1,55,57,713	25,40,743
Prepaid Expenses	47,43,600	3,22,134
Advance to Employees	85,509	-
	2,23,49,582	38,35,775
Total	83,15,65,681	23,82,23,172

* Secured against Tangible Assets

16 REVENUE FROM OPERATION

(Amount in ₹)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest Income	17,21,49,625	1,02,08,531
Fee Income	1,66,26,988	39,00,000
Other Charges	5,31,658	-
Total	18,93,08,271	1,41,08,531

17 OTHER INCOME

(Amount in ₹)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Gain from Sale of Current Investment	34,99,083	22,36,006
Interest on Fixed Deposit	-	19,98,774
Interest on Income Tax Refund	10,279	-
Other Misc. Income	7,51,094	-
Total	42,60,456	42,34,780

18 FINANCE COST

(Amount in ₹)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest on Vehicle Loan	4,22,265	2,49,796
Total	4,22,265	2,49,796

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

19 EMPLOYEE BENEFIT EXPENSES

(Amount in ₹)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, bonus & Commission	11,97,88,706	4,22,68,548
Contribution to PF and other Funds	49,64,188	10,69,202
Staff Welfare Expenses	9,67,473	17,62,322
Accrued Gratuity	6,85,987	3,36,322
Accrued Salary Leave Encashment Expenses	14,20,676	4,81,693
Total	12,78,27,030	4,59,18,087

20 ADMINISTRATIVE AND OTHER EXPENSES

(Amount in ₹)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Auditor Remuneration	5,50,000	5,20,000
Advertisement & Sales Promotion	28,50,182	-
Commission Expenses	5,26,100	-
Electricity Charges	19,06,454	10,01,714
Insurance	15,23,176	1,67,243
Information Technology Expenses	39,71,413	1,71,665
Legal & Professional Charges	90,89,273	1,00,81,605
Credit Verification Charges	50,61,134	-
Miscellaneous Expenses	58,64,752	23,19,594
Office Expenses	28,96,205	-
Postage & Telephones	5,55,995	53,153
Printing & Stationery	5,23,395	74,458
Rates & Taxes	87,51,202	48,36,132
Rent for Premises	48,24,888	1,61,000
Repairs & Maintenance:	4,44,941	16,350
Security Expenses	5,12,129	-
Travelling, Lodging, Boarding & Conveyance Expenses	38,01,984	3,62,512
Total	5,36,53,224	1,97,65,426

21 PROVISIONS & WRITE OFFS

(Amount in ₹)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Provision/(Excess Reversal) for Standard Assets	30,11,330	10,68,160
Write Offs	6,24,748	-
Total	36,36,078	10,68,160

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)****22 PAYMENTS TO AUDITORS**

(Amount in ₹)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Statutory Audit	4,50,000	3,00,000
Tax Audit	50,000	50,000
Other Certification & consultancy	50,000	1,70,000
Total	5,50,000	5,20,000

23 DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES AS PER MSMED ACT, 2006

The Company has taken steps to identify the suppliers who qualify under the definition of micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006. There is nil outstanding to Micro, Small and Medium Enterprises as on March 31, 2020.

24 EARNINGS PER SHARE (EPS)

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Net profit / (loss) for the year	28,83,855	(4,96,07,923)
Less: Preference dividend and tax thereon	-	-
Net profit / (loss) for the year attributable to the equity shareholders	28,83,855	(4,96,07,923)
Weighted average number of equity shares	4,35,47,945	1,70,12,329
Par value per share	10	10
Earnings per share - Basic & Diluted	0.07	(2.92)

25 CONTINGENT LIABILITIES AND COMMITMENTS

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided	12,17,602	2,36,500
Undrawn committed sanctions to borrowers	1,25,08,106	-
Total	1,37,25,708	2,36,500

26 CONTINGENT PROVISIONS AGAINST STANDARD ASSETS MOVEMENT

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision on Standard Assets	30,11,330	10,68,160
Total	30,11,330	10,68,160

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

27 RELATED PARTY TRANSACTIONS

Names of related parties and nature of relationship

Name	Nature of Relationship
Harsh Hiranandani	Person exercising significant influence
Neha Hiranandani	
Uday Suvarna	KMP - CEO
Vivekanand Ramachandran	KMP - CFO

(Amount in ₹)

Transactions with the Related Parties	For the year ended March 31, 2020	For the year ended March 31, 2019
Equity Infusion and Allotment of Shares		
Harsh Hiranandani	20,00,00,000	16,37,50,000
Neha Hiranandani	20,00,00,000	16,37,50,000
Loan received		
Harsh Hiranandani	1,38,00,00,000	27,00,00,000
Loan repayment		
Harsh Hiranandani	54,00,00,000	-
Remuneration to KMP		
Uday Suvarna	2,03,11,461	2,14,06,891
Vivekanand Ramachandran	58,83,983	14,11,027
Total	2,34,61,95,444	62,03,17,918

(Amount in ₹)

Closing Balance of Related Parties Receivables / (Payables)	As at March 31, 2020	As at March 31, 2019
Equity Shares		
Harsh Hiranandani	37,50,00,000	17,50,00,000
Neha Hiranandani	37,50,00,000	17,50,00,000
Loan Balance		
Harsh Hiranandani	1,11,00,00,000	27,00,00,000
Total	1,86,00,00,000	62,00,00,000

28 EXPENDITURE AND EARNINGS IN FOREIGN CURRENCY

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Expenditure*	4,61,924	-
Earnings	-	-
Total	4,61,924	-

* Expenditure incurred to purchase Domain name (hfs.in)

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)****29 CUSTOMER COMPLAINTS**

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Number of complaints pending at the beginning of the year	NIL	NIL
Number of complaints received during the year	NIL	NIL
Number of complaints redressed during the year	NIL	NIL
Number of complaints pending at the end of the year	NIL	NIL
Total	-	-

30 RECOGNITION OF DEFERRED TAX

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred Tax Liability		
Depreciation	(12,05,907)	(2,76,619)
	(12,05,907)	(2,76,619)
Deferred Tax Assets		
Provision for Gratuity	2,57,295	97,954
Provision for Bonus	-	4,371
Provision for Leave encashment	4,78,788	1,40,293
Brought Forward Losses	1,29,73,990	5,65,498
ROC Filing Fees	15,46,574	7,86,375
Provision for Standard Assets	7,57,892	3,11,102
	99,33,442	19,05,593
Total	NIL	NIL

In the absence of virtual certainty, the company has not recognized Deferred Tax assets on current year losses.

31 OPERATING LEASES

The Company has operating lease agreements primarily for office space, the lease terms of which are for a period of 1 year to 9 years. For the year ended March 31, 2020, an amount of ₹ 48,24,888/- (Previous year ₹ 1,61,000/-) was recorded as expenses towards lease rentals and other charges for the office space including the provision for lease straight lining. The future minimum lease payments under operating leases are as follows:

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Less than 1 year	61,04,180	9,66,000
1 year to 3 years	1,30,74,264	30,67,050
3 years and above	2,05,45,822	58,69,255
Total	3,97,24,266	99,02,305

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

32 OTHER NOTES

a) Segment reporting

The Company is primarily engaged in the business of providing loans in India. All the activities of the Company revolve around the main business. As such there are no separate business and geographic reportable segments as per Accounting Standard-17 "Segment reporting".

b) Movement of NPA

The Company commenced its business in the previous year and there have been no recognition of any assets as non-performing assets as per the Reserve Bank of India Master Direction - Non-Banking Financial Company - Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016. Accordingly, no amount is required to be disclosed as NPA or movement of NPA.

c) 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.

d) Corporate Social Responsibility

The Provisions of Section 135 of the Companies Act, 2013 is not applicable to the Company, accordingly the Company has not incurred any expenditure towards Corporate Social Responsibility for the year ended March 31, 2020.

e) Previous Year Figures:

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

33 EMPLOYEE BENEFITS

33.1. Defined Contribution Plan

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 amount recognized as expense towards contribution to provident fund for the year aggregated to ₹ 47,04,142/- (March 31, 2019 - ₹ 10,09,735).

33.2 Defined Benefit Plans

The Company operates post-employment defined benefit plan that provides gratuity. The gratuity plan entitles an employee, who has rendered at least five years of continuous service, to receive one-half month's salary for each year of completed service at the time of retirement/exit.

Type of Benefit	Gratuity
Country	India
Reporting Currency	INR
Reporting Standard	Accounting Standard 15
Funding Status	Unfunded
Starting Period	1-Apr-2019
Date of Reporting	31-Mar-2020
Period of Reporting	12 Months

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)**

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Change in defined benefit obligations during the year		
Present value of defined benefit obligation at beginning of the year	-	-
Current service cost	10,22,309	3,36,322
Interest cost	-	-
Benefits paid	-	-
Actuarial (gains) / loss	-	-
Present value of defined benefit obligation at end of the year	10,22,309	3,36,322
Change in fair value of assets during the year		
Plan assets at beginning of the year	-	-
Expected return on plan assets	-	-
Actual contributions	-	-
Actuarial loss	-	-
Plan assets at end of the year	-	-
Liability recognized in the Balance Sheet		
Present value of defined benefit obligation	(10,22,309)	(3,36,322)
Fair value of plan assets	-	-
Fund Status (Surplus / (Deficit))	-	-
Net liability recognized in the Balance Sheet	(10,22,309)	(3,36,322)

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Cost of defined benefit plan for the year		
Current service cost	10,22,309	3,36,322
Interest cost	-	-
Expected return on plan assets	-	-
Net actuarial (gains) / loss	-	-
Net cost recognized in the Statement of Profit and Loss	10,22,309	3,36,322
Return on plan assets	-	-

Assumptions	As at March 31, 2020	As at March 31, 2019
Expected return on Plan Assets	N.A.	N.A.
Discount rate (Refer note (b))	5.45%	7.79%
Future salary increase (Refer note (a))	8%	5%
Rate of Employee Turnover	24%	2%
Mortality Rate during Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Mortality Rate during Employment	N.A.	N.A.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

Notes:

- The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors. Further, the Management revisits the assumptions such as attrition rate, salary escalation etc., taking into account, the business conditions, various external/internal factors affecting the Company.
- Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation.
- Experience adjustments:

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Projected benefit obligation	-	-
Fair value of plan assets	-	-
Surplus/(deficit)	-	-
Experience adjustments on plan liabilities - gains	-	-
Experience adjustments on plan assets - loss	-	-

34 DISCLOSURE PURSUANT TO MASTER DIRECTION - NON-BANKING FINANCIAL COMPANY-SYSTEMICALLY IMPORTANT NON-DEPOSIT TAKING COMPANY AND DEPOSIT TAKING COMPANY (RESERVE BANK) DIRECTIONS, 2016

The Company is an NBFC Non-Systemically Important Non-Deposit taking Company. However, the following disclosures has been made in the financial statements voluntarily.

34.1 Capital adequacy ratio

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Tier I Capital	69,87,67,902	29,68,17,090
Tier II Capital	40,79,490	10,68,160
Total Capital	70,28,47,392	29,78,85,250
Total Risk Assets	1,64,82,89,479	49,72,60,858
Capital Ratios		
Tier I Ratio as % of Total Risk Assets	42.39%	59.69%
Tier II Ratio as % of Total Risk Assets	0.25%	0.21%
Total Capital (%)	42.64%	59.91%

34.2 Exposure to real estate sector

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
The Company does not have any direct or indirect exposure to the real estate sector		
Direct Exposure		
i) Residential mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	-	-

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)**

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
ii) Commercial Real Estate		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based limits	-	-
iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
a) Residential		
b) Commercial Real Estate	-	-
	-	-
Total Exposure to Real Estate Sector	-	-

34.3 Exposure to Capital Market

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
	NA	NA

34.4 Provisions and contingencies (Break up of 'Provisions and contingencies' shown under the head expenditure)

(Amount in ₹)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Provision for depreciation on investment	-	-
Provision for non-performing assets	-	-
Contingent provisions against standard assets	30,11,330	10,68,160
Provision made towards current income taxes	3,54,844	-

34.5 Disclosures

The Company does not have any items / transactions that requires disclosure under Investments, Derivatives, Purchase or sale of non-performing financial assets, Exposure to capital market, Financing of parent company products, Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the applicable NBFC, Registration obtained from other financial sector regulators, Penalties imposed by RBI and other regulators, Draw down from Reserves, Concentration of deposits, Overseas assets, Off-balance sheet SPVs sponsored.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)**

35 DISCLOSURE PURSUANT TO PARAGRAPH 19 OF MASTER DIRECTION - NON-BANKING FINANCIAL COMPANY - NON-SYSTEMICALLY IMPORTANT NON-DEPOSIT TAKING COMPANY (RESERVE BANK) DIRECTIONS, 2016:

(Amount in ₹)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
Liabilities side:				
1. Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid)				
(a) Debentures				
- Secured	-	-	-	-
- Unsecured (other than falling within the meaning of public deposits)	-	-	-	-
(b) Deferred Credits	-	-	-	-
(c) Term Loans	41,54,083	-	56,10,012	-
(d) Inter-Corporate Loans and Borrowings	-	-	-	-
(e) Commercial Paper	-	-	-	-
(f) Public Deposits	-	-	-	-
(g) Other Loans (Loan from Director)	1,11,00,00,000	-	27,00,00,000	-
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	-	-	-	-

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Assets side:		
3. Break-up of Loans and Advances including Bills Receivables [other than those included in (4) below]: (excluding interest accrued but not due)		
(a) Secured (Refer note 12 & note 15)	1,50,56,90,501	42,72,63,744
(b) Unsecured (Refer note 12 & note 15)	9,38,79,829	-
4. Break up of Leased Assets and Stock on Hire and Other Assets counting towards AFC activities		
(i) Lease Assets including Lease Rentals under Sundry Debtors		
(a) Financial Lease	-	-
(b) Operating Lease	-	-

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)**

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
(ii) Stock on Hire including Hire Charges under Sundry Debtors		
(a) Assets on Hire	-	-
(b) Repossessed Assets	-	-
(iii) Other Loans counting towards AFC Activities		
(a) Loans where Assets have been Repossessed	-	-
(b) Loans other than (a) above	-	-
5. Break-up of Investments		
Current Investments		
1 Quoted:		
(i) Shares:	-	-
(a) Equity		
(b) Preference		
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	0	5,47,36,006
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
2 Unquoted:		
(i) Shares:	-	-
(a) Equity		
(b) Preference		
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
Long Term Investments		
1 Quoted:		
(i) Shares:	-	-
(a) Equity		
(b) Preference		
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
2 Unquoted:		
(i) Shares:	-	-
(a) Equity		
(b) Preference		
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)**
6 Borrower Group-wise Classification of Assets Financed as in (3) and (4) above

(Amount in ₹)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1 Related Parties						
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in same Group	-	-	-	-	-	-
(c) Other Related Parties	-	-	-	-	-	-
2 Other than Related Parties*	1,50,56,90,501	9,38,79,829	1,59,95,70,330	42,72,63,744	-	42,72,63,744
Total	1,50,56,90,501	9,38,79,829	1,59,95,70,330	42,72,63,744	-	42,72,63,744

*net of provisions for NPA

7 Investor Group-wise Classification of all Investments (Current and Long-term) in Shares and Securities (both Quoted and Unquoted):

(Amount in ₹)

Category	As at March 31, 2020		As at March 31, 2019	
	Market Value /Break up Value or Fair Value or Net Asset Value	Book Value (Net of Provisions)	Market Value /Break up Value or Fair Value or Net Asset Value	Book Value (Net of Provisions)
1 Related Parties				
(a) Subsidiaries	-	-	-	-
(b) Companies in same Group	-	-	-	-
(c) Other Related Parties	-	-	-	-
2 Other than Related Parties	-	-	5,59,30,204	5,47,36,006
Total	-	-	5,59,30,204	5,47,36,006

8 Other Information

(Amount in ₹)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Related Parties	Other than Related Parties	Related Parties	Other than Related Parties
Gross non-performing assets	-	-	-	-
Net non-performing assets	-	-	-	-
Assets acquired in satisfaction of debt	-	-	-	-

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)****36 DISCLOSURE ON LIQUIDITY RISK BACKGROUND:**

RBI through its notification dated November 4, 2019 provided guidelines on liquidity risk management framework for certain categories of Non-Banking Financial Companies. The said guidelines, NBFC's are required to publicly disclose the below information in the notes to accounts of the annual financial statements. Accordingly, the disclosure on liquidity risk as at March 31, 2020 is as under:

i) Funding Concentration based on significant counterparty

Sr. no.	No. of significant counterparties	Amount (₹ crore)*	% of Total Deposits	% of Total Liabilities
1	2	111.41	N.A.	98.00%

*From the outstanding amount, ₹ 111 cr represents unsecured loan from director

Notes:

A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC-NDSI's total liabilities and 10% for other non-deposit taking NBFCs.

Total Liabilities has been computed as Total Assets less Equity share capital less Reserve & Surplus.

ii) Top 20 large deposits (amount in ₹ crore and % of total deposits) - Not Applicable**iii) Top 10 borrowings**

Amount (₹ Crore)	% of Total Borrowings
₹ 111.41	100%

iv) Funding Concentration based on significant instrument / product

Sr. No.	Name of the product	Amount (₹ crore)	% of Total Liabilities
1	Unsecured Loan*	111	97%

*represents unsecured loan from director

Note:

A "significant instrument/product" is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFCs

v) Stock Ratios:

Sr. no.	Stock Ratio	%
1	Commercial paper as a % of total public funds	N.A.
2	Commercial paper as a % of total liabilities	N.A.
3	Commercial paper as a % of total assets	N.A.
4	Non-convertible debentures (original maturity of less than 1 year) as a % of total public funds	N.A.
5	Non-convertible debentures (original maturity of less than 1 year) as a % of total liabilities	N.A.
6	Non-convertible debentures (original maturity of less than 1 year) as a % of total assets	N.A.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)**

Sr. no.	Stock Ratio	%
7	Other short term liabilities as a % of total public funds	N.A
8	Other short term liabilities as a % of total liabilities	97%
9	Other short term liabilities as a % of total assets	60%

Note:

Other short term liabilities represent current (i.e. due within one year) portion of borrowings

Total Liabilities has been computed as Total Assets less Equity share capital less Reserve & Surplus.

vi) Institutional set-up for Liquidity Risk Management

The Board of Directors of the Company has the overall responsibility and oversight for the management of all the risks, including liquidity risk, to which the Company is exposed to in the course of conducting its business. The Board approves the governance structure, policies, strategy and the risk limits for the management of liquidity risk. The Board of Directors approves the constitution of the Asset Liability Management Committee (ALCO) for the effective supervision, evaluation, monitoring and review of various aspects and types of risks in general and liquidity risk in particular.

The meetings of ALCO are held at quarterly intervals. ALCO provides guidance and directions on aspects such as interest rate outlook, liquidity, debt market position and funding sources to name a few.

**As per our report of even date
For Chaturvedi & Shah LLP**
Chartered Accountants
Firm Regn. No.101720W/W100355

Amit Chaturvedi
Partner
Membership No: 103141
Place : Mumbai
Date : June 27, 2020

**For and on behalf of the Board of Directors of
HIRANANDANI FINANCIAL SERVICES PRIVATE LIMITED**

Harsh S. Hiranandani
Director
DIN No : 07661253
Place : Mumbai
Date : June 27, 2020

Gulab Singh Lodha
Director
DIN No : 08014426
Place : Mumbai
Date : June 27, 2020

Uday Suvarna
CEO

Vivekanand Ramachandran
CFO

Ankit Kumar Jain
Company Secretary
M No. A21893

NOTES

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Disclaimer

This document contains statements about expected future events and financials of Hiranandani Financial Services Private Limited, 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 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 a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements.



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