

HIRANANDANI FINANCIAL SERVICES PRIVATE LIMITED

Registered office: 514, Dalamal Towers, 211, FPJ Marg, Nariman Point, Mumbai – 400021;

CIN: U65999MH2017PTC291060; **Phone:** +91 22 2576 3690;

E-mail: wecare@hfs.in; **Website:** www.hfs.in

NOTICE OF THE FIFTH ANNUAL GENERAL MEETING

Notice is hereby given that, the **Fifth Annual General Meeting (“AGM”)** of the Members of **Hiranandani Financial Services Private Limited** will be held at a shorter notice on **Thursday, September 30, 2022 at 10:45 A.M.** at 9th Floor, Sigma, Hiranandani Business Park, Technology Street, Powai, Mumbai - 400076 to transact the following business through Video Conferencing / Other Audio Visual Means in conformity with the regulatory provisions and the Circulars issued by the Ministry of Corporate Affairs, Government of India:-

Ordinary Business:

1. To receive, consider and adopt the audited financial statements for the financial year ended on March 31, 2022 together with the Reports of Board of Directors and Auditors thereon.

Special Business:

2. **Appointment of Mr. Prem Kumar Chopla (DIN: 09555408) as an Independent Director of the Company**

To consider and, if thought fit, to pass, the following resolution, as a **Special Resolution:**

“RESOLVED THAT Mr. Prem Kumar Chopla (DIN: 09555408), who was appointed as an Additional Director on the Board of the Company with effect from May 20, 2022 by the Board of Directors and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 (“Act”) but who is eligible for appointment and has consented to act as a Director of the Company, be and is hereby appointed as a Director of the Company;

RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 150, 152, 161 of the Companies Act, 2013 (“Act”), read with Companies (Appointment and Qualification of Directors) Rules, 2014 & Schedule IV and other applicable provisions, if any, as amended from time to time (including any statutory modification(s), clarifications, exemptions or re-enactments thereof for the time being in force), **Mr. Prem Kumar Chopla (DIN: 09555408)** who has signified his consent and who is eligible for appointment as an Independent Director under Section 149 of the Act, be and hereby appointed as Independent Director on the Board of the Company for a term of 5 years i.e. May 20, 2022 to May 19, 2027;

RESOLVED FURTHER THAT pursuant to Sections 197 and 198 of the Act read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and other applicable provisions of the Act, if any (including any statutory modification(s) or re-enactment thereof for the time being in force), as amended from time to time and such approvals, permission and sanctions, if any, approval of the Members of the Company be and is hereby accorded to pay sitting fees of upto Rs. 1,00,000/- (Rupees One Lakh Only) per meeting or such other fees as permissible under applicable laws to Mr. Prem Kumar Chopla for attending Board and Committee Meetings respectively;

the time being in force), as amended from time to time and such other approvals, permission and sanctions of regulatory authorities, required if any, approval of the Members of the Company be and is hereby accorded to pay remuneration to Mr. Prem Kumar Chopla in form of monthly/quarterly/half-yearly/yearly payment subject to condition that the overall payment to him in form of remuneration and sitting fees does not exceed Rs. 25,00,000/- (Rupees Twenty Five Lakh Only) per annum, excluding out of pocket expenses/reimbursement of expenses;

RESOLVED FURTHER THAT that subject to the applicable provisions of the Act read with Schedule V and other applicable provisions, if any (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), as amended from time, approval of the Members of the Company be and is hereby accorded that the Company may pay the aforesaid remuneration to Mr. Prem Kumar Chopla, even if, there are no profits or its profits are inadequate in any financial year during his tenure.

RESOLVED FURTHER THAT Mr. Harsh S. Hiranandani and Mr. G. S. Lodha, Directors of the Company, Mr. Uday Suvarna, Chief Executive Officer and Ms. Richa Arora, Company Secretary of the Company, be and are hereby severally authorised on behalf of the Company to sign and execute the necessary documents and papers (including appointment letter), to authenticate and file necessary forms/intimations with the regulatory authorities and other concerned authorities (including Registrar of Companies & Reserve Bank of India) and to do all such other acts, deeds and things which are necessary to give effect to this resolution and for the matters connected therewith or incidental thereto;

RESOLVED FURTHER THAT in accordance with the provisions of Section 21 of the Companies Act, 2013, any one of the Director or Ms. Richa Arora, Company Secretary of the Company be and are hereby severally authorized to issue and authenticate a Certified True Copy of this Resolution wherever required."

By Order of the Board of Directors
For Hiranandani Financial Services Private Limited



Richa

Richa Arora
Company Secretary
ACS 42906

Date : September 30, 2022
Place : Mumbai
Registered Office : 514, Dalamal Towers, 211,
FPJ Marg, Nariman Point,
Mumbai - 400021

Note:-

1. **The Statement as required under Section 102 of the Companies Act, 2013 ("the Act") is annexed to the Notice.**
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE FIFTH ANNUAL GENERAL MEETING ("AGM") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
3. **THE PROXY FORM SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 1 HOUR BEFORE THE COMMENCEMENT OF THE AGM.**

Pursuant to the provisions of Section 105 of the Act and Rule 19 of the Companies (Management and Administration) Rules, 2014, a person can act as a proxy on behalf of Members not exceeding fifty and holding in aggregate not more than ten percent of the total share capital of the Company carrying voting rights. However, a Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or Member. Further, the proxy holder will be required to carry a valid proof of identity at the AGM.

4. Members/Proxies/Authorised Representatives are requested to bring the attendance slips duly filled in for attending the AGM.
5. The Members who hold shares in dematerialized form are requested to write their DP ID and Client ID and those who hold shares in physical form are requested to write their Folio No. in the Attendance Slip for attending the AGM.
6. The Members can avail of the facility of nomination in respect of shares held by them pursuant to the provisions of Section 72 of the Act.
7. SINCE THE MEETING IS CALLED AT SHORTER NOTICE, SHORTER NOTICE CONSENT IS ENCLOSED WITH THE NOTICE.
8. **THE REGISTER OF DIRECTORS AND KEY MANAGERIAL PERSONNEL AND THEIR SHAREHOLDING MAINTAINED UNDER SECTION 170 OF THE COMPANIES ACT, 2013 WILL BE AVAILABLE FOR INSPECTION BY THE MEMBERS AT THE AGM.**
9. **THE DOCUMENTS REFERRED TO IN THE PROPOSED RESOLUTION ARE AVAILABLE FOR INSPECTION AT THE REGISTERED OFFICE OF THE COMPANY DURING THE BUSINESS HOURS.**
10. Additional information of Director seeking appointment at the ensuing AGM, as required under the Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, is annexed to the Notice.
11. The route map showing directions to reach the venue of the fifth AGM is annexed.



ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 FORMING PART OF THE NOTICE

ITEM 2

Appointment of Mr. Prem Kumar Chopla (DIN: 09555408) as an Independent Director of the Company

The Board of Directors of the Company had appointed Mr. Prem Kumar Chopla as an Additional Director (Non-Executive and Independent) with effect from May 20, 2022. In accordance to the provisions of Section 161 of the Companies Act, 2013, Mr. Prem kumar chopla shall hold the office upto the date of the forthcoming Annual General Meeting and is eligible to be appointed as an Independent Director for a term of five years.

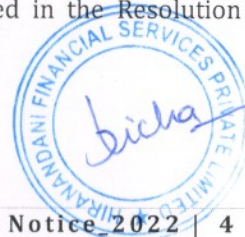
Pursuant to Section 160 of the Companies Act, 2013, the Company has received a written consent to act as Director from Mr. Prem Kumar Chopla along with a declaration to the effect that he meets the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 and the rules framed thereunder. Ms. Chopla has confirmed that he is in compliance with Rules 6(1) and 6(2) of the Companies (Appointment and Qualification of Directors) Rules, 2014, with respect to his registration with the data bank of Independent Directors maintained by the Indian Institute of Corporate Affairs ('IICA').

A brief profile of Mr. Prem kumar chopla	<p>Mr. Prem Kumar Chopla held the highly acclaimed position of Chief General Manager at Reserve Bank of India (RBI) prior to his retirement in 2018. He was part of RBI since 1982 in various capacities and was associated with RBI in several key divisions including Bank Supervision, NBFC Regulation, Risk Assessment, Financial Inclusion, IT Strategy and Internal Controls.</p> <p>Mr. Chopla is a Certified Associate of Indian Institute of Bankers (CAIIB) and holds Masters in Finance & Control. He has also done the Executive program in Business Management from IIM and he also holds International Certification in Banking Risk & Regulation (ICBRR)</p>
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Copy of letter of appointment of Mr. Prem Kumar Chopla setting out the terms and conditions of appointment is available at the registered office of the Company during business hours for inspection by the Members.

The Board is of the view that the Company would greatly benefit from the rich and varied experience of Mr. Prem Kumar Chopla, accordingly recommends the Special Resolution set forth in Item No.2 of the Notice for approval of the Members.

Save and except Mr. Prem Kumar Chopla being the appointee, none of the Directors (otherwise than as members), Key Managerial Personnel or their relatives is concerned or interested in the Resolution mentioned at Item No. 2 of the Notice.



Details of Director seeking appointment at the Annual General Meeting pursuant to the Secretarial Standard on General Meetings (SS-2)

Name	Mr. Prem Kumar Chopla
Age	63 Years
Date of first Appointment	May 20, 2022
Qualification	<ul style="list-style-type: none"> • Certified Associate of Indian Institute of Bankers (CAIIB) • Executive program in Business Management from IIM. • International Certification in Banking Risk & Regulation (ICBRR). • Masters in Finance & Control
Experience/Brief Profile	As mentioned in the explanatory statement.
Terms and Conditions of Appointment	Appointed for a period of 5 years w.e.f. May 20, 2022
Remuneration to be paid	Please refer the resolution proposed for appointment of Mr. Prem Kumar Chopla as Independent Director
Remuneration last drawn	N.A.
No. of Board Meetings attended during the year	Attended 2 Board Meetings held post his appointment during FY 2022-23.
Directorship in other Companies	Dru Gold Private Limited
Membership/ Chairmanship of Committees of other companies	None
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	None
No. of shares held in the Company	None



The Statement containing additional information as required in Schedule V of the Companies Act, 2013:

I. GENERAL INFORMATION:				
1.	Nature of industry	Financial Services. The Company is Non-Banking Financial Company and registered with RBI as NBFC-ND-NON SI.		
2.	Date or expected date of commencement of commercial production	The Company was incorporated on February 10, 2017 and received RBI Certificate in June 2018		
3.	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not Applicable		
4.	Financial performance based on given indicators	Particulars	March 31, 2022 (Cr.)	March 31, 2021 (Cr.)
		Total Income	50.78	26.31
		Total Expenditure	57.31	24.38
		Profit / (Loss) before taxation	(6.52)	1.92
		Profit / (Loss) for the year	(6.52)	1.60
5.	Foreign investments or collaborations, if any.	None		
II. INFORMATION ABOUT THE APPOINTEE:				
1.	Background details	<p>Mr. Prem Kumar Chopla held the highly acclaimed position of Chief General Manager at Reserve Bank of India (RBI) prior to his retirement in 2018. He was part of RBI since 1982 in various capacities and was associated with RBI in several key divisions including Bank Supervision, NBFC Regulation, Risk Assessment, Financial Inclusion, IT Strategy and Internal Controls.</p> <p>Mr. Chopla is a Certified Associate of Indian Institute of Bankers (CAIIB) and holds Masters in Finance & Control. He has also done the Executive program in Business Management from IIM and he also holds International Certification in Banking Risk & Regulation (ICBRR)</p>		
2.	Past remuneration	NIL		
3.	Recognition or awards	He was part of RBI since 1982 in various capacities and was associated with RBI in several key divisions including Bank Supervision, NBFC Regulation, Risk Assessment, Financial Inclusion, IT Strategy and Internal Controls.		
4.	Job profile and his suitability	Independent Director, refer details as specified against point no. (1) above		
5.	Remuneration proposed	Rs. 25 Lakhs per annum including sitting fees, for details please refer resolution proposed for appointment of Mr. Chopla as Independent Director.		
6.	Comparative remuneration profile with respect to industry,	The remuneration proposed is taking into consideration the size of the Company and the profile, knowledge, experience and skills		



	size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	of Mr. Chopla.
7.	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel or other director, if any.	None
III. OTHER INFORMATION:		
1.	Reasons of loss or inadequate profits	The Company was incorporated in 2017 i.e. newly incorporated company-having business of 3 years only. Loss of the Company for the financial year ended March 31, 2022 is due to the Pandemic situation in the Country. The COVID-19 pandemic and resulting lockdown affected the growth plans of the Company. The remuneration payable to Independent Director thus is exceeding the limits prescribed.
2.	Steps taken or proposed to be taken for improvement	Company has a seasoned management team coupled with a growing distribution franchise. The Company is poised for significant growth in the years to come with planned disbursements exceeding Rs. 500 crore and AUM too crossing Rs. 500 crore.
3.	Expected increase in productivity and profits in measurable terms	With the improving economic situation and the growth strategy of the Company, the Company expects to reach an AUM of Rs. 1000 crore in the next 2-3 years followed by improved profitability.
IV. DISCLOSURES:		
1.	All elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc., of all the directors	Please refer the resolution proposed for appointment of Mr. Chopla as Independent Director.
2.	Details of fixed component and performance linked incentives along with the performance criteria;	There is no performance linked incentives. He shall be paid sitting fees as mentioned in the proposed resolution.
3.	Service contracts, notice period, severance fees; and	There is no severance fees proposed to be paid and further there is no notice period.
4.	Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.	None



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Form No. MGT-11

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s) :

Registered address :

E-mail ID :

Folio No :

DP ID & Client ID :

I/We, being the Member(s) of shares of the above named company, hereby appoint:

- (1) **Name** :,
Address :,
E-mail ID :, or failing him/her

- (2) **Name** :,
Address :,
E-mail ID :, or failing him/her

- (3) **Name** :,
Address :,
E-mail ID :

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **Fifth Annual General Meeting (“AGM”)** of the Company, to be held on **Thursday, September 30, 2022 at 10:45 A.M.** at 9th Floor, Sigma, Hiranandani Business Park, Technology Street, Powai, Mumbai - 400076 and at any adjournment thereof in respect of such resolutions as are indicated below:

Ordinary Business:

1. To receive, consider and adopt the audited financial statements for the financial year ended on March 31, 2022 together with the Reports of Board of Directors and Auditors thereon.

Special Business:

2. Appointment of Mr. Prem Kumar Chopla (DIN: 09555408) as an Independent Director of the Company.

Affix
revenue
stamp of
Re.1

Signed this.....day of..... 2022

Signature of Member

.....
Signature of first Proxy
Holder

.....
Signature of second
Proxy Holder

.....
Signature of third
Proxy Holder

Note:

This form of proxy in order to be effective should be duly completed and deposited at the registered office of the Company, not less than one hour before the commencement of the AGM.

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ATTENDANCE SLIP

FIFTH ANNUAL GENERAL MEETING – THURSDAY, SEPTEMBER 30, 2022 AT 10:45 A.M

(Please complete this Attendance Slip and hand it over at the entrance of the meeting hall)

Folio No. :

DP ID & Client ID :

Name :

Name of Joint Member(s), if any :

Registered Address :

.....

No. of Shares held :

I/We certify that I/We am/are a registered Member(s)/Proxy for the registered Member(s) of the Company.

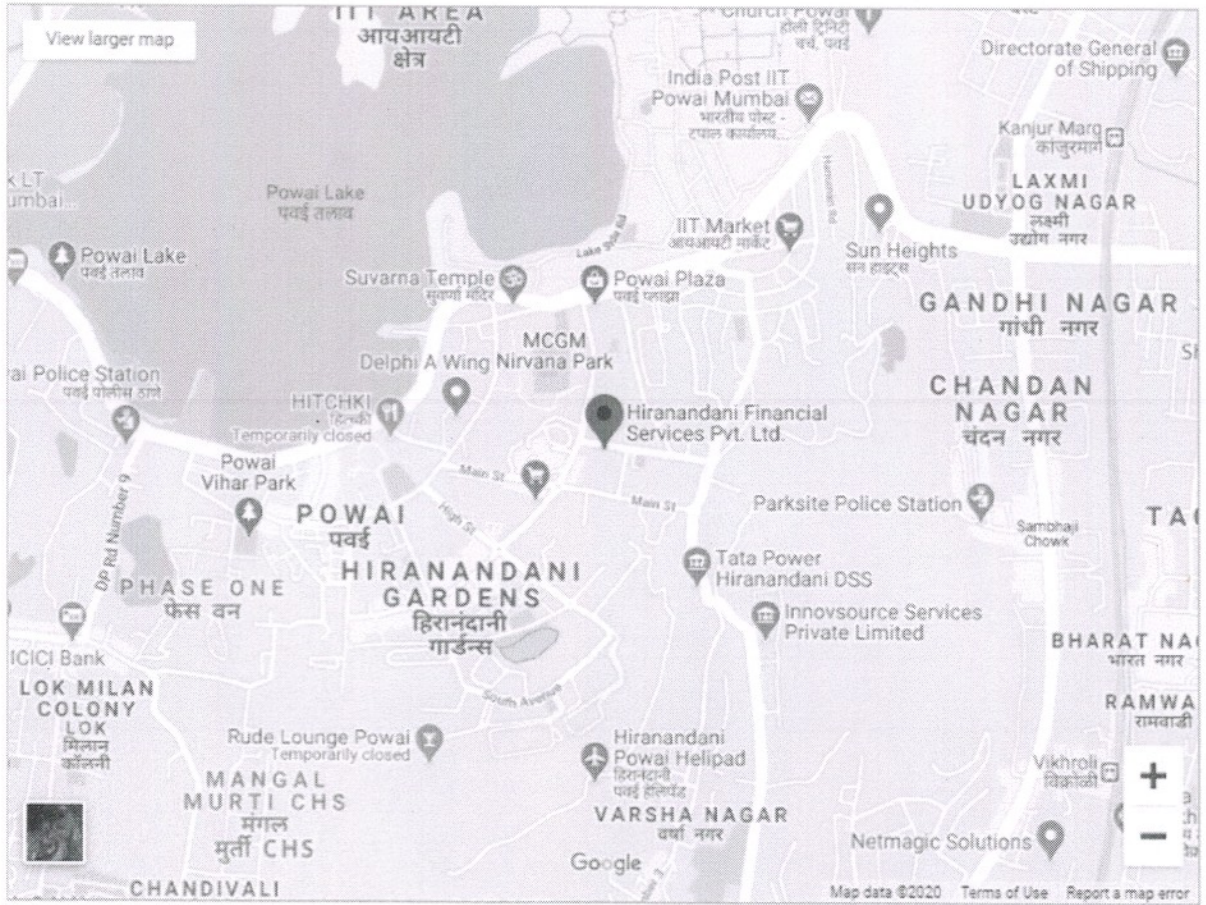
I/we hereby record my/our presence at the Fifth Annual General Meeting of the Company being held on **Thursday, September 30, 2022 at 10:45 A.M.** at 9th Floor, Sigma, Hiranandani Business Park, Technology Street, Powai, Mumbai – 400076.

.....
First / Sole Holder / Proxy
/Authorised Representative

.....
Second Joint Holder / Proxy

.....
Third Joint Holder / Proxy

ROUTE MAP OF THE VENUE OF FOURTH ANNUAL GENERAL MEETING



Tel : 2200 4465, 2206 7440
Fax : 91-22- 2200 0649
E-mail : Mumbai@vsa.co.in
Website : www.vsa.co.in

V. Sankar Aiyar & Co.
CHARTERED ACCOUNTANTS
2-C, Court Chambers
35, New Marine Lines
Mumbai – 400 020

INDEPENDENT AUDITOR'S REPORT

To the Members of Hiranandani Financial Services Private Limited

Report on the Audit of the Financial statements

Opinion

We have audited the accompanying financial statements of Hiranandani Financial Services Private Limited, which comprise Balance Sheet as at 31st March 2022, the Statement of Profit and Loss, and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Accounting Standards prescribed under section 133 of the Act read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended), of the state of affairs of the Company as at March 31, 2022 and its loss, and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

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

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

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

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

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



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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Sec 133 of the Act read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



Annexure A to the Independent Auditor's Report

Annexure referred to in our report of even date to the members of Hiranandani Financial Services Private Limited on the accounts for the year ended 31st March 2022.

- 3(i)(a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a program of verification of Property, Plant and Equipment to cover all the items at major locations in a phased manner over a period of 3 years which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Based on the information and explanation given to us and on verification of the records of the Company, the physical verification was conducted during the year and no material discrepancies were observed on such verification.
- (c) According to the information and explanations given to us and based on verification of records provided to us, we report that, the company does not hold any immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) and hence provision of clause 3(i) (c) are not applicable.
- (d) The company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) As per the information and explanation provided to us no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- 3(ii) (a) The company does not have any inventory and hence reporting under clause 3(ii)(a) of the order is not applicable.
- (b) The company has not been sanctioned any working capital limits from banks or financial institutions on the basis of security of current assets namely financial asset and hence provision of clause 3(ii)(b) are not applicable.
- 3(iii) (a) The company being a Non-Banking Finance Company, the provisions of clause 3(iii)(a) are not applicable to the company.
- (b) According to the information and explanations given to us and based on the verification of the records and in our opinion the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in nature of loans and guarantees provided are not prejudicial to the company's interest.
- (c) The company being a Non-banking Finance company is in the business of granting loans and advances in the nature of loans. The schedule of repayment of principal and payment of interest has been stipulated and the repayments or receipts are regular except accounts which are overdue are classified as special mention accounts or non-performing assets as per RBI norms.
- (d) The total amount overdue for more than ninety days is Rs 411.13 lakhs. Based on the information and explanations given to us and in our opinion reasonable steps have been taken by the company for recovery of principal and interest.



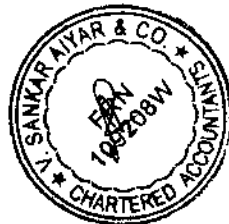
V. Sankar Aiyar & Co.

CHARTERED ACCOUNTANTS
Mumbai – 400 020

- (e) The company being a Non-Banking Finance Company, the provisions of clause 3(iii)(e) are not applicable to the company.
- (f) As per the information and explanation made available to us and in our opinion the company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment. Hence the provision of clause 3(iii)(f) are not applicable to the company.
- 3(iv) The Company is a registered Non-Banking Finance Company to which the provisions of Sections 185 and 186 of the Companies Act, 2013, are not applicable, and hence reporting under clause (iv) of CARO 2020 is not applicable.
- 3(v) The Company has not accepted any deposits from the public, within the meaning of Section 73 to 76 or any other relevant provisions of the Act and Rules framed thereunder. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or other tribunal.
- 3(vi) The maintenance of cost records has not been specified by Central Government under Section 148(1) of the Companies Act, 2013 for the company.
- 3(vii) (a) According to the information and explanations given to us the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, service tax, sales tax, value added tax, goods and services tax, cess and other statutory dues as applicable to the Company with the appropriate authorities. We are informed that the provisions of Sales Tax, Customs Duty and Excise Duty are not applicable to the Company.
- There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, cess and other material statutory dues in arrears as at 31 March 2022 for a period of more than six months from the date they became payable.
- 3(vii) (b) According to the information and explanations given to us and records of the Company examined by us, there are no dues in respect of income-tax, sales tax, service tax, duty of customs, duty of excise, Value added Tax and Goods and Services Tax that have not been deposited with the appropriate authorities on account of any dispute as at March 31, 2022.
- 3(viii) As per the information and explanation provided to us and as represented to us, there were no transactions not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- 3(ix)(a) According to the information and explanation given to us and based on our audit procedures, the Company has not defaulted in repayment of loans or borrowings or in the payment of interest thereon to any lender.
- (b) According to the information and explanations provided to us, the company has not been declared as wilful defaulter by any bank or financial institution or other lender.
- (c) According to the information and explanations and records provided to us, the company has not obtained any term loans and hence the provision of clause 3(ix)(c) is not applicable.
- (d) According to the information and explanations provided to us, in our opinion the funds raised on short term basis have not been utilised for long term purposes.
- (e) According to the information and explanations provided to us and on examination of records, the company does not have any subsidiaries, associates or joint ventures and hence the provisions of clause 3(ix)(e) are not applicable.



- (f) According to the information and explanations given to us, the company does not have any subsidiaries, associates or joint ventures and hence the provisions of clause 3(ix)(f) are not applicable.
- 3(x) (a) According to the information and explanations given to us and in our opinion, the company has not raised any money by way of initial public offer or further public offer (including debt instruments) hence the provisions of clause 3(x)(a) is not applicable.
- (b) During the year the Company has issued 30,00,00,000 equity shares on rights basis to its existing equity shareholders for a consideration of Rs. 3,00,00,00,000. The company has also made preferential allotment of 30,00,000 Class B equity shares for a consideration of Rs. 30,00,000/- (partly paid upto Re 1 per share) and the requirements of section 62 of the Companies Act, 2013 have been complied with, and the funds raised have been used for the purposes for which funds were raised. The company has not issued any convertible debentures (fully or partially or optionally convertible) during the year.
- 3(xi) (a) During the course of our examination of the books and records of the company carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, no instance of fraud on or by the company has been noticed or reported.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed by us in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) According to the information and explanations given to us, the Company has not received any whistle blower complaints during the year.
- 3(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- 3(xiii) According to the information and explanations given to us and in our opinion, all the transactions with the related parties are in compliance with sections 177 and 188 of Companies Act where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- 3(xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- 3(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding or subsidiary companies or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- 3(xvi) (a) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

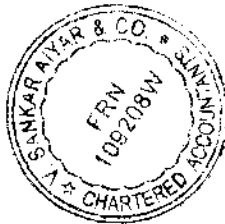


- (b) The company is in the business of and has carried on the business of Non- Banking Financial activities during with valid Certificate of Registration (CoR) obtained from the Reserve Bank of India as per the Reserve Bank of India Act, 1934
- (c) The company is a not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India and accordingly reporting under clause 3(xvi)(c) of the Order is not applicable.
- (d) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
- xvii. The Company has incurred cash losses during the financial year covered by our audit mainly on account of expenditure incurred on expansion of business operations but the company had not incurred cash losses in the immediately preceding financial year.
- xviii. There has been resignation of the predecessor statutory auditors of the Company during the year consequent to issue of Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27,2021 by RBI. We have obtained no objection certificate from the predecessor auditor.
- xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx)(a) According to the information and explanations given to us, The Company being private limited company the provisions of section 135 of Companies act are not applicable to Company. Hence the provision of clause 3(xx)(a) of the Order is not applicable for the year.
- (b) According to the information and explanations given to us, The Company being private limited company the provisions of section 135 of Companies act are not applicable to Company. Hence the provision of clause 3(xx)(b) of the Order is not applicable for the year.

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



Asha Patel
Partner
M. No.166048
Place: Mumbai
Date: May 20, 2022
UDIN: 22166048AJHBT9373



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Other matters

The financials statements of the company for the previous year ended March 31,2021 were audited by the predecessor M/s Walker Chandio & Co LLP who had expressed unmodified opinion vide their report dated June 28,2021.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the financial statements.

In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
 - b) The financial statements dealt with by this Report are in agreement with the books of account.
 - c) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - d) On the basis of the written representations received from the directors as on 31st March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164(2) of the Act.
 - e) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - f) Based on our audit, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to the Company since the company is not a public company as defined under section 2(71) of the Act.



- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigation which would impact its financial position as at March 31, 2022.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31st March 2022;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2022.
 - iv. (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

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

(c) In our opinion and based on the audit procedures, we have considered reasonable and appropriate in the circumstances; nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
 - v. The company has not declared or paid any dividend during the year.

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



Asha Patel
Partner

M. No. 166048

Place: Mumbai

Date: May 20, 2022

UDIN: 22166048AJHBTT9373



Annexure B referred to in our report of even date to the members of Hiranandani Financial Services Private Limited on the standalone accounts for the year ended 31st March 2022

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Hiranandani Financial Services Private Limited ("the Company") as of March 31st, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

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

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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



expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

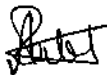
Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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



Asha Patel

Partner

M. No.166048

Place: Mumbai

Date: May 20, 2022

UDIN: 22166048AJHBT9373



HIRANANDANI FINANCIAL SERVICES PRIVATE LIMITED
CIN: U65999MH2017PTC291060
BALANCE SHEET AS AT 31 MARCH 2022

(Amount In Rs)

PARTICULARS	Note No.	AS AT 31 March 2022 Rs	AS AT 31 March 2021 Rs
EQUITY & LIABILITIES			
Shareholders' fund			
Share capital	3	4,00,30,00,000	1,00,00,00,000
Reserves and surplus	4	(8,68,19,588)	(3,26,50,347)
		3,91,61,80,412	96,73,49,653
Non-current liabilities			
Long-term borrowings	5	4,08,507	11,80,138
Long-term provisions	6	2,81,95,886	1,20,66,013
		2,86,04,393	1,32,46,151
Current liabilities			
Short term borrowings	7	71,07,71,631	1,11,13,81,218
Trade payables			
Micro and small enterprises	8	-	-
Others		2,10,01,877	46,14,704
Other current liabilities	9	12,30,80,758	7,55,92,948
Short-term provisions	10	1,45,02,410	1,30,28,931
		86,93,56,676	1,20,46,17,802
TOTAL		4,81,41,41,481	2,18,52,13,606
ASSETS			
Non current assets			
Property, Plant & Equipment (PPE) & Intangible Assets			
Property, Plant & Equipment (PPE)	11	1,06,37,342	60,06,506
Intangible assets		31,54,093	45,20,556
Long-term loans and advances	12	3,67,76,09,162	1,11,36,68,142
Other Non Current Assets	13	85,60,877	54,39,449
		3,69,99,61,474	1,12,96,34,653
Currents Assets			
Current investments	14	45,00,00,000	18,00,00,000
Cash and bank balances	15	5,87,52,440	10,59,30,464
Short-term loans and advances	16	55,15,01,695	72,61,87,492
Other current assets	17	5,39,25,872	4,34,60,997
		1,11,41,80,007	1,05,55,78,953
TOTAL		4,81,41,41,481	2,18,52,13,606


Significant accounting policies and notes to financial statements

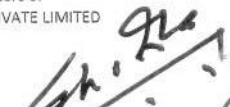
The accompanying notes are an integral part of the financial statements

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

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




Harsh S. Hiranandani
Director
DIN : 07661253


Gulab Singh Lodha
Director
DIN : 08014426

Asha Patel
Partner
Membership No: 166048
Place : Mumbai
Date : 20th May 2022



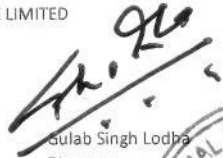



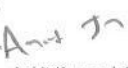


Uday Sivarana
CEO
Place : Mumbai
Date : 20th May 2022


Vivekanand Ramachandran
CFO


Ankit Kumar Jain
Company Secretary
M No. A21893



HIRANANDANI FINANCIAL SERVICES PRIVATE LIMITED
CIN: U65999MH2017PTC291060
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2022

PARTICULARS	Note No.	FOR THE YEAR ENDED	FOR THE YEAR ENDED
		31 March 2022	31 March 2021
		Rs	Rs
Income :-			
Revenue from operations	18	46,41,75,124	24,73,30,188
Other income	19	4,37,05,479	1,57,79,923
Total Income		50,78,80,603	26,31,10,111
Expenses :-			
Finance cost	20	5,47,169	2,88,423
Employee benefit expenses	21	37,80,45,882	17,48,89,697
Administrative and other expenses	22	15,24,43,396	4,71,54,815
Depreciation and amortisation expense	11	1,06,47,798	56,75,242
Provisions & write offs	23	3,14,75,061	1,58,77,679
Total Expenses		57,31,59,305	24,38,85,856
Profit Before Tax		(6,52,78,701)	1,92,24,255
Provision for taxation		-	32,08,910
Profit After Tax		(6,52,78,701)	1,60,15,345
Earning Per Share - Basic and Diluted (Nominal Value of Rs 10 per share) [Refer Note 26]		(0.29)	0.20
Significant accounting policies and notes to financial statements		The accompanying notes are an integral part of the financial statements	
As per our report of even date For V. Sankar Aiyar & Co Chartered Accountants Firm Regn. No. 109208W		For and on behalf of the Board of Directors of HIRANANDANI FINANCIAL SERVICES PRIVATE LIMITED	
 Asha Patel Partner Membership No: 166048 Place : Mumbai Date : 20th May 2022		 Harsh S. Hiranandani Director DIN : 07661253	
		 Sulab Singh Lodha Director DIN : 08014426	
		 Uday Suvarna CEO Place : Mumbai Date : 20th May 2022	
		 Vivekanand Ramachandran CFO	
		 Ankit Kumar Jain Company Secretary M No. A21893	
			

HIRANANDANI FINANCIAL SERVICES PRIVATE LIMITED
CIN: U65999MH2017PTC291060
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

PARTICULARS	FOR THE YEAR ENDED 31 March 2022 Rs	FOR THE YEAR ENDED 31 March 2021 Rs
Cash flow from operating activities:-		
Profit before tax	(6,52,78,701)	1,92,24,255
Adjusted for:	2,93,87,732	1,87,53,448
Depreciation and amortisation	1,06,47,798	56,75,242
Profit on sale of mutual fund	(1,68,39,386)	(56,06,360)
Interest income on fixed deposit	(15,99,583)	(18,32,656)
Provision & write offs	3,14,75,061	1,58,77,679
Finance cost	5,47,169	2,88,423
Provision for gratuity	16,17,863	21,13,413
Provision for compensated absences	35,38,811	22,37,707
Operating profit before working capital changes	(3,58,90,969)	3,79,77,702
<u>Adjusted for operating assets and liabilities</u>		
(Increase) in loans and advances	(2,40,17,44,251)	(21,20,20,443)
Increase/(Decrease) in Trade payables	1,63,87,173	39,60,370
Increase in Other current liabilities	4,74,87,810	5,94,63,909
Increase/(Decrease) in Other provisions	(79,18,923)	(61,66,821)
(Increase) in Other assets	(1,04,64,875)	(2,78,86,766)
Cash used in Operations	(2,39,21,44,037)	(14,46,72,049)
Taxes refunded/(paid)	93,67,601	(75,91,741)
Net cash used in operating activities (A)	(2,38,27,76,436)	(15,22,63,790)
Cash flow from investing activities:-		
Purchase of PPE	(1,39,12,171)	(66,03,548)
Net Purchase of mutual fund units	(25,31,60,614)	(17,43,93,641)
Interest on investments	15,99,583	18,32,656
Net Cash from/(used in) investing activities (B)	(26,54,73,202)	(17,91,64,532)
Cash flow from financing activities:-		
Proceeds from issue of equity shares	3,00,30,00,000	25,00,00,000
Net Proceeds from short term borrowings	(40,06,09,587)	-
Investment in FD with maturity more than 3 months upto 12 months	(12,175)	(14,205)
Long term borrowings	(7,71,631)	(15,92,727)
Finance cost	(5,47,169)	(2,94,805)
Net cash from financing activities (C)	2,60,10,59,438	24,80,98,263



HIRANANDANI FINANCIAL SERVICES PRIVATE LIMITED
CIN: U65999MH2017PTC291060
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

PARTICULARS	FOR THE YEAR ENDED 31 March 2022 Rs	FOR THE YEAR ENDED 31 March 2021 Rs
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(4,71,90,199)	(8,33,30,059)
Opening balance of cash and cash equivalents	10,56,91,259	18,90,21,317
Closing balance of cash and cash equivalents	5,85,01,060	10,56,91,259
Components of cash and cash equivalents:		
Cash on hand	-	-
With banks - in current account	1,83,61,060	58,91,259
- in deposit account	4,01,40,000	9,98,00,000
	5,85,01,060	10,56,91,259

Note:

- 1 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 notified from time to time.
- 2 The previous year's figures have been regroup, rearranged, restated and reclassified wherever necessary.
- 3 Bracket indicates cash outflow.

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

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

Asha Patel

Harsh S. Hiranandani

Gulab Singh Lodha

Harsh S. Hiranandani
Director
DIN : 07661253

Gulab Singh Lodha
Director
DIN : 08014426

Asha Patel
Partner
Membership No: 166048
Place : Mumbai
Date : 20th May 2022

Jday Suvarna

Vivekanand Ramachandran

Ankit Kumar Jain

Jday Suvarna
CEO

Vivekanand Ramachandran
CFO

Ankit Kumar Jain
Company Secretary
M No. A21893

Place : Mumbai
Date : 20th May 2022



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 small businesses including micro, small and medium enterprises, personal loans and loans for onward lending to borrowers in small businesses/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.

d.A. Property, Plant & Equipments:

Property, Plant & Equipments are stated at cost less accumulated depreciation and impairment losses, if any. The cost includes non-refundable taxes, duties, freight and other incidental expenses incurred directly related to the acquisition and installation of the asset. Subsequent expenditure 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

d.B. Intangible Assets:

i. Recognition and measurement

Intangible assets including those acquired by the Company are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the statement of profit and loss as and when it is incurred.

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. Property, Plant & Equipments:

Depreciation on Property, Plant & Equipments 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 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 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:

Property, Plant & Equipments description	Management estimate of useful life	Useful life as per schedule II
Vehicles	8	8
Office Equipment	5	5
Computers & Printers	3	3
Furniture & Fixtures	10	10

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 a Straight Line Method (SLM) basis over the period not exceeding 2 years. Trademark/LOGO are carried over cost of developments less accumulated amortization and amortized on SLM basis over 4 years.

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

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 plan

For defined benefit plan 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.



Other Employee Benefits:

Compensated absences:

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

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

Employee stock options:

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

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.



p. Classification and provisioning for loan portfolio:

(a) Asset classification:

Loans are classified as standard and non-performing assets in accordance with following policy:

Classification	Arrear Period
Standard Assets	No overdues/ Overdues upto 90 days
Non Performing Assets:	
Sub-standard Assets	Overdue more than 90 days and not more than 1 year
Doubtful assets	
	more than 1 year and upto 2 years
	more than 2 years and upto 3 years
	Overdue for more than 3 years
Loss Assets	Upon identification

(b) Provisioning norms followed by Company:

i) Loans are provided for/written off, in accordance with the policy as per the table below, subject to the minimum provision required as per Non-Banking Financial Company - Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016:

Category	Product-Secured Loans	Product-UnSecured Loans
Standard Assets	General provision of 0.25% of the total outstanding	General provision of 0.25% of the total outstanding
Sub-standard Assets	10% of the total outstanding	Depending upon the ageing in the sub-standard category 1. 10% of the total outstanding (91 to 120 DPD) 2. 50% of the total outstanding (121 to 150 DPD) 3. 100% of the total outstanding (151 to 180 DPD)
Doubtful assets	On Secured portion depending upon the ageing in the doubtful category 1. Up to 1 yr – 20% 2. 1 to 3 yrs – 30% 3. Above 3 yrs – 50% 4. 100% of the extent to which the advance is not covered by the realizable value of the security	Not Applicable- since fully provided on 180 DPD
Loss Assets	100% on identification	100% on identification

Further, the Company can take accelerated provisions sufficient to cover the outstanding dues, much ahead on DPD string in exceptional instances of Borrower's death / terminal illness or fraud assessed and/or in cases where probability to recover dues are minimal.

ii) Write-offs

The Company has a policy of writing off unsecured loans, once the overdue period on such loans is more than 180 days. Further, the Company can take accelerated write-offs, much ahead on DPD string in exceptional instances of Borrower's death / terminal illness or fraud assessed and/or in cases where probability to recover dues are minimal.



Note 3

SHARE CAPITAL	AS AT	AS AT
	31 March 2022	31 March 2021
	Rs	Rs
Authorised		
100,00,00,000 (P.Y. 10,00,00,000) Equity Shares of Rs.10 each as per the following: Class A (Ordinary Eq. Shares)- 99,40,00,000 Shares of Rs 10/- Each, (PY- 10,00,00,000 of Rs 10/- Each) Class B- 30,00,000 Shares of Rs 10/- Each Class C- 30,00,000 Shares of Rs 10/- Each	10,00,00,00,000	1,00,00,00,000
	10,00,00,00,000	1,00,00,00,000
Issued, Subscribed & Paid Up Share Capital:-		
Class A Eq Shares: 40,00,00,000 (P.Y. 10,00,00,000) Equity Shares of Rs. 10 each fully paid up	4,00,00,00,000	1,00,00,00,000
Class B Eq Shares: 30,00,000 (P.Y. Nil) Equity Shares of Rs. 10 each. Rs 1/- called & paid up	30,00,000	
Total	4,00,30,00,000	1,00,00,00,000

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

Particulars	31 March 2022		31 March 2021	
	No. of Shares	Rs	No. of Shares	Rs
Equity Shares of Rs 10 each				
At the beginning of the year	10,00,00,000	1,00,00,00,000	7,50,00,000	75,00,00,000
Issued during the year	30,30,00,000	3,00,30,00,000	2,50,00,000	25,00,00,000
Outstanding at the end of the year	40,30,00,000	4,03,00,00,000	10,00,00,000	1,00,00,00,000

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

	31 March 2022			31 March 2021		
	No of Shares	Amount	%	No. of Shares	Amount	%
Equity Shares of Rs. 10 each						
Ms. Neha Hiranandani	10,00,00,000	1,00,00,00,000	24.81	5,00,00,000	50,00,00,000	50
Mr. Harsh Hiranandani	30,00,00,000	3,00,00,00,000	74.44	5,00,00,000	50,00,00,000	50
Total	40,00,00,000	4,00,00,00,000	99.26	10,00,00,000	1,00,00,00,000	100

c) Details of promoter shareholding:

Promoter Name	31 March 2022			31 March 2021		
	No of Shares	% of shareholding	% change during the year	No. of Shares	% of shareholding	% change during the year
Ms. Neha Hiranandani	10,00,00,000	24.8%	100%	5,00,00,000	50.0%	33%
Mr. Harsh Hiranandani	30,00,00,000	74.4%	500%	5,00,00,000	50.0%	33%
Total	40,00,00,000	99.3%	300%	10,00,00,000	100.0%	33%

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

The Company's paid-up capital is divided into Class A (Ordinary equity shares) and Class-B equity shares of face value of Rs. 10 each. Each Class A holder of equity shares is entitled to one vote per share held and each share has the same dividend rights. Class-B equity share does not contain any voting rights but shall be entitled to same dividend rights as Class A equity shareholders.

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.

The Company has neither issued any bonus shares nor issued any shares for consideration other than cash and there is no buy back of shares since its inception.



HIRANANDANI FINANCIAL SERVICES PRIVATE LIMITED
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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Note 4

RESERVES AND SURPLUS	AS AT	AS AT
	31 March 2022	31 March 2021
	Rs	Rs
a. Statutory reserves:		
Balance at the beginning of the year	37,79,840	5,76,771.05
Add: Transferred from surplus in statement of profit & loss (Refer note 33c)	-	32,03,069
(A)	37,79,840	37,79,840
b. Surplus/(Deficit) in the statement of profit and loss:		
Opening balance	(3,64,30,187)	(4,92,42,463)
(+) Net profit/(Net loss) for the current year	(6,52,78,701)	1,60,15,345
Less : Appropriations transfer to statutory reserve (Refer note 33c)	-	(32,03,069)
(B)	(10,17,08,888)	(3,64,30,187)
c. Employee Stock Option Plan Reserves		
Opening balance		
(+) Addition for the current year	1,11,09,460	
Less : utilization during the year		
(C)	1,11,09,460	
Total (A+B+C)	(8,68,19,588)	(3,26,50,347)

Note 5

LONG TERM BORROWING	AS AT	AS AT
	31 March 2022	31 March 2021
	Rs	Rs
Secured Term Loan- From bank	4,08,507	11,80,138
Total	4,08,507	11,80,138
Secured term loans, are vehicle loans taken from ICICI Bank, secured against the respective vehicle for which the loan has been taken		
Term loan is repayable in 36 to 60 monthly instalment. Interest varies from 8.5% to 9% per annum		
Maturity Profile	Amount	Amount
- Amount due within One year	7,71,631	13,81,218
- Amount due between one year to three years	4,08,507	11,80,138
Total	11,80,138	25,61,356

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

Note 6

LONG TERM PROVISION	AS AT	AS AT
	31 March 2022	31 March 2021
	Rs	Rs
Provision for standard assets	1,43,98,407	26,24,816
Provision for standard assets-restructured	31,89,458	27,93,780
Provision for non performing loans	58,75,065	35,23,020
Provision for gratuity (Refer note 35.2)	47,32,956	31,24,398
Total	2,81,95,886	1,20,66,013

Note 7

SHORT TERM BORROWING	AS AT	AS AT
	31 March 2022	31 March 2021
	Rs	Rs
Loan from Director - unsecured loan (Refer note 28) (Short term loan upto 1 year at Nil interest rate)	71,00,00,000	1,11,00,00,000
Current maturities of long term borrowings	7,71,631	13,81,218
Total	71,07,71,631	1,11,13,81,218



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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Note 8

Trade Payable	AS AT	AS AT
	31 March 2022	31 March 2021
	Rs	Rs
Micro and small enterprises (Refer note 25)	-	-
Others	2,10,01,877	46,14,704
Total	2,10,01,877	46,14,704
Undisputed	2,10,01,877	46,14,704
MSME	-	-
Others	2,10,01,877	46,14,704
-Less than 1 year	2,10,01,877	46,14,704
-1-2 Years	-	-
-2-3 Years	-	-
-More than 3 years	-	-
Disputed	-	-
MSME	-	-
Others	-	-
-Less than 1 year	-	-
-1-2 Years	-	-
-2-3 Years	-	-
-More than 3 years	-	-
Total	2,10,01,877	46,14,704

Note 9

OTHER CURRENT LIABILITIES	AS AT	AS AT
	31 March 2022	31 March 2021
	Rs	Rs
Statutory dues payable	1,57,68,840	49,30,735
Employee related payables	55,46,924	31,23,000
Interest accrued but not due on borrowings	5,573	12,056
EMI/Fee received in advance	65,05,755	27,74,043
Book overdraft	5,86,77,434	5,24,22,458
Accrued expenses	3,65,76,232	1,23,30,656
Total	12,30,80,758	7,55,92,948

Note 10

SHORT TERM PROVISION	AS AT	AS AT
	31 March 2022	31 March 2021
	Rs	Rs
Provision for standard asset*	45,82,499	42,66,469
Provision for standard assets-restructured	7,90,835	4,55,315
Provision for gratuity (Refer note 35.2)	20,629	11,324
Provision for compensated absences	76,78,887	41,40,076
Provision for leave travelling allowances	14,29,560	9,26,192
Provision for taxation	-	32,08,910
Rent equalization reserve	-	20,645
Total	1,45,02,410	1,30,28,931

* Including floating provision as on 31.03.22- Rs. 86 Lakhs

* Including floating provision as on 31.03.21- Rs. 25 Lakhs



NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

(Amount in Rs)

11 Property, Plant, Equipment (PPE) & Intangibles:

Sr. No.	Particulars	GROSS BLOCK			ACCUMULATED DEPRECIATION			NET BLOCK		
		As on 01 April 2021	Additions	Deductions	As on 31 March 2022	As on 01 April 2021	For The Year/ Adjustments	Deletions / Adjustments	As on 31 March 2022	As on 31 March 2021
A)	Property, Plant & Equipment (PPE)									
1	Computers	63,63,821	95,33,340	-	1,58,97,161	38,31,533	53,15,292	-	91,46,825	67,50,336
	Computers- Total	63,63,821	95,33,340	-	1,58,97,161	38,31,533	53,15,292	-	91,46,825	67,50,336
	Previous Year	41,36,821	22,27,000	-	63,63,821	19,04,197	19,27,336	-	38,31,533	25,32,288
2	Office Equipments	3,37,377	6,37,706	-	9,75,084	1,82,344	1,96,907	-	3,79,251	5,95,833
	Office Equipments- Total	3,37,377	6,37,706	-	9,75,084	1,82,344	1,96,907	-	3,79,251	5,95,833
	Previous Year	2,68,858	68,520	-	3,37,377	67,220	1,15,125	-	1,82,344	2,01,638
3	Vehicles	69,55,149	-	-	69,55,149	40,15,062	9,18,189	-	49,33,251	20,21,898
	Vehicles- Total	69,55,149	-	-	69,55,149	40,15,062	9,18,189	-	49,33,251	20,21,898
	Previous Year	69,55,149	-	-	69,55,149	26,79,902	13,95,160	-	40,15,062	29,40,087
4	Furniture & Fixtures	5,27,198	10,79,956	-	16,07,154	1,48,100	1,89,778	-	3,37,879	12,69,275
	Furniture & Fixtures- Total	5,27,198	10,79,956	-	16,07,154	1,48,100	1,89,778	-	3,37,879	12,69,275
	Previous Year	3,72,198	1,55,000	-	5,27,198	49,360	98,741	-	1,48,100	3,79,098
	Total (A)	1,41,83,546	1,12,51,002	-	2,54,34,547	81,77,040	66,20,167	-	1,47,97,206	1,06,37,342
	Previous Year	1,17,33,026	24,50,520	-	1,41,83,546	47,00,678	34,76,361	-	81,77,039	60,06,506
B)	Intangible Assets									
1	Software customization and Implementation	51,44,029	26,09,317	-	77,53,347	23,42,896	33,67,721	-	57,10,617	20,42,729
	Software customization and Implementation- Total	51,44,029	26,09,317	-	77,53,347	23,42,896	33,67,721	-	57,10,617	20,42,729
	Previous Year	17,91,000	33,53,029	-	51,44,029	6,37,998	17,04,898	-	23,42,896	28,01,133
2	Trademark	8,00,000	-	-	8,00,000	3,95,628	2,00,000	-	5,95,628	2,04,372
	Trademark- Total	8,00,000	-	-	8,00,000	3,95,628	2,00,000	-	5,95,628	2,04,372
	Previous Year	8,00,000	-	-	8,00,000	1,95,628	2,00,000	-	3,95,628	4,04,372
3	Website Development Cost	18,15,924	51,850	-	18,67,774	5,00,872	4,59,909	-	9,60,782	9,06,992
	Website Development Cost- Total	18,15,924	51,850	-	18,67,774	5,00,872	4,59,909	-	9,60,782	9,06,992
	Previous Year	10,15,924	8,00,000	-	18,15,924	2,06,891	2,93,981	-	5,00,872	13,15,052
	Total (B)	77,59,953	26,61,167	-	1,04,21,120	32,39,397	40,27,630	-	72,67,027	31,54,093
	Previous Year	36,06,924	41,53,029	-	77,59,953	10,40,517	21,98,879	-	32,39,397	45,20,556



Note 12

LONG TERM LOANS & ADVANCES	AS AT 31 March 2022	AS AT 31 March 2021
	Rs	Rs
A) Financing Activities:		
Standard & considered good #		
Secured loans*	3,57,69,54,890	1,04,54,27,075
Unsecured loans	5,10,90,289	3,24,36,918
Substandard & considered doubtful #*		
Secured loans*	4,07,70,911	2,43,11,392
Unsecured loans	3,42,183	21,83,519
(A)	3,66,91,58,273	1,10,43,58,904
# Represents standard assets in accordance with the Company's asset classification policy (Refer note 2(p)(a))		
#* Represents Non-performing assets in accordance with the Company's asset classification policy(Refer note 2(p)(a))		
* Secured against tangible assets in the form of property/receivables		
B) Other than Financing Activities:		
Unsecured & considered good		
Advance Income Tax (Tax deducted at source)	51,40,469	91,63,708
Prepaid expenses	11,22,228	1,45,531
Advance to Vendor	21,88,192	-
(B)	84,50,889	93,09,238
Total (A+B)	3,67,76,09,162	1,11,36,68,142

Note 13

Other Non Current Assets	AS AT 31 March 2022	AS AT 31 March 2021
	Rs	Rs
Unsecured & considered good		
Security deposits	85,60,877	54,39,449
Total	85,60,877	54,39,449

Note 14

INVESTMENTS	AS AT 31 March 2022	AS AT 31 March 2021
	Rs	Rs
Investment in mutual fund (Short term - Quoted)	45,00,00,000	18,00,00,000
130499.97 units in Aditya Birla Sun Life Overnight fund-Direct Growth Plan, (Market value-15,00,33,907.91, Cost-15,00,00,000)		
17,45,332.751 units in ICICI Prudential Overnight Fund Direct plan,(Market value-20,01,38,702.82, Cost- 20,00,00,000)		
35176.09 units in SBI Low duration Fund Regular growth plan,(Market value- 10,01,50,739.98, Cost- 10,00,00,000)		
Total	45,00,00,000	18,00,00,000

Note 15

CASH AND BANK BALANCES	AS AT 31 March 2022	AS AT 31 March 2021
	Rs	Rs
A) CASH AND CASH EQUIVALENTS		
a. Balances with banks		
- In Current account	1,83,61,060	58,91,259
b. Cash on hand	-	-
c. Fixed deposit with original maturity of less than 3 months	4,01,40,000	9,98,00,000
(A)	5,85,01,060	10,56,91,259
B) Other Bank Balances		
a. Fixed deposit with original maturity of more than 3 months but upto 12 Months (Fixed deposit is lien marked for corporate credit card)	2,51,380	2,39,205
(B)	2,51,380	2,39,205
Total (A+B)	5,87,52,440	10,59,30,464



NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Note 16

SHORT TERM LOANS AND ADVANCES	AS AT	AS AT
	31 March 2022	31 March 2021
	Rs	Rs
A) Financing Activities:		
Standard & considered good #		
Secured loans*	48,76,75,054	67,10,48,990
Unsecured loans	4,00,02,458	3,45,10,105
Interest receivable on loans	69,11,123	9,43,689
(A)	53,45,88,635	70,65,02,784
# Represents standard assets in accordance with the Company's asset classification policy (Refer note 2(p)(a)) * Secured against tangible assets in the form of property/receivables		
B) Other than Financing Activities:		
Unsecured & considered good		
Security deposits	-	7,50,600
Withholding and other taxes receivables	1,03,22,797	1,56,67,160
Advances to vendors	15,10,720	2,36,937
Prepaid expenses	48,55,109	29,51,332
Advance to employees	2,24,434	78,679
(B)	1,69,13,060	1,96,84,708
Total (A+B)	55,15,01,695	72,61,87,492

Note 17

Other Current Assets	AS AT	AS AT
	31 March 2022	31 March 2021
	Rs	Rs
Receivable from portfolio servicing partner (Refer Note 38)	58,39,755	2,46,45,612
Other receivables	17,70,004	5,90,000
Interest accrued but not due	4,61,78,679	1,81,65,816
Interest accrued on Fixed Deposit	1,37,434	59,569
Total	5,39,25,872	4,34,60,997



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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Note 18

REVENUE FROM OPERATIONS	FOR THE YEAR ENDED 31 March 2022	FOR THE YEAR ENDED 31 March 2021
	Rs	Rs
-Interest income on loans	37,23,19,431	22,46,73,484
Other operating revenues:		
-Processing fee income	7,86,56,192	1,88,52,070
-Other charges	1,31,99,501	38,04,634
Total	46,41,75,124	24,73,30,188

Note 19

OTHER INCOME	FOR THE YEAR ENDED 31 March 2022	FOR THE YEAR ENDED 31 March 2021
	Rs	Rs
Gain from sale of current investments	1,68,39,386	56,06,360
Interest on fixed deposits	15,99,583	18,32,656
Interest on commercial papers	53,94,050	36,01,000
Website display charges	1,80,00,000	45,00,000
Interest on Income Tax refund	7,33,700	57,410
Other miscellaneous income	11,38,760	1,82,497
Total	4,37,05,479	1,57,79,923

Note 20

FINANCE COST	FOR THE YEAR ENDED 31 March 2022	FOR THE YEAR ENDED 31 March 2021
	Rs	Rs
Interest on Term Loan (Vehicle Loans)	5,47,169	2,88,423
Total	5,47,169	2,88,423

Note 21

EMPLOYEE BENEFIT EXPENSES	FOR THE YEAR ENDED 31 March 2022	FOR THE YEAR ENDED 31 March 2021
	Rs	Rs
Salaries, bonus & Commission	33,98,93,394	15,58,84,162
Contribution to PF and other funds	1,47,62,952	72,18,435
Staff welfare expenses	66,95,777	72,33,815
Gratuity expense (Refer note 35)	16,17,863	21,13,413
Compensated absences	39,66,436	24,39,872
Employee Stock Option Plan	1,11,09,460	-
Total	37,80,45,882	17,48,89,697



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Note 22

ADMINISTRATIVE AND OTHER EXPENSES	FOR THE YEAR ENDED	FOR THE YEAR ENDED
	31 March 2022	31 March 2021
	Rs	Rs
Auditor remuneration (Refer note 24)	9,75,000	9,70,000
Advertisement & sales promotion	1,00,69,211	9,52,875
Commission expenses	6,11,834	13,56,148
Electricity charges	38,04,904	12,83,831
Insurance	29,47,869	16,50,079
Information technology expenses	75,84,530	56,78,719
Legal & professional charges	1,21,82,924	45,55,632
Credit verification charges	4,45,34,278	1,04,30,385
Office expenses	67,82,353	35,10,991
Postage & telephones	37,90,444	9,02,696
Printing & stationery	23,15,377	5,86,726
Rates & taxes	3,05,59,585	33,89,760
Rent for premises	1,35,85,824	71,57,882
Repairs & maintenance:	10,11,007	2,56,947
Security expenses	3,03,384	2,55,486
Travelling, lodging, boarding & conveyance expenses	1,11,21,596	39,69,120
Miscellaneous expenses	2,63,276	2,47,538
Total	15,24,43,396	4,71,54,815

Note 23

PROVISIONS & WRITE OFFS	FOR THE YEAR ENDED	FOR THE YEAR ENDED
	31 March 2022	31 March 2021
	Rs	Rs
Provision/(Excess Reversal) for standard assets	1,28,20,820	60,60,889
Provision for NPA	23,52,045	35,23,020
Write offs	1,63,02,196	62,93,770
Total	3,14,75,061	1,58,77,679



Note 24

PAYMENTS TO AUDITORS	FOR THE YEAR ENDED 31 March 2022	FOR THE YEAR ENDED 31 March 2021
	Rs	Rs
Statutory Audit	7,00,000	7,50,000
Tax Audit	1,50,000	1,00,000
Other certification	1,25,000	1,20,000
Total	9,75,000	9,70,000

Note 25

Dues To Micro, Small And Medium Enterprises As Per MSMED Act, 2006

There are no delays in payments to micro and small enterprises as required to be disclosed under 'The Micro, Small and Medium Enterprises Development Act, 2006'. The determination has been made to the extent such parties were identified by the management based on the information available and are relied upon by the statutory auditors (Previous Year Nil).

Note 26

EARNINGS PER SHARE (EPS)	AS AT 31 March 2022	AS AT 31 March 2021
	Rs	Rs
Net profit for the year	(6,52,78,701)	1,60,15,345
Net profit for the year attributable to the equity shareholders	(6,52,78,701)	1,60,15,345
Weighted average number of equity shares	22,24,74,795	8,10,95,890
Par value per share	10	10
Earnings per share - Basic & Diluted	(0.29)	0.20

Note: No diluted EPS in CY as company has incurred loss.

Note 27

CONTINGENT LIABILITIES AND COMMITMENTS	AS AT 31 March 2022	AS AT 31 March 2021
	Rs	Rs
Estimated amount of contracts remaining to be executed on capital account and not provided	4,46,000	-
Undrawn committed sanctions to borrowers	19,82,56,716	8,19,04,813
Total	19,87,02,716	8,19,04,813



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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Note 28

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	Key managerial personnel (KMP) - Chief Executive Officer (CEO)
Vivekanand Ramachandran	Key managerial personnel (KMP) - Chief Financial Officer (CFO)
Ankittkumar Jain	Key managerial personnel (KMP) - Company Secretary

TRANSACTIONS WITH THE RELATED PARTIES	FOR THE YEAR ENDED 31 March 2022	FOR THE YEAR ENDED 31 March 2021
	Rs	Rs
Equity infusion and Allotment of Shares		
Harsh Hiranandani	2,00,00,00,000	12,50,00,00,000
Neha Hiranandani	1,00,00,00,000	12,50,00,00,000
Uday Suvarna	30,00,000	-
Loan received		
Harsh Hiranandani	60,00,00,000	-
Loan repayment		
Harsh Hiranandani	1,00,00,00,000	-
Remuneration to KMPs*	3,99,28,225	2,32,52,372
Total	4,64,29,28,225	27,32,52,372

* Remuneration to KMPs does not include provision for gratuity and compensated absences.

CLOSING BALANCE OF RELATED PARTIES RECEIVABLES / (PAYABLES)	AS AT 31 March 2022	AS AT 31 March 2021
	Rs	Rs
Loan repayable		
Harsh Hiranandani	71,00,00,000	1,11,00,00,000
Total	71,00,00,000	1,11,00,00,000

Note 29

EXPENDITURE AND EARNINGS IN FOREIGN CURRENCY (ON CASH BASIS)	FOR THE YEAR ENDED 31 March 2022	FOR THE YEAR ENDED 31 March 2021
	Rs	Rs
Expenditure	96,402	18,635
Earnings	-	-
Total	96,402	18,635

Note 30

There were no customer complaints pending at the beginning or at the closing of the period under consideration. One complaint was received during the year and the same was duly resolved.



Note 31

RECOGNITION OF DEFERRED TAX	AS AT 31 March 2022	AS AT 31 March 2021
	Rs	Rs
Deferred Tax Liability		
Depreciation	-	-
Total	-	-
Deferred Tax Assets		
Depreciation	13,63,771	6,51,829
Provision for gratuity	11,96,382	7,89,199
Provision for compensated absences	19,32,622	10,41,974
Brought forward losses	20,06,457	87,65,475
ROC filing fees	14,73,689	11,40,919
Provision on loans & advances	74,89,547	34,38,804
Total	1,54,62,468	1,58,28,200
Total	NIL	NIL
In the absence of virtual certainty of future taxable profits, the Company has not recognized net Deferred Tax assets.		

Note 32

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 3 years. For the year ended 31 March 2022, an amount of Rs. 1,35,85,824/- (Previous year Rs. 71,57,882) was recorded as expenses towards lease rentals. The future minimum lease payments under operating leases are as follows:

Particulars	AS AT 31 March 2022	AS AT 31 March 2021
	Rs	Rs
Less than 1 year	1,63,66,770	1,15,88,736
1 year to 3 years	5,15,96,242	2,53,20,937
3 years and above	-	-
Total	6,79,63,012	3,69,09,673

Note 33

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

Particulars	AS AT 31 March 2022	AS AT 31 March 2021
(i) Net NPAs (%)	0.92%	1.27%
(ii) Movement of NPAs (Gross)		
a) Opening balance	2,64,94,911	-
b) Additions during the year	1,46,18,183	2,64,94,911
c) Reductions during the year	-	-
d) closing balance	4,11,13,094	2,64,94,911
(iii) Movement of Net NPAs		
a) Opening balance	2,29,71,891	-
b) Additions during the year	1,22,66,138	2,29,71,891
c) Reductions during the year	-	-
d) closing balance	3,52,38,029	2,29,71,891
(iv) Movement of provision for NPAs (Excluding provisions on standard assets)		
a) Opening balance	35,23,020	-
b) Provisions made during the year	23,52,045	35,23,020
c) Write-off/ write-back of excess provisions	-	-
d) closing balance	58,75,065	35,23,020

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. As the company has incurred loss during the year, hence no appropriation is required.

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, 2022.



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Note 34

Ratios	AS AT	AS AT	Variance	Remarks
	31 March 2022	31 March 2021		
Current Ratio	1.28	0.88	46%	Variance of 46% is due to Increase in AUM & Liquidity position of the company in line with growth of the business.
Debt-Equity Ratio	0.18	1.11	-84%	New Equity shares were issued to existing shareholders to support growth plans of the company thereby increasing the share capital of the company.
Debt Service Coverage Ratio	(15)	22	-168%	Company incurred losses in FY 22 due to expansion of business operations
Return on Equity Ratio	(0.02)	0.02	-201%	ROE is negative due to the loss reported. The said loss has been mainly due to expansion of business operations, the benefit of which will be obtained in the coming years.
Inventory Turnover Ratio	NA	NA	NA	As the company is into Financing business, this ratio is not applicable
Trade Receivables Turnover Ratio	NA	NA	NA	As the company is into Financing business, this ratio is not applicable
Trade Payables Turnover Ratio	0.04	0.02	136%	Increase in trade payable in FY 22 is in line with increase in business in FY 22.
Net Capital Turnover Ratio	7.71	3.68	110%	New Equity shares were issued to existing shareholders to support growth plans of the company.
Net Profit Ratio	(0.13)	0.06	-311%	NP ratio is negative in FY 22 due to loss incurred
Return on Capital Employed	-1.41%	0.8%	-283%	Return on CE is negative in FY 22 due to loss incurred on account of expansion of business operations
Return on Investment.	-1.36%	0.7%	-285%	Return on Investment is negative in FY 22 due to loss incurred on account of expansion of business operations



Note 35

Employee benefits

35.1. 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 Rs. 1,38,81,569(31 March 2021-Rs. 69,45,272).

35.2 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/2021
Date of Reporting	31/Mar/2022
Period of Reporting	12 Months

Particulars	AS AT	AS AT
	31 March 2022	31 March 2021
	Rs	Rs
Change in defined benefit obligations during the year		
Present value of defined benefit obligation at beginning of the year	31,35,722	10,22,309
Current service cost	15,15,030	9,90,046
Interest cost	1,33,268	55,716
Benefits paid	-	-
Actuarial (Gains)/Losses on obligations - due to change in demographic assumptions	(2,80,863)	9,78,578
Actuarial (Gains)/Losses on obligations - due to change in financial assumptions	(3,40,086)	(2,28,117)
Actuarial (Gains)/Losses on obligations - due to experience	5,90,514	3,17,190
Present value of defined benefit obligation at end of the year	47,53,585	31,35,722

Actuarial (Gains)/Losses recognized in the statement of profit or loss for current period		
Actuarial (Gains)/Losses on obligation for the period	(30,435)	10,67,651
Actuarial (Gains)/Losses on plan asset for the period	-	-
Subtotal	(30,435)	10,67,651
Profit or loss	(30,435)	10,67,651

Net interest cost for current period		
Present value of benefit obligation at the beginning of the period	31,35,722	10,22,309
(Fair Value of plan assets at the beginning of the period)	-	-
Net Liability/(Asset) at the beginning	31,35,722	10,22,309
Interest cost	1,33,268	55,716
(Expected return on plan assets)	-	-
Net interest cost for current period	1,33,268	55,716

Amount recognized in the Balance Sheet		
Liability recognized in the Balance Sheet		
Present value of defined benefit obligation	(47,53,585)	(31,35,722)
Fair value of plan assets	-	-
Fund Status (Surplus / (Deficit))	(47,53,585)	(31,35,722)
Net liability recognized in the Balance Sheet	(47,53,585)	(31,35,722)



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Particulars	AS AT	AS AT
	31 March 2022	31 March 2021
	Rs	Rs
Expenses Recognized in the statement of profit or loss for current period		
Current service cost	15,15,030	9,90,046
Net interest cost	1,33,268	55,716
Actuarial (Gains)/Losses	(30,435)	10,67,651
Past Service Cost - Non-vested benefit recognized during the period	-	-
Past Service Cost - Vested benefit recognized during the period	-	-
(Expected contributions by the employees)	-	-
(Gains)/Losses on curtailments and settlements	-	-
Net effect of changes in foreign exchange rates	-	-
Change in asset ceiling	-	-
Expenses recognized in the statement of profit or loss	16,17,863	21,13,413

Balance Sheet Reconciliation		
Opening net liability	31,35,722	10,22,309
Expense recognized in statement of profit or loss	16,17,863	21,13,413
Net Liability/(Asset) transfer in	-	-
Net (Liability)/Asset transfer out	-	-
(Benefit Paid directly by the employer)	-	-
(Employer's contribution)	-	-
Net Liability/(Asset) recognized in the Balance Sheet	47,53,585	31,35,722

Assumptions	AS AT	AS AT
	31 March 2022	31 March 2021
Expected return on plan assets	N.A.	N.A.
Discount rate (Refer note (b))	5.15%	4.25%
Future salary increase (Refer note (a))	6%	6%
Rate of employee turnover	Senior Management/KMP 2% & Others 40%	Senior Management/KMP 2% & Others 36%
Mortality Rate during Employment	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality (2006-08)

Notes:

a) 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.

b) 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.

c) Experience adjustments:

Particulars	AS AT	AS AT
	31 March 2022	31 March 2021
	Rs	Rs
Actuarial (Gains)/Losses on Obligations - Due to experience	5,90,514	3,17,190
Actuarial Gains/(Losses) on Plan Assets - Due to experience	-	-



Note 36

The Company has done restructuring during the year pursuant to RBI Notification RBI/2021-22/32/DOR.STR.REC.12/21.04.048/2021-22 dealing with Restructuring of Advances to MSMEs & Notification RBI/2021-22/31/DOR.STR.REC.11/21.04.048/2021-22 dealing with Resolution framework for Advances to Individuals and other Businesses. Details of which are as under.

Sr No	Description	Individual Borrowers		Small Business
		Personal Loan	Business Loans	
A)	Number of requests received for invoking resolution process under Part A (#)	-	-	10
B)	Number of accounts where resolution plan has been implemented under this window (#)	-	-	10
C)	Exposure to accounts mentioned at (B) before implementation of the plan (INR)	-	-	73,11,983
D)	Of (C), aggregate amount of debt that was converted into other securities (INR)	-	-	73,11,983
E)	Additional funding sanctioned, if any, including between invocation of the plan and implementation	-	-	
F)	Increase in provisions on account of the implementation of the resolution plan (INR)	-	-	7,31,198

Note 37

Employee Stock Options (ESOP):

As on 31st March 2022, there are 2 separate ESOPs' arrangements, which are described below.

	Grant I	Grant II	Total
Date of Grant	10th June 2020	08th July 2021	
Number Granted	1,24,65,000	1,80,000	1,26,45,000
Grants Lapsed	60,000	65,000	1,25,000
Contractual Life	N/a		
Vesting Conditions	On 3rd/4th/5th anniversary from the date of joining in the company.	1/3rd each every year from date of grant	

Note 38

Direct Assignment:

The Company had in July 2019 entered into an assignment agreement for acquisition of a portfolio of secured loans of 529 accounts from an Originator for 13.99 Cr, as per the RBI Master Directions on Assignment. Particulars of the transactions are provided below:

Particulars	31 March 2022	31 March 2021
No. of customer accounts acquired (#)	Nil	Nil
Value of the portfolio acquired	Nil	Nil
Outstanding amount	5,50,49,591	7,54,74,305

(#)- Count in Nos

The servicing of the aforesaid portfolio is continued to being done by the Originator who is acting as Servicer as per the terms of Servicer agreement. An amount of Rs. 58,39,755 (PY: 2,46,45,612) remains outstanding and overdue as at 31 March 2022 towards amounts collected by the Servicer and not remitted to the Company.



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39.1 Disclosure Pursuant to paragraph 19 of Master Direction - Non-Banking Financial Company - Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016:

Particulars	As at 31 March 2022		As at 31 March 2021	
	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
	Rs	Rs	Rs	Rs
Liabilities side:				
<i>1. Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not</i>				
(a) Debentures				
- Secured	-	-	-	-
- Unsecured (other than falling within the meaning of public deposits)	-	-	-	-
(b) Deferred Credits	-	-	-	-
(c) Term Loans	11,80,138	-	25,61,356	-
(d) Inter-Corporate Loans and Borrowings	-	-	-	-
(e) Commercial Paper	-	-	-	-
(f) Public Deposits	-	-	-	-
(g) Other Loans (Loan from Director)	71,00,00,000	-	1,11,00,00,000	-

<i>2. Break-up of (1) (f) above (outstanding public deposits inclusive of interest accrued thereon but not paid)</i>				
(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	-	-	-	-

Particulars	As at 31 March 2022	As at 31 March 2021
	Rs	Rs
Assets side:		
<i>3. Break-up of Loans and Advances including Bills Receivables [other than those included in (4) below]: (excluding interest accrued but not due)</i>		
(a) Secured (Refer note 12 & note 16)	4,10,54,00,855	1,74,07,87,457
(b) Unsecured (Refer note 12 & note 16)	9,14,34,930	6,91,30,542



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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	-	-
(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	45,00,00,000	18,00,00,000
(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)	-	-

6 Borrower Group-wise Classification of Assets Financed as in (3) and (4) above

(Amount in Rs)

Particulars	As at 31 March 2022			As at 31 March 2021		
	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*	4,09,95,92,363	9,13,68,357	4,19,09,60,720	1,73,83,56,197	6,80,38,782.50	1,80,63,94,979
Total	4,09,95,92,363	9,13,68,357	4,19,09,60,720	1,73,83,56,197	6,80,38,782.50	1,80,63,94,979

*net of provisions for non performing assets



NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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

Category	As at 31 March 2022		As at 31 March 2021	
	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	-	-	-	-
Total	-	-	-	-

8 Other Information

Particulars	As at 31 March 2022		As at 31 March 2021	
	Related Parties	Other than Related Parties	Related Parties	Other than Related Parties
Gross non-performing assets*	-	4,11,13,094	-	2,64,94,911.00
Net non-performing assets*	-	3,87,61,049	-	2,29,71,890.70
Assets acquired in satisfaction of debt	-	-	-	-

* Represents the gross Non-performing assets and net non-performing assets as per Company's policy which is more conservative than the RBI's Master Direction - Non-Banking Financial Company –Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016. (Refer note 2.p)



40 Disclosure on Liquidity Risk Background:

RBI through its notification dated 4 November 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 31 March 2022 is as under:

i) Funding Concentration based on significant counterparty

Financial Year	No. of significant counterparties	Amount (Rs. Crore)*	% of Total Deposits	% of Total Liabilities
FY 2021-22	1	71.08	N.A.	79.15%
FY 2020-21	1	111.00	N.A.	91.14%

*From the outstanding amount, Rs. 71 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 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 Rs crore and % of total deposits) – Not Applicable

iii) Top 10 borrowings

Amount (Rs. Crore)	% of Total Borrowings
71.08	99.8%
0.12	0.2%

iv) Funding Concentration based on significant instrument / product

Sr. No.	Name of the product	Amount (Rs. Crore)	% of Total Liabilities
1	Unsecured Loan*	71	79%

*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 total liabilities of 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.
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	18%

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.

41. Previous Year Figures:

Figures for the previous year have been regrouped/reclassified wherever necessary to confirm to current years' presentation.

42. Additional Notes:

1- No proceedings have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988).

2- The Company has not been declared as wilful defaulter by any bank or financial Institution or other lender.


3- During the year, the company has not entered into any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.


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

4.b- No funds have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

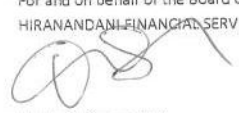
5- There are no transactions which have not been recorded in the books of accounts and which have been surrendered or disclosed as income

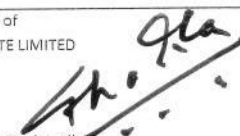
As per our report of even date
For V. Sankar Aiyar & Co
Chartered Accountants
Firm Regn. No. 109208W



Asha Patel
Partner
Membership No: 166048
Place : Mumbai
Date : 20th May 2022

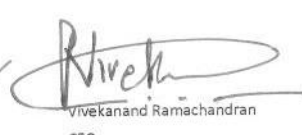



For and on behalf of the Board of Directors of
HIRANANDANI FINANCIAL SERVICES PRIVATE LIMITED



Harsh S. Hiranandani
Director
DIN : 07661253



Gulab Singh Lodha
Director
DIN : 08014426


Uday Suvarna
CEO
Place : Mumbai
Date : 20th May 2022


Vivekanand Ramachandran
CFO


Ankit Kumar Jain
Company Secretary
M No. A21893





Board's Report

To
The Members,
Hiranandani Financial Services Private Limited ("the Company")

The directors of the Company have pleasure in presenting the fifth Annual Report of the Company together with the audited financial statements for the financial year ended March 31, 2022.

❖ **FINANCIAL RESULTS AND HIGHLIGHTS:**

➤ **FINANCIAL SUMMARY**

The summary of the Company's financial performance as on March 31, 2022 as compared to the financial year ended March 31, 2021 is given below:

Particulars	(Amount in crore)	
	Financial Year ended March 31, 2022	Financial Year ended March 31, 2021
Total income	50.78	26.31
Total expenditure	57.31	24.38
Profit / (Loss) before taxation	(6.52)	1.92
Provision for taxation (net)	-	0.32
Profit / (Loss) for the year	(6.52)	1.60
Add: Balance brought forward from previous year	(3.64)	(4.92)
Less: Transfer to Reserve Fund under section 45-IC of the RBI Act, 1934	-	(0.32)
Surplus/ (deficit) in the statement of profit and loss	(10.17)	(3.64)
Earnings per share:		
Basic	(0.29)	0.20
Diluted	(0.29)	0.20

➤ **HIGHLIGHTS OF FINANCIAL PERFORMANCE**

The Company earned a total income of Rs. 50.78 crore during the year under review, as compared to Rs.26.31 crore in the previous financial year ended March 31, 2021. The net loss of the Company for the aforesaid reporting period stood at Rs.6.52 crore as against to net profit of Rs.1.6 crore in the previous financial year ended March 31, 2021.

➤ **APPROPRIATIONS**

In the view of the loss incurred during the reporting period, according to the provisions of section 45-IC of the RBI Act, 1934, the Company is not required to transfer any amount to reserves for the financial year ended March 31, 2022.

➤ **DIVIDEND**

The directors of the Company did not recommend any dividend for the year under review.

Hiranandani Financial Services Private Limited

➤ **CAPITAL ADEQUACY RATIO**

The Company's total Capital Adequacy Ratio (CAR) as at March 31, 2022 stood at 83.05% as against 46.70% as on March 31, 2021 of aggregate risk weighted assets on balance sheet and risk adjusted value of the off balance sheet items, which is well above the minimum regulatory requirement of 15%.

❖ **INFORMATION ON THE STATE OF AFFAIRS OF THE COMPANY:**

➤ **OPERATIONAL HIGHLIGHTS OF THE YEAR:**

▪ **Disbursement**

During the year under review, the Company disbursed Rs.332 crore majorly comprising of secured and unsecured business loans to small businesses and Micro, Small and Medium Enterprises (MSME).

The Company has continued its focus on expanding its distribution while augmenting its digital infrastructure.

▪ **Assets under management**

The total asset under management (AUM) had increased to Rs.419 crore from Rs.181 crore due to continuous focus laid by the Company.

▪ **Branches**

As on March 31, 2022, the Company had network of 50 branches in 7 states.

▪ **COVID-19 Pandemic**

Under the second wave of COVID-19 pandemic in April'21, which was considered to be severe than first wave, several parts of the Country had imposed lockdown in order to control the spread of COVID-19. There was a high level of uncertainty about the duration of the lockdown. In the Second and third quarter of the financial year 2021-2022, the recovery in economy has emerged and saw an uptick in disbursements.

Further in accordance with circulars issued by the Reserve Bank of India (RBI) dated March 27, 2020, April 17, 2020, May 23, 2020 and May 05, 2021 with regards to providing relief to borrowers on account of COVID-19 pandemic, the Company had offered moratorium to eligible borrowers in accordance with a policy on "EMI Moratorium and Interest Deferment due to COVID-19" duly approved by the Board of Directors ("the Board").

▪ **Digitalisation**

The Company continues to enhance its digital platform. The use of robotic process automation, artificial intelligence (AI) has been a key focus area to drive business growth, automate processes, improve productivity and enhance customer experience. The Company uses digital medium like whatsapp & cloud telephony as communication channels to interact with customers. The access to business applications is provisioned by an independent team and is provided based on the roles and responsibilities of the user.

Hiranandani Financial Services Private Limited

With this in mind, the Company has duly utilized the difficult period of pandemic to initiate the following digital initiatives:

1. Go- No Go application

The Company's proprietary unique "Go - No Go" rule engine facilitate customers to get the instant decision based on customer's geo location, profile, banking and bureau behavior. This tool provides instant output of the loan amount eligibility.

2. Collection Application

The collection android application is used by 'on field' collection agents. The collection application facilitates the collection agent to maintain follow-up trails and notifies the agent about the due dates. It facilitates collection of dues through various modes & real time update in loan management system.

The Company's steady investment in technology will definitely lead to inclusive growth and better utilization of resources.

▪ Compliance & Regulatory

During the year under review, the Company continues to comply with all applicable laws, rules, circulars and regulations, including but not limited to the Master Direction – Non-Banking Financial Company – Non Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ("RBI Master Directions"), as prescribed by Reserve Bank of India ("RBI") from time to time.

The Board of Directors has framed various policies as applicable to the Company and periodically reviews the policies and approves amendments as and when necessary.

A consolidated compliance certificate in respect of various laws, rules and regulations applicable to the Company is placed before the Board on a regular basis and reviewed by the Board.

During the year, the employees in branches were trained in a systematic manner on various regulatory updates relevant for the business, know your customer regulations and fair practices code.

➤ CHANGE IN NATURE OF BUSINESS

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

➤ MATERIAL CHANGES AND COMMITMENTS

As per the RBI Master Directions, "Systemically important non-deposit taking non-banking financial company", means a non-banking financial company not accepting/ holding public deposits and having total assets of Rs.500 crore and above as shown in the last audited balance sheet.

Between the end of the financial year March 31, 2022 and the date of the report the Company has achieved the milestone of crossing total assets of Rs.500 crore. Accordingly, the Company had

Hiranandani Financial Services Private Limited

applied to RBI and received its approval to be categorized as “Systemically important non-deposit taking non-banking financial company”(SI- ND- NBFC).

❖ **BUSINESS OUTLOOK & INDUSTRY OVERVIEW**

The financial year 2021-22 was fairly a year of recovery from the adverse impacts of COVID-19 pandemic. The pandemic impacted the NBFCs operations, leading to decline in disbursements across the sectors. However, the support and focus of the Government through various liquidity measures such as repo rate cut, targeted long-term repo operations, special liquidity scheme and partial credit guarantee scheme, kept the sector afloat.

New business opportunities are expected to gain further momentum as COVID-19 lies low with near complete normalization of economic activities. Steps taken earlier by NBFC’s to navigate the pandemic should hold them in good stead as measures like digitalisation across customer lifecycles, alternate data sources for underwriting, greater focus on asset quality plays out beneficially during this fiscal. NBFC’s are also well placed to leverage on investments done in the recent past on digital lending infrastructure.

Customer-centricity forms the core of the Company. The Company’s values have been guiding the strategies. Focusing on small-sized loans, the Company focused to transform the customer fulfilment through creating of a robust digital infrastructure which will complement our branches to offer the best-in-class credit offering to our customers. The Company intends to take the customer experience to a superior level.

❖ **CAPITAL AND DEBT STRUCTURE:**

➤ **AUTHORIZED SHARE CAPITAL**

During the year under review, pursuant to the approval of the members of the Company in their meeting held on May 04, 2021, the Company had increased authorized share Capital from Rs.100,00,00,000/- (Rupees one hundred crore only) divided into 10,00,00,000 (Ten crore) equity shares of Rs.10/-(Rupees ten only) to Rs.1000,00,00,000/- (Rupees one thousand crores only) divided into 100,00,00,000 (One hundred crore) equity shares of Rs.10/-(Rupees ten only).

Further the authorized capital was reclassified vide ordinary resolution passed at the extra ordinary general meeting (“**EGM**”) held on March 04, 2022 as follows:

1. “Class A Equity Shares” means ordinary equity shares with voting & dividend rights.
2. “Class B Equity Shares” means equity shares having no voting rights but shall be entitled to same dividend rights as Class A equity shareholders i.e. dividend shall be paid in proportion to the paid-up value of each share
3. “Class C Equity Shares” means equity shares having no voting rights but shall be entitled to same dividend rights as Class A equity shareholders i.e. dividend shall be paid in proportion to the paid-up value of each share and shall have tag along right/drag along right as mentioned in Share Subscription Agreement.

Consequently, the authorized share capital as on March 31, 2022 stood at Rs.1000,00,00,000/- (Rupees One Thousand crore Only) comprising of;

Hiranandani Financial Services Private Limited

- a. Class A Equity Shares of Rs. 994,00,00,000/- (Rupees Nine Hundred and Ninety Four crore Only) divided into 99,40,00,000 (Ninety Nine crore and Forty Lakh) Equity Shares of Rs. 10/- (Rupees Ten only) each ("Class A Equity Shares");
- b. Class B Equity Shares of Rs. 3,00,00,000/- (Rupees three crore only) divided into 30,00,000 (Thirty lakh) Equity Shares of Rs. 10/- (Rupees ten only) each with differential voting rights ("Class B Equity Shares") and
- c. Class C Equity Shares of Rs. 3,00,00,000/- (Rupees three crore only) divided into 30,00,000 (Thirty lakh) Equity Shares of Rs. 10/- (Rupees ten only) each with differential voting rights ("Class C Equity Shares")

➤ PAID-UP SHARE CAPITAL

During the year under review, the Company has issued and allotted 30,00,00,000 (Thirty crore) Class –A Equity Shares of Rs.10/- (Rupees ten only) each and 30,00,000/- (Thirty lakh only) Class B Equity Shares of face value Rs.10/- (Rupees ten only) each on partly paid up basis, Re.1/- (Rupee one) per class B equity shares paid on application. The details of which are provided hereunder:

Date of Issue	Date of allotment	Method of allotment	Issue Price (In Rs.)	Number of shares allotted	Number of shares or securities allotted to the promoter group	Amount of allotment (In Rs.)
July 29, 2021 ¹	August 9, 2021	Right Issue	10 (Ten only)	10,00,00,000 (Ten crore)	10,00,00,000 (Ten crore)	100,00,00,000 (One hundred crore only)
December 16, 2021 ²	December 16, 2021	Right Issue	10 (Ten only)	10,00,00,000 (Ten crore)	10,00,00,000 (Ten crore)	100,00,00,000 (One hundred crore only)
December 17, 2021 ³	December 17, 2021	Right Issue	10 (Ten only)	10,00,00,000 (Ten crore)	10,00,00,000 (Ten crore)	100,00,00,000 (One hundred crore only)
*March 17, 2022 ⁴	March 21, 2022	Preferential Allotment	10 (Ten only)	30,00,000 (Thirty lacs)	-	30,00,000 (Thirty lacs)

¹Date of offer letter, The Board had approved Right Issue at its meeting held on July 28, 2021.

²Date of offer letter, The Board had approved Right Issue at its meeting held on December 15, 2021

³Date of offer letter, The Board had approved Right Issue at its meeting held on December 15, 2021.

⁴Date of offer letter, The Board had approved Preferential Issue at its meeting held on March 3, 2022

*Partly Paid Shares -Re. 1/- per equity share which was paid on application; and balance to be paid on calls as and when called by the Board of the Company.

Consequently, the paid-up share capital as on March 31, 2022 stood at Rs.403,00,00,000/- (Rupees Four Hundred and three crore Only) divided into 40,00,00,000 (Forty lakhs) class A equity shares of Rs.10/- (Rupees ten only) each fully paid up and 30,00,000 (Thirty lakhs) Class B equity shares having face value of Rs.10/- (Rupees ten only) each and Re.1/- (Rupee one only) called and paid up.

Hiranandani Financial Services Private Limited

Regd. Office: 514, Dalamal Towers, 211, FPJ Marg, Nariman Point, Mumbai - 400021

Corporate Office: 9th Floor, Sigma, Hiranandani Business Park, Technology Street, Powai, Mumbai - 400076

Email: wecare@hfs.in, Website: www.hfs.in | Tel: (91-22) - 2576 3690, CIN: U65999MH2017PTC291060

➤ **EMPLOYEE STOCK OPTIONS**

The Company had introduced Hiranandani Financial Services (“HFS”) Employees Stock Option Scheme 2020 (“**ESOP 2020**”) for eligible employees with a view to attract and retain talent, align individual performance with the Company objectives and promote increased participation by them in the growth of the Company.

During the year under review, there was no change in (ESOP scheme). During the year under review, ESOP options were granted to the eligible employees of the Company.

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

➤ During the year under review, Company has not issued any:

- Convertible Securities or
- Sweat Equity Shares or
- Debentures, bonds or any non-convertible securities or
- Warrants

❖ **CREDIT RATING OF SECURITIES**

During the year under review, the Company has obtained ratings from the following rating agencies:

Facilities	Rating Agency	Rating
Short term Bank Facilities	Credit Analysis and Research Ltd (CARE)	CARE A2+/Stable
Long term Bank Facilities	Credit Analysis and Research Ltd(CARE)	CARE A-/Stable

Further, the Company has also received rating of ‘CRISIL A/Stable’ from Credit Rating Information Services of India Limited (CRISIL), on its long term bank facilities in the month of May, 2022.

❖ **INVESTOR EDUCATION AND PROTECTION FUND (IEPF)**

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

❖ **MANAGEMENT OF THE COMPANY:**

➤ **DIRECTORS**

The composition of the Board is in accordance with the provisions of the Act. As on March 31, 2022, following are the directors on the Board of the Company:

Hiranandani Financial Services Private Limited

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

During the year under review, members of the Company at the fourth Annual General Meeting held on September 27, 2021 had approved appointment of Mr. Parveen Kumar Gupta as an independent director for a period of five years.

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

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

➤ **KEY MANAGERIAL PERSONNEL (“KMP”)**

There was no change in the KMPs of the Company during the year under review. As on March 31, 2022, 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

➤ **CHANGES IN MANAGEMENT OF THE COMPANY, AFTER THE END OF THE YEAR AND UP TO THE DATE OF THE REPORT:**

i. **Directors**

After the end of the financial year March 31, 2022 to which the report relates and the up to date of the report, Mr. Parveen Kumar Gupta (DIN: 02895343), independent director, due to increase in his other commitments, had resigned from directorship of the company with effect from May 11, 2022. The Board places on record its sincere appreciation for his valuable contribution and the services rendered by Mr. Parveen Kumar Gupta during his tenure as an independent director of the Company.

The Company has appointed Mr. Prem Kumar Chopla (DIN: 09555408), retired Chief general manager at Reserve Bank of India, as an additional director (Independent) in accordance with the provisions of the Act, with effect from May 20, 2022 to hold office up to ensuing annual general meeting.

The Board is of the opinion that Mr. Prem Kumar Chopla is a person of integrity, expertise and has relevant experience to serve as an independent director of the Company.

Mr. Prem Kumar Chopla was appointed as an independent director for a term of 5 years i.e. May 20, 2022 to May 19, 2027, 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

Hiranandani Financial Services Private Limited

Act. Appropriate resolution seeking approval of the shareholders has been included in the notice of the ensuing annual general meeting.

ii. Key Managerial Personnel

After the end of the financial year March 31, 2022 and the up to date of the report, Mr. Ankit Kumar Jain, Company Secretary and Compliance Officer of the Company has resigned from the said post with effect from June 15, 2022.

The Company has appointed Ms. Richa Arora as the Company Secretary and Compliance Officer with effect from June 15, 2022.

Mr. Vivekanand Ramachandran, the Chief Financial Officer of the Company has resigned from the said post with effect from August 30, 2022.

The Board places on record its appreciation for the valuable contribution and services provided by Mr. Ankit Kumar Jain and Mr. Vivekanand Ramachandran during their tenure as Company Secretary & Compliance Officer and Chief Financial Officer of the Company respectively.

➤ **DECLARATION BY INDEPENDENT DIRECTORS**

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

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

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

➤ **BOARD MEETINGS**

During the year under review, following 8 (Eight) board meetings were convened and held. The intervening gap between the meetings was within the period prescribed under the Act:

Serial Number of Meeting	Date of the Meeting
1/2021-22	April 19, 2021
2/2021-22	June 28, 2021
3/2021-22	July 28, 2021
4/2021-22	September 27, 2021
5/2021-22	October 29, 2021
6/2021-22	December 15, 2021
7/2021-22	February 2, 2022
8/2021-22	March 3, 2022

Hiranandani Financial Services Private Limited

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

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 S. Hiranandani	Non-Executive Director	8	7
2	Ms. Neha S. Hiranandani	Non-Executive Director	8	3
3	Mr. Gulab Singh Lodha	Non-Executive Director	8	8
4	Mr. Utpal Sheth	Independent Director	8	7
5	Mr. Parveen Kumar Gupta	Independent Director	7	7

➤ COMMITTEES

During the year under review, the Company has constituted “**Finance Committee**” w.e.f. February 2, 2022.

As on March 31, 2022, 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	June 28, 2021 October 29, 2021
Asset Liability Committee	Mr. Uday Suvarna Mr. Kartik Nagda Mr. Vivekanand Ramachandran Mr. Dheeraj Mittal Mr. Manish Odeka	June 28, 2021 September 15, 2021 October 29, 2021 February 2, 2022
Risk Management Committee	Mr. Uday Suvarna Mr. Kartik Nagda Mr. Vivekanand Ramachandran Mr. Dheeraj Mittal Mr. Manish Odeka	June 28, 2021 September 15, 2021 October 29, 2021 February 2, 2022
ESOP Committee	Mr. Harsh S. Hiranandani Ms. Neha S. Hiranandani Mr. G. S. Lodha	July 8, 2021
Finance Committee	Mr. Harsh S. Hiranandani Ms. Neha S. Hiranandani Mr. G. S. Lodha	-

During the year under review;

- A separate meeting of independent directors of the Company was held on March 14, 2022, wherein the performance of the non-independent directors, performance of the Board as a

Hiranandani Financial Services Private Limited

whole (including Committees) and the performance of the Chairman was reviewed in terms of the provision of the Act.

b. As per the requirement of the Act and /or RBI Master Directions, the Company was not required to constitute:

- Audit Committee or
- Nomination and Remuneration Committee or
- Corporate Social Responsibility Committee or
- Stakeholder Relationship Committee.

➤ **COMPANY'S POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION**

During the year under review, the company being unlisted private limited company, was not required to adopt policy on directors' appointment and remuneration.

➤ **BOARD EVALUATION**

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

➤ **PARTICULARS OF EMPLOYEE REMUNERATION**

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

➤ **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- i. in the preparation of the annual accounts, the applicable accounting standards had been followed 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 year 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 Act, 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.

Hiranandani Financial Services Private Limited

➤ **INTERNAL FINANCIAL CONTROLS**

The Company's internal control system is commensurate with its size, scale and complexities of its operations. All transactions are properly authorized, recorded and reported to the Management. The Company has, in all material respects, an adequate internal financial controls system over financial reporting and operating effectively as at March 31, 2022. The Company is following all the applicable Accounting Standards for properly maintaining the books of accounts and reporting financial statements.

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

During the year under review, the Company had no subsidiary, joint venture or associate company, hence the disclosure with respect to the same is not applicable.

❖ **DEPOSITS**

The Company being a Non-deposit taking Non-Banking Financial Company ("ND-NBFC") did not hold any public deposits at the beginning of the year nor has not accepted any deposits from the public during the year under review.

❖ **BORROWINGS**

As on March 31, 2022, the total outstanding borrowings of the Company stood at Rs.71,11,80,138/- which includes Vehicle loan from ICICI Bank Limited of Rs.11,80,138/- and Unsecured & Interest free loan from directors of Rs.71,00,00,000/-.

No interest payment or principal repayment of the term loans was due and unpaid as on March 31, 2022.

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

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

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

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

All contracts/arrangements/transactions entered into by the Company during the financial year ended March 31, 2022 with related parties were in the ordinary course of business and on an arm's length basis. During the year under review, the Company had not entered into any contract/arrangement/transaction with related parties which could be considered material. There are no transactions to be reported under section 188 (1) of the Act. Accordingly, the disclosure of related party transactions, in

Hiranandani Financial Services Private Limited

Form AOC-2 is not applicable to the Company. The directors draw attention to notes to the Financial Statements which sets out related party disclosures.

❖ **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Considering the net worth, turnover and net profit as per the last audited financial statement of the Company, the Company is not required to develop & implement CSR policy and spend any amount on CSR activities during the year under review, as per section 135 of the Act, read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

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

A. CONSERVATION OF ENERGY-

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

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

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

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

(iii) the capital investment on energy conservation 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-

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Email: wecare@hfs.in, Website: www.hfs.in | Tel: (91-22) - 2576 3690, CIN: U65999MH2017PTC291060

During the year under review, the Company spent an amount equivalent of Rs. 96,402/- (for previous financial year Rs.18,635/-)in foreign exchange towards acquisition of an internet domain. There were no foreign exchange earnings during the year under review.

❖ **RISK MANAGEMENT**

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

The Company has risk management policy in place which deals with identification of potential risks to which the Company may be exposed to and which can severely impact the organization's threat matrix and thereby take measures for control and mitigation of the impact of such risks on the Company.

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

❖ **VIGIL MECHANISM**

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

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:**

➤ **Statutory Auditors**

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

M/s. V Sankar Aiyar & Co, Chartered Accountants (FRN: 109208W), has given a confirmation to the effect that they are eligible to continue with their appointment and that they have not been disqualified in any manner from continuing as statutory auditor of the Company.

Hiranandani Financial Services Private Limited

➤ **Internal Auditors**

The Company had appointed M/s N. A. Shah Associates LLP, Chartered Accountants (FRN: 116560W/W100149), as an Internal Auditor of the Company for the financial year 2021-2022 to monitor key processes and operations and to suggest measures to strengthen the existing system, processes, and operations.

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

❖ **STATUTORY AUDITORS' REPORT**

The Auditors' Report to the members for the year under review does not contain any qualification, reservation or adverse remark. 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.

During the year under review, no fraud was reported by the statutory auditor of the Company under section 143(12) of the Act and no fraud was detected by the Company.

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

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

❖ **ANNUAL RETURN (FORM MGT-7)**

The annual return for the financial year 2021-2022, in Form MGT-7 as required under section 92(3) and section 134 of the Act shall be placed on the website of the Company viz. www.hfs.in

❖ **COST RECORDS**

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

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

The Company recognizes its responsibility and continues to provide a safe working environment for women, free from sexual harassment and discrimination. The Company has in place a policy for prevention, prohibition and redressal of sexual harassment at workplace. Further, the Company has constituted an Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, where employees can register their complaints

Hiranandani Financial Services Private Limited

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**

Over the past 4 years the Company has steadily grown into a team of over 500 employees spread across 7 states and 50 locations. Through the 2 waves of the COVID pandemic, the Company ensured the employees' health & safety and the employees got themselves vaccinated against COVID-19 as an organizational priority, with over 90% staff fully vaccinated by September 2021.

The Company believes that an engaged workforce is a productive workforce and focuses on continuously improving engagement and efforts on areas viz. Communication, Recognition and Development.

The Company has achieved a significant scale up in the financial year 2022-2023 and continues to build programmes and processes which contributes towards creating organizational alignment and long term careers for the employees. The employees are and will always be the foundation upon which the Company's growth story will be written.

As on March 31, 2022, the Company had a total headcount of 597 employees.

❖ **RBI REGULATIONS**

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

❖ **OTHER DISCLOSURES**

During the year under review, the Company has not obtained any registration / license/ 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, National Credit Guarantee Trustee Company Limited, 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 by the Company's stakeholders and trust reposed by them in the Company. The directors sincerely

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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**

Place: Mumbai
Date:

Harsh S. Hiranandani
Director
DIN: 07661253

Gulab Singh Lodha
Director
DIN: 08014426

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ANNUAL REPORT 2021-2022 - ANNEXURE I TO BOARD'S REPORT
HFS ESOP 2020

Nature of Disclosures	Particulars				
Options approved to be issued as ESOPs	1,70,00,000				
Total number of options (granted) in force at the beginning of the year	1,26,45,000				
Options Granted during the year	1,80,000				
Options Vested	NIL				
Options Exercised	NIL				
The total number of shares arising as a result of exercise of Options	NIL				
Options Lapsed during the year	1,25,000				
Exercise Price	Rs.10				
Variation in terms of Options	NIL				
Money realised by exercise of Options;	NIL				
Total number of options (granted) in force at the end of the year	1,25,20,000				
Employee wise details of options granted during the year to:					
i. Key Managerial Personnel	<table border="1"> <thead> <tr> <th>Name</th> <th>Number of Options Granted</th> </tr> </thead> <tbody> <tr> <td colspan="2" style="text-align: center;">None</td> </tr> </tbody> </table>	Name	Number of Options Granted	None	
Name	Number of Options Granted				
None					
ii. any other employee who receives a grant of options in any one year of options amounting to five percent or more of total options granted during the year;	<table border="1"> <thead> <tr> <th>Name</th> <th>Number of Options Granted</th> </tr> </thead> <tbody> <tr> <td colspan="2" style="text-align: center;">None</td> </tr> </tbody> </table>	Name	Number of Options Granted	None	
Name	Number of Options Granted				
None					
iii. identified employees who were granted options, during the year, equal to or exceeding one percent of the issued capital, excluding outstanding warrants and conversions, of the Company at the time of grant	<table border="1"> <thead> <tr> <th>Name</th> <th>Number of Options Granted</th> </tr> </thead> <tbody> <tr> <td colspan="2" style="text-align: center;">None</td> </tr> </tbody> </table>	Name	Number of Options Granted	None	
Name	Number of Options Granted				
None					

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