KINARA CAPITAL

To,
India International Exchange (IFSC) Ltd.
1st Floor, Unit No. 101,
The Signature Building No. 13B, Road 1C, Zone 1,
GIFT SEZ, GIFT CITY Gandhinagar
Gujarat 382355 IN

Sub: Intimation of Annual General Meeting of the Company and submission of Annual Report for the Financial Year 2023-24

Reference: Regulation 118 of International Financial Services Centres Authority (Listing) Regulations, 2024 read with Clause 4 and 5 of Chapter 6 of Circular on Listing of Debt Securities on Global Securities Market

Pursuant to Regulation 118 of International Financial Services Centres Authority (Listing) Regulations, 2024 read with Clause 4 and 5 of Chapter 6 of Circular on Listing of Debt Securities on Global Securities Market, we wish to inform you that the Company is convening its Twenty- Eighth Annual General Meeting on Friday, 27th day of September, 2024 at the Registered Office of the Company at #50, 2nd floor, HAL 2d stage, 100 Feet Road, Indiranagar, Bengaluru, Karnataka-560038 at 11:00 A.M. to transact the following businesses:

1. To receive, consider and adopt the Standalone Audited Financial Statements of the Company for the year ended March 31, 2024 including Balance Sheet as at March 31, 2024, Statement of Profit and Loss, Cash Flow Statement and Notes thereon, for the year ended and the Reports of the Board and the Auditors as on March 31, 2024.

2. To consider and approve the appointment of Ms. Aiswarya Ravi (DIN: 10719941) as a Whole-Time Director of the Company.

The copy of Annual Report of the Company for the Financial Year 2023-24 sent to the shareholders along with the notice of the Annual General Meeting is enclosed for your records.

Request you to kindly take the same on your records.

Thanking you.

Yours faithfully,

For Kinara Capital Private Limited
(Formerly known as Visage Holdings and Finance Private Limited)

DIMPLE JAGDISH SHAH
Digitally signed by DIMPLE JAGDISH SHAH
Date: 2024.09.05 22:12:53 +05'30'

Dimple Shah
Company Secretary
Membership Number: A36349

Date: September 05, 2024
Place: Bengaluru

KINARA
CAPITAL

ANNUAL REPORT FY 23-24

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Corporate Overview

WE ARE PERFORMANCE WITH PURPOSE
ARE KINARA

This year marks a pivotal moment in our journey as we celebrate a decade of consecutive profitability while driving a transformative impact for India's small business entrepreneurs. More than 100,000 collateral-free business loans disbursed brought thousands of MSMEs into the fold of financial inclusion and sustained nearly half a million jobs in local economies.

The MSME sector in India continues to expand and is embracing new technology and formalization at a rapid pace. India is on an accelerated path as it races to become the world's third-largest consumer market by the year 2026 and the world's third-largest economy by 2027.

This dynamic growth presents immense opportunities for the MSME sector, and we take great pride in empowering these businesses to thrive in tandem with India's economic rise.

By continuously adapting to our customers' evolving needs, we leverage technology and strategic partnerships to customize financial solutions and extend our reach to new geographies.

In this Annual Report, we are proud to share about our performance from financial year **2023-2024 (FY24)** to give you a glimpse of how we are delivering on our mission of last-mile financial inclusion and building value for all of our stakeholders. We will share an overview of our business performance, growth, new initiatives and what we look forward to the most next year under the following core themes:

- STEADFAST GROWTH
- STRATEGIC INITIATIVES
- SMART SUSTAINABILITY
- SUPPORTIVE INCLUSIVITY
- SURGING FORWARD

Kinara Capital is transforming aspirations into impact by building a more inclusive economy where entrepreneurship is empowered to reach its full potential.

We invite you to turn the page and discover more about our journey and our vision for the future!

About Kinara Capital

Kinara Capital is a fast-growing fintech non-banking financial company (NBFC) dedicated to supporting the growth of micro, small, and medium enterprises (MSMEs) in India. Kinara Capital fosters financial inclusion and economic growth by providing access to formal credit to MSMEs, particularly to micro-MSMEs. Our multilingual myKinara App can take a user from loan inquiry-to- disbursement within 24-hours due to AI/ML credit-decisioning

Established in 2011 by Founder & CEO Hardika Shah, Kinara Capital is proudly led by a women-majority management team. Headquartered in Bangalore, our 133 branches provide last-mile doorstep service to MSMEs in 100+ cities in India.

Kinara Capital is recognized among '40 Fastest-growing Fintechs in Asia' and ranked on the coveted Financial Times FT500 list for the fifth consecutive year among 'Top 500 High-Growth Companies in Asia-Pacific.'

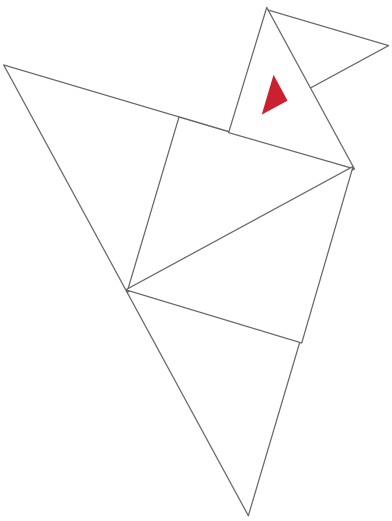
Qualified by the Reserve Bank of India (RBI) as a Systemically Important NBFC, Kinara Capital is also a debt-listed entity on the Bombay Stock Exchange (BSE) and on India INX GIFT City.

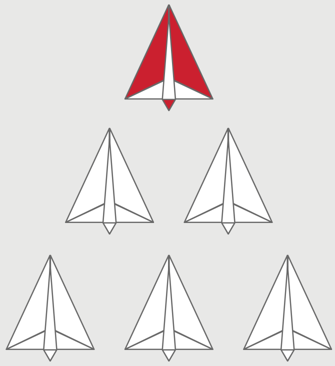
Our Vision

Kinara Capital envisions a financially inclusive world where every entrepreneur has equal access to capital.

Our Mission

Kinara Capital transforms lives, livelihoods and local economies by providing fast and flexible loans without collateral to small business entrepreneurs in India.





At the core of our strategic foundation lies a commitment to creating value through unwavering adherence to our fundamental values.

IMPACT:
We are here to support our customers in every way possible. Our customer's growth directly impacts our growth.

INTEGRITY:
We are ethical. We think about the greater good and will not violate any law for personal growth.

INITIATE
We are self-starters. We get things done now, not later.

INSPIRE:
We cultivate a passionate and

INCLUSIVE:
Our dedication to being Inclusive

Letter From Founder and CEO

Hardika Shah
Founder & CEO

Dear All,

On behalf of everyone at Kinara Capital, I am delighted to share that the financial year 2023-2024 (FY24) closed with us clocking in our 9th year of consecutive profitability demonstrating our strong financial performance, business growth and our investment in technology that has led to operational efficiencies.

Commitment to Delivering Value

We closed FY24 with Revenue of INR 723 crores, a 47% YoY increase, and PAT of INR 62 crores, a 51% YoY increase. Our loan book grew by 26% YoY with AUM recorded at INR 3,142 crores, while OpEx as a percentage of the AUM decreased by 32% YoY, thus further boosting the annual profits. During the year, we maintained positive ALM and raised INR 1,069 crores in debt funding while maintaining a diversified risk profile with 45+ lenders.

Commitment to New Initiatives

This past year, we forayed into Embedded Financing with new partnerships opening doors for us to reach new MSMEs, especially in geographies where we do not have branch presence. In FY24, we disbursed over INR 100 crores under our partnerships model and we aim to scale this by 4x within the next year. We also expanded our funding reach to MSMEs in green financing and water and sanitation with debt funding from organizations such as ResponsAbility and Water.Org.

Commitment to Leading with New Perspectives

We have expanded our leadership team with the addition of a new Chief Risk Officer (CRO) Anuradha V and the upcoming appointment of Parthasarathy N. S. (Partha) as our new Independent Director set to join our Board of Directors in April 2024. Partha will also lead the IT Strategy Committee. Additionally, we are looking forward to Dinesh Sharma joining us as Chief Technology Officer (CTO) in the first half of FY25. Dinesh is a seasoned entrepreneur and technology leader with over 26 years of extensive experience in the industry.

Conclusion

Reflecting on our journey, I am reminded of Lily Tomlin's famous words "The road to success is always under construction." This perfectly encapsulates Kinara Capital's iterative mindset, and has powered our confidence as we set our eyes on crossing the billion dollar cumulative disbursement milestone in the next year.

Our record-setting year has once again demonstrated the scalability of our blended model for last-mile MSME financial inclusion. And, as we move forward to becoming a 15-year old organization, we are close to crossing the $100 million revenue milestone.

As I look ahead to continuing our resilient growth, I am deeply grateful for the dedicated Team Kinara, our aspirational customers, and supportive partners. Kinara inspires hope for countless entrepreneurs in India, who in turn inspire all of us to advance financial inclusion, thus collectively funding our future together. The energy in Kinara's hallways is as vibrant as it was when we were half the size that we are today.

Sincerely,

Hardika

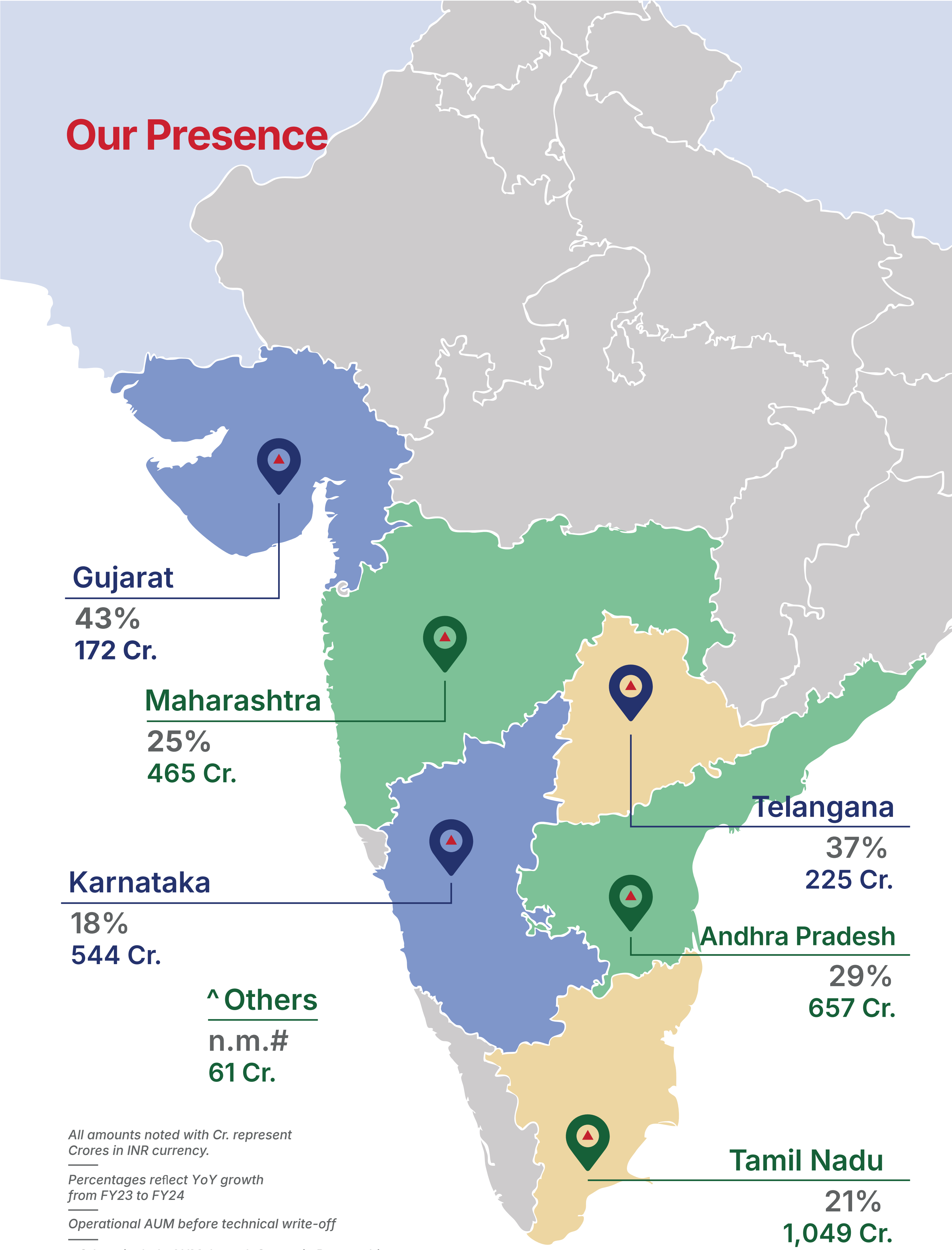
Founder & CEO

Performance Highlights

Total Profit	51%	₹62
Total Assets	22%	₹3,051
Total Customers	30%	42,948
AUM	26%	₹3,142
Numbers of Loans Disbursed	35%	26,343
Net Interest Income	45%	₹438

All amounts noted with ₹ listed in crores in INR.
Percentages reflect YoY growth from FY23 to FY24

Our Presence



All amounts noted with Cr. represent Crores in INR currency.

Percentages reflect YoY growth from FY23 to FY24

Operational AUM before technical write-off

^ Others include AUM through Strategic Partnerships channel across multiple states of India

 # not meaningful (n.m.)

We added 8 new branches in FY24 bringing our total to 133 branches in six states of Tamil Nadu, Karnataka, Andhra Pradesh, Telangana, Gujarat, Maharashtra, and the Union Territory of Puducherry.

The states where we have a branch presence represent 70% of India's manufacturing output from MSMEs. Field officers in our branches comprise of Sales, Credit, Collections & Legal functions and are supported by Branch Head and a Business Operations Executive per branch.

KARNATAKA

1. ADARSH NAGAR - KALABURAGI /GULBARGA
2. BELGAUM
3. BELLARY
4. BIDAR
5. BOMMASANDRA
6. CHIKKABALLAPURA
7. DAVANAGERE
8. DHARWAD
9. HASSAN
10. **HAVERI**
11. HOSPET
12. **HUMNABAD**
13. KR PURAM
14. MUDHOL
15. MYSORE
16. NAGARABHAVI
17. NEW HUBLI
18. PEENYA
19. RAICHUR
20. RAJAJINAGAR
21. **RAMANAGARA**
22. SANKESHWAR
23. SHIVAMOGGA
24. THALAGHATTAPURA
25. TUMKUR
26. VIJAYANAGAR
27. VIJAYAPURA
28. YELAHANKA

TAMIL NADU+ UT PUDUCHERRY

1. AMBATTUR
2. **ARANTHANGI**
3. ARAPPALAYAM
4. ATTUR
5. CHROMPET
6. DINDIGUL
7. ERODE
8. GREY TOWN
9. HOSUR
10. KANCHIPURAM
11. KARUR
12. KUMBAKONAM
13. MAYILADUTHURAI
14. PADI
15. PANRUTI
16. PERAMBUR
17. POLLACHI
18. PONDICHERRY
19. POONAMALLEE
20. PUDUKKOTTAI
21. RANIPET
22. SELLUR
23. SINGANALLUR
24. SIVAKASI
25. STEEL CITY
26. TENKASI
27. THANJAVUR
28. THARAMANGALAM
29. THENI
30. THILLAI NAGAR
31. **THIRUVANMIYUR**
32. THOOTHUKUDI
33. TIRUCHENGODE
34. TIRUNELVELI
35. TIRUPPUR
36. VADAPALANI
37. **VEERAPANDI**
38. VELLORE
39. VIRUDHUNAGART

ANDHRA PRADESH+ TELANGANA

1. ANANTAPUR
2. BHAVANIPURAM
3. BHIMAVARAM
4. DWARAKA NAGAR
5. ELURU
6. GAJUWAKA
7. GUNTUR
8. **JAGTIAL**
9. KAKINADA
10. KARIMNAGAR
11. KHAMMAM
12. KURNOOL
13. LB NAGAR
14. MADANAPALLI
15. NANDYAL
16. NARASARAOPET
17. NELLORE
18. PONNUR
19. PRASHANTH NAGAR
20. PRODDATUR
21. RAJAHMUNDRY
22. SECUNDERABAD
23. SERILINGAMPALLY
24. SRIKAKULAM
25. TIRUPATI
26. TUNI
27. VIJAYAWADA
28. VIZIANAGARAM
29. WARANGAL

GUJARAT+ MAHARASHTRA

1. AMBERNATH
2. ANDHERI
3. ANKLESHWAR
4. BHAVNAGAR
5. BOISAR
6. DAPODI
7. DOMBIVLI
8. GARKHEDA PARISAR
9. ICHALKARANJI
10. JAMNAGAR
11. KADODARA
12. KAGAL
13. **KARAD**
14. KARVEER
15. KATRAJ
16. KHARADI
17. KURLA
18. MAHAPE
19. MEHSANA
20. MIRA-BHAYANDAR
21. MOSHI
22. NASHIK
23. ODHAV
24. PANDESARA
25. PANVEL
26. RAJKOT
27. SANGLI
28. SATARA
29. SHAHAPUR-VASIND
30. SHAHIBAG
31. SOLAPUR
32. SONALE
33. THANE
34. VADODARA
35. VAPI
36. VARACHHA
37. VASAI

*New Branches that opened in FY24 marked in (RED/BOLD)

Our Leadership Team

Hardika Shah
Founder & CEO, Kinara Capital

Hardika Shah is the Founder & Chief Executive Officer (CEO) of Kinara Capital, where she leads the company's strategy and planning and steers the company towards enabling vast financial inclusion of the MSME sector in India. By being at the forefront of innovating technology and products, Kinara Capital has flourished under the CEO's leadership and maintained a strong position as an industry leader. With nearly two decades of prior experience as a management consultant, Hardika has successfully balanced growth and impact at Kinara Capital, creating significant value for all of its stakeholders. Hardika holds a B.A. in Computer Science from Knox College in USA and an MBA from a joint program between Columbia Business School and UC Berkeley's Haas School of Business.

Aiswarya Ravi
CFO, Kinara Capital

Aiswarya Ravi is the Chief Financial Officer (CFO) at Kinara Capital, overseeing the company's financial strategy and operations, including regulatory compliance, financial planning and analysis (FP&A), and investor relations. With over 18 years of experience, she has effectively managed risk and strategic planning amid shifting market conditions. Aiswarya has maintained sustained profitability at Kinara year-on-year.

Aiswarya is a qualified Chartered Accountant (CA) from the Institute of CharteredAccountants of India and a Certified Information Systems Audit (CISA) professional by Information Systems Audit and Control Association (ISACA). She is also currently pursuing her Global Executive MBA via the TRIUM program run by London School of Economics (LSE), HEC Paris, and New York University's (NYU) Stern School of Business.

Our Leadership Team

Thirunavukkarasu R (Thiru R)
COO, Kinara Capital

Thirunavukkarasu R (Thiru R) is the Chief Operating Officer (COO) of Kinara Capital, overseeing Sales, Credit, Legal & Collections, Business Operations, and Customer Care. With over 25 years of experience in the financial services industry, he has scaled Kinara's operations and guided its expansion into new regions across 100+ cities in India.

Thiru earned his B.E. (Agriculture) from Tamil Nadu Agricultural University (TNAU) in Coimbatore. Thiru completed Harvard University's on-campus program on Strategic Leadership in Inclusive Finance. He has participated in the Social Entrepreneurship Accelerator at the exclusive Global Social Benefit Institute (GSBI) program hosted by Miller Center for Social Entrepreneurship at Santa Clara University, California, USA.

Anuradha V
CRO, Kinara Capital

Anuradha V is the Chief Risk Officer (CRO) at Kinara Capital, responsible for developing and implementing the company's comprehensive risk management framework.

With a career spanning over 25 years, she has extensive expertise in corporate strategy, enterprise risk management, and compliance, strengthening Kinara's resilience and ensuring sustainable growth.

Anuradha holds an MBA in Finance from the Institute for Financial Management and Research (IFMR) Chennai and has completed advanced certifications in Analytics and Risk Management.

Our Management Team

Gracy Tavamani
EVP, Human Capital Management (HCM)

Gracy Tavamani is the EVP of HCM at Kinara Capital. She has 23+ years of professional experience, and holds an MBA from the University of Mysore, and is pursuing a Ph.D. in Business Management.

Herjinder Kaur Luggani
EVP, Internal Audit & Compliance

Herjinder Kaur Luggani is the EVP of Internal Audit & Compliance a Kinara Capital. She has 25 years of experience and is a Chartered Accountant with certifications in Internal Auditing and Information Systems.

Anuradha Nataraj
EVP, Credit

Anuradha Nataraj is the EVP of Credit at Kinara Capital. She has 23+ years of experience and holds an MBA in Financial Management from Bangalore University.

Khyati Shah
EVP, Corporate Marketing & ESG

Khyati Shah is the EVP of Corporate Marketing & ESG at Kinara Capital. She has over 20 years of experience and holds an MBA from Columbia Business School and UC Berkeley Haas School of Business.

Riji K
SVP, Business Operations & Customer Care

Riji K is the SVP of Business Operations & Customer Care at Kinara Capital. She has over 15 years of experience and holds an Advanced Strategic Management Programme certification from IIM Kozhikode.

Mayank Arora
SVP, Strategy & Products

Mayank Arora is the SVP of Strategy & Products at Kinara Capital. He has nearly 15 years of experience and holds an MBA from the Indian School of Business (ISB).

Sanjiv Gehlaut
SVP, Data Science

Sanjiv Gehlaut is the SVP of Data Science at Kinara Capital. He has 18+ years of professional experience and holds a master's degree in Econometrics from Delhi University.

Tushar Cherian
SVP, Debt & Treasury

Tushar Cherian is the SVP of Debt & Treasury at Kinara Capital. He has over 16 years of experience and holds a PGDM in Finance from SP Jain Institute of Management and Research.

Saurabh Jain
SVP, Finance & Accounting

Saurabh Jain is the SVP of Finance & Accounting at Kinara Capital. He has 16+ years of experience and is a Chartered Accountant from ICAI.

STEADFAST GROWTH

Financial Performance Overview

In FY24, we are standing at a 3-year CAGR of 103% in terms of PAT and 52% in AUM. Our cumulative disbursements to date have crossed INR 6,768 crore with 116,179 collateral-free business loans disbursed to over 77,269 number of MSMEs, majority of them being micro-MSMEs.

With 26,343 new business loans disbursed in FY24, our active customer base increased by 30% YoY in FY24, while there was a marked 42% YoY increase in our active customer base of women-owned MSMEs.

Our business growth is driven by a diverse and talented team working across 133 branches and at our headquarters in Bangalore. Our overall employee base grew by 34% during the year, reaching 2,073 employees. In FY24, we added 8 new branches and increased our workforce by 525 employees, more than double the number of employees that we added in the prior year.

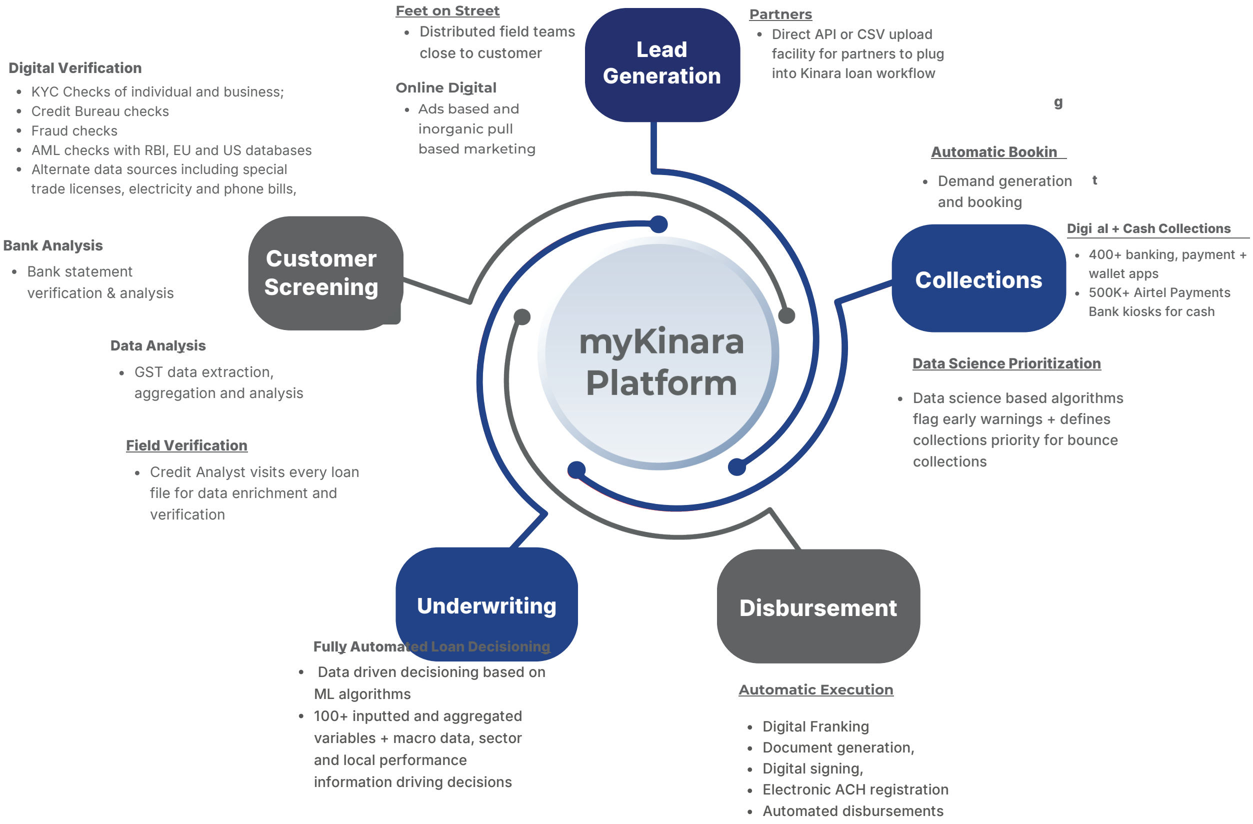
Scaleable Business Model

The High-Tech, High-Touch operations model is designed to deliver efficient, inclusive, and customer-centric financial inclusion to India's MSME sector.

Kinara Capital leverages AI/ML for a data-driven approach which eliminates human bias from credit decisioning and enables fast loan disbursements. The proprietary alternative risk assessment methodology analyzes over 100 diverse data points to ensure accurate credit evaluations, eliminating the need for collateral from the loan decision-making process. This technology-centric approach eliminates human bias and enables MSME entrepreneurs to transition from loan inquiry to disbursement in a single day.

The branch-led model with feet-on-the-street sourcing of customer leads remains our primary growth engine. Our field force of 1681+ officers services MSMEs in 4,500+ pincodes across 100+ cities in India. Our unique blended model and customer-centric approach have led to over 25% of our average monthly disbursements going to repeat customers. Supporting our sales is also our digital lead-sourcing initiatives that led to doubling of our lead-generation as we see more MSMEs willing to apply for online loans. FY24 marked INR 159 crore of disbursement purely from digital lead-generation.

Model Design



The 'Aapka Business Chale NonStop with Kinara' ad campaign featuring Jadeja encapsulates the essence of Kinara's unwavering commitment to the long-term success of MSMEs.

We Launched Our Latest Ad Campaign

'Aapka Business Chale Nonstop with Kinara'

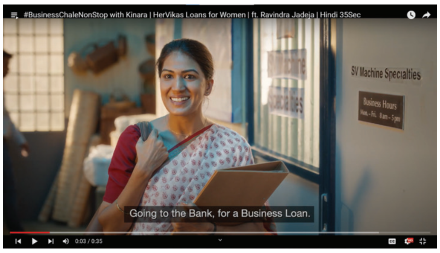
Our Latest Ad Campaign

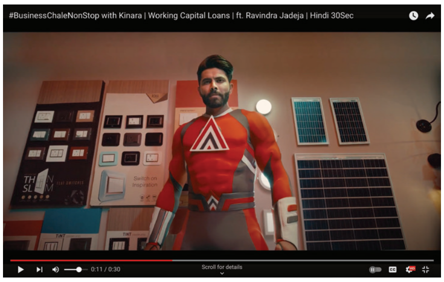
Ravindra Jadeja continues to represent us as Kinara Capital's brand ambassador, bringing even more star power to the promotion of our services via myKinara App. In FY24, we collaborated with him to create our newest ad campaign under the theme of 'Aapka Business Chale NonStop with Kinara' ("Your Business can Run Nonstop with Kinara"). The concept behind this campaign is rooted in the universal appeal of superheroes. By positioning Jadeja in this powerful role, we draw a parallel between the challenges MSME entrepreneurs face and the everyday battles that superheroes conquer.

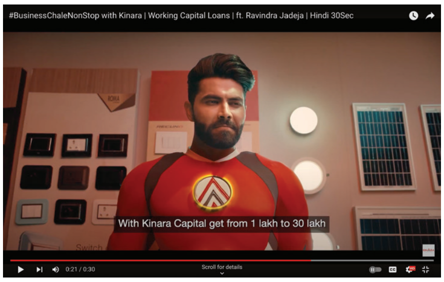
Each ad film highlights a specific obstacle that micro-MSMEs often encounter when seeking business loans, whether it's the requirement for property collateral, the long and uncertain wait for approval, or the difficulties faced by women entrepreneurs. In each case, Jadeja's avatar steps in to break down these barriers, symbolizing the way Kinara Capital's services help entrepreneurs overcome obstacles and keep their operations running smoothly.

The ads raise wide awareness of the multilingual myKinara App, which is designed to simplify the business loan process, all from the convenience of smartphones. This seamless access to financial services is a crucial part of how we ensure that our customers can keep their businesses running NonStop just as the campaign promises!

Kinara can keep MSME businesses running NonStop, just as Jadeja promises! Snapshots of New Ads







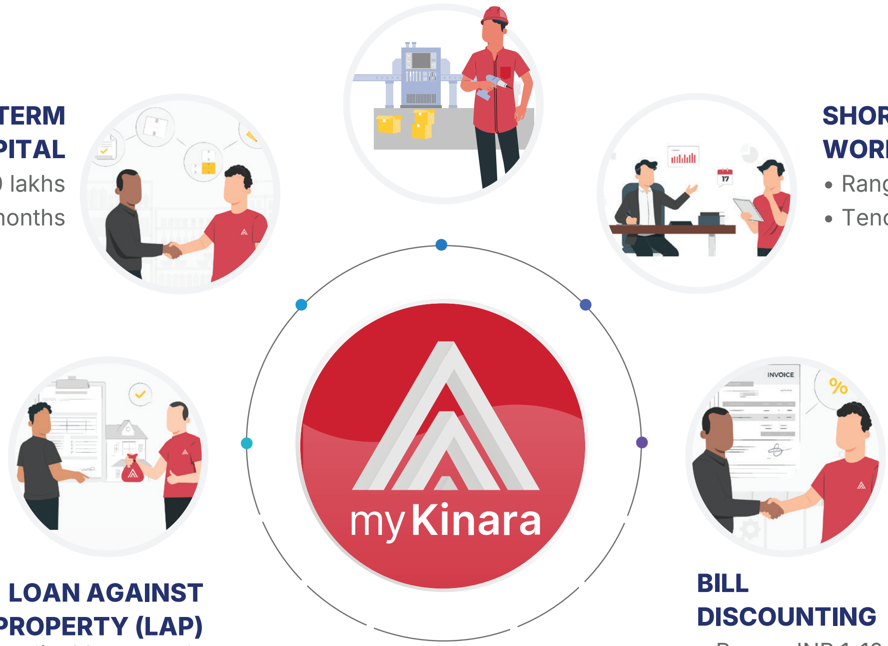
Our Range of Financial Products

We provide a variety of Business Loans to MSME entrepreneurs

MACHINERY PURCHASE
- Range: INR 1-30 lakhs
- Tenor: 12-60 months

LONG-TERM WORKING CAPITAL
- Range: INR 50k-30 lakhs
- Tenor: 12-60 months

SHORT-TERM WORKING CAPITAL
- Range: INR 50k-2 lakhs
- Tenor: 6-12 months



LOAN AGAINST PROPERTY (LAP)
**for existing customers only*
- Range: INR 1-50 lakhs
- Tenor: 12-72 months

BILL DISCOUNTING
- Range: INR 1-10 lakhs
- Tenor: 12 months

Interest Rates start at 23% for all Business Loans and at 16% for LAP

There is a growing demand for formal financing in the MSME sector in India that already faces a massive credit gap, estimated to be around $400 billion by the World Bank. Providing catalytic capital can be transformative for small business entrepreneurs who often struggle with lack of property collateral and shorter cash flow cycles. Kinara Capital continuously analyzes the pulse of our customers, conducts market assessments and invests in introducing new products as well as innovative ways to reach the customers.

The myKinara App is ubiquitous whether the journey begins by the MSME entrepreneur themself, or with the help of our Kinara's dedicated field officers. The process in itself is digitized end-to-end making it easier for MSMEs to grow and thrive with access to Working Capital, Machinery Purchase Loan, or other relevant options.

Our myKinara App is a powerful mobile solution designed to bridge the significant credit gap in India's MSME sector. With a multilingual interface and a simple, no-upload 1-minute Eligibility Check, and 24-hours turnaround, myKinara ensures fast and flexible access to our range of customized financial products.

HerVikas

We celebrated the 5th anniversary of our HerVikas program for women entrepreneurs, with an expanded set of new benefits and another INR 500 crores in disbursement commitment for this year. We have disbursed INR 700 crores under this program until FY24 aiming for a cumulative disbursement under this program to INR 1,200+ crores by the end of this financial year.We are proud to share that Women-owned MSMEs averaged 13% of the AUM in FY24, reaching 16% of the AUM in Q4-FY24

New HerVikas Benefits

1% Interest Rate Discount

50% Reduction in Processing Fees

60-Day Repayment Holiday

Loan within 1-Month of MSME Registration for Manufacturingand Trading Enterprises

HerVikas addresses the core challenges faced by women entrepreneurs by introducing a collateral-free, bias-free approach to business loan availability. The strategic implementation of AI/ML via our multilingual myKinara App removes human bias from credit-decisioning thus benefiting women entrepreneurs who routinely face discrimination when it comes to loan approvals. No separate application is required by women entrepreneurs to qualify for HerVikas collateral-free business loans and the program benefits are applied automatically.

HerVikas

HerVikas

By supporting women entrepreneurs, we empower them to become drivers of their own growth story and create a positive multi-generational impact in their communities. In the words of one of our HerVikas Champions, “For women entrepreneurs like me, Kinara provides life-changing financing support. I am a proud HerVikas businesswoman.”

Total
₹408 Cr.
HerVikas AUM

Total
6,069
HerVikas Customers

Total
36,178
Jobs Supported By HerVikas Customers

Total
₹715 Cr.
HerVikas Disbursement To Date

I AM A PROUD HERVIKAS BUSINESS WOMAN!

CUSTOMER Snapshot

Ashwini J

Jai Hanuman Enterprises

“My life has improved, thanks to Kinara Capital. Due to the business growth, I could also create jobs for others in my community while improving my lifestyle and getting a new house and a car. I am a proud HerVikas business woman.”

STRATEGIC INITIATIVES

Partnerships Expands Our Reach and MSME Financial Inclusion

Our budding Partnerships strategy is foraying Kinara's offerings in new regions via green financing, trade financing, and supply chain financing opportunities. We are customizing APIs to bring Embedded Finance point-of-sale offerings to MSMEs in new sectors such as e-Commerce merchants, Solar installers, WaSH financing, Machinery distributors, agri businesses and more.

Partnerships have doubled the number of pincodes where Kinara has a presence with over 10,000 serviceable pincodes. The Partnership model is demonstrating our ability to scale Kinara's presence in new regions without requiring physical branch presence.

In FY24, we disbursed over INR 100 crores under our partnerships model and we aim to scale this by 4x within the next year. FY24 brought forth partnerships with players including Leaf, Meesho, Ninjacart, Arth, Essmart, PinkCity and others.

Our Technology Initiatives Increase Business Scalability and Improve Assessment

Technology is at the heart of Kinara Capital's operations. The robust and comprehensive tech-bound ecosystem at Kinara seamlessly blends strategic technology partners, in-house built solutions and cloud infrastructure to deliver financial inclusion for MSMEs at scale. Rather than isolated pockets of adoptions, technology is integrated into every process and function. This comprehensive approach has helped in leveraging the power of technology to drive scale, efficiency and growth.

Beyond harnessing the prowess of the AI/ML data-led model for credit-decisioning and collections management, we have been leveraging cloud infrastructure services of AWS, data cloud services of SnowFlake and visualization services of Superset to give us the essential scalability and flexibility needed to support our rapid growth.

Recognizing the value of data, we have adopted a hybrid data storage model that combines the advantages of both data warehousing and data lakes. The ability to integrate structured, semi-structured, and unstructured data and real-time access to it has enabled us to improve our review and make decisions faster about credit assessment and risk factors

FY24 also witnessed us strengthening our in-house capabilities. This year saw us expanding our technology team by 20% and now consists of over 100 employees across product, engineering, QA, Support, CloudOps, Infrastructure and Info Security management.

We built over 100+ APIs to provide a scalable plug-and-play architecture for our future roadmap and developed several in-house applications leveraging low code/no code platforms. We also migrated our loan origination, collection management, loan utilization systems in-house to be owned and managed by us providing flexibility and technical delivery controls. To further ease access to formal credit, we integrated with CKYC for KYC verification of our loan applicants.

Additionally, we integrated with an Account Aggregator (AA) to fast-track banking verification for customers.This has significantly reduced the resource spent on KYC checks and physical document verification as well as reducing costs associated with customer acquisition. For customers, it further improved the turnaround time.

We are now SOC 2 Type 2 Certified by AICPA

Responsible Lending practices and Data Privacy are critical for Kinara Capital as a fintech organization dedicated to serving an underserved segment. With the increasing digitization of financial services, protecting customer data is paramount to maintaining trust and ensuring regulatory compliance.

Our extensive data privacy measures safeguard sensitive information against breaches, unauthorized access, and fraud, which is especially vital in the fintech industry where personal and financial data are handled on a daily basis.

As a result, Kinara Capital secured the System and Organization Controls (SOC 2) Type 2 certification in FY24, reflecting our commitment to data security and compliance. Developed by the American Institute of Certified Public Accountants (AICPA), the SOC 2 certification establishes a rigorous standard for managing customer data securely.

SOC 2 compliance ensures that we have designed our systems to protect sensitive information against unauthorized access, breaches, and other cyber threats.

For our customers and partners, SOC 2 certification provides reassurance that our data is handled with the highest levels of confidentiality and integrity.

Independent Service Auditors' Report

accorp

1. Independent Service Auditors' Report

Independent Service Auditors' Report on Description of Kinara Capital Private Limited's System and the Suitability of the Design and Operating Effectiveness of Controls relevant to Security, Availability, Confidentiality, Processing Integrity and Privacy trust service criteria.

To the Management of Kinara Capital Private Limited

Scope

We have examined Kinara Capital Private Limited's (the "Service Organization" or "Kinara Capital Private Limited") accompanying System Description Provided by Service Organization of its system for **loan services and credit facilities and all its relevant IT systems and controls** for the period from July 01, 2023 to December 31, 2023 (Description) in accordance with the criteria for a description of a service organization's system set forth in the Description Criteria DC section 200 2018 Description Criteria for a Description of a Service Organization's System in a SOC 2 Report (Description Criteria) and the suitability of the design and operating effectiveness of controls included in the Description for the period from July 01, 2023 to December 31, 2023 to provide reasonable assurance that the service commitments and system requirements were achieved based on the trust services criteria for Security, Availability, Confidentiality, Processing Integrity and Privacy (applicable trust services criteria) set forth in TSP section 100, 2017 Trust Services Criteria for Security, Availability, Processing Integrity, Confidentiality, and Privacy.

Opinion

In our opinion, except for the effects of the matters giving rise to the modification, in all material respects:

a. the Description presents the system that was designed and implemented for the period from July 01, 2023 to December 31, 2023 in accordance with the Description Criteria.

b. the controls stated in the Description were suitably designed to provide reasonable assurance that the service commitments and system requirements would be achieved based on the applicable trust services criteria if the controls operated effectively [and if the subservice organization(s)] and user entities applied the controls assumed in the design of Kinara Capital Private Limited's controls for the period from July 01, 2023 to December 31, 2023.

c. The controls operated effectively to provide reasonable assurance that the Applicable Trust Services Criteria were met for the period from July 01, 2023 to December 31, 2023. If complementary user entity controls contemplated in the design of the Service Organization's controls operated effectively for the period from July 01, 2023 to December 31, 2023.

This report is not intended to be and should not be used by anyone other than these specified parties.

For,

Neha Mishra, Certified Public Accountant
License Number: PAC-CPAP-LIC-033276
Date: March 07, 2024

SMART SUSTAINABILITY

Smart Sustainability

As a social impact organization since our inception, our journey towards growth is marked by a balanced approach towards incorporating Environmental, Social, and Governance (ESG) practices, both within our organization and for our customers. We have adopted international guidelines and standards for environmental risk mitigation, client protection, child labour protection, gender parity, and other social and governance practices.

We have solidified our commitment by establishing an internal dedicated ESG Committee, along with comprehensive ESG policies designed to implement and monitor our initiatives consistently. Below is a recap of our ESG practices and compliances.

ESG in our Business Operations

We have taken several initiatives as an organization to conserve natural resources and encourage employees to do the same as well. These include the usage of energy-efficient appliances and computers, LED and sensor-based lights, and no single-use plastic bottles as well as eliminating plastic use where possible. Additionally, employees are environmentally minded to turn off the lights, air conditioners, or fans when not in use in a conference room or other areas of the office building. The majority of internal and external communications are digitized as much as possible to avoid paper wastage, such as the collection of documents/KYC from our customers.. For our customers, we conduct a pre-loan and a post-loan ESG Monitoring visit during which the business premise is reviewed for no usage of child labour, maintaining clear fire exits, and safe handling of hazardous waste, if any.

Customer Commitment to ESG

Taking a step further, our environmental focus extends to our customer base, which is largely made up of micro-MSMEs. Our first aspect is based on a mitigation approach where we follow an extensive Exclusion List of environmentally harmful sectors that we do not fund such as mining. Our Exclusion List is based on guidance from the International Finance Corporation's Performance Standards (IFC PS 1-8), European Development Finance Institutions (EDFI) Harmonised Standards, and British International Investment's (BII) Fossil Fuel Policy.
We also follow a mandatory compliance requirement of ensuring that applicable MSMEs provide special certifications, such as Pollution No Objection Certification (NOC), Forest Department Clearance, FSSAI, etc.
In FY24, we introduced our new ESG Management System (ESG-MS) with an environmental risk categorization framework (A/B+/B/C) for MSME sub-sectors, aligned with IFC guidelines. Based on this categorization, along with factors such as loan size and business premises, we identified 3,121 customer cases in FY24 that would qualify for an in-person ESG Monitoring site visit.

The newly implemented ESG Monitoring site visits are conducted by our Field Credit team and are in addition to the pre-disbursement site visit, and the post-disbursement Loan Utilization Checklist (LUC) site visit.The completed ESG Monitoring site visits in FY24 did not uncover any serious violations that would necessitate loan termination. However, we identified a few minor, rectifiable issues, such as the improper placement of boxes near doorways, and promptly informed customers to address these concerns.

Social Impact of MSME Financial Inclusion

While our overarching mission centers on financial inclusion, our focus is particularly honed on the most underserved segment—micro-MSMEs. As a social impact organization, we are unwavering in our commitment to fostering sustainable growth and enhancing the well-being of the small business entrepreneurs we serve.

As of FY24, we have provided unsecured business loans to over 77,269 MSMEs, significantly contributing to economic empowerment in local communities. The cumulative social impact of Kinara's financial inclusion efforts has supported 426,199 jobs across India, with 27% representing newly created positions. Notably, women make up 37% of the 114,376 new jobs created. Our data analysis also revealed that women entrepreneurs generated 11% more jobs for women compared to their male counterparts.

With a renewed focus on driving gender parity through our HerVikas program, we have expanded benefits to further support women entrepreneurs. In FY25, we anticipate surpassing INR 1,000 crores in cumulative HerVikas disbursements, reinforcing our commitment to empowering women-led businesses.

I AM A PROUD VIKASCHAMPION

CUSTOMER Snapshot

Julair Ansari

Mayur Craft Bags

"Kinara's loan process was very smooth and easy to navigate. I was able to get my loan amount in no time and invest it in improving my business. I owe my growth to Kinara Capital."

Safe Workplaces

Kinara Capital prioritizes the health, safety, and well-being of our employees as well as that of our customers and their employees. Of high importance is ensuring the physical and mental safety in the workplace for Kinara's employees which is evident by our commitment to emergency preparedness, mandatory fire safety training, and availability of fire extinguishers in our corporate office and across our 133 branches.

We are committed to gender parity and have women's representation across all our departments, including all our branches.

We also enforce a zero-tolerance policy for sexual harassment, or workplace harassment or violence, and provide redressal mechanisms to our employees, including whistleblower protection.

Training & Development

In partnership with ESG consulting firm Envint, we formalized our ESG-Management System (ESG-MS) framework and related policies in the previous year and conducted comprehensive ESG training across the company. ESG training since then has been integrated as mandatory learning for all employees with subsequent relevant refreshers and micro-learning modules.

We also have conducted specialized deep-dive ESG training sessions for our Field Credit and Finance teams.

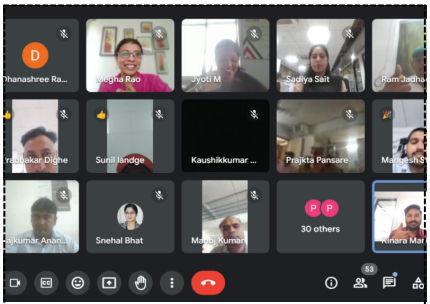
Grow With Kinara (GWK) Customer Workshops

6,393

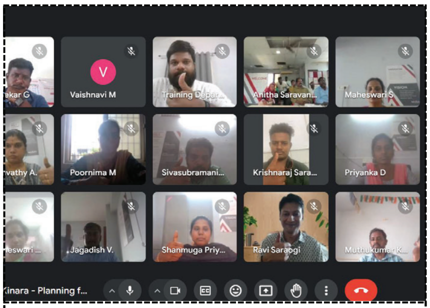
Total Number of Customers who Attended GWK Sessions

136

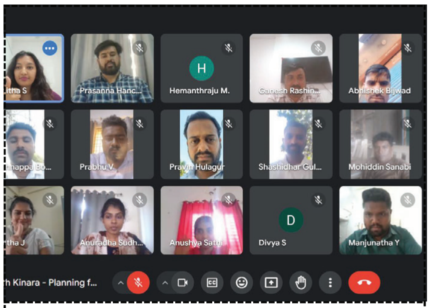
Total Number of virtual workshops conducted in multiple languages



HINDI SESSION



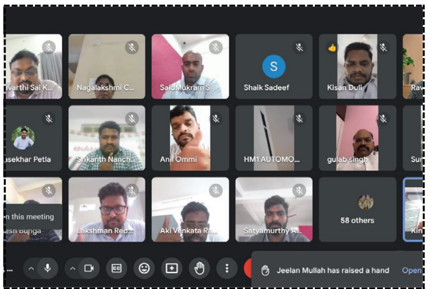
TAMIL SESSION



KANNADA SESSION

Some of the Topics Covered in GWK Sessions:

- Free Data Security Tools
- Union Budget 2023 : All You Need To Know As An MSME
- How - to Build Wealth : Simple Investment Tips
- How To Save Tax And Grow Your Wealth!
- How to Create a Free Business Website
- How To Use WhatsApp for Business
- Growing Your Wealth through Mutual Fund Investments
- How to effectively use Google My Business
- Planning for your Children's Education
- Eco-friendly Green Certifications to Help Your MSME Business Grow
- Youth Skill Development Schemes in India
- Grow Your Business with WhatsApp's New Features



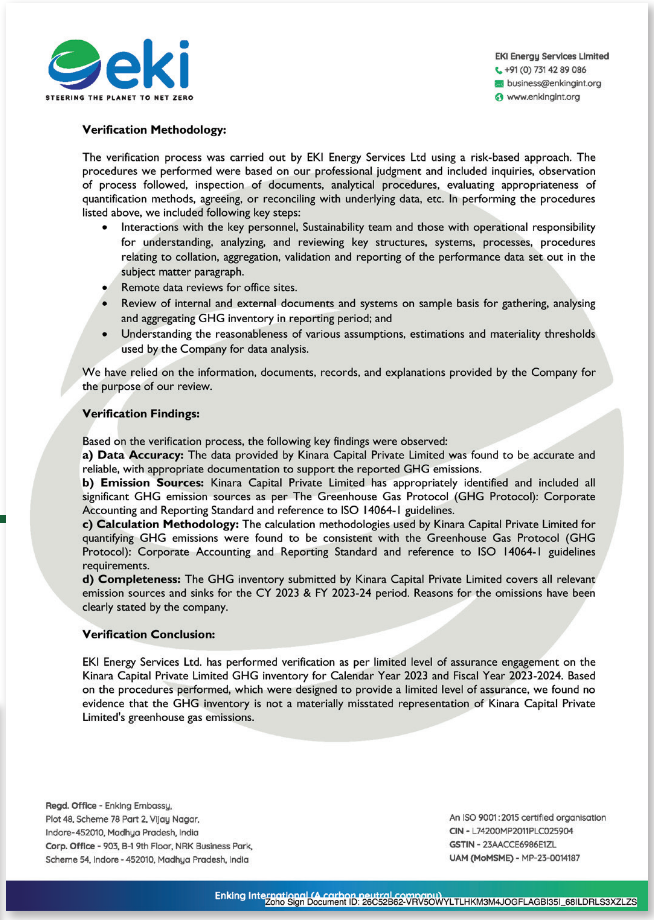
TELUGU SESSION

CUSTOMERS ATTENDING GWK FROM VARIOUS KINARA BRANCHES

#GrowWithKinara

Annual Emissions Reporting

We recognize the financial and non-financial implications of climate change and aim to improve energy efficiency within our organizational boundaries and mitigate environmental risks with our customers. Kinara operates from 135 rented locations, including a network of 133 branches and 2 buildings in our headquarters in Bangalore. To ensure reduced environmental impact, the company has implemented diverse energy management practices at these sites.



STEERING THE PLANET TO NET ZERO

EKI Energy Services Limited
+91 (0) 731 42 89 086
business@enkingint.org
www.enkingint.org

Verification Methodology:

The verification process was carried out by EKI Energy Services Ltd using a risk-based approach. The procedures we performed were based on our professional judgment and included inquiries, observation of process followed, inspection of documents, analytical procedures, evaluating appropriateness of quantification methods, agreeing, or reconciling with underlying data, etc. In performing the procedures listed above, we included following key steps:

- Interactions with the key personnel, Sustainability team and those with operational responsibility for understanding, analyzing, and reviewing key structures, systems, processes, procedures relating to collation, aggregation, validation and reporting of the performance data set out in the subject matter paragraph.
- Remote data reviews for office sites.
- Review of internal and external documents and systems on sample basis for gathering, analysing and aggregating GHG inventory in reporting period; and
- Understanding the reasonableness of various assumptions, estimations and materiality thresholds used by the Company for data analysis.

We have relied on the information, documents, records, and explanations provided by the Company for the purpose of our review.

Verification Findings:

Based on the verification process, the following key findings were observed:
a) Data Accuracy: The data provided by Kinara Capital Private Limited was found to be accurate and reliable, with appropriate documentation to support the reported GHG emissions.
b) Emission Sources: Kinara Capital Private Limited has appropriately identified and included all significant GHG emission sources as per The Greenhouse Gas Protocol (GHG Protocol): Corporate Accounting and Reporting Standard and reference to ISO 14064-1 guidelines.
c) Calculation Methodology: The calculation methodologies used by Kinara Capital Private Limited for quantifying GHG emissions were found to be consistent with the Greenhouse Gas Protocol (GHG Protocol): Corporate Accounting and Reporting Standard and reference to ISO 14064-1 guidelines requirements.
d) Completeness: The GHG inventory submitted by Kinara Capital Private Limited covers all relevant emission sources and sinks for the CY 2023 & FY 2023-24 period. Reasons for the omissions have been clearly stated by the company.

Verification Conclusion:

EKI Energy Services Ltd. has performed verification as per limited level of assurance engagement on the Kinara Capital Private Limited GHG inventory for Calendar Year 2023 and Fiscal Year 2023-2024. Based on the procedures performed, which were designed to provide a limited level of assurance, we found no evidence that the GHG inventory is not a materially misstated representation of Kinara Capital Private Limited's greenhouse gas emissions.

Regd. Office - Enking Embassy, Plot 48, Scheme 78 Part 2, Vijay Nagar, Indore-452010, Madhya Pradesh, India
Corp. Office - 903, B-1 9th Floor, NRK Business Park, Scheme 54, Indore - 452010, Madhya Pradesh, India

An ISO 9001:2015 certified organisation
CIN - L74200MP2011PLC025904
GSTIN - 23AACCE6986E1ZL
UAM (MoMSME) - MP-23-0014187

Enking International (A carbon neutral company)
Zoho Sign Document ID: 26C52B62-VRV5OWYLTLHKM3M4JOGFLAGBI35I_68ILDRLS3XZLZS

STEERING THE PLANET TO NET ZERO

EKI Energy Services Limited
+91 (0) 731 42 89 086
business@enkingint.org
www.enkingint.org

Statement of Independence:

EKI Energy Services Ltd conducted the GHG inventory verification as an independent third-party entity. We have no financial or other interests in Kinara Capital Private Limited that could compromise our impartiality during the verification process.

EKI is an independent professional services company that specializes in Climate change and Carbon offsets domain. EKI has 14+ years of experience in providing sustainability and mitigation strategies services for corporate clients and is the only public listed carbon credit management company in India. With a total client base of 3000+, EKI has a global presence in 14 + countries and clients from 40 + countries. Furthermore, EKI has experience in providing advisory on comprehensive monitoring and evaluation for environmental projects and has an impressive understanding of standard methodology for the verification of greenhouse gas emissions data.

Other Matters:

Our report does not extend to any disclosures or assertions relating to future performance plans and/or strategies disclosed in the reports. The maintenance and integrity of the Company's website is the responsibility of its management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information on the website, the reports or our independent verification report that may have occurred since the initial date of presentation.

Restriction on use and distribution:

Our work has been undertaken to enable us to express a limited level of verification on the GHG inventory for the calendar year ended December 31st and financial year ended March 31st, 2024, to the management of **Kinara Capital Private Limited** in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than the entity, for our work, for this report, or for the conclusion we have reached.

Lead Verifier	**Lead Reviewer**
Ribhu Deo	**Arun Victor Paulraj**

Place: Indore, Madhya Pradesh
Date: 28/05/2024

Regd. Office - Enking Embassy, Plot 48, Scheme 78 Part 2, Vijay Nagar, Indore-452010, Madhya Pradesh, India
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The primary source of energy for Kinara offices and branches is grid electricity. In FY24, we reported Scope 2 & Scope 3 greenhouse gas (GHG) emissions from all of our office locations, and from reimbursement for business travel. This accounted for a total of 1436.70 tCo2 (tonnes of carbon dioxide) emissions, per the India GHG Protocol.

We further had the calculations verified and took an Independent Verification Statement from EKI Energy Services Ltd. (EKI) climate advisory group for FY24 and CY2023. EKI conducted the verification in accordance with ISO 14064-3.

Social & Environment Responsibility (SER) Certification

SOCIAL & ENVIRONMENTAL RATING

The MFR Rating Committee assigns to

KINARA CAPITAL, India

Grade: ^{s}A

Good social performance management and client protection systems. Mission likely to be achieved.

Milan, April 2024

Aldo Moauro
Managing Director

MAKE THE DIFFERENCE · WE PROVE IT

Joris Crisà
Head of Rating Committee

UNLESS EARLIER REVOKED BY MFR OR BY MATERIAL CHANGES THAT AFFECT RATINGS STATUS,
THIS CERTIFICATE IS VALID FOR 18 MONTHS FROM THE ISSUE DATE

In FY24, we are proud to share that in FY 24, Kinara Capital acquired the coveted 'A' grade in Social and Environmental Rating (SER) from MFR global rating agency. MFR conducts an independent review of performance to date and assesses the organization's future capacity to achieve its social and environmental goals. Kinara Capital rated Good or Excellent on 86% of the 22 parameters evaluated for the SER rating. This achievement makes Kinara Capital only 1-of-4 organizations in India to have achieved an SER rating of 'A' from MFR.

SUPPORTIVE INCLUSIVITY

At Kinara, we foster a diverse workforce with an inclusive and collaborative culture. Operating across six states in India, our local hiring practices create job opportunities across the regions we serve. Since our inception, Kinara Capital has championed gender equality and inclusivity within the organization. Kinara's inclusive culture extends beyond gender, welcoming individuals of all backgrounds, gender identities, and persons with disabilities, fostering a truly diverse workforce.

We are committed to embedding DE&I principles across all aspects of our business, from recruitment and decision-making to community engagement and value chain partnerships. By upholding meritocracy, we ensure a fair and unbiased selection process, enabling every individual to thrive and contribute to our collective success.

Championing Gender Parity

We are proud to have achieved 52:48 (women:men) gender parity in our Bangalore corporate offices in FY24, alongside active inclusion of the LGBTQ+ community for which we have partnered with PeriFerry to integrate members into the workforce. Further to support young women, we are partnering with the Vedica Scholars Programme for Women, a unique 18-month programme in Management Practice that prepares women professionals to become professional leaders in their chosen field.

Increasing the number of women employees remains a crucial step in fostering a culture of diversity and inclusion. We lead with a women-majority management team and have achieved one-third of women's representation on our Board of Directors.

Advocating for People with Disabilities

By championing accessibility, providing necessary accommodations, and raising awareness, we have built a supportive workplace where every individual can contribute meaningfully. Currently, we have five employees with self-reported disability. In India, many prefer to not report disabilities that are not physically evident. Additionally, we have partnered with Vindhya e Infomedia call center services where we have expanded our call center team with a dedicated staff of 20 agents who are all differently abled.

Sensitization Training & Celebrations

We provide training and education to raise awareness about the importance of diversity in the workplace, supported by fair policies and practices that promote an equitable work culture. We strive to create an enabling environment that emphasizes continuous learning, inclusivity, equality, and a healthy, safe workplace. Employee experience is a priority reflecting strong employee satisfaction with popular initiatives like our once in a year offsite Townhall celebration, Harmony Club for team engagement, Women's Club and Women’s Day celebration, Pride celebration to further enhance our workplace culture.

Employee Demographics

90%
Employee Net Promoter Score (NPS)

2,073
Total Employees

1,681
Field

392
Head Office

Employee Strength

Men	1,748
Women	318
PwD	05
LGBTQ	02

525 Employees added in FY24, 2x YoY Growth

Gender Parity Progress

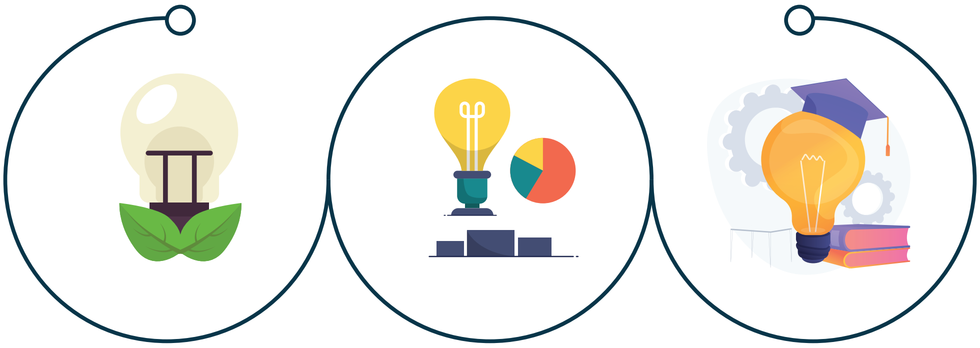
Women in Leadership (C-suite) **75%**

Women in Top Management **55%**

Women & LGBTQ+ in Headquarters **42%**

Learning & Development:

Total Training Hours
78,692



ESG Training Hours
2,397

No. of L&D Trainings
439


Operations &

SURGING FORWARD

Surging Forward

Kinara Capital's larger vision is to create a more financially equitable world where all MSME entrepreneurs have access to the resources they need to succeed. Since its inception, Kinara has been dedicated to building a robust foundation and a significant presence across India. With this solid groundwork now established, we are ready to surge forward, making our presence even stronger, more widespread, and more efficient. Our growth plan for FY25 is built on this momentum, and anchored on 3 core strategies:

EXPANSION - Currently, we have 133 branches spread out across 100+ cities in regions representing approximately 70% of India's manufacturing output which serves as an effective way to connect directly with customers. Our growth plans for the future will be anchored on Kinara penetrating further into existing geographies via our branch-led model, in order to further expand the ambit of our reach and visibility. In addition to this, we will extend our services to new MSMEs in regions via our Partnerships model. .

EFFICIENCY - Kinara is committed to optimizing the efficiency of its operations to achieve greater impact. We are in the process of revamping several aspects of our sales, credit and collections processes under a revised enterprise risk framework to proactively safeguard our operations and build resilience for the future. This will allow us to effectively introduce new products and offers, such as targeting Manufacturing MSMEs, expanding WaSH and Green financing via the MSME ecosystem, AgriTech and more. These initiatives are designed to maximize our operational efficiency and ensure that we are able to seamlessly meet the evolving requirements of our customers at every point of interaction.

EVOLUTION - Technological innovation is at the core of all our internal and external operations. Our tech strategy revolves around investing in-house capabilities to build and implement transformative tech. We have already integrated our Loan Origination Systems with Account Aggregator and CKYC to simplify digital verification of the applicant's KYC and banking information. We are transitioning to a low-code, open source Loan Origination System (LoS), Collections Management System (CMS) and Loan Management System (LMS) that provides a flexible architecture to quickly incorporate regulatory and business requirements. We will continue to expand our Lending-as-a-Service (LaaS) set of customizable APIs in order to integrate with more partners driving future growth.

Kinara's mission of driving financial inclusion and growth is what underpins our future plans. Going forward, we will continue laying strong emphasis on achieving social impact and transforming the last-mile lending landscape. Our strategy revolves around integrating tech innovations and maintaining our focus on securing the best interests of the MSME borrower. This will open doors for thousands more MSME entrepreneurs, enabling them to create jobs, step up income generation, and contribute to the progress of the nation's economy.

CSR Project Details

NGO Partner: Pushp-kiran Union for Real Enlightenment (PURE India Trust)
https://www.pureindia.org/

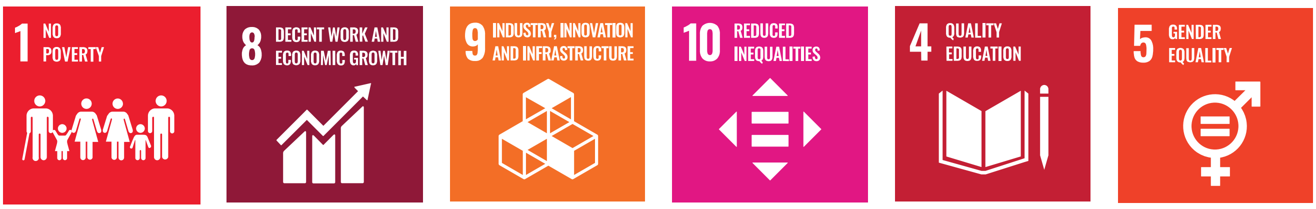
Project Location: Satara, Maharashtra

Project Description:

In FY23, the CSR project that was selected was to support women-entrepreneurs from economically disadvantaged backgrounds to launch their own businesses by providing them with some start-up capital, market linkages, and with basic skilling and entrepreneurial development training in order to run their new businesses.

Project Outcome: 35 women micro-entrepreneurs launched their own businesses, including 5 women who are physically challenged. The output of their businesses has generated a combined INR 4,55,214 in Total Revenue and INR 2,63,296 in Total Profit.

UN SDGs: The project met United Nations Sustainable Development Goals (UN SDGs) 1, 4, 5, 8, 9, 10



Notable Accolades

Dun & Bradstreet: INDIA'S LEADING BFSI AND FINTECH COMPANIES 2023

Banking & Finance Post: INDIA'S TOP 100 NBCs 2023

Inc42: INDIA'S KEY FINTECH PLAYERS: GROWTH STAGE

IBS Intelligence: 5 WOMEN-LED PLATFORMS ACCELERATING FINTECH ECOSYSTEM IN INDIA

Fintech Singapore: 40 FASTEST GROWING FINTECHS IN ASIA PACIFIC 2024

BWDisrupt: 20 MOST INFLUENTIAL WOMEN ENTREPRENEURS 2024

Global Fintech Festival: BEST LENDING STARTUP

NBFC Fintech Conclave: BEST FINTECH NBFC OF THE YEAR 2023

Financial Times: TOP 500 HIGH-GROWTH COMPANIES ASIA-PAC 2023 * 5th YEAR IN A ROW *

Bharat Fintech Festival: BEST FINANCIAL INCLUSION ORGANIZATION OF THE YEAR 2024 (runner-up)

Entrepreneur India Digital Enabler Idea Awards: BEST USE OF TECHNOLOGY FOR RESPONSIBLE BUSINESS 2024

Press Recognition

mint

Entrepreneur INDIA

PTI

Business Standard

BW DISRUPT
ENTREPRENEURS' DISRUPT

ECONOMIST IMPACT

the better india

VCCiRCLE

causeartist

ET The Economic Times

LET TRUTH PREVAIL
THE TIMES OF INDIA

OUTLOOK BUSINESS

bt Business Today

FT FINANCIAL TIMES

Inc42

ET Rise.com

Management Discussion & Analysis (MD&A)

1. Global Overview

In FY 2023-24, the global economy saw a mixed performance with economies like India performing above the expectation. According to the IMF forecast, global economic growth will be 3% in 2023, slightly lower than the previous year but remains above the long-term average. The decline is largely due to the global economy continuing to face challenges such as geopolitical tensions and inflation. Though there is a steady decline in global inflation, from 8.7% in 2022 to 6.8%in 2023 (IMF's World Economic Outlook), it is still above the pre-pandemic levels. This has contributed to increased business costs and impacted global trade dynamics.

One of the key parameters of economic growth is global trade, which remained flat in 2023. While India saw a rise in exports, at a global level it saw a decline. The value of global trade fell by 3% in 2023 according to United Nations Conference on Trade & Development. Whereas in India, according to the government data, on the trade front, despite a slowdown in international trade, India's exports marked an all-time high of USD $778 billion in FY24.

Across the globe, climate action gained significant momentum in FY 2023-24, as the world recognized the urgent need for sustainable growth. According to the International Energy Agency (IEA), the world added 50% more renewable capacity in 2023 than in 2022.
With easing of recessionary fears, persistent high inflation, and monetary tightening, the global macro-outlook is showing signs of improvement. It is moving towards improvement in growth, disinflation, and monetary easing. Multiple trends like People, Planet and Prosperity are shaping priorities of businesses and this will transform the global economy in a big way.

2. India Recap and Outlook

Over the past year, India has made remarkable strides towards cementing its position as a global economic powerhouse. The nation's economy continued to demonstrate remarkable resilience in FY 2023-24, with the Economic Survey reporting that India achieved a real GDP growth of 8.2% during the year. This impressive performance was anchored by capital expenditures and strong domestic demand for both investment and consumption.

The Manufacturing Purchasing Managers Index (PMI) hit a 16-year peak of 59.1 in March 2024, driven by increased output and new orders. Capital expenditures and strong domestic demand for both investment and consumption were key contributors to GDP growth. Similarly, rapid urbanization and infrastructure development, expansion of e-commerce platforms, and the resultant demand for logistics, and digital-related services have taken the domestic demand for services to greater heights. The Services PMI soared to 61.2 in March 2024.

The economy’s resilience was further demonstrated by its ability to manage inflation. According to data from the RBI, headline inflation fell to 5.4%, down from the previous year's 6.7%, and the current account deficit (CAD) decreased to 1.2% of GDP from April to December 2023.

FY 2023-24 was the year leading up to the general elections, making it pivotal not just for its political significance, as well as for the economic groundwork laid. The government’s strategic use of the interim budget was aimed at maintaining economic stability, addressing the needs of various sectors, and setting the stage for continued growth. India’s economic trajectory has maintained strong momentum during this period, with the nation poised to become the third-largest economy in the world by the end of this decade. The International Monetary Fund (IMF) projects India’s GDP to reach $5 trillion by 2026, driven by robust domestic consumption, strategic infrastructure investments, and a vibrant services sector. As of FY 2023-24, India's GDP stood at approximately $3.5 trillion, growing at a rate of 6.5%, despite global economic uncertainties.

The country is also on track to become the third-largest consumer market by 2030, following the United States and China. This growth is fueled by a burgeoning middle class, which, according to data from the World Economic Forum, is expected to increase from 400 million to over 600 million people by 2030. Urbanization continues to play a critical role in this expansion, with the urban population expected to rise from 35% to 40% over the next decade. The government's substantial investments in infrastructure of over $122 billion are aimed at supporting this urban shift and improving the quality of life in cities through initiatives like the Smart Cities Mission. Initiatives aimed at improving urban-rural linkages, and boosting economic growth have also been undertaken in the form of the expansion of the National Infrastructure Pipeline and the development of expressways, highways, and rural roads under the Bharatmala and Pradhan Mantri Gram Sadak Yojana schemes. The robust growth and improved quality of government expenditure has resulted in S&P Global Ratings upgrading India's sovereign rating outlook to positive from stable.

Climate change has emerged as an undeniably significant factor impacting global socio-economic headwinds. India has reaffirmed its commitment to combating climate change, further solidifying its role as a responsible global player. The country remains steadfast in its Paris Agreement commitments, aiming to reduce the emissions intensity of its GDP by 45% by 2030, compared to 2005 levels. At the UN Climate Conference in Dubai (COP28), India announced its ambition to increase non-fossil fuel energy capacity to 500 GW by 2030.

According to a report by international energy analytics agency Ember, in 2023, India became the world's third-largest solar power producer and ranks fifth globally in installed solar capacity. These commitments and initiatives are reflected in policies implemented by regulatory bodies like the Reserve Bank of India (RBI) and the Securities and Exchange Board of India (SEBI), which have introduced frameworks aimed at addressing climate-related risks in the financial sector, in alignment with global standards. This move ensures that corporate India is aligned with global sustainability standards, which is increasingly important as investors and consumers alike prioritize ESG performance.

3. Sectoral Recap

Contributing nearly 30% to India’s GDP and employing over 110 million people, MSMEs are the backbone of India’s economy. According to the MSME Pulse Report from TransUnion CIBIL and SIDBI, the demand for commercial loans grew 29% during the July-September 2023 quarter and the credit supply grew by 20% YoY by volumes only as compared to the same period in 2022. The demand for credit grew the fastest (39%) at NBFCs.

In addition to bolstering physical infrastructure, the Indian government is also in the process of building up a robust digital infrastructure framework to support the growth of MSMEs. Initiatives such as DigiLocker, Udyam registration, CKYC and Account Aggregator (AA) are facilitating formalization and access to a variety of resources for MSMEs.

The Udyam Registration platform has simplified formal registration for MSMEs, helping them access various government schemes and benefits, and easing compliance with regulatory requirements. There are nearly 3 crore Udyam registrations done so far with 97% attributable to micro-enterprises thus, bringing them into the fold of formalization. Similarly, with over 9 billion transactions per month, UPI has revolutionized digital payments, making transactions faster and more accessible and enabling MSMEs to engage in digital transactions which also acts as alternate data for credit underwriting.

The Account Aggregator (AA) framework also plays a crucial role in enabling accessibility for MSMEs. It aggregates financial information from various institutions, allowing MSMEs to provide consent based digital access to their banking information improving the veracity of information that can unlock credit.Going forward, the government's focus on increasing internet penetration within the MSME sector will further boost MSME visibility and market reach. According to a Redseer report, this digital evolution is expected to drive MSMEs’ contribution to the economy to 34-40% by 2027.

4. Review of Operational and Financial Performance

4.1 Operational Performance

AUM in FY24 grew by 26% to ₹3,142 crore on account of disbursement of ₹1,905 crore during the year. Cumulative disbursements crossed INR 6,750 crore in FY24. We intend to cross ₹8,350 crore in FY25, thus achieving a milestone of $1 billion of cumulative disbursements. Our next milestone target is to take the AUM to $1 billion in the next three years.

AUM Growth

Operational Performance	FY20	FY21	FY22	FY23	FY24
AUM	853	903	1,267	2,487	3,142
Growth	27%	6%	40%	96%	26%

In the first nine months of FY24, we disbursed 15% more than what we disbursed in the first nine months of FY23. In the fourth quarter of FY24, our monthly disbursement average was 21% higher than the monthly disbursement average of the first nine months of FY24, exhibiting a measured growth trajectory. Disbursement growth in the current year was modest, increasing by only 1% compared to the previous year.

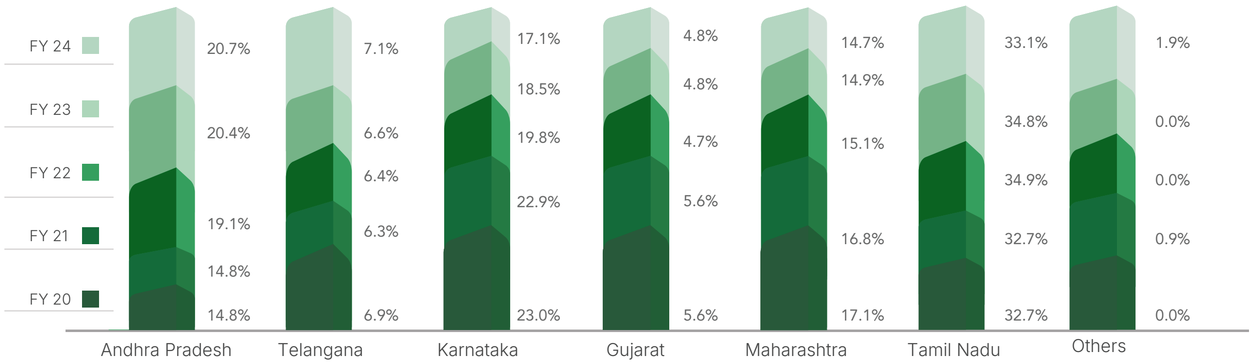
This deliberate approach was driven by strategic credit tightening measures we implemented to ensure that our expanding portfolio remains strong and sustainable. By focusing on higher credit quality, we aim to achieve better long-term credit costs, ensuring that the growth of our book is both prudent and resilient in the face of evolving market conditions.

Operational Performance	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**
Disbursement	596	459	793	1,883	1,905
Growth	15%	-23%	73%	137%	1%

4.2 Portfolio Diversification

As one of the few unsecured business loan providers catering to manufacturing & trading micro enterprises, Kinara has developed efficient last mile distribution through 133 branches in 6 adjacent states in South and West India. Diversification of the portfolio is a key aspect for the Company. Since inception, the Company has continuously expanded across geographies and sectors, thereby consciously reducing concentration in its portfolio.

AUM State-wise:



*Others include regions across India through partnership channel

The southern states account for 78% of the Portfolio with the residual 20% of the Portfolio being distributed amongst the western states of Maharashtra and Gujarat, and 2% others. While Tamil Nadu continues to be the largest state in the Portfolio, its share has declined to 33% in FY24 from 35% in FY23 thus, reducing concentration.

Additionally, we serve 300+ MSME sub-sectors across manufacturing, trading and services segments. As per our risk management policy, the company actively tracks exposure to each sector against acceptable thresholds. During the year contribution from Metal Works, Chemicals and Automobiles has increased compared to last year while Food Products and Fashion continue to remain our top sector exposures albeit in <15% each.

Top 10 Sectors

Top 10 Sectors	FY24
Food Products	13%
Fashion	13%
Construction Material	8%
Textiles	7%
Provision Stores	5%
Metal Works	4%
Industrial	4%
Wood	4%
Automobiles	4%
Chemicals	3%

4.3 Financial Performance

4.3.1. Profit & Loss Table

P&L (₹ crore)	FY23	FY24	Y-o-Y %
Income			
Revenue from Operations	491	721	47%
Other Income	0.3	2	511%
Total Income	**492**	**723**	**47%**
Expenses			
Finance Costs	183	273	49%
Impairment on Financial Instruments	92	186	103%
Employee Benefit Expenses	104	108	4%
D&A	9	13	43%
Other Expenses	51	62	22%
Total Expenses	**438**	**642**	**47%**
PBT	**54**	**81**	**50%**
Total Tax	13	19	47%
PAT	**41**	**62**	**51%**

4.3.2. Total Income

Total income increased by 47% to ₹723 crore in FY24 from ₹492 crore in FY23, primarily driven by 26% increase in AUM to ₹3,142 crore in FY24 from ₹2,487 crore in FY23. This led to an increase in the interest income by 60% to ₹616 crore in FY24 from ₹384 crore in FY23. Yield on Interest Income (excl. net gain on derecognition of financial instruments) sharply increased by 1.4 percentage points to 21.9% in FY24 compared to 20.5% in FY23 and 19.7% in FY22. This increase is despite the discounted loans provided under the HerVikas Program contributing to nearly 13% of the AUM.

4.3.3. Finance Costs

Finance costs increased by 49% to ₹273 crore in FY24 from ₹183 crore in FY23 on account of higher debt raised to fund the increased credit demand of MSMEs and the growth in AUM. Total Debt increased to ₹2,168 crore in FY24 from ₹1,665 crore in FY23. Over this period, the average funding cost of Debt to us has remained almost flat at under 13% despite a challenging market environment.

Through a quarterly report, the Internal audit function provides independent assurance to the Audit Committee and the Board on the quality and effectiveness of internal controls and governance systems and processes. In FY24, the Internal Audit team audited all 133 branches on a quarterly basis.

Concurrent Audits, thematic audits and consulting assignments as required by the Management also form part of the audit calendar of the Internal Audit function. Audit outcomes drive required improvements to design, automation, and operations through introduction of new policies and Standard Operating Procedures as well as improvement to existing ones. In addition, 29 functional audits, 30 monthly concurrent audits and 8 quarterly concurrent audits were completed.

4.3.4. Operating Expenses (OPEX)

Operating expenses as a percentage of AUM decreased significantly by nearly three percentage points, from 9.3% in FY23 to 6.4% in FY24, showcasing enhanced operational efficiency. This reduction was achieved alongside our focused investment in human capital, as we grew our workforce by 525 employees, surpassing 2,000 employees in line with our strategic goals. Despite this expansion, we optimized our overall employee costs, aligning growth in personnel with asset growth, thereby leveraging scale effectively. This highlights our commitment to both operational excellence and sustainable growth.

4.3.5. Pre-provision Operating Profit (PPOP)

PPOP for the company was ₹280 crore in FY24, up 81% YoY with a margin of 38.7% (as a percentage of total income) in FY24 compared to 31.4% in FY23, a substantial increase of over 7.3 percentage points on account of higher operational leverage.

4.3.6. Credit Cost

The total credit cost in FY24 was ₹186 crore (consisting of provisions – ₹74 crores and net write offs – ₹112 crores) from ₹92 crore in FY23. On an absolute basis the increase in credit cost can be attributed to 26% increase in the AUM, YoY. Additionally, we have put in place credit tightening and risk mitigation frameworks based on which the Company decided to make additional provisions, as well as write-off certain loans in advance.

4.3.7. Return on Assets (ROA) Tree (%)

ROA Tree	FY23	FY24
Total Income	28.1%	25.5%
Interest Yield	20.5%	21.9%
Finance Costs	10.5%	9.6%
Opex incl D&A	9.3%	6.4%
PPOP (excl D&A)	8.8%	9.9%
Credit Costs	5.2%	6.6%
RoA (pre-tax)	3.1%	2.9%
RoA (post-tax)	2.4%	2.2%

ROA for Kinara Capital continued to be above 2% albeit reducing marginally to 2.2% in FY24 from 2.4% in FY23. This is despite the increase in our credit costs due to the aforementioned reasons. The reason for lower fall in ROA can be attributed to reduction in finance cost and operating expenses which helped PPOP (% of AUM) increase to 9.9% in FY24 compared to 8.8% in FY23.

We remain committed to generating incremental value for all our stakeholders. We are striving towards taking the ROA to 3% in the next three to four years as we scale our operations further.

4.3.8. Balance Sheet

Balance Sheet	FY23	FY24
Cash & Bank Balances	616	547
Loans	1,616	1,949
Investments	1	167
Fixed Assets (incl Intangible Assets)	30	45
Other Assets	242	343
Total Assets	**2,505**	**3,051**
Shareholders Funds	684	736
Borrowings	1,665	2,168
Lease Liabilities	24	23
Other Liabilities	132	124
Total Liabilities	**2,505**	**3,051**

**INR in crore*

The Company has a robust capital structure and has over ₹500+ crore of liquidity. Through the judicious use of co-lending, as a liability strategy, even with a growth in AUM, the Company ended the year with robust Capital Adequacy Ratio of 28% and a Debt / Equity ratio of 2.9x giving it a sustainable runway for future growth.

5. Treasury

5.1. Liability Profile

Kinara Capital has a well-diversified lending mix with access to multiple pools of capital split across Banks and Small Finance Banks, NBFCs and Financial Institutions, Alternate Investment Funds, Foreign Portfolio Investors (FPI) and Asset Management Companies. As of FY24, Kinara Capital had 45+ Lenders on its books. During the year we increased diversity across the liability side through new instruments and added 7 new lenders to our Liability mix, with 2 lenders returning to our capital stack.

5.2. Total Borrowings

Kinara Capital raised ₹1,069 crore of debt in FY24 as compared to ₹1,030 crore in FY23. We continue to receive tremendous support from our existing lenders, who understand the robustness of our business model. Of the ₹1,069 crore of debt that was raised in FY24, 80% was from existing lenders as compared to 79% during FY23. Our model of having a diversified lender base and a strong repeat exposure by our lender partners has helped us in keeping the cost of debt at the same level in FY24 vs FY23 even in the face of heightened stipulations of RBI towards unsecured debt.

Total Borrowings	FY22	FY23	FY24
Total Debt Raised	746	1,030	1,069

5.3. Liability Mix

FY24 continues to see consistent diversity to our liability pool as our scale of borrowing has increased without excessive reliance on any single source of debt capital. FY24 marks the second year of raising over ₹1,000 crore showing our ability to raise funds for expansion and our lenders faith in the company's scalable and sustainable business model.

Liability Mix				
Debt Split by Funds Raised	**FPI**	**Bank**	**NBFC**	**AIF + FI**
FY21	20%	32%	35%	13%
FY22	43%	3%	44%	11%
FY23	33%	31%	31%	5%
FY24	50%	24%	26%	0%
Debt Split by Funds Raised	**FPI**	**Bank**	**NBFC**	**AIF + FI**
FY21	34%	25%	37%	4%
FY22	47%	12%	33%	8%
FY23	45%	21%	30%	4%
FY24	52%	19%	27%	1%

The company sources funds from Foreign Portfolio Investors (FPI), Banks and Small Finance Banks (Bank), Non-Banking Financial Company (NBFC) and other Financial Institutions (FI/AIF).

Typically, the share of FPIs has always been higher over the years. However, in FY24, their contribution crossed the halfway mark reaching 52% as the Company aims on exploring funds with focus on social and/or environment impact lending (gender lens, green and clean financing, WaSH Financing). 24% of the debt raised in FY24 was through Social Impact funds. 25% of our AUM in FY24 constitutes to Social Impact Loans including to women entrepreneurs.

5.4. Borrowing Cost

The average cost of borrowings on the total outstanding has remained flat at 12.77% in FY24 from 12.74% in FY23. Our strong relationships with our lender base have allowed us to keep the cost of borrowing sustained. This has helped us to achieve better operating margins.

Borrowing Costs	FY22	FY23	FY24
Borrowing Costs	12.50%	12.74%	12.77%

5.5. Credit Rating

Credit rating and strong brand equity enables us to borrow funds at competitive rates. During the year our rating was revised to BBB+ from BBB by CARE whereas ICRA revised the outlook of rating (BBB) to Positive in FY24 from Stable in FY23.

Rating & Outlook	CARE BBB+ Stable	ICRA BBB (Positive)	IND BBB+ Stable
Revision in FY24	Rating revised upwards	Outlook revised upwards	Maintained

5.6. Asset Liability Management

Positive asset-liability management (ALM) is crucial for any organisation as it ensures financial stability and enhances operational efficiency, contributing to the overall stability and growth of the organisation.

Kinara Capital has a conservative and prudent ALM policy. As a key strategy to manage healthy cash flows, the Company typically maintains three months of cash requirements in the form of undrawn limits or in cash equivalents. In terms of structural liquidity, the Company continues to maintain positive mismatches on a cumulative basis across all buckets.

5.7. Treasury Focus Areas

The Treasury team has outlined clear objectives from a future perspective so as to further strengthen the liability mix of the Company and enhance stability from a funding perspective to achieve targeted portfolio levels with.

The Company's focus is to raise 75% of the yearly fresh debt capital from the existing lender base and the balance 25% by adding new capital sources/lenders. Adding PSU banks to the capital stack will help add to the diversification in the borrowing profile and also reduce the overall cost of funds leading to an improvement in the profit margins.

5.8. Co-lending

Co-lending continues to be an important business line for Kinara Capital. We have been working with 8 partners over the last five years since we started co-lending. Disbursement through co-lending increased to ₹694 crore in FY24 compared to ₹608 crore in FY23.

(Note: this represents only the partners share of disbursements, if one were to add Kinara Capital's share, the total disbursement numbers would be ₹76 crores in FY21, ₹333 crores in FY22, ₹800 crores in FY23 and ₹868 crore in FY24).

Co-Lending Disbursement	FY22	FY23	FY24
Co-Lending Disbursement	263	608	694

The Co-lending book of non-banking finance companies (NBFCs) is expected to reach ₹1 lakh crore by June 2024 amid rising interest from partner banks and the benefit of access to funding and diversification, according to CRISIL Ratings. CRISIL expects that over the medium term, growth is expected to be healthy at 35-40% annually.

Co-lending will continue to be one of the important drivers of our business strategy going forward contributing between 20%-30% of our total portfolio.

6. Capital Adequacy

In FY24, the company maintained sufficient liquidity and raised over ₹1,000 crore in debt funding. The Capital Adequacy Ratio stood at 27.6% compared to 32.0% in FY23. The capital adequacy ratio continues to be well above the minimum mandated by RBI at 15%.

Capital Adequacy Ratios	FY22	FY23	FY24
Risk Weighted Assets	951	1,648	2,355
CRAR %	18.5%	32.0%	27.6%
Tier I Capital Ratio %	16.7%	30.5%	26.8%
Tier II Capital Ratio %	1.8%	1.5%	0.8%

7. Portfolio Quality

The increased use of technology and our last mile presence helps us to manage a better portfolio quality with effective control over delinquency metrics. We utilize robotic reminder calls in vernacular languages, SMS, and WhatsApp messages, alongside automated ACH clearance, to keep check on the EMI bounce rates. When bounces occur, a data science-driven collections strategy tries to improve efficiency by directing cases to appropriate channels, including our collections call centre and field officers, for optimal outcomes. Additionally, offering various payment modes, such as a UPI-integrated app, deposits at Airtel Payment Banks, and payments through our website, along with the proximity of branch locations and a dedicated collections and recovery team, offers convenience to our customers improving their overall experience.

Asset Quality Metrics			
Particulars	**FY22**	**FY23**	**FY24**
CRAR %	4.7%	3.2%	4.6%
Tier I Capital Ratio %	8.6	5.6%	5.6%
Tier II Capital Ratio %	5.9%	4.6%	3.0%

The Gross Stage 3 has remained consistent in FY24 to 5.6% while Net Stage 3 ratio has declined to 3% from 4.6%. We have increased the Portfolio Coverage Ratio to 49% in FY24 from 19% in FY23. We have close to 60% coverage on Gross Stage 3 with guarantee cover. We also increased coverage on our stage 3 interest to 100% in FY24 from 61% in FY23.

In FY24, we have implemented several strategic initiatives across the organization including strengthening our data-science driven loan decisioning system in line with the market/sector dynamics, introducing new portfolio/credit monitoring framework, developing products focused on good quality customers and making our credit policy more robust. These initiatives would enable us to have best in the industry portfolio quality metrics in the long run.

8. Risk Management:

In FY24, we renewed our focus on enterprise risk management to strengthen our risk oversight, safeguard our operations and proactively manage emerging risks.

8.1. Credit Risk

Reviewing the portfolio data, a new Credit Monitoring Framework was developed with a focus on enhancing credit risk mitigation through advanced analytics, real-time data integration, and strengthened credit assessment. Key initiatives include enhanced screening, upfront rejections, revised loan amount limits, updated customer level exposure caps, etc. These efforts demonstrate Kinara Capital's commitment to refining its credit policies to align with its mission of serving MSMEs while maintaining strong risk management practices.

8.2. Risk Model

We monitor our loan originations AI/ML risk model on a quarterly basis. The model monitoring framework assigns a RAG (Red/Amber/Green) status depending on three core metrics: Model Stability, Model Strength and Model Accuracy. Throughout FY23-24, the model monitoring framework has remained "Green" on average across all metrics.

8.3. Information Security:

An annual information security calendar was rolled out. This includes continuous monitoring of vulnerability application penetration testing (VAPT) alongside all new code releases, disaster recovery testing and IS Audit. During FY24, full disaster recovery testing was concluded with all business operations running on the failover sites for 2+ days successfully. Similarly, 250+ VAPT issues were flagged and resolved in the year.

8.4. Liquidity & Capital Adequacy:

A more comprehensive framework was rolled out to assess capital adequacy for other risks beyond regulatory and stress testing of this framework was implemented to ensure sufficient liquidity and capital adequacy to operate the company.

9. Internal Control and Adequacy

Kinara Capital's Internal Audit team functions independently under the supervision of the Audit Committee of the Board, thereby ensuring its independence. The Committee meets every quarter to review the efficacy of the internal audit function, the effectiveness of the internal controls of the company and the compliance to internal and regulatory guidelines. The audit universe ensures comprehensive coverage of not only the branch operations but also applicable regulatory and statutory compliance requirements that are included in the Annual Audit Plan that is tabled and approved by the Audit Committee. Audit frequencies are in sync with the risk profile of the processes and branches.

Through a quarterly report, the Internal audit function provides independent assurance to the Audit Committee and the Board on the quality and effectiveness of internal controls and governance systems and processes. In FY24, the Internal Audit team audited all 133 branches on a quarterly basis.

Concurrent Audits, thematic audits and consulting assignments as required by the Management also form part of the audit calendar of the Internal Audit function. Audit outcomes drive required improvements to design, automation, and operations through introduction of new policies and Standard Operating Procedures as well as improvement to existing ones. In addition, 29 functional audits, 30 monthly concurrent audits and 8 quarterly concurrent audits were completed.

Kinara Capital already uses a custom audit management platform to schedule field audits and scores every branch and process. In FY25, the company is upgrading to a comprehensive Governance, Risk and Compliance custom technology that will enable end to end automation of a risk based audit approach, thus improving audit efficiency and productivity.

10. Vigil Mechanism (Whistleblower)

Our Vigil Mechanism (Whistleblower) is designed to uphold the highest ethical, moral, and business standards, reinforcing our commitment to strong corporate governance. While we operate with integrity, transparency, and adherence to laws, we recognize that malpractices can occur. The Vigil Mechanism policy provides a fair and robust framework to address and investigate any misconduct, ensuring that our company, its directors, and employees adhere to the highest standards of ethical conduct and that any reports of malpractice are thoroughly and fairly investigated.

02

STATUTORY REPORTS

Our Board of Directors

Orsolya "Orsi" Farkas
Nominee Director

Orsi heads the Financial Institutions Equity team at Triple Jump, overseeing their private equity portfolio in financial inclusion globally. She has served on the boards of several financial institutions and previously worked at the Council of Europe Development Bank. Orsi holds a Master's in Public Affairs and Development Studies from Princeton University and a B.A. in Business from the University of New Hampshire. She is on the Advisory Board of the Financial Inclusion Equity Council.

Stephen Lee
Nominee Director

Stephen is the Director and Head of Asia in the Private Equity Impact Investing group at Nuveen, managing investments across Asia. He has experience in investment banking and management consulting, having worked at J.P. Morgan and Accenture.
Mr. Lee holds a B.A. in economics from the University of Pennsylvania, an M.B.A. from Georgetown University's McDonough School of Business and a M.S. in Foreign Service with a concentration in international development from Georgetown University's Edmund A. Walsh School of Foreign Service. He is also a former Fulbright Scholar in Egypt.

Rekha Unnithan
Nominee Director

Rekha is the Co-Head of Private Impact Investing at Nuveen, focusing on Inclusive Growth and Resource Efficiency. She has held roles at Bank of America Merrill Lynch and is a board member of Aeris. Rekha has a B.A. in Economics from Yale University and an MBA from NYU's Stern School of Business. She holds the CFA designation and serves on several advisory boards, including the Emerging Markets Private Equity Association's Impact Council.

Ranjit Shah
Nominee Director

Ranjit is the Managing Partner and Co-founder of Gaja Capital, focusing on mid-market growth in India. With over 36 years of experience, he has worked in consulting, financial services, and private equity. Ranjit holds an MBA from the Ross School of Business, University of Michigan, and a B.Tech. in Electrical Engineering from IIT Bombay. He has been instrumental in helping create market leaders in sectors like financial services, consumer, and education.

Agustín Vitórica
Nominee Director

Agustín is the Co-founder and Co-CEO of GAWA Capital, leading impact investing in Spain. He has over 15 years of experience in venture capital and private equity and has served as CEO of a large family office. Agustín holds a degree in Business Administration from Centro Universitario Villanueva and an MBA from the Kellogg School of Management. He also teaches microfinance at Universidad Autónoma de Madrid and is a founding member of Spain's Impact Investing Network.

Geoff "Chester" Woolley
Nominee Director

Geoff is the co-founder of Patamar Capital and a non-executive nominee director for Unitus Impact. He has over 25 years of experience in private equity and venture capital, having founded Dominion Ventures and Kreos Capital. Geoff holds a B.S. in Business Management from Brigham Young University and an MBA from the University of Utah. He pioneered the concept of venture debt and has invested in over 400 companies, including notable names like Hotmail, Ciena, Coinstar and Human Genome Science.

Our Board of Directors

Arunprakash Srinivasarao Korati
Nominee Director

Arun is the Director of Investments at British International Investment PLC, focusing on Ayana Renewable, BII's renewable energy platform in India. He has nearly 29 years of experience in private equity and has managed investments across various sectors. Arun holds a Bachelor's in Mechanical Engineering from RV College of Engineering and a Masters in Marketing Management from NMIMS. He is also a qualified Cost Accountant and a Civil Engineer and has held significant roles at IL&FS Private Equity arm and also led Axis Bank's private equity arm.

Bhavna Thakur
Independent Director

Bhavna is Head of Capital Markets and Exits for Everstone Capital Advisors. She has over 17 years of experience in corporate finance, investment banking, and M&A, having worked at Citi-Group, Morgan Stanley, and other firms. Bhavna holds a BA LLB (Honors) from the National Law School of India and a Masters in Law from Columbia University. She has significant experience in capital markets.

Ravindra Pisharody
Independent Director

Ravindra is a corporate business leader with over 35 years of experience. He has served on the boards of Tata Motors and other companies and held leadership roles at Philips India and BP/Castrol. Ravindra holds a degree in Engineering from IIT Kharagpur and an MBA from IIM Calcutta. He has expertise in sales and marketing and business strategy and has been active in industry bodies like ASCI and SIAM.

Sunil Gulati
Independent Director

Sunil is the Chairman and Independent Director on the Board of Kinara Capital, with extensive experience in banking. He has held leadership roles at RBL Bank, Yes Bank, and ING Group. Sunil holds a B.Tech from IIT Delhi and is a Gold Medalist from IIM Ahmedabad. He has also been involved in advising early-stage technology companies and served on various advisory committees for SEBI.

Hardika Shah
Founder & CEO, Board Director

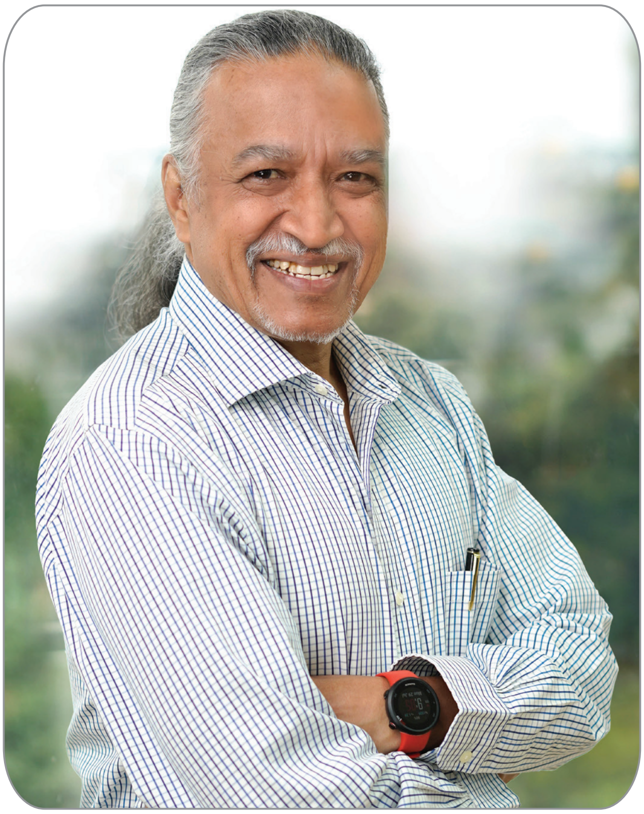
Hardika is the Founder and CEO of Kinara Capital, leading its mission to drive financial inclusion for MSMEs in India. She has over two decades of experience in management consulting and holds a B.A. in Computer Science from Knox College and an MBA from a joint program between Columbia Business School and UC Berkeley's Haas School of Business. Under her leadership, Kinara Capital has disbursed over USD $300 million to 40,000+ entrepreneurs, supporting significant job creation and income generation.

Thirunavukkarasu R (Thiru R)
COO, Board Director

Thiru is the COO of Kinara Capital, overseeing operations and customer care. With over 22 years of experience, he has led Kinara's growth and expansion. Thiru holds a B.E. in Agriculture from Tamil Nadu Agricultural University and completed the Social Entrepreneurship Accelerator program at Santa Clara University. He has been instrumental in disbursing ₹3500+ crores and expanding the company's reach to over 100 cities in India.

Additional Independent Director

Parthasarathy N. S. (Partha) is an Independent Director on the Board of Directors at Kinara Capital, where he also serves as the Chair of the IT Strategy Committee. With over 35 years of experience in the IT sector, Partha is the Co-founder of Mindtree. He is currently the Managing Partner at Mela Ventures. Throughout his career at Mindtree, Partha has held key leadership roles, including Vice Chairman and COO at different times. Prior to co-founding Mindtree, he spent over 14 years with Wipro's R&D team, contributing significantly to the company's growth. Partha has also played an active role in the broader IT industry, serving on the NASSCOM IT Services Council. He holds an M.Sc (Hons) in Mathematics from BITS Pilani and an M.Tech in Computer Science from IIT Kharagpur. Partha completed the Advanced Management Program (AMP) at Harvard Business School and was awarded the Distinguished Alumni Award by BITS.



Parthasarathy N. S. (Partha)

Independent Director

Board's Report

Dear Members,

It is our immense pleasure to present the Twenty Eighth Directors' Report along with the Standalone Audited Financial Statements of your Company for the Financial year ended March 31, 2024.

FINANCIAL SUMMARY OR HIGHLIGHTS:

The Financial Statements of the Company for the year ended March 31, 2024, have been prepared in accordance with Indian Accounting Standards notified under Section 133 and Schedule III to the Companies Act 2013. The highlights of the Financial Statements of the Company for the Financial years 2023-24 and 2022-2023 are as under:

(INR In Lakhs)

Particulars	Year Ended 31-03-2024	Year Ended 31-03-2023
Revenue from operations	72,106.74	49,138.22
Other income	153.23	25.10
Total Revenues	72,259.97	49,163.32
Employee Benefit Expenses	10,817.53	10,358.64
Finance Costs	27,279.15	18,268.08
Depreciation, amortization & impairment	1,246.77	872.26
Impairment of financial instruments	18,602.00	9,165.19
Other Expenses	6,189.76	5,084.21
Total Expenses	64,135.21	43,748.38
Profit/ Loss before Tax	8,124.76	5,414.94
Tax Expenses	1,909.52	1,295.80
Profit of the year after Tax	6,215.24	4,119.14
Total Comprehensive Income	5,235.72	3,875.76
Transfer to Reserves	1,243.05	823.83
Less: Dividend paid on Equity Shares	-	-
Less: Dividend paid on Preference Shares	-	-
Less: Dividend Distribution Tax	-	-
Balance carried forward	3,992.67	3,051.93

OPERATIONAL HIGHLIGHTS:

The Company has a diversified portfolio of Lenders across sectors and segments. During the year under review, the Company has obtained funding lines from various banks and NBFCs in the form of Term Loans and External Commercial Borrowings. Further, the Company has access to funds from capital markets through Non-Convertible Debentures, Foreign Portfolio Investors and Foreign Institutional Investors. The Company also manages liquidity by raising funds through Securitisation/assignment transactions.

The Company has been duly servicing its debt obligations, maintains a healthy capital adequacy ratio and has adequate capital and financial resources to run its business. Further, the Company's ALM has always been positive on a cumulative basis across all maturity buckets ensuring that there are no difficulties in meeting obligations.

Below is a representation of Stage 3 and PAR numbers:

Reconciliation between Stage 3 assets and Portfolio at Risk account wise (90+ Bucket)	As at 31 March 2024	As at 31 March 2023
Portfolio at Risk account wise (90+ Bucket) *	**11,633.20**	**8,181.42**
Borrowers with other loans in 90+ Bucket	1,040.81	604.59
Significant increase in credit risk trigger of borrowers due to restructures	2,952.14	1,068.87
Borrowers classified as NPA vide RBI/2021-2022/125 DOR.STR.REC.68/ 21.04.048/2021-22	2,021.58	219.26
Adjustments required as per Ind AS 109	(6,176.75)	(634.45)
Guarantee claims received	(40.54)	(126.61)
Stage 3 assets as at	**11,430.44**	**9,313.08**

*Portfolio at Risk account wise (90+ Bucket) represents principal outstanding on the accounts that are more than 90 days past due.

During the Financial year 2023-24, the Company has disbursed INR 1,90,509.52 Lakhs as compared to INR 1,88,291.41 Lakhs in previous year. The Company has grown its Assets Under Management ("**AUM**") from INR 2,48,731.14 Lakhs in March, 2023 to INR 3,14,185.25 Lakhs in March, 2024. The Net worth increased from INR 68,355.08 Lakhs as on 31 March 2023 to INR 73,643.73 Lakhs as on 31 March 2024 and Total comprehensive income increased from INR 3,875.76 Lakhs for the year ended 31 March 2023 to INR 5,235.72 Lakhs for the year ended 31 March 2024.

TRANSFER TO RESERVES:

An amount of INR 1243.05 Lakhs, being 20% of the Profit After Tax ("**PAT**") was transferred to Statutory Reserve of the Company pursuant to Section 45IC of the Reserve Bank of India Act, 1934.

In terms of the requirement as per RBI notification no. RBI/ 2019-20/170 DOR(NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March, 2020 on Implementation of Indian Accounting Standards, Non-Banking Financial Companies (**NBFCs**) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income Recognition, Asset Classification and Provisioning (**IRACP**) norms (including provision on standard assets). The impairment allowances under Ind AS 109 made by the Company exceeds the total provision required under IRACP (including standard asset provisioning) as at 31 March, 2024 and accordingly, no amount is required to be transferred to the impairment reserve.

DIVIDEND:

In order to undertake and carry-on future plans, it is necessary to conserve the resources. Your Directors are of the opinion of retaining the profits for the year within the Company, and thus, have not recommended any Dividend on Equity shares for the year ended March 31, 2024.

DEPOSITS:

The Company has not accepted/received any deposit during the year under report falling within the ambit of Chapter V of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

The Company is registered with the Reserve Bank of India ("**RBI**") as a Non-Deposit taking Non-Banking Financial company ("**ND- NBFC**") and classified as NBFC-ICC under Section 45-IA of the RBI Act, 1934. Your Directors hereby report that the Company has not accepted any public deposits for the Financial year ended 31st March, 2024 and it continues to be a non-deposit taking Non-Banking Financial Company in conformity within the meaning of the provisions of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016.

Reserve Bank of India (RBI): Compliance

The Company continues to be a Middle – Layer NBFC with asset size of INR 3,05,139.64 lakhs as on 31 March, 2024. The Company strictly abides by the guidelines issued by the Reserve Bank of India. The Company is governed by Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023. The Company complies with all the conditions and directions issued by the RBI regularly.

In compliance with RBI Master Direction on Liquidity Risk Management for Non-Banking Financial Companies and Core Investment Companies, the Company has disclosed information in the Annual Financial Statements as note 43(iii) to accounts that enables market participants to make an informed judgement about the soundness of its liquidity risk management framework and liquidity position.

CAPITAL ADEQUACY:

As on 31st March, 2024, the Capital Adequacy Ratio of the Company stood at 27.6% which is higher than the minimum requirements of 15% CRAR stipulated by the Reserve Bank of India.

Major Events that Occurred During the Year

State of Company's Affairs

a) **Segment-wise position of business and its operations**: The Company is primarily engaged in the business of financing which is considered to be the only reportable business segment as per Ind AS 108, Operating Segments. The Company operates in the Republic of India and there are no other geographical segments.

b) **Change in nature of the business**: There was no change in the nature of the business of the Company for the entire year under review.

c) **Change in the Name of the Company**: The Name of the Company was changed from Visage Holdings and Finance Private Limited to "Kinara Capital Private Limited" as approved by Ministry of Corporate Affairs ("**MCA**") on May 08, 2023 and Reserve Bank of India ("**RBI**") on June 13, 2023.

d) **Key business developments**: There were no key business developments during the period under review.

e) **Change in the Financial year**: There was no change in the Financial year of the Company in the entire year under review.

f) **Capital expenditure programs**: During the year under review, the Company has spent INR 1,416.88 Lakhs on growth capex, which includes INR 130.31 Lakhs on Information Technology (hardware and software). This has been incurred to increase the operational efficiency of the Company.

g) **Details and Status of Acquisition, Merger, Expansion, Modernization and Diversification**: Nil

h) **Developments, Acquisition and Assignment of material Intellectual Property Rights**: There were no Developments, Acquisitions and Assignments of material Intellectual Property Rights during the entire year under review.

i) **Any other material event having an impact on the affairs of the Company**: Nil

j) **Details of Revision of Financial Statement or the Report**: During the year, the Company has not revised its Financial Statements or the Report in respect of any of the three preceding Financial years either voluntarily or pursuant to the order of judicial authority.

MATERIAL CHANGES AND COMMITMENTS, IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE Financial year OF THE COMPANY TO WHICH THE FINANCIAL STATEMENT RELATE AND THE DATE OF THE REPORT:

There are no material changes and commitments affecting the financial position of the Company, which occurred between the end of the Financial year of the Company i.e. March 31, 2024 and the date of the Directors' Report.

CAPITAL AND DEBT STRUCTURE OF THE COMPANY

SHARE CAPITAL:

i. **Authorized Share Capital**

During the year under review, the Authorized Capital of your Company stood at INR 14,17,00,000 (Indian Rupees Fourteen Crores Seventeen Lakhs only) divided into:

a. 3,00,000 (Three Lakhs) Class A Equity Shares of INR 10/- (Indian Rupees Ten only) each; and

b. 138,70,000 (One Crore Thirty-Eight Lakhs Seventy Thousand) Class A1 Equity Shares of INR 10/- (Indian Rupees Ten only) each.

ii. **Issued & Paid-up Share Capital:**

The Paid-up Equity Share Capital of the Company as on March 31, 2024, stood at INR 13,48,59,620 (Indian Rupees Thirteen Crores Forty-Eight Lakhs Fifty-Nine Thousand Six Hundred and Twenty) divided into 1,34,85,962 (One Crore Thirty-Four Lakhs Eighty-Five Thousand Nine Hundred and Sixty-Two) fully paid Class A1 Equity Shares of INR 10/- each.

The Paid-up Preference Share Capital of the Company as on March 31, 2024 stood as Nil.

iii. **Details of Employees Stock Option Scheme [Rule 12 (9) of the Companies (Share Capital and Debentures) Rules, 2014] for the year 2023-2024:**

The Company instituted the Visage Employee Stock Option Plan (ESOP 2017) in 2017, Visage Employee Stock Option Plan (ESOP 2014) in 2014 and Visage Stock Option Plan (SOP 2014) in 2014, which were approved by the Board of Directors and the Shareholders of the Company. The Company provided for the creation and issue of 3,00,527 options under ESOP 2017, 62,592 options under ESOP 2014 and 1,85,200 options under SOP 2014, that would eventually convert into Equity shares of INR 10/- each in the hands of eligible persons. The options are to be granted to the eligible persons at the exercise price as per the latest valuation report prior to the date of grant of options. The options will vest in a graded manner.

Disclosures as required under Section 62 of the Companies Act, 2013 (to be read with Rule 12 of the Companies) (Share Capital and Debenture) Rules, 2014:

Sl. Nos.		Particulars	ESOP 2014	ESOP 2017	SOP 2014
1	(a)	options granted during the year	NIL	16,503	NIL
2	(b)	options vested during the year	NIL	1,31,847	15,000
3	(c)	options exercised during the year	NIL	NIL	NIL
4	(d)	the total number of shares arising as a result of exercise of option	NIL	NIL	NIL
5	(e)	options lapsed during the year	NIL	9,311	NIL
6	(f)	the exercise price	INR 11/-	INR 415.56/-, 519.03/-, 642.23/-, 733.98/-	INR 642.23/-
7	(g)	variation of terms of options	NA	NA	NA
8	(h)	money realized by exercise of options	NIL	NIL	NIL
9	(i)	total number of options in force	62,592	2,81,752	1,50,258
10	(j)	employee wise details of options granted during the period.			
10.1	(i)	Key Managerial Personnel	NIL	NIL	NIL
	(j)	any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year	NIL	1. Dnyaneshwar Kalyanrao Madke - 1313 2. Manimuthu S - 1425 3. Mohammed Mukram Khan - 1088 4. Narendra Laxman Pakhare - 863 5. Sanjiv Singh Gehlaut - 7650	NIL
	(k)	identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	NIL	NIL	NIL

iv. **Issue of Non-Convertible Debentures:**

During the year under review, the Company has issued and allotted Non-Convertible Debentures as disclosed below:

ISIN	Date of Allotment	Number of Debentures	Method of Issue	Issue Price	Coupon Rate	Maturity Date	Amount of Debentures (INR)
INE200W07357	07-Jul-23	24,510	Private Placement	10,000	10.50%	07-Jul-26	24,51,00,000
INE200W07365	15-Dec-23	2,500	Private Placement	1,00,000	12.24%	15-Dec-27	25,00,00,000
INE200W07373	22-Dec-23	2,500	Private Placement	1,00,000	12.26%	22-Dec-27	25,00,00,000
INE200W07381	07-Mar-24	12,011	Private Placement	1,00,000	13.00%	06-Dec-27	1,20,11,00,000

v. **Restructuring of Debentures**

During the year under review, there were no restructuring of debentures.

vi. **Redemption of Non-Convertible Debentures:**

During the year under review, the Company had redeemed Non-Convertible Debentures as disclosed below:

Name of Instrument (ISIN)	Date of Issue	Date of Allotment	Number of Debentures	Issue Price	Coupon Rate	Date of Approval of redemption	Date of Redemption	Amount of Debentures
INE200W07092	14-Feb-19	18-Mar-19	600	10,00,000	12.67%	-	18-Mar-24	60,00,00,000
INE200W07183	07-May-18	25-May-18	320	10,00,000	12.60%	02-Jun-23	28-Jun-23	32,00,00,000
INE200W07167	13-Jan-21	12-Mar-21	370	10,00,000	11.63%	18-Jan-24	12-Mar-24	37,00,00,000
INE200W07191	07-Jun-21	29-Jul-21	160	10,00,000	11.70%	02-Jun-23	28-Jun-23	16,00,00,000

vii. **Issue of Commercial Papers:**

During the year under review, the Company has not issued and allotted Commercial Papers.

viii. **Redemption of Commercial Papers:**

During the year under review, the Company had not redeemed Commercial Papers.

CREDIT RATING:

During the Financial year 2023-24, our improved credit profile led to strengthening in Credit Rating across all Rating Agencies. During the year, CARE Edge Ratings (CARE) upgraded the rating to CARE BBB+ (Stable) and ICRA Limited upgraded rating from BBB(Stable) to BBB (Positive). The rating from India Ratings (Fitch) continues to be Ind BBB+ (Stable).

The Credit Rating details of all the securities as on 31st March, 2024 are as follows:

Rating Agency	Instruments	Rating
ICRA	Long Term Bank Loans	[ICRA]BBB (Positive)
	Long Term Non-Convertible Debentures	[ICRA]BBB (Positive)
	Commercial Papers	[ICRA] A3+
	Short-term Bank Facilities	[ICRA] A3+
CARE	Long Term Bank Loans	CARE BBB+;Stable
	Long Term Non-Convertible Debentures	CARE BBB+;Stable
	Subordinated Debt- Non-Convertible Debentures	CARE BBB+;Stable
India Ratings	Long Term Bank Loans	IND BBB+/ Stable
	Long Term Non-Convertible Debentures	IND BBB+/ Stable
	Long Term Principal Protected Market Linked Debentures	IND PP-MLD BBB+/ Stable

INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

No amounts were required to be transferred, to the Investor Education and Protection Fund by the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

In accordance with the applicable provisions of the Master Direction issued by the Reserve Bank of India, a detailed analysis of the Company's performance is discussed in the Management Discussion and Analysis Report, which forms part of this Annual Report.

CODE OF CONDUCT, TRANSPARENCY & CLIENT PROTECTION

The Company has fully implemented the Reserve Bank of India's Fair Practice Code.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board of Directors of your Company is having an optimum combination of Two Executive Directors, Three Independent Directors and Seven Nominee Director. The composition of the Board of Directors as on March 31, 2024 is as below:

Sl No.	Name of Director	Designation & Category
1.	Hardika Shah	Director and CEO
2.	Thirunavukkarasu Rajendran	Director and COO
3.	Bhavna Thakur	Non-Executive Independent Director
4.	Sunil Satyapal Gulati	Non-Executive Independent Director
5.	Ravindra Pisharody	Non-Executive Independent Director
6.	Geoffrey Tanner Woolley	Non-Executive Nominee Director
7.	Agustin Vitorica	Non-Executive Nominee Director
8.	Ranjit Jayant Shah	Non-Executive Nominee Director
9.	Rekha Unnithan	Non-Executive Nominee Director
10.	Stephen Lee	Non-Executive Nominee Director
11.	Orsolya Farkas	Non-Executive Nominee Director
12.	*Arunprakash Srinivasarao Korati	Non-Executive Nominee Director

*Mr. Arunprakash Srinivasarao Korati was appointed as Nominee Director representative of British International Investment PLC ("**BII**") on the Board of the Company with effect from October 27, 2023.

During the year under review, Mr. Ravindra Pisharody, Independent Director of the Company was reappointed for second term of 5 (Five) Years vide approval of Shareholders by way of Special Resolution passed on September 28, 2023.

During the year under review, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees and reimbursement of expenses, if any.

The change in the Board after closure of the Financial year upto the date of report is as follows:

Appointment

Mr. Sunil Satyapal Gulati (DIN: 00016990) has been appointed as Chairperson of the Company with effect from April 23, 2024.

Mr. Parthasarathy N.S. (DIN: 00146954) has been appointed as Non-Executive Independent Director of the Company by the Board of Directors in their meeting held on April 23, 2024 and by Shareholders in their meeting held on April 29, 2024.

Mr. Arvind Kodikal (DIN: 07623915) has been appointed as a Nominee Director of the Company with effect from August 07, 2024.

Ms. Aiswarya Ravi (DIN: 10719941) has been appointed as an Additional Director of the Company with effect from August 07, 2024 till the conclusion of Annual General Meeting.

Resignation

Mr. Thirunavukkarasu Rajendran (DIN: 06514712) had resigned from the position of the Director of the Company with effect from August 07, 2024

Ms. Orsolya Farkas (DIN: 09737828) had resigned from the position of the Nominee Director of the Company with effect from August 07, 2024.

Key Managerial Personnel

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel of the Company as on March 31, 2024 are:

Sl No.	Name of the KMP	Designation & Category
1.	Hardika Shah	Director & CEO
2.	Aiswarya Ravi	Chief Financial Officer
3.	Dimple J Shah	Company Secretary

During the year under review, Ms. Kanti Hegde (Membership Number: A59133), Company Secretary had resigned w.e.f. September 5, 2023.

Ms. Dimple J Shah (Membership Number: A36349) was appointed as Company Secretary & Compliance Officer and Whole Time Key Managerial Personnel of the Company w.e.f. September 5, 2023.

DECLARATION BY INDEPENDENT DIRECTORS

The Board has Independent Directors and there is an appropriate balance of skills, experience and knowledge in the Board to enable it to discharge its functions and duties effectively. The Independent Directors have submitted disclosure that they meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Qualification of Directors), Rules 2014.

SEPARATE MEETING OF INDEPENDENT DIRECTORS

In accordance with the requirement of Schedule IV of the Act, during the year under review, one separate Meeting of the Independent Directors was held on February 06, 2024 to:

a. review the performance of Non-Independent Directors and the Board as a whole;

b. review the performance of the Chairperson of the Company, taking into account the views of Executive and Non-Executive Directors; and

c. assess the quality, quantity and timeliness of flow of information between the Management of the Company and the Board that was necessary for the Board to effectively and reasonably perform their duties.

All the Independent Directors were present at the meeting.

MEETINGS OF BOARD OF DIRECTORS AND COMMITTEES

Please refer to the Corporate Governance Report for details

CORPORATE GOVERNANCE REPORT:

Your Company has framed an Internal Guidelines on Corporate Governance, in compliance with the Directions issued by RBI for NBFCs. The Company has put in place various policies, systems and processes to achieve transparency, high level of business ethics and compliance with applicable laws.

A Complete Report on Corporate Governance is attached as **Annexure – I** forming part of the Director's Report.

POLICY ON NOMINATION AND REMUNERATION APPOINTMENT FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT OF THE COMPANY:

Pursuant to Section 178 of the Act read with Rule 6 of the Companies (Meeting of Board and its Powers) Rules, 2014, as amended, the Board of Directors of the Company has in place the Policy on Nomination & Remuneration for Directors, Key Managerial Personal ("**KMP**"), Senior Management and other Employees. The policy is also available on the website of the Company at https://kinaracapital.com/nomination-and-remuneration-policy/

Fit and Proper Criteria: All the Directors of your Company meet the fit and proper criteria stipulated under the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, as amended.

PERFORMANCE EVALUATION OF BOARD, COMMITTEES AND DIRECTORS:

As per the provisions of the Companies Act, 2013, the Company has adopted a suitable framework to evaluate the performance of its Independent Directors, Non-Independent Directors, its own performance as well as the performance of its Committees.

The performance of Independent and Non-Independent Directors as well as the performance of the Board and its Committees was evaluated for the Financial year 2023-24.

The entire performance evaluation process was completed to the satisfaction of the Board.

DIRECTORS' RESPONSIBILITY STATEMENT AS PER SECTION 134(5) OF THE COMPANIES ACT, 2013:

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors of the Company, to the best of its knowledge and ability, hereby confirm that:

a) in the preparation of the annual accounts for the Financial year ended March 31, 2024, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b) they have 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 as on March 31, 2024 and of the profit and loss of the Company for the year ended on that date;

c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) they have prepared the annual accounts for Financial year ended March 31, 2024 on a going concern basis;

e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively during the Financial year ended March 31, 2024; and

f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively during the Financial year ended March 31, 2024.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS ("IFC") WITH REFERENCE TO THE FINANCIAL STATEMENTS:

The Company has adequate internal financial controls commensurate with its size and nature of operations. The internal financial controls have been designed to provide a high degree of assurance regarding the effectiveness and efficiency of operations, the adequacy of internal policies and processes and compliance with applicable laws and regulations. The internal financial control is supplemented by extensive internal audits, regular reviews by management and standard policies and guidelines to ensure reliability of financial and all other records to prepare financial statements, its reporting and other data.

Further the Statutory Auditors have also certified that the Company has, in all material respects, adequate internal financial controls with reference to Financial Statements and such internal financial controls were operating effectively as at 31st March, 2024, based on the internal financial controls with reference to Financial Statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

SUBSIDIARIES, JOINT VENTURES & ASSOCIATES

The Company has no Subsidiaries, Joint Ventures & Associates for the Financial year 2023-24. Further no Companies ceased to be its Subsidiaries, Joint Ventures or Associates during the year.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS U/S 186 OF COMPANIES ACT:

During the year under review, in terms of the provisions of Section 186(1) of the Companies Act, 2013 ("**Act**"), the Company did not make any investments through more than two layers of investment companies.

During the year under review, the Company has not given any loan, guarantee or made investment in other Companies except for providing loan or giving guarantee in ordinary course of business. The Company has duly complied with the provisions of Section 186 of the Companies Act, 2013 and Rules thereunder as applicable to the Company being a Non-Banking Financial Company.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the Financial year 2023-24, there are no significant material related party transactions with the Company's Promoters, Directors, Key Managerial Personnel or other designated person which may have potential conflict with the interest of the Company at large. All related party transactions, that were entered into during the Financial year, were on an arm's length basis and were in the ordinary course of business, the particulars of such transactions are disclosed in the notes to the Financial Statements. The details of Related Party transactions pursuant to sub-section (1) of section 188 of Companies Act, 2013 is annexed herewith as **Annexure-II**

The Policy on related party transactions as approved by the Board can be accessed on the Company's website at the given weblink:

https://kinaracapital.com/related-party-transactions-policy/

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:

During the period under review, there were no significant material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company and its operations in future.

STATUTORY AUDITORS:

Pursuant to provisions of Section 139, 141 and other applicable provisions, if any of the Companies Act, 2013 and the rules made thereunder, (as maybe amended from time to time including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force) and the RBI Guidelines for Appointment of Statutory Central Auditors (SCAs)/ Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) (Ref.No.DoS. CO.ARG/SEC.01/08.91.001/2021-22) dated April 27, 2021, M/s Nangia & Co., LLP, Chartered Accountants having Registration No. 002391C/N500069 have been appointed as Statutory Auditors of the Company to hold office for a term of 3 (three) years from the conclusion of the 26th Annual General Meeting until the conclusion of the 29th Annual General Meeting of the Company.

The Statutory Auditors have confirmed that they are not disqualified from continuing as the Statutory Auditors of the Company for the Financial year 2023-24.

The Board has placed on record its sincere appreciation for the services rendered by M/s Nangia & Co., LLP, Chartered Accountants, as Statutory Auditors of the Company.

SECRETARIAL AUDITORS:

Pursuant to Section 204 of the Companies Act, 2013 and the rules made thereunder and based on recommendation of the Audit Committee, the Board of Directors of the Company has appointed RSVH & Associates, LLP (PCS Registration no. L2020KR006800) as the Secretarial Auditor of the Company for the Financial year 2023-24. The Secretarial Audit Report for FY 2023-24 forms part of Annual Report as **Annexure III** of the Board's Report.

The Board has placed on record its sincere appreciation for the services rendered by RSVH & Associates, LLP, as Secretarial Auditors of the Company.

INTERNAL AUDITORS:

As part of its efforts to evaluate the effectiveness of the internal control systems, your Company is supported by an independent Internal Audit Function that evaluates the adequacy of risk management and controls on a periodic basis and recommends improvements, wherever appropriate. The Internal Audit reports are periodically updated to the Audit Committee. The Internal Audit team of the Company makes extensive use of software and analytical tools which enables effective offsite or remote auditing.

Ms. Herjinder Kaur Luggani was appointed as Internal Auditor of the Company pursuant to Section 138 of the Companies Act 2013 and the Rules thereunder with effect from October 27, 2023.

COMPLIANCE WITH SECRETARIAL STANDARDS

The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively.

MAINTENANCE OF COST RECORDS

The Company, being an NBFC, the requirements under subsection (1) of Section 148 of the Companies Act, 2013 w.r.t Maintenance of cost records and audit thereon are not applicable.

DETAILS REGARDING ANY PROCEEDINGS PENDING UNDER INSOLVENCY AND BANKRUPTCY CODE, 2016:

Your Company has neither filed any application nor any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the reporting year, hence no disclosure is required under this section.

EXPLANATIONS OR COMMENTS ON QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE BY THE AUDITORS:

i. Independent Auditors Report:

   The Auditors' Report for the Financial year 2023-24 does not contain any qualification, reservation, adverse remark or disclaimer.

ii. Secretarial Audit Report:

   There are no qualifications/adverse remarks in the Secretarial Audit Report for the year ended 31st March, 2024.

iii. Frauds Reported by Auditor:

   During the period under review, neither the Statutory Auditors nor the Secretarial Auditors have reported to the Audit Committee/ Board or Central Government any instances of material fraud in the Company by its officers or employees under Section 143(12) of the Companies Act, 2013.

REVIEW OF COMPLIANCE REPORTS

The Board periodically reviews compliance reports with respect to the various laws applicable to the Company, as prepared and placed before it by the Management.

STATEMENT OF DEVELOPMENT AND IMPLEMENTATION OF A RISK MANAGEMENT POLICY:

In line with RBI's Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 and Section 134(3) (n) of the Companies Act, 2013, the Risk Management Committee and Board of Directors of the Company has in place a Risk Management Policy. The objective is to identify, assess, monitor and mitigate various risks to core business of the Company.

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of Directors on its activities and approval.

The Company understands that risk evaluation and mitigation is crucial for sustainable growth and profitability and therefore the Board of Directors are fully committed to developing a sound system for identification and mitigation of applicable risks. In this context, the Risk Management Committee had been formed to identify, assess, monitor and mitigate risks related to credit, market, operational, compliance and reputational risk.

Credit risk or default risk involves inability or unwillingness of a customer or counterparty to meet commitments in relation to lending, settlement and other financial transactions. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset. The key elements of the credit risk management include a well-defined credit policy stating structured and standardized credit approval process supported by a strong system, effective training programs, robust credit risk management strategy.

The Company has established a comprehensive credit policy under which every borrower is analysed for credit worthiness as per the policy norms The Company's review includes background KYC verification, borrower financial assessment, borrower sector, past credit history, field visits etc.

The Company measures the amount of Expected credit loss ['ECL'] on a financial instrument in a way that reflects an unbiased and probability-weighted amount. The Company considers its historical loss experience and adjusts the same for current observable data. The key inputs into the measurement of ECL are the probability of default, loss given default and exposure at default. These parameters are derived from the Company's internally developed statistical models and other historical data. In addition, the Company uses reasonable and supportable information on future economic conditions including macroeconomic factors. Since incorporating these forward-looking information increases the judgment as to how the changes in these macroeconomic factors will affect ECL, the methodology and assumptions are reviewed regularly.

Operational risk is the risk of loss arising from inadequate or failed internal process or proper systems. The operational risks of the Company are managed through comprehensive internal control systems and procedures and key back up processes. This enables the management to evaluate key areas of operational risks and the process to adequately mitigate them on an ongoing basis. While examining the effectiveness of control framework through self-assessment, the risk-based review would assure effective implementation and adherence of internal financial controls, thereby, reducing enterprise exposure. Human Resource adds value to the entire Company by ensuring that the right person is assigned to the right job and that they grow and contribute towards organizational excellence. The Company has well defined HR policy to ensure availability of dedicated workforce with appropriate skillsets. The Company has established robust information security risk management framework which includes implementation of risk controls and robust security solutions and conducting of vulnerability assessment penetration testing. The Company has also put in place a robust Disaster Recovery (DR) plan, which is periodically tested. Business Continuity Plan (BCP) is further put in place to ensure seamless continuity of operations including services to customers, when confronted with adverse events such as disasters, technological failures, human errors etc. Periodic testing is carried out to address gaps in the framework, if any. DR and BCP are periodically reviewed to provide assurance regarding the effectiveness of the Company's readiness.

The compliance risk is managed by adhering to Corporate Governance Framework and best corporate governance practices prevailing in the industry. The Company will respond effectively to regulatory and statutory changes, and continuously focus on strengthening the quality of compliance and governance.

The Asset Liability Management Committee ("**ALCO**") was constituted as a sub-committee of the Risk Management Committee, consisting of management of the Company to constantly monitor and manage the asset and liability in such a manner that asset liability mismatches remain within reasonable limits. The ALCO is focused on capital management, liquidity risk and interest rate risk of the Company. An ALM Policy had been put in place to ensure prudent management of assets and liabilities.

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions in a timely manner, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company obtains funding lines from various banks and NBFCs in the form of term loans and further, the Company has access to funds from capital markets through non-convertible debentures. The Company also manages liquidity by raising funds through Securitisation/ assignment transactions. The Company has a diversified portfolio of lenders across sectors and segments.

The Company's ALM has always been positive ensuring that there is no negative mis-matches in meeting obligations. The Company stress test its ALM position periodically to ensure the adequacy of liquidity positions and for appropriate planning.

Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates. Any movement in the reference rates could have an impact on the Company's cash flows as well as costs.

The Company is subject to variable interest rates on some of its interest-bearing financial liabilities. The Company also uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements for its day-to-day operations.

An efficient risk monitoring & reporting process is the foundation for clear and timely communication of risks across an enterprise. The Company monitors risks through various means such as by way of key risk indicators, early warning signals, prudential limits etc. and reports the risks to the Committee / Board.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO –

Since the Company does not own any manufacturing facility, the particulars relating to conservation of Energy and technology absorption in terms of Rule 8 of the Companies (Accounts) Rules, 2014 are not applicable.

However, the Company has been increasingly using information technology in its operations and promotes conservation of resources.

Foreign Exchange Earnings and Outgo: INR in lakhs

Particulars	FY2024	FY2023
Foreign exchange earnings	Nil	Nil
Foreign Exchange Outgo	6,463.62	13,484.10

ANNUAL RETURN:

As required pursuant to sub-section (3) of section 92 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the complete annual return for the Financial year ended 2023-24. The said form may be accessed through the web link https://finance.kinaracapital.com/wp-content/uploads/2024/07/Annual-Return-FY24.pdf

DISCLOSURE ON VIGIL MECHANISM:

The establishment of a vigil mechanism ensures highest ethical, moral and business standards in the course of functioning and to build a lasting and strong culture of Corporate Governance within the Company.

The Whistle Blower Policy has been formulated with a view to provide a mechanism for employees and Directors to report concerns about unethical behaviour, actual or suspected fraud or violation of Company's code of conduct. The mechanism also provides for adequate safeguards against victimization of employees to avail of the mechanism. During the year under review, no such complaint having material impact was received by the Company.

The said Policy may be referred to at the website of the Company at its web link i.e. https://kinaracapital.com/vigil-mechanism-whistleblower-policy/

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

Your Company has always believed in providing a safe and harassment free workplace for every individual working for us. A Policy on Prevention of Sexual Harassment at workplace is already in place. An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment from time to time.

During the Financial year 2023-24, the Company did not receive any complaint on sexual harassment. Further following is the summary of

complaints received and disposed-off

a) Number of complaint(s) received: Nil

b) Number of complaint(s) disposed-off: Nil

c) Number of cases pending for more than 90 days: NA

d) Number of workshops/awareness programs against sexual harassment carried out: 5

PENALTY OR PUNISHMENT IMPOSED ON THE COMPANY, ITS DIRECTORS OR OFFICERS AND DETAILS OF COMPOUNDING OF OFFENCES AND APPEALS MADE AGAINST SUCH PENALTY OR PUNISHMENT -

NIL

CORPORATE SOCIAL RESPONSIBILITY ("CSR"):

The Company's CSR theme is based on 'women empowerment' and the CSR goal is to empower women micro entrepreneurs by the Financial year 2030. A detailed report on the Company's CSR policy and initiatives is set out in Annexure-III of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014.

LISTING ON STOCK EXCHANGE

The Non-convertible debentures issued by the Company are listed on the Wholesale Debt Market ("**WDM**") of BSE Limited.

ACKNOWLEDGEMENT:

Your Directors wish to thank the shareholders, customers, investors, bankers, lenders, vendors, the State and other Governments and business agencies for their continued support during the year. Your Directors also place on record their appreciation for the dedicated services of the employees at all levels, which has enabled the Company to achieve consistent growth.

For and on behalf of the Board

Sunil Satyapal Gulati
Chairperson
DIN: 00016990
Place: Bangalore
Date: August 07, 2024

GENERAL SHAREHOLDER INFORMATION

Company Registration Details: The Company is registered in the state of Karnataka, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (**"MCA"**) is U74899KA1996PTC068587

Annual Report: The Annual Report containing inter alia, Audited Annual Accounts, Director's Report, Auditor's Report and other important information is circulated to members and others entitled thereto. The Management's Discussion and Analysis (**"MD&A"**) Report forms part of the Annual Report and the Annual Report is also displayed on the website.

Debt Securities Listing: The Payment of Listing Fees for the year 2024-25 was paid on April 20, 2024 to the Bombay Stock Exchange ("**BSE**").

SEBI Complaints Redress System ("**SCORES**"): The investor complaints are processed in a centralized web-based complaints redress system "**SCORES**". The salient features of this system are centralized database of all complaints received, enables online upload of Action Taken Reports ("**ATRs**") by concerned companies and online viewing by investors of actions taken on the complaint and its current status. Till the date of the report the status of the investor complaints is NIL.

Online Dispute Resolution Portal ("**ODR Portal**"): A mechanism to streamline and strengthen the existing dispute resolution in the Indian Securities Market, SEBI vide Circular No. SEBI/HO/OIAE/OIAE_IAD-3/P/CIR/2023/ 95 dated July 31, 2023 (updated as on December 20, 2023), introduced the ODR Portal. This mechanism enhanced the degree of regulatory supervision by SEBI over disputes between aggrieved parties and the ODR order is binding on both the parties to the dispute. Pursuant to above-mentioned circulars, the aggrieved party can initiate the mechanism through the ODR portal, after exercising the primary options to resolve the issue directly with the Company and through the SCORES platform.

Debenture Trustee:

Catalyst Trusteeship Limited
GDA House, Plot No 85, Bhusari Colony (Right),
Paud Road, Pune - 411 038.
Tel: +91 020 2528 0081
Fax: +91 020 2528 0275
E-mail: dt@ctltrustee.com
Website: www.catalysttrustee.com

Registrar and Transfer Agent:

KFin Technologies Ltd
(formerly known as KFin Technologies Private Limited)
Selenium Tower B, Plot 31-32, Gachibowli,
Financial District, Nanakramguda, Hyderabad – 500 032
Tel: 040-6716 2222
Fax: 040-23001153
Email: venu.sp@kfintech.com
Website: www.kfintech.com

Investor Grievance Officer and Nodal Officer under IEPF
Dimple J Shah
(Company Secretary and Compliance Officer)
50, Second Floor, 100 Feet Road,
HAL II Stage, Indiranagar,
Bengaluru, Karnataka 560038
Email: cs@kinaracapital.com
Mobile: +919538382489

ANNEXURE-I

Corporate Governance Report

CORPORATE GOVERNANCE PHILOSOPHY

Kinara Capital Private Limited (Formerly Known as Visage Holdings and Finance Private Limited) puts a strong emphasis on corporate governance and ethically sound practices that build trust and transparency between our business and all stakeholders. We regard our stakeholders as invaluable partners in our journey and work to ensure their wellbeing, regardless of market or economic fluctuations. Our dedication to transparency and providing timely, precise data regarding our management and organizational structure has enhanced our reputation both domestically and abroad. This has enabled us to draw in the best people and resources to make our objectives, both short and long-term, into a workable business plan.

The Board of Directors (the "Board") is instrumental in developing the long-term vision and policy of our organisation to ensure the highest quality in governance and operations. We have a clear guideline and framework in place to guide decision-making and management practices, in order to become the leader in our industry and beyond. Your Company has an experienced and well-informed Board that oversee the Company's corporate governance and ensures the Company meets its fiduciary responsibilities to its stakeholders. Best practices are followed to ensure sustainable, ethical leadership and good corporate citizenship. Your Company places a strong emphasis on corporate governance, cultivating sustainable growth from the top down, which is reflected in its sound financial system and strong market reputation. The Board strongly emphasizes on forming a talent base from around the nation, adhering to ethical business practices and ensuring that all of our actions are in line with protecting the environment through green technologies and practices.

Over the years, your Company has complied with the Companies Act, 2013 (the "Act"), SEBI Regulations, RBI Directions/ Circulars, IND-AS (Indian Accounting Standards), Secretarial Standards, etc., Strong governance practices have rewarded the Company in the sphere of valuations, stakeholders` confidence, market capitalization and good credit ratings in positive context apart from receiving of awards from appropriate authorities. Your Company makes all efforts to comply with such standards.

BOARD OF DIRECTORS

Keeping with the commitment to the Management, the principle of integrity and transparency in business operations for good corporate governance, the Company's policy is to have an appropriate blend of Independent and Non-Independent Directors to maintain the independence of the Board and to separate the Board functions of governance from Management of the Company.

As at March 31, 2024, your Company's Board consists of 12 (Twelve) members of whom 2(Two) Executive Directors, 3(Three) Independent Directors and 7(Seven) Nominee Director. The composition of the Board is in conformity with the provisions of the Companies Act, 2013.

During the year, the Board met 6(Six) times on 28.04.2023, 25.07.2023, 05.09.2023, 27.10.2023, 30.01.2024 & 06.02.2024 and the time gap between any two of the said meetings had not exceeded one hundred and twenty days.

a. **Composition of the Board**

Sl. No	Name of Director	Director since	Capacity (i.e. Executive/ Non- Executive/ Chairman/ Promoter nominee/ Independent)	DIN	Number of Board Meeting		No. of other Director ships
					Held	Attended	
1	Hardika Shah	07.09.2011	Executive Director	03562871	6	6	NIL
2	Thirunavukkarasu Rajendran	18.03.2013	Executive Director	06514712	6	5	NIL
3	Geoffrey T Woolley	28.01.2015	Nominee Director	00306749	6	4	05
4	Bhavna Thakur	28.01.2015	Independent Director	07068339	6	5	02
5	Sunil Satyapal Gulati	01.02.2017	Independent Director	00016990	6	6	12

b. **Remuneration of Directors:** Please refer to Note 39 of Audited Financial Statements.

Sl. No	Name of Director	Director since	Capacity (i.e. Executive/ Non- Executive/ Chairman/ Promoter nominee/ Independent)	DIN	Number of Board Meeting		No. of other Director ships
					Held	Attended	
6	Agustin Vitorica	17.10.2017	Nominee Director	07928115	6	3	NIL
7	Ranjit Jayant Shah	17.10.2017	Nominee Director	00088405	6	4	04
8	Ravindra Pisharody	25.07.2018	Independent Director	01875848	6	5	07
9	Rekha Unnithan	31.10.2022	Nominee Director	08354141	6	2	02
10	Stephen Lee	31.10.2022	Nominee Director	08640160	6	6	04
11	Orsolya Farkas	21.11.2022	Nominee Director	09737828	6	5	NIL
12	Arunprakash Srinivasarao Korati	27.10.2023	Nominee Director	00027783	6	2	03

c. **Details of change in composition of the Board during the current and previous Financial year**:

Sl. No.	Name of Director	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Nature of change (resignation, appointment)	Effective date
1	Rahil Rangwala	Nominee Director	Resignation	27/09/2022
2	Rekha Unnithan	Nominee Director	Appointment	31/10/2022
3	Stephen Lee	Nominee Director	Appointment	31/10/2022
4	Orsolya Farkas	Nominee Director	Appointment	21/11/2022
5	Arunprakash Srinivasarao Korati	Nominee Director	Appointment	27/10/2023

*Mr. Ravindra Pisharody, Independent Director of the Company was reappointed for second term of 5 (Five) Years vide approval of Shareholders by way of Special Resolution passed on September 28, 2023.

d. Where an Independent Director resigns before expiry of her/ his term, the reasons for resignation as given by her/him shall be disclosed – NIL

e. Details of any relationship amongst the Directors inter-se shall be disclosed – NIL

(2) Committees of the Board and their composition as on March 31, 2024

The Committees constituted by the Board focus on specific areas and take informed decisions within the framework of delegated authority and make specific recommendations to the Board on matters within their areas or purview. The decisions and recommendations of the Committees are placed before the Board for information or for approval, as required. The Committees operate as empowered agents of the Board as per their Charter/terms of reference. The minutes of the meetings of all Committees of the Board are placed before the Board for discussions/noting.

The composition and functioning of these Committees are in compliance with the applicable provisions of the Act, and also in consonance with the Master Directions issued by the Reserve Bank of India as applicable to the Company.

As on March 31, 2024, the following Committees were in operation:

(A) Audit Committee Meeting;

(B) Nomination and Remuneration Committee Meeting;

(C) Risk Management Committee Meeting;

(D) IT Strategy Committee Meeting;

(E) CSR Committee Meeting;

(F) Asset and Liability Committee Meeting; and

(G) Finance Committee Meeting;

Details on the role and composition of these Committees, including the number of meetings held during the Financial year and the related attendance, are provided below:

Audit Committee Meeting

The Audit Committee of the Board consisted of Four members, the majority being Independent Directors. All members of the Committee are Non-Executive Directors who are financially literate and have experience in accounting or related financial management. The terms of reference of the Committee are in accordance with the Companies Act, 2013 and these broadly include oversight of the Company's financial reporting process and disclosure of its financial information, review of financial statements, review of compliances and review of systems and controls, approval or any subsequent modification of transactions with related parties, the recommendation for appointment, remuneration and terms of appointment of auditors of the Company.

The Board has accepted all the recommendations made by the Audit Committee during the year under review.

During the year, the Committee has met 4 (Four) times on 27.04.2023, 24.07.2023, 26.10.2023 and 05.02.2024.

Sl. No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Bhavna Thakur	01.02.2017	Independent Director	4	4	-
2	Sunil Satyapal Gulati	01.02.2017	Independent Director	4	4	-
3	Ravindra Pisharody	17.02.2020	Independent Director	4	4	-
4	Stephen Lee	17.11.2022	Nominee Director	4	4	-

Nomination and Remuneration Committee Meeting

The Board has constituted the Nomination and Remuneration Committee in accordance with the provisions of Section 178 of the Companies Act, 2013 and the rules made there under and in compliance with RBI's guidelines on Corporate Governance. The terms of reference of the Committee, inter alia, include formulation of criteria for determining qualifications, positive attributes and independence of a director, recommendation of persons to be appointed to the Board and senior management, recommendation of Remuneration Policy for Directors, Key Managerial Personnel, formulation of criteria for evaluation of the performance of Independent Directors and the Board, devising a policy on Board diversity and such other matters as may be prescribed by Companies Act, and NBFC Regulations.

During the year, the Committee has met 3 (Three) times on 26.04.2023, 24.07.2023 and 05.02.2024.

Sl. No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Bhavna Thakur	01.02.2017	Independent Director	3	3	-
2	Sunil Satyapal Gulati	01.02.2017	Independent Director	3	3	-
3	Rekha Unnithan	17.11.2022	Nominee Director	3	3	-

Risk Management Committee Meeting

The Company has in place the Risk Management Committee for the purpose of monitoring the risk and making suitable strategies to control it.

The terms of reference of the Committee, inter alia, include periodically assessing risks to the effective execution of business strategy and review key leading indicators in this regard, review and approve the Risk Management Framework, credit risk management processes, review of operational risk, information technology risk and integrity risk.

During the year, the Committee has met 4 (Four) times on 27.04.2023, 20.07.2023, 26.10.2023 and 06.02.2024.

Sl. No.	Name of Director	Member of Commitee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Hardika shah	25.07.2018	Executive Director	4	4	9,19,420 Class A1 Equity Shares
2	Sunil Satyapal Gulati	25.07.2018	Independent Director	4	4	-
3	Agustin Vitorica	17.11.2022	Nominee Director	4	3	-
4	Rekha Unnithan	17.11.2022	Nominee Director	4	1	-
5	Orsolya Farkas	20.01.2023	Nominee Director	4	3	-
6	Arunprakash Srinivasarao Korati	27.10.2023	Nominee Director	4	1	-

IT Strategy Committee Meeting

Pursuant to Master Direction – Information Technology Framework issued by RBI for NBFC Sector, the Company has constituted an IT Strategy Committee. It carries out the review & amend the IT strategies in line with the corporate strategies, Board Policy reviews, cybersecurity arrangements & any other matter related to IT Governance.

During the year, the Committee has met 4 (Four) times on 27.04.2023, 24.07.2024, 26.10.2024 and 25.01.2024.

Sl. No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Hardika Shah	25.07.2018	Executive Director	4	4	9,19,420 Class A1 Equity Shares
2	Ravindra Pisharody	25.07.2018	Independent Director	4	4	-
3	Ranjit shah	25.10.2021	Nominee Director	4	3	-
4	Stephen Lee	17.11.2022	Nominee Director	4	4	-
5	Orsolya Farkas	20.01.2023	Nominee Director	4	4	-

CSR Committee Meeting

In accordance with the provisions of Section 135 of the Companies Act, 2013 read with Rules made thereunder, the Board of Directors of the Company have constituted the Corporate Social Responsibility Committee ("CSR Committee"). The Committee has formulated and recommended a CSR Policy to the Board and various recommendations of the Committee including the amount of expenditure to be incurred on CSR activities. The Committee has framed a transparent monitoring mechanism for implementation programs as per the Annual Action Plan of the Company and also monitors CSR policy from time to time.

During the year, the Committee has met 2 (Two) times on 11.08.2023 and 30.01.2024.

Sl. No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Hardika Shah	31.07.2019	Executive Director	2	2	9,19,420 Class A1 Equity Shares
2	Ravindra Pisharody	31.07.2019	Independent Director	2	2	-
3	Geoffrey Woolley	20.01.2023	Nominee Director	2	1	-
4	Arunprakash Korati	27.10.2023	Nominee Director	2	1	-

ALM Committee Meeting

Pursuant to the RBI Guidelines, the Company has in place an Asset Liability Management Committee. The Committee comprises senior executives of the Company. Asset Liability Committee monitors the market risk levels of the Company by ensuring adherence to the various risk limits set by the Board, strategic action to mitigate the risk associated, ensuring adherence to the limits set by the Board as well as deciding the business strategy of the Company (on the assets and liabilities sides) in line with the Company's budget and decided risk management objectives, & funding strategies.

During the year, the Committee has met 12 (Twelve) times on 10.04.2023, 10.05.2023, 09.06.2023, 10.07.2023, 10.08.2023, 08.09.2023, 10.10.2023, 09.11.2023, 08.12.2023, 10.01.2024, 10.02.2024 and 15.03.2024.

Sl. No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Hardika shah	25.07.2018	Executive Director	12	12	9,19,420 Class A1 Equity Shares
2	Thirunavukkarasu Rajendran	25.07.2018	Executive Director	12	12	-
3	Aiswarya Ravi	25.07.2018	Chief Financial Officer	12	12	-

Finance Committee Meeting

The Company has established a Finance Committee responsible for managing the Company's daily activities, which include borrowing money, investing funds, granting loans, providing guarantees, and providing security in respect of loans, assignments, and securitization transactions.

During the year, the Committee has met 28 (Twenty-Eight) times on 10.04.2023, 20.04.2023, 19.05.2023, 23.05.2023, 12.06.2023, 23.06.2023, 26.06.2023, 07.07.2023, 03.08.2023, 12.09.2023, 16.10.2023, 02.11.2023, 04.11.2023, 28.11.2023, 07.12.2023, 15.12.2023, 22.12.2023, 29.12.2023, 03.01.2024, 24.01.2024, 30.01.2024, 31.01.2024, 14.02.2024, 29.02.2024, 07.03.2024, 20.03.2024, 21.03.2024 and 28.03.2024.

Sl. No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Hardika shah	30.05.2017	Executive Director	28	28	9,19,420 Class A1 Equity Shares
2	Thirunavukkarasu Rajendran	30.05.2017	Executive Director	28	28	-

(3) General Body Meetings

The details of the General Meetings (GM) of the shareholders held during the Financial year 2022-23 are given below:

Sl. No.	Type of Meeting (Annual/ Extra-Ordinary)	Date and Place	Special resolutions passed
1	Extra Ordinary General Meeting	04.05.2023 #50, 2nd Floor, 100 Feet Road, Hal 2nd Stage, Indiranagar, Bangalore-560042	1. Approval for issuance of Commercial Papers on Private Placement Basis
2	Extra Ordinary General Meeting	30.10.2023 #50, 2nd Floor, 100 Feet Road, Hal 2nd Stage, Indiranagar, Bangalore-560042	1. To approve the amendment in the Main Object Clause of the Memorandum of Association of the Company 2. To Approve the Alteration of Articles of Association ("AOA") of the Company
3	Extra Ordinary General Meeting	29.02.2024 #50, 2nd Floor, 100 Feet Road, Hal 2nd Stage, Indiranagar, Bangalore-560042	1. To consider and approve the issue and offer of Non-Convertible Debentures ("NCD") including Market Linked Debentures ("MLD") on Private Placement basis up to INR 1300 Crores (Indian Rupees One Thousand Three Hundred Crores Only)
4	Annual General Meeting	28.09.2023 #50, 2nd Floor, 100 Feet Road, Hal 2nd Stage, Indiranagar, Bangalore-560042	-

(4) Details of non-compliance with requirements of Companies Act, 2013 - NIL

(5) Details of penalties and strictures - NIL

ANNEXURE-II

FORM NO. AOC.2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014).

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. **Details of contracts or arrangements or transactions not at arm's length basis**

   There were no contracts or arrangements or transactions entered into during the year ended March 31, 2024 which were not at arm's length basis.

2. **Details of material contracts or arrangement or transactions at arm's length basis:**

Sl. No.	Particulars	Response
a)	Name(s) of the related party and nature of relationship	KVS Consulting, LLC – represented by Ms. Khyati Shah as the registered owner. Sister of Ms. Hardika Shah, Director & CEO
b)	Nature of contracts/arrangements/ transactions	Availing and rendering of services Consultancy agreement
c)	Duration of the contracts/arrangements/ transactions	The contract was executed during the Financial year 2023-24 for a period of 1 (one) year.
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Monthly remuneration of INR 6,15,000/- plus incentive and reimbursement of expenses as per Company policy.
e)	Date(s) of approval by the Board, if any	April 28, 2023
f)	Amount paid as advances, if any	NA

For and on behalf of the Board

Place: Bangalore
Date: August 07, 2024

Sunil Satyapal Gulati
Chairperson
DIN: 00016990

ANNEXURE-III

SECRETARIAL AUDIT REPORT

For the Financial year ended March 31, 2024

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

To,
The Members
Kinara Capital Private Limited
(formerly Visage Holdings and Finance Private Limited)
#50, 2nd Floor, 100 Feet Road HAL 2nd Stage (Defense Colony), Indiranagar Bangalore 560038

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Kinara Capital Private Limited (hereinafter referred as the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

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

We have examined the books, papers, minute books, forms and returns filed and otherrecords maintained by the Company for the Financial year ended on 31st March 2024 according to the provisions of:

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

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules madethere under; - not applicable

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; to the extent applicable;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and External commercial Borrowing.

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations,2011; not applicable

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

   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; not applicable

   d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; not applicable

   e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

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

   g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations,2021; not applicableand

   h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; not applicable

vi) On examination of the relevant documents and records in pursuance thereof, on test-check basis and based on the reports and opinion given by the experts in the respective areas, the Company has generally complied with the Regulations/ Guidelines specifically prescribed for operations of the Company by Reserve Bank of India andother Agencies/Departments:

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

i. Secretarial Standards issued by The Institute of Company Secretaries of India.

ii. The Listing Agreements entered into by the Company with Stock Exchange(s).

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

We further report that:

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

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance or in case of inadequacy, short notice consent was taken, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

We further report that:

There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. We further report that, the compliance by the Company of applicable financial laws such as direct and indirect tax laws and maintenance of financial records and books of accounts have not been reviewed in this Audit since the same have been subject to review by the statutory financial auditors, tax auditors, and other designated professionals.

We further report that, during the audit period there were no other specific events/actions in pursuance of the above referred laws, rules, regulations, guidelines having a major bearing on the Company's affairs in pursuance of the above referred laws and rules.

For RSVH & Associates LLP
Company Secretaries
Registration No: L2020KR006800

Vinayak Hegde
Partner
M.No: 28093
CP.No: 11880

Date:03.05.2024
Place: Bangalore
UDIN: A028093F000302191

This report is to be read with Annexure A which forms an integral part of this report.

Annexure A

To,
The Members
Kinara Capital Private Limited
(formerly Visage Holdings and Finance Private Limited)
#50, 2nd Floor, 100 Feet Road HAL 2nd Stage (Defense Colony),
Indiranagar Bangalore 560038

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

1. Maintenance of Secretarial record is the responsibility of the management of (the Company). Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.The verification was done on test check basis to ensure that correct facts are reflectedin secretarial records. We believe that the processes and practices that we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test check basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management hasconducted the affairs of the Company

For RSVH & Associates LLP
Company Secretaries
Registration No: L2020KR006800

Vinayak Hegde
Partner
M.No: 28093
CP.No: 11880

Date:03.05.2024
Place: Bangalore
UDIN: A028093F000302191

ANNEXURE-IV

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

(Pursuant to Section 135 of the Companies Act 2013, read with Rule 8 of Companies (CSR Policy) Rules, 2014)

1. Brief outline on CSR Policy of the Company.

   The Board of Directors at its meeting held on July 31, 2019, approved the CSR policy. Our Company's CSR Policy is driven by "Transformation". It lays down the guidelines for impacting and transforming lives. The objectives of the CSR policy include the following:

   a. Creating opportunities to drive impact for marginalized groups

   b. Partnering with diverse stakeholders, to achieve our social development goals

   c. Creating opportunities for employees to participate in socially responsible initiatives

2. Composition of CSR Committee:

Sl. Nos.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Ravindra Pisharody	Chairperson- Independent Director	2	2
2.	Hardika Shah	Member- Director & CEO	2	2
3.	Geoffrey Woolley	Member- Nominee Director	2	1
4.	Arunprakash Srinivasarao Korati	Member- Nominee Director	2	1

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company: https://kinaracapital.com/csr-policy/

4. Provide the executive summary along with web-link(s) of impact Assessment of CSR projects carried out in pursuance of sub-rule(3) of rule 8, if applicable.: **Not Applicable**

5. (a). Average net profit of the company as per sub-section (5) of section 135: **INR (25,89,23,632)**

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

   (c). Surplus arising out of the CSR Projects or programmes or activities of the previous Financial years: **NIL**

   (d). Amount required to be set-off for the Financial year, if any: **NIL**

   (e). Total CSR obligation for the Financial year [(b)+(c)+(d]): **NIL**

6. (a). Amount spent on CSR projects (both ongoing project and other ongoing project):

   (i) Details of CSR amount spent against **ongoing projects** for the Financial year: **NIL**

   (ii) Details of CSR amount spent other than **ongoing projects** for the Financial year: **NIL**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No.)	Location of the project		Amount spent for the project (in Rs.)	Mode of Implemen-tation -Direct (Yes/No.)	Mode of Implementation	
				State	District			Name	CSR registration number
Nil									

(b). Amount spent in Administrative overheads: **NIL**

(c). Amount spent on impact Assessment, if applicable: **Not Applicable**

(d). Total amount spent for the Financial year [(a)+(b)+(c)]: **NIL**

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

Total Amount Spent for the Financial year (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to unspent CSR account as per sub-section (6) of section 135		Amount transferred to any fund specific schedule VII as per second proviso to sub section (5) of section 135		
	Amount	Date of Transfer	Name of the fund	Amount	Date of transfer
NIL	NIL	NIL	NIL	NIL	NIL

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

Sl. no	Particulars	Amount (In Rs)
(1)	(2)	(3)
(I)	Two percent of average net profit of the Company as per sub-section (5) of section 135	NIL
(ii)	Total amount spent for the Financial year	NIL
(iii)	Excess amount spent for the Financial year [(ii)-(i)]	NIL
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial years, if any	NIL
(v)	Amount available for set off in succeeding Financial years [(iii)-(iv)]	NIL

7. Details of unspent corporate social Responsibility amount for the preceding three Financial years:

Sl. no	Preceding Financial year	Amount transferred to unspent CSR Account under sub-section (6) of section 135 (In Rs)	Balance amount in unspent CSR Account under sub-section (6) of section 135 (In Rs	Amount spent in the Financial year (in Rs.)	Amount transferred to a fund as specified under schedule VII as per second proviso to sub-section (5) of section 135, if any		Amount remaining to be spent in succeeding years (in Rs.)	Deficiency, if any
					Amount (in Rs)	Date of Transfer		
1	FY-1	NIL						
2	FY-2	NIL						
3	FY-3	NIL						

8. Whether any capital assets have been created or acquired through corporate social Responsibility amount spent in the Financial year: **No**

   Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial year: **Not Applicable**

   (All the fields should be captured as appearing in the revenue record, flat no, house no, municipal office/ municipal corporation/ gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per sub-section (5) of section 135: **Not Applicable**

For and on behalf of the Board

Sunil Satyapal Gulati
Chairperson
DIN: 00016990

Place: Bangalore
Date: August 07, 2024

Ravindra Pisharody
Chairperson of CSR Committee
DIN: 01875848

Place: Bangalore
Date: August 07, 2024

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE TWENTY EIGHTH ANNUAL GENERAL MEETING OF THE MEMBERS OF KINARA CAPITAL PRIVATE LIMITED (FORMERLY KNOWN AS VISAGE HOLDINGS AND FINANCE PRIVATE LIMITED) WILL BE HELD ON FRIDAY, SEPTEMBER 27, 2024 AT 11:00 AM (IST) AT THE REGISTERED OFFICE OF THE COMPANY AT #50, 2ND FLOOR, HAL 2ND STAGE, 100 FEET ROAD, INDIRANAGAR, BENGALURU, KARNATAKA-560038 TO TRANSACT THE FOLLOWING BUSINESSES:

ORDINARY BUSINESS:

ITEM 1: TO RECEIVE, CONSIDER AND ADOPT THE STANDALONE AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE YEAR ENDED MARCH 31, 2024 INCLUDING BALANCE SHEET AS ON MARCH 31, 2024, STATEMENT OF PROFIT AND LOSS, CASH FLOW STATEMENT AND NOTES THEREON, FOR THE YEAR ENDED AND THE REPORTS OF THE BOARD AND THE AUDITORS AS ON MARCH 31, 2024

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

"**RESOLVED THAT** the Audited Financial Statements of the Company comprising of Balance Sheet as on 31st March 2024, Statement of Profit & Loss Account along with the Cash Flow Statement for the year ended March 31, 2024 and the Explanatory Notes annexed to, or forming part of any document referred above, along with the Auditor's Report thereon and the Directors' Report thereto be and are hereby received, considered and adopted by the Members of the Company.

RESOLVED FURTHER THAT any of the Directors or the Company Secretary of the Company be and are hereby authorized to file all the applicable forms required to be filed with the Registrar of Companies, Bengaluru, Karnataka and to do all such acts, deeds and things as may be deemed necessary, proper, or desirable for the purpose of giving effect to this resolution."

SPECIAL BUSINESS:

ITEM 2: TO CONSIDER AND APPROVE THE APPOINTMENT OF MS. AISWARYA RAVI (DIN:10719941) AS A WHOLE-TIME DIRECTOR OF THE COMPANY

To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made thereunder, Ms. Aiswarya Ravi (DIN: 10719941), who was appointed as an Additional Director of the Company with effect from August 07, 2024 under Section 161 of the Companies Act, 2013, and who holds office up to the conclusion of this Annual General Meeting be and is hereby appointed as a Whole-Time Director of the Company.

RESOLVED FURTHER THAT any of the Directors or the Company Secretary of the Company be and are hereby severally authorized to take all such steps, as may be necessary, proper or expedient, to give effect to this resolution and to do all such acts, deeds, matters and things as may be incidental thereto."

By Order of the Board of Directors
Kinara Capital Private Limited
(formerly known as Visage Holdings and Finance Private Limited)

Dimple J Shah
Company Secretary
Membership No. A36349
Date: September 05, 2024
Place: Bangalore

Notes:

1. An explanatory Statement setting out material facts pursuant to Section 102 of the Companies Act, 2013 (the Act) with respect to items covered under special business of the notice is annexed hereto.
2. In terms of Section 105 of the Companies Act, 2013, a member of a Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a person as a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company.
3. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company, a letter authorizing their representative to attend and vote on their behalf at the Meeting.
4. Members/Proxies should fill out the attendance slip for attending the meeting and bring their attendance slips to the Meeting.
5. The instrument appointing the proxy (Form MGT 11) duly filled, in order to be effective, must be deposited at the Registered office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A person can act as a proxy on behalf of the members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the

Company carrying voting rights. In case a proxy is proposed to be appointed by a shareholder holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder. Form MGT 11 is annexed with this notice.

Every member entitled to vote at a meeting of the Company, shall be entitled during the period beginning twenty-four hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, to inspect the proxies lodged, at any time during the business hours of the Company, provided not less than three days' notice in writing of the intention so to inspect is given to the Company.

6. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, Register of Contracts and arrangements in which Directors are interested maintained under Section 189 and all other relevant documents referred in this Notice and the Explanatory Statement shall be open for inspection by the Members at the registered office of the Company during the business hours on all working days from the date of sending of this AGM Notice up to the date of AGM.

7. In terms of the requirements of the Secretarial Standard on General Meetings (SS-2) a route map of the venue of the AGM is enclosed.

8. Required Details of all the proposed Directors for appointment pursuant to the requirement of SS-2 and Companies Act, 2013 is annexed as Annexure 1.

9. The Financial Statement for the financial year 2023-24 and Board Report thereon along with Notice of Annual General Meeting, attendance slip and proxy form shall be sent by (Email) to all the Members of the Company, who have registered their email id with the Company. The aforesaid document shall also be available on the website of the Company. For any communication, shareholders may send request to the Company's email id cs@kinaracapital.com.

10. Shareholders are requested to confirm their presence to the AGM and send any queries on connecting to the AGM or any other issue relating to meeting on cs@kinaracapital.com.

11. All other documents referred in the accompanying Notice are also open for inspection at the Registered Office of the Company on all working days except Saturday between 11.00 A.M and 1.00 P.M up to the date of Annual General Meeting.

12. Shareholders are requested to intimate changes, if any, pertaining to their name, postal address, e-mail address, telephone / mobile numbers or any other details on cs@kinaracapital.com. If a Member does not provide an updated e-mail address, the Company shall not be in default for non-receipt of such Notice by the Member.

Explanatory statement under section 102 of the Companies Act, 2013:

ITEM NO. 2

Based on the recommendation of Nomination and Remuneration Committee, the Board of Directors of the Company ("**Board**") at its meeting held on August 07, 2024 appointed Ms. Aiswarya Ravi (DIN: 10719941) as an Additional Director in the capacity of Whole-time Director of the Company.

Pursuant to Section 161(1) of the Companies Act, 2013 ('Act') and Articles of Association of the Company, Ms. Aiswarya Ravi (DIN: 10719941) shall hold office until the conclusion of this Annual General Meeting ("**AGM**") and is eligible to be appointed as Whole-time Director of the Company.

Ms. Aiswarya Ravi is a qualified Chartered Accountant from the Institute of Chartered Accountants of India, a Certified Information Systems Audit ("**CISA**") professional by ISACA and a Company Secretary Licentiate. She joined the Company in 2015 and is serving as a Chief Financial Officer ("**CFO**") of the Company. Prior to joining Kinara Capital, she was responsible for strategic planning, corporate finance, internal audits and board reporting for all businesses of ITC Limited and the GMR Group.

Recognized for her trendsetting approach, Aiswarya Ravi was named among Woman CFO of the Year at 'Dun & Bradstreet Finance Elite Summit 2023 and selected among 'Dun & Bradstreet Finance Elite 2023'. She was also ranked India's Top 20 Most Impactful CFO Leaders at the Transformance 3rd CFO Vision and Innovation Summit & Awards 2022.

The consent of the members is sought for passing an Ordinary Resolution in the resolution set out at Item No. 2 of the accompanying Notice for approval of Members of the Company.

The Board of Directors recommend the resolution for approval of the Shareholders for the appointment of Ms. Aiswarya Ravi as Whole-Time Director of the Company.

Save and except Ms. Aiswarya Ravi, being an appointee, none of the other Directors, Key Managerial Personnel of the Company and their relatives are directly or indirectly concerned or interested financially or otherwise in this Resolution.

By Order of the Board of Directors
Kinara Capital Private Limited
(formerly known as Visage Holdings and Finance Private Limited)

Dimple J Shah
Company Secretary
Membership No. A36349

Date: September 05, 2024
Place: Bangalore

Annexure 1: Brief Profile of Director

ADDITIONAL INFORMATION OF DIRECTORS SEEKING APPOINTMENT

[Pursuant to Secretarial Standards on General Meetings (SS-2)]

Name of the Director	**Aiswarya Ravi**
DIN	10719941
Date of Birth	10/01/1986
Age	38 years
Date of First Appointment on the Board	07/08/2024
Relationship with Other Directors, Manager and Key Managerial Personnel	NA
Experience and Expertise in Specific Functional Area	Over 15 years of experience
Qualification(s)	Chartered Accountant from the Institute of Chartered Accountants of India and a Certified Information Systems Audit ("**CISA**") professional by ISACA and CS Licentiate
No. of Meetings of the Board attended during the Year 2023-24	NIL
Chairmanships/Memberships of Committees of the Board of Other Companies (includes only Audit Committee and Stakeholders' Relationship Committee)	NIL
Number of Equity Shares held in the Company as at March 31, 2024 Including Shareholding as a Beneficial Owner	NIL
Terms and Conditions of Appointment	As per the Appointment letter
Proposed Remuneration	As per the Appointment letter
Remuneration drawn during financial year 2023-24 excluding sitting fee	Ms. Aiswarya Ravi was not appointed as a Director in FY 2023-24 and did not draw any remuneration in the capacity of Director during the FY 2023-24

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]

Corporate Identification Number	:	U74899KA1996PTC068587
Name of the Company	:	Kinara Capital Private Limited (Formerly known as Visage Holdings and Finance Private Limited)
Registered office	:	#50, 2nd Floor, 100 Feet Road HAL 2nd Stage (Defence Colony), Indiranagar Bangalore Karnataka 560038 IN

Name of the member (s)	:	
Registered address	:	
E-mail Id	:	
Folio No/ Client ID	:	
DP ID	:	

I/We, being the member (s) of .... shares of the above-named Company, hereby appoint

1.	Name	:	
	Address	:	
	E-mail ID	:	
	Signature	:	, or failing him
2.	Name	:	
	Address	:	
	E-mail ID	:	
	Signature	:	, or failing him
3.	Name	:	
	Address	:	
	E-mail ID	:	
	Signature	:	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held on Friday, September 27, 2024 AT 11:00 AM (IST) at the Registered Office of the Company situated at #50, 2nd Floor, 100 Feet Road HAL 2nd Stage (Defense Colony), Indiranagar Bangalore 560038, Karnataka, India and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No	Particulars	Favor / against
1	To receive, consider and adopt the Standalone Audited Financial Statements of the Company for the year ended March 31, 2024 including Balance Sheet as on March 31, 2024, Statement of Profit and Loss, Cash Flow Statement and notes thereon, for the year ended and the reports of the Board and the Auditors as on March 31, 2024	
2	To consider and approve the appointment of Ms. Aiswarya Ravi (DIN:10719941) as a Whole-Time Director of the Company	

Signed this........day of ________________2024

Affix
Revenue
Stamp

Signature of shareholder

Signature of Proxy holder(s)

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 48 hours before the commencement of the Meeting.

ATTENDANCE SLIP

Members or their proxies are requested to present this form for admission, duly signed in accordance with their specimen signatures registered with the Company.

Regd. Folio. No/DP.Id/ Client id	
Name of shareholder:	
Address of shareholder:	
Proxy Name:	
Address of proxy:	

I/We hereby record my/our presence at the Annual General Meeting of the Company being held on Friday, September 27, 2024 AT 11:00 AM (IST), at the registered office of the Company situated at #50, 2nd Floor, 100 Feet Road HAL 2nd Stage (Defence Colony), Indiranagar, Bangalore 560038, Karnataka, India.

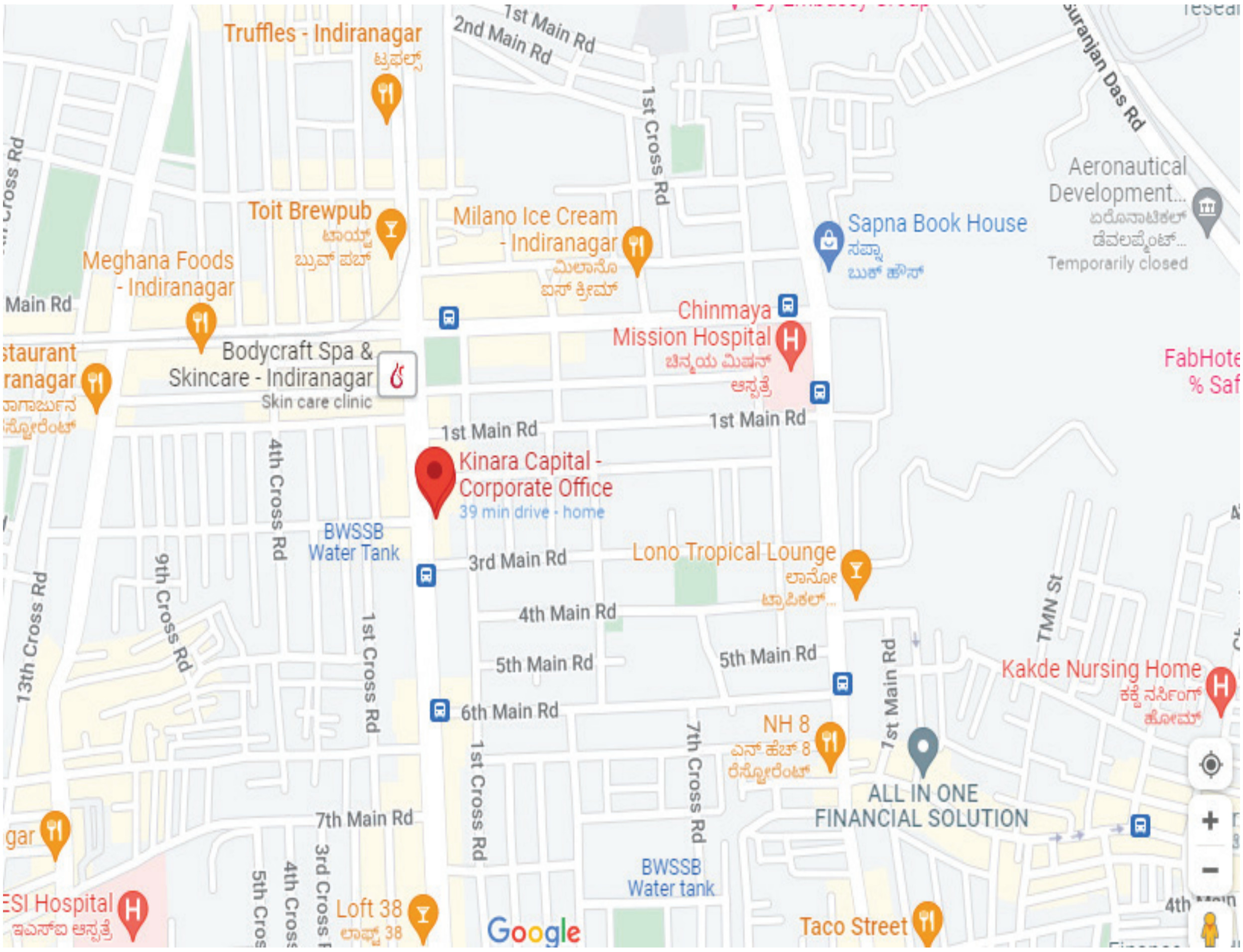
Please (✓) in the box

1. Member

2. Proxy

Signature of member/Proxy

Route Map for the Meeting



03

FINANCIAL STATEMENTS

Independent Auditor's Report

To the Members of Kinara Capital Private Limited
(Formerly known as Visage Holdings and Finance Private Limited)

Report on the Audit of Financial Statements

Opinion

We have audited the Financial Statements of Kinara Capital Private Limited (Formerly known as Visage Holdings and Finance Private Limited) ("the Company"), which comprise the Balance Sheet as at 31 March 2024, and the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and notes to the Financial Statements, including a summary of material accounting policies and other explanatory information.

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, as amended ("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 the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, of the state of affairs of the Company as at 31 March 2024, and its profit including Other Comprehensive Income, its Cash Flows and its Changes in Equity 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Financial Statements.

Key Audit Matters

Key audit matters are those matters that in our professional judgment, were of most significance in our audit of the Financial Statements for the Financial year ended 31 March 2024. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Financial Statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Financial Statements.

Key audit matters	How our audit addressed the key audit matter
(a) Impairment of loan assets as at balance sheet date (expected credit losses) As described in note 43 of the Financial Statements	
Ind AS 109: Financial Instruments ("Ind AS 109") requires the Company to provide for impairment of its loan assets using the expected credit loss (ECL) approach. ECL involves an estimation of probability weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances. In this process, a significant degree of judgement has been applied by the management for: a) Defining Staging of loans (i.e. classification in 'significant increase in credit risk' ("SICR") and 'default' categories); b) Grouping of borrowers based on homogeneity by using appropriate statistical techniques; c) Estimation of behavioural life; d) Estimation of losses for loan products with no / minimal historical default; and e) Management overlay for macro-economic factors and estimation of their impact on the credit quality. In the view of such high degree of management's judgement involved in estimation of ECL, it is identified as key audit matter.	Our audit procedures included the following: • Evaluated the Company's accounting policies for impairment of loan assets and assessed compliance with the policies in terms of Ind AS 109 and with the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines issued on 13 March 2020. • Evaluated the management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction and validation • Assessed the criteria for staging of loans based on their past-due status to evaluate compliance with requirement of Ind AS 109. • Tested the ECL model, including assumptions and underlying computation. Tested the input data used for determining the Probability of default and loss given default rates and agreed the data with the underlying books of account and records. • Tested the arithmetical accuracy of computation of ECL provision performed by the Company. • Read and assessed adequacy of the disclosures included in the financial statements in respect of ECL with the requirements of Ind AS 107 Financial Instruments: Disclosure ("Ind AS 107") and Ind AS 109.
(b) Information technology ('IT') systems and controls	
The financial accounting and reporting systems of the Company are fundamentally reliant on IT systems and IT controls to process significant transaction volumes. Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure appropriate financial reporting Therefore, due to the pervasive nature and complexity of the IT environment, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.	Our audit procedures, with support from IT specialists, included the following: • Tested the design and operating effectiveness of IT access controls over the information systems that are critical to financial reporting. • Tested IT general controls (such as logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorised. • Tested the Company's periodic review of access rights. We inspected requests of changes to systems for appropriate approval and authorisation. • In addition to the above, we tested the design and operating effectiveness of certain application controls (automated and IT dependent manual controls) that were considered as key internal controls over financial reporting. • Where deficiencies were identified, we tested compensating controls or performed alternate procedures.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the Board's Report ("other information"), but does not include the Financial Statements and our auditor's report thereon. The Board's Report, including the Annexures to Board'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 do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibility 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 Companies Act, 2013 ("the Act") with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance including Other Comprehensive Income, Cash Flows and Changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, 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 implementation and maintenance of 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 Statement 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements for the Financial year ended 31 March 2024 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because of the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure 1" 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;

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

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

   (d) In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules,2015, as amended;

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

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Financial Statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (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 has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 40 (a) to the financial statements;

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses for derivative contracts – Refer Note 14 to the financial statements. The Company did not have any other long term contracts;

      iii. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company.

      iv.(a) The Management has represented that, to the best of it's knowledge and belief, as disclosed in note 57 (a) (a) to the accounts, during the year 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 entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, 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 it's knowledge and belief, as disclosed in note 57 (a) (b) to the accounts, during the year no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, 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.

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to the notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material misstatement.

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

vi. Based on our examination which included test checks, the Company has used an accounting software for maintaining its books of accounts which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all transactions recorded in the software. Further, during the course of our audit we didn't come across any instance of audit trail feature being tampered with.

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

For Nangia & Co. LLP
Chartered Accountants
FRN No. 002391C/N500069

Jaspreet Singh Bedi
Partner
Membership No.: 601788
UDIN: 24601788BKFMPO2415

Place: Mumbai
Date: 03 May 2024

Annexure 1

to the Independent Auditor's Report of even date on the financial statements of Kinara Capital Private Limited (formerly known as Visage Holdings and Finance Private Limited)

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report]

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

(a) (B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The Company has a regular programme of physical verification of its fixed assets including property, plant and equipment by which the fixed assets including property, plant and equipment and are verified by the management according to a phased programme designed to cover all the hub over a period of one year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with the policy, the Company has physically verified certain property, plant and equipment during the year and no discrepancies were noticed in respect of assets verified during the year.

(c) There is no immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), held by the Company and accordingly, the requirement to report on clause 3(i)(c) of the Order is not applicable to the Company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) and intangible assets during the year ended 31 March 2024.

(e) According to information and explanations given to us, there are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The Company's business does not require maintenance of inventories and, accordingly, the requirement to report on clause 3(ii)(a) of the Order is not applicable to the Company.

(b) The Company has not been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks or financial institutions during any point of time of the year on the basis of security of current assets. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company.

(iii) (a) The Company's principal business is to give loans accordingly, Clause 3(iii)(a) of the Order is not applicable to the Company

(b) During the year the terms and conditions of the grant of all loans and advances to Companies, firms, Limited Liability Partnerships or any other parties are not prejudicial to the Company's interest.

(c) In respect of loans granted to Companies, firms, Limited Liability Partnerships or any other parties, the schedule of repayment of principal and payment of interest has been stipulated and the repayment or receipts are regular except in the following cases:

Sector	Amount (In Rs. lakhs)	Due date	Extent of delay (In days)	Remarks, If any
MSME Loans	4,694.89	Various due dates	More than one day	-

(d) The following amounts are overdue for more than ninety days from Companies to whom loan has been granted, and reasonable steps have been taken by the Company for recovery of the overdue amount of principal and interest:

No. of cases	Principal overdue (In Rs Lakhs)	Interest overdue (In Rs Lakhs)	Total Overdue (In Rs Lakhs)	Remarks, If any
2,069	1,563.62	1,235.06	2798.68	-

(e) The Company's principal business is to give loans. Accordingly, the provision of Clause 3(iii)(e) of the Order is not applicable to the Company.

(f) According to information and explanations given to us, 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 to Promoters, related parties as defined in clause 2(76) of Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, provisions of sections 185 and 186 of the Companies Act, 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and guarantees, and securities given have been complied with by the Company.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) The Company is not in the business of sale of any goods or provision of such services as prescribed. Accordingly, the requirement to report on clause 3(vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us, The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues applicable to it. No undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) According to the records of the Company, the dues of goods and services tax, income-tax, sales-tax, service tax, and other statutory dues have not been deposited on account of any dispute, are as follows:

Name of the statue	Nature of dues	Amount involved (Rs. In lakhs)	Amount Unpaid (Rs. In lakhs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act 1961	Income Tax Demand	111.86	-	AY 2018-19	Commissioner of Income-tax (Appeals)

(viii) According to the information and explanations given to us, the Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Hence, the provision stated in paragraph 3(viii) of the Order is not applicable to the Company.

(ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any financial institutions, banks and debenture holders. The Company has not taken any loans or borrowings from Government.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared a wilful defaulter by any bank or financial institution or government or any government authority.

(c) According to the information and explanations given to us and the audit procedures performed by us, money raised by way of term loans were applied for the purpose for which the loans were obtained.

(d) According to the information and explanations given to us and the audit procedures performed by us and on an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.

(f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) According to the information and explanations given to us, no material fraud by the Company or on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by a secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle-blower complaints received by the company during the year.

(xii) The Company is not a Nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clauses 3(xii)(a), (b) and (c) of the Order is not applicable to the Company.

(xiii) According to the information and explanations are given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the notes 39 to the financial statements, as required by the applicable accounting standards.

(xiv) (a) According to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.

(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence the requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a) According to the Information and explanations given to us and audit procedures performed by us, the Company has registered as Non-Banking Institution as a Non-Deposit taking Systemically Important (NBFC-ND-SI) Company under section 45-IA of the Reserve Bank of India Act, 1934.

(b) The Company has not conducted any Non-Banking Financial without obtaining a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company as defined in the regulations made by the Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.

(xvii) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has not incurred cash losses in the current year and in the immediately preceding Financial year respectively.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly the requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in note 45 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that 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) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 33 to the financial statements.

(b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note 33 to the financial statements.

(xxi) The Company does not prepare consolidated financial statements, hence the requirement to report on clause 3(xxi) of the Order is not applicable to the Company.

For Nangia & Co. LLP
Chartered Accountants
FRN No. 002391C/N500069

Jaspreet Singh Bedi
Partner
Membership No.: 601788
UDIN: 24601788BKFMPO2415

Place: Mumbai
Date: 03 May 2024

Annexure 2

to the Independent Auditor's Report of even date on the financial statements of Kinara Capital Private Limited (formerly known as Visage Holdings and Finance Private Limited)

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements in the Independent Auditors' Report of even date to the Kinara Capital Private Limited (Formerly known as Visage Holdings and Finance Private Limited) on the Financial Statements for the year ended March 31, 2024].

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

To
The Member of
Kinara Capital Private Limited (Formerly known as Visage Holdings and Finance Private Limited)

We have audited the internal financial controls over financial reporting of Kinara Capital Private Limited (Formerly known as Visage Holdings and Finance Private Limited) ("the Company") as of 31 March 2024 in conjunction with our audit of the 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 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 ("ICAI"). 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 ICAI. 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 31 March 2024 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For Nangia & Co. LLP
Chartered Accountants
FRN No. 002391C/N500069

Jaspreet Singh Bedi
Partner
Membership No.: 601788
UDIN: 24601788BKFMPO2415

Place: Mumbai
Date: 03 May 2024

Balance Sheet
as at 31 March 2024

(All amounts are in ₹ lacs unless otherwise stated)

Particulars	Note	As at 31 March 2024	As at 31 March 2023
ASSETS			
Financial assets			
Cash and cash equivalents	3	40,399.36	52,702.58
Bank balance other than cash and cash equivalents	4	14,293.15	8,915.77
Derivative financial instruments	14	-	86.23
Loans	5	1,94,892.22	1,61,588.36
Investments	6	16,698.52	115.13
Other financial assets	7	31,520.89	21,274.94
Total financial assets		**2,97,804.14**	**2,44,683.01**
Non-financial assets			
Current tax assets (net)	8	376.30	750.97
Property, plant and equipment	10	1,414.74	387.92
Intangible assets under development	11	681.38	-
Other intangible assets	12	206.19	288.01
Right-of-use assets	36	2,149.59	2,325.23
Other non-financial assets	13	2,507.30	2,028.57
Total non-financial assets		**7,335.50**	**5,780.70**
Total assets		**3,05,139.64**	**2,50,463.71**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Derivative financial instruments	14	351.76	-
Trade Payables	15		
(i) total outstanding dues of micro enterprises and small enterprises		27.19	25.23
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		210.64	209.28
Debt securities	16	75,831.57	73,800.60
Borrowings (other than debt securities)	17	1,38,718.34	90,530.72
Subordinated liabilities	18	2,233.16	2,213.52
Lease Liabilities	36	2,345.47	2,408.79
Other financial liabilities	19	8,323.77	10,961.89
Total financial liabilities		**2,28,041.90**	**1,80,150.03**
Non-financial liabilities			
Deferred tax liabilities (net)	9	2,332.60	979.64
Provisions	20	346.36	554.05
Other non-financial liabilities	21	775.05	424.91
Total non-financial liabilities		**3,454.01**	**1,958.60**
EQUITY			
Equity share capital	22	1,279.59	1,279.59
Other equity	23	72,364.14	67,075.49
		73,643.73	**68,355.08**
Total liabilities and equity		**3,05,139.64**	**2,50,463.71**
Material accounting policy information	2		
Notes to the financial statements	3 - 58		

The accompanying notes form an integral part of the financial statements
As per our report of even date attached

For Nangia & Co. LLP
Chartered Accountants
ICAI Firm registration No.: 002391C/N500069

Jaspreet Singh Bedi
Partner
Membership No.: 601788
Place : Mumbai
Date : 03 May 2024

For and on behalf of the Board of Directors of
Kinara Capital Private Limited (Formerly known as Visage Holdings and Finance Private Limited)

Hardika Shah
Director and Chief Executive officer
DIN : 03562871
Place : Bengaluru
Date : 03 May 2024

R. Thirunavukkarasu
Director
DIN: 06514712
Place : Bengaluru
Date : 03 May 2024

Aiswarya Ravi
Chief Financial Officer
Place : Bengaluru
Date : 03 May 2024

Dimple Shah
Company Secretary
Place : Bengaluru
Date

Statement of Profit and Loss

for the year ended 31 March 2024

(All amounts are in ₹ lacs unless otherwise stated)

		Note	For the year ended 31 March 2024	For the year ended 31 March 2023
	Revenue from operations			
	Interest income	24	61,640.45	38,418.36
	Fees and commission income	25	1,009.12	604.21
	Net gain on fair value changes	26	476.88	94.83
	Net gain on derecognition of financial instruments	27	8,980.29	10,020.82
(I)	**Total revenue from operations**		**72,106.74**	**49,138.22**
(II)	Other income	28	153.23	25.10
(III)	**Total income (I+II)**		**72,259.97**	**49,163.32**
	Expenses			
	Finance costs	29	27,279.15	18,268.08
	Impairment on financial instruments	30	18,602.00	9,165.19
	Employee benefits expenses	31	10,817.53	10,358.64
	Depreciation, amortisation and impairment	32	1,246.77	872.26
	Others expenses	33	6,189.76	5,084.21
(IV)	**Total expenses**		**64,135.21**	**43,748.38**
(V)	**Profit before tax (III-IV)**		**8,124.76**	**5,414.94**
(VI)	**Tax expense:**			
	(1) Current tax - Current Year	9	228.81	-
	- Earlier Year		(1.73)	1.98
	(2) Deferred tax charge	9	1,682.44	1,293.82
			1,909.52	**1,295.80**
(VII)	**Profit for the year (V-VI)**		**6,215.24**	**4,119.14**
(VIII)	**Other comprehensive income**			
A	(i) Items that will not be classified to profit or loss			
	- Remeasurement of the defined benefit plans		(7.49)	(13.63)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		1.89	3.43
	Subtotal (A)		**(5.60)**	**(10.20)**
B	(i) Items that will be reclassified to profit or loss			
	- Debt instruments through other comprehensive income		(167.05)	(200.06)
	- Income tax on above		42.05	50.36
	- Cash flow hedge reserve		(1,134.46)	(111.56)
	- Income tax on above		285.54	28.08
	Subtotal (B)		**(973.92)**	**(233.18)**
	Other comprehensive income (A + B)		**(979.52)**	**(243.38)**
(IX)	**Total comprehensive income for the year**		**5,235.72**	**3,875.76**
(X)	**Earnings per equity share**			
	Basic (₹)	37	48.57	36.56
	Diluted (₹)	37	47.85	36.16
	Material accounting policy information	2		
	Notes to the financial statements	3 - 58		

The accompanying notes form an integral part of the financial statements
As per our report of even date attached

For Nangia & Co. LLP
Chartered Accountants
ICAI Firm registration No.: 002391C/N500069

Jaspreet Singh Bedi
Partner
Membership No.: 601788
Place : Mumbai
Date : 03 May 2024

For and on behalf of the Board of Directors of
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Dimple Shah
Company Secretary
Place : Bengaluru
Date : 03 May 2024

Statement of Changes in Equity

for the year ended 31 March 2024

(All amounts are in ₹ lacs unless otherwise stated)

a. Equity share capital

Balance as at 31 March 2022	Changes in equity share capital during the year	Balance as at 31 March 2023	Changes in equity share capital during the year	Balance as at 31 March 2024
675.97	603.62	1,279.59	-	1,279.59

b. Other equity

Particulars	Reserve and Surplus					Items of other comprehensive income		Total
	Statutory Reserves	Impairment Reserve	Securities Premium	Share option Outstanding	Retained Earnings	Debt instruments (Loans) through Other Comprehensive Income	Effective portion of Cash Flow Hedges	
Balance as at 31 March 2022	**1,100.63**	**23.96**	**20,921.72**	**311.64**	**1,583.93**	**(49.14)**	**(38.03)**	**23,854.71**
Profit for the year	-	-	-	-	4,119.14	-	-	4,119.14
Other comprehensive income (net of tax)	-	-	-	-	(10.20)	(149.70)	(83.48)	(243.38)
Transfer to/(from) retained earnings	823.83	-	-	-	(823.83)	-	-	-
Net proceeds from issue of shares	-	-	38,959.54	-	-	-	-	38,959.54
Share based payment expense	-	-	-	385.48	-	-	-	385.48
Balance as at 31 March 2023	**1,924.46**	**23.96**	**59,881.26**	**697.12**	**4,869.04**	**(198.84)**	**(121.51)**	**67,075.49**
Profit for the year	-	-	-	-	6,215.24	-	-	6,215.24
Other comprehensive income (net of tax)	-	-	-	-	(5.60)	(125.00)	(848.92)	(979.52)
Transfer to/(from) retained earnings	1,243.05	-	-	-	(1,243.05)	-	-	-
Net proceeds from issue of shares	-	-	-	-	-	-	-	-
Share based payment expense	-	-	-	52.93	-	-	-	52.93
Balance as at 31 March 2024	**3,167.51**	**23.96**	**59,881.26**	**750.05**	**9,835.63**	**(323.84)**	**(970.43)**	**72,364.14**

Note 23 describes the purpose of each reserve within equity

Material accounting policy information 2

Notes to the financial statements 3 - 58

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For Nangia & Co. LLP
Chartered Accountants
ICAI Firm registration No.: 002391C/N500069

Jaspreet Singh Bedi
Partner
Membership No.: 601788
Place : Mumbai
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Dimple Shah
Company Secretary
Place : Bengaluru
Date : 03 May 2024

Statement of Cash Flows

for the year ended 31 March 2024

(All amounts are in ₹ lacs unless otherwise stated)

		For the year ended 31 March 2024	For the year ended 31 March 2023
A.	**Cash flow from operating activities**		
	Profit before tax for the year	**8,124.76**	**5,414.94**
	Adjustments for :		
	Depreciation and amortisation expense	1,246.77	872.26
	Interest Income	(61,640.45)	(38,418.36)
	Finance Cost	27,279.15	18,268.08
	Impairment on financial assets	18,602.00	9,165.19
	Net (gain) on fair value changes	(9,350.68)	(10,115.65)
	Net loss/(gain) on derecognition of property, plant and equipment	50.94	(1.44)
	Share based compensation payments	52.93	385.48
	Operating cash flow before working capital changes	**(15,634.58)**	**(14,429.50)**
	Movement in working capital:		
	(Increase) in loans	(50,259.51)	(70,382.33)
	(Increase) in other financial assets	(4,788.67)	(3,500.84)
	(Increase)/Decrease in other non financial assets	(626.05)	514.36
	Increase in trade payables	3.32	69.55
	(Decrease)/Increase in other financial liabilities	(3,668.86)	4,940.69
	(Decrease)/Increase in provisions	(215.18)	168.57
	Increase in other non financial liabilities	350.14	176.21
	Cash (used in) operations before adjustments for interest received and interest paid	**(74,839.39)**	**(82,443.29)**
	Interest Received	62,188.95	37,995.07
	Interest (Paid)	(25,403.45)	(18,343.88)
	Cash (used in) operations	**(38,053.89)**	**(62,792.10)**
	Income taxes refund	147.59	159.88
	Net cash (used in) operating activities (A)	**(37,906.30)**	**(62,632.22)**
B.	**Cash flow from investing activities**		
	Purchase of property, plant and equipment and intangible assets	(1,092.02)	(378.28)
	Proceeds from sale of property, plant and equipment and intangible assets	11.69	8.19
	Purchase and development of intangible assets	(801.81)	-
	Change in other bank balances (net)	(4,998.12)	(7,415.19)
	Interest income on other bank balance	1,486.35	171.70
	Purchase of investments measured at FVTPL	(12,394.13)	-
	Purchase of investments measured at amortised cost	(4,109.07)	-
	Income on Investment measured at FVTPL	396.69	-
	Income on Investment measured at amortised cost	150.41	88.21
	Net cash (used in) investing activities (B)	**(21,350.01)**	**(7,525.37)**

Statement of Cash Flows

for the year ended 31 March 2024 (Continued)

(All amounts are in ₹ lacs unless otherwise stated)

		For the year ended 31 March 2024	For the year ended 31 March 2023
C.	**Cash flow from financing activities**		
	Proceeds from issue of equity shares including securities premium (net)	-	39,563.16
	Proceeds from borrowings through Debt Securities	19,462.00	29,400.13
	Repayment of borrowings through Debt Securities	(17,983.15)	(15,378.32)
	Proceeds from Borrowings (Other than Debt Securities)	88,414.13	73,618.00
	Repayments of Borrowings (Other than Debt Securities)	(41,918.04)	(32,261.60)
	Repayments of Subordinated liabilities	-	(2,699.99)
	Payment of Lease liabilities (including interest)	(1,021.85)	(650.96)
	Net cash generated from financing activities (C)	**46,953.09**	**91,590.42**
	Net increase in cash and cash equivalents (A+B+C)	**(12,303.22)**	**21,432.83**
	Cash and cash equivalents at the beginning of the year	52,702.58	31,269.75
	Cash and cash equivalents at the end of the year	**40,399.36**	**52,702.58**
	Components of Cash and cash equivalents		
	Cash and cash equivalents at the end of the year		
	Cash on hand	2.12	16.08
	Balances with banks		
	In current account	7,882.53	19,079.31
	In deposits with original maturity of 3 months or less	32,514.71	33,607.19
	Total	**40,399.36**	**52,702.58**

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (Ind AS-7) on 'Statement of Cash Flows'.

As per our report of even date attached

For Nangia & Co. LLP
Chartered Accountants
ICAI Firm registration No.: 002391C/N500069

Jaspreet Singh Bedi
Partner
Membership No.: 601788
Place : Mumbai
Date : 03 May 2024

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Dimple Shah
Company Secretary
Place : Bengaluru
Date : 03 May 2024

1. Company Overview

Kinara Capital Private Limited (Formerly known as Visage Holdings and Finance Private Limited) ("KCPL") was incorporated in New Delhi in 1996 and registered as a Non-banking Financial Company in 2000 and obtained Certificate of Registration from Reserve Bank of India ("RBI") on March 23, 2000. KCPL was taken over by the current promoter in 2011 and subsequently the registered office was moved to Bangalore in 2013 and obtained a fresh Certificate of Registration from RBI (Certificate No: B-02.00255). KCPL is now a Bengaluru based social business that provides loans to Micro and Small businesses engaged primarily in manufacturing, trading and service operations. KCPL helps develop business sustainability for these enterprises by providing asset or working capital loans without requiring land/property collateral. As at 31 March 2024, Kinara Capital (the brand under which KCPL operates) has expanded its operations in 133 branches across 6 States and 1 Union Territory.

2. Material Accounting Policy Information

2.1 Basis of preparation

The financial statements for the year ended 31 March 2024 have been prepared by the Company in accordance with Indian Accounting Standards ("Ind AS") per the Companies (Indian Accounting Standards) Rules 2015 as amended and notified under section 133 of the Companies Act, 2013 ("the Act"), and in conformity with the accounting principles generally accepted in India and other relevant provisions of the Act. Further, the Company has complied with all the directions related to Implementation of Indian Accounting Standards prescribed for Non-Banking Financial Companies (NBFCs) in accordance with the RBI notification no. RBI/2019-20/170 DOR NBFC). CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020.

Any application guidance/ clarifications/ directions issued by RBI or other regulators are implemented as and when they are issued/ applicable.

The Company consistently applies the following accounting policies to all periods presented in these financial statements, unless otherwise stated.

2.2 Basis of Measurement

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

i) Financial assets at Fair value through other comprehensive income (FVTOCI) that is measured at fair value.

ii) Financial instruments at Fair value through profit or loss (FVTPL) that is measured at fair value.

iii) Net defined benefit (asset)/ liability - present value of unfunded obligation

iv) Share based payments.

v) Derivative financial instruments

2.3 Functional and Presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Company's functional and presentation currency. All amounts have been denominated in lacs and rounded off to the nearest two decimals, except when otherwise indicated.

2.4 Significant areas of estimation uncertainty, critical judgement and assumptions in applying accounting policies

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities (including contingent liabilities) at the date of the financial statements and the reported amounts of revenues and expenses for the reporting period. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements.

Actual results could differ from these estimates. Any revisions to accounting estimates are recognized prospectively in the current and future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively. The Company based its assumptions and estimates on parameters available when the financial statements were issued. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur. Following are areas that involved a higher degree of estimate and judgement or complexity in determining the carrying amount of some assets and liabilities.

(a) Effective Interest Rate (EIR) method

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

(b) Impairment of loans portfolio

The measurement of impairment losses across all categories of financial assets requires judgement in estimating the amount and timing of future cash flows and recoverability of collateral values while determining the impairment losses and assessing a significant increase in credit risk. The Company's Expected Credit Loss (ECL) calculation is the output of a complex model with a number of underlying assumptions regarding the choice of variable inputs and their inter-dependencies. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

- The Company's criteria for assessing if there has been a significant increase in credit risk.
- The segmentation of financial assets when their ECL is assessed on a collective basis.
- Development of ECL model, including the various formulae and the choice of inputs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL model.

The impairment loss on loans and advances is disclosed in more detail in note 43 (ii)

(c) Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. A defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. [Refer note 35]

(d) Fair value measurement:

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. [Refer note 42]

(e) Share based payments.

The fair value of employee share options has been measured using Black-Scholes model. The inputs used in the measurement of the grant-date fair values of the equity-settled share-based payment plans are expected volatility, expected life of options and risk-free interest rate. [Refer note 38]

2.5 Revenue recognition

Interest income is recorded using effective interest rate (EIR) method for all financial assets measured at amortised cost and at fair value through other comprehensive (FVOCI) income .

EIR is the rate that exactly discounts the estimated future cash flows through the expected life of the financial instrument or a shorter period, where appropriate. The calculation of the effective interest rate includes transaction costs and fees that are an integral part of the contract. Transaction costs include incremental costs that are directly attributable to the acquisition of financial asset. The Company calculates interest income by applying the EIR to the gross carrying amount. of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired, the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit impaired, the

Company reverts to calculating interest income on a gross basis.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is recorded as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the Statement of profit and loss.

Income from direct assignment transactions represents the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset de-recognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI.

The Company recognises either a servicing asset or a servicing liability for servicing contract. If the fee to be received is not expected to compensate the Company adequately for performing the servicing activities, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing activities, a servicing asset is recognised. Corresponding amount is recognised in the Statement of Profit and Loss after netting off servicing liabilities or servicing assets.

Interest income on all trading assets and financial assets required to be measured at FVTPL is recognised using the contractual interest rate as net gain on fair value changes. Interest on fixed deposits is recognised on a time proportion basis taking into account the amount outstanding and the applicable rate.

Delayed payment charges and fee-based income charges are treated to accrue on realisation, due to uncertainty of realisation and is accounted for accordingly. Income from collection and support services is recognised over time as the services are rendered as per the terms of the contract.

Amount from sale of stressed / written off assets are recognised as gain when the right to receive the same without any uncertainties of recovery is established.

Recovery from bad debts written off (including guarantee recoveries) is recognised as income on actual realisation from customers or guarantee schemes.

Dividend is recognised when the right to receive the dividend is established. All other items of income are accounted for on accrual basis.

2.6 Financial instruments

I) Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Assessment of Business model

The Company determines the business model at a level that reflects how financial assets are managed together to achieve a particular business objective. The Company's business model does not depend on management's intentions for an individual instrument; therefore, the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Company considers all relevant information available when making the business model assessment. The Company takes into account all relevant evidence available such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel.
- the risks that affect the performance of the business model (and the financial assets held within that business model) and in particular, the way in which those risks are managed; and
- how managers of the business are compensated (e.g., whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

Solely Payments of Principal and Interest ['SPPI'] Test

At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect a new business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period.

For an asset to be classified and measured at amortised cost, its contractual terms should give rise to cash flows that meets the SPPI test on the principal outstanding.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g., if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

II) Classifications

Financial assets

A financial asset is classified as subsequently measured at either amortised cost or fair value through other comprehensive income ('FVTOCI') or fair value through profit or loss (FVTPL), depending on the contractual cash flow characteristics of the financial assets and the Company's business model for managing the financial assets.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

Financial instruments at Amortised Cost

A financial asset is measured at amortised cost only if both of the following conditions are met:

- It is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- The contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial assets at Fair Value through Other Comprehensive Income ('FVTOCI')

A financial asset is measured at FVTOCI only if both of the following conditions are met:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial assets at Fair Value through Profit or Loss (FVTPL)

Any financial instrument, which does not meet the criteria for categorisation as at amortised cost or as FVOCI, is classified as at FVTPL.

Financial liabilities and equity instruments

Financial liabilities

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Financial instruments that give the holder the right to 'put' them back to the issuer for cash or other financial assets are financial liabilities of the Company. It creates a contractual obligation that the Company does not have the unconditional ability to avoid financial liabilities are classified, at initial recognition, as financial liabilities.

An instrument that imposes on the entity an obligation only on liquidation is reclassified as equity from the date on which it entitles holder to pro-rata share of entity's net assets in the event of entity's liquidation and; it ceases to include any contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities under potentially unfavourable conditions; and the total expected cash flows attributable to the instrument over its life are based substantially on profit or loss , change in recognised net assets or change in fair value of (un)recognised net assets of the entity.

When such instrument is reclassified from financial liabilities to equity, the equity instrument is measured at the carrying amount of the financial liability at the date of reclassification. There is no pre-tax profit or loss impact arising from the reclassification.

Where the Company has an obligation to deliver a variable number of its own equity shares under a Contract, the Company classifies such contracts as financial liabilities.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of profit and loss. Any gain or loss on derecognition is also recognised in Statement of profit and loss.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company is recognised at the proceeds received, net of directly attributable transaction costs.

Financial guarantee contracts:

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contracts issued by a Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109 - Financial Instruments; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115.

III) Subsequent measurement

Amortised cost

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the EIR method of discount or premium on acquisition and fees or costs that are an integral part of the EIR and, for financial assets, adjusted for any impairment loss allowance. Interest income, foreign exchange gains and losses and impairment are recognised in Statement of profit and loss. Any gain and loss on derecognition are recognised in Statement of profit and loss.

Fair Valuation

Fair value is the price that is expected to be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date or, in its absence, the most advantageous market to which the Company has access at that date.

In the absence of quoted price in an active market, the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

Financial assets subsequently measured at FVOCI

Interest income under effective interest method, foreign exchange gains and losses and impairment are recognised in Statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to Statement of profit and loss.

IV) De-recognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised (i.e., removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. The Company continues to recognise the loans on books which has been securitized under pass through arrangement and does not meet the de-recognition criteria.

On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset de-recognised) and the sum of the consideration received (including the value of any new asset obtained less any new liability assumed) is recognised in the statement of profit and loss.

Financial liabilities

The Company de-recognises a financial liability when its contractual obligations are discharged or cancelled or expired. The difference between the carrying value of the financial liability and the consideration paid is recognised in Statement of profit and loss.

V) Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the balance sheet when the Company has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Impairment of Financial Assets

The Company recognises impairment allowances for Expected Credit Loss (ECL) on all the financial assets that are not measured at FVTPL:

ECL are probability weighted estimate of future credit losses based on the staging of the financial asset to reflect its credit risk. They are measured as follows:

- Stage 1: financial assets that are not credit impaired – as the present value of all cash shortfalls that are possible within 12 months after the reporting date.
- Stage 2: financial assets with significant increase in credit risk but not credit impaired – as the present value of all cash shortfalls that result from all possible default events over the expected life of the financial asset.
- Stage 3: financial assets that are credit impaired – as the difference between the gross carrying amount and the present value of estimated cash flows.

The Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition and when the financial instrument is credit impaired. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to twelve months ECL. Twelve months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

The gross carrying amount of a financial assets are fully provided for or written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the Customer does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised as income in profit or loss.

In the normal course of business, the Company supports borrowers in distress and helps them in documentation for selling assets under hypothecation. Any surplus funds realised in due course are refunded. As a result of this practice, the assets / properties under legal repossession processes are not separately recorded on the balance sheet.

2.7 Property, plant and equipment

(a) Tangible assets

Property, plant and equipment are carried at cost of acquisition less accumulated depreciation and accumulated impairment loss (if any). The total cost of the asset comprises the purchase price, taxes, duties, freight (net of rebates and discounts) and any other directly attributable costs of bringing the assets to their working condition for their intended use. Borrowing costs directly attributable to acquisition of those assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Advances paid towards the acquisition of assets outstanding at each balance sheet date are disclosed as other non-financial assets. The cost of assets not ready for their intended use at each balance sheet date [less any recognised impairment loss]is disclosed as capital work-in-progress. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(b) Depreciation and amortisation

Depreciation is charged over the estimated useful of the fixed assets on a written down value basis in the manner prescribed in Schedule II of the Companies Act, 2013. Depreciation is calculated on a pro-rata basis from the date of installation till the date the assets are sold or disposed.

Capital expenditure on leased properties is classified as leasehold improvements under fixed assets and amortised over the underlying lease term on written down value method.

For the following class of assets, based on internal assessment, the management believes that the useful lives as given below best represent the period over which management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

- Office equipment 5 years
- Computer hardware 3 years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each Financial year end and adjusted prospectively, if appropriate.

De-recognition

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

2.8 Intangible assets

Recognition and measurement

Intangible assets are initially recognized at its cost and subsequently carried at the cost less accumulated amortization and impairment, if any. Subsequent expenditure is capitalized only if it is probable that the future economic benefits that are attributable to assets will flow to the enterprise and the cost of the assets can be measured reliably.

Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Intangible assets under development".

Depreciation and amortisation

Software and system development expenditure are capitalised at cost of acquisition including cost attributable to bring the same in working condition and the useful life of the same is estimated as 3 years except for Loan Management Software for which the useful life is estimated as 6 years based on an internal technical evaluation, carried out by the Management, where it believes that the useful life as given above best represents the period over which Management expects to use these assets. Any expenses on such software for support and maintenance payable annually are charged to the statement of profit and loss.

Intangible assets are amortised over their estimated useful lives, not exceeding six years, on a written down value basis, commencing from the date the asset is available to the Company for its use.

De-recognition

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

2.9 Impairment of non-financial assets

The Company assesses at each balance sheet date whether there is any indication that an asset (comprising a cash generating unit) may be impaired. If any such indication exists, the Company estimates the recoverable amount of the cash generating unit. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If such recoverable amount of the cash generating unit is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount, subject to a maximum of depreciable historical cost.

2.10 Employee benefits

(a) Provident fund

Contributions paid / payable to the recognised Government administered provident fund scheme and ESIC, which is a defined contribution scheme, are charged to the statement of profit and loss.

(b) Gratuity

The Company provides for gratuity to all employees. The benefit is in the form of lump sum payments to vested employees on resignation, retirement, or death while in employment or on termination of employment of an amount equivalent to 15 days basic salary payable for each completed year of service as required under 'The Payment of Gratuity Act, 1972'. Vesting occurs upon completion of five years of service.

The Company makes contribution to a Gratuity Fund administered by trustees and managed by Bajaj Allianz Life Insurance Company Limited.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields of Government bonds as on the valuation date. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contribution to the plan.

The change in defined benefit plan liability is split into changes arising out of service, interest cost and re- measurements and the change in defined benefit plan asset is split between interest income and re-measurements. Changes due to service cost and net interest cost / income are recognised in the statement of profit and loss.

Re-measurement, comprising of actuarial gains and losses (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

(c) Short-term employee benefits

All Employee benefits falling due wholly within 12 months of rendering the services are classified as short-term employee benefits which include benefits like salary, wages, compensated absences and performance incentives and are recognized as expenses in the period in which the employee renders the related service.

(d) Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non- accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date.

(e) Share-based payment arrangements - Employee stock options

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the Statement of Profit and Loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

2.11 Income Taxes

Income-tax expense comprises of current tax (i.e., amount of tax for the period 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 recognised in the statement of profit and loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income ("OCI").

(a) Current tax

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961, enacted in India. Current tax comprises the tax payable on the taxable income or loss for the year and any adjustment to the tax payable in respect of previous years. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current tax assets and liabilities are offset only if, the Company:

- has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(b) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are reviewed at each reporting date and based on management's judgement, are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if the Company:

- has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

2.12 Provision and contingencies

A provision in respect of loss contingencies relating to claims, litigation, assessment, fines, penalties, etc is recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance cost.

A contract is considered as onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

2.13 Finance costs

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at Amortised cost. Financial instruments include term loans, non-convertible debentures, securitisation borrowings, subordinated debts and commercial paper. Finance costs are charged to the Statement of profit and loss. On application of Ind AS 116 (Leases), interest expense on lease liabilities computed by applying the Company's weighted average incremental borrowing rate has been included under finance costs.

2.14 Earnings per share

The Company reports basic and diluted earnings per share in accordance with Indian Accounting Standard 33 – "Earnings Per Share". Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed by dividing the net profit after tax attributable to the equity shareholders for the year by weighted average number of equity shares considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all potential equity shares.

2.15 Cash and cash equivalent

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

2.16 Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of non-cash future, any deferrals or accruals of past or future operating cash receipts or payments and item of expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

2.17 Debenture Redemption Reserve

As per Rule 18(7)(b)(ii) of the Companies (Share Capital and Debentures) Rules, 2014 read with Section 71(4) of the Companies Act 2013 in case of non-banking financial companies registered with Reserve Bank of India (RBI) under Section 45-IA of the RBI (Amendment) Act, 1997, no Debt Redemption Reserve (DRR) is required to be created in case of privately placed debentures. Pursuant to this exemption, the Company does not intend to create any reserve for the redemption of the debentures.

2.18 Foreign currency transactions

Foreign currency transactions are accounted for at the rates prevailing on the date of the transaction. Exchange differences, if any arising out of transactions settled during the year are recognised in the Statement of Profit and Loss or other comprehensive income as permitted under relevant Ind AS. Monetary assets and liabilities denoted in foreign currencies as at the Balance Sheet date are translated at the closing exchange rates. Resultant exchange differences, if any, are recognised in the Statement of Profit and Loss or other comprehensive income as permitted under the relevant Ind AS and related assets and liabilities are accordingly restated in the Balance Sheet. Non- monetary items which are carried in terms of historical cost denominated in a foreign currency at the Balance Sheet date are reported using exchange rates at the date of the transaction.

2.19 Derivative financial instruments

The Company has entered into derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk. Derivatives held by the Company are Cross Currency Interest Rate Swaps (CCIRS) Derivatives and Principal only swaps are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each Balance Sheet date. The resulting gain/loss is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the Statement of Profit and Loss depends on the nature of the hedge relationship. The Company has designated derivatives as cash flow hedges of a recognised liability and has no fair value hedges. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

Hedge accounting

The Company makes use of derivative instruments to manage exposures to interest rate risk and foreign currency risk. In order to manage particular risks, the Company applies hedge accounting for transactions that meet specified criteria. At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Company would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

During the year, hedges that meet the criteria for hedge accounting and qualify as cash flow hedges are accounted as follows:

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability and could affect profit or loss. For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately as finance cost in the Statement of Profit and Loss. When the hedged cash flow affects the Statement of Profit and Loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the Statement of Profit and Loss. When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company. Refer note 54 for details on segment information presented.

2.21 Leases

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

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

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

At the commencement date, the Company measures the right-of-use asset at cost, which includes the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs incurred by the lessee and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the office space or restoring the underlying asset to the condition required by the terms and conditions of the lease. The Company incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e., the higher of the fair value less cost to sell and the value-in- use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

2.22 Goods and Services tax input credit

Goods and services tax input credit is recognised in the books of accounts in the period in which the supply of goods or service received is recognised and when there is no uncertainty in availing/utilising the credits.

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of tax included the net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(All amounts are in ₹ lacs unless otherwise stated)

3 Cash and cash equivalents

	As at 31 March 2024	As at 31 March 2023
Cash on hand	2.12	16.08
Balances with banks		
In current account	7,882.53	19,079.31
In deposits with original maturity of 3 months or less	32,514.71	33,607.19
Total	**40,399.36**	**52,702.58**

4 Bank balance other than cash and cash equivalents

	As at 31 March 2024	As at 31 March 2023
Lien marked deposits with Bank	14,293.15	8,915.77
Total	**14,293.15**	**8,915.77**

Balances with banks held (excluding interest accrued) as security against borrowings, guarantees amounts to ₹ 6,267.34 lacs (31 March 2023: ₹ 5,715.56 lacs) and as cash collateral for co-lending arrangements amounts to ₹ 7,498.84 lacs (31 March 2023: ₹ 3,052.49 lacs).

5 Loans

		Amortised Cost	At Fair Value through other comprehensive income	Total
As at 31 March 2024				
(A)	i) Loan to customer^	-	2,02,342.86	2,02,342.86
	ii) Staff Loan	178.02	-	178.02
	iii) Loan to Visage Trust	4.42	-	4.42
	Total (A) -Gross	**182.44**	**2,02,342.86**	**2,02,525.30**
	Less : Impairment loss allowance*	-	(7,633.08)	(7,633.08)
	Total (A) - Net	**182.44**	**1,94,709.78**	**1,94,892.22**
(B)	i) Secured by tangible assets #	-	17,997.51	17,997.51
	ii) Covered by Government/private guarantees	-	73,918.50	73,918.50
	iii) Unsecured	182.44	1,10,426.85	1,10,609.29
	Total (B) - Gross	**182.44**	**2,02,342.86**	**2,02,525.30**
	Less: Impairment loss allowance *	-	(7,633.08)	(7,633.08)
	Total (B) - Net	**182.44**	**1,94,709.78**	**1,94,892.22**
(C)	**Loans in India**			
	i) Public Sector	-	-	-
	ii) Others	182.44	2,02,342.86	2,02,525.30
	Total (C) - Gross	**182.44**	**2,02,342.86**	**2,02,525.30**
	Less: Impairment loss allowance*	-	(7,633.08)	(7,633.08)
	Total (C) -Net	**182.44**	**1,94,709.78**	**1,94,892.22**

^ Post netting off impairment loss allowance on Stage 3 interest amounting to ₹ 3,093.94 lacs.

* Refer note 43 (ii)

Secured by machineries, non-machinery assets and stocks. The unsecured loans has collateral value of ₹ 71,718.34 lacs. However, due to other credit risk assessment factors including low LTV , etc. these are classified as unsecured.

Notes to the Financial Statements
For the year ended 31 March 2024

(All amounts are in ₹ lacs unless otherwise stated)

5 Loans (Continued)

		Amortised Cost	At Fair Value through other comprehensive income	Total
31 March 2023				
(A)	i) Loan to customer^	-	1,66,038.96	1,66,038.96
	ii) Staff Loan	96.42	-	96.42
	iii) Loan to Visage Trust	4.42	-	4.42
	Total (A) -Gross	**100.84**	**1,66,038.96**	**1,66,139.80**
	Less : Impairment loss allowance*	-	(4,551.44)	(4,551.44)
	Total (A) - Net	**100.84**	**1,61,487.52**	**1,61,588.36**
(B)	i) Secured by tangible assets #	-	14,403.53	14,403.53
	ii) Covered by Government/private guarantees	-	28,929.27	28,929.27
	iii) Unsecured	100.84	1,22,706.16	1,22,807.00
	Total (B) - Gross	**100.84**	**1,66,038.96**	**1,66,139.80**
	Less: Impairment loss allowance*	-	(4,551.44)	(4,551.44)
	Total (B) - Net	**100.84**	**1,61,487.52**	**1,61,588.36**
(C)	Loans in India			
	i) Public Sector	-	-	-
	ii) Others	100.84	1,66,038.96	1,66,139.80
	Total (C) - Gross	**100.84**	**1,66,038.96**	**1,66,139.80**
	Less: Impairment loss allowance*	-	(4,551.44)	(4,551.44)
	Total (C) -Net	**100.84**	**1,61,487.52**	**1,61,588.36**

^ Post netting off impairment loss allowance on Stage 3 interest amounting to ₹ 2,004.34 lacs.

*Refer note 43 (ii)

Secured by machineries, non-machinery assets and stocks. The unsecured loans has collateral value of ₹ 82,804.63 lacs. However, due to other credit risk assessment factors including low LTV, etc. these are classified as unsecured.

There are no dues by director or other officers of the company or any firm or private company in which any director is a partner, director or a member as at 31 March 2024 and 31 March 2023.

(All amounts are in ₹ lacs unless otherwise stated)

6 Investments

		Amortised Cost	At Fair Value through profit or loss	Others	Total
	As at 31 March 2024				
(A)	Mutual funds	-	12,589.45	-	12,589.45
	Treasury Bills	1,983.57	-	-	1,983.57
	Corporate bonds	2,125.50	-		2,125.50
	Total – Gross (A)	**4,109.07**	**12,589.45**	**-**	**16,698.52**
(B)	Investments in India	4,109.07	12,589.45	-	16,698.52
	Total – Gross (B)	**4,109.07**	**12,589.45**	**-**	**16,698.52**
	Less: Allowance for impairment loss (C)	-	-	-	-
	Total – Net D= (A)-(C)	**4,109.07**	**12,589.45**	**-**	**16,698.52**

		Amortised Cost	At Fair Value through profit or loss	Others	Total
	As at 31 March 2023				
(A)	Mutual funds	-	115.13	-	115.13
	Total – Gross (A)	**-**	**115.13**	**-**	**115.13**
(B)	Investments in India	-	115.13	-	115.13
	Total – Gross (B)	**-**	**115.13**	**-**	**115.13**
	Less: Allowance for impairment loss (C)	-	-	-	-
	Total – Net D= (A)-(C)	**-**	**115.13**	**-**	**115.13**

7 Other financial assets

	As at 31 March 2024	As at 31 March 2023
Security deposits	509.37	471.38
Excess interest spread receivable [net of ECL of ₹ 18.30 lacs (31 March 2023: ₹ 15.69 lacs)]	571.44	1,354.94
Receivables under Co-lending arrangement [net of ECL of ₹ 1,860.48 lacs (31 March 2023: ₹ 1,092.96 lacs)]	3,423.21	3,089.52
Servicing asset relating to Co-lending arrangement [net of ECL of ₹ 858.77 lacs (31 March 2023: ₹ 955.02 lacs)]	26,819.55	16,200.85
Other deposits	59.08	56.10
Others	138.24	102.15
Total	**31,520.89**	**21,274.94**

(All amounts are in ₹ lacs unless otherwise stated)

8 Current tax assets (net)

	As at 31 March 2024	As at 31 March 2023
Advance tax and deduction at source [net of provision for taxes of ₹ 671.38 lacs (31 March 2023 : ₹ 442.57 lacs)	376.30	750.97
Total	**376.30**	**750.97**

9 Income tax

A. Amounts recognised in statement of profit or loss

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Current tax		
Current period (a)	228.81	-
Changes in estimates related to prior years (b)	(1.73)	1.98
	227.08	**1.98**
Deferred tax (c)		
Attributable to-		
Origination of temporary differences	1,682.44	1,293.82
Sub-total (c)	**1,682.44**	**1,293.82**
Tax expense (a)+(b)+(c)	**1,909.52**	**1,295.80**

B. Income tax recognised in other comprehensive income

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
	Income Tax	**Income Tax**
Remeasurements of the defined benefit plans	1.89	3.43
Debt instruments through other comprehensive income	42.05	50.36
Cash flow hedge reserve	285.54	28.08
Total	**329.48**	**81.87**

C. Reconciliation of effective tax rate

Particulars	Year ended 31 March 2024		Year ended 31 March 2023	
	%	Amount	%	Amount
Profit before tax		8,124.76		5,414.94
Tax using the Company's domestic tax rate	25.17%	2,045.00	25.17%	1,362.94
Effect of:				
Others	(1.65)%	(133.75)	(1.28)%	(69.12)
	23.52%	**1,911.25**	**23.89%**	**1,293.82**
Provisions relating to earlier years	(0.02)%	(1.73)	0.04 %	1.98
Effective tax rate/Income tax expense reported in the statement of profit and loss	**23.50%**	**1,909.52**	**23.93%**	**1,295.80**

The Company has elected to exercise the option of the lower tax rate permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019.

The tax rate used for reconciliation above is the corporate tax rate of 25.17% for the Financial year 2023-24 and 2022-23 payable by corporate entities in India on taxable profits under the applicable tax laws in Indian jurisdiction.

(All amounts are in ₹ lacs unless otherwise stated)

9 Income tax (Continued)

D. Deferred tax liabilities, net

Movement of deferred tax assets / liabilities

Particulars	As at 31 March 2023	Recognised in profit or loss during the year	Recognised in OCI during the year	As at 31 March 2024
Deferred tax assets:				
Provision for employee benefits	139.45	(54.16)	1.89	87.18
Property, plant and equipment	119.48	33.13	-	152.61
Impairment loss allowance and related adjustments to loans	1,792.05	1,379.46	-	3,171.51
Application of effective interest rate method on financial assets and financial liabilities	406.07	(10.18)	-	395.89
Unabsorbed depreciation and amortisation	158.68	(158.68)	-	-
Business loss	641.46	(641.46)	-	-
Cash flow hedge reserve	40.87	-	285.54	326.41
Fair valuation of Financial guarantee contracts	37.80	241.99	-	279.79
Fair Valuation of loans	66.89	-	42.05	108.94
Lease liabilities and right to use assets	40.22	24.67	-	64.89
	3,442.97	**814.77**	**329.48**	**4,587.22**

Particulars	As at 31 March 2023	Recognised in profit or loss during the year	Recognised in OCI during the year	As at 31 March 2024
Deferred tax liabilities:				
Recognition of servicing assets under Co-lending arrangement	4,077.75	2,672.74	-	6,750.49
Fair valuation of Investments	3.81	21.68	-	25.49
Excess interest spread receivable [net of ECL of ₹ 18.30 lacs (31 March 2023: ₹ 15.69 lacs)]	341.05	(197.21)	-	143.84
	4,422.61	2,497.21	-	6,919.82
Net deferred tax assets/(liabilities)	**(979.64)**	**(1,682.44)**	**329.48**	**(2,332.60)**

(All amounts are in ₹ lacs unless otherwise stated)

Particulars	As at 31 March 2022	Recognised in profit or loss during the year	Recognised in OCI during the year	As at 31 March 2023
Deferred tax assets:				
Provision for employee benefits	93.59	42.43	3.43	139.45
Property, plant and equipment	102.02	17.46	-	119.48
Impairment loss allowance and related adjustments to loans	1,083.47	708.58	-	1,792.05
Application of effective interest rate method on financial assets and financial liabilities	229.09	176.98	-	406.07
Unabsorbed depreciation and amortisation	77.65	81.03	-	158.68
Business loss	448.89	192.57	-	641.46
Cash flow hedge reserve	12.79	-	28.08	40.87
Fair valuation of Financial guarantee contracts	11.46	26.34	-	37.80
Fair Valuation of loans	16.53	-	50.36	66.89
Lease liabilities and right to use assets	29.18	11.04	-	40.22
	2,104.67	**1,256.43**	**81.87**	**3,442.97**
Deferred tax liabilities:				
Recognition of servicing assets under Co-lending arrangement	1,867.98	2,209.77	-	4,077.75
Fair valuation of Investments	2.14	1.67	-	3.81
Excess interest spread receivable [net of ECL of ₹ 18.30 lacs (31 March 2023: ₹ 15.69 lacs)]	2.24	338.81	-	341.05
	1,872.36	**2,550.25**	**-**	**4,422.61**
Net deferred tax assets	**232.31**	**(1,293.82)**	**81.87**	**(979.64)**

(All amounts are in ₹ lacs unless otherwise stated)

10 Property, plant and equipment

Particulars	Gross block				Accumulated Depreciation and amortisation				Net block	
	As at 31 March 2023	Additions	Deletions / adjustments	As at 31 March 2024	As at 31 March 2023	For the year	Deletions / adjustments	As at 31 March 2024	As at 31 March 2024	As at 31 March 2023
Owned Assets										
Fixed assets for own use										
Furniture and fixtures	313.32	44.98	0.32	357.98	190.04	38.27	0.28	228.03	129.95	123.28
Office equipment	104.00	85.79	14.76	175.03	74.72	34.15	13.44	95.43	79.60	29.28
Leasehold improvements	567.88	1,155.80	-	1,723.68	351.81	178.87	-	530.68	1,193.00	216.07
Computer	83.76	9.88	28.18	65.46	64.47	10.70	21.90	53.27	12.19	19.29
Total	**1,068.96**	**1,296.45**	**43.26**	**2,322.15**	**681.04**	**261.99**	**35.62**	**907.41**	**1,414.74**	**387.92**

Particulars	Cost / Deemed cost				Accumulated Depreciation and amortisation				Net block	
	As at 31 March 2022	Additions	Deletions / adjustments	As at 31 March 2023	As at 31 March 2022	For the year	Deletions / adjustments	As at 31 March 2023	As at 31 March 2023	As at 31 March 2022
Owned Assets										
Fixed assets for own use										
Furniture and fixtures	254.02	59.30	-	313.32	153.06	36.98	-	190.04	123.28	100.96
Office equipment	109.58	23.68	29.26	104.00	86.23	16.17	27.68	74.72	29.28	23.35
Leasehold improvements	449.62	118.26	-	567.88	226.07	125.74	-	351.81	216.07	223.55
Computer	168.28	7.83	92.35	83.76	122.79	28.89	87.21	64.47	19.29	45.49
Total	**981.50**	**209.07**	**121.61**	**1,068.96**	**588.15**	**207.78**	**114.89**	**681.04**	**387.92**	**393.35**

For details on contractual commitment, refer note 40

11 Intangible assets under development

Particulars	As at 31 March 2022	Additions	Deletions	Written off	As at 31 March 2023	Additions	Deletions	Written off	As at 31 March 2024
Intangible assets under development	-	-	-	-	-	681.38	-	-	681.38

(All amounts are in ₹ lacs unless otherwise stated)

Intangible assets under development aging

Particulars	Amount in CWIP for a period of	As at 31 March 2023	As at 31 March 2024
Project in progress	0-1 Year	-	681.38

Intangible assets under development completion schedule

Particulars	To be completed in	As at 31 March 2023	As at 31 March 2024
Project in progress	0-1 Year	-	681.38

12 Other intangible assets

Description of assets	Gross block				Accumulated Depreciation and amortisation				Net block	
	As at 31 March 2023	Additions	Deletions / adjustments	As at 31 March 2024	As at 31 March 2023	For the year	Deletions / adjustments	As at 31 March 2024	As at 31 March 2024	As at 31 March 2023
Computer software	784.58	120.43	358.76	546.25	496.57	159.48	315.99	340.06	206.19	288.01
Total	**784.58**	**120.43**	**358.76**	**546.25**	**496.57**	**159.48**	**315.99**	**340.06**	**206.19**	**288.01**

Description of assets	Cost / Deemed cost				Accumulated Depreciation and amortisation				Net block	
	As at 31 March 2022	Additions	Deletions / adjustments	As at 31 March 2023	As at 31 March 2022	For the year	Deletions / adjustments	As at 31 March 2023	As at 31 March 2023	As at 31 March 2022
Computer software	686.44	98.73	0.59	784.58	301.79	195.34	0.56	496.57	288.01	384.65
Total	**686.44**	**98.73**	**0.59**	**784.58**	**301.79**	**195.34**	**0.56**	**496.57**	**288.01**	**384.65**

13 Other non-financial assets

	As at 31 March 2024	As at 31 March 2023
GST receivable	755.14	947.94
Prepaid expenses	1,335.59	560.33
Capital advances	50.01	185.11
Advance to employees	164.89	170.24
Other advances	201.67	164.95
Total	**2,507.30**	**2,028.57**

(All amounts are in ₹ lacs unless otherwise stated)

14 Derivative financial instruments

Particulars	As at 31 March 2024		As at 31 March 2023	
	Notional amounts	Fair Value - Asset	Notional amounts	Fair Value - Liabilities
Derivatives held for hedging and risk management purposes				
Cash flow hedge				
- Cross currency interest rate swaps (CCIRS)	46,077.95	(334.44)	18,428.00	86.23
- Principal only swaps	6,514.18	(17.32)	-	-
Total Derivative Financial Instruments	**52,592.13**	**(351.76)**	**18,428.00**	**86.23**

The Company has a Board approved policy for entering into derivative transactions. Derivative transactions comprise of currency, interest rate and principal only swaps. The Company undertakes such transactions for hedging borrowings. The table above shows the fair values of derivative financial instruments recorded as liabilities together with their notional amounts. The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

15 Trade payables

	As at 31 March 2024	As at 31 March 2023
(i) total outstanding dues of micro enterprises and small enterprises	27.19	25.23
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	210.64	209.28
Total	**237.83**	**234.51**

Total outstanding dues of micro enterprises and small enterprises	As at 31 March 2024	As at 31 March 2023
a) Dues remaining unpaid to any supplier at the year end		
- Principal	27.19	25.23
- Interest on the above	-	-
b) Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year		
- Principal paid beyond the appointed date	-	-
- Interest paid in terms of Section 16 of the MSMED Act	-	-
c) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	-	-
d) Amount of interest accrued and remaining unpaid	-	-
e) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	-	-

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For the year ended 31 March 2024

(All amounts are in ₹ lacs unless otherwise stated)

Trade payable ageing schedule as at 31 March 2024

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	27.19	-	-	-	27.19
(ii) Others	210.64	-	-	-	210.64
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

Trade payable ageing schedule as at 31 March 2023

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	25.23	-	-	-	25.23
(ii) Others	209.28	-	-	-	209.28
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

16 Debt securities

	As at 31 March 2024	As at 31 March 2023
(A) (a) At Amortised Cost - Secured		
Redeemable non convertible debentures*	75,800.05	73,769.08
(b) At Amortised Cost - Unsecured		
Compulsory convertible debentures	31.52	31.52
Total (A)	**75,831.57**	**73,800.60**
(B) Debt securities in India	75,831.57	73,800.60
Debt securities outside India	-	-
Total (B)	**75,831.57**	**73,800.60**

*Debentures are secured by first ranking exclusive charge of hypothecation of portfolio loans/receivables to the extent of more than 100% of outstanding secured loans/debentures. As per Regulation 54 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, debentures are secured by first charge ranking pari-passu with each other on the Company's book debts and loan instalment receivables. The total security cover as on 31 March 2024 is 1.12 times (31 March 2023: 1.12 times) of the principal amount of the said debentures, which is in line with the terms of offer document.

The funds raised by the Company by issue of secured/unsecured non-convertible debentures were utilised for the purpose intended, i.e. towards lending in compliance with applicable laws.

The Company has not defaulted in repayment of principal and interest during the year on the secured/unsecured redeemable non convertible debentures.

All charges have been registered with Registrar of Companies (RoC).

(All amounts are in ₹ lacs unless otherwise stated)

Terms of maturity of secured redeemable non-convertible debentures#

Maturity schedule	Interest rate range (p.a.)		Amount	
	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
Quarterly installments				
0 - 1 Years	13.50%	-	1,985.92	-
1 - 3 Years	-	13.50%	-	1,974.90
			1,985.92	**1,974.90**
Half yearly installments				
0 - 1 Years	11.75%-14.00%	11.75%-14.00%	6,818.28	3,901.90
1 - 3 Years	-	11.75%-14.00%	-	4,655.11
			6,818.28	**8,557.01**
Bullet				
0 - 1 Years	10.50%-13.50%	11.63%-13.30%	21,211.59	16,776.02
1 - 3 Years	10.50%-13.50%	11.75%-13.50%	30,635.38	42,343.58
3 - 5 Years	11.75%-13.00%	11.75%-13.50%	15,148.89	4,117.57
			66,995.85	63,237.17
Total			**75,800.05**	**73,769.08**

The company has breached the financial covenant as at 31 March 2024, with respect to certain debt securities availed having an outstanding balance of ₹ 4,883.17 lacs (2% of total debt) [31 March 2023 : Nil] . The company has applied to these lenders to obtain a waiver of the breach of the above financial covenant. These lenders have not demanded the repayment of amount outstanding and have not levied any penalty as at 31 March 2024 till the date of approval of financial statements by the Board of Directors of the Company. However, as a matter of abundant caution and applying the principles of prudence, the company has disclosed such NCDs as repayable on demand, pursuant to the relevant clauses in the agreement with such NCDs in the following notes:

Note 34 - Maturity pattern of assets and liabilities

Note 43 (iii) - Liquidity risk

Note 48 (d) - Asset liability maturity pattern

Terms of maturity of unsecured compulsory convertible debentures.

Maturity schedule	Interest rate range (p.a.)		Amount	
	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
0 - 1 Years	-	-	-	-
1 - 3 Years	-	-	8.50	8.50
3 - 5 Years	-	-	23.02	23.02
Total			**31.52**	**31.52**

The above unsecured compulsory convertible debentures ['CCD'] are issued to the Director cum CEO of the Company and are interest free. These are compulsory convertible into Class A1 Equity Shares at a conversion ratio [range of 1:42.5 or 1:51.90, as applicable] (i.e. one CCD may convert into 42.5 or 51.90 Class A1 Equity Shares), subject to the terms and conditions attached upon conversion. These Class A1 Equity Shares issued on conversion will rank pari-passu in all respects with the existing issued and subscribed Class A1 Equity Shares of the Company. Further, the

(All amounts are in ₹ lacs unless otherwise stated)

Board of Directors vide a circular resolution on 04 February 2020, approved the collapse of the existing exit waterfall mechanism laid out in the Shareholders' Agreement dated 07 September 2017, and as amended on 22 March 2019, basis which the above conversion ratio will be determined at the time of conversion of such CCD. Accordingly, the Company has measured the above CCD at the floor ratio of 1:1.

17 Borrowings (other than debt securities)

		As at 31 March 2024	As at 31 March 2023
	At Amortised Cost		
(A)	(a) Term loans - secured *		
	(i) from banks	41,591.09	33,962.18
	(ii) from others	97,127.25	56,568.54
	Total (A)	**1,38,718.34**	**90,530.72**
(B)	Borrowings in India	84,573.14	72,026.47
	Borrowings outside India ^	54,145.20	18,504.25
	Total (B)	**1,38,718.34**	**90,530.72**

*** Nature of security**

a) All secured loans are secured by exclusive charge over hypothecation of portfolio loans/receivables, cash collaterals and such other assets of the Company such that security cover is met.

b) The Company has not defaulted in repayment of principal and interest during the year relating to the above loans.

^ Represents External Commercial Borrowings (ECBs) of USD 10 millions with interest rate of 6 month SOFR+4.91% (original tenure of 3 years), USD 3 millions with interest rate of 6 month SOFR+4.86% (original tenure of 3 years), USD 10 millions with interest rate of 6 month SOFR+4.95% (original tenure of 6 years), USD 8 millions with interest rate of 9.0361% (original tenure of 3 years), Euro 8 millions with interest rate of 6 month EUROBOR+4.15% (original tenure of 3 years) and USD 2 millions with interest rate of 8.50% (original tenure of 3 years) raised in FY 2023-24, USD 4 millions with interest rate of 6 month SOFR+4.60% (original tenure of 4 years) and USD 10 millions with interest rate of 6 month USD CME Term SOFR+4.90% (original tenure of 4 years) raised in FY 2022-23 and EUR 8 millions with interest rate of 6 month EURIBOR+4.25% (original tenure of 3 years) raised in FY 2021-22 for financing prospective borrower as per the ECB guidelines issued by Reserve Bank of India ("RBI") from time to time. In terms of the RBI guidelines, borrowings have been swapped into rupees and fully hedged for the entire maturity by way of cross currency interest rate swaps and principal only swaps.

The funds raised by the Company were utilised for the purpose intended, i.e. towards lending in compliance with applicable laws.

All charges have been registered with Registrar of Companies (ROC).

(All amounts are in ₹ lacs unless otherwise stated)

Terms of repayment of term loans (secured)#

Maturity schedule	Interest rate range (p.a.)		Amount	
	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
Quarterly installments				
0 - 1 Years	11.00% - 14.50%	12.50% - 14.25%	5,445.61	4,059.70
1 - 3 Years	11.00% - 13.75%	12.50% - 14.25%	2,135.92	3,787.19
3 - 5 Years	13.75%	-	83.33	-
			7,664.86	**7,846.89**
Monthly installments				
0 - 1 Years	10.69% - 15.25%	8.95% - 15.30%	38,554.41	33,291.21
1 - 3 Years	10.69% - 14.54%	8.95% - 15.20%	38,063.42	30,888.37
3 - 5 Years	13.20%	-	290.45	-
			76,908.28	**64,179.58**
Bullet				
0 - 1 Years	10.98% - 13.12%	10.98%	16,328.12	6.25
1 - 3 Years	11.78% - 13.12%	10.98% - 12.98%	31,826.96	11,926.60
3 - 5 Years	13.12%	12.98%	4,689.94	6,571.40
> 5 Years	13.12%	-	1,300.18	-
			54,145.20	**18,504.25**
Total			**1,38,718.34**	**90,530.72**

The company has breached the financial covenant as at 31 March 2024, with respect to certain loans having an outstanding balance of ₹ 10,337.11 lacs (5% of total debt) [31 March 2023 : ₹ 5,442.92 lacs (3% of total debt)] . The company has applied to these lenders to obtain a waiver of the breach of the above financial covenant. These lenders have not demanded the repayment of amount outstanding and have not levied any penalty as at 31 March 2024 till the date of approval of financial statements by the Board of Directors of the Company. However, as a matter of abundant caution and applying the principles of prudence, the company has disclosed such term loans as repayable on demand, pursuant to the relevant clauses in the agreement with such banks in the following notes:

Note 34 - Maturity pattern of assets and liabilities

Note 43 (iii) - Liquidity risk

Note 48 (d) - Asset liability maturity pattern

* The rates mentioned above are the applicable rates as at the year end date linked to MCLR (Marginal Cost of funds based Lending Rate) and Treasury bills plus spread.

Interest rate in case of ECB has been considered as per Cross Currency Interest Rate Swap and Principal only swaps taken for the same.

(All amounts are in ₹ lacs unless otherwise stated)

18 Subordinated liabilities

		As at 31 March 2024	As at 31 March 2023
	At Amortised Cost - Unsecured		
(A)	Subordinated redeemable non convertible debentures	2,233.16	2,213.52
	Total (A)	**2,233.16**	**2,213.52**
(B)	Subordinated liabilities in India	2,233.16	2,213.52
	Subordinated liabilities outside India	-	-
	Total (B)	**2,233.16**	**2,213.52**

Terms of maturity of redeemable non convertible debentures

Maturity schedule	Interest rate range (p.a.)		Amount	
	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
0 - 1 Years	14.10%-15.60%	15.60%	2,233.16	0.88
1 - 3 Years	-	14.10%-15.60%	-	2,212.64
Total			**2,233.16**	**2,213.52**

The Company has not defaulted in repayment of principal and interest relating to subordinated liabilities.

The subordinated redeemable non-convertible debentures are payable on bullet repayment basis.

The funds raised by the Company were utilised for the purpose intended, i.e. towards lending in compliance with applicable laws.

19 Other financial liabilities

	As at 31 March 2024	As at 31 March 2023
Dues to employees	711.32	729.64
EMI received in advance	5,169.03	8,400.90
Accrued expenses	370.98	314.37
Insurance premium payable	66.29	693.11
Capital creditors	115.31	45.98
Payables under co-Lending arrangements	353.89	241.50
Financial guarantee contracts	1,111.59	150.18
Unclaimed interest on subordinated liabilities	0.09	-
Pending remittance on assignment	425.27	386.21
Total	**8,323.77**	**10,961.89**

There were no amount which were required to be transferred to the Investor Education and Protection Fund.

Notes to the Financial Statements

For the year ended 31 March 2024

(All amounts are in ₹ lacs unless otherwise stated)

20 Provisions

	As at 31 March 2024	As at 31 March 2023
Provision for Employee benefits [Refer note 35]		
- Gratuity	142.42	390.85
- Leave encashment	203.94	163.20
Total	**346.36**	**554.05**

21 Other non-financial liabilities

	As at 31 March 2024	As at 31 March 2023
Statutory dues payable	742.57	406.56
Others	32.48	18.35
Total	**775.05**	**424.91**

22 Equity

	As at 31 March 2024	As at 31 March 2023
Authorised		
Class A equity shares of Rs. 10 each	30.00	30.00
Class A1 equity shares of Rs. 10 each	1,387.00	1,387.00
	1,417.00	**1,417.00**
Issued, subscribed and paid-up		
Equity share capital		
Class A1 equity shares of Rs. 10 each, fully paid	1,348.60	1,348.60
Less: Amount recoverable from ESOP Trust [face value of 6,90,060 shares allotted to Trust (refer note below)]	(69.01)	(69.01)
Total	**1,279.59**	**1,279.59**

Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31 March 2024		As at 31 March 2023	
	Number	Amount	Number	Amount
Equity shares				
At the commencement of the period	1,27,95,902	1,279.59	67,59,685	675.97
Shares Issued	-	-	63,55,377	635.54
Shares Recoverable from ESOP Trust	-	-	(3,19,160)	(31.92)
Issued, subscribed and paid up share capital	**1,27,95,902**	**1,279.59**	**1,27,95,902**	**1,279.59**

Equity shares

Class A/ A1 equity shares have a par value of ₹ 10 each. Each holder of Class A/A1 equity share is entitled to paripassu voting rights. In the event of liquidation, the equity shareholders are eligible to receive the residual assets of the Company after distribution of all preferential amounts, in proportion to their shareholding. All other rights and restrictions attached to Class A1 Equity Shares are as per the Shareholders' Agreement. All equity shares rank pari passu with regard to dividends and residual assets of the Company.

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For the year ended 31 March 2024

The Company has given an interest and collateral free loan to Visage Trust to provide financial assistance for purchase of equity shares of the Company. The Company has established the Visage Trust to administer Employee Stock Option Plan (ESOP) to which 6,90,060 shares (31 March 2023: 6,90,060 shares) have been issued. These shares will be subsequently issued to the employees pursuant to ESOP Plan. The loan amount recoverable from the Visage Trust has been reduced from share capital to the extent of the face value as per the requirement of the Guidance note on share based payment issued by Institute of Chartered Accountants of India (ICAI).

Issue of Equity Share Capital

During the previous year ended 31 March 2023, pursuant to the approval of Board of Directors on 19 April 2022, the Company has allotted 23,37,717 Class A1 equity shares of face value ₹ 10 to Nuveen Global Impact Fund India S.À R.L for a total investment of (including premium) ₹ 15,013.52 lacs (approx.) and 9,03,103 Class A1 equity shares of face value ₹ 10 to Pettelaar Effectenbewaarbedrijf N.V. (acting in its capacity as a legal owner of ASN Microkredietpool, represented by Triple Jump B.V.) for a total investment of (including premium) ₹ 5,800.00 lacs (approx.). The Board also approved allotment of 1,77,419 Class A1 equity shares of face value ₹ 10 to Visage Trust on 19 April 2022.

The Company on 29 August 2022 issued 1,02,326 equity shares of ₹ 10/- each to Ms. Hardika Shah (Director and Chief Executive Officer) by way of conversion of 1,971 unsecured Compulsory Convertible Debentures (CCDs). These equity shares shall rank pari passu with the existing Class A1 Equity Shares of ₹ 10/- each.

Pursuant to the approval of Board of Directors on 28 September 2022, the Company has allotted 9,62,097 Class A1 equity shares of face value ₹ 10 to Nuveen Global Impact Fund India S.À R.L for a total investment of (including premium) ₹ 7,061.60 lacs (approx.), 4,09,412 Class A1 equity shares of face value ₹ 10 to Pettelaar Effectenbewaarbedrijf N.V. (acting in its capacity as a legal owner of ASN Microkredietpool, represented by Triple Jump B.V.) for a total investment of (including premium) ₹ 3,005.00 lacs (approx.) and 13,21,562 Class A1 equity shares of face value ₹ 10 to British International Investment plc for a total investment of (including premium) ₹ 9,700.00 lacs (approx.). The Board also approved allotment of 1,41,741 Class A1 equity shares of face value ₹ 10 to Visage Trust on 28 September 2022.

Shares allotted as fully paid-up without payment being received in cash / by way of bonus shares

The Company has not allotted any fully paid up shares by way of bonus shares, or in pursuance to contract without payment being received in cash during the period of five years immediately preceding the reporting date.

Shares bought back

Company has not bought back any of its securities during the five year period immediately preceding the reporting date.

Shareholders holding more than 5% shares

Name of the shareholder	As at 31 March 2024		As at 31 March 2023	
	%	No. of shares	%	No. of shares
Class A1 Equity shares of Rs. 10 each, fully paid				
Nuveen Global Impact Fund India S.À R.L	24.47%	32,99,814	24.47%	32,99,814
Gaja Capital Fund II Limited	12.48%	16,83,440	12.48%	16,83,440
British International Investment plc	9.80%	13,21,562	9.80%	13,21,562
Pettelaar Effectenbewaarbedrijf N.V.	9.73%	13,12,515	9.73%	13,12,515
Michael & Susan Dell Foundation	7.15%	9,64,523	7.15%	9,64,523
Hardika Shah	6.82%	9,19,420	6.82%	9,19,420
Global Impact Funds SCA SICAR - SubFund Global Financial Inclusion Fund	6.38%	8,60,373	6.38%	8,60,373
Unitus Impact PCC-LIF Mauritius	5.94%	8,00,396	5.94%	8,00,396
Visage Trust	5.12%	6,90,060	5.12%	6,90,060

(All amounts are in ₹ lacs unless otherwise stated)

Shareholders of Promoters

Name of the Promoters	As at 31 March 2024			As at 31 March 2023		
	%	No. of shares	% Change during the year	%	No. of shares	% Change during the year
Class A1 Equity shares of Rs. 10 each, fully paid						
Hardika Shah	6.82%	919,420	0.00%	6.82%	919,420	(4.64)%

23 Other equity

Particulars	As at 31 March 2024	As at 31 March 2023
Statutory reserves	3,167.51	1,924.46
Impairment reserve	23.96	23.96
Securities premium	59,881.26	59,881.26
Share option outstanding	750.05	697.12
Retained earnings	9,835.63	4,869.04
Debt instruments (Loans) through other comprehensive income	(323.84)	(198.84)
Effective portion of cash flow hedges	(970.43)	(121.51)
Total	**72,364.14**	**67,075.49**

Statutory reserve (created pursuant to Section 45-IC of the Reserve Bank of India Act, 1934)

Statutory reserve represents the Reserve Fund created under section 45-IC of the Reserve Bank of India Act, 1934. Under section 45-IC, the Company is required to transfer a sum not less than twenty percent of its net profit for the Financial year to the statutory reserve. The statutory reserve can be utilized for the purposes as may be specified by the Reserve Bank of India from time to time.

Impairment reserve

The impairment reserve has been created by the company pursuant to the requirement of RBI Notification RBI/2019-20/170 DOR NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020. The amount represents the shortfall of expected credit loss (ECL) under Ind AS 109 when compared to the provisioning required under IRACP (including standard asset provisioning). The total provisions made under ECL is higher than the requirements under IRACP with respect to the overall book.

Securities premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

Share option outstanding

The Company instituted the Visage ESOP in 2014, Visage SOP in 2014 and Visage ESOP in 2017, which were approved by the Board of Directors and the shareholders of the Company. The share option outstanding reserve is used to recognise the grant date fair value of option issued under aforesaid plans.

Refer Note 38 for further details on employee stock options.

Retained earnings

Retained earnings or accumulated surplus represents total of all profits retained since Company's inception. Retained earnings are credited with current year profits, reduced by losses, if any, transfers to General reserve or any such other appropriations to specific reserves.

(All amounts are in ₹ lacs unless otherwise stated)

Debt instruments (Loans) through other comprehensive income

This comprises changes in the fair value of debt instruments recognised in other comprehensive income and accumulated within equity. The group transfers amounts from such component of equity to retained earnings when the relevant debt instruments are derecognised.

Effective portion of cash flow hedges

It represents the cumulative gains/(losses) arising on revaluation of the derivative instruments designated as cash flow hedges through OCI.

24 Interest Income

Interest Income	Year ended 31 March 2024		Year ended 31 March 2023	
	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost
Interest on Loans				
Interest income on loan	57,645.59	-	36,259.72	-
Interest on deposits with banks	-	3,780.51	-	2,087.79
Other interest income *	-	214.35	-	70.85
	57,645.59	**3,994.86**	**36,259.72**	**2,158.64**
Total		**61,640.45**		**38,418.36**

* Other interest income relates to interest income on other deposits and staff loans

25 Fees and Commission Income

	Year ended 31 March 2024	Year ended 31 March 2023
Service charges on co-lending arrangement	40.09	40.70
Cheque bounce charges	371.57	220.41
Penalty and preclosure charges	597.46	343.10
Total	**1,009.12**	**604.21**

26 Net gain on fair value changes

	Year ended 31 March 2024	Year ended 31 March 2023
(A) Net gain on financial instruments at fair value through profit or loss		
- On Mutual Funds	476.88	94.83
Total Net gain on fair value changes (A)	**476.88**	**94.83**
(B) Fair Value changes:		
Realised	396.69	88.21
Unrealised	80.19	6.62
Total Net gain on fair value changes (B)	**476.88**	**94.83**

Notes to the Financial Statements
For the year ended 31 March 2024

(All amounts are in ₹ lacs unless otherwise stated)

27 Net gain on derecognition of financial instruments

	Year ended 31 March 2024	Year ended 31 March 2023
Income from derecognition on account of direct assignment and co-lending transactions	8,873.80	10,020.82
Gain on sale of write off loans	106.49	-
Total	**8,980.29**	**10,020.82**

28 Other Income

	Year ended 31 March 2024	Year ended 31 March 2023
Profit on sale of Property plant and equipment and intangible assets	-	1.44
Miscellaneous income	153.23	23.66
Total	**153.23**	**25.10**

29 Finance cost

	Year ended 31 March 2024	Year ended 31 March 2023
	On Financial liabilities measured at Amortised Cost	On Financial liabilities measured at Amortised Cost
Interest on borrowing*	15,843.12	7,875.01
Interest on debt securities	11,008.47	9,663.98
Interest on subordinated liabilities	342.35	607.31
Other borrowing costs	85.21	121.78
Total	**27,279.15**	**18,268.08**

* Includes interest expense on lease liabilities of ₹ 308.87 lacs (31 March 2023: ₹ 157.87 lacs)

30 Impairment on financial instruments

Interest Income	Year ended 31 March 2024		Year ended 31 March 2023	
	On Financial instruments measured at fair value through OCI	On Financial instruments measured at Amortised Cost	On Financial instruments measured at fair value through OCI	On Financial instruments measured at Amortised Cost
Loans [Refer note 43 (ii)]	3,081.64	-	872.72	-
Other assets	-	4,380.90	-	1,542.57
Bad debts written off	12,327.24	-	7,422.37	-
Less:- Recoveries	(1,154.21)	(33.57)	(663.51)	(8.96)
	14,254.67	**4,347.33**	**7,631.58**	**1,533.61**
Total		**18,602.00**		**9,165.19**

(All amounts are in ₹ lacs unless otherwise stated)

31 Employee benefits expenses *

	Year ended 31 March 2024	Year ended 31 March 2023
Salaries and wages	9,985.77	9,416.70
Contributions to provident and other funds	447.72	365.27
Share based payment	45.76	346.75
Staff welfare expenses	338.28	229.92
Total	**10,817.53**	**10,358.64**

* Refer Note 39 for related party transactions

Refer Note 35 for amounts included in provident and other funds

32 Depreciation, amortisation and impairment

	Year ended 31 March 2024	Year ended 31 March 2023
Depreciation of property plant and equipment	261.99	207.78
Depreciation of intangible assets	159.48	195.34
Depreciation of right-of-use assets [Refer note 36]	825.30	469.14
Total	**1,246.77**	**872.26**

33 Others expenses

	Year ended 31 March 2024	Year ended 31 March 2023
Rent	589.64	431.43
Electricity and water charges	100.33	69.96
Office expense	74.25	94.12
Communication expense	175.79	156.53
Subscription and renewal fees	1,276.80	1,039.45
Printing and stationery	64.80	76.76
Rates and taxes	129.84	109.29
Legal and professional charges	2,029.49	1,311.69
Auditor remuneration*	66.26	64.77
Travel and conveyance	780.68	954.89
Recruitment expenses	88.28	100.86
Directors' sitting fee	31.43	31.61
CSR expenditure	-	4.99
Loss on sale of property plant and equipment	50.94	-
Other expenses	731.23	637.86
Total	**6,189.76**	**5,084.21**

Refer Note 39 for related party transactions

(All amounts are in ₹ lacs unless otherwise stated)

33 Others expenses (Continued)

*** Payments to auditors (exclusive of applicable taxes)**

	Year ended 31 March 2024	Year ended 31 March 2023
Statutory audit	28.00	31.00
Tax audit	2.00	2.00
Limited review and certification	33.50	31.50
Out-of-pocket expenses	2.76	0.27
Total	**66.26**	**64.77**

Details of corporate social responsibility expenditure

The Board of Directors in its meeting held on 07 May, 2019, approved the constitution of the CSR Committee. The CSR Committee confirms the implementation and monitoring of CSR policy is in compliance with CSR objectives and policy of the Company. The CSR activities of the Company shall include, but not limited to any or all of the sectors/ activities as may be prescribed under section 135 read with Schedule VII of the Companies Act, 2013 amended from time to time. Further, the Company will review the sectors/activities from time to time and make additions/ deletions/ clarifications to the above sectors/activities.

	Year ended 31 March 2024	Year ended 31 March 2023
(a) Gross amount required to be spent by the company during the year	-	-
(b) Amount spent during the year on:		
i. Construction/acquisition of any asset	-	-
ii. On purposes other than (i) above	-	4.99
(c) Details of Related Party Transactions - In relation to CSR Expenditure as per Ind AS	-	-
(d) Whether the provision is made with respect to a liability incurred by entering into contractual obligation, the movements in the provision during the year	-	-
(e) The amount of shortfall at the end of the year out of the amount required to be spent by the Company during the year	-	-
(f) Nature of CSR Activity		

- Promoting education and women entrepreneurship development, including special education and employment enhancing vocation skills, career guidance, skill development especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- Promoting Health care including preventive health care and sanitation.

(All amounts are in ₹ lacs unless otherwise stated)

34 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

	As at 31 March 2024			As at 31 March 2023		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	40,399.36	-	40,399.36	52,702.58	-	52,702.58
Bank balance other than cash and cash equivalents	12,730.56	1,562.59	14,293.15	7,415.55	1,500.22	8,915.77
Derivative financial instruments	-	-	-	-	86.23	86.23
Loans	74,704.38	1,20,187.84	1,94,892.22	55,651.44	1,05,936.92	1,61,588.36
Investments	16,698.52	-	16,698.52	115.13	-	115.13
Other Financial assets	12,537.65	18,983.24	31,520.89	8,271.16	13,003.78	21,274.94
Total financial assets	**1,57,070.46**	**1,40,733.68**	**2,97,804.14**	**1,24,155.86**	**1,20,527.15**	**2,44,683.01**
Non-financial assets						
Current tax assets (net)	376.30	-	376.30	-	750.97	750.97
Property, Plant and Equipment	-	1,414.74	1,414.74	-	387.92	387.92
Intangible assets under development	-	681.38	681.38	-	-	-
Other Intangible assets	-	206.19	206.19	-	288.01	288.01
Right-of-use asset	-	2,149.59	2,149.59	-	2,325.23	2,325.23
Other non-financial assets	2,440.96	66.34	2,507.30	1,819.85	208.72	2,028.57
Total non-financial assets	**2,817.26**	**4,518.24**	**7,335.50**	**1,819.85**	**3,960.85**	**5,780.70**
Total assets	**1,59,887.72**	**1,45,251.92**	**3,05,139.64**	**1,25,975.71**	**1,24,488.00**	**2,50,463.71**
LIABILITIES						
Financial liabilities						
Derivative financial instruments	-	351.76	351.76	-	-	-
Trade Payables						
(i) total outstanding dues of micro enterprises and small enterprises	27.19	-	27.19	25.23	-	25.23
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	210.64	-	210.64	209.28	-	209.28
Debt Securities*	30,015.79	45,815.78	75,831.57	20,677.92	53,122.68	73,800.60
Borrowings (other than Debt Securities)*	60,328.14	78,390.20	1,38,718.34	37,357.16	53,173.56	90,530.72

(All amounts are in ₹ lacs unless otherwise stated)

	As at 31 March 2024			As at 31 March 2023		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Subordinated Liabilities	2,233.16	-	2,233.16	0.88	2,212.64	2,213.52
Lease liabilities	614.77	1,730.70	2,345.47	667.30	1,741.49	2,408.79
Other Financial liabilities	4,284.31	4,039.46	8,323.77	3,409.76	7,552.13	10,961.89
Total financial liabilities	**97,714.00**	**1,30,327.90**	**2,28,041.90**	**62,347.53**	**1,17,802.50**	**1,80,150.03**
Non-financial liabilities						
Deferred tax liabilities (net)	-	2,332.60	2,332.60	-	979.64	979.64
Provisions	199.55	146.81	346.36	88.64	465.41	554.05
Other non-financial liabilities	775.05	-	775.05	424.91	-	424.91
Total non-financial liabilities	**974.60**	**2,479.41**	**3,454.01**	**513.55**	**1,445.05**	**1,958.60**
EQUITY						
Equity share capital	-	1,279.59	1,279.59	-	1,279.59	1,279.59
Other equity	-	72,364.14	72,364.14	-	67,075.49	67,075.49
Total equity	**-**	**73,643.73**	**73,643.73**	**-**	**68,355.08**	**68,355.08**
Total liabilities and equity	**98,688.60**	**2,06,451.04**	**3,05,139.64**	**62,861.08**	**1,87,602.63**	**2,50,463.71**

* Refer Note 16 and 17

35 Employee benefits

The Company operates the following post-employment plans -

i. Defined contribution plan

The fixed contribution made to various statutory funds is recognized as expenses and included in Note 31 ‘Employee benefits expense’ under ‘Contribution to provident and other funds’ in Statement of Profit and Loss. There is no legal or constructive obligation to pay further contribution. The detail is as follows :

	Year ended 31 March 2024	Year ended 31 March 2023
Employer's Contribution to Provident Fund (includes pension fund)	412.26	337.53
Employer's Contribution to Employee State Insurance Corporation	34.60	27.04
Labour welfare fund	0.86	0.70
Total	**447.72**	**365.27**

ii. Defined benefit plan

Gratuity

The Company operates post-employment defined benefit plan that provides gratuity, governed by the Payment of Gratuity Act, 1972. It entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days wages for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee concerned. The gratuity plan is a funded plan. These defined benefit plan expose the Company to actuarial risks, such as longevity risk and interest rate risk.

(All amounts are in ₹ lacs unless otherwise stated)

The most recent actuarial valuation of the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2024. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

	As at 31 March 2024	As at 31 March 2023
Net defined benefit asset/(liability)	(142.42)	(390.85)

A. Reconciliation of the net defined benefit (liability)

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (liability) and its components:

Interest Income	As at 31 March 2024		As at 31 March 2024	
	Defined benefit obligation	Net defined benefit (liability)	Defined benefit obligation	Net defined benefit (liability)
Balance at the beginning of the year	(390.85)	(390.85)	(263.70)	(263.70)
Included in profit or loss				
Current service cost	(127.25)	(127.25)	(110.32)	(110.32)
Interest cost	(27.07)	(27.07)	(18.07)	(18.07)
	(154.32)	**(154.32)**	**(128.39)**	**(128.39)**
Included in other comprehensive income				
Remeasurements (loss) / gain				
– Actuarial (loss)/gain arising from:				
- demographic assumption	-	-	-	-
- financial assumptions	(6.48)	(6.48)	8.47	8.47
- experience adjustment	(1.01)	(1.01)	(22.10)	(22.10)
– on plan assets	-	-	-	-
	(7.49)	**(7.49)**	**(13.63)**	**(13.63)**
Other				
Contributions paid by the employer	359.14	359.14	-	-
Benefits paid	51.10	51.10	14.87	14.87
	410.24	**410.24**	**14.87**	**14.87**
Balance at the end of the year	**(142.42)**	**(142.42)**	**(390.85)**	**(390.85)**

(All amounts are in ₹ lacs unless otherwise stated)

35 Employee benefits (Continued)

B. Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	As at 31 March 2024	As at 31 March 2023
Discount rate	7.22%	7.41%
Future salary growth	6.00%	6.00%
Expected rate of return on plan assets	7.41%	-
Attrition rate (%)	24%	24%
Mortality	Indian Assured Lives Mortality (2012-14) Ult.	Indian Assured Lives Mortality (2012-14) Ult.
Withdrawal rate	From age 35 - 18.81%	From age 35 - 18.81%
	From age 40 - 12.54%	From age 40 - 12.54%
	From age 45 - 6.27%	From age 45 - 6.27%
	From age 50 - 2%	From age 50 - 2%
Retirement age	58	58

(i) The discount rate is based on the prevailing market yield on Government Securities as at the balance sheet date for the estimated term of obligations.

(ii) The estimate of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

C. Sensitivity analysis of significant assumptions

Interest Income	As at 31 March 2024		As at 31 March 2024	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	6.03	6.81	6.02	6.79
Future salary growth (1% movement)	5.72	5.17	5.66	5.07
Attrition rate (1% movement)	0.29	0.26	0.33	0.29
Mortality rate (10% up movement)	0.01	-	0.02	-

A description of methods used for sensitivity analysis and its limitations:

Sensitivity analysis is performed by varying a single parameter while keeping all the other parameters unchanged.

Sensitivity analysis fails to focus on the interrelationship between underlying parameters. Hence, the results may vary if two or more variables are changed simultaneously.

The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change if any.

D. Expected maturity analysis of the defined benefit plans in future years

	As at 31 March 2024	As at 31 March 2023
1 year	68.67	50.07
Between 2-5 years	167.05	125.24
Between 6-10 years	131.41	103.93
Over 10 years	530.36	431.36

As at 31 March 2024, the weighted-average duration of the defined benefit obligation was 8.65 years (31 March 2023: 7.60 years).

(All amounts are in ₹ lacs unless otherwise stated)

E. Description of risk exposures

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such company is exposed to various risks as follow -

Actuarial Risk: It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse salary growth experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption then the gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

Investment Risk: For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

Discount Rate risk: The Company is exposed to the risk of fall in discount rate. A fall in discount rate will eventually increase in the ultimate cost of providing the above benefit thereby increasing the value of the liability.

Regulatory Risk: Gratuity Benefit must comply with the requirements of the Payment of Gratuity Act, 1972 (as amended up-to-date). There is a risk of change in the regulations requiring higher gratuity payments (e.g. raising the present ceiling of ₹ 20,00,000, raising accrual rate from 15/26 etc.).

iii. Other long-term benefits - Compensated Absences

The Company provides compensated absences benefits to the employees of the Company which can be carried forward to future years. Amount recognised in the Statement of profit and loss for compensated absences is as under-

	Year ended 31 March 2024	Year ended 31 March 2023
Expense recorded in Statement of profit and loss	142.18	121.94

	As at 31 March 2024	As at 31 March 2023
Liability as at Balance sheet date	203.94	163.20

Assumptions used in determining the liability towards compensated absences

	As at 31 March 2024	As at 31 March 2023
Discount rate	7.22%	7.41%
Salary escalation rate	6.00%	6.00%
Attrition rate	24%	24%
Withdrawal rate	From age 35 - 18.81%	From age 35 - 20.07%
	From age 40 - 12.54%	From age 40 - 13.8%
	From age 45 - 6.27%	From age 45 - 7.53%
	From age 50 - 2%	From age 50 - 2%

(All amounts are in ₹ lacs unless otherwise stated)

36 Leases

For material accounting policy information on lease refer note 2.21

Following disclosures are being made in accordance with the requirements of Ind AS 116 (Leases)

	For the year ended 31 March 2024	For the year ended 31 March 2023
i) Depreciation charge for right-of-use assets (presented under note - 32 "Depreciation, amortization and impairment")	825.30	469.14
ii) Interest expense on lease liabilities (presented under note - 29 "Finance costs")	308.87	157.87
iii) Expense relating to short-term leases (included in Rent expenses under note 33 "Other expenses")	589.64	431.43
iv) Total cash outflow for leases (including short term leases)	1,611.49	1,007.68
v) Additions to right-of-use assets during the year	649.66	2,068.44
vi) Carrying amount of right-of-use assets at the end of the reporting period by class of underlying asset -		
- Property taken on lease for office premises	1,639.63	1,641.26
- Asset taken for lease	509.96	683.97
vii) Lease liabilities	2,345.47	2,408.79

Maturity Analysis - Contractual Undiscounted Cash Flow as at (including non-cancellable leases)

	For the year ended 31 March 2024	For the year ended 31 March 2023
Less than 1 year	857.00	919.19
1 - 3 years	1,134.92	1,076.57
3 - 5 years	784.75	681.11
More than 5 years	287.92	528.67
Total undiscounted lease liabilities	**3,064.59**	**3,205.54**

Right of use asset	Gross Carrying Amount	Accumulated Depreciation and amortisation	Net Carrying Amount
Balance as on 31 March 2022	**1,432.22**	**706.29**	**725.93**
Addition	2,068.44	469.14	
Deletion	-	-	
Balance as on 31 March 2023	**3,500.66**	**1,175.43**	**2,325.23**
Addition	649.66	825.30	
Deletion	-	-	
Balance as on 31 March 2024	**4,150.32**	**2,000.73**	**2,149.59**

37 Earning per share

The calculation of profit attributable to equity shareholders and weighted average number of equity shares outstanding for purpose of basic earnings per share and diluted earnings per share calculation are as follows:

		Units	For the year ended 31 March 2024	For the year ended 31 March 2023
a)	(i) Weighted average number of equity shares for basic EPS	Nos	1,27,95,902	1,12,65,939
	(ii) Effect of potential ordinary equity shares on employee stock options	Nos	1,85,461	1,20,114
	(iii) Effect of potential ordinary equity shares on compulsory convertible debenture	Nos	6,436	6,436
	(iv) Weighted average number of equity shares for diluted EPS	Nos	1,29,87,799	1,13,92,489
b)	Net profit after tax	₹ in Lacs	6,215.24	4,119.14
c)	(i) Net profit for equity shareholders for basic EPS	₹ in Lacs	6,215.24	4,119.14
	(ii) Net profit for equity shareholders for diluted EPS	₹ in Lacs	6,215.24	4,119.14
d)	(i) Earnings per share (Face value of ₹ 10/- per share) – basic	₹	48.57	36.56
	(ii) Earnings per share (Face value of ₹ 10/- per share) – diluted	₹	47.85	36.16
	The reconciliation between basic and diluted earnings per share is as follows:			
	Basic earnings per share	₹	48.57	36.56
	Effect of dilution of employee stock option	₹	(0.69)	(0.39)
	Effect of dilution of compulsory convertible debenture	₹	(0.02)	(0.02)
	Diluted earnings per share	₹	47.85	36.16

38 Share-based payments

A Description of share-based payment arrangements

The company instituted the Visage Employee Stock Option Plan (VESOP 2017) in 2017, Visage Employee Stock Option Plan (VESOP 2014) in 2014 and Visage Stock Option Plan (VSOP 2014) in 2014, which were approved by the Board of Directors and the shareholders of the Company.

Visage ESOP and SOP, 2014

The Company provided for the creation and issue of 62,592 options under ESOP 2014 and 1,85,200 options under SOP 2014 , that would eventually convert into equity shares of ₹ 10/- each in the hands of eligible persons. The options are to be granted to the eligible persons at the exercise price as per the latest valuation report prior to the date of grant of options. The options will vest in a graded manner as given in the schedule below. 62,592 options will get settled by issue of equity shares at the exercise price of ₹ 11 per option, 7,025 options will get settled by issue of equity shares at the exercise price of ₹ 519.03 per option and 16,000 options will get settled by issue of equity shares at the exercise price of ₹ 642.23 per option.

During the year, the Board has granted Nil options (31 March 2023 : Nil options) under Visage ESOP, 2014 and Nil options (31 March 2023 : 16,000 options) under Visage SOP, 2014 to the eligible persons of the Company.

Visage ESOP, 2017

Under Visage ESOP 2017 (amended), the Company provided for the creation and issue of 3,00,527 options, that would eventually convert into equity shares of ₹ 10/- each in the hands of the Company's employees. The options are to be granted to the eligible employees at the exercise price as per the latest valuation report prior to the date of grant of options. The options will vest in a graded manner as given in the schedule below. 39,000 options will get settled by issue of equity shares at the exercise price of ₹ 415.56 per option, 66,000 options will get settled by issue of equity shares at the exercise price of ₹ 519.03 per option, 7,500 options will get settled by issue of equity shares at the exercise price of ₹ 635 per option, 1,17,500 options will get settled by issue of equity shares at the exercise price of ₹ 642.23 per option, 32,407 options will get settled by issue of equity shares at the exercise price of ₹ 733.98 per option and.

During the year, the Board has granted 16,503 options (31 March 2023 : 1,51,692 options) under Visage ESOP, 2017 to the eligible employees of the Company.

B Measurement of Fair values

The following tables list the inputs to the Black Scholes model used for the plans till year ended 31 March 2024

ESOP 2017

Date of grant	Risk-free interest rate	Expected life of options	Fair value per option range	Fair Value of share on grant date	Exercise Price (₹)	Weighted average remaining contractu-al life	Volatility of expected returns	Expected dividend yield	Vesting Schedule
1 Feb 2018	7.30% -7.60%	5-8 years	194.36 - 249.30	415.56	415.56	0.06	40.00%	0.00%	All options vested
9 May 2018	7.70 % -7.80%	5-8 years	196.77 - 250.55	415.56	415.56	0.24	40.00%	0.00%	All options vested
1 April 2019	6.80% - 7.30%	5-8 years	238.14 - 307.40	519.03	519.03	1.22	40.00%	0.00%	All options vested
10 June 2019	6.90% - 7.10%	5-8 years	238.76 - 305.38	519.03	519.03	1.36	40.00%	0.00%	All options vested
12 May 2021	5.34% - 6.12%	5-8 years	584.37 - 585.97	635.00	635.00	3.5	69.65%- 79.68%	0.00%	FY 2024-25 - 25% FY 2025-26 - 3%
27 April 2022	6.02%	3.50-4.43 years	283.63 - 305.03	642.23	642.23	1.71	48.62%- 51.92%	0.00%	FY 2024-25 - 6%
27 April 2022	6.43%- 7.03%	3.00-4.93 years	237.73 - 306.63	642.23	642.23	1.60	42.86%- 44.58%	0.00%	FY 2024-25 - 25% FY 2025-26 - 6%
27 April 2022	6.43%- 7.03%	3.00-5.93 years	237.73 - 337.53	642.23	642.23	2.24	42.86%- 44.58%	0.00%	FY 2024-25 - 25% FY 2025-26 - 25% FY 2026-27 - 6%
20 October 2022	7.38% - 7.39%	3.00-3.95 years	277.46 - 321.40	733.98	733.98	1.70	44.13%	0.00%	FY 2024-25 - 19%
20 October 2022	7.38% - 7.39%	3.00-4.95 years	277.46 - 355.30	733.98	733.98	2.09	44.13%	0.00%	FY 2024-25 - 25% FY 2025-26 - 19%
4 May 2023	6.91% - 6.98%	3.51 - 6.01 years	290.63 - 388.52	733.98	733.98	3.67	48.24%	0.00%	FY 2024-25 - 38% FY 2025-26 - 25% FY 2026-27 - 25% FY 2027-28 - 12%

Date of grant	Risk-free interest rate	Expected life of options	Fair value per option range	Fair Value of share on grant date	Exercise Price (₹)	Weighted average remaining contractual life	Volatility of expected returns	Expected dividend yield	Vesting Schedule
27 June 2023	6.91% - 6.98%	3.51 - 6.01 years	290.63 - 388.52	733.98	733.98	3.75	48.24%	0.00%	FY 2024-25 - 38% FY 2025-26 - 25% FY 2026-27 - 25% FY 2027-28 - 12%
26 September 2023	7.11% - 7.15%	3.01 - 6.01 years	237.58 - 375.75	733.98	733.98	4.00	42.17%	0.00%	FY 2024-25 - 31% FY 2025-26 - 25% FY 2026-27 - 25% FY 2027-28 - 19%
5 February 2024	6.95% - 6.97%	3.00 - 6.00 years	228.04 - 374.28	733.98	733.98	5.85	41.06%	0.00%	FY 2024-25 - 25% FY 2025-26 - 25% FY 2026-27 - 25% FY 2027-28 - 25%

ESOP and SOP 2014

Date of grant	Risk-free interest rate	Expected life of options	Fair value per option range	Fair Value of share on grant date	Exercise Price (₹)	Weighted average remaining contractual life	Volatility of expected returns	Expected dividend yield	Vesting Schedule
28 April 2015	7.60% - 7.70%	5-8 years	50.47 - 52.08	57.92	11.00	-	40.00%	0.00%	All options vested
31 July 2019	6.30% - 6.60%	5-8 years	234.00 - 303.57	519.03	519.03	3.64	40.00%	0.00%	All options vested
27 April 2022	6.02%	3.50-4.43 years	283.63 - 305.03	642.23	642.23	2.71	48.62%-51.92%	0.00%	FY 2024-25 - 6%

The measure of volatility used in the Black-Scholes option pricing model is the annualized standard deviation of the continuously compounded rates of return on the stock over a period of time.

Company is not listed on any stock exchange due to which there is no available history of the day-to-day movements in share prices of the Company. For the purpose of determining volatility, the Company has used a proxy for the volatility of the share price of the Company. The Company has determined the proxy by benchmarking it to the weighted average volatility of other listed entities that carry out similar kind of business as compared to the Company.

C Reconciliation of outstanding share options

The number and weighted average exercise prices of share options under the share option plans were as follows:

ESOP 2017

Particulars	Year ended 31 March 2024		Year ended 31 March 2023	
	Number of share options	Wtd. Avg. price	Number of share options	Wtd. Avg. price
Outstanding options at the beginning of the year	2,67,942	584.95	116,250	495.54
Add: Granted during the year	16,503	733.98	133,100	642.23
Add: Granted during the year	-	-	18,592	733.98
Less: Lapsed/forfeited during the year	3,750	635.00	-	-
Less: Lapsed/forfeited during the year	15,600	642.23	-	-
Less: Lapsed/forfeited during the year	2,688	733.98	-	-
Outstanding options at the end of the year	**2,62,407**	**588.68**	**2,67,942**	**584.95**
Average remaining contractual life for options outstanding at the end of the year		1.64 years		2.47 years
Options vested and exercisable at the end of the year	224,428		108,321	

ESOP and SOP 2014

Particulars	Year ended 31 March 2024		Year ended 31 March 2023	
	Number of share options	Wtd. Avg. price	Number of share options	Wtd. Avg. price
Outstanding options at the beginning of the year	85,617	170.65	69,617	62.26
Add: Granted during the year	-	-	16,000	642.23
Outstanding options at the end of the year	**85,617**	**170.65**	**85,617**	**170.65**
Average remaining contractual life for options outstanding at the end of the year		0.45 years		0.72 years
Options vested and exercisable at the end of the year	84,617		69,617	

D Equity shares reserved for issue under options

	No. of options granted (net of lapsed)	Exercise price (₹)	As at 31 March 2024		As at 31 March 2023	
			No. of options	Amount*	No. of options	Amount*
ESOP 2017:						
1 Feb 2018	20,000	415.56	20,000	2.00	20,000	2.00
9 May 2018	19,000	415.56	19,000	1.90	19,000	1.90
1 April 2019	48,500	519.03	48,500	4.85	48,500	4.85
10 June 2019	17,500	519.03	17,500	1.75	17,500	1.75
12 May 2021	7,500	635.00	7,500	0.75	11,250	1.13
27 April 2022	1,17,500	642.23	1,17,500	11.75	1,33,100	13.31
20 October 2022	15,904	733.98	15,904	1.59	18,592	1.86
4 May 2023	638	733.98	638	0.06	-	-
27 June 2023	638	733.98	638	0.06	-	-
26 September 2023	7,650	733.98	7,650	0.77	-	-
5 February 2024	7,577	733.98	7,577	0.76	-	-
ESOP and SOP 2014:						
12 August 2014	58,392	11.00	58,392	5.84	58,392	5.84
28 April 2015	4,200	11.00	4,200	0.42	4,200	0.42
31 July 2019	7,025	519.03	7,025	0.70	7,025	0.70
27 April 2022	16,000	642.23	16,000	1.60	16,000	1.60

*Face value per share at ₹ 10/- each

E In respect of stock options granted under Employee Stock Option Plan 2014, Stock Option Plan 2014 and Employee Stock Option Plan 2017, the accounting is done as per the requirements of Ind AS 102. Consequently, expense of ₹ 45.76 lacs (31 March 2023: ₹ 346.75 lacs) and expense of ₹ 7.13 lacs [31 March 2023:

₹ 38.57 lacs] has been included under 'Employee Benefits Expense' and "Other Expense" respectively based on respective grant date fair value.

Notes to the Financial Statements
For the year ended 31 March 2024

(All amounts are in ₹ lacs unless otherwise stated)

39 Related parties disclosures

(i) Name of related parties and description of relationship (where there are transactions):

A	**Entity having significant influence over the Company**	**Nature of Relationship**
	Nuveen Global Impact Fund India S.À R.L	Shareholder
B	**Key Managerial Personnel ('KMP') and their Relatives**	**Nature of Relationship**
	Hardika Shah	Director and Chief Executive Officer
	Thirunavukkarasu Rajendran	Director and Chief Operating Officer
	Aiswarya Ravi	Chief Financial Officer
	Sutheja KJ	Company Secretary (resigned w.e.f 12 April 2023)
	Kanti Gajanan Hegde	Company Secretary (appointed w.e.f 01 April 2023 and resigned w.e.f 01 October 2023)
	Dimple J Shah	Company Secretary (appointed w.e.f 05 September 2023)
C	**Directors**	**Nature of Relationship**
	Bhavna Thakur	Independent Director
	Sunil Satyapal Gulati	Independent Director
	Ravindra Pisharody	Independent Director
D	**Entity in which KMP/Director or his relative is Member or Director**	
	KVS Consulting, LLC	

(ii) Related party transactions during the year and balance receivable from and payable to related parties as at the balance sheet date:

Name of related party	Nature of transaction	Transaction value for the year ended 31 March 2024	Outstanding amount as at 31 March 2024	Transaction value for the year ended 31 March 2023	Outstanding amount as at 31 March 2023
A) Entity having significant influence over the Company					
Nuveen Global Impact Fund India S.À R.L	Receipt of allotment money on issue of Equity shares (including premium)	-	-	22,075.12	-
B) Key Managerial Personnel and their Relatives					
1. Hardika Shah	Remuneration and incentive	221.01	(51.00)	202.05	(45.00)
	Reimbursement of expenses	39.13	-	13.72	-
	Allotment of shares on conversion of compulsory convertible debentures	-	-	10.23	-
	Issue of compulsory convertible debentures	-	(31.52)	-	(31.52)

Notes to the Financial Statements

For the year ended 31 March 2024

(All amounts are in ₹ lacs unless otherwise stated)

Name of related party	Nature of transaction	Transaction value for the year ended 31 March 2024	Outstanding amount as at 31 March 2024	Transaction value for the year ended 31 March 2023	Outstanding amount as at 31 March 2023
2. Thirunavukkarasu Rajendran	Remuneration and incentive	175.50	(40.50)	149.50	(34.50)
	Stock option expenses	8.91	-	52.81	-
	Reimbursement of expenses	7.86	-	10.64	1.12
	Contribution to provident fund	0.22	-	0.22	-
	Purchase of plant, property and equipment	-	-	0.03	-
3. Aiswarya Ravi	Remuneration and incentive	156.00	(36.00)	127.10	(25.00)
	Stock option expenses	19.73	-	109.16	-
	Reimbursement of expenses	5.48	-	1.95	-
	Contribution to provident fund	0.22	-	0.22	-
4. Sutheja KJ	Remuneration and incentive	1.52	-	21.22	(4.82)
	Contribution to provident fund	0.02	-	0.22	-
	Reimbursement of expenses	-	-	1.13	-
5. Kanti Gajanan Hegde	Remuneration	1.81	-	-	-
6. Dimple J Shah	Remuneration and incentive	14.62	(2.52)	-	-
	Contribution to provident fund	0.13	-	-	-
	Reimbursement of expenses	0.07	-	-	-
C) Independent Directors					
Bhavna Thakur	Sitting fees	7.20	-	10.00	-
Sunil Satyapal Gulati	Sitting fees	10.60	-	11.00	-
Ravindra Pisharody	Sitting fees	9.40	-	8.00	-
D) Entity in which KMP/Director or his relative is Member or Director					
KVS Consulting, LLC	Professional fees	73.80	(6.15)	64.80	(5.40)
	Reimbursement of expenses	3.94	(0.25)	3.00	(0.25)

(All amounts are in ₹ lacs unless otherwise stated)

(iii) Compensation of key managerial personnel

	For the year ended 31 March 2024	For the year ended 31 March 2023
Short-term employee benefits	568.65	499.87
Post-employment defined benefit*	0.59	0.66
Share based payments	28.64	161.97
Total	**597.88**	**662.49**

*Excludes provision for encashable leave and gratuity for certain key management personnel's as a separate actuarial valuation is not available.

Terms and conditions

All transactions with these related parties are priced on an arm's length basis.

Related parties identified includes related parties as per section 2(76) of the Companies Act, 2013.

40 Contingent liabilities and commitments

a) Contingent liabilities

Particulars	As at 31 March 2024	As at 31 March 2023
Claims against the Company not acknowledged as debt		
(i) Income tax matters under dispute	111.86	111.86
These claims against the Company are arising on account of disallowances on completion of assessment proceedings under the Income-tax Act, 1961, such as disallowance of bad-debt expenditure. The Company has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the Company did not have any long-term contracts including derivative contracts for which there are any material foreseeable losses. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial performance and financial position regarding the amounts disclosed above, it is not practicable to disclose information on the possibility of any reimbursements as it is determinable only on the occurrence of uncertain future events.		
(ii) First Loss Default Guarantee (FLDG) given for co-lending transactions	10,332.42	2,882.13

b) Commitments [to the extent not provided for]

Particulars	As at 31 March 2024	As at 31 March 2023
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances and capital work-in-progress)	1.34	9.20

41 Transfers of financial assets

In the ordinary course of business, the Company enters into transactions that result in the transfer of financial assets. In accordance with the material accounting policy information set out in Note 2, the transferred financial assets continue to be recognised or derecognised as per the conditions specified in Ind AS 109 "Financial Instruments"

The Company transfers financial assets that are not derecognised in their entirety primarily through securitisation transactions, in which loans to customers are transferred to securitisation special purpose vehicles.

(All amounts are in ₹ lacs unless otherwise stated)

42 Financial instruments - fair value and risk management

A. Financial instruments by category

The following table shows the carrying amounts of financial assets and financial liabilities.

Particulars	As at 31 March 2024		
	FVTPL	FVTOCI	Amortised cost
Financial assets:			
Cash and cash equivalents	-	-	40,399.36
Bank balance other than cash and cash equivalents	-	-	14,293.15
Loans	-	1,94,709.78	182.44
Investments	12,589.45	-	4,109.07
Other financial assets	27,390.99	-	4,129.90
	39,980.44	**1,94,709.78**	**63,113.92**
Financial liabilities:			
Derivative financial instruments	351.76	-	-
Trade payables	-	-	237.83
Debt securities	-	-	75,831.57
Borrowings (other than debt securities)	-	-	1,38,718.34
Subordinated liabilities	-	-	2,233.16
Lease Liabilities	-	-	2,345.47
Other financial liabilities	1,111.59	-	7,212.18
	1,463.35	**-**	**2,26,578.55**

Particulars	As at 31 March 2023		
	FVTPL	FVTOCI	Amortised cost
Financial assets:			
Cash and cash equivalents	-	-	52,702.58
Bank balance other than cash and cash equivalents	-	-	8,915.77
Derivative financial instruments	86.23		
Loans	-	1,61,487.52	100.84
Investments	115.13	-	-
Other financial assets	17,555.79	-	3,719.15
	17,757.15	**1,61,487.52**	**65,438.34**
Financial liabilities:			
Trade payables	-	-	234.51
Debt securities	-	-	73,800.60
Borrowings (other than debt securities)	-	-	90,530.72
Subordinated liabilities	-	-	2,213.52
Lease Liabilities	-	-	2,408.79
Other financial liabilities	150.18	-	10,811.71
	150.18	**-**	**1,79,999.85**

(All amounts are in ₹ lacs unless otherwise stated)

B. Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:

(a) recognised and measured at fair value and

(b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at 31 March 2024	Level 1	Level 2	Level 3	Total
Financial assets:				
Loans	-	-	1,94,709.78	1,94,709.78
Investments	12,589.45	-	-	12,589.45
Other financial assets	-	-	27,390.99	27,390.99
	12,589.45	**-**	**2,22,100.77**	**2,34,690.22**
Financial liabilities:				
Derivative financial instruments	-	351.76	-	351.76
Other financial liabilities	-	-	1,111.59	1,111.59
	-	**351.76**	**1,111.59**	**1,463.35**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

The fair value of loans given is based on observable market transactions, to the extent available. Wherever the observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques. Input into the valuation techniques includes interest rates, prepayment rates, primary origination or secondary market spreads. Input into the models may include information obtained from other market participants, which includes observed primary and secondary transactions.

As at 31 March 2024	Amortised cost	Fair Value	Level 1	Level 2	Level 3	Total
Financial assets:						
Bank balance other than cash and cash equivalents	14,293.15	14,292.35	-	14,292.35	-	14,292.35
Loans	182.44	182.44	-	182.44	-	182.44
Investments	4,109.07	4,109.07		4,109.07	-	4,109.07
Other financial assets	4,129.90	4,129.90	-	4,129.90	-	4,129.90
	22,714.56	**22,713.76**	**-**	**22,713.76**	**-**	**22,713.76**
Financial liabilities:						
Debt securities	75,831.57	74,861.90	-	74,861.90	-	74,861.90
Borrowings (other than debt securities)	1,38,718.34	1,39,455.69		1,39,455.69	-	1,39,455.69
Subordinated liabilities	2,233.16	2,228.13	-	2,228.13	-	2,228.13
Lease Liabilities	2,345.47	2,345.47	-	2,345.47	-	2,345.47
Other financial liabilities	7,212.18	5,637.78	-	2,043.06	3,594.72	5,637.78
	2,26,340.72	**2,24,528.97**	**-**	**2,20,934.25**	**3,594.72**	**2,24,528.97**

(All amounts are in ₹ lacs unless otherwise stated)

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at 31 March 2023	Level 1	Level 2	Level 3	Total
Financial assets:				
Derivative financial instruments	-	86.23	-	86.23
Loans	-	-	1,61,487.52	1,61,487.52
Investments	-	115.13	-	115.13
Other financial assets	-	-	17,555.79	17,555.79
	-	**201.36**	**1,79,043.31**	**1,79,244.67**
Financial liabilities:				
Other financial liabilities	-	-	150.18	150.18
	-	**-**	**150.18**	**150.18**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at 31 March 2023	Amortised cost	Fair Value	Level 1	Level 2	Level 3	Total
Financial assets:						
Bank balance other than cash and cash equivalents	8,915.77	8,914.79	-	8,914.79	-	8,914.79
Loans	100.84	100.84	-	100.84	-	100.84
Other financial assets	3,719.15	3,719.15	-	3,719.15	-	3,719.15
	12,735.76	**12,734.78**	**-**	**12,734.78**	**-**	**12,734.78**
Financial liabilities:						
Debt securities	73,800.60	74,556.94	-	74,556.94	-	74,556.94
Borrowings (other than debt securities)	90,530.72	90,786.96	-	90,786.96	-	90,786.96
Subordinated liabilities	2,213.52	2,205.94	-	2,205.94	-	2,205.94
Lease Liabilities	2,408.79	2,408.79	-	2,408.79	-	2,408.79
Other financial liabilities	10,811.71	8,622.54	-	2,410.81	6,211.73	8,622.54
	1,79,765.34	**1,78,581.17**	**-**	**1,72,369.44**	**6,211.73**	**1,78,581.17**

Financial instruments valued at carrying value

The respective carrying values of certain on-balance sheet financial instruments approximate their fair value. These financial instruments include cash in hand, balances with other banks, trade payables and certain other financial assets and liabilities, with maturities less than a year from the balance sheet date. Carrying values were assumed to approximate fair values for these financial instruments as they are short-term in nature and their recorded amounts approximate fair values or are receivable or payable on demand. Such amounts have been classified as level 2 on the basis that no adjustments have been made to the balances in the balance sheet.

C. Valuation framework

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : The fair value of financial instruments that are not traded in active markets is determined using valuation techniques which maximize the use of observable market data either directly or indirectly, such as quoted prices for similar assets and liabilities in active markets, for substantially the full term of the financial instrument but do not qualify as Level 1 inputs. If all significant inputs required to fair value an instrument are observable the instrument is included in level 2.

Level 3 : If one or more of the significant inputs is not based in observable market data, the instruments is included in level 3. That is, Level 3 inputs incorporate market participants' assumptions about risk and the risk premium required by market participants in order to bear that risk. The Company develops Level 3 inputs based on the best information available in the circumstances.

Financial instruments measured at fair value and fair value of financial instruments carried at amortised cost

Type	Valuation technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value and sensitivity
Financial assets and liabilities measured at amortised cost	Discounted cash flows: The valuation model considers the present value of expected receipt/payment discounted using appropriate discounting rates. For issued debt, the interest rate is derived from market observable date such as secondary prices for its traded debt itself.	Not applicable	Not applicable
Financial assets measured at FVOCI	Fair value of loans are calculated using portfolio based approach grouping loans as far as possible into homogeneous groups or similar characteristics. The fair value is then extrapolated to the portfolio using discounted cash flow method that incorporates interest rate estimate considering all significant characteristics of loan. This fair value is then reduced by impairment loss allowance.	The discount rate is the average lending rate at which the loans are disbursed.	There is an inverse correlation. Higher the discount rate i.e. average lending rate for the disbursed loans, lower the fair value of the assets.
Financial assets and liabilities measured at FVTPL	Discounted cash flows: The valuation model considers the present value of expected receipt/payment discounted using appropriate discounting rates.	The discount rate is the average lending rate at which the loans are disbursed.	There is an inverse correlation. Higher the discount rate i.e. average lending rate for the disbursed loans, lower the fair value of the assets.

(All amounts are in ₹ lacs unless otherwise stated)

Type	Valuation technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value and sensitivity
	Cross currency interest rate swap (CCIRS) and Principal only swaps held for the purpose of hedging foreign currency denominated External Commercial Borrowings are accounted as a cash flow hedge. Swaps are being considered under Level 2 for fair valuation which is performed through discounted cash flow method by deriving future forward rates from published zero coupon yield curve. All future cash flows for both the paying and receiving legs in the swap contract are discounted to present value using these forward rates and accordingly arrived at the valuation for a point of time.	Not applicable	Not applicable
	Investments in quoted mutual funds: Quoted market prices of the underlying instruments		
	Investments in Category III Alternative Investment Fund : Net Asset Value	Not applicable	Not applicable

D. Movement in Level 3 financial instruments measured at fair value

Particulars	As at 1 April 2023	Purchase / origination	Sales / run-off	Interest income	Other Comprehensive Income	As at 31 March 2024
Financial instruments at FVOCI	1,66,038.96	1,90,520.17	2,11,694.81	57,645.59	(167.05)	2,02,342.86

Particulars	As at 1 April 2022	Purchase / origination	Sales / run-off	Interest income	Other Comprehensive Income	As at 31 March 2023
Financial instruments at FVOCI	1,02,451.87	1,88,270.41	1,60,742.98	36,259.72	(200.06)	1,66,038.96

43 Financial risk management

The Company assumes credit risk, market risk, liquidity risk, interest rate risk, compliance risk, pricing risk, foreign currency, operational risk and reputational risk in the normal course of it business. This exposes the company to a substantial level of inherent financial risk.

i Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

Efficient and timely management of risks involved in the Company's activities is critical for the financial soundness and profitability of the Company. Risk management involves the identifying, measuring, monitoring and managing of risks on a regular basis. The objective of risk management is to increase shareholders' value and achieve a return on equity that is commensurate with the risks assumed. To achieve this objective, the Company employs leading risk management practices and recruits skilled and experienced people.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

ii Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's loan assets.

The carrying amounts of financial assets represent the maximum credit risk exposure.

a) Credit risk management

Credit risk is the risk that the Company will incur a loss because its customers fail to discharge their contractual obligations. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred such as a breach of contract or when a borrower becomes 3 months overdue in its contractual payments

The Company has established a credit policy under which each new customer is analysed individually for credit worthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes background KYC verification, historical financial information of the borrower's business, industry information, etc (as applicable).

The Company measures the amount of Expected credit loss ['ECL'] on a financial instrument in a way that reflects an unbiased and probability-weighted amount. The Company considers its historical loss experience and adjusts the same for current observable data. The key inputs into the measurement of ECL are the probability of default, loss given default and exposure at default. These parameters are derived from the Company's internally developed statistical models and other historical data. In addition, the Company uses reasonable and supportable information on future economic conditions including macroeconomic factors. Since incorporating these forward-looking information increases the judgment as to how the changes in these macroeconomic factors will affect ECL, the methodology and assumptions are reviewed regularly.

b) Probability of default (PD)

Days past due (DPD) analysis is the primary input into the determination of the PD for exposures. The Company collects performance and default information about its credit risk exposures analysed by type of borrower as well as by DPD. The Company employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time. Such statistical models are selected considering the availability of information related to the probability of default.

The Company has calculated Through-The-Cycle [TTC] PDs using a Net Flow Rate matrix. Historical TTC-PD is converted into forward looking Point-in-Time [PIT] PD using Merton-Vasicek model which also incorporates the forward-looking economic outlook. Life-time PDs are calculated based on the forecasted PIT PDs and the survival rate analysis. Cumulative PDs as on the maturity date of the financial asset has been used as the lifetime PD. Considering that Company primarily lends to borrowers operating in Micro, Small and Medium Enterprises ['MSME'] segment, Real GDP (% change p.a.) is used as a macroeconomic variable. The macroeconomic variables considered by the Company are robust reflections of the state of economy which result into systematic risk for the segment to which majority of the Company's borrowers belong.

Additionally, three different scenarios have been considered for ECL calculation. Along with the actual numbers (considered for Base case scenario), other scenarios take care of the worsening as well as improving forward looking economic outlook. The probability of default was calculated for 3 scenarios: upside (10.58%), downside (21.15%) and base (68.27%). These weights have been decided on best practices and the professional judgment of the Management's expert.

A maximum of a 12-month PD or actual contractual tenure is considered for financial assets for which credit risk has not significantly increased. The Company measures ECL for stage 2 and stage 3 assets considering the risk of default over the maximum contractual period over which it is exposed to credit risk.

c) Staging of financial assets

In assessing the impairment of financial loans under Expected Credit Loss (ECL) Model, the assets have been segmented into three stages. The three stages reflect the general pattern of credit deterioration of a financial instrument. The differences in accounting between stages, relate to the recognition of expected credit losses and the measurement of interest income.

The Company categorises loan assets into stages primarily based on the Months Past Due status.

Stage 1 Loan assets [0-1 month days past due]	Financial assets which are contractually up to 1 month overdue are considered under Stage 1 for applying 12 months ECL
Stage 2 loan assets [>1 month-3 months days past due]	Financial assets which are contractually more than 1-month overdue are classified under Stage 2 for applying lifetime ECL and not credit impaired, barring those where there is empirical evidence to the contrary
Stage 3 Loan assets [> than 3 months days past due]	The Company considers defaulted assets as those which are contractually 3 months overdue, other than those assets where there is empirical evidence to the contrary

An asset migrates down the ECL stage based on the change in the risk of a default occurring since initial recognition. If in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the loan loss provision stage reverses to 12-months ECL from lifetime ECL.

d) Exposure at default (EAD)

EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation. EAD represents the gross carrying amount of the financial instruments subject to the impairment calculation. To calculate the ECL for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 months ECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

e) Loss given default (LGD)

Loss given default (LGD) represents estimated financial loss the company is likely to suffer in respect of default accounts and it is used to calculate provision requirement on Exposure at default ['EAD'] along with PD. The Company has used LGD rates prescribed by Basel IRB norms [65%], suitably adjusted for the following:

- fair value of underlying collateral [depreciated at 20% per annum, along with and an additional hair-cut of 50% to the depreciated value] [as prescribed by Basel IRB norms];
- the credit guarantee offered by Small Industries Development Bank of India ['SIDBI'] vide Credit Guarantee Fund Trust for Micro and Small Enterprises ['CGTMSE'];
- the credit guarantee offered by National Credit Guarantee Trustee Company Ltd (NCGTC) vide Emergency Credit Line Guarantee Scheme (ECLGS).
- the credit guarantee offered under guarantee agreement through Finreach Solutions Private Limited with guarantee from Norther Arc Capital Limited and Michael & Susan Dell Foundation
- the credit guarantee offered by National Credit Guarantee Trustee Company Ltd (NCGTC) vide Credit Guarantee Fund for Micro Units (CGFMU)
- the credit guarantee offered by State Government of Tamil Nadu vide Tamil Nadu Credit Guarantee Scheme (TNCGS)

The Company has applied a floor rate of minimum 12.77% while estimating LGD

f) Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. The Company's accounting policy is not to use the practical expedient that the financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result, the Company monitors all financial assets that are subject to impairment for significant increase in credit risk. This includes both quantitative and qualitative information and analysis based on the Company's historical experience, expert credit assessment and includes forward looking information. The monitoring typically involves

- Overdue status [Days past due]- if contractual payments are more than 1 month overdue, the credit risk is deemed to have increased significantly since initial recognition.
- A Stage 3 customer having other loans which are in Stage 1 or 2.
- Restructuring and rescheduling of loans
- Fraudulent customer
- NPAs due to implementation of RBI circular RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22 dated 12 November 2021 and RBI/2021-2022/158 DOR.STR.REC.85/21.04.048/2021-22 dated 15 February 2022.

g) Measurement of ECL

The company recognises the expected credit losses (ECL) on a collective basis that considers the aforesaid comprehensive credit risk information. Considering the economic and risk characteristics, the company calculates ECL on a collective basis for all stages - Stage 1, Stage 2 and Stage 3 assets:

- For Stage 1, gross exposure is multiplied by PD and LGD percentage to arrive at the ECL.
- For Stage 2, future Expected Cash flows (Principal and Interest) for respective future years is multiplied by respective years' Marginal PDs and LGD percentage and thus the ECL so arrived is then discounted with the respective loan EIR to calculate the present value of ECL.
- Financial assets that are credit impaired at the reporting date: the difference between the gross exposure at reporting date and computed carrying amount, considering EAD net of LGD and actual cash flows till reporting date;

h) Analysis of inputs to the ECL model with respect to macro economic variable

The below table shows the values of the forward looking macro economic variable used in each of the scenarios for the ECL

(All amounts are in ₹ lacs unless otherwise stated)

calculations. For this purpose, the Company has used the data source published by global financial monitoring organisation. The upside and downside % change has been derived using historical standard deviation from the base scenario based on previous 8 years change in the variable.

GDP Growth Rates						
Scenario	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
Base Case	6.293%	6.327%	6.316%	6.349%	6.263%	6.263%
Best Case	6.922%	6.960%	6.948%	6.984%	6.889%	6.889%
Worst Case	5.664%	5.694%	5.684%	5.714%	5.637%	5.637%

An analysis of changes in gross carrying amount and corresponding ECL allowances is as follows :

(i) Movements in the gross carrying amount in respect of loans

Loans measured at amortised cost

Reconciliation of gross carrying amount	Stage 1
Gross carrying amount on 31 March 2022	52.02
New financial assets originated or purchased	111.59
Financial assets that have been derecognised / repaid	(62.77)
Gross carrying amount on 31 March 2023	**100.84**
New financial assets originated or purchased	209.15
Financial assets that have been derecognised / repaid	(127.55)
Gross carrying amount on 31 March 2024	**182.44**

Credit risk for the above assets have been determined to be negligible

Loans at fair value through OCI

Reconciliation of gross carrying amount	Stage 1	Stage 2	Stage 3
Gross carrying amount on 31 March 2022	89,575.37	4,116.35	8,760.15
Transfer to Stage 1	381.41	(187.54)	(193.87)
Transfer to Stage 2	(2,521.92)	2,551.31	(29.39)
Transfer to Stage 3	(6,753.77)	(991.89)	7,745.66
New financial assets originated or purchased	1,86,875.77	643.02	751.62
Financial assets that have been derecognised (includes bad debts written off) / repaid	(1,14,161.98)	(2,800.25)	(7,721.09)
Gross carrying amount on 31 March 2023	**1,53,394.88**	**3,331.00**	**9,313.08**
Transfer to Stage 1	259.82	(120.89)	(138.93)
Transfer to Stage 2	(4,606.47)	4,639.32	(32.85)
Transfer to Stage 3	(8,888.89)	(397.66)	9,286.55
New financial assets originated or purchased	1,84,898.58	2,357.34	3,264.25
Financial assets that have been derecognised (includes bad debts written off) / repaid	(1,40,265.21)	(3,689.40)	(10,261.66)
Gross carrying amount on 31 March 2024	**1,84,792.71**	**6,119.71**	**11,430.44**

(All amounts are in ₹ lacs unless otherwise stated)

Reconciliation between Stage 3 assets and Portfolio at Risk account wise (90+ Bucket)	As at 31 March 2024	As at 31 March 2023
Portfolio at Risk account wise (90+ Bucket) *	**11,633.20**	**8,181.42**
Borrowers with other loans in 90+ Bucket	1,040.81	1,068.87
Significant increase in credit risk trigger due to restructures	2,952.14	604.59
NPAs due to implementation of RBI circular RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22 dated 12 November 2021 and RBI/2021-2022/158 DOR.STR.REC.85/21.04.048/2021-22 dated 15 February 2022	2,021.58	219.26
Adjustments required as per Ind AS 109	(6,176.75)	(634.45)
Guarantee claims received	(40.54)	(126.61)
Gross stage 3 assets	**11,430.44**	**9,313.08**

*Portfolio at Risk account wise (90+ Bucket) represents principal outstanding on the accounts that are more than 90 days past due.

The contractual amount outstanding on financial assets that has been written off by the Company during the year ended 31 March 2024 and that were still subject to enforcement activity was ₹ 12,327.24 lacs (31 March 2023: ₹ 7,422.37 lacs).

ii) Movements in the allowance for impairment in respect of loans

Loans at fair value through OCI

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired
Loss allowance on 31 March 2022	707.30	32.84	2,938.58
Transfer to Stage 1	3.44	(2.15)	(1.29)
Transfer to Stage 2	(31.93)	32.03	(0.10)
Transfer to Stage 3	(1,319.85)	(71.21)	1,391.06
New financial assets originated or purchased	2,292.06	22.39	325.94
Remeasurement due to changes in EAD	-	-	-
Financial assets that have been derecognised (includes bad debts written off) / repaid	1,042.56	41.73	(2,851.96)
Loss allowance on 31 March 2023	**2,693.58**	**55.63**	**1,802.23**
Transfer to Stage 1	0.99	(0.27)	(0.72)
Transfer to Stage 2	(106.46)	106.92	(0.46)
Transfer to Stage 3	(4,539.73)	(115.47)	4,655.20
New financial assets originated or purchased	1,054.87	37.56	835.58
Financial assets that have been derecognised (includes bad debts written off) / repaid	2,807.89	60.86	(1,715.12)
Loss allowance on 31 March 2024	1,911.14	145.23	5,576.71

(All amounts are in ₹ lacs unless otherwise stated)

Total impairment loss allowances as on balance sheet date	Note #	As at 31 March 2024	As at 31 March 2023
On Term Loans:-			
Stage 1	5	1,911.14	2,693.58
Stage 2	5	145.23	55.63
Stage 3	5	5,576.71	1,802.23
On Stage 3 interest (netted off from Term Loans)	5	3,093.94	2,004.34
On co-lending receivables	7	1,860.48	1,092.96
On excess interest spread receivable	7	18.30	15.69
On servicing asset relating to co-lending arrangement	7	858.77	955.02
On financial guarantee contracts	19	1,111.59	150.18
Total		**14,576.16**	**8,769.63**

	Stage 1	Stage 2	Stage 3
Carrying Amount (Net of Provision for Impairment Loss Allowance) on 31 March 2023	**1,50,701.30**	**3,275.37**	**7,510.85**
Carrying Amount (Net of Provision for Impairment Loss Allowance) on 31 March 2024	**1,82,881.57**	**5,974.48**	**5,853.73**

	Stage 1	Stage 2	Stage 3
Weighted average expected credit loss rate on 31 March 2023	**1.76%**	**1.67%**	**19.35%**
Weighted average expected credit loss rate on 31 March 2024	**1.03%**	**2.37%**	**48.79%**

i) Concentration risk

Company's loan portfolio is predominantly to finance borrowers in MSME sector. The Company manages concentration of risk primarily by geographical region in India. The following tables show the geographical concentrations of loans where South Zone represents Andhra Pradesh, Telangana, Tamil Nadu and Puducherry, and West Zone represents Gujarat, Maharashtra and Karnataka:-

Loans to customers (measured at fair value through OCI)	As at 31 March 2024	As at 31 March 2023
South Zone	1,22,156.52	1,00,876.84
West Zone	80,186.34	65,162.12
Total [Gross carrying amount]	**2,02,342.86**	**1,66,038.96**

Loans to customers (%)	As at 31 March 2024	As at 31 March 2023
South Zone	60.37%	60.75%
West Zone	39.63%	39.25%
Total	**100.00%**	**100.00%**

(All amounts are in ₹ lacs unless otherwise stated)

j) **Quantitative Information of Collateral**

As at	Maximum exposure to credit risk	Collateral (Machinery)*	Net exposure	Associated ECL**
31 March 2023	1,66,038.96	46,888.37	1,19,150.59	3.82%
31 March 2024	2,02,342.86	47,053.82	1,55,289.04	4.92%

* Fair value of underlying collateral [only machinery] [depreciated at 20% per annum, along with and an additional hair-cut of 50% to the depreciated value (as prescribed by Basel IRB norms)]

** The associated ECL has been arrived at by dividing the closing balance of impairment loss allowance by the net exposure.

iii Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions in a timely manner, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has obtained funding lines from various banks and NBFCs in the form of term loans, external commercial borrowings and commercial paper. Further, the Company has access to funds from capital markets through non-convertible debentures. The Company also manages liquidity by raising funds through Securitisation / assignment transactions. The company has a diversified portfolio of lenders across sectors and segments.

Further, the Company's ALM has always been positive ensuring that there is no negative mis-matches in meeting obligations. Further the ALM is subject to frequent stress testing. The Company has been duly servicing its debt obligations, maintains a healthy capital adequacy ratio and has adequate capital and financial resources to run its business.

With the steps taken as above the Company has been able to function normally and also make preparedness to start business as usual from the perspective of funds requirement.

Exposure to liquidity risk

The following are the remaining contractual undiscounted maturities of financial liabilities (including interest portion) at the reporting date.

As at 31 March 2024

Particulars	Contractual cash flows					
	Carrying amount	Gross nominal outflow	0-12 months	1-3 years	3-5 years	More than 5 years
Financial liabilities						
Derivative financial instruments	351.76	351.76	-	351.76	-	-
Trade payables	237.83	237.83	237.83	-	-	-
Debt securities*	75,831.57	93,913.91	38,973.96	38,160.51	16,779.44	-
Borrowings (other than debt securities)*	1,38,718.34	1,66,517.25	75,310.01	83,808.50	6,149.16	1,249.58
Subordinated liability	2,233.16	2,525.85	2,525.85	-	-	-
Lease liabilities	2,345.47	3,064.59	857.00	1,134.92	784.75	287.92
Other financial liabilities	8,323.77	8,323.77	4,284.31	3,589.26	449.58	0.62

* Refer note 16 and 17

(All amounts are in ₹ lacs unless otherwise stated)

As at 31 March 2023

Particulars	Contractual cash flows					
	Carrying amount	Gross nominal outflow	0-12 months	1-3 years	3-5 years	More than 5 years
Financial liabilities						
Derivative financial instruments	-	-	-	-	-	-
Trade payables	234.51	234.51	234.51	-	-	-
Debt securities	73,800.60	92,855.72	28,277.52	60,011.05	4,567.15	-
Borrowings (other than debt securities)*	90,530.72	1,07,841.92	46,885.68	53,523.22	7,433.02	-
Subordinated liability	2,213.52	2,853.87	328.02	2,525.85	-	-
Lease liabilities	2,408.79	2,676.87	919.19	1,076.57	681.11	-
Other financial liabilities	10,961.89	10,961.89	3,409.76	4,839.87	2,705.74	6.52

* Refer note 17

iv. Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, etc. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximizing the return.

Interest rate risk

Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates. Any movement in the reference rates could have an impact on the Company's cash flows as well as costs.

The Company is subject to variable interest rates on some of its interest bearing financial liabilities. The Company also uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements for its day to day operations.

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management is as follows:

Particulars	As at 31 March 2024	As at 31 March 2023
Fixed rate instruments		
Cash and cash equivalents	40,399.36	52,702.58
Bank balance other than cash and cash equivalents	14,293.15	8,915.77
Loans	1,94,892.22	1,61,588.36
Investments	4,109.07	-
Other financial assets	31,520.89	21,274.94
Total financial assets	**2,85,214.69**	**2,44,481.65**
Trade Payables	237.83	234.51
Debt securities	75,831.57	73,800.60
Borrowings (other than debt securities)	73,451.99	37,692.42
Subordinated liabilities	2,233.16	2,213.52
Lease liabilities	2,345.47	2,408.79
Other financial liabilities	8,323.77	10,961.89
Total financial liabilities	**1,62,423.79**	**1,27,311.73**
Variable rate instruments		
Borrowings (other than debt securities)	65,266.35	52,838.30

(All amounts are in ₹ lacs unless otherwise stated)

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 bps in interest rate at the reporting date would have increased or decreased equity and profit or loss (post tax) by the amounts shown below. This analysis assumes that all other variables remain constant.

Particulars	100 bps increase	100 bps decrease
As at 31 March 2024		
Variable rate instruments	(618.02)	381.87
As at 31 March 2023		
Variable rate instruments	(571.57)	321.59

Operational risk

Operational risk is the risk of loss arising from inadequate or failed internal process or proper systems. The operational risks of the Company are managed through comprehensive internal control systems and procedures and key back up processes. This enables the management to evaluate key areas of operational risks and the process to adequately mitigate them on an ongoing basis. While examining the effectiveness of control framework through self-assessment, the risk-based review would assure effective implementation and adherence of internal financial controls, thereby, reducing enterprise exposure. The Company has put in place a robust Disaster Recovery (DR) plan, which is periodically tested. Business Continuity Plan (BCP) is further put in place to ensure seamless continuity of operations including services to customers, when confronted with adverse events such as disasters, technological failures, human errors etc. Periodic testing is carried out to address gaps in the framework, if any. DR and BCP are periodically reviewed to provide assurance regarding the effectiveness of the Company's readiness.

Pricing Risk

The Company's Investment in Mutual Funds is exposed to pricing risk. Other financial instruments held by the company does not possess any risk associated with trading. A 5 percent increase in Net Assets Value (NAV) would increase profit after tax by approximately ₹ 471.03 lacs (31 March 2023: ₹ 4.38 lacs). A similar percentage decrease would have resulted equivalent opposite impact.

Foreign Currency risk

The Company is exposed to foreign currency fluctuation risk for its foreign currency borrowing (FCB). The Company's borrowings in foreign currency are governed by RBI guidelines (RBI master direction RBI/FED/2018-19/67 dated 26 March 2019 and updated from time to time) which requires entities raising ECB for an average maturity of less than 5 years to hedge minimum 70% of the its ECB exposure (Principal and Coupon). The Company hedges its entire ECB exposure for the full tenure of the ECB as per Board approved Liquidity Risk Management Framework and Asset Liability Management Policy.

The Company for its FCB, evaluates the foreign currency exchange rates, tenure of FCB and its fully hedged costs. The Company manages its currency and interest rate risks by entering into derivatives contracts as hedge positions and the same are being governed through the Board approved Foreign Exchange Risk Management Policy. The Company holds derivative financial instruments such as cross currency interest rate swap and principal only swaps to mitigate risk of changes in exchange rate in foreign currency and floating interest rate.

(All amounts are in ₹ lacs unless otherwise stated)

The Company's exposure of foreign currency risk at the end of the reporting period expressed in ₹ lacs are as follows:

Particulars	As at 31 March 2024		As at 31 March 2024	
	Contract in USD	Contract in EURO	Contract in USD	Contract in EURO
Hedged				
External Commercial Borrowings	(38,533.13)	(14,059.00)	(11,508.00)	(6,920.00)
Derivative financial instruments*	38,533.13	14,059.00	11,508.00	6,920.00
Unhedged	-	-	-	-

* represents the notional amount of the derivative financial instrument

Hedging policy

The Company's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant Ind AS. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed.

Impact of hedge on the Balance Sheet:

Particulars	As at 31 March 2024		As at 31 March 2024	
	Notional Amount	Carrying amount of hedging instrument liability	Notional Amount	Carrying amount of hedging instrument liability
CCIRS	46,077.95	(334.44)	18,428.00	86.23
Principal only swaps	6,514.18	(17.32)	-	-

44 Change in liabilities arising from financing activities

Particulars	As at 1 April 2023	Inflow	Outflow	Non Cash Changes*	As at 31 March 2024
Debt securities	73,800.60	19,462.00	(17,983.15)	552.12	75,831.57
Borrowings (other than debt securities)	90,530.72	88,414.13	(41,918.04)	1,691.52	1,38,718.34
Subordinated liabilities	2,213.52	-	-	19.64	2,233.16
Lease liabilities	2,408.79	-	(1,021.85)	958.53	2,345.47
Total liabilities from financing activities	**1,68,953.63**	**1,07,876.13**	**(60,923.04)**	**3,221.82**	**2,19,128.54**

(All amounts are in ₹ lacs unless otherwise stated)

Particulars	As at 1 April 2022	Inflow	Outflow	Non Cash Changes*	As at 31 March 2024
Debt securities	59,944.64	29,400.13	(15,378.32)	(165.85)	73,800.60
Borrowings (other than debt securities)	48,894.36	73,618.00	(32,261.60)	279.96	90,530.72
Subordinated liabilities	4,865.47	-	-	(2,651.95)	2,213.52
Lease liabilities	833.44	-	(650.96)	2,226.31	2,408.79
Total liabilities from financing activities	**1,14,537.91**	**1,03,018.13**	**(48,290.88)**	**(311.53)**	**1,68,953.63**

* Represents adjustments on account of EIR and other adjustments

45 Capital management

The Reserve Bank of India issued new Master Direction Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 vide notification no. RBI/DoR/2023-24/106 DoR.FIN.REC. No.45/03.10.119/2023-24 dated October 19, 2023 (as amended). This included guidance for computation of 'owned funds', 'net owned funds' and 'regulatory capital'. Accordingly, the 'regulatory capital' as of 31 March 2024 and 31 March 2023 has been computed in accordance with these requirements.

The Company has complied in full with all its externally imposed capital requirements over the reported period. The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholder value. The funding requirements are met through equity, non-convertible debentures , long-term loans and commercial paper. The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

i. Regulatory capital

The Company's regulatory capital consists of the sum of the following elements :

- Tier I capital, which includes ordinary share capital, retained earnings and reserves and deduction for intangible assets, unrealised net fair value gains / loss and other regulatory adjustments relating to items that are not included in equity but are treated differently for capital adequacy purposes.
- Tier II capital, which includes qualifying subordinated liabilities, hybrid debt instruments and impairment provision in respect of stage 1 assets.

(All amounts are in ₹ lacs unless otherwise stated)

Financial Ratios	Numerator	Denominator	As at 31 March 2024	As at 31 March 2023	% Variance	Reason for variance
Risk weighted assets			235,515.29	164,846.53		
CRAR (Capital-to-Risk weighted Assets Ratio)(%)	Tier I and Tier II capital	Risk weighted assets	27.6%	32.0%	-13.7%	Due to reasons stated below.
CRAR -Tier I Capital (%)	Tier I capital	Risk weighted assets	26.8%	30.5%	-12.0%	Due to fresh issue of equity shares in previous year ended 31 March 2023
CRAR -Tier II Capital (%)	Tier II capital	Risk weighted assets	0.8%	1.5%	-46.5%	Due to discounting of subordinated debts as required by above RBI Master Direction and increase in loans included in risk weighted assets.
Liquidity coverage ratio*	Highly qualified Liquid assets	Net Cash outflow	Not Applicable	Not Applicable	Not Applicable	Not Applicable

*RBI vide circular dated 4.11.2019 issued the guidelines covering liquidity risk management for NBFCs wherein RBI introduced Liquidity Coverage Ratio (LCR) applicable on all non-deposit taking NBFCs with asset size of more than ₹ 5,00,000 lacs. The Company does not meet the criteria accordingly the disclosure provisions not applicable to the Company.

ii. Capital allocation

Management uses regulatory capital ratios to monitor its capital base. There is no allocation of capital required as Company is operating primarily in a single segment i.e., financing.

The Company's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

iii. Risk weighted assets

Under RBI Guidelines, degrees of credit risk expressed as percentage weightages have been assigned to each of the on-balance sheet assets and off- balance sheet assets. Hence, the value of each of the on-balance sheet assets and off- balance sheet assets requires to be multiplied by the relevant risk weights to arrive at risk adjusted value of assets. The aggregate shall be taken into account for reckoning the minimum capital ratio.

(All amounts are in ₹ lacs unless otherwise stated)

46 Disclosures as required under Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 vide notification no. RBI/DoR/2023-24/106 DoR.FIN.REC. No.45/03.10.119/2023-24 dated October 19, 2023 (as amended)

A) Exposure

1	Exposure to real estate sector	As at 31 March 2024	As at 31 March 2023
Category			
Direct exposure			
A.	Residential mortgages		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	-	-
B.	Commercial mortgages		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based limits	5,323.55	1,554.71
C.	Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
	a. Residential	-	-
	b. Commercial real estate	-	-
Total Exposure to Real estate sector		**5,323.55**	**1,554.71**

2	Exposure to capital market	As at 31 March 2024	As at 31 March 2023
i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt	-	-
ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds	-	-
iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	-	-
iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances	-	-
v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	-	-

(All amounts are in ₹ lacs unless otherwise stated)

2	Exposure to capital market	As at 31 March 2024	As at 31 March 2023
vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
vii)	Bridge loans to companies against expected equity flows / issues	-	-
viii)	Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
ix)	Financing to stockbrokers for margin trading	-	-
x)	All exposures to alternative investment funds:		
	(i) Category I		
	(ii) Category II		
	(iii) Category III	-	115.13
Total Exposure to capital market		**-**	**115.13**

3 Sectorial Exposure

Sectors	As at 31 March 2024			As at 31 March 2023		
	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPA	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPA	Percentage of Gross NPAs to total exposure in that sector
MSME	3,14,185.25	17,607.18	5.6%	2,48,731.14	9,947.53	4.0%

4	Intra-group exposures	As at 31 March 2024	As at 31 March 2023
i)	Total amount of intra-group exposures	Nil	Nil
ii)	Total amount of top 20 intra-group exposures	Nil	Nil
iii)	Percentage of intra-group exposures to total exposure of the NBFC on borrowers/customers	Nil	Nil

5 There is no unhedged foreign currency exposure in the company

B) Related Party Disclosure

Refer Note 38 for related party disclosure

C) Disclosure of complaints

1) Summary information on complaints received by the NBFCs from customers and from the Offices of Ombudsman

		As at 31 March 2024	As at 31 March 2023
	Complaints received by the NBFC from its customers		
1	Number of complaints pending at beginning of the year	-	-
2	Number of complaints received during the year	28	13
3	Number of complaints disposed during the year	28	13
	3.1 - Of which, number of complaints rejected by the NBFC	-	-
4	Number of complaints pending at the end of the year	-	-
	Maintainable complaints received by the NBFC from Office of Ombudsman		
5	Number of maintainable complaints received by the NBFC from Office of Ombudsman	-	-
	5.1 - Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	-	-
	5.2 - Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	-	-
	5.3 - Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	-	-
6	Number of awards unimplemented within the stipulated time (other than those appealed)	-	-

2) Grounds of complaints received by the NBFCs from customers

Grounds of complaints, (i.e. complaints relating to)	As at 31 March 2024					As at 31 March 2023				
	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
Credit bureau reporting	-	3	-25%	-	-	-	4	-20%	-	-
Deferred payment request	-	-	0%	-	-	-	1	-50%	-	-
Insurance claims related	-	1	100%	-	-	-	-	-100%	-	-
Moratorium related	-	2	100%	-	-	-	1	-88%	-	-
Recovery practices	-	12	100%	-	-	-	6	-33%	-	-
Restructure/ settlement request	-	-	0%	-	-	-	1	-50%	-	-
Refund related	-	1	100%	-	-	-	-	0%	-	-
Loan related	-	9	100%	-	-	-	-	0%	-	-
Total	**-**	**28**	**115%**	**-**	**-**	**-**	**13**	**-54%**	**-**	**-**

C) Breach of covenants

Refer Note 16 and 17 for details on breach of covenants

D) Divergence in Asset Classification and Provisioning

Reserve bank of India (RBI) conducted inspection under Section 45-N of the RBI Act, 1934 starting from 05 February 2024 with respect to inspection of books of account and other records of the company for Financial year 2022-23. The company is yet to receive the final inspection report as on the date of signing of the audited financial statement.

46 Disclosures as required under Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 vide notification no. RBI/DoR/2023-24/106 DoR.FIN.REC. No.45/03.10.119/2023-24 dated October 19, 2023 (as amended)

E) Corporate governance

Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Paragraph C of Schedule V - Annual Report) as amended from time to time, specifies disclosures to be made in the section on the corporate governance of the Annual Report. With respect to the corporate governance report, non-listed NBFCs should also endeavor to make full disclosure in accordance with the requirement of SEBI (LODR) Regulation, 2015. Non-listed NBFCs at the minimum should disclose following under the corporate governance section of the annual report.

- Composition of the Board as on March 31, 2024

Sl. No.	Name of Director	Director since	Capacity (i.e. Executive/ Non- Executive/ Chairman/ Promoter nominee/ Independent)	DIN	Number of Board Meetings		No. of other Director ships	Remuneration			No. of shares held in and convertible instruments held in the NBFC
					Held	Attended		Salary and other compensation	Sitting Fee	Commission	
1	Hardika Shah	07.09.2011	Executive Director	03562871	6	6	NIL	Refer Note 38 – Related Party Transaction			9,19,420 Class A1 Equity Shares
2	Thirunavukkarasu Rajendran	18.03.2013	Executive Director	06514712	6	5	NIL				-
3	Geoffrey T Woolley	28.01.2015	Nominee director	00306749	6	4	Samhita Community Development Services, Lawrencedale Agro Processing (India) Private Limited, Datasigns Technologies Private Limited, Srifin Credit Private Limited,Bharat Financial Inclusion Limited (Amalgamated)				-
4	Bhavna Thakur	28.01.2015	Independent Director	07068339	6	5	Just Dial Limited, Drama Schools Foundation Mumbai				-

Notes to the Financial Statements

For the year ended 31 March 2024

Sl. No.	Name of Director	Director since	Capacity (i.e. Executive/ Non- Executive/ Chairman/ Promoter nominee/ Independent)	DIN	Number of Board Meetings		No. of other Director ships	Remuneration			No. of shares held in and convertible instruments held in the NBFC
					Held	Attended		Salary and other compensation	Sitting Fee	Commission	
5	Sunil Satyapal Gulati	01.02.2017	Independent Director	00016990	6	6	Fedbank Financial Services Limited, Tapstart Capital Private Limited, Revgro Capital Private Limited, Samunnati Financial Intermediation & Services Private Limited, SBI Mutual Fund Trustee Company Private Limited, Arthan Finance Private Limited, Aztecsoft Limited, Aztec Disha Technologies Limited, Merisis Advisors Private Limited, Perfios Account Aggregation Services Private Limited,Asset Resolution Management Company (India) Private Limited, Fincare Small Finance Bank Limited				-
6	Agustin Vitorica	17.10.2017	Nominee director	07928115	6	3	NIL				-
7	Ranjit Jayant Shah	17.10.2017	Nominee director	00088405	6	4	Suryoday Small Finance Bank Limited, Rams Mercantile Private Limited, Gaja Alternative Asset Management Private Limited, Thyssenkrupp Industrial Solutions (India) Private Limited				-
8	Ravindra Pisharody	25.07.2018	Independent Director	01875848	6	5	Savita Oil Technologies Limited, Savita Greentec Limited, Muthoot Finance Limited, Happy Forgings Limited, Bonfiglioli Transmissions Private limited, HV Transmissions Limited, Bonfiglioli Drive Solutions Private Limited				-

Notes to the Financial Statements

For the year ended 31 March 2024

Sl. No.	Name of Director	Director since	Capacity (i.e. Executive/ Non- Executive/ Chairman/ Promoter nominee/ Independent)	DIN	Number of BoardMeetings		No. of other Director ships	Remuneration			No. of shares heldin and convertible instruments held in the NBFC
					Held	Attended		Salary and other compensation	Sitting Fee	Commission	
9	Rekha Unnithan	31.10.2022	Nominee director	08354141	6	2	Ecozen Solutions Private Limited, Ecofrost Technologies Private Limited				-
10	Stephen Lee	31.10.2022	Nominee director	08640160	6	6	Samunnati Financial Intermediation & Services Private Limited, Arohan Financial Services Limited, Aviom India Housing Finance Private Limited, Aavishkaar Venture Management Services Private Limited				-
11	Orsolya Farkas	21.11.2022	Nominee director	09737828	6	5	NIL				-
12	Arunprakash Srinivasarao Korati	27.10.2023	Nominee director	00027783	6	2	CDC India Investments Private Limited, British International Investment India Advisers Private Limited, 1248N Investments Private Limited				-

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

Sl. No.	Name of Director	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoternominee/ Independent)	Nature of change (resignation, appointment)	Effective date
1	Rahil Rangwala	Nominee director	Resignation	27/09/2022
2	Rekha Unnithan	Nominee director	Appointment	31/10/2022
3	Stephen Lee	Nominee director	Appointment	31/10/2022
4	Orsolya Farkas	Nominee director	Appointment	21/11/2022
5	Arunprakash Srinivasarao Korati	Nominee director	Appointment	27/10/2023

Where an independent director resigns before expiry of her/ his term, the reasons forresignation as given by her/him shall be disclosed. – Not Applicable

Details of any relationship amongst the Directors *inter-se* shall be disclosed – Not Applicable

- Committees of the Board and their composition as on March 31, 2024
- Mention the names of the committees of the Board.
- For each committee, mention the summarized terms of reference and provide the following details.

Nomination and Remuneration Committee Meeting

The Nomination and Remuneration Committee shall act in accordance with the terms of reference specified in writing by the Board which shall inter alia, include

- To formulate a criterion for determining qualifications, positive attributes and independence of a Director.
- To ensure 'fit and proper' status of proposed/ existing Directors
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- To recommend to the Board the appointment and removal of Senior Management.
- To carry out evaluation of Director's performance and recommend to the Board appointment / removal based on his / her performance.
- To recommend to the Board on policy relating to remuneration for Directors including Executive Directors, Key Managerial Personnel and Senior Management.
- To make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
- Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks

Sl. No.	Name ofDirector	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Bhavna Thakur	01.02.2017	Independent director	3	3	-
2	Sunil Satyapal Gulati	01.02.2017	Independent director	3	3	-
3	Rekha Unnithan	17.11.2022	Nominee director	3	3	-

Risk Management Committee Meeting

The Risk Management Committee shall act in accordance with the terms of reference specified in writing by the Board which shall inter alia, include:

- To periodically assess risks to the effective execution of business strategy and review key leading indicators in this regard.;
- To review and approve the Risk Management Framework of the Company.
- To periodically review the risk management processes and practices of the Company and ensure that the Company is taking the appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities.
- To review operational risk, financial risk, information technology risk and integrity risk;
- To review credit risk management processes.
- The risk management committee shall evaluate significant risk exposures of the Company and assess management's actions to mitigate the exposures in a timely manner
- To appraise the Board of Directors at regular intervals regarding the process of putting in place a progressive risk management system, risk management policy and strategy;

- To make regular reports to the Board, including with respect to risk management and minimization procedures.
- The role and responsibilities of the risk management committee shall include such other items as may be prescribed by applicable law or the Board in compliance with applicable law, from time to time.
- Have access to any internal information necessary to fulfill its oversight role and the authority to obtain advice and assistance from internal or external legal, accounting or other advisors.

Sl. No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Hardika shah	25.07.2018	Executive Director	4	4	9,19,420 Class A1 Equity Shares
2	Sunil Satyapal Gulati	25.07.2018	Independent director	4	4	-
3	Agustin Vitorica	17.11.2022	Nominee director	4	3	-
4	Rekha Unnithan	17.11.2022	Nominee director	4	1	-
5	Orsolya Farkas	20.01.2023	Nominee director	4	3	-
6	Arunprakash Srinivasarao Korati	27.10.2023	Nominee director	4	1	-

Finance Committee Meeting

The Finance Committee shall act in accordance with the terms of reference specified in writing by the Board which shall inter alia, include:

- Approval of Borrowings, investments, grant loans or give guarantees or provide security in respect of loans as per Section 179(d) to (f) of the Companies Act 2013 up to limits specified by Board or Shareholders from time to time.

Clause (d) to (f) of section 179 of The Companies Act 2013:

(d) To borrow monies.

(e) To invest the funds of the Company.

(f) To grant loans or give guarantees or provide security in respect of loans

- To authorize sell-out / buy out, assignment and securitization transactions.
- To accept appointment / empanelment as BC (Business Correspondent), Corporate Insurance agent.
- To avail all banking facilities such as, opening of accounts, online / net banking, CMS, Trade finance, ECS, closing of accounts and any other such products offered by banks, on behalf of the Company and also authorized to sub- delegate the powers to any of the officers of the Company.
- To appoint authorized signatories or remove signatories for operating the companies banking facilities (including online/ net banking).
- Approval for Split up of securities issued by the Company issued under Companies Act, 2013.
- Approval for issue and allotment of Non- Convertible Debentures up to limits specified by Board or Shareholders from time to time.
- Redemption of Non-Convertible Debentures issued by the Company as per the agreed terms and conditions.
- Prepayment of Loans and Non-convertible Debentures issued by the Company as per the agreed terms and conditions.
- To avail call or put option for the Non-convertible Debentures issued by the Company as per the agreed terms and conditions.

- To approve availment of any of the services provided with respect to collection, aggregation of funds such as collection account in whatsoever name, such as Cash management facilities, from any bank or financial service provider and all matters associated with the same.
- To approve availment of any of the services provided by a bank with respect to disbursal /payment / transfer of funds such as Host to Host payment services, API (automated payment interface) facilities from any bank or financial service provider and all matters associated with the same.
- Closing of any bank accounts and closing or terminating of any financial services availed in the past from any bank, financial institution, or financial service providers.
- To avail Demat & Trading Facilities or setting up any other facilities for trading for treasury operations and appoint or remove authorized signatories operating such facilities.
- Appointment or Change of Registrar and Transfer Agent for the Company's Debentures, Equity shares and other securities issued under the Companies Act 2013 and admission of such securities on Depositories.
- To authorize employees of the Company to execute agreements and to represent the Company in the ordinary course of business including, without limitation, registration of lease deeds, leave and license agreements and making representations to jurisdictional authorities.

Sl. No.	Name ofDirector	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of sharesheld in the NBFC
				Held	Attended	
1	Hardika shah	30.05.2017	Executive Director	28	28	9,19,420 Class A1 Equity Shares
2	Thirunavukkarasu Rajendran	30.05.2017	Executive Director	28	28	-

ALM Committee Meeting

- Monitoring the market risk levels of the company by ensuring adherence to the various risk-limits set by the Board;
- Articulating the current interest rate view and a view on future direction of interest rate movement and base its decisions for future business strategy on this view as also on other parameters considered relevant.
- Deciding the business strategy of the company, both - on the assets and liabilities sides, consistent with the Financial Institution's interest rate view, budget and pre-determined risk management objectives. This would, in turn, include:
- Determining the desired maturity profile and mix of the assets and liabilities;
- Product pricing for both - assets as well as liabilities side;
- Deciding the funding strategy
- Reviewing the results of and progress in implementation of the decisions made in the previous meetings

Sl. No.	Name ofDirector	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Hardika shah	25.07.2018	Executive Director	12	12	9,19,420 Class A1 Equity Shares
2	Thirunavukkarasu Rajendran	25.07.2018	Executive Director	12	12	-
3	Aiswarya Ravi	25.07.2018	Chief Financial Officer	12	12	-

Audit Committee Meeting

The Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall inter alia, include:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing the quarterly, half yearly and annual financial statements and limited review report and auditor's report thereon before submission to the board for approval, with particular reference to:
    - o matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
    - o changes, if any, in accounting policies and practices and reasons for the same;
    - o major accounting entries involving estimates based on the exercise of judgment by management;
    - o significant adjustments made in the financial statements arising out of audit findings;
    - o compliance with legal requirements relating to financial statements;
    - o disclosure of any related party transactions;
    - o modified opinion(s) in the draft audit report;
- Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Evaluation of internal financial controls;
- Reviewing performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing of internal audit function, reporting structure coverage and frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up there on;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- To review the functioning of the whistle blower mechanism and Vigil Mechanism;
- Recommendation of appointment of Chief Financial Officer, Finance Head, Internal Audit Head after assessing the qualifications, experience and background, etc. of the candidate to the Board;
- The Audit Committee must ensure that an Information System Audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the Company.
- Carrying out any other function as is mentioned in the terms of reference of the audit committee

Sl. No.	Name ofDirector	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Bhavna Thakur	01.02.2017	Independent director	4	4	-
2	Sunil Satyapal Gulati	01.02.2017	Independent director	4	4	-
3	Ravindra Pisharody	17.02.2020	Independent director	4	4	-
4	Stephen Lee	17.11.2022	Nominee Director	4	4	-

IT strategy Committee Meeting

- Carrying out review and amending the IT strategies in line with the corporate strategies, Board Policy reviews, cyber security arrangements and any other matter related to IT Governance
- Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
- Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
- Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
- NBFC's growth and becoming aware about exposure towards IT risks and controls.
- Guide in preparation of IT Strategy and ensure that the IT Strategy aligns with the overall strategy of the RE towards accomplishment of its business objectives;
- Satisfy itself that the IT Governance and Information Security Governance structure fosters accountability, is effective and efficient, has adequate skilled resources, well defined objectives and unambiguous responsibilities for each level in the organization;
- Ensure that the RE has put in place processes for assessing and managing IT and cybersecurity risks
- Ensure that the budgetary allocations for the IT function (including for IT security), cyber security are commensurate with the RE's IT maturity, digital depth, threat environment and industry standards and are utilized in a manner intended for meeting the stated objectives;
- Review, at least on an annual basis, the adequacy and effectiveness of the Business Continuity Planning (BCP) and Disaster Recovery (DR) Management.

Sl. No.	Name ofDirector	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Hardika Shah	25.07.2018	Executive Director	4	4	9,19,420 Class A1 Equity Shares
2	Ravindra Pisharody	25.07.2018	Independent director	4	4	-
3	Ranjit shah	25.10.2021	Nominee director	4	3	-
4	Stephen Lee	17.11.2022	Nominee director	4	4	-
5	Orsolya Farkas	20.01.2023	Nominee director	4	4	-

CSR Committee Meeting

- To formulate and recommend to the board of directors, the CSR Policy which shall indicate the activities to be undertaken as specified in Schedule VII of the Act and the applicable rules;
- To Recommend the areas of interest under which CSR activities can be undertaken by the Company in collaborating with Chaitanya affiliate companies or any other company or any other entity;
- To recommend the amount of expenditure to be incurred on the CSR activities planned for the year;
- To formulate the CSR Budget based on the CSR activities planned for the year;
- To create an effective due diligence and monitoring mechanism for implementation of the approved CSR activities;
- To submit reports to the Board of Directors in respect of the CSR activities undertaken by the Company

Notes to the Financial Statements

For the year ended 31 March 2024

Sl. No.	Name ofDirector	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Hardika Shah	31.07.2019	Executive Director	2	2	9,19,420 Class A1 Equity Shares
2	Ravindra Pisharody	31.07.2019	Independent director	2	2	-
3	Geoffrey Woolley	20.01.2023	Nominee director	2	1	-
4	Arunprakash Korati	27.10.2023	Nominee director	2	1	-

- General Body Meetings

Give details of the date, place and special resolutions passed at the General Body Meetings.

Sl. No.	Type of Meeting (Annual/ Extra-Ordinary)	Date and Place	Special resolutions passed
1	Extra Ordinary General Meeting	04.05.2023 #50, 2nd Floor, 100 Feet Road, Hal 2nd Stage, Indiranagar, Bangalore-560042	1. Approval for issuance of Commercial Papers on Private Placement Basis
2	Extra Ordinary General Meeting	30.10.2023 #50, 2nd Floor, 100 Feet Road, Hal 2nd Stage, Indiranagar, Bangalore-560042	1. To approve the amendment in the Main Object Clause of the Memorandum of Association of the Company 2. To Approve the Alteration of Articles of Association ("AOA") of the company
3	Extra Ordinary General Meeting	29.02.2024 #50, 2nd Floor, 100 Feet Road, Hal 2nd Stage, Indiranagar, Bangalore-560042	To consider and approve the issue and offer of Non-Convertible Debentures ("NCD") including Market Linked Debentures ("MLD") on Private Placement basis up to INR 1300 Crores (Indian Rupees One Thousand Three Hundred Crores Only)
4	Annual General Meeting	28.09.2023 #50, 2nd Floor, 100 Feet Road, Hal 2nd Stage, Indiranagar, Bangalore-560042	1. To receive, consider and adopt the Audited Financial Statements of the company for the year ended March 31, 2023 including Balance Sheet as at March 31, 2023, Statement of Profit and Loss, Cash flow statement and Notes thereon, for the year ended on that date and the Reports of the Board and the Auditors thereon 2. To approve the re-appointment of Mr. Ravindra Pisharody as an independent director of the company for a second term of five consecutive years

- Details of non-compliance with requirements of Companies Act, 2013 – NIL

Give details and reasons of any default in compliance with the requirements of Companies Act, 2013, including with respect to compliance with accounting and secretarial standards.

(All amounts are in ₹ lacs unless otherwise stated)

47 Disclosures as required in terms of Paragraph 31 Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 vide notification no. RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023 (as amended)

Sl. No.	Particulars	Amount outstanding as at	Amount overdue as at	Amount outstanding as at	Amount overdue as at
		31 March 2024	31 March 2024	31 March 2023	31 March 2023
	Liabilities				
1	**Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid**				
(a)	Debentures				
	- Secured	75,800.05	-	73,769.08	-
	- Unsecured	31.52	-	31.52	-
(b)	Deferred credits	-	-	-	-
(c)	Term loans	1,38,718.34	-	90,530.72	-
(d)	Inter-Corporate loans and borrowing	-	-	-	-
(e)	Commercial paper	-	-	-	-
(f)	Subordinated debt	2,233.16	-	2,213.52	-
(g)	Commercial paper	-	-	-	-
(h)	Other loans (specify nature)	-	-	-	-

Sl. No.	Particulars	Amount outstanding as at 31 March 2024	Amount outstanding as at 31 March 2023
	Assets		
2	**Break-up of loans and advances, including bills receivables (other than those included in (3) below)**		
(a)	Secured	91,916.01	43,332.80
(b)	Unsecured	1,10,609.29	1,22,807.00

Sl. No.	Particulars	Amount outstanding as at 31 March 2024	Amount outstanding as at 31 March 2023
3	**Break-up of leased assets and stock on hire and hypothecation loans counting towards asset financing activities**		
(i)	Lease assets including lease rentals under sundry debtors	-	-
(ii)	Stock on hire including hire charges under sundry debtors	-	-
(iii)	Other loans counting towards asset financing activities	-	-

Notes to the Financial Statements

For the year ended 31 March 2024

(All amounts are in ₹ lacs unless otherwise stated)

Sl. No.	Particulars	Amount outstanding as at 31 March 2024	Amount outstanding as at 31 March 2023
4	**Break-up of Investments**		
	Current Investments		
1	Quoted		
	(i) Shares (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and bonds	-	-
	(iii) Units of mutual funds	12,589.45	-
	(iv) Government securities	-	-
	(v) Others (Corporate bonds and Treasury bills)	4,109.07	-
2	Unquoted		
	(i) Shares (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and bonds	-	-
	(iii) Units of mutual funds	-	115.13
	(iv) Government securities	-	-
	(v) Others	-	-

Sl. No.	Particulars	Amount outstanding as at 31 March 2024	Amount outstanding as at 31 March 2023
	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)	-	-

(All amounts are in ₹ lacs unless otherwise stated)

5 Borrower group-wise classification of assets financed as in (2) and (3) above

Category		Amount net of provisions		
		Secured	Unsecured	Total as at 31 March 2024
1	Related parties			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	-	-	-
	(c) Other related parties	-	-	-
2	Other than related parties	90,749.51	1,04,142.71	1,94,892.22
	Total	**90,749.51**	**1,04,142.71**	**1,94,892.22**

Borrower group-wise classification of assets financed as in (2) and (3) above

Category		Amount net of provisions		
		Secured	Unsecured	Total as at 31 March 2023
1	Related parties			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	-	-	-
	(c) Other related parties	-	-	-
2	Other than related parties	42,596.33	1,18,992.03	1,61,588.36
	Total	**42,596.33**	**1,18,992.03**	**1,61,588.36**

6 Investor group-wise Classification of all investments (current and long-term) in shares and securities (both quoted and unquoted)

Sl. No.	Category	Market Value / Break up or Fair Value or NAV as at	Book Value (Net of Provisions) as at	Market Value / Break up or Fair Value or NAV as at	Book Value (Net of Provisions) as at
		31 March 2024	31 March 2024	31 March 2023	31 March 2023
1	Related parties				
	(a) Subsidiaries	-	-	-	-
	(b) Companies in the same group	-	-	-	-
	(c) Other related parties	-	-	-	-
2	Other than related parties	16,698.52	16,698.52	115.13	115.13
	Total	**16,698.52**	**16,698.52**	**115.13**	**115.13**

(All amounts are in ₹ lacs unless otherwise stated)

7 Other information

Sl. No.	Particulars	Total as at 31 March 2024	Total as at 31 March 2023
(i)	Gross Non-Performing Assets (Stage 3 assets)		
	(a) Related parties	-	-
	(b) Other than related parties	11,430.44	9,313.08
(ii)	Net Non-Performing Assets (Stage 3 assets)		
	(a) Related parties	-	-
	(b) Other than related parties	5,853.73	7,510.85
(iii)	Assets acquired in satisfaction of debt	-	-

During the year, the company has also offered loan guaranteed under Credit Guarantee Fund Trust for Micro and Small Enterprises ['CGTMSE'] offered by Small Industries Development Bank of India ['SIDBI'] , Emergency Credit Line Guarantee Scheme (ECLGS) offered by National Credit Guarantee Trustee Company Ltd (NCGTC) , Finreach Solutions Private Limited with guarantee from Northern Arc Capital Limited and Michael & Susan Dell Foundation, under Credit Guarantee Fund for Micro Units (CGMFU) by National Credit Guarantee Trustee Company Limited (NCGTC), set up by Government of India and the credit guarantee offered by State Government of Tamil Nadu vide Tamil Nadu Credit Guarantee Scheme (TNCGS). After reducing the loan portfolio guaranteed by the above schemes, Company's NNPA stands at ₹ 8,709.40 lacs (31 March 2023 : ₹ 5,428.47 lacs) and NNPA % at 2.9% (31 March 2023 : 2.2%) on asset under management and Net stage 3 assets stands at ₹ 4,694.00 (31 March 2023 : ₹ 5,900.71) and Net stage 3 % at 2.4% (31 March 2023 : 3.6%).

48 Disclosures as required in terms of Paragraph 90 Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 vide notification no. RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023 (as amended)

(a)	Capital	As at 31 March 2024	As at 31 March 2023
(i)	CRAR (%)	27.6%	32.0%
(ii)	CRAR -Tier I Capital (%)	26.8%	30.5%
(iii)	CRAR -Tier II Capital (%)	0.8%	1.5%
(iv)	Subordinated debt as Tier-II capital	2,233.16	2,213.52
(v)	Perpetual debt instruments	-	-

(b)	Investments	As at 31 March 2024	As at 31 March 2023
	Value of investments		
(i)	Gross value of investments		
	(a) In India	16,698.52	115.13
	(b) Outside India	-	-
(ii)	Provisions for depreciation		
	(a) In India	-	-
	(b) Outside India	-	-
(iii)	Net Value of Investments		
	(a) In India	16,698.52	115.13
	(b) Outside India	-	-

(All amounts are in ₹ lacs unless otherwise stated)

(c) Derivative	As at 31 March 2024	As at 31 March 2023
1 Forward rate agreement / Interest rate Swap		
(i) The notional principal of swap agreements	52,592.13	18,428.00
(ii) Loss which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	-
(iii) Collateral required by the NBFC upon entering into swaps	-	-
(iv) Concentration of credit risk arising from the swaps	-	-
(v) The fair value of swap book (loss) / gain	(351.76)	86.23
The Company does not have any exposure to exchange traded interest rate (IR) derivatives as at 31 March 2024 and 31 March 2023.		
2 Disclosures on risk exposure in derivatives		
Qualitative disclosure		
Details for qualitative disclosure are part of material accounting policy information as per financial statements. [Refer note no. 2.19 & 43 (iv)]		

Quantitative Disclosures

Particulars	As at 31 March 2024	As at 31 March 2023
(i) Derivatives (Notional Principal Amount) : For Hedging	52,592.13	18,428.00
(ii) Marked to Market Positions		
(a) Asset (+)	-	86.23
(b) Liability (-)	351.76	-
(iii) Credit Exposure	-	-
(iv) Unhedged Exposures	-	-

48 Disclosures as required in terms of Paragraph 90 Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 vide notification no. RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023 (as amended) (Continued)

(d) Asset Liability Management - Maturity pattern of certain items of Assets and Liabilities

	1 day to 7 days	8 to 14 days	15 days to 30/31 days	Over 1 Month upto 2 Months	Over 2 Months upto 3 Months	Over 3 Months to 6 Months	Over 6 Months to 1 Year	Over 1 Years to 3 Years	Over 3 Years to 5 Years	Over 5 Years	Total
Deposits	9,555.84	3,296.83	17,303.90	4,266.12	7,625.18	6,182.41	4,956.60	1,562.59	-	-	54,749.47
Advances	11,248.44	127.78	564.20	5,810.14	6,161.58	17,386.04	34,218.30	1,00,082.97	25,141.65	1,784.20	2,02,525.30
Investments	12,589.45	-	-	1,983.57	2,125.50	-	-	-	-	-	16,698.52
Borrowings*	13,358.03	99.00	7,824.61	4,693.82	5,076.99	22,656.96	38,867.68	1,02,670.17	20,235.63	1,300.18	2,16,783.07
Foreign currency assets											
Foreign currency liabilities											

* Refer note 16 and 17.

(All amounts are in ₹ lacs unless otherwise stated)

(e) Exposures

1 Exposure to real estate sector

Refer note 46(1)

2 Exposure to Capital Market

Refer note 46(2)

3 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC

The Company has not exceeded the prudential exposure limits during the Financial year ended 31 March 2024 and 31 March 2023.

4 Unsecured advances

Particulars	As at 31 March 2024	As at 31 March 2023
Unsecured Advances	1,10,609.29	1,22,807.00

(f) Registration obtained from other financial sector regulators.

Regulator		Registration no.	Date of registration / renewal
1	Ministry of Corporate Affairs	U74899KA1996PTC068587	3 December 1996
2	Reserve Bank of India	B-02.00255	13 June 2023*

* Issued in lieu of old CoR No. B-02.00255 dated 27 August 2013 due to name change

(g) Details of penalties imposed by RBI and other regulators

No penalties has been imposed by RBI and other regulators on the Company during the Financial year ended 31 March 2024.

During the previous year ended 31 March 2023, BSE Limited had imposed a fine of ₹ 1.4 Lakh + GST under Regulation 60(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for inadvertent delay of intimation of record date to the stock exchange. The Company has paid the said penalty amount.

(h) Related party transactions

Refer note 39

(i) Details of ratings assigned by credit rating agencies and migration of ratings during the year

The Credit Analysis & Research Limited (CARE), ICRA Limited and India Ratings have assigned ratings for the various facilities availed by the Company, details of which are given below:

Facility	31 March 2024			31 March 2023		
	India Ratings	CARE	ICRA	India Ratings	CARE	ICRA
Bank facilities	IND BBB+ Stable	CARE BBB+ Stable	ICRA BBB Positive	IND BBB+ Stable	CARE BBB Positive	ICRA BBB Stable
Non convertible debentures	IND BBB+ Stable	CARE BBB+ Stable	ICRA BBB Positive	IND BBB+ Stable	CARE BBB Positive	ICRA BBB Stable
Principal protected- market linked debentures	IND PP-MLD BBB+ Stable	-	-	IND PP-MLD BBB+ Stable	-	-
Subordinated debentures	-	CARE BBB+ Stable	-	-	CARE BBB Positive	-
Commercial paper	-	-	ICRA A3+	-	-	ICRA A3+
Short-term bank facilities	-	-	ICRA A3+	-	-	ICRA A3+

Date of rating assigned relates to rating valid on 31 March 2024

(All amounts are in ₹ lacs unless otherwise stated)

(j) Remuneration of non-executive Directors

Name of directors		Nature of payment	As at 31 March 2024	As at 31 March 2023
1	Bhavna Thakur	Sitting fees	7.20	10.00
2	Sunil Satyapal Gulati	Sitting fees	10.60	11.00
3	Ravindra Pisharody	Sitting fees	9.40	8.00

(k) Net Profit or Loss for the period, prior period items and changes in accounting policies

No changes in net profit / loss for the period, prior period items and changes in accounting policies are made either in the current year or in the previous year.

(l) Deferred revenue recognition

The Company has not deferred any revenue recognition pending resolution of significant uncertainties either in the current year or in the previous year.

(m) Consolidated financial statements

Year ended 31 March 2024: Not applicable

Year ended 31 March 2023: Not applicable

(n) Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown in the Statement of Profit and Loss	As at 31 March 2024	As at 31 March 2023
Under "Impairment on financial instruments"		
1 Provision for standard assets (Stage 1 assets and Stage 2 assets)	(692.84)	2,009.07
2 Provision for non-performing assets (Stage 3 assets) excludes bad debts written off	3,774.48	(1,136.35)
3 Provision on other assets	768.97	894.75
Under "Tax expenses"		
Provision made towards income tax (includes deferred tax)	1,909.52	1,295.80
Under "Employee Benefit Expenses"		
1 Provision for gratuity	154.32	128.39
2 Provision for compensated absences	142.18	121.94

(o) Drawdown from reserves

Year ended 31 March 2024: Nil

Year ended 31 March 2023: Nil

(All amounts are in ₹ lacs unless otherwise stated)

(p) Concentration of Deposits, Advances, Exposures and NPAs

1	Concentration of Advances	As at 31 March 2024	As at 31 March 2023
	Total advances to twenty largest borrowers	1,465.66	1,471.56
	Percentage of advances to twenty largest borrowers to total advances	0.7%	0.9%

2	Concentration of Exposures	As at 31 March 2024	As at 31 March 2023
	Total exposure to twenty largest borrowers/ customers	1,465.66	1,471.56
	Percentage of exposures to twenty largest borrowers/ customers to total exposure on borrowers/ customers	0.7%	0.9%

3	Concentration of NPAs (Stage 3 assets)	As at 31 March 2024	As at 31 March 2023
	Total exposure to top four NPA accounts (Stage 3 assets)	189.98	144.34

4	Sector-wise NPAs (Stage 3 assets)	% of NPAs to Total Advances in the sector	
		As at 31 March 2024	As at 31 March 2023
	(i) Agriculture and allied activities	-	-
	(ii) MSME	5.6%	5.6%
	(iii) Corporate borrowers	-	-
	(iv) Services	-	-
	(v) Unsecured personal loans	-	-
	(vi) Auto loans	-	-
	(vii) Other loans	-	-

(All amounts are in ₹ lacs unless otherwise stated)

(q) Movement of NPAs (Stage 3 Assets)

		As at 31 March 2024	As at 31 March 2023
i)	Net NPAs to Net Advances (%)	3.0%	4.6%
ii)	Movement of NPAs (Gross)		
	a) Opening balance	9,313.08	8,760.15
	b) Additions during the year	12,550.80	8,497.28
	c) Reductions during the year	10,433.44	7,944.35
	d) Closing balance	11,430.44	9,313.08
iii)	Movement of Net NPAs		
	a) Opening balance	7,510.85	5,821.57
	b) Additions during the year	7,060.02	6,780.28
	c) Reductions during the year	8,717.14	5,091.00
	d) Closing balance	5,853.73	7,510.85
iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	a) Opening balance	1,802.23	2,938.58
	b) Provisions made during the year	5,490.78	1,717.00
	c) Write-off / write-back of excess provisions	1,716.30	2,853.35
	d) Closing balance	5,576.71	1,802.23

During the year, the company has also offered loan guaranteed under Credit Guarantee Fund Trust for Micro and Small Enterprises ['CGTMSE'] offered by Small Industries Development Bank of India ['SIDBI'] , Emergency Credit Line Guarantee Scheme (ECLGS) offered by National Credit Guarantee Trustee Company Ltd (NCGTC) , Finreach Solutions Private Limited with guarantee from Northern Arc Capital Limited and Michael & Susan Dell Foundation, under Credit Guarantee Fund for Micro Units (CGMFU) by National Credit Guarantee Trustee Company Limited (NCGTC), set up by Government of India and the credit guarantee offered by State Government of Tamil Nadu vide Tamil Nadu Credit Guarantee Scheme (TNCGS). After reducing the loan portfolio guaranteed by the above schemes, Company's NNPA stands at ₹ 8,709.40 lacs (31 March 2023 : ₹ 5,428.47 lacs) and NNPA % at 2.9% (31 March 2023 : 2.2%) on asset under management and Net stage 3 assets stands at ₹ 4,694.00 (31 March 2023 : ₹ 5,900.71) and Net stage 3 % at 2.4% (31 March 2023 : 3.6%).

(r) Disclosure of complaints

Customer complaints

Customer complaints	As at 31 March 2024	As at 31 March 2023
No. of complaints pending at the beginning of the year	-	-
No. of complaints received during the year	28	13
No. of complaints redressed during the year	28	13
No. of complaints pending at the end of the year	-	-

(All amounts are in ₹ lacs unless otherwise stated)

(s) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

There are no overseas asset owned by the Company.

(t) Details of financing of parent company products

Year ended 31 March 2024: Not applicable

Year ended 31 March 2023: Not applicable

49 Disclosure pursuant to RBI notification - RBI/DOR/2021-22/86/DOR.STR.REC.51/21.04.048/2021-22 dated 24 September 2021 'Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021

(a)	Details of transfer through assignment in respect of loans not in default during the year	As at 31 March 2024	As at 31 March 2023
(i)	Counts of loan accounts assigned	-	954
(ii)	Amount of loan accounts assigned	-	11,713.21
(iii)	Retention of beneficial economic interest (MRR)	-	1,171.32
(iv)	Weighted average maturity (Residual maturity)	-	2.45 - 2.81 years
(v)	Weighted average holding period	-	1.01 - 1.50 years
(vi)	Coverage of tangible security coverage	-	Nil
(vii)	Rating wise distribution of rated loans	-	NA

(b)	Details of transfer through loan participation in respect of loans not in default during the year	As at 31 March 2024	As at 31 March 2023
(i)	Counts of loan accounts	9,708	8,612
(ii)	Amount of loan accounts	86,786.92	79,993.45
(iii)	Retention of beneficial economic interest (MRR)	17,537.54	19,162.39
(iv)	Weighted average maturity (Residual maturity)	2.85 years	3.06 years
(v)	Weighted average holding period	NA	NA
(vi)	Coverage of tangible security coverage	Nil	Nil

(c) Details of transfer of stressed loan during the year^

Particulars	Sold to ARCs	
	As at 31 March 2024	As at 31 March 2023
No. of accounts	4,017	-
Aggregate principal outstanding of loans transferred	-	-
Weighted average residual tenor of the loans transferred	-	-
Net book value of loans transferred (at the time of transfer)	-	-
Aggregate consideration	140.00	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-

^The above represents the sale of write off assets to ARCs.

(d) Details of non-performing financial assets purchased / sold

(i) Details of non-performing financial assets purchased:

The Company has not purchased any non-performing financial assets during the Financial year ended 31 March 2024 and 31 March 2023.

(ii) Details of non-performing financial assets sold:

Refer 49(c)

(All amounts are in ₹ lacs unless otherwise stated)

50 Disclosure pursuant to RBI notification - RBI/DOR/2021-22/85/DOR.STR.REC.53/21.04.177/2021-22 dated 24 September 2021 'Master Direction – Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021 as amended

(i) Outstanding amount of Securitised assets as per books of the SPVs

The Company has no securitised assets as per books of the SPVs during the Financial year ended 31 March 2024 and 31 March 2023.

51 Disclosures as required in terms of Annex II of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 vide notification no. RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023 (as amended)

i. A comparison between provisions required under extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) and impairment allowances made under Ind AS 109 for the year ended 31 March 2024

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3) - (4)	(6)	(7)=(4) - (6)
Performing Assets						
Standard	Stage 1	1,84,792.71	1,911.14	1,82,881.57	554.18	1,356.96
	Stage 2	6,119.71	145.23	5,974.48	20.02	125.21
Subtotal for standard		**1,90,912.42**	**2,056.37**	**1,88,856.05**	**574.20**	**1,482.17**
Non-Performing Assets (NPA)						
Substandard (A)	Stage 3	11,430.44	5,576.71	5,853.73	960.05	4,616.66
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful (B)		**-**	**-**	**-**	**-**	**-**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA (A+B)		**11,430.44**	**5,576.71**	**5,853.73**	**960.05**	**4,616.66**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**-**	**-**	**-**	**-**	**-**
Total	**Stage 1**	**1,84,792.71**	**1,911.14**	**1,82,881.57**	**554.18**	**1,356.96**
	Stage 2	**6,119.71**	**145.23**	**5,974.48**	**20.02**	**125.21**
	Stage 3	**11,430.44**	**5,576.71**	**5,853.73**	**960.05**	**4,616.66**
	Total	**2,02,342.86**	**7,633.08**	**1,94,709.78**	**1,534.25**	**6,098.83**

(All amounts are in ₹ lacs unless otherwise stated)

ii. A comparison between provisions required under extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) and impairment allowances made under Ind AS 109 for the year ended 31 March 2023

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3) - (4)	(6)	(7) = (4) - (6)
Performing Assets						
Standard	Stage 1	1,53,394.88	2,693.58	1,50,701.30	302.55	2,391.03
	Stage 2	3,331.00	55.63	3,275.37	26.13	29.50
Subtotal for standard		**1,56,725.88**	**2,749.21**	**1,53,976.67**	**328.68**	**2,420.53**
Non-Performing Assets (NPA)						
Substandard (A)	Stage 3	9,313.08	1,802.23	7,510.85	442.07	1,360.16
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful (B)		**-**	**-**	**-**	**-**	**-**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA (A+B)		**9,313.08**	**1,802.23**	**7,510.85**	**442.07**	**1,360.16**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**-**	**-**	**-**	**-**	**-**
Total	**Stage 1**	**1,53,394.88**	**2,693.58**	**1,50,701.30**	**302.55**	**2,391.03**
	Stage 2	**3,331.00**	**55.63**	**3,275.37**	**26.13**	**29.50**
	Stage 3	**9,313.08**	**1,802.23**	**7,510.85**	**442.07**	**1,360.16**
	Total	**1,66,038.96**	**4,551.44**	**1,61,487.52**	**770.75**	**3,780.69**

Since the total impairment allowances under Ind AS 109 is higher than the total provisioning required under IRACP (including standard asset provisioning) as at 31 March 2024 , no amount (31 March 2023 : Nil) is required to be transferred to 'Impairment Reserve'. The gross carrying amount of asset as per Ind AS 109 and Loss allowances (Provisions) thereon includes interest accrual on net carrying value of stage - 3 assets as permitted under Ind AS 109. While, the provisions required as per IRACP norms does not include any such interest as interest accrual on NPAs is not permitted under IRACP norms.

(All amounts are in ₹ lacs unless otherwise stated)

52 Disclosures as required in terms of Annex VI of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 vide notification no. RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023 (as amended)

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

Sl. No.	Type of instrument	Number of Significant Counterparties	Amount	% of Total deposits	% of Total Liabilities
1	Deposits	NA	NA	NA	NA
2	Borrowings	22	1,87,128.10	NA	81%

2 Top 20 large deposits

Not applicable. The Company being a Systemically Important Non-Deposit taking Non-Banking Financial Company registered with Reserve Bank of India does not accept public deposits.

3 Top 10 borrowings

Description	Amount	% of Total borrowings
Top 10 borrowings	1,40,914.86	65%

4 Funding Concentration based on significant instrument/product

Sl. No.	Name of the instrument/product	Amount	% of Total Liabilities
1	Debentures		
	- Secured	75,800.05	33%
	- Unsecured	31.52	0%
2	Term Loans	1,38,718.34	60%
3	Commercial paper	-	0%
4	Subordinated debt	2,233.16	1%

5 Stock Ratios

Sl. No.	Description	Amount	% of total public funds	% of total liabilities	% of total assets
1	Commercial papers	Nil	Nil	Nil	Nil
2	Non-convertible debentures (original maturity of less than one year)	Nil	Nil	Nil	Nil
3	Other short-term liabilities	6,111.51	3%	3%	2%

6 Institutional set-up for Liquidity Risk Management

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions in a timely manner, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has obtained funding lines from various banks and NBFCs in the form of term loans, external commercial borrowings and commercial paper. Further, the Company has access to funds from capital markets through non-convertible debentures. The Company also manages liquidity by raising funds through Securitisation / assignment transactions. The company has a diversified portfolio of lenders across sectors and segments.

Further, the Company's ALM has always been positive ensuring that there is no negative mis-matches in meeting obligations. Further the ALM is subject to frequent stress testing. The Company has been duly servicing its debt obligations, maintains a healthy capital adequacy ratio and has adequate capital and financial resources to run its business.

With the steps taken as above the Company has been able to function normally and also make preparedness to start business as usual from the perspective of funds requirement.

Definition of terms as used in the table above:

i. A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC's total liabilities.

ii. A "Significant instrument/product" is defined as a single instrument/product of group of similar instruments/ products which in aggregate amount to more than 1% of the NBFC's total liabilities.

iii. Total liabilities include all external liabilities (other than equity).

iv. "Public funds" includes funds raised either directly or indirectly through public deposits, inter-corporate deposits, bank finance and all funds received from outside sources such as funds raised by issue of commercial papers, debentures etc. but excludes funds raised by issue of instruments compulsorily convertible into equity shares within a period not exceeding 5 years from the date of issue. It includes total borrowings outstanding under all types of instruments/products.

v. Other short-term liabilities includes all short-term borrowings NCDs with original maturity less than 12 months

(All amounts are in ₹ lacs unless otherwise stated)

53 Disclosures as required under Appendix III-D of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 vide notification no. RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023 (as amended)

Sl. No	Type of Restructuring		Under SME Debt Restructuring Mechanism									
	Financial year		Year ended 31 March 2024					Year ended 31 March 2023				
	Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
1	Restructured Accounts as on 01 April	No. of borrowers	-	367.00	-	-	367.00	-	253.00	3.00	-	256.00
		Amount outstanding	-	1,753.58	-	-	1,753.58	-	897.71	21.96	-	919.67
		Provision thereon	-	328.34	-	-	328.34	-	114.95	22.06	-	137.01
2	Fresh restructuring during the year	No. of borrowers	-	276.00	-		276.00	-	206.00	-		206.00
		Amount outstanding	-	2,225.70	-	-	2,225.70	-	1,243.13	-	-	1,243.13
		Provision thereon	-	1,100.60	-	-	1,100.60	-	269.81	-	-	269.81
3	Upgradations to restructured standard category during the year	No. of borrowers	-	-	-	-	-	-	2.00	(2.00)	-	-
		Amount outstanding	-	-	-	-	-	-	10.34	(10.34)	-	-
		Provision thereon	-	-	-	-	-	-	10.31	(10.31)	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the year and hence need not be shown as restructured standard advances at the beginning of the next year	No. of borrowers	-	7.00	-	-	7.00	-	(45.00)	-	-	(45.00)
		Amount outstanding	-	(344.44)	-	-	(344.44)	-	(230.92)	-	-	(230.92)
		Provision thereon	-	(30.70)	-	-	(30.70)	-	(36.76)	-	-	(36.76)
5	Downgradations of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-

(All amounts are in ₹ lacs unless otherwise stated)

Sl. No	Type of Restructuring		Under SME Debt Restructuring Mechanism									
	Financial year		Year ended 31 March 2024					Year ended 31 March 2023				
	Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
6	Write-offs of restructured accounts during the year	No. of borrowers	-	(236.00)	-	-	(236.00)	-	(49.00)	(1.00)	-	- 50.00
		Amount outstanding	-	(1,180.85)	-	-	(1,180.85)	-	(166.68)	(11.62)	-	- 178.30
		Provision thereon	-	(233.52)	-	-	(233.52)	-	(29.97)	(11.75)	-	- 41.72
7	Restructured Accounts as on 31 March	No. of borrowers	-	414.00	-	-	414.00	-	367.00	-	-	367.00
		Amount outstanding	-	2,453.99	-	-	2,453.99	-	1,753.58	-	-	1,753.58
		Provision thereon	-	1,164.72	-	-	1,164.72	-	328.34	-	-	328.34

The above provision is calculated as per expected credit loss method as required under Ind AS 109.

54 Operating segments

The CEO cum Whole time Director of the company constitute the Chief Operation Decision Maker ("CODM"). Operating segment are components of the Company whose operating results are regularly reviewed by the CODM to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The Company is engaged primarily in the business of "Financing" only, taking into account the risks and returns, the organisation structure and internal reporting systems. All the operations of the Company are in India. All non-current assets of the Company are located in India. Accordingly, there are no separate reportable segments as per Ind AS 108 - "Operating Segments".

No revenue from transactions with a single customer amounted to 10% or more of the Company's total revenue for the year ended 31 March 2024 and 31 March 2023.

55 Revenue from contracts with customers

(a) Below table provides disaggregation of the Company's revenue from contracts with customers:

	As at 31 March 2024	As at 31 March 2023
Type of service		
Fees and commission income	1,009.12	604.21
Other income	153.23	23.66
Total	**1,162.35**	**627.87**
Geographical markets		
India	1,162.35	627.87
Outside India	-	-
Total	**1,162.35**	**627.87**
Timing of recognition of revenue		
Performance obligation satisfied at a point in time	1,162.35	627.87
Performance obligation satisfied over period of time	-	-
Total	**1,162.35**	**627.87**

56 Disclosures relating to fraud in terms of the notification issued by Reserve Bank of India

During the year ended 31 March 2024, 2 fraud cases (31 March 2023 - Nil) have been identified by the management aggregating to Rs. 7.42 lacs (31 March 2023 - Nil) by third party and have been reported to RBI. The amounts have been written off in the books in the year the fraud was detected and reported.

57 Additional notes

a) Utilisation of borrowed funds and share premium

a) During the year, the company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(i) 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,

(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

b) During the year, the Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(i) 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,

(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

b) The Parliament has approved the Code on Social Security, 2020 which may impact the contribution by the Company towards Provident Fund and Gratuity. The effective date from which the Code and its provisions would be applicable is yet to be notified and the rules which would provide the details based on which financial impact can be determined are yet to be notified after which the financial impact can be ascertained. The Company will complete its evaluation and will give appropriate impact in the financial statements following the Code becoming effective and the related rules to determine the financial impact being notified.

c) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

d) The quarterly information statement filed by the Company with banks or financial institutions are in agreement with the books of accounts.

e) The Company has not been declared as Wilful defaulter by any Banks, Financial institution or Other lenders

f) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

g) The provision related to number of layers as prescribed under section 2(87) of the Companies Act read with Companies (Restriction on number of Layers) Rules, 2017 is not applicable to Company

h) The Company does not have any transactions with companies struck off.

i) The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

j) The Company has not traded or invested in Crypto currency or Virtual Currency during the current Financial year and any of the previous Financial years.

k) The Company does not have any immovable properties where title deeds are not held in the name of the company.

58 **Previous year's figures including those in brackets have been regrouped/rearranged wherever necessary.**

As per our report of even date attached

For Nangia & Co. LLP
Chartered Accountants
ICAI Firm registration No.: 002391C/N500069

Jaspreet Singh Bedi
Partner
Membership No.: 601788
Place : Mumbai
Date : 03 May 2024

For and on behalf of the Board of Directors of
Visage Holdings and Finance Private Limited

Hardika Shah
Director and Chief Executive officer
DIN : 03562871
Place : Bengaluru
Date : 03 May 2024

R. Thirunavukkarasu
Director
DIN: 06514712
Place : Bengaluru
Date : 03 May 2024

Aiswarya Ravi
Chief Financial Officer
Place : Bengaluru
Date : 03 May 2024

Dimple Shah
Company Secretary
Place : Bengaluru
Date : 03 May 2024

We Thank our Investors, Lenders and Statutory Partners

British International Investment
nuveen A TIAA Company
Triple Jump
GAWA CAPITAL
PATAMAR | CAPITAL
GAJA CAPITAL
Michael & Susan Dell FOUNDATION
SORENSON IMPACT FOUNDATION
1to4 TALENT-BASED ECONOMY
KCHPL
MESOLOAN

BANKS	• State Bank of India • IDFC FIRST Bank Limited • IndusInd Bank Limited • Kotak Mahindra Bank • RBL Bank Ltd • SBM Bank (India) Ltd • AU Small Finance Bank Limited • Utkarsh Small Finance Bank Limited • ESAF Small Finance Bank • Ujjivan Small Finance Bank Limited • Yes Bank Ltd • Karur Vysya Bank Limited
FOREIGN PORTFOLIO IMPACT INVESTORS	• BlueOrchard Finance Ltd. • Calvert Impact Capital • Enabling Qapital • GreenArc Capital • IIV Mikrofinanzfonds • Microvest • ResponsAbility India • Symbiotics • Impact Investment Exchange Pte. Ltd. (IIX) • WaterEquity
STATUTORY PARTNERS	• STATUTORY AUDITORS: M/s Nangia & Co., LLP, Chartered Accountants • DEBENTURE TRUSTEE: Catalyst Trusteeship Limited • SECRETARIAL AUDITORS: RSVH & Associates, LLP • REGISTRAR & TRANSFER AGENT: KFin Technologies Ltd

NON-BANKING FINANCIAL COMPANIES (NBFCs)	• Bajaj Finance Limited • Caspian Impact Investments Pvt. Ltd. • Cholamandalam Investment & Finance Company Ltd. • Electronica Finance Limited • Hinduja Leyland Finance Limited • InCred Financial Services Limited • Karvy Capital Limited • Kisetsu Saison Finance (India) Pvt. Ltd. • Maanaveeya Development & Finance Private Limited • Manappuram Finance Limited • MAS Financial Services Ltd. • Klay Finvest Private Limited • Nabkisan Finance Limited • Northern Arc Capital Limited • OXYZO Financial Services Pvt. Ltd. • Piramal Enterprises Limited • Poonawalla Fincorp Limited • Profectus Capital Private Limited • Shriram Finance Limited • SMC Finance • TATA Capital Financial Services Ltd. • Vivriti Capital Private Limited • Western Capital Advisors Pvt Ltd.
ALTERNATIVE INVESTMENT FUNDS (AIFS)	• Vivriti Alpha Debt Fund Enhanced • Vivriti Emerging Corporate Bond Fund • Vivriti India Impact Bond Fund • Vivriti Samarth Bond Fund

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