NEOGROWTH

Lending simplified. Growth amplified.

Growing Stronger

ANNUAL REPORT
2023-24

Simplicity | Technology | Impact

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To read this report online, visit
https://www.neogrowth.in/

Growing Stronger

At NeoGrowth, we are dedicated to empowering India's Micro, Small, and Medium Enterprises (MSMEs), the backbone of the nation's economy. Over the past year, we have reinforced our commitment, entering a new phase marked by substantial growth and progress.

Our journey toward building a stronger NeoGrowth is supported by our improved financial metrics, including ten consecutive quarters of profitability post-COVID.

By leveraging advanced technology and analytics, we have strengthened our underwriting capabilities, advanced data-driven decision-making, enhanced risk management, and increased operational efficiency. This progress has been recognised with an rating upgrade by ICRA, underscoring our robust risk management and governance frameworks.

Our customer-centric approach led to the launch of innovative products and initiatives that provide quick and seamless credit access for small businesses.

A stronger core is enabling a stronger NeoGrowth. Our proven business model, combined with our adaptability and scalability positions us well for future challenges and opportunities. We remain committed to growing stronger together with our stakeholders – facilitating credit access for MSMEs and fostering socio-economic progress.

FY 2023-24 Highlights

₹2,750 Cr
AUM

₹668 Cr
Net Worth

₹2,863 Cr
Total Disbursement

₹601 Cr
Total Income

₹95 Cr
Profit Before Tax

28.5%
Capital to Risk Weighted Asset Ratio

3.3%
Return on Assets

1.6%
Net NPA

1,50,000+
Customer Engaged since Inception

75+
Industry Segments Catered

27,000+
Active Borrowers

~3,000
Channel Partners

25+
Locations Present

14,000+
Active Users on NeoGrowth Customer App

Key Impact Measures

78%
Loan portfolio with <=25 lakhs ticket size

41%
Loans advanced to businesses with vintage <= 5 years (by volume)

30%
Loans advanced to Tier II cities (by value)

23%
Loans advanced to businesses that were run by women either as sole proprietors, partners or directors (by value)

9,846
Trees Planted

95%
Reduction in Paper Usage with End-to-End Digital Loan Journey

Awards and Recognitions

INDIA NBFC SUMMIT & AWARDS 2023

Awarded as 'Best NBFC In SME Finance of the Year' at India NBFC Summit & Awards 2023

dlai

Won the 'Friends of MSME' Award at the DLAI Unconclave 2023

TransUnion CIBIL

Awarded for 'Consumer-Consecutively Active & Best Average Score' at Data Bharat Connect by TransUnion (CIBIL)

L&D 2023

Won the 'Best Onboarding Programme of The Year' Award at the 12th L&D Leadership Summit & Awards

Our Prominent Investors

OMIDYAR NETWORK | lightrock | khosla impact

QUONA | asset 360 ONE | LEAPFROG INVESTMENTS | FMO Entrepreneurial Development Bank

Championing Growth for India's MSMEs

About NeoGrowth

NeoGrowth Credit Private Limited (NeoGrowth) is a leading middle layer non-banking financial company (NBFC-ML) with a focus on empowering India's Micro, Small and Medium Enterprises (MSMEs). We recognise MSMEs as the cornerstone of India's socio-economic progress and dedicate ourselves to providing them with the financial support they need to thrive.

Our journey spans over a decade, solidifying our position as a key player in digital lending for MSMEs. As a Systemically Important, Non-Deposit taking NBFC registered with the RBI and a founding member of the Digital Lender's Association of India, we champion responsible and innovative financial solutions tailored to the unique needs of MSMEs.

Leveraging the power of India's digital payments ecosystem and India Stack, we offer a comprehensive suite of loan products. We have facilitated the growth ambitions of over 1,50,000 MSMEs by disbursing over ₹ 12,000 crore in loans, fostering a ripple effect of positive socio-economic impact.

Our robust financial performance reflects our commitment to supporting MSMEs. As of FY'24, our Assets Under Management (AUM) stood at a strong ₹ 2,750 crore, with originations of ₹ 2,863 crore. We cater to a diverse range of MSMEs across 75+ industry segments in over 25 locations, encompassing the entire MSME value chain from supply to retailer side.

At NeoGrowth, we are guided by an esteemed Board of Directors. Our industry veterans, with their unparalleled experience, provide strategic direction that fuels our growth. Together, we are champions of inclusive growth, empowering India's MSMEs, one business at a time.

DRIVERS OF SUCCESS

Digital Payments-Based Lending

We leverage digital payment data to offer simple and accessible credit solutions

Modular Product Suite

We provide a range of loan products tailored to the specific needs of MSMEs

Analytics-Driven Underwriting

Our proprietary model utilises data analysis for accurate creditworthiness assessment

Flexible Repayment Options

We understand the importance of flexibility and offer convenient repayment structures

MISSION

To fund small businesses by leveraging the digital ecosystem. Our financing not only helps our clients grow but also creates a positive impact.

CORE VALUES

NeoGrowth thrives on the three core values of accountability, customer focus and innovation. All our products, processes and services stand by these values, helping us gain a competitive edge in the evolving marketplace.

ACCOUNTABILITY

Goes hand-in-hand with empowerment and brings in a sense of ownership in all that we do

CUSTOMER FOCUS

All our actions need to have a positive impact on the customer

INNOVATION

We are a new-age financial services company and innovation is in our DNA

OUR STRENGTHS

Strong leadership
Steered by a visionary management and leadership team with extensive and diverse industry expertise

Robust risk management
Sound liquidity profile and risk management supported by data-driven portfolio management, robust collections framework and proactive mitigation measures

Decisioning backed by data analytics
Harnessing data analytics and digital ecosystem to deliver effective flow-based underwriting model

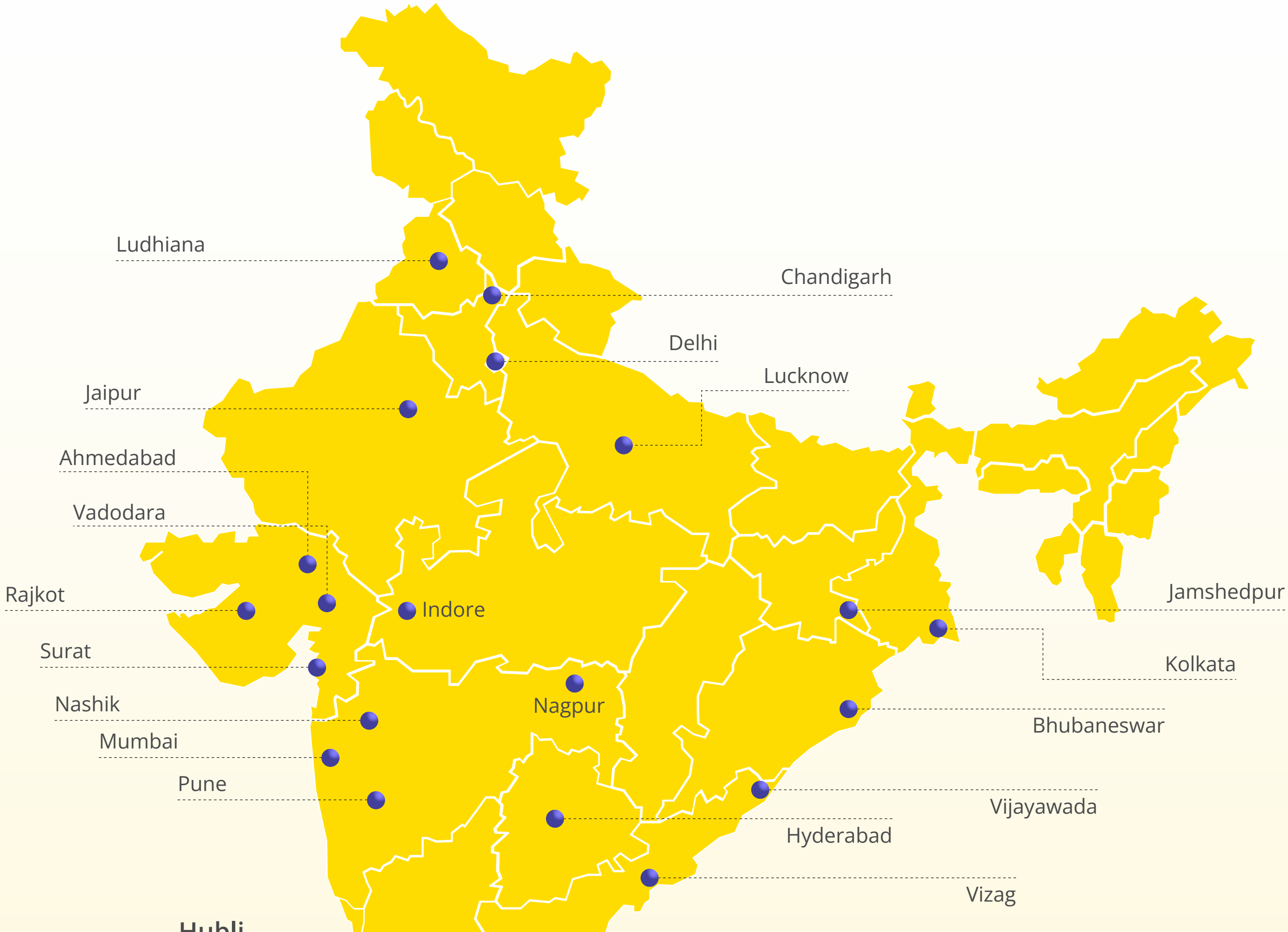
Unique lending model
Digital payments-based lending solutions with omnichannel route to market; offering flexible repayment option

Diverse product portfolio
Innovative collateral-free and secured loan products cater to evolving customer needs, driving financial inclusion

Digital journey
End-to-end digital loan journey for onboarding of customers

Building a Pan-India Presence

Empowering small businesses nationwide, we are expanding our reach to offer credit support across India. Our network of established branches acts as local hubs, ensuring our teams can provide exceptional service tailored to our customer's dynamic needs.



4 New Branches Opened in FY 2023-24

Empowering MSMEs











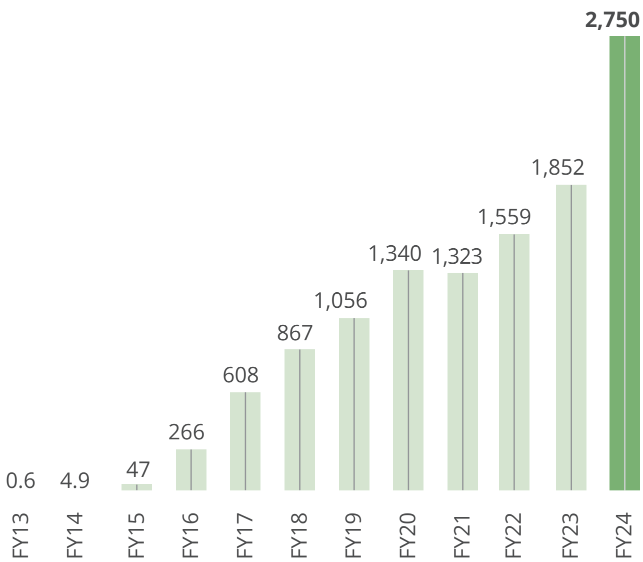



Our Strong Report Card

Financial Performance

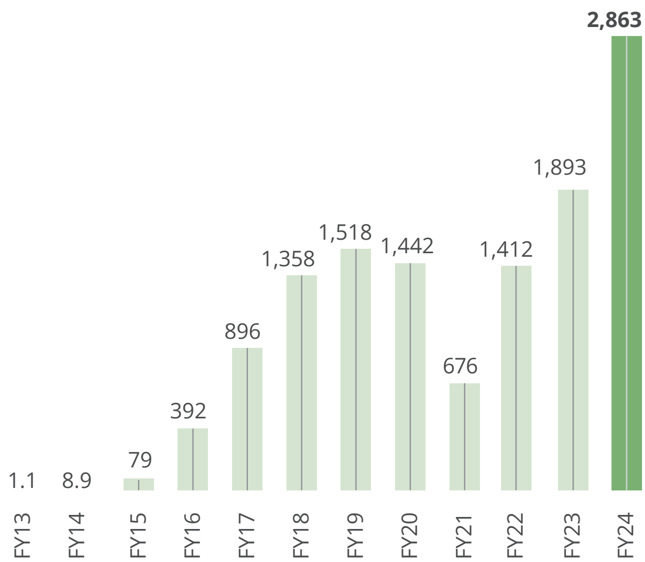
AUM

(₹ In Crore)



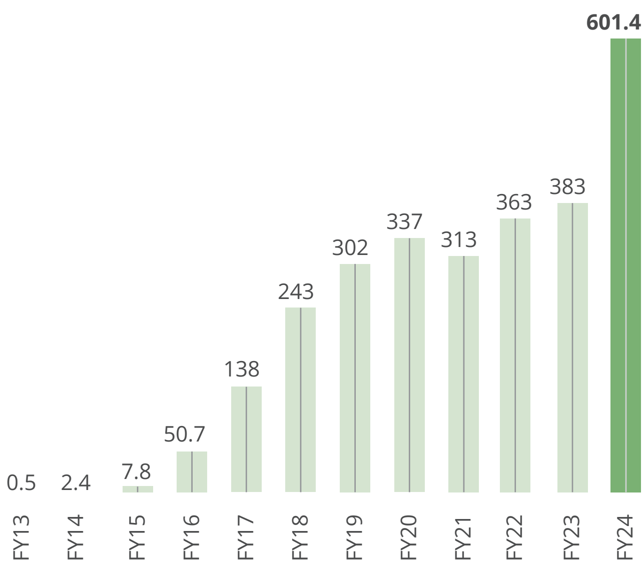
Disbursements

(₹ In Crore)



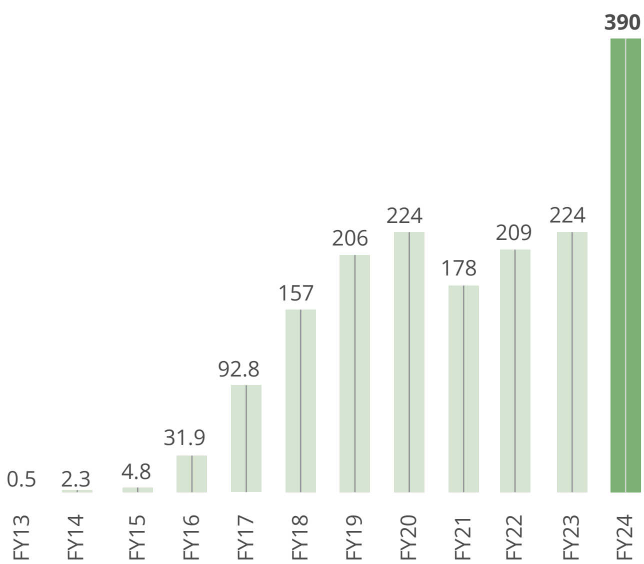
Total Income

(₹ In Crore)



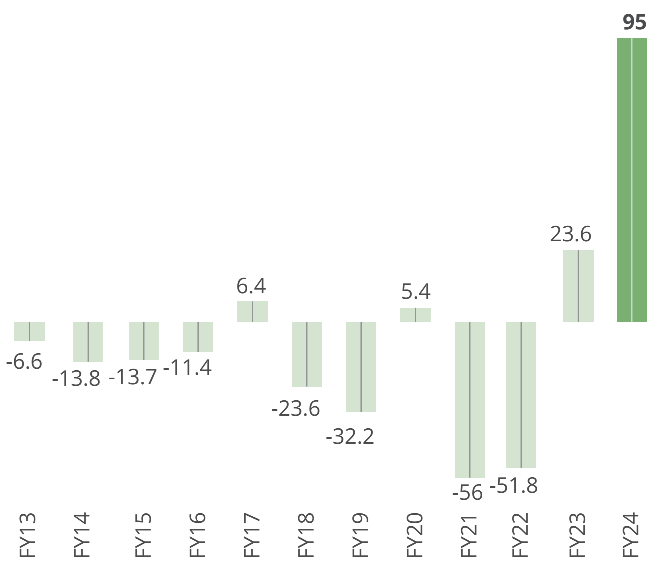
Net Interest Income

(₹ In Crore)



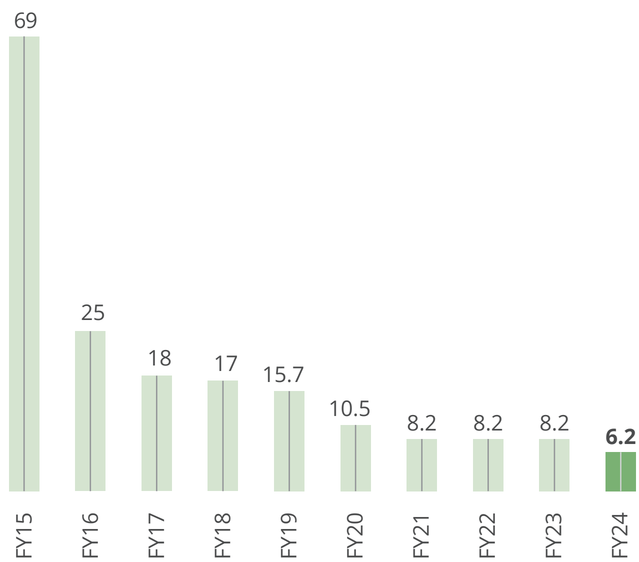
Profit Before Tax

(₹ In Crore)



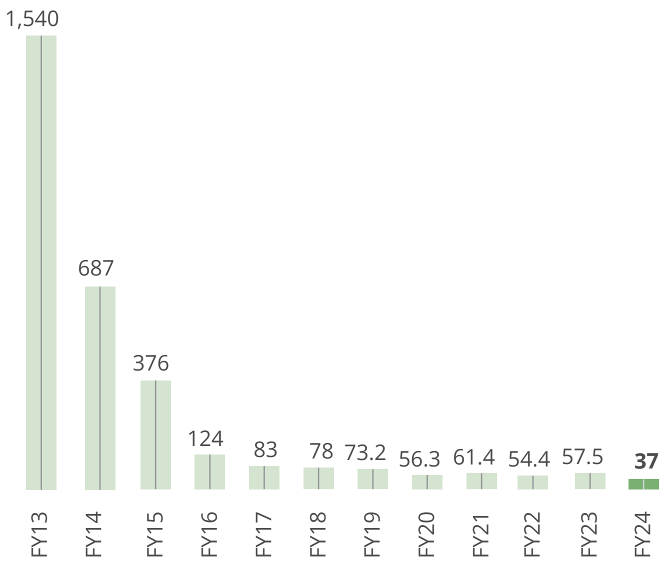
Operational Cost to AUM

(%)



Operational Cost to Net Interest Income

(%)



Founder & Chairman's Message

A key contributor to this growth story is India's thriving digital landscape. The Unified Payments Interface (UPI), a real-time mobile payment system, has witnessed a significant rise in usage.

Dear Stakeholders,

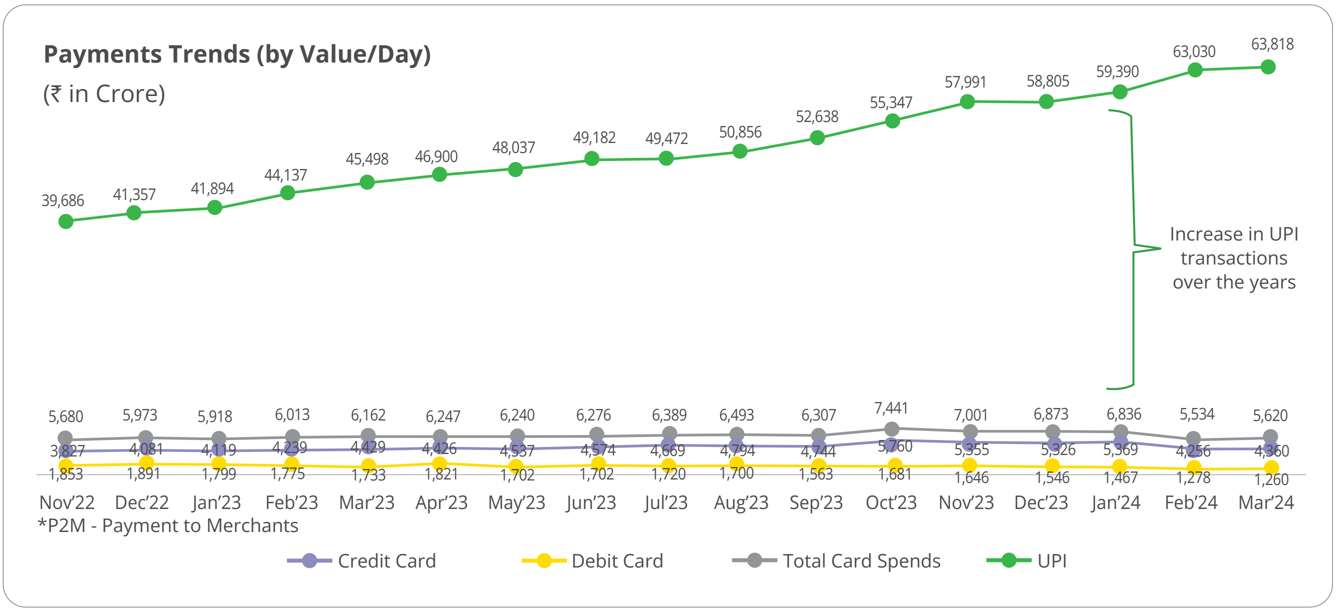
I'm thrilled to unveil another year of remarkable progress and accomplishments at NeoGrowth. Our deep understanding of the industry, unwavering commitment to our customers, and cutting-edge digital innovations have formed a powerful trifecta. This has helped us empower India's MSMEs with the credit they need to thrive, delivering significant value for all stakeholders.

India's economic resilience is undeniable. Despite global challenges, it has emerged as the world's fourth-largest economy, surpassing the UK. With a robust GDP growth rate of 7.6% in FY 2023-24, building on the 7% growth rate from FY 2022-23[1], the driving force behind this robust expansion is a potent mix: strong domestic demand from consumers and businesses, well-directed government initiatives focussed on infrastructure spending, digitalisation, and a robust financial system.

A key contributor to this growth story is India's thriving digital landscape. The Unified Payments Interface (UPI), a real-time mobile payment system, has witnessed a significant rise in usage. For the first time, UPI transactions crossed 100 billion, closing at 131 billion in the financial year 2023-24, compared to 84 billion in 2022-23[2]. This surge reflects not only the increasing adoption of digital transactions but also the convenience they offer. The recent NeoGrowth NeoInsights report, titled 'Decoding

1: https://pib.gov.in/PressReleasePage.aspx?PRID=2010223#:~:text=The%20growth%20rate%20of%20GDP,growth%20rate%20of%209.1%20percent

2: https://www.business-standard.com/finance/news/upi-transactions-cross-100-billion-mark-in-fy24-clock-131-billion-124040100655_1.html



Source: RBI, NPCI, NeoGrowth Analysis / Cards Spend data for latest two months subject to change basis revision of RBI data

Digital Payments: A Retailer's Perspective,' highlights this trend. According to the report, 7 out of 10 retailers anticipate that over half of their sales will be conducted via UPI.

India's innovative digital public infrastructure has been a catalyst for the growth of the financial services industry. The India Stack, Aadhaar authentication, GST, and Account Aggregator are simplifying access to financial services and acting as a catalyst for the growth of the financial sector.

Looking ahead, India's economic outlook for FY 2024-25 remains positive. The government's focus on improving the ease of doing business and advancing social development initiatives further bolsters this promising future. Strategic reforms aimed at simplifying regulations for small and medium enterprises and addressing infrastructure needs lay a solid foundation for long-term sustainable and inclusive growth.

India has over 63 million MSMEs, creating over 111 million jobs and contributing around 30% to India's GDP[3]. Supported by momentum in retail consumption and digital payments, MSMEs are at the centre of India's economic development. Despite these encouraging numbers, timely access to finance remains a key constraint for the growth of micro and small businesses. Only about 12-14%[4] of overall formal credit goes to them, leading to a significant credit gap. This indicates substantial demand for credit among underserved and unserved MSMEs. Access to credit can facilitate the formalisation of the MSME sector and drive inclusive growth.

Flow-based lenders such as NeoGrowth play a crucial role in enabling credit access for MSMEs without a credit history. NeoGrowth, a new-age lender focused on Micro, Small, and Medium Enterprises (MSMEs), offers a diverse product suite catering to various segments. NeoGrowth assesses MSMEs based on digital cash flows and data-driven models, accurately reflecting their repayment capabilities. Our products are designed to meet the varied needs of different segments, featuring daily repayment options, simplified applications, quick disbursals, collateral-free loans, and an end-to-end digital process. Through our differentiated approach, we have disbursed over ₹ 12,000 crore to more than 55,000 customers since inception.

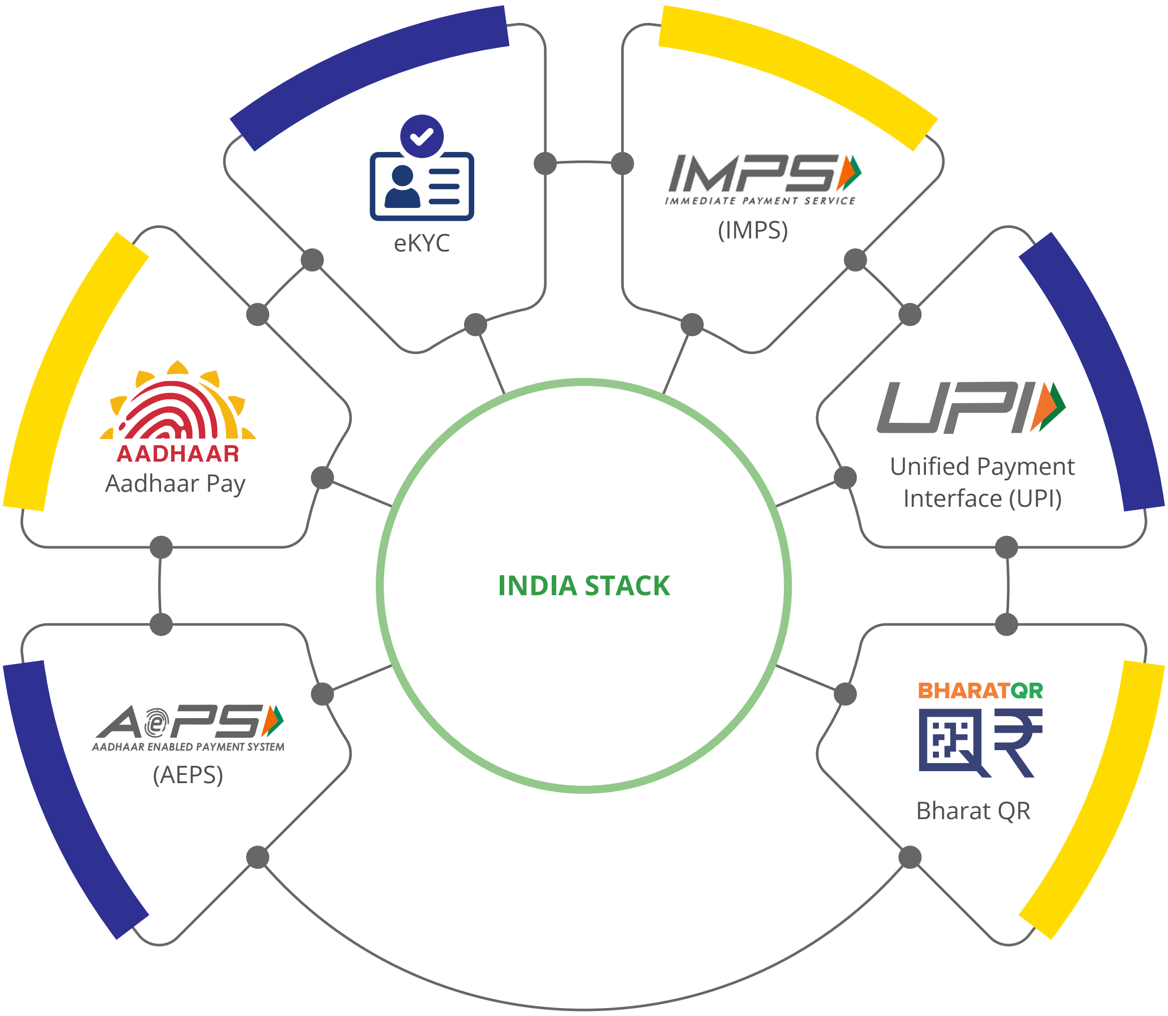
We have achieved ten consecutive quarters of profitability post-COVID, with pre-tax profitability rising to ₹ 95 crore in FY 2023-24 from ₹ 24 crore in FY 2022-23. Our Assets Under Management (AUM) grew by 49% Y-o-Y and stands at a robust ₹ 2,750 crore in FY 2023-24, further solidifying our position. In a historic first for Indian companies, NeoGrowth listed a Foreign Currency Borrowing (FCB) on the Gift City Exchange in FY 2023-24.

> We have achieved ten consecutive quarters of profitability post-COVID, with pre-tax profitability rising to ₹ 95 crore in FY 2023-24 from ₹ 24 crore in FY 2022-23.

This achievement marks a significant milestone in our debt funding journey and opens doors for future collaborations with overseas investors. NeoGrowth has further diversified the lender base and added 18 new lenders including 5 banks during FY 2023-24.

NeoGrowth adheres to the highest standards of corporate governance, prioritising transparency, fairness, and accountability. Our governance framework, aligned with the Reserve Bank of India's Master Direction on NBFC Corporate Governance, is founded on ethical practices and stringent compliance. NeoGrowth's robust risk and capital management practices ensure sound liquidity and proactive risk mitigation, reinforcing our unwavering commitment to regulatory compliance and governance excellence.

We are committed to expanding our network of lenders, banks, and financial institutions. Combined with innovative offerings and flexibility, this will solidify our position as a leading MSME enabler.



3: https://ficci.in/api/sector_details/36
4: https://www.transunioncibil.com/content/dam/transunion-cibil/business/collateral/report/msme-report-feb-2024.pdf

Our lending approach is deeply rooted in fostering positive impact and setting a benchmark for financial inclusion in India. At NeoGrowth, we believe that collaboration is key to unlocking MSME success, extending beyond our data-driven approach. During the FY 2023-24 MSME Festival, we awarded over 100 Younite Partners. This initiative helped us maintain strong partnerships that drive market expansion and collaboration. By fostering these connections, we build a thriving ecosystem that empowers NeoGrowth, our partners, and the small businesses we serve.

Our employees are the backbone of our success. We foster a culture that prioritises diversity and inclusion, creating a welcoming environment where everyone feels valued. We invest heavily in our people's growth and development, providing ongoing learning opportunities to help them excel in their roles. We also recognise the importance of work-life balance and a positive work environment, encouraging open communication and celebrating achievements.

Our commitment extends beyond just offering financial solutions and into creating a lasting, positive impact. We strive to set a high standard for financial inclusion in India, demonstrably contributing to key UN SDGs in areas like Good Health & Well-being, Gender Equality, Industry & Infrastructure and Decent Work & Economic Growth. This translates into fostering a culture of social responsibility that empowers not only the MSMEs and small businesses we serve, but also the communities where we operate.

Our commitment extends beyond just offering financial solutions and into creating a lasting, positive impact.

The NeoGrowth journey continues, fuelled by an unwavering commitment to empowering MSMEs through the power of digital transformation and innovation. We remain laser-focussed on delivering exceptional service to our valued customers, and for that, we express our deepest gratitude to all our stakeholders. This includes our dedicated partners, our trusted lenders, the talented individuals who make up our workforce, and our esteemed shareholders – their unwavering support is the foundation of our success. With continued trust and collaboration, NeoGrowth is confident in its ability to create sustainable value for all, shaping a brighter future together.

Warm Regards,

Piyush Khaitan
Founder & Chairman

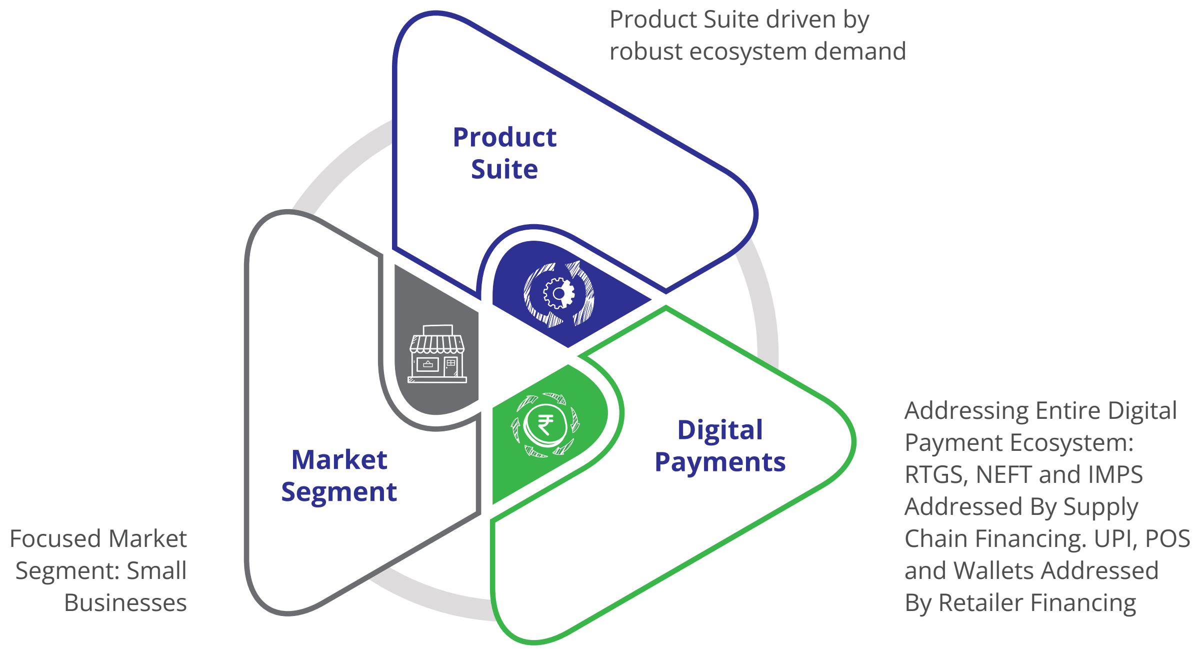
Message from the MD & CEO

Dear Stakeholders,

This year has been a testament to NeoGrowth's commitment to fostering innovation, simplifying lending and delivering positive impact in the MSME sector. At NeoGrowth, we highly value the trust and support of our stakeholders. We strive to support in development of the financial ecosystem by providing innovative solutions that drive growth, resilience, and sustainability. Our financial performance has been remarkable, with our Assets Under Management (AUM) increasing to ₹ 2,750 crore. We have successfully disbursed loans amounting to ₹ 2,863 crore, demonstrating our robust lending capabilities. Our Gross Revenue stood at ₹ 601 crore, and we achieved a Profit Before Tax (PBT) of ₹ 95 crore.

At NeoGrowth, our business lies at the intersection of small businesses, digital payments, and collateral-free lending. We have strategically focused on serving the needs of MSMEs, recognising their vital role in the economy. Our market segment is sharply defined to cater to the specific requirements of these enterprises, ensuring that our product suite is holistically designed to meet strong ecosystem demands. By addressing the entire digital payment ecosystem, we empower small businesses to thrive in a rapidly evolving financial landscape, leveraging advanced digital tools and solutions.

Our strategy remains focused on leveraging advanced technology, data-driven decision making and a customer-centric approach to support and empower MSMEs. We have leveraged data science and analytics to develop a robust selection model, ensuring that our credit solutions are tailored to meet the specific needs of our segmented product suite. Our strong on-ground collection infrastructure further strengthens our risk management capabilities.



Our financial ratios have remained robust. Our Return on Equity (ROE) stands at 11.8%, and our Return on Assets (ROA) is at 3.4%. We have improved our Operating Costs to Net Revenue ratio to 37%. Our enhanced relationships with lenders, banks, and financial institutions, along with an improved BBB+ credit rating from ICRA, highlight our financial stability and credibility.

We remain committed to financial inclusion and sustainability, aligning our initiatives with the United Nations Sustainable Development Goals (UNSDGs). We have placed a strong focus on providing loans to women-led businesses, first-generation entrepreneurs, and businesses in Tier II cities. Our adherence to stringent Environmental, Social, and Health Criteria (ESHC) standards ensures that our growth is responsible and sustainable.

66

At NeoGrowth, our lending approach aims to set a distinct standard for financial inclusion in India, aligning with the United Nations Sustainable Development Goals (SDGs) to create a positive impact.

Our success is driven by our dedicated workforce and partners. We emphasise continuous learning, development, and collaboration through comprehensive training programmes, wellness activities, and open communication channels. We are proud to have recognised over 100 Younite Partners under the MSME Festival 2023, celebrating their contributions in supporting small businesses.

We are well-positioned to address the emerging needs of MSMEs. By leveraging Digital Public Infrastructure, we aim to play a pivotal role in job creation, digital transformation, market expansion, innovation, and sustainability.

As we reflect on our achievements, I extend my heartfelt gratitude to all our stakeholders for their unwavering support and trust. Our commitment to leveraging digital infrastructure and a resilient digital payments-based lending model remains steadfast. We are dedicated to maintaining strong risk and governance mechanisms and recognising the talent and dedication of our workforce.

Together, we will continue to drive NeoGrowth forward, creating a positive and lasting impact on the MSME ecosystem.

Thank you,

Arun Nayyar
Managing Director & Chief Executive Officer

Growing Stronger with Strong Product Suite

Product Portfolio

Our diverse product suite empowers MSMEs and fosters **robust** growth across various sectors, while **our dedication to product innovation and responsiveness to emerging customer needs keeps us at the forefront of a dynamic landscape.**

Retail Side

Loans for consumer facing retailers accepting digital payments

NeoCash Insta

End-to-end digital lending to micro retailer segment

NeoCash Express

Captures **small scale customers** by leveraging digital processes

NeoCash Regular

Retailers with sizeable business

Supply Side

Loans to SMEs with Large Corporate Linkages

Vendor Finance

Finance **sales of small businesses** to large corporates

Accelerator

Financing **emerging MSMEs** on path to build strong business linkages with large corporates

Purchase Finance

Credit Limit for Supply Chain customers with demonstrated credit performance to leverage **lifetime value & larger wallet share**

Plus Loans

Secured by property

Secured loans **tailored for various businesses**, maximizing loan value against diverse property types

Small businesses and MSMEs play a pivotal role in the Indian economy, driving national development and spurring innovation. Despite their critical importance, these enterprises often encounter significant challenges in accessing finance, primarily due to limited credit histories, complex application processes, and the lack of collateral.

At NeoGrowth, we address these challenges by providing tailored financial solutions that support MSMEs at every stage of their growth. Our product suite, including Retail Finance, Supply Chain Finance, and Plus Loans, is meticulously designed to meet their diverse funding needs.

To stay ahead of the curve, we emphasise continuous product innovation, enhancing our existing products and developing new offerings that cater to the evolving needs of our valued customers. This process includes leveraging technology, analysing market trends, and engaging with customers to understand their needs and create unique value propositions. Our strong commitment to innovation not only enriches our product portfolio but also positions us among the leaders in providing innovative financial solutions.

DISTINGUISHING FEATURES

End-to-end digital journey

- Loan application through the digital journey
- Facilitates swifter and more convenient access to funds

Flexible repayment options

- Offering repayment plans that adapt to MSMEs business cycles
- Empowers MSMEs to manage finances more effectively

Focus on inclusion & impact

- Supporting women entrepreneurs, first-time borrowers, and businesses in Tier-II cities
- Promotes financial inclusion and self-reliance

PRODUCTS FOR DIVERSE SEGMENTS

Apparel	Auto & Ancillaries	Book Stores	Bakery	Consumer Durables
Electronics	Education Institutions	Food & Beverages	Furniture & Home Furnishings	Footwear
General Stores	Groceries	Hospitals	Interior Decorators	IT Services
Jewellery Stores	Manufacturers	Opticians	Petrol Pumps	Pharmacies
Repair Shops	Spa & Salon	Sanitary Stores	Others	

RETAIL FINANCE

63%
Contribution to AUM

Our Retail Finance products are finely attuned to the unique cash flow cycles of consumer-facing businesses, offering the flexibility to manage inventory purchases, cover operational costs, and seize growth opportunities. This product provides a seamless, end-to-end digital loan journey with minimal human intervention.

NEOCASH INSTA

24%
Contribution to AUM

Up to ₹ **15** lakhs
Ticket Size

NEOCASH EXPRESS

32%
Contribution to AUM

₹ **16-30** lakhs
Ticket Size

NEOCASH REGULAR

7%
Contribution to AUM

₹ **30-75** lakhs
Ticket Size

SUPPLY CHAIN FINANCE

34%

Contribution to AUM

Our Supply Chain Finance products supports the credit needs of vendors, manufacturers, suppliers, and service providers that participate within the complex ecosystems of large corporations. Our flow-based lending solutions enable smoother cash flow management and facilitate stronger business relationships within the supply chain.

PURCHASE FINANCE

2%
Contribution to AUM

₹ 5-10 lakhs
Ticket Size

ACCELERATOR

21%
Contribution to AUM

₹ 15-30 lakhs
Ticket Size

VENDOR FINANCE

11%
Contribution to AUM

₹ 30-75 lakhs
Ticket Size

Launch of Purchase Finance 2.0

This is an exclusive offering for our existing NeoGrowth Supply Chain Finance customers. It provides limit-based financing, allowing our customers to make payments to their suppliers and vendors for goods and services.

KEY CUSTOMER BENEFITS

- **Pre-approved offer with swift and hassle-free access to funds**
- **On-demand credit available**
- **No processing fees**
- **Convenient digital process for paying vendors with digital invoice uploads**
- **Interest to be paid only on funds used and not on the entire limit given**

PLUS LOANS

3%

Contribution to AUM

Our Plus Loan suite of secured lending solutions aims to complement our current range of lending products. Tailored for retailers, manufacturers, suppliers, distributors, traders, dealers, and service providers, they are designed to provide the maximum loan value against residential, commercial, warehousing or industrial properties.

SECURED BY PROPERTY

₹ 10-75 lakhs

Ticket Size

Launch of Plus Loan Hybrid Program

This program is an extension to the existing Plus Product. Launched exclusively for existing NeoGrowth customers, to provide secured loans against property at 100% of property's market value basis collateral and income assessment.

Flexible Repayment: Daily/Monthly

Longer Tenure: 144 Months

Opportunities in the MSME Lending Landscape

Operating Landscape

NBFCs play a crucial role in driving growth for MSMEs by making finance more accessible. They leverage advanced technology and digital platforms to offer tailored financial solutions that address the unique needs of MSMEs, such as managing working capital, expanding operations, and seizing growth opportunities. NBFCs enhance financial inclusion and support the growth of MSMEs in India by targeting underserved and unserved segments. By leveraging data analytics and technology, they achieve better risk management, gain valuable customer insights, and improve customer experiences.

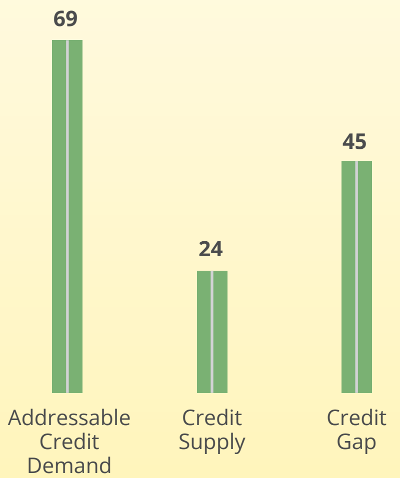
THE POWER OF SMALL BUSINESSES

MSMEs are pivotal in driving technological advancements, economic growth, and employment. They account for approximately 30% of India's GDP and are essential in sectors like manufacturing, trade, and services. The MSME sector employs over 111 million people across the country and is a major driver of exports, contributing around 48% of the total exports. This highlights the immense potential that lies within this sector[1].

CREDIT GAP AND FINANCIAL NEEDS

Despite their importance, MSMEs face a substantial credit gap. According to recent reports, the total addressable credit demand for MSMEs stands at ₹ 68.2 lakh crore, with only ₹ 24.06 lakh crore being met by existing financial ecosystem. This leaves a significant credit gap of ~₹ 45 lakh crore that needs to be addressed[2]. Traditional banks often find it challenging to lend to MSMEs due to their informal business practices, inadequate financial records, and lack of adequate collateral.

MSME Credit Gap (₹ in Lakh Crore)



Source: IFC Report, CIBIL, Avendus Report

1. https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1985020
2. IFC Report, CIBIL, Avendus Report

GOVERNMENT SUPPORT AND INITIATIVES

The Indian government has introduced several initiatives to support MSMEs. Additionally, the MSME Ministry has been actively promoting various schemes to enhance the sector's growth. These initiatives aim to increase the MSME contribution to GDP to 40% by 2025[3].

DIGITAL PAYMENTS REVOLUTION

India has seen a rapid increase in digital payment transactions, which has opened new avenues for flow-based lending. In the financial year 2023-24, India continued to see significant growth in digital payments, largely driven by the Unified Payments Interface (UPI). The total volume of digital transactions on the NPCI platform reached 139 billion, amounting to ₹ 3,59,408 billion[4]. This represents a compound annual growth rate (CAGR) of over 31% compared to the previous financial year.

EMERGING OPPORTUNITIES

The underserved and unserved status of many MSMEs presents a significant opportunity for financial service providers. By leveraging advanced technology, data analytics, and innovative financial products, lenders can bridge the credit gap and support the growth of MSMEs. Flow-based lending, which uses digital payment data to offer tailored lending solutions, is particularly effective in maximising credit coverage and ensuring verifiable business volumes.

3. https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1692212
4. https://www.pwc.in/industries/financial-services/fintech/payments/incentive-scheme-for-digital-payments-in-interim-budget-2024.html

Growing Stronger with Constant Innovation

Strategic Priorities

NeoGrowth's strategic priorities are meticulously crafted to drive sustainable and profitable growth. Our strategy focuses on leveraging advanced technology, data-driven decision making, and a customer-centric approach to support and empower MSMEs while maintaining enhanced risk management practices.

HIGH OPERATING EFFICIENCY

NeoGrowth's operational efficiency is anchored in optimised processes, advanced data analytics, significant increase in productivity and reduction in costs. By streamlining operations and leveraging technology, NeoGrowth achieves superior performance, resulting in an efficient operating structure and higher net revenue. This strategic focus on efficiency enables the company to allocate resources more effectively, drive sustainable growth, and remain agile and responsive to market demands. The continuous improvement in operations ensures that NeoGrowth can consistently deliver value to its stakeholders and adapt to evolving industry challenges.

Operational Excellence across Digital Assets

97% cases processed First Time Right

100% digital loan processing capabilities reducing manual intervention and operating effort

Inhouse tech stack creating visible impact on operating metrics

STRONG DIGITAL ECOSYSTEM

NeoGrowth's digital ecosystem is designed for agility and scalability, supporting seamless product lifecycle management and operational efficiency. By integrating with Digital Public Infrastructure for e-KYC and e-sign, and extensively leveraging digital payments data, we ensure robust and streamlined processes. Our tech stack features advanced Loan Origination System (LOS) architecture, AWS cloud servers, and proprietary algorithms, ensuring operations that are asset-light, cost-efficient, and highly responsive.

Our infrastructure is capable of managing diverse data volumes, handling complex use cases across various loan applications, and seamlessly integrating with all operational functions. This scalability and agility position us to accommodate future growth and swiftly adapt to evolving market demands, ensuring we remain at the forefront of financial innovation.

Sales App

- Sales Process Automation

Digital Journey with Video PD

- End-to-end Digital Onboarding
- Video PD for enhanced customer selection

CRM

- Inhouse CRM with lead management and 360 Degree customer view
- Deeply integrated call centre for onboarding assistance

Customer App and Portal

- The NeoGrowth Customer App is designed to enhance the loan management experience for customers

Omni-channel platform

- Multiple communication channels through which customers can connect with NeoGrowth

Reportals

- Customised Analytical Reports

Data Warehousing

- Organised data in data-marts
- Input for advanced analytics

Collection Platform

- Collection Management
- Auto allocation
- Data-driven intelligent process

Digital Repayments

- Daily Repayment Capabilities
- Push and Pull Payments setup
- Billdesk PG
- InstaPay
- NEFT Virtual Account

Advance Suite and PLMS

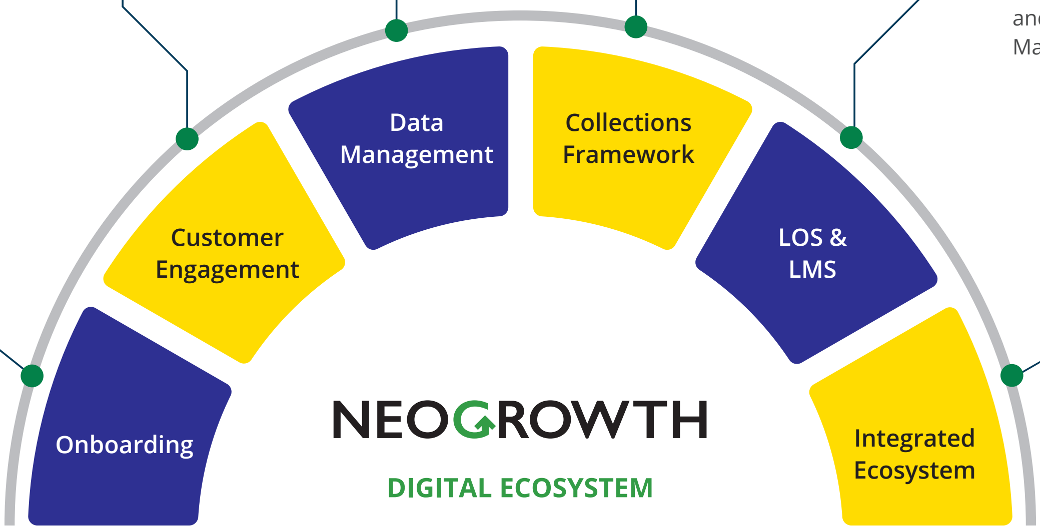
- Application Processing
- Credit decisioning & Underwriting
- Finance Processing & disbursals

Account Aggregator

- Leveraging the AA ecosystem for decisioning and streamlining processes

Younite Portal & Alliance Portal

- Platforms for Sourcing and Channel Management



Customer Facing Digital Assets

Insta Digital Journey

The Insta Digital Journey by NeoGrowth is an integrated digital loan origination process designed to streamline the loan application and approval process for Micro, Small, and Medium Enterprises (MSMEs). This end-to-end digital solution allows users to navigate the loan application either independently or with assistance, particularly catering to loan amounts up to ₹ 30 lakhs.

By digital integration in the loan origination process, NeoGrowth aims to:

- Reduce the TAT for loan disbursal
- Minimise the need for manual data entry and intervention
- Improve data accuracy and precision
- Enhance overall efficiency in loan processing

Key Integrations of the Journey

External ecosystem integration to enable the end-to-end digital journey

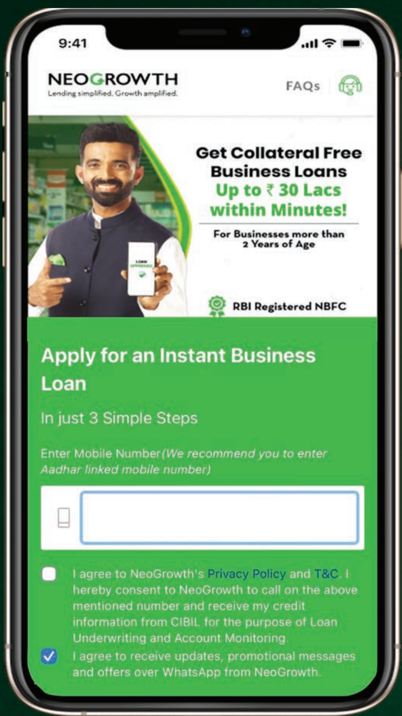
NSDL Pan Verification

CIBIL Upfront Filtering

GST & UDYAM-Based Auto Population of Business Details

Digilocker-Based KYC with Live Selfie

Video PD for remote personal discussion



Account Aggregator based banking

Penny Drop Validation

Perfios Bank Statement Processing

E-NACH

Aadhaar-Based E-Sign of Agreement

>₹ 1,701 Cr
Disbursed via the Insta Journey in FY'24

12,224
Customers were served using the Insta Journey in FY'24

~90%
Customers decisioned in 3 Days

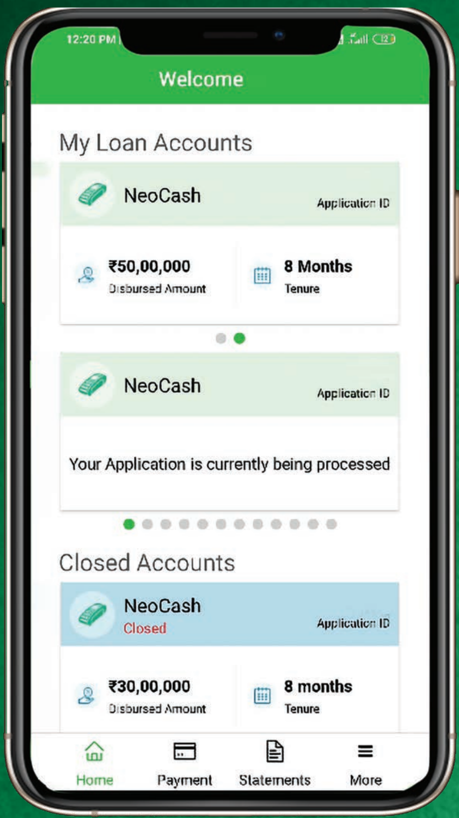
92
Trees saved via the entire end-to-end digital journey

Customer App

The NeoGrowth Customer App is designed to enhance the loan management experience for MSMEs associated with NeoGrowth. The primary business problem this app addresses is the inefficiency and inconvenience associated with traditional loan management, which often involves manual processes and multiple touchpoints for customers seeking information about their loans.

The core objective of the NeoGrowth Customer App is to simplify loan management for MSMEs by offering seamless access to loan details, effortless repayment options, and consolidated access to all necessary loan documents. This eliminates the need for customers to contact customer service or sales representatives for basic information, significantly reducing the time and effort required to manage their loans.

Key Features of the App



Digital Query Resolution:
Users can resolve their queries digitally, reducing the need for customer service interactions and improving overall efficiency.

Document Management:
Customers can easily view and download loan documents, ensuring they have all the necessary paperwork at their fingertips.

Payment Options:
The app supports multiple payment methods, including UPI, making loan repayments more convenient.

50,000+
App Downloads

14,000+
Active Users

45%
Reduction in Customer Service Queries

DATA-DRIVEN DECISION-MAKING

At NeoGrowth, a data-driven approach is integral to enhancing customer experience, customer persistence, and managing risks effectively. We leverage data science and advanced analytics to drive informed decision-making across the loan lifecycle, from sourcing to collections. Our proprietary risk scorecards, with validation framework, incorporates various factors such as demographics, liquidity, profitability, asset ownership, loan structure, digital transactions, bureau check, and leverage. This comprehensive approach facilitates objective and accurate credit decisions.

ROBUST RISK MANAGEMENT

NeoGrowth adopts a comprehensive Risk Management framework founded on a deep understanding of the lending business and MSME space. Through robust risk assessment and measurement procedures, coupled with diligent monitoring, we ensure proactive risk management.

Our commitment to growing stronger is further evidenced by our extensive use of advanced technology and digital tools for risk mitigation. By harnessing the power of digital analytics, we enhance our predictive capabilities, and operational efficiencies. We employ a scorecard-based underwriting approach when extending new credit, providing modularity to our risk selection process. Furthermore, our Risk & Analytics team plays a crucial role in monitoring the existing portfolio and identifying early warning signals. By leveraging analytics, we have significantly improved the overall quality of our portfolio.

Selection Framework / Underwriting Approach

- Segmented risk management approach
- Objective credit decisions driven by scorecards
- Proactive policy measures leveraging data and analytics

Portfolio Monitoring

- Robust data infrastructure with availability of structured data driving risk management through analytics-based models
- Scorecards to provide sharp risk segmentation

Collection Process

- Digital modes of repayments with wide range of frequencies prioritising NeoGrowth receivables
- Portfolio segmentation providing insights and priority for maximum Impact
- Multiple customer touchpoints with optimum mix of field resources, remote connect, payment gateways, legal tools

Growing Stronger with an Empowered Team

Our People

Fostering a vibrant ecosystem that emphasises diversity, learning and engagement enables us to maximise the potential of our people and drive long-term organisational success.

SEVEN PILLARS OF EMPLOYEE ENGAGEMENT

Our employees are the cornerstone of our success. We have implemented a comprehensive employee engagement framework built on seven key pillars. These pillars guide our efforts to cultivate a vibrant, high-performance culture.

NeoBenefit

We offer comprehensive leave policies, premium health perks, and extensive insurance in our Employee Wellness program

NeoConnect

We offer a holistic onboarding journey with structured HR engagement and personalised check-ins during the initiation period for new employees

NeoRecognize

We believe in nurturing our talent with year-round reward and recognition initiative

NeoCelebrate

We host cultural celebrations, where spectacular national and religious festivals promote unmatched inclusivity

NeoCare

We offer pioneering health initiatives with inspiring workshops and seminars led by renowned experts in health and wellbeing

NeoLearn

We provide boundless learning opportunities through our unique employee library, L&D modules and visionary CEO webinars, driving growth and innovation

NeoGive-back

We cultivate a purposeful work culture through strategic employee engagement, advancing community initiatives within our organisation and inspiring employees to integrate these practices into their lives

DIVERSITY AND INCLUSION

We are creating a thriving, diverse, and inclusive work environment where every employee feels valued, motivated, and empowered to contribute their best. Our progressive hiring strategy is prioritising skills and capabilities over prior industry experience, fostering a broad and dynamic talent pool. This approach enriches our organisational culture with diverse perspectives, fuels innovation and excellence, propelling us toward a more inclusive and progressive future.

Celebrating and Empowering Women Employees

We are committed to equal opportunity, as demonstrated by our zero-discrimination hiring policy. Our employee engagement initiatives actively promote gender diversity, creating an environment where women are valued for their unique perspectives and skills.

Gender Diversity Initiatives

Second Career Program
We facilitate women's re-entry into the workforce after career breaks, supporting transitions due to maternity or personal reasons

Extended Maternity Leave
Beyond the statutory six-month leave, we offer an additional three months of flexibility

Pink Day
Women employees avail one work-from-home day per month to manage personal commitments

Referral Program Incentive
We provide higher referral incentives for successful hires of female candidates, encouraging gender diversity

World of Women (WoW) Forum
This platform connects female employees, fostering discussions on professional growth, personal development, well-being, and engaging activities

Women Safety
We enforce a strict zero-tolerance policy for sexual harassment, complemented by training programmes and resources to ensure a safe and inclusive environment

Through these initiatives, we are dedicated to celebrating and empowering our women employees, fostering an inclusive and progressive workplace.

TALENT ACQUISITION AND ONBOARDING

Our comprehensive talent acquisition and onboarding process seamlessly integrates new hires into our work environment. This approach fosters a positive employee experience from the outset, setting the stage for a successful and long-term career within our organisation.

DIGITAL INTEGRATION

HireSmart

Award-winning, in-house analytics platform providing a data-driven approach to screening sales candidates.

SEAMLESS ONBOARDING

HR Mitra
Dedicated HR representative to support each new hire before joining date

Welcome Kit
A bundle that contains all necessary information helping new employees ease into the system

4-3-2 New Hire Connect
HR team engages with new hires on the 4^{th} day, 3^{rd} week, and 2^{nd} month of employment to address any concerns

IMMERSIVE INDUCTION PROGRAMMESS

Prarambh: Familiarises new hires with our core values, management team, structure, and working environment.

Gurukul (Functional Induction): Intensive program designed for roles focused on customer interaction (Sales, Renewals, Collections, Credit, Customer Service).

NeoBuddy: Dedicated buddies assigned to each new hire during the pre-joining process for smooth integration.

LEARNING AND DEVELOPMENT

Our comprehensive Learning and Development (L&D) framework, NeoLearn, equips employees with essential skills and knowledge to excel in their roles and contribute to organisational goals. The platform offers more than 90 training modules on behavioural, functional, and compliance topics. Learning modalities include classroom sessions, video conferencing, an online Learning Management System (LMS) called 'Swadhyay', and a mobile app to ensure accessibility for all employees.

40+ Hours

Average annual training hours per employee

LEADERSHIP DEVELOPMENT PROGRAMMES

Learning Path
Fosters professional growth by providing resources and opportunities to enhance leadership skills

Part-Time MBA Sponsorship
Financial support to employees pursuing part-time MBA programs

Catapult
Builds pipeline of future leaders by recruiting management trainees from top-tier business schools

Industry Engagement
Encouraging employee participation in industry events and conferences

ENGAGING LEARNING EXPERIENCES

1 **Cinematic Learning**
Movie screenings with embedded leadership lessons to reinforce valuable corporate and leadership principles

2 **Learning through Play**
Gamification elements incorporated into learning programmes, transforming learning into a fun and competitive activity

3 **Employee Library Initiative**
Curated collection of management books, self-help resources, fiction, non-fiction, and industry publications at select offices

EMPLOYEE ENGAGEMENT

ENGAGING INITIATIVES

CEO Webinars
Quarterly interactive sessions connecting employees with the CEO

Samvaad - HR Connect
Regular video conferences and meetings updating staff on HR initiatives and events and serving as a feedback forum

Abhiruchi - Hobby Groups
WhatsApp groups connecting employees, across departments and locations, sharing common hobbies

Gyandhara Knowledge Sharing
Workshops and seminars featuring external speakers, offering insights on health, well-being and other topics

Family Member Birthdays
Personalised birthday messages for employee family members from the organisation

Celebrating Diversity
National and religious festival celebrations promoting inclusivity and cultural understanding

International Yoga Day
Online and offline yoga sessions featuring expert instructors organised as part of celebrations

Annual Photography Contest
Enables employees to showcase their talent, with winning entries featured in internal company collateral

Work Anniversary Recognition
Communication & celebrations on work anniversary of every employee

Gratitude Initiatives
Encouraging appreciation and recognition by facilitating the exchange of handwritten thank-you notes among colleagues

Fun @ Work
Interesting & unique games, like treasure hunt, quizzes and virtual activities, organised across locations every second Friday of the month

Women's Day Celebration
Celebrated through appreciation gifts, diversity & inclusion contests, and informative webinars

REWARDS AND RECOGNITION

Our strong recognition culture motivates employees and fosters a culture of excellence.

Culture Badge

Senior managers felicitate individuals who exemplify our core values, recognising them as role models.

Employee of the Month

Recognises an outstanding employee each month and celebrating their significant contributions to the organisation.

Most Valuable Player Award

Honours exceptional performance at the mid-management level, rewarding employees who consistently exceed expectations and show leadership.

Spot Award

Allows functional leaders to immediately acknowledge employees who deliver exceptional results, motivating individual contributors and first-line supervisors.

Wall of Fame

Celebrates top-performing field executives monthly by displaying their photos on the office 'Wall of Fame' and providing badges and recognition from senior staff.

GIVING BACK TO THE SOCIETY

Our employees engage in meaningful community service, creating a positive impact.

Clothing Donation Drive

In partnership with the NGO Goonj, our employees participated in a donation drive, providing clothes and other materials to those in need.

Blood Donation Camp

This successful event saw 140+ employees across our major offices donate blood, contributing to life-saving efforts. We also maintain a volunteer blood donor database for future emergencies.

Green Birthday

We collaborate with 'Grow Trees' to plant a tree for each employee's birthday, combining appreciation with environmental stewardship. This initiative supports employment for tribal communities and promotes conservation.


GROW-TREES

ETISHA SINHA

HONOURED WITH
A BOUNTIFUL TREE

AT TREES FOR TIGERS, SIMLIPAL NATIONAL PARK, ODISHA, INDIA
JANUARY 28, 2024
BY NEOGROWTH CREDIT PVT LTD

HAPPY BIRTHDAY

THESE TREES WILL PROVIDE FLOWERS, FRUITS, FODDER & FUEL TO RURAL COMMUNITIES & LIVING CREATURE.

NEOGROWTH
Lending simplified. Growth amplified.

CERTIFICATE NO: 4406405

Life at NeoGrowth

Growing Stronger with our Brand

Marketing

NeoGrowth has solidified its reputation as a trusted brand, dedicated to prioritising customers. We leverage our strong brand identity to enhance customer experiences, streamline operations and foster innovation. These year-round initiatives ensure ongoing visibility and engagement with our stakeholders, including customers, partners, investors and industry peers.

BRAND AMBASSADOR

Our brand ambassador Ajinkya Rahane embodies qualities of consistency, reliability and perseverance that resonates with NeoGrowth. Through Rahane's involvement, we have cultivated stronger connections with both internal teams and external stakeholders, aligning with our mission to enhance customer experiences and drive innovation in financial solutions.

DIGITAL OUTREACH

We prioritise boosting stakeholder engagement through targeted digital initiatives. Our strategy is centred on enhancing our visibility by crafting compelling content tailored to significant occasions and events.

1 Lakh+ Followers
Across Social Media Platforms

51 Lakh+
Digital Impressions per Month

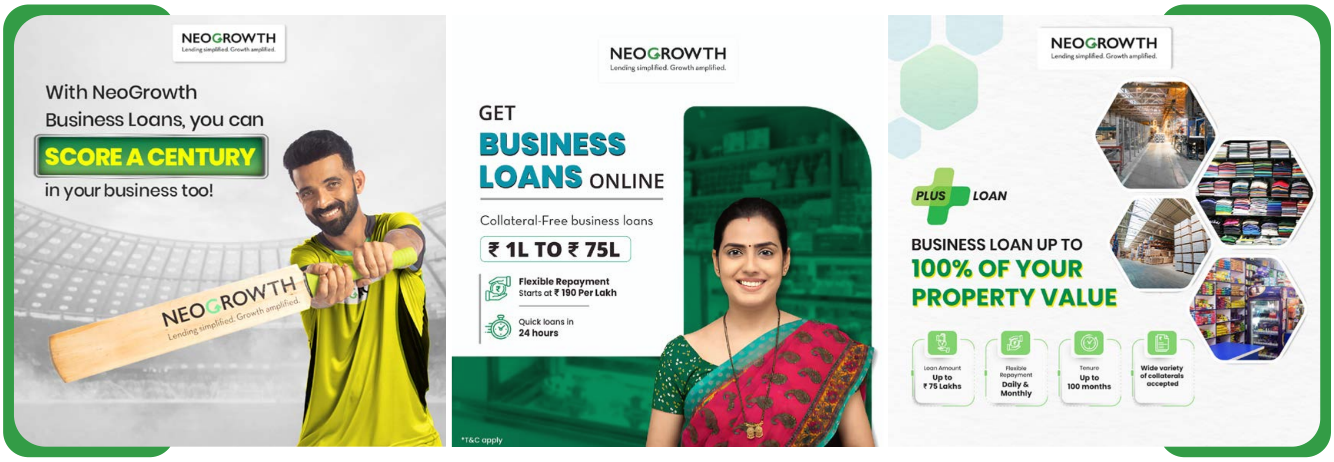
16,000+
Digital Interests per Month

40,000+
Website Page Views per Month

20,000+
Website Visits per Month

PRODUCT MARKETING

Multiple marketing campaigns spotlighting our innovative product lineup were unveiled throughout the year. These initiatives not only enhanced brand recognition but also played a pivotal role in deepening connections with customers and cultivating meaningful relationships.



CUSTOMER INTELLIGENCE

We actively engage in activities to gain deeper insights into the mindset, needs, aspirations and challenges of MSMEs. These ongoing initiatives are designed to understand and address the evolving preferences of MSMEs. Two key initiatives under this umbrella are Customer Research and NeoInsights.

NeoInsights

With a strong track record of serving over 1,50,000 MSMEs across 75+ segments nationwide, we have established deep customer connections. Over the years, we have accumulated significant data on the MSME sector. The intelligent insights derived from this data and our field customer interactions play a pivotal role in fostering an enabling credit ecosystem for MSMEs.

Through NeoInsights, we harness our in-house resources to uncover new and compelling trends within India's evolving MSME ecosystem, presenting these insights in various formats to spark innovation and share valuable sector trends with the industry. In FY 2023-24, under the NeoInsights umbrella, we published three comprehensive reports.

NeoINSIGHTS

80K+
MSMEs Analysed

across

25+
Cities Covered

9+
Industry Segments

6 Reports

- MSME Business Confidence Study 2024
- Click & Mortar: The Evolution of India's Retail System 2023
- Decoding Digital Payments: A Retailer Perspective 2023
- MSME Business Confidence Study 2023
- Festive MSME Credit Demand Trends 2022
- MSME Insight Report 2022

A study focused on digital payments adoption trends and the outlook of Indian retailers

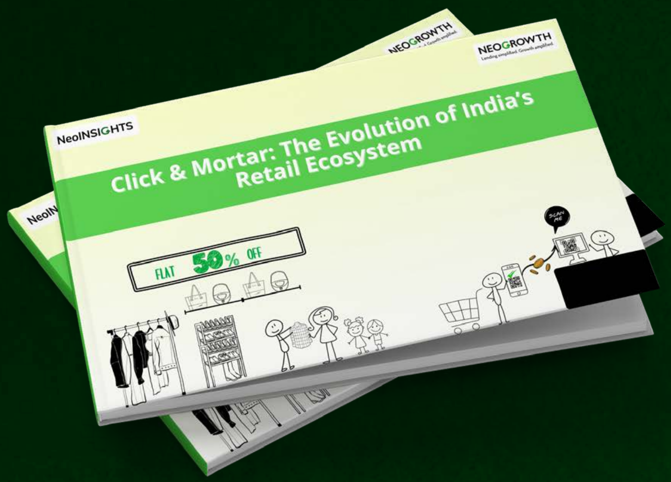
90% retailers pay their vendors digitally

7 out of **10** retailers feel over half of their sales will be via UPI

Cards are only preferred by **1** out of **4** retailers

More than **50%** retailers believe digital payments allow them to grow their business

A study focused on how physical and online retail experiences complement each other, divided into retailer and shopper sentiments



7 in **10** retailers plan to increase their presence

80% retailers do not see E-commerce as a threat

90% retailers make more than half of their sales offline

46% retailers are at a nascent stage of figuring out the nuts and bolts of online selling

A study focused on evaluating the preparedness and expectations of India's MSME owners as they step into 2024

90% MSMEs are confident about India's economy in 2024

91% MSMEs expect their profits to increase in 2024

~60% MSMEs expect to avail business loan in 2024

90% retailers make more than half of their sales offline

Over **40%** MSMEs benefited from Government Schemes in 2023, with manufacturing & wholesale being the topmost beneficiaries

Coverage for NeoInsights

100+

Twitter conversations around NeoInsights

Recognition from Industry bodies FICCI, MSME Gov.in, IBEF, Ministry of External Affairs

Customer Research

We regularly conduct impactful one-on-one interviews with our customers to gather key insights into their interactions with our brand. The actionable insights derived from these qualitative engagements are integrated back into our system, benefiting our customers further. Our research initiatives serve as a critical tool for achieving a deeper understanding of our customers' needs and preferences, enabling us to enhance the quality and relevance of our products and services.

80+

Respondents

100+ Hours

dedicated to customer and partner interactions

We have conducted four comprehensive research projects across various cities

1. Comprehending the impact of a business loan in a customer's life
2. Understanding the strategies adopted by the retailers to stay relevant with the e-commerce market
3. Understanding the importance of sticking to same brand for business loans
4. Identifying the openness to apply for business loans online

MSME FESTIVAL

On World MSME Day, we launched the NeoGrowth MSME Festival to celebrate and honour Indian MSMEs. Through this initiative, we aimed to showcase how MSMEs in India go the extra mile to support their local communities and empower the nation.

PARTNER ENGAGEMENT

We implemented a unique in-house channel engagement programme designed specifically for Younite Partners. Through this initiative, we actively engaged with over 100 Younite Partners across the length and breadth of the country.

EMPLOYEE ENGAGEMENT

#KeepingItSimple Champions

In all areas of work, our employees take pride in their contributions to the MSME sector, guided by the 'Keeping It Simple' philosophy. With this contest, we recognised employees for their pivotal roles in driving the MSME sector forward.

Raj Agarwal
IT Operations

Riya Agarwal
Digital Team

CLICK. CONNECT. CELEBRATE

From storefronts to heartfelt connections, our employees celebrated the shopkeepers who go the extra mile for them, sharing stories that illustrate the profound impact MSMEs have had on their lives.

WINNER

Nishanth DS
ASM Secured Loan

Near our Bangalore office, there is a condiments shop that my teammate Mahesh and I visit every day after work. We spend 15-20 minutes discussing our work.

After just one week, the shop owner became remarkably friendly. Now each day when he sees us, he serves us samosas and coffee whilst inquiring "How was your day?"

Every time he asks this, we feel we are at home. I believe that everyone working away from home deserves someone like this kind-hearted man. #howwasyourday

WINNER

Arti Dharod
Sr. Manager

Born and bought up in a Gujarati family, Mahavir Food Mart has been always special to me! My grandfather first came to Mumbai 50 years ago and since then my family has known the shop and the staff over there. The shop is in close vicinity to my home, the staff over there are like family members and an integral part of my life.

LOAN MELA

Loan Mela, an on ground campaign of NeoGrowth effectively helped us establish a direct connect with the MSMEs. This initiative prioritised personalised engagement and direct strategies to build trust and awareness among businesses. By offering tailored guidance and support, the campaign empowered MSMEs to navigate the loan application process confidently. The notable increase in interest for loans underscored the campaign's success in driving growth and success, serving as a model for future initiatives aimed at empowering small businesses and fostering economic prosperity.

THOUGHT LEADERSHIP @ CONFERENCES

Our Chief Technology Officer Mr. Vikas Dhankhar shared his views on 'AI & RPA in NBFC – Let's Change the Game of Finance' at the India NBFC Summit & Awards 2023

Our Chief Product Officer, Mr. Amol Deherkar, presented insights on 'Reshaping the Loan Origination Process with New Lending Technology' at the India Credit Risk Management Summit & Awards 2024

Our Chief Business Officer, Mr. Manmeet Singh Sawhney, delivered insights on 'Customer-Centric Transformation in BFSI' at the BFSI Leadership Awards 2024

Our Chief Financial Officer Mr. Deepak Goswami shared his views on 'Revolutionising Lending: The Evolving Landscape of NBFCs and Fintech' at the NBFC Leadership Awards 2023

NEOGROWTH IN THE NEWS

NeoGrowth's Integrated Impact Approach

NeoGrowth follows an Integrated Impact Approach covering the following

GOVERNANCE AND REGULATORY INITIATIVES

NeoGrowth is committed to maintaining high standards of transparency in its operations. This includes regular and detailed reporting on impact metrics, ensuring accountability to stakeholders, and adhering to best practices in corporate governance. The company enforces strict ethical guidelines across its operations, including anti-corruption measures, responsible lending practices, and safeguarding customer data privacy. NeoGrowth continuously aligns its practices with governance and regulatory standards to uphold its commitment to integrity and ethical conduct.

CORE BUSINESS ALIGNMENT

NeoGrowth integrates impact principles into its core business strategy, aligning growth objectives with sustainability goals. This ensures that environmental and social considerations are embedded in decision-making processes across all levels of the organisation.

SOCIAL INITIATIVES

NeoGrowth aims to support Small and Medium-sized Enterprises (SMEs) by providing easy access to credit. This initiative helps underserved & unserved businesses grow and contributes to broader economic development. The company emphasises creating a positive and inclusive workplace environment. Initiatives include comprehensive health & wellness programmes, diversity & inclusion policies, and opportunities for continuous learning & development.

ENVIRONMENTAL INITIATIVES

NeoGrowth is dedicated to implementing energy-efficient practices to optimise our operations and reduce our environmental impact. We are committed to cultivating sustainable habits among our employees and transforming our offices into models of eco-consciousness. Additionally, we engage in tree plantation activities aimed at reclaiming degraded lands and establishing primary forests. These efforts not only provide habitats for endangered species but also rejuvenate rural landscapes, promote eco-tourism, and enhance the well-being of local communities.

HARMONISATION WITH UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

At NeoGrowth, we strategically align our operations to United Nations Sustainable Development Goals (SDGs)

Alignment with UN SDGs

Our business activities align with six of the seventeen United Nations Sustainable Development Goals (SDGs)

Target Setting & Tracking

We are committed to making holistic contributions to these goals via set targets. Our loan books are monitored to capture contribution towards these UN SDGs

Independent External Evaluator

An Impact Assessment Agency conducts a research that assess the impact of NeoGrowth funds in the life of customers and the snowball effect created on the community beyond our customers.

Reporting

Every year, we publish an 'Impact Report', which gives a snapshot of the impact created by us.

SOCIAL IMPACT CREATED ON CUSTOMERS

UN SDG	Goals	UN SDG Target	NeoGrowth Indicators	Target FY 2023-24	Achievement FY 2023-24
3	Ensure healthy lives and promote well-being for all at all ages	Achieve universal health coverage including financial risk protection, access to quality essential healthcare services and access to safe, effective and affordable essential medicines and vaccines for all	% of loans advanced to pharmacies, clinics, labs, and healthcare businesses (by value)	7.50%	8%
			% of borrowers who availed health insurance (by volume)	85%	84%
5	Achieve gender equality and empower all women and girls	Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life	% of loans advanced to businesses that were run by women either as sole proprietors, partners or directors (by value)	20%	23%
8	Promote sustained, inclusive & sustainable economic growth, productive employment & decent work for all	Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation and encourage the formalisation and growth of MSMEs including thorough access to financial services	% of loans advanced to Tier II cities (by value)	25%	30%
			% of loan portfolio <= ₹25 lakhs	45%	78%
9	Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation	Increase the access of small scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets	% of loans advanced to businesses with vintage <= 5 years (by volume)	50%	41%#
10	Reduce inequality within and among countries	By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status	% of loans advanced to first generation entrepreneurs (by volume)*		80%
12	Ensure sustainable consumption and production patterns	By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	% of borrowers taking different environmental initiatives*		19%

* Based on Social Impact Survey 2024 of over 250 NeoGrowth Customers across Mumbai, Pune, Delhi, Chennai, Ahmedabad, Bengaluru, and Hyderabad, conducted by AISiSAR Impact.

Our customer segment has evolved over time and contribution of renewal customers have increased as well.

Propagating Eco-Consciousness

NeoGrowth is focussed on positively impacting the environment, our customers, employees, and the communities we work with. Multiple initiatives are taken up for the same.

DIGITAL-FIRST LENDING

Embracing a digital-first lending approach reduces paper usage, enhances efficiency, and supports our commitment to sustainable, eco-friendly practices.

ECO-ENGAGEMENT AND AWARENESS

Through initiatives like Sustainability Resolution and Green Click Contest, employees are empowered to take up eco-friendly.

GREEN PRACTICES IN OUR OFFICES

Multiple initiatives like password-protected printers, sensor taps, 3-star appliances, and LED lights, make our workspaces eco-conscious.

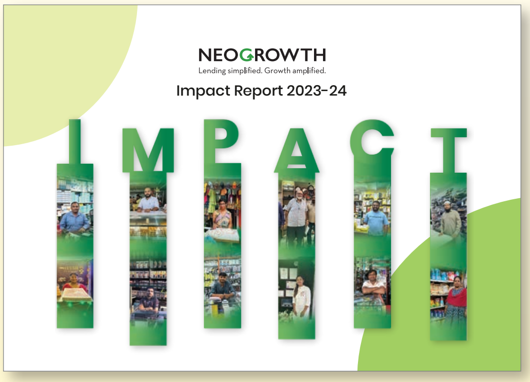
PLANTING FOR THE FUTURE

NeoGrowth, in collaboration with Grow-Trees, planted trees for every new customer and every employee this financial year, reinforcing our commitment to environmental sustainability.

ENCOURAGING ECO-FRIENDLY PRACTICES

Our customers are encouraged to take up eco-friendly practices in their businesses through multiple educational initiatives.

Click here to read our impact initiatives in detail:
Impact Report 2023-24



Board of Directors

ARUN NAYYAR

Managing Director & Chief Executive Officer

- A Chartered Accountant having a well-diversified experience of around 20 years in the financial services domain
- Successful track record of building businesses from scratch, scaling up established businesses and managing stressed portfolios
- Led businesses across Micro Enterprise Lending, SME Lending and Consumer Finance
- Deep understanding of key business drivers, risk and product management, Route to Market and digital lending
- Experience includes a large retail financing NBFC (Edelweiss), Citibank & CRISIL (A S&P Global Company)

BINDU ANANTH

Independent Director

- Ms. Bindu Ananth has an under-graduate degree in Economics from Madras University and Master's Degrees from the Institute of Rural Management (IRMA) and Harvard University's John F Kennedy School of Government
- Bindu is the Chair & Co-founder of Dvara Trust. Prior to this, Bindu worked in ICICI Bank's microfinance team between 2001 and 2005 and was head of the new product development team within their Rural Banking Group in 2007
- Bindu has co-edited "Financial Engineering for Low-Income Households", a book published by SAGE. She has also published in the Economic and Political Weekly, OECD Trade Paper Series and the Small Enterprise Development Journal. She has been a member of 3 RBI Committees: Comprehensive Financial Services for Low-Income Households and Small Businesses (2013), Housing Finance Securitisation (2019) and Committee on MSMEs (2019). She was a member of the Government of India's High-Level Committee on Women (2014-15). She is a member of the Taskforce of the Insolvency & Bankruptcy Board of India (2017 - present)
- She is a member of the Advisory Boards of Columbia University's India Initiative and Consultative Group to Assist the Poor (CGAP). In 2017, Bindu was featured by Forbes as one of India's leading women leaders

DEEPA BACHU *Till July 31, 2024*

Nominee of FMO

- Ms. Deepa Bachu is the Co-Founder and CEO of Pensaar
- She is a product and design leader who spent the last 25 years at large multinationals and Tech Startups leading their Engineering, Design, Innovation and Product Management functions. Deepa has led, global product teams that serve millions of customers across 100+ countries
- Her work on Project Agrinova, that helped farmers in India make more money for their produce, and Improving Worker Safety using Design Thinking, went on to become Harvard Business Case Studies and one of HBR's Top 10 Innovation must-reads
- She is an active member of several Design, Innovation and Women forums

DHRUV KHAITAN

Founder

- D.K. Khaitan (DK) has been involved as a founder, in conceptualising, creating and scaling high technology ventures in India. He has been a strategic mentor in these companies, and guided these companies through their stages of start-up, growth, market leadership and eventual divestment to strategic buyers who wanted to establish their leadership in India
- Chairman of Venture Infotek until divestiture
- Established an industrial automation start-up which evolved into a joint venture with, and eventually a divestment to the Fortune 500 Rockwell International of USA
- Bachelors' degree in Physics from the University of Kolkata, Bachelor's degree in Electrical Engineering from MIT, USA; Master's Degree from University of California, Berkeley, USA
- Along with his family, DK has participated and supported various cultural, spiritual and philanthropic organisations in India

GANESH RENGASWAMY

Nominee of minority shareholder interests

- He is the Co-founder and Partner at Quona Capital and joined the board of NeoGrowth in July 2015
- He is a seasoned entrepreneur and has been an impact technology venture investor across India, Asia and Silicon Valley
- Earlier, he was General Partner at Lok Capital, a venture growth fund that invests in social enterprises with innovative and technologically advanced services in financial inclusion, education, and employability
- He has also served as Asia Director for Unitus Inc., global organisation that works to reduce poverty by finding commercially sustainable solutions in financial inclusion. Prior to Unitus Inc., he led the entry of Greylock Partners, a leading Silicon Valley venture growth fund, into the Indian market
- He holds MBA from Harvard Business School and is co-founder of Travelguru.com

MICHAEL J. FERNANDES

Nominee of Trinity Inclusion Limited (LeapFrog)

- Michael Fernandes is Partner at LeapFrog Investments and co-leads LeapFrog's work in South and Southeast Asia
- He has over 20 years of experience in operations, consulting and investing and has led several of LeapFrog's landmark investments, including IFMR Capital, Fincare and NeoGrowth in India and Reliance Capital, a local financial services player in Indonesia
- Michael was the former Country Head for India for Khazanah Nasional, Malaysia's sovereign fund, Michael led the global healthcare team, also focusing on financial services and infrastructure. He was responsible for over $700 million of investments in India, including Yes Bank, L&T Finance and Uniquest; and served on the boards of IDFC, and Apollo Hospitals. He managed the Khazanah healthcare portfolio, ranging from hospitals to health insurance providers, that was consolidated under IHH Healthcare and listed in Singapore for a $7 billion valuation
- Previously, Michael led the $250 million global custom manufacturing business for the Piramal Healthcare Group, focusing on global acquisitions, business development, supply chain management and talent

PIYUSH KHAITAN

Founder & Chairman

- P.K. Khaitan (PK) is a seasoned operating executive who has successfully founded a number of businesses and operated them to high levels of success
- Prior to NeoGrowth, PK was the Managing Director of Venture Infotek until divestment. He had also founded DEI, India's largest secure card personalisation bureau which merged into Venture Infotek in 2007
- He has worked closely with the Card Networks, RBI and IBA in framing policies and giving direction to the card payments industry in India. He was also the Founder Chairman of the 'ePayments Focus Group' of the Smart Card Forum of India (SCAFI) from 2000 to 2005
- Bachelor's degree with honours from Mumbai University, Small and Medium Enterprises Program (SMEP) from IIM, Ahmedabad

RAMAKRISHNAN SUBRAMANIAN

Professional and nominee of Trinity Inclusion Limited (LeapFrog)

- Mr. Ramakrishnan S is a career banker and financial services industry leader with 30+ years' experience. He has done roles in Strategy, Board, Governance coupled with a strong execution track record across Retail & SME businesses, M&A, and commercial banking. He has run and built businesses in Retail Financing for HDFC Bank & other entities from start-up to scale-up in mortgage, LAP, personal loans, business loans, SME, LAS, gold loans, auto-finance, commercial vehicles, equipment financing, securitisation
- He has worked in several senior roles at large universal banks, and NBFCs involving strategy, business setup, scale-up, transformation, JVs, franchise sales & exits, across India, Singapore, Hong Kong & Thailand managing multiple ASEAN countries
- He has held leadership roles at Citibank, HDFC Bank, Standard Chartered, ING, etc. since 1992
- He currently serves as a Sr. Advisor, Operating Partner equivalent, and Domain Consultant with select private equity, venture capital, and Fintechs in India & ASEAN
- He is a Board member of IIFL Finance, IIFL OPEN and has also served as a Board member of ING Vysya Bank (Kotak Bank) and Shriram Capital Ltd, Shriram Transport Finance Ltd, Shriram City Union, Shriram Life & General insurance
- He is a Chartered Accountant, Cost & Management Accountant, M Com. & has done the Fintech program from Harvard University

SURESH JAYARAMAN

Independent Director

- Suresh was the Managing Director & CEO of Arvind Fashions Ltd. He joined the company in September 2005 and turned it around by strengthening its brands and retail portfolio through organic growth and acquisitions, and aggressively growing Unlimited as a leading value retail chain in apparel. During his 16-year tenure, the company's turnover increased 30 times with a multifold increase in profits leading to the listing of Arvind Fashions Ltd.
- Prior to joining Arvind, he held several senior positions during his 18-year-old stint in Hindustan Unilever Ltd and served as a member of the management committee of the foods and beverages business
- He was appointed by JP Morgan Chase as CEO when they invested in MTR Foods and was instrumental in growing a regional brand to a national brand with a global presence
- He was the past Chairman of the CII National Committee on Retail in 2013-2014, Chairman of India Fashion Forum, and is a member of the National Council of Retailers Association of India
- Post retirement, he has taken up the role of Senior Advisor with Boston Consulting Group (BCG). He is also on the Board of four companies and advises companies as an Independent consultant
- Suresh is a mechanical engineer and has an MBA from IIM Bangalore

Leadership Team

Arun Kumar Nayyar
Managing Director & CEO

Deepak Goswami
Chief Financial Officer

Manmeet Singh
Chief Business Officer

Amol Deherkar
Chief Product Officer

Vikas Dhankhar
Chief Technology Officer

Sanjay Rawat
Chief Compliance Officer

Yogesh Nakhwa
EVP - Operations, Customer Service and Business Excellence

Gauri Shah
SVP - Risk & Credit Policy

Vasudha Chaudhry
SVP - Credit

Vikas Kumar Kortalwar
SVP - Human Resources

Kapil Bhalchandra Talati
SVP - Internal Audit and Controls

Corporate Information

BOARD OF DIRECTOR(S)

Mr. Dhruv Kumar Khaitan	Founder & Director
Mr. Piyushkumar Khaitan	Chairman
Mr. Ganesh Rengaswamy	Nominee Director
Mr. Michael Jude Fernandes	Nominee Director
Ms. Bindu Ananth	Independent Director
Mr. Arun Kumar Nayyar	Managing Director & CEO
Ms. Deepa Bachu *(Till July 31, 2024)*	Nominee Director
Mr. Ramakrishnan Subramanian	Nominee Director
Mr. Suresh Jayaraman	Independent Director

COMMITTEES OF THE BOARD

Audit Committee

Ms. Bindu Ananth	Chairperson
Mr. Suresh Jayaraman	Member
Mr. Ramakrishnan Subramanian	Member

Nomination and Remuneration Committee

Mr. Suresh Jayaraman	Chairperson
Mr. Piyush Kumar Khaitan	Member
Ms. Bindu Ananth	Member
Mr. Michael Fernandes	Member

Risk Management Committee

Mr. Ramakrishnan Subramanian	Chairperson
Mr. Piyush Kumar Khaitan	Member
Ms. Bindu Ananth	Member
Mr. Arun Kumar Nayyar	Member

Resources & Mobilisation Committee

Mr. Arun Kumar Nayyar	Chairman
Mr. Piyush Kumar Khaitan	Member
Mr. Michael Fernandes	Member
Ms. Bindu Ananth	Member
Mr. Ramakrishnan Subramanian	Member

Corporate Social Responsibility

Mr. Arun Kumar Nayyar	Chairperson
Ms. Bindu Ananth	Member
Ms. Deepa Bachu *(Till July 31, 2024)*	Member

IT Strategy Committee

Mr. Suresh Jayaraman	Chairperson
Mr. Dhruv Kumar Khaitan	Member
Ms. Deepa Bachu *(Till July 31, 2024)*	Member
Mr. Ramakrishnan Subramanian	Member
Mr. Arun Kumar Nayyar	Member
Mr. Vikas Dhankhar	Member
Mr. Deepak Nath Goswami	Member
Mr. Naveen Kumar	Member
Mr. Yogesh Nakhwa	Member

Equity Raise Committee

Mr. Michael Fernandes	Chairperson
Ms. Deepa Bachu *(Till July 31, 2024)*	Member
Mr. Piyush Kumar Khaitan	Member
Mr. Ganesh Rengaswamy	Member
Mr. Arun Kumar Nayyar	Member

IT Steering Committee

Mr. Deepak Nath Goswami	Chairman
Ms. Gauri Shah	Member
Mr. Naveen Kumar	Member
Mr. Yogesh Nakhwa	Member
Mr. Nikhil Subhaschandra Patil	Member
Mr. Vikas Dhankhar	Member

IA Audit Committee

Mr. Vikas Dhankhar	Chairman
Ms. Gauri Shah	Member
Mr. Nikhil Subhaschandra Patil	Member
Mr. Arun Kumar Nayyar	Member
Mr. Deepak Nath Goswami	Member
Mr. Yogesh Nakhwa	Member
Mr. Naveen Kumar	Member

SHAREHOLDERS

1. Mr. Dhruv Kumar Khaitan – Founder and Director
2. Mr. Piyush Kumar Khaitan – Chairman
3. ON Mauritius
4. Aspada Investment Company
5. Khosla Impact I Mauritius
6. Accion Frontier Inclusion Mauritius
7. IIFL Seed Ventures Fund I
8. Plenitude Ventures Private Limited
9. Trinity Inclusion Ltd.
10. FMO
11. Mr. Arun Kumar Nayyar – Managing Director and CEO

STATUTORY AUDITORS

ASA & ASSOCIATES LLP

Lotus Corporate Park, D-401, CTS No. 185/A,
Graham 5th Compound, Western Express Highway,
Goregaon (E), Mumbai – 400 063

SECRETARIAL AUDITORS

SACHIN DEDHIA & ASSOCIATES

104, Sushila Apt, Devidas Lane, Borivali (W),
Mumbai – 400 103.

Registrar and Share Transfer Agent

KFin Technologies Limited
(Formerly known as KFin Technologies Private Limited)

Karvy Selenium Tower B, Plot 31 and 32, Gachibowli,
Financial District, Hyderabad - 500 008

Debenture Trustee
Catalyst Trusteeship Limited
(Formerly GDA Trusteeship Ltd.)
GDA House, Plot No. 85, Bhusari Colony (Right),
Paud Road, Pune – 411 038

Debenture Trustee
Beacon Trusteeship Limited
7A & B Siddhivinayak Chambers,
Gandhi Nagar, Opp. MIG Cricket Club
Bandra (East), Mumbai 400 051

BANKERS

- RBL Bank Limited
- DCB Bank Limited
- IDFC First Bank Limited
- Federal Bank Limited
- ESAF Small Finance Bank Limited
- Yes Bank Limited
- AU Small Finance Bank Limited
- Suryoday Small Finance Bank Limited
- Indian Bank Limited
- HDFC Bank Limited
- ICICI Bank Limited

LENDERS, SUBSCRIBERS & HOLDERS OF DEBT ISSUES

Bank

- RBL Bank Limited
- DCB Bank Limited
- IDFC First Bank Limited
- Federal Bank Limited
- ESAF Small Finance Bank Limited
- Yes Bank Limited
- AU Small Finance Bank Limited
- Suryoday Small Finance Bank Limited
- Indian Bank Limited
- HDFC Bank Limited
- ICICI Bank Limited

Development Financial Institutions (Overseas)

- Proparco
- Triodos Investment Management
- Triple Jump B.V.
- FMO
- Blue Orchard Impact Investment
- Symbiotics
- United States International Development Finance Corporation (USIDFC)
- Microvest
- ResponsAbility Investments AG
- Developing World Markets (DWM)

Other Lenders/Financial Institutions

- Small Industrial Development Bank of India (SIDBI)
- Nabsamruddhi Finance Limited
- Northern Arc Capital Limited
- AK Capital Finance Limited
- Manappuram Finance Limited
- Kisetsu Saison Finance (India) Pvt Limited
- Vivriti Capital Private Limited
- Maanaveeya Development and Finance Limited
- Shriram Finance Limited
- Aditya Birla Finance Limited
- Godrej Housing Finance Limited

- Ambit Finvest Private Limited
- Caspian Impact Investments Private Limited
- Poonawalla Fincorp Limited
- JM Financials Products Limited
- Hinduja Leyland Finance Limited
- Oxyzo Financial Services Private Limited
- Clix Capital Services Private Limited
- Kotak Mahindra Investment Limited
- MAS Financial Services Limited
- InCred Financial Services Limited
- Capsave Finance Private Limited
- Fourdegreewater Capital Private Limited (WintWealth)
- Alpha Fintech Private Limited (InCred Money)
- Northern Arc Investments
- Vivriti Asset Management

REGISTERED OFFICE

Times Square, Tower E, 9th Floor, Andheri-Kurla Road,
Marol, Andheri East, Mumbai- 400059, Maharashtra
CIN:U51504MH1993PTC251544

GEOGRAPHICAL COVERAGE:

No. of Branches including HO: 32
No. of States: 15 (14 States and 1 Union Territory)

Management Discussion and Analysis

ECONOMIC REVIEW

Global Economic Overview

The global economy in 2024 presents a picture of cautious optimism. According to the International Monetary Fund (IMF), growth is projected to be 3.2%, a slight improvement from the 2.9% forecast in October 2023. This is due to greater-than-expected resilience in the United States, key emerging markets, and additional financial support in China which was implemented by the Chinese government to stimulate its economy. However, this growth remains below the historical average due to factors like elevated interest rates aimed at curbing inflation, reduced government spending due to high debt levels, and sluggish productivity. On the other hand, the Russia-Ukraine war has brought supply-chain disruptions in the global economy. This disruption is also followed by shortage of food and energy supplies, thus further causing an increase in price of exports from both countries fuelling inflation world-wide. Likewise, the Israel-Hamas conflict has also contributed to the geo-political tensions as well as trade disruptions in the global economy.

A positive development is the faster-than-anticipated decline in inflation. Global inflation is expected to fall to 5.9% in 2024, a significant decrease from the highs of 2023, which was 6.8%, thanks to easing supply-chain constraints and tighter monetary policies. This declining inflation, coupled with steady growth, reduces the likelihood of a severe economic downturn.

The future beholds both upside opportunities and downside risks. Upside opportunities include a faster decline in inflation leading to a healthier financial condition, and potentially boosting economic activity. Downside risks include further commodity price spikes due to geopolitical factors, deeper problems in China's property sector, unexpected tax hikes or spending cuts, persistent inflation, trade disruptions, and climate-related disasters. To mitigate these risks and ensure a smoother global economic path, international cooperation is essential. This collaboration should focus on managing inflation, navigating geopolitical challenges, providing debt relief, facilitating trade, addressing climate change, and tackling food insecurity. While the global economy in 2024 offers cautious optimism with slight growth improvement and easing inflation, but careful navigation of remaining challenges is essential for long-term stability and prosperity.

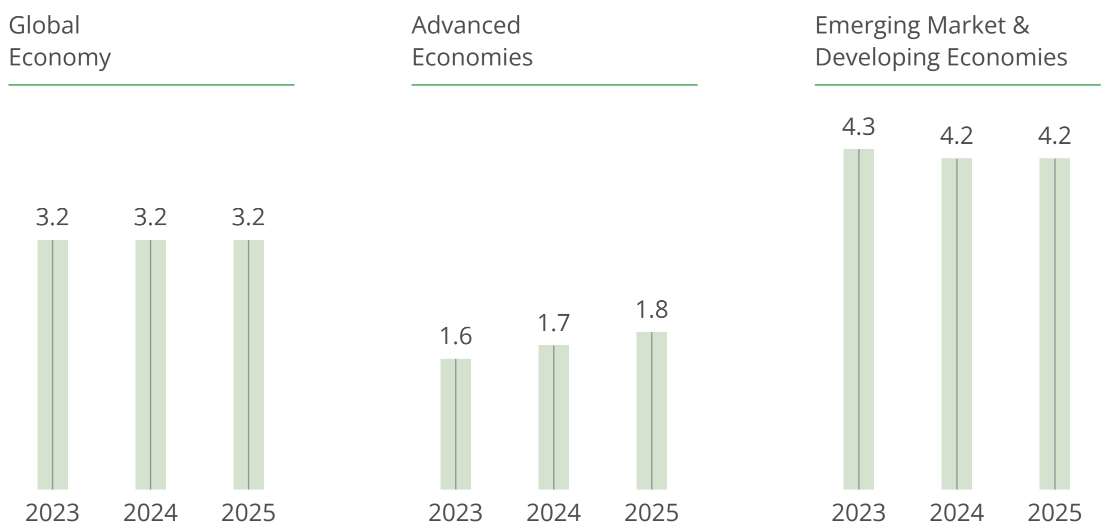
Source: https://www.imf.org/en/Publications/WEO/Issues/2024/04/16/world-economic-outlook-april-2024

https://www.worldbank.org/en/publication/global-economic-prospects#overview

World Economic Outlook April 2024

GROWTH PROJECTIONS BY REGION

(Real GDP Growth, Percent Change)



International Monetary Fund

Indian Economy

India's economic journey exemplifies perseverance, as it overcame global obstacles to sustain growth momentum and solidify its place as the world's fastest-growing major economy, surpassing the UK to claim the fourth position. According to the projections provided by the Ministry of Statistics and Programme Implementation (MOSPI), GDP growth in FY 2023-24 was 8.2% up from 7.0% in FY 2022-23 demonstrating ongoing development. This growth is being driven by strong domestic demand for consumption and investment, as well as the government's deliberate focus on capital spending, digital measures, and a strong financial system.

India's economy is on track, with Consumer Price Index (CPI) inflation at 4.75% (provisional) in May 2024, down from a prior high of 7.44% in July 2023. While higher than the central bank's objective of maintaining retail inflation at 5.4% for FY 2023-24, this statistic suggests progress in curbing inflationary pressures. The Reserve Bank of India (RBI) held the repo rate constant at 6.5% after the Monetary Policy Committee (MPC) agreed to focus on withdrawing support to keep inflation within the 4% target range. Furthermore, worldwide challenges and supply chain disruptions are decreasing, while targeted government efforts offer aid.

Throughout FY 2023-24, India's manufacturing Purchasing Managers Index (PMI) stayed above 50, indicating increased output, reaching 58.5 in June 2024. The combined Index of Eight Core Industries (ICI) grew by 5.2% (provisional) in March 2024 as compared to March 2023. This was driven by the production of coal, natural gas, steel, fertilisers, refinery products, cement, and electricity. The government's commitment to capital investment, which is supported by streamlined tax processes, digitalisation, and tax buoyancy, is likely to generate further economic potential through infrastructure development and supply chain improvements.

Despite the Red Sea interruptions and the West's recessionary tendencies, India's merchandise export in FY 2023-24 stayed resilient at USD 437.06 billion. Petroleum Products, Engineering Goods, Iron Ore, Electronic Goods, and Drugs & Pharmaceuticals are the primary drivers of merchandise export growth during the year. The expected value of service exports during FY 2023-24 increased to USD 339.62 billion, compared to USD 325.33 billion in FY 2022-23. While global supply chains continue to be affected by geopolitical tensions the trend of outsourcing provides an opportunity for India, as firms increasingly focus on establishing robust networks closer to their markets.

India's Ministry of Commerce and Industry aims for USD 1 trillion in exports by FY'30, emphasising their importance to the country's economic future, despite a current account deficit of 1.2% of GDP in Q3FY 2023-24. India's commitment to sustainable development is further demonstrated by the emphasis on renewable energy and its ambitious goals, which include fulfilling at least half of energy requirement through renewable energy by FY'30 and net zero emissions by FY'70 under the 'Panchamrit' policy.

Total GST collection in FY 2023-24 amounted to ₹ 20.2 lakh crore, reflecting a growth of 11.7% as compared to FY 2022-23. Gross GST collections in May 2024 stand at ₹ 1.73 lakh crore, with a 10% YoY growth.

Source: Ministry of Statistics and Programme Implementation (MOSPI), Press Information Bureau (PIB), RBI Monthly Economic Report

Key Drivers of the Indian Economy 2023-24

Despite facing uncertain economic conditions, the Indian economy continues to grow, propelled by the increasing number of middle-class individuals and their discretionary income. This growth is even more remarkable considering the country's inflation rate of around 5%. The government's emphasis on capital investment and infrastructure development has played a significant role in driving this growth, although it has also had an impact on the GDP in the fiscal year of 2024.

India's shift towards becoming a digital-first economy has opened up numerous opportunities, with its growth surpassing the global average between 2014 and 2019. This has resulted in the creation of 62.4 million new jobs, a significant achievement for the country. The government has actively promoted innovation and infrastructure development to enhance security and responsiveness, facilitating the expansion of digital services.

Indian Economy Growth Projections

Particulars	2021-22	2022-23	2023-24e	2024-25f	2025-26f	2026-27f
Real GDP growth, at constant market prices	9.7	7	7.5	6.6	6.7	6.8
Private consumption	11.7	6.8	3.8	5.1	6.3	6.8
Government consumption	0	9	3.1	5.8	5.9	6.1
Gross fixed capital investment	17.5	6.6	10.8	9.7	7.6	7.4
Exports, goods and services	29.6	13.4	3.1	45	7.2	8.2
Imports, goods and services	22.1	10.6	10.4	4.9	7.1	8.5
Real GDP growth, at constant factor	9.4	6.7	6.8	6.6	6.7	6.8
Agriculture	4.6	4.7	0.7	2.1	3.7	4
Industry	12.2	2.1	8.8	7.6	7.1	7.1
Services	9.2	10	7.4	7.3	7.3	7.3

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices.

Notes: e = estimate, f = forecast.

Outlook

India's economy is looking favourable for the FY 2024-25, with a promising outlook characterised by sustainable growth, financial stability, and significant reforms. The projected growth rate of 7.4% for FY 2024-25 and a decrease in inflation indicate a strong macroeconomic stability. The country's digital transformation, improved ease of doing business, entrepreneurship initiatives, social progress, and diversification of exports are major factors expected to drive this expansion. Notable accomplishments include reducing the Current Account Deficit to only 1% of GDP in the first half of FY 2023-24, thanks to strong service exports and low oil prices. Strategic reforms have laid a strong foundation, and future plans focus on simplifying regulations for small and medium enterprises, ensuring land availability and addressing energy demands. India's resilience, supported by effective policy interventions and investments in infrastructure, instils confidence in long-term economic growth, in line with the vision of inclusive and environmentally sustainable development.

Source: Department of Economic Affairs

INDUSTRY OVERVIEW

NBFCs

India's Non-Banking Financial Companies (NBFCs) are critical intermediaries for meeting the changing credit needs of the commercial sector. As of 2023, NBFCs have scaled into a commendable USD ~326 billion industry to demonstrate an expanding influence and relevance in the financial market. This growth path has been driven by growing demand for tailor-made finance solutions especially from Micro, Small, and Medium Enterprises (MSMEs) who often face challenges when accessing loans from conventional banking channels.

Described against a background of a fast-changing financial landscape, NBFCs have shown flexibility and resistance. In addition to enduring the aftermath of the global economic crisis in 2008, NBFCs have experienced increased lending during the last five years. This rise in credit expansion as well as improved profitability rooted in prudent asset quality management practices and diversified sources of funding underlines the strength and resilience of NBFCs.

Furthermore, the government's active efforts to promote inclusiveness in the financial sector, such as 'Pradhan Mantri Jan Dhan Yojana' (PMJDY) and 'Mudra Yojana' underscores the relevance of NBFCs. As a result, these programmes have positioned NBFCs as significant enablers of credit access to those who lacked bank accounts altogether or are underbanked, again leading to inclusive economic growth and development.

However, instead of waiting for opportunities to come their way; NBFCs have not only capitalised on them but also demonstrated their commitment towards nurturing the MSME sector which is considered the backbone of the Indian economy. NBFCs contributed significantly towards its growth and resilience by adopting flexible approaches and focusing on financing needs targeting MSMEs.

NBFCs must keep pace with this upward trajectory and focus towards innovation to leverage their expertise and agility to address new financial challenges and opportunities that continue to emerge in India. Given their importance in India's credit ecosystem, it is evident that NBFCs can fuel economic growth and contribute significantly towards expanding financial inclusion across different sectors of the economy.

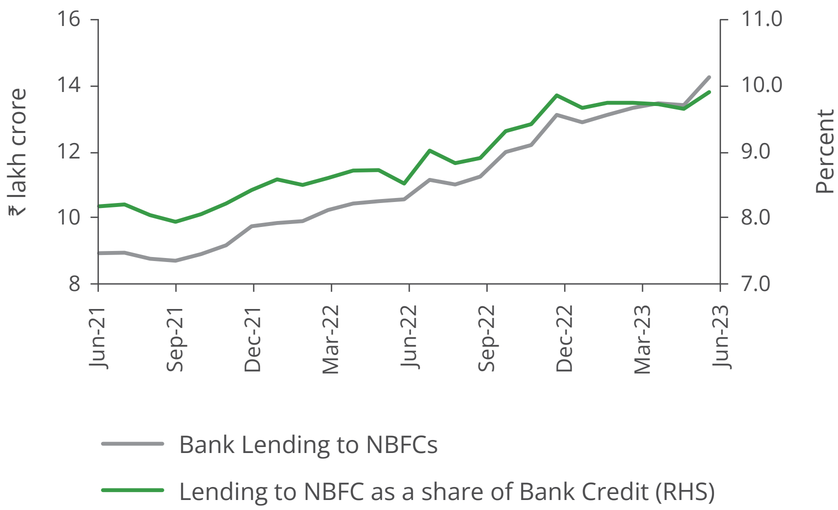
Source: https://government.economictimes.indiatimes.com/news/economy/key-milestones-transformations-in-nbfc-sector-and-their-potential-implications-for-2024/106348346

NBFCs Witness Robust Credit Growth and Improved Asset Quality

The NBFC sector in India has witnessed a significant surge in credit growth between September 2022 and September 2023. According to a recent report, gross advances for NBFCs grew by an impressive 20.8%, marking a substantial rise from the 10.8% growth observed in FY 2022-23. This positive trend was primarily driven by two key factors: a strong increase in personal loans (32.5% growth) and a significant rise in lending to the agriculture industry (43.7% growth). Notably, the personal loan category has exhibited remarkable growth over the past four years, with a CAGR of 33%, significantly outpacing the overall credit growth for NBFCs, which stands at a CAGR of nearly 15%.

While NBFCs play a crucial role in providing last-mile financing for the retail sector, they also operate in a competitive landscape alongside banks. Data from the RBI reveals that outstanding bank loans to NBFCs witnessed a substantial growth of 26.3% CAGR from June 2021-June 2023, reaching ~₹ 14 lakh crore in June 2023. This represents an increase of ₹ 3.8 lakh crore over the previous year. While in January 2024, the outstanding bank loans to NBFCs have further grown and stood at ₹ 15.03 lakh crore. Underpinning this strong credit growth is an improvement in asset quality. According to a recent RBI report (September 2023), the GNPA (Gross Non-Performing Assets) ratio for NBFCs moderated further to around 2.5% for government NBFCs and around 6.1% for private NBFCs. The NNPA (Net Non-Performing Assets) ratio has also seen improvement, with a healthy Provision Coverage Ratio (PCR). NBFCs are experiencing a robust period marked by strong credit growth and improving asset quality. Despite the recent competition from banks and other financial institutions, NBFCs will continue to remain an emerging powerhouse for the Indian economy.

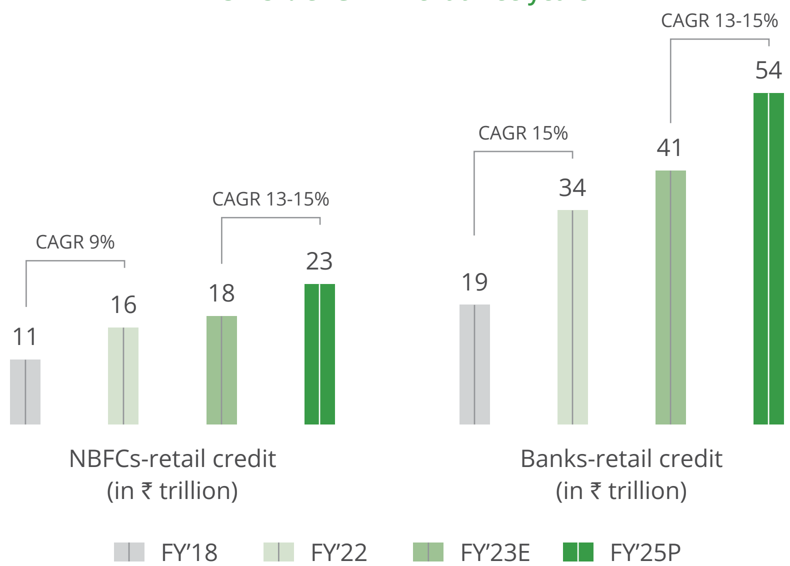
Share of Bank Credit



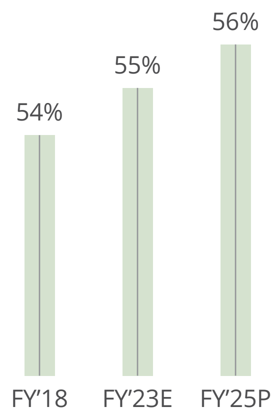
Sources: RBI and staff calculations.

NBFCs are experiencing a robust period marked by strong credit growth and improving asset quality. Despite the recent competition from banks and other financial institutions, NBFCs will continue to remain an emerging powerhouse for the Indian economy.

NBFCs retail credit is expected to increase at 13–15% CAGR in next three years



Share of retail credit in total NBFC credit to continue to grow



Note: P = Projected; Retail credit includes housing finance, auto finance, microfinance, gold loans, construction equipment finance, consumer durable finance, MSME loans and education loans

Source: Press releases, RBI, accessed on 24 January 2024

Source: https://economictimes.indiatimes.com/industry/banking/finance/rural-india-throws-nbfcs-a-lifeline-in-season-of-lost-momentum/articleshow/100815368.cms

https://www.rbi.org.in/Scripts/PublicationReportDetails.aspx?UrlPage=&ID=1254

https://www.mazars.co.in/content/download/1187895/60280515/version//file/NBFC-Tracker_Draft.pdf

https://bfsi.economictimes.indiatimes.com/news/nbfc/nbfc-sector-witness-uptrend-in-credit-growth-fueled-by-personal-agri-loans-report/108232304

Key Drivers of NBFC Success

NBFCs have emerged as a powerful force in the Indian financial landscape, fuelled by several key growth drivers:

- **Deep Market Understanding and Last-Mile Delivery:** Unlike normal banks, NBFCs have an edge in serving the demands of the unserved and underserved population. These markets constitute NBFC's area of concentration, along with the creation of a niche, targeting high-quality services and assuring end-to-end delivery of financial products and services.

- **Customised Products and Pricing:** NBFCs have adapted their product offering to suit the distinct characteristics of various customer groups, focusing on addressing specific needs through thorough analysis of the target segments and customised pricing model.

- **Reaching beyond tier 1 cities:** NBFCs, at large are plugged into Tier 2, 3, and 4 markets, thus bridging the financial cushioning gaps through the distribution of loans with multiple customer touchpoints. Besides, the providers of financial products and services, invest in such activities as building omnichannel experiences where customers can have digital access to their products and services through multiple channels.

- **Technology for Efficiency and Customer Experience:** Technology has further contributed to the adaptation of NBFC operations. They implement technology to create bespoke assessments of credit and advance the customer experience, thus making the credit process more efficient and seamless for people.

- **Collaboration through co-lending:** The RBI's co-lending norms (granted in November 2020) which allow NBFCs to work together with banks in lending funds specifically for priority sectors is also facilitating further expansions in credit availability

- **Government Initiatives and Ecosystem Support:** Government initiatives like the 'Pradhan Mantri Mudra Yojana' (PMMY), account aggregator licenses, UPI platforms, and digital commerce platforms like TReDS, GeM, and ONDC play a crucial role. These initiatives, coupled with GST implementation, create a robust financial ecosystem that empowers NBFCs to thrive.

By focusing on these key drivers, NBFCs are well-positioned to continue their impressive growth trajectory and play a vital role in driving financial inclusion and economic development across India.

Source: KPMG Insights

Outlook

The future of NBFCs in India is bright with a projected CAGR of 13-15% between FY 2022-23 and FY 2024-25. As NBFCs adapt to the changing terrain, success in 2024 and beyond is secure. NBFCs will hinge on strategic collaborations, embracing technological advancements, and a dedicated focus on promoting financial inclusivity. Government initiatives backed by digital adoption are creating a fertile ground for NBFCs to expand credit access to unserved and underserved segments. While a cautious approach to credit expansion might be observed initially, growth in other areas like loans against property and commercial vehicle finance is expected to compensate. NBFCs are also exploring alternative sources of funding like retail debentures and co-lending arrangements to diversify their financial base and optimise capital utilisation.

Nevertheless, the sector NBFC exhibits positive expectations. Solid risk management, attention to infrastructure financing, and selective use of smart technology, like digital services and collaboration with fintech industries shall all be prominent for successful growth continuance. By accepting innovation driven by adaptivity, NBFCs change the scenario of the country by becoming the pivotal player in India's economics as well as financial inclusion.

Source: KPMG Insights

The MSME Powerhouse: Driving Growth and Job Creation in India

With a staggering 63 million units scattered throughout the country, these enterprises are the backbone of our nation, playing a crucial role in its development. Providing employment opportunities to over 110 million people, MSMEs also play a vital role in promoting regional growth, with more than half of them located in rural areas. This creates a bridge between urban and rural communities, empowering grassroots development.

Nevertheless, the sector NBFC exhibits positive expectations. Solid risk management, attention to infrastructure financing, and selective use of smart technology, like digital services and collaboration with fintech industries shall all be prominent for successful growth continuance.

But it's not just their economic impact that makes MSMEs so significant. They hold a deep social and cultural significance, showcasing the diversity and innovation of Indian society. Accounting for 33.4% of India's GDP, they hold a powerful position in the industrial landscape, contributing 6.11% to the manufacturing GDP and 24.635% to the services GDP. On top of that, small companies also make up 42% of the total annual exports, making them essential links in the supply chain and strengthening the overall economic ecosystem.

Recognising the crucial role of MSMEs, the government has taken various measures to support their growth, particularly in addressing challenges related to funding and digital adoption. Initiatives like the Emergency Credit Line Guarantee Scheme (ECLGS) and the Prime Minister's Employment Generation Programme (PMEGP) have streamlined credit delivery and promoted employment opportunities. Additionally, the focus is on creating a digital ecosystem.

Micro, Small and Medium Enterprises (MSMEs) are a vital force driving economic growth and development around the world. They play a crucial role in creating jobs, fostering innovation, and nurturing inclusive economic participation. This segment is particularly important in developing economies, where MSMEs often serve as the backbone of the industrial sector.

Source: https://www.forbes.com/advisor/in/business/msme-statistics/

MSMEs Credit Growth

Micro, Small and Medium Enterprises (MSMEs) are a vital force driving economic growth and development around the world. They play a crucial role in creating jobs, fostering innovation, and nurturing inclusive economic participation. This segment is particularly important in developing economies, where MSMEs often serve as the backbone of the industrial sector. With an estimated 63 million MSME units currently operational, and a projected growth rate of 2.5% CAGR, this sector is poised for further expansion. A recent joint report by TransUnion CIBIL and SIDBI predicts the number of MSME entities to reach a remarkable 75 million within the next few years, with a staggering 50 million of those being entirely new to credit (NTC).

Despite their undeniable importance, MSMEs face a significant challenge: securing adequate financing. The estimated addressable MSME credit demand is ₹ 68 trillion of which only ₹ 24 trillion is addressed by formal credit channels. This leaves a significant financing gap of ₹ 44 trillion.

A critical area for improvement lies in addressing the vast working capital gap. Working capital loans act as a vital "cushion" for MSMEs, allowing them to navigate periods of low demand and seize new opportunities. Currently, a lack of MSME-focused, standardised working capital products exists. Lenders often rely on collateral earmarked against term loans, leaving MSMEs out of reach for packaged solutions.

Bridging the credit gap and offering accessible working capital solutions are crucial steps in empowering MSMEs. By leveraging technology and innovative credit assessment methods, lenders can better assess the potential of MSMEs with limited formal documentation. Additionally, creating standardised and accessible working capital products can provide MSMEs with the financial flexibility they need to thrive.

By fostering a more inclusive financial ecosystem, India can unlock the full potential of its MSME sector, fuelling further economic growth and job creation.

New Government Initiatives for MSMEs

The Indian government has been actively focused on promoting the growth and advancement of MSMEs, implementing a range of measures to address their unique challenges and foster their expansion. One notable effort is the Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE), which has set aside a substantial amount of ₹ 2 lakh crore specifically for micro and small businesses. This programme offers partial loan guarantees, making it easier for these enterprises to secure much-needed financing. This targeted approach recognises the difficulties faced by small businesses in obtaining loans due to their size and limited credit history.

Moreover, the government has also launched the MSMEs Self-Reliant India Fund, which injects a significant amount of ₹ 50,000 crore in equity to support small and medium-sized enterprises with high growth potential. This substantial investment demonstrates the government's dedication to driving long-term progress and innovation within the MSME sector. By providing alternative sources of funding, this scheme empowers MSMEs to expand their operations and pursue entrepreneurial ventures without solely relying on loans and debt. Additionally, initiatives such as the integration of 'Udyam', 'e-Shram', National Career Service (NCS), and 'Aatamanirbhar' Skilled Employee Employer Mapping' (ASEEM) portals aim to create a cohesive ecosystem for MSMEs. This will facilitate access to skilled workforce, credit, and training opportunities, while also improving efficiency through centralised data management.

A Promising Outlook for India's MSME Sector

India's small businesses, also known as Micro, Small, and Medium Enterprises (MSMEs), are crucial players in shaping the country's economic landscape. They not only drive growth but also create jobs and contribute to the development of various sectors. Despite the challenges posed by the pandemic, there has been a noticeable increase in MSME activity in the past few months, indicating a steady recovery and setting the foundation for grassroots-level economic growth, which is essential for sustaining the nation's economic activity. However, there are still hurdles to overcome, such as lack of funding and logistical issues. To address these issues, the government has introduced new initiatives, including personalised consumer loan platforms and improved digital integration.

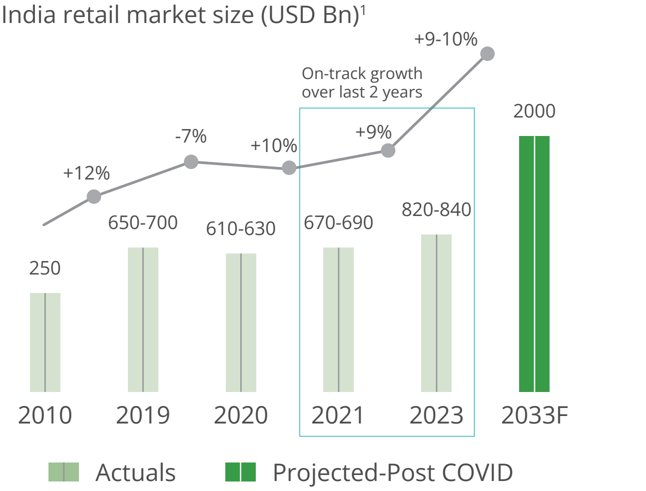
Apart from financial assistance, the government has also launched programmes like Raising and Accelerating MSME Performance (RAMP) and the MSME Self-Reliant India Fund (Fund of Funds) to empower MSMEs through technology upgrades, skill development, and access to markets. With a combination of these efforts and a post-pandemic resurgence, MSMEs are well-positioned to drive widespread economic growth, create employment opportunities, and foster entrepreneurship across the nation, especially in rural areas, benefiting women in particular. This concerted effort aims to unlock India's demographic dividend and propel the nation's economic growth to new heights.

India's Retail Industry

India's retail industry is a thriving giant that ranks among the top five globally. It relies on a vast consumer base and is expanding rapidly. The Indian retail environment is unique in that it combines contemporary supermarkets and internet marketplaces with the prevalence of traditional retail (kirana) businesses. With growing earnings, urbanisation, and booming e-commerce, the industry has enormous potential for future development, driven by a youthful, tech-savvy populace.

India retail expected to grow at 9-10% to reach USD 2 Tn in the next decade

India retail market size (USD Bn)[1]

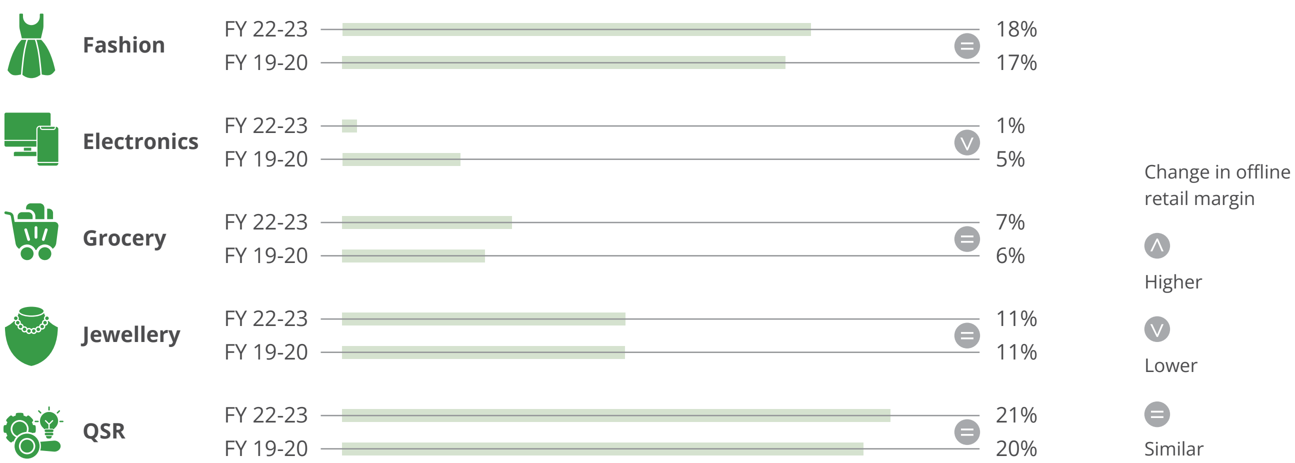


1. Euromonitor, BCG analysis

Note: All years referred represent Calendar Year

The future of retail in India is poised for a hybrid model that seamlessly blends online and offline channels. By harnessing technology to personalise the online shopping experience and elevate the in-store environment, retailers expect to establish a comprehensive omnichannel approach that caters to the dynamic needs of modern consumers.

Offline retail showing margin resilience except electronics

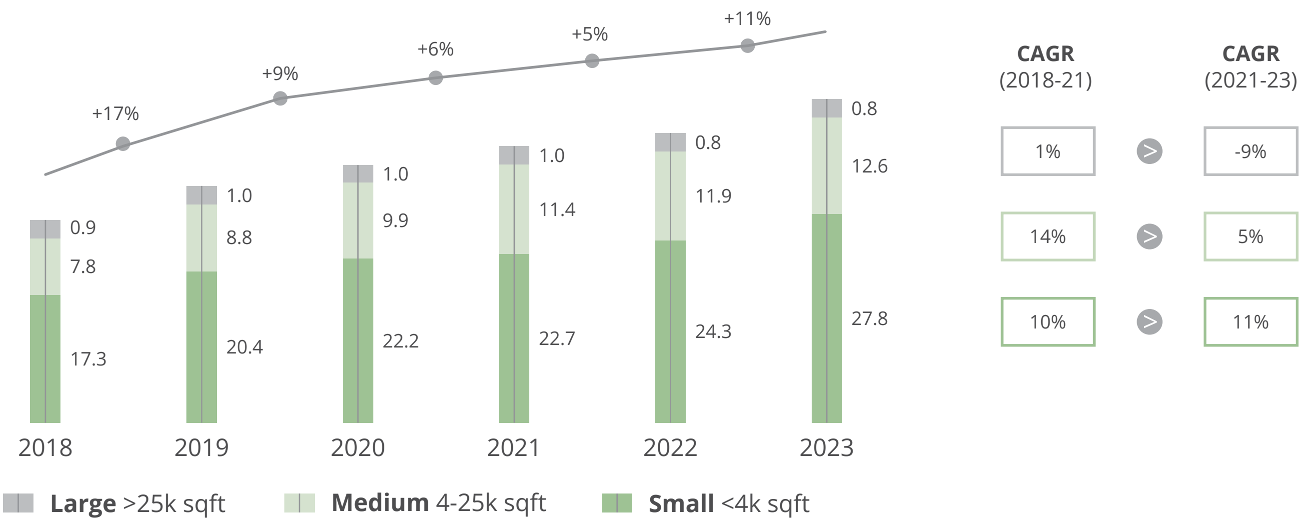


Source: Boston Consulting Group (BCG) & RAI

> **The government has also launched programmes like Raising and Accelerating MSME Performance (RAMP) and the MSME Self-Reliant India Fund (Fund of Funds) to empower MSMEs through technology upgrades, skill development, and access to markets.**

Store addition momentum has returned - indexed on small formats

Store Count (in '000s)

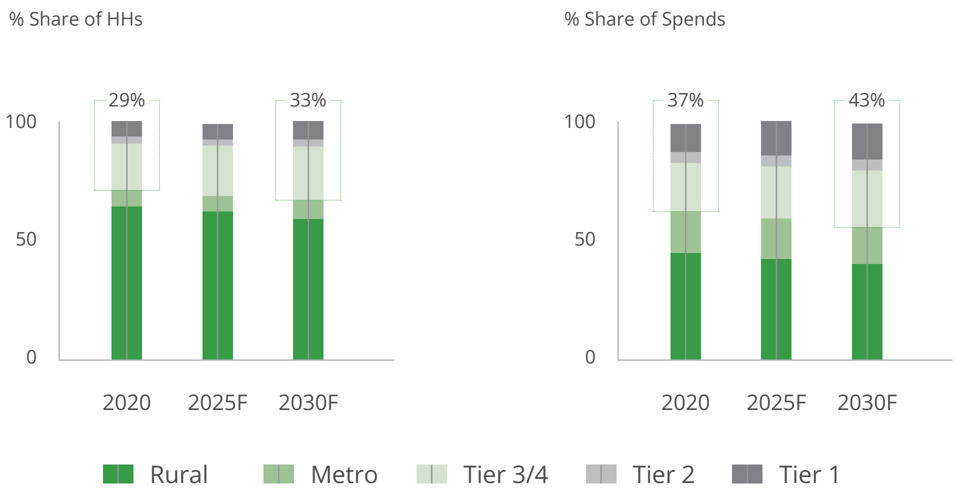


Source: Boston Consulting Group (BCG) & RAI

Share of Tier 1-4 cities in number of households and spends growing

400 bps increase in share of T1-4 HH over 10 years...

... to lead to 600 bps increase in share by 2030



Source: Boston Consulting Group (BCG) & RAI

COMPANY OVERVIEW

NeoGrowth's Journey

NeoGrowth Credit Private Limited (NeoGrowth) was established in 2013 as a Middle Layer Non-Banking Financial Company (NBFC-ML) registered with RBI. We are a new-age digital lender offering a variety of financial products specifically designed to meet the funding needs of small businesses across India. As a founding-member of the Digital Lenders Association of India, NeoGrowth has been at the forefront of using digital payment data for credit assessment aimed at promoting financial inclusiveness within the MSME sector. Focusing on social impact and having ten years of experience allows NeoGrowth to innovate its digital lending model which has enabled the growth of MSMEs across various sectors. Our Assets Under Management (AUM) on March 31, 2024 stood at ₹ 2,750 crore reflecting a strong growth of 49% for FY 2023-24.

As a founding-member of the Digital Lenders Association of India, NeoGrowth has been at the forefront of using digital payment data for credit assessment aimed at promoting financial inclusiveness within the MSME sector.

BUSINESS REVIEW

Performance highlights

Operational Performance

Our AUM grew by 49% from ₹ 1,852 crore in FY 2022-23 to ₹ 2,750 crore in FY 2023-24 with resilient profitability.

New product launches and branch expansion

- Launched new product in Supply Chain segment
    - o Upgraded Purchase Finance – Exclusive Offering for NeoGrowth Supply Chain customers. Limit Based offering where customers can avail invoice-based funding directly in their supplier's bank account. On-Demand credit facility with easy digital limit utilisation through the Customer App
- Expanded NeoGrowth's presence to 4 new locations in Tirupati, Hubballi, Puducherry, and Mangalore

Leveraging India Stack

We leverage the account aggregator ecosystem, seamlessly integrating with India Stack like Aadhaar, e-KYC, GST and UPI among others, to fulfil the financial needs of the MSMEs

Strengthening In-House Tech

- Employed internally developed Banking Automation software to streamline the process for meeting the financial requirements of MSMEs
- Implemented Video PD, to conduct real-time video-based verification of customers business setup and underwriting, eliminating the need for physical visits, thereby enhancing efficiency

Financial Performance

(₹ In Crore)

Particulars	2023-24	2022-23
Revenue from Operations	599.20	380.14
Other Income	2.21	2.68
Total Income	601	383
Financial Costs	211	159
Net Interest Income	390	224
Operational Costs	137	121.08
Loan Losses and Provisions	150	69.7
Depreciation and Amortisation	7.7	7.6
Profit/(Loss) Before Tax	95	23.63
(Less) Tax Expenses/(Credit)	24	6.4
Net Profit/(Loss)	71	17.3

Net Worth and Key Ratios

(₹ In Lakhs)

Particulars	As of March 31, 2024	As of March 31, 2023
Net Worth	668	593
Debt/Equity Ratio	3.2	2.31
Capital Adequacy Ratio (%)	28.5	32.7
Operating Cost/NIM (%)	37	57.5

Net Worth excludes the 'Other Comprehensive Income' shown as part of 'Other Equity' and includes compulsorily convertible debentures (CCDs)

Risk Management

Our Company and its operations, as well as the regulatory and external environment, entail various risks. Our business risks include credit concentration, strategy, liquidity, IT/Cyber security, governance, and ESG risks. To mitigate these risks, we implemented an aggregate risk assessment approach. In addition to our business operations, we have distinct Risk, Audit, and Compliance divisions. This ensures effective checks and balances and prevents conflicts of interest between revenue generation, risk management and control.

Our risk management approach prioritises a comprehensive awareness of hazards, effective risk assessment, measurement methodologies and constant monitoring. Our Internal Capital Adequacy Assessment Process (ICAAP) is a structured management system that recognises, evaluates, and manages risks that affect our Company, financial condition and capital adequacy.

Pillars of Risk Management Policy

- A risk-gradation scorecard-based system for dynamic customer selection
- Dedicated portfolio monitoring to discover and assess stressed circumstances, allowing for early warning signals and route modifications
- Use technology and analytics to identify, monitor, collect and enhance selection
- Integrated collection approach with automated collections and payment reminders, supported by a skilled litigation team

We stay informed by employing risk management across all products, including continuing evaluations to detect challenges upfront. We use analytics to monitor transactions and portfolio quality, while internal checks prevent security concerns like transactional failures. Our strong risk management measures, such as avoiding concentration risks and focusing on granular lending, further improve the quality of our credit portfolio.

Building a Strong Credit Culture: Our Risk Management Tools

We take a proactive approach to credit risk management, utilising a suite of innovative tools to ensure responsible lending practices and a healthy portfolio. Here are a few key examples:

- **Application Scorecard:** This powerful tool leverages past data to generate a comprehensive creditworthiness assessment for each applicant. By analysing historical trends, the scorecard helps us make informed lending decisions, increasing approval rates for qualified borrowers without compromising on credit risk
- **Collection Optimisation Scorecard:** This data-driven tool goes beyond simple delinquency identification. It predicts which clients are likely to self-cure their outstanding balances within a specific timeframe (e.g., one month). This allows us to optimise collector efforts by focusing on the most critical cases, improving collection efficiency
- **Hiresmart:** Identifying top talent is crucial, but so is mitigating the risk of bad hires. Hiresmart provides an early warning system to filter out potentially unsuitable sales candidates during the recruitment process. By selecting qualified individuals from the start, we can reduce early sales cycle drop-off and boost overall team productivity

Enhanced Loan Management:

- **Robust Underwriting:** Integrate digital tools like bank statement analysis and social footprint verification for risk assessment
- **Risk Monitoring:** Utilise data marts to track risk indicators and collections performance
- **Regular Reporting:** Report risk exposures to management for timely mitigation
- **Evolving Scorecards:** Continuously refine scoring models to adapt to changing market conditions

Collection Analytics & Recovery Scorecards

We leverage analytics at every stage to meticulously assess a customer's propensity to pay. Our net Non-Performing Assets (NPA) decreased from 2.2% on March 31, 2023, to 1.6% on March 31, 2024. We are committed to continuous evaluation of our business risks and developing appropriate risk management strategies. This ensures we achieve risk-calibrated growth and long-term sustainability.

Strong Corporate Governance

At NeoGrowth, we are dedicated to building a strong and sustainable business anchored in ethical and transparent practices. We believe that exemplary corporate governance is the cornerstone of achieving this goal. Here's how we translate this commitment into action:

- **Promoting Fairness and Transparency:** We foster a culture of fairness and transparency for all our stakeholders, including investors, employees, customers, and partners
- **Ensuring Accountability:** We hold ourselves accountable for our actions and decisions, demonstrating a commitment to responsible business practices
- **Adhering to Values:** We are guided by a strong set of values that underpin all our operations. These values shape our behaviour and interactions with stakeholders.

For further details, please see the Board's Report on page 72.

Compliance

NeoGrowth is committed to regulatory compliance and strives to adhere to all regulations set forth by the Reserve Bank of India (RBI), the Securities and Exchange Board of India (SEBI), and other legislations. In FY 2023-24, we saw enhancements to RBI regulations on NBFC and listing regulations, including prudential norms on income recognition, asset classification & provisioning for advances, as well as new master directions on on Information Technology and outsourcing of IT services, KYC requirements, and Scale Based Regulations for NBFCs. SEBI also made amendments to listing and disclosure requirements and non-convertible securities issuance regulations. We constantly endeavour to raise the bar for regulatory compliance and governance metrics.

To achieve this, NeoGrowth has implemented a Board-approved Compliance Policy, strengthened the Compliance Function and reviewed internal processes to ensure adherence to these evolving regulations.

Please refer to the Board's Report on page 72 for more information.

Regulatory Landscape

NeoGrowth operates as a Middle Layer, Non-Deposit Non-Banking Financial Company registered with RBI. This classification indicates that NeoGrowth is recognised as a significant player within the Indian NBFC sector.

Reserve Bank of India (RBI): The RBI acts as the primary regulator for NBFCs in India. NeoGrowth adheres to all regulations established by the RBI, including guidelines for:

- Capital adequacy
- Liquidity Risk Management (LRM)
- Corporate Governance
- Asset classification and provisioning
- Know Your Customer (KYC) norms
- Fair practices in loan collection

Human Resources

At NeoGrowth, employees are regarded as invaluable assets driving the Company's growth. With a focus on holistic development, the organisation emphasises the enhancement of essential and professional skills among its workforce. The people strategy aims to create a positive and inclusive workplace environment that fosters motivation and engagement.

To support our people strategy, we have implemented robust talent management practices. Our focus is on acquiring top talent and providing them with comprehensive skill development and training programmes. Our structured employee engagement and development framework comprises seven pillars: Neo Connect, Neo Recognise, Neo Learn, Neo Benefit, Neo Celebrate, Neo Care, and Neo Give-back.

In line with our digital lending ethos, we leverage data and technology across HR functions. We conduct monthly training sessions to update our workforce on regulatory and Company-level developments, with initiatives conducted annually.

Some of our innovative digital HR initiatives include the deployment of 'HireSmart', an award-winning analytics-driven tool for screening sales candidates. Additionally, our 'Swadhyay' online learning management system provides behavioural, functional and compliance training accessible to all team members. We have also introduced the Leadership Path program and simulation-based training for tech assets to enhance learning and adaptation.

To further enrich the employee experience, we organise activities such as Corporate and Leadership Lessons from Movies, quarterly webinars with the MD & CEO and HR Connect sessions. Our strategic employee engagement framework and digital technology integration enables us to attract, nurture and retain talent to achieve our corporate and social objectives effectively.

Asset Liability Management

NeoGrowth prioritises a sound Liquidity Risk Management (LRM) policy, overseen by a Board-approved framework surrounding Asset Liability Management (ALM). This comprehensive approach safeguards the Company's financial health by:

- **Establishing a Clear Structure:** The policy defines the organisational structure for LRM and ALM, ensuring clear lines of responsibility and accountability
- **Leveraging Information Systems:** Dedicated LRM information systems facilitate the efficient collection and analysis of data crucial for risk assessment
- **Risk Evaluation Process:** A well-defined process is in place to continuously evaluate liquidity and interest rate risks, enabling proactive mitigation strategies

The Asset Liability Committee (ALCO), appointed by the Board, actively manages the company's cash flow and borrowing needs. This is achieved by:

- Continuously monitoring market trends to assess liquidity levels and potential risks
- Maintaining a sufficient cash reserve to ensure smooth operations
- Regularly reviewing future borrowing requirements and seeking funding opportunities to optimise costs
- Matching future liabilities with expected inflows based on maturity dates to identify any potential gaps in funding

In line with its ALM framework, NeoGrowth has adopted well-documented policies and Standard Operating Procedures (SOPs) which govern its treasury activities. In addition, this is backed by a system of checks and balances as well as carrying out internal audits of the treasury department periodically to strengthen internal controls to safeguard against potential financial risks. The Company's in-house capabilities give it the ability to handle different types of borrowing instruments like External Commercial Borrowings (ECBs), Listed Non-Convertible Debentures (NCDs), Securitisation, and Direct Assignments. Therefore, this allows for strategic access to funding sources and optimisation of capital structure.

By implementing a comprehensive LRM framework and maintaining a culture of risk management, NeoGrowth demonstrates its commitment to financial prudence and long-term sustainability.

Key Updates for FY 2023-24

- Successfully onboarded 18 new lenders, including 5 banks, contributing nearly 44% to FY 2023-24's incremental borrowing needs
- Achieved a significant reduction in the incremental cost of borrowing in FY 2023-24 compared to FY 2022-23
- NeoGrowth became the first company to list its FCB on the Gujarat International Finance Tec-City (GIFT City) Exchange
- ICRA Rating Limited upgraded NeoGrowth's credit rating by one notch to ICRA BBB+/Stable, reflecting the company's financial strength and stability

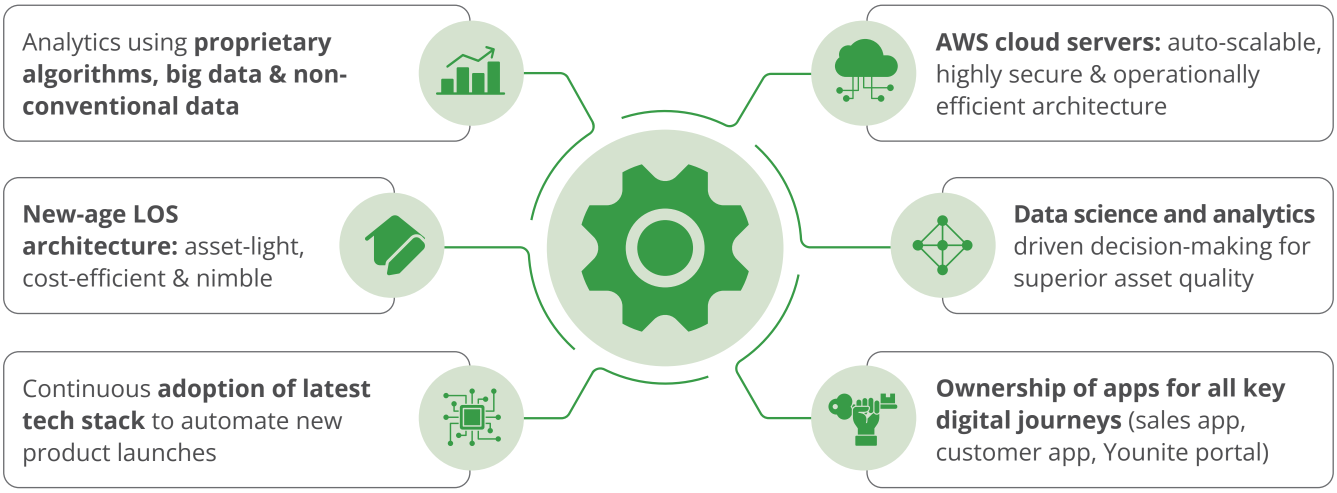
Technology and Innovation

Our technology suite comprises integrated applications spanning the loan value chain, from lead management to collections. Customer-facing web platforms and mobile apps enable seamless digital onboarding and servicing. Integrated with various APIs, including credit bureaus and the GST database, our ecosystem facilitates data analysis for loan underwriting and ongoing evaluation. This enables us to provide early warning signals and actionable insights throughout the loan tenure.

We utilise a library connected, proprietary technologies that cover the entire loan lifecycle, starting with lead management and ending in collections. Thus, we ensure seamless digital onboarding and servicing through customer-facing web platforms and our mobile app. Our ecosystem plugs into different APIs such as credit bureaus and GST databases to support comprehensive data analysis for loan underwriting and ongoing evaluation. NeoGrowth administers daily repayments by using eNACH with assistance from diverse digital payment options to enhance user convenience. Our customer experience is further enhanced by an AI-based system which uses machine learning tools integrated with strong core systems to create value, attract talent and guide decision-making across key business areas.

Talking about tech and innovation, NeoGrowth enables digital solutions in its operations. Our mobile sales app and web application journey streamline loan applications, replacing lengthy paper-based processes. Using those user applications and the customer base, NeoGrowth utilises data analytics to evaluate loan applicants. Perfios integration automates bank statement analysis, and our custom-built scoring models evolve based on deep analytics, potentially leading to faster and more accurate assessments.

Overview of NeoGrowth's capabilities derived through a robust technological architecture



NeoGrowth's Digital Capabilities

NeoGrowth's digital capabilities enable speedier product and policy changes, providing us a competitive advantage over peers.

Our creative digital assets provide the following major benefits:

Sales app:

- Android and iOS mobile applications for sourcing and tracking loan applications
- Customer Acquisition Manager (CAM) can easily create leads and record visits
- Auto-populates fields and uploads documents easily
- Provides notifications on status changes and dashboard access for analytics
- Integrates with CRM and Perfios for bank statement analysis

Insta Web Application Journey:

- Web-based loan application journey for proprietors and retailers
- Fully digitised application with intelligent eligibility establishment
- Offers digital Aadhaar and GST-based business KYC
- Integrates with account aggregator for banking validations and penny drop verification
- Provides CAM and call centre assistance options with Aadhaar-based document signing

Customer app:

- Allows existing customers to manage loan details, documents and queries
- Enables round-the-clock tracking and managing of loan accounts
- Facilitates digital repayments via Rupay debit card, net banking and UPI
- Provides access to statements, loan certificates and repayment schedules

Younite Portal for Younite Partners:

- Online portal for Younite partners to create leads and conversions
- Enables initiation and completion of Insta journey independently
- Facilitates payout process to DSAs with lead status transparency and accurate data capture

Alliances portal:

- Online portal for managing alliance partners with lead generation and conversion features
- Minimises journey breaks during lead transmission and offers lead status transparency

Merchant portal:

- Exclusive portal for customers to access loan-related information and raise queries
- Provides features like loan statements, interest certificates and repayment schedules
- Facilitates funding requests and eNACH registration

Advance Suite (AS):

- Custom-built loan originating and management system
- Enables end-to-end tracking of loan cycle and creates repayment schedules
- Supports multiple loan products and automates loan application process

Paylater Limit Management System (PLMS):

- Custom-built loan management system for limit-based products
- Tracks limit utilisation and processes funding requests
- Generates statements for pro-rata interest calculation and supports dynamic limit updation

SuiteCRM:

- Records all interactions with potential and existing customers
- Offers robust helpdesk functionality with configurable SLAs and escalation matrices
- Integrates with Advance Suite and partner portals for lead management

Collection Management System:

- Manages delinquent accounts with rule-based allocation and digital receipt issuance
- Records all collections feedback and provides a mobile app for field agents
- Enables geotagging feature for resource productivity tracking

Robust Digital Capabilities:

- In-built digital capabilities for faster modifications and competitive edge
- Integrates with APIs for data analysis and regulatory compliance
- Leverages artificial intelligence and machine learning tools for enhanced customer experience and decision-making

Sustainability and Social Impact

NeoGrowth recognises that financial inclusion and social responsibility are critical to its long-term success. Aside from its primary commercial operations, NeoGrowth is dedicated to making a decent social effect and encouraging sustainable development in India. It helps underserved MSMEs by providing finance via innovative digital solutions. This financial inclusion increases MSMEs' development potential, resulting in job creation and economic vitality at the grassroots level. NeoGrowth's operations are aligned with the United Nations' selected Sustainable Development Goals (SDGs). This guarantees that our practices promote the larger societal objectives such as gender equality, financial inclusion and economic development. NeoGrowth actively assists disadvantaged communities through collaborations with NGOs. We also partnered with organisations that provide essential services such as food distribution, healthcare access and sanitation facilities during times of crisis.

NeoGrowth prioritises corporate governance and maintains a strong internal control framework to uphold integrity and accountability. This framework is designed to safeguard assets, maintain accurate records, and provide reliable information to stakeholders.

STRONG INTERNAL CONTROLS

NeoGrowth prioritises corporate governance and maintains a strong internal control framework to uphold integrity and accountability. This framework is designed to safeguard assets, maintain accurate records, and provide reliable information to stakeholders. Structured organisation, documented policies, and regular audits ensure adherence to established procedures and promote consistency and ethics in business transactions. Through self-certifications and independent audits, NeoGrowth continuously improves internal controls, leveraging technology and monitoring results to refine processes and strengthen governance measures.

By adopting a multi-layered approach, NeoGrowth proactively mitigates operational risks, including transactional errors and non-compliance issues. Robust internal controls minimise the potential for errors during day-to-day operations and ensure adherence to relevant procedures, guidelines, and regulations. Through continuous improvement and proactive risk management, NeoGrowth reinforces its commitment to maintaining the highest standards of corporate governance and operational excellence. Our perfection towards strong internal checks is through:

- Ensuring clarity, detail and accuracy of Standard Operating Procedures
- Constantly monitoring the adherence of procedures like:
    - Process level self-certifications and third-party certifications such as ISO, ISMS and others
    - External audits conducted by highly skilled and reputable auditors
- Driving continual enhancement of processes and controls by leveraging technology and closely monitoring outcomes

Board's Report

Dear Shareholders,

Your directors have the pleasure of presenting the Twelfth Annual Report of your Company with the Audited Financial Statements for the financial year ended March 31, 2024.

1. OPERATIONAL HIGHLIGHTS

During the financial year 2023-2024, your Company grew Assets under management (AUM) to ₹ 2,750 Crores with a healthy Profit before Tax of ₹95 Crore. With this higher operating scale, the operating leverage for the company improved significantly during financial year 2023-2024.

Your Company served the customers within the current geographical presence, by tapping more business from current customers as well as expanding the customer base within the present geographical locations. During the year, your Company opened a new Branch at Mangalore. Your Company also offered new and existing products in the supply chain segment within these established geographies to ensure deeper relationships.

2. FINANCIAL HIGHLIGHTS

The financial statements of the Company for the year ended March 31, 2024, have been prepared in accordance with Ind AS and the revised Schedule Ill to the Act, as mandated by Ministry of Corporate Affairs (MCA).

The summarized financial results of the Company for the year ended March 31, 2024, compared with the previous financial year are as below:

₹ in lakhs

Particulars	2023-2024	2022-2023
Revenue from Operations	59,920	38,015
Other Income	221	268
Total Income	**60,141**	**38,283**
Finance costs	(21,119)	(15,901)
Operational Costs (including employee benefit cost)	(13,684)	(12,293)
Impairment of Financial Instruments	(15,034)	(6,968)
Depreciation and amortization	(771)	(758)
Profit / (Loss) Before Tax	9,533	2,363
Tax Expenses / Credit	(2,397)	(637)
Profit / (Loss) After Tax	7,137	1,727
Transfer to Reserve Fund u/s 45-IC of the RBI Act, 1934	1,427	345
Surplus carried to Balance Sheet	5,709	1,381

₹ in lakhs

Particulars	2023-2024	2022-2023
Net worth	66,778	59,327
Debt / Equity Ratio	3.20	2.31
Capital Adequacy Ratio (%)	28.48	32.70

The previous year's numbers have been restated, wherever required.

Net worth excludes the "Other Comprehensive Income" and is shown as part of "Other Equity" but include the Compulsorily Convertible Debentures.

A comprehensive customer service and collections strategy is in place to ensure maintaining asset's quality. The company continues to engage in proactive risk management practices.

3. AMOUNT CARRIED TO STATUTORY RESERVES

During the year, the Company transferred ₹ 1,427 Lakhs (20% of the profit for the year) to Statutory Reserve created under Section 45-IC of the RBI Act, 1934

4. DIVIDEND

The company has a policy on deploying the internal accruals for growth.

5. BUSINESS FROM INSURANCE AS CORPORATE AGENT

Your Company has been offering insurance products to the borrowers as a risk mitigation action to ensure recovery of dues in the unfortunate event of the death of the owner. Your Company has put in place a policy on Open Architecture for Retail Insurance Business in terms of the Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015. It lays down the manner of soliciting and servicing insurance products and addresses the manner of adopting the philosophy of open architecture and its implementation. The Company ensures that there is no forced selling of any insurance policies to any of its customers.

6. CHANGE IN CHARTER DOCUMENTS:

There was a change in the charter documents of the Company during the period under review. The Articles of Association of the Company was amended on 17th August 2023 to replace Plentitude Ventures Private Limited in place of Westbridge Crossover Fund LLC, pursuant to transfer of 2.88% shareholding.

7. SHARE CAPITAL

During the year under review,

a) there was a change in the paid-up share capital of the Company. As on 31st March 2024, the paid-up share capital is ₹ 93,37,02,260 divided into:

   i. ₹18,00,07,000 comprising of 180,00,700 Equity shares of ₹ 10 each and

   ii. ₹ 75,36,95,260 comprising of 7,53,69,526 0.01% CCPS of ₹ 10 each.

   3,07,000 CCDs issued to Trinity Inclusion Limited were converted into 41,00,000 CCPS.

b) The authorised share capital stood at ₹ 117,00,00,000 divided into ₹ 21,00,00,000 divided into 2,10,00,000 Equity shares of ₹ 10 each and ₹ 96,00,00,000 divided into 9,60,00,000 0.01% CCPS of ₹ 10 each.

8. DETAILS OF SUBSIDIARIES/JOINT VENTURES/ ASSOCIATE COMPANIES

The Company has no subsidiaries, JVs or Associate companies. Also, during the financial year under review, your Company has not incorporated any subsidiary or joint venture or associate Company.

9. CAPITAL ADEQUACY

The Capital adequacy ratio of the Company is healthy at 28.48% as on March 31, 2024 (32.70% on March 31, 2023) as against minimum capital adequacy requirement of 15% as mandated by RBI.

10. ASSET - LIABILITY MANAGEMENT AND FINANCIAL LEVERAGE

The Company has a well-defined Liquidity Risk Management policy to address the risk of mismatch between assets and liabilities either due to liquidity or changes in interest rates. The Company's Asset-Liability Committee (ALCO), set up in line with the guidelines issued by the RBI, monitors asset-liability mismatches to ensure that the ALM is managed within RBI prudential norms and ALM policy as laid down by company.

a Your Company follows a conservative and prudent cash flow management policy. The Company borrows money for a longer tenor than the maturity of its assets and is supported by a conservative gearing ratio (measured by Net Debt/Net worth. The Company raised fresh funding of ₹ 1,855 crore during FY 2023-24. The Cumulative positive mismatch as a percentage of cumulative outflow for ALM bucket up to 24 months at the end of last month remains at 35.2% which is over and above the internal threshold limit of 20%.

b Your company has always maintained a conservative ALM policy, by deploying longer tenor funds towards a relatively shorter maturity loan portfolio. As a result of this conservative practice, the company was largely unimpacted by the global economic uncertainties, increasing interest rate scenarios and geo-political issues and was able to maintain more than adequate liquidity for meeting its ongoing operating expenses, disbursal requirements and debt repayment obligations.

c As a prudent practice and recognizing the risks of the business segment the Company operates in, the Company aims to operate with lower than market average levels of gearing on an ongoing basis. The gearing levels (measured by Net Debt/ Net worth) were relatively conservative at 3.2 times as on March 31, 2024 (2.3 times as on March 31, 2023).

d During the year, the company has issued and listed its Foreign Currency Bonds (FCBs on IFSC. Your company has become the first company to leverage the unified depository in GIFT City.

11. DEBT SOURCING AND CREDIT RATING

During the year, your Company raised fresh borrowing of ₹ 1707 Crores from various Financial Institutions in India and overseas.

During the year, the marginal borrowing cost improved and Company was able to add 18 new lenders including 5 banks. The company endeavors to raise debt funding at the most competitive cost possible.

Your Company's credit rating was changed during the year as follows:

a. CARE revised the rating from CARE BBB-; Stable (Triple B Minus; Outlook: Stable) to CARE BBB; Stable (Triple B; Outlook: Stable) in August 2023 and

b. ICRA revised the rating from ICRA BBB (Stable Outlook) to ICRA BBB+ (Stable Outlook) in February 2024.

12. CLASSIFICATION AS A MIDDLE LAYER NBFC

The Company continues to be classified as a Middle Layer, Systemically Important Non-deposit taking NBFC (NBFC-ML), for FY 2023-24. This subjects your Company to enhanced regulatory oversight and reporting requirements, thereby creating a stronger culture of good governance within the Company.

13. RBI GUIDELINES, PUBLIC DEPOSITS, AND ASSET CLASSIFICATION

Your Company has complied with all applicable regulations of the Reserve Bank of India (RBI). As per Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the Directors hereby report that the Company did not accept any public deposits during the year and did not have any public deposits outstanding at the end of the year.

14. FAIR PRACTICES CODE

Your Company has in place a Fair Practice Code (FPC), which includes guidelines on the terms and conditions relating to receipt of loan applications from the prospective borrowers and processing thereof, sanction, monitoring and recovery of loans and other financial products being offered by it, the Grievances Redressal Mechanism in place etc. The said policy is available on the website of the Company at the URL: https://www.neogrowth.in/company-policies

15. VIGIL MECHANISM:

The Company has a whistle-blower policy in place as part of the vigil mechanism for reporting genuine concerns by any stakeholder about any other one. The policy, displayed on the website of the Company. This policy also provides safeguards against victimization of stakeholders, who report their concerns. The policy can be accessed at https://www.neogrowth.in/company-policies. No complaint was received during the year.

16. HUMAN CAPITAL

In the fast-paced landscape of 2023-2024, NeoGrowth's people strategy remains steadfast in driving competitive advantage through purposeful direction and cultivating a positive workplace culture. Recognizing employees as pivotal to achieving corporate objectives, we prioritize strategic talent acquisition, holistic engagement, and continuous development initiatives to foster the right organizational capabilities. Upholding a People First philosophy, NeoGrowth is dedicated to enriching the employee experience, offering opportunities for growth through challenging assignments and equitable rewards. Through heightened investments in employee engagement and development, we aim to cultivate a happier and more productive workforce, reaffirming our belief that people are our most valuable asset.

As of March 2024, your Company has a workforce of 692 employees. There's a continuous focus on sourcing the right talent aligned with our organizational ethos and values, ensuring timely growth and the acquisition of essential capabilities. Substantial emphasis is placed on employee engagement and learning & development initiatives to foster a highly motivated and productive workforce. To facilitate this, NeoGrowth has implemented a structured engagement and development framework comprised of seven pillars: Neo Connect, Neo Recognize, Neo Learn, Neo Benefit, Neo Celebrate, Neo Care, and Neo GiveBack. Throughout FY 23-24, around 70 plus diverse range of People initiatives has been undertaken.

i. Initiatives for Talent Acquisition and smooth employee onboarding:

Talent acquisition has been one of the topmost focus area and has been continuously evolving to embrace best practices and to onboard top talent from the market. Right talent acquisition at minimum cost was promoted through employee referral under Neo Ambassador and direct hiring. It also provides career opportunities and cross functional development to inhouse talent through Internal Job Postings. Your Company has a zero-discrimination policy for hiring. We are pleased to inform you that, this year almost 90% of our Talent Acquisition happened through in-house sourcing.

Promoting Gender diversity is our focus area, and it is being driven along with multiple employee engagement initiatives, your Company continue to have initiatives like 'Second Career for Women' program to make workplace inclusive.

The in-house Analytics driven tool HireSmart we utilize for screening field executives in Sales, the tool predicts likely productivity and longevity of a profile basis qualification, demographic, organization and total years of work experience parameters. The tool has made a significant impact in identifying the right talent in our frontlines sales.

Once a candidate is offered a job with us, your Company ensures the prospective candidate always has a helping hand to address any queries as part of joining formalities to your company. Welcome Kit, an assigned NeoBuddy and 'Prarambh' Corporate Induction along with 'Gurukul' Functional Induction ensures a smooth onboarding experience.

To create an in-house pipeline of future leaders, last year Your Company launched Catapult program of Management Trainees from tier-I b-schools. The first batch of Catapult has been successfully placed in key Departments at HO.

ii. People Connect Initiatives:

Within Neo Connect, your Company facilitates employee engagement through various programs such as quarterly Webinars with the MD & CEO, Leadership Connect sessions, and quarterly 'Samvaad' HR Connect sessions. A structured 4-3-2 outreach program supports new joiners during their initial months, aiding in their smooth integration into the organization. Big Picture workshops are conducted to align employees with organizational goals and elucidate the significance of their roles in achieving them, particularly for branch employees. Additionally, 'Abhiruchi' WhatsApp groups in areas like sports, arts, and fitness foster informal connections among employees.

Under Neo Celebrate, a range of employee delight initiatives is embraced, including celebrations of national festivals, employee birthdays, and organizational milestones. Notably, live screenings of events like the World Cup semi-final India Vs. Australia add to the camaraderie. Work anniversaries and birthdays, both of employees and their family members, are acknowledged through warm mailers. Fun Friday activities, quarterly team outings, and Thank You days are pillars of employee engagement, fostering a sense of fun and unity within teams. Special events like Women's Day, World Environment Day, and International Yoga Day are celebrated through contests, guest talks, and other engaging activities. The gesture of surprise gifts to all women employees on Women's Day and personalized cards was met with enthusiastic appreciation. Additionally, an annual photo contest showcases the top 12 employee photographs in an in-house calendar, further enhancing employee pride and engagement.

iii. Reward and Recognition initiatives:

Your Company upholds an objective, equitable, and merit-based performance assessment system, crucial for aligning individual goals with the Company's strategic goals. High performance is distinctly rewarded within our appraisal process. Moreover, through Neo Recognize, we have implemented separate recognition programs tailored for mid-management and individual contributors. These initiatives include the Employee of the Month, Value Champion Award, Spot Award, Most Valuable Player Award, branch-wise Wall of Fame, and Culture Badge, all aimed at nurturing our work culture and promptly acknowledging individuals who exemplify the key traits we value in our workplace.

Further, a pivotal aspect of our recognition and rewards program is the acknowledgment of Neo-Buddies who contribute to the seamless onboarding of new employees. Additionally, to bolster ideation and innovation, in line with our core values, Your Company facilitates the NeoIdeas forum and organizes engaging contests encouraging widespread participation. These initiatives are instrumental in cultivating a culture that prioritizes performance, innovation, and continuous improvement.

iv. Learning & Development Initiatives:

Under the gamut of Neo Learn platform, your company has extensive in-house Learning and Development expertise, following a comprehensive and mandatory Compliance training consistency. Your Company has built a capability architecture with over 90 training programs and e-learning modules covering Soft Skills, Functional and Compliance training categories. Your Company has a mobile app-based L&D platform in addition to an already highly scalable 'Swadhyay' LeMS (Learning Management System) to strengthen the digitization aspect of training modules. An average of 40 training hours annually is provided to each employee. Additionally, your Company encourages and sponsors employees to participate in external workshops, and conferences to keep themselves abreast of the latest market trends. Your company promotes fun filled learning experience through Movie sessions, Gamification and Strategy Game Simulation in a few of the Learning programs. To create an in-house pipeline of future leaders, your company runs a Catapult program for Management Trainees who are hired from premium institutes and are placed in vital roles. Your company has a provision to sponsor part-time MBA courses to enhance professional skills & for career development of the employees.

v. **Initiatives for employee healthcare and giving back to society:**

Employee Safety, Health, and Well-being remain paramount priorities for your Company, underscored by initiatives within Neo Care aimed at promoting employee health and safety. 'Gyandhara' expert talk sessions covering topics such as Stress Management, Diet and Nutrition, Yoga and Meditation are organized to foster well-being, alleviate stress, and cultivate positivity in the workplace.

In alignment with our commitment to positive Social Impact, under NeoGiveBack, your Company has installed Cardio-Pulmonary Resuscitation - Automated External Defibrillator (CPR — AED) devices at its Head Office, complemented by suitable training for CPR marshals. Additionally, initiatives such as blood donation camps, NGO stalls for fundraising for social causes, old clothes donation drives and support for plantation drives on employees' birthdays are conducted. With books donated by employees, we've established an in-house employee library named 'Pustak-kosh' at multiple locations, featuring bestselling management and self-development titles. Furthermore, a dedicated 'Abhiruchi' group fosters dialogue and interaction among employees on CSR initiatives, reflecting our collective commitment to making a positive difference in society.

vi. **Employee Benefits:**

Under Neo Benefit, your Company offers a diverse range of employee benefits designed to enhance well-being and support financial planning. Employees have the option to participate in Voluntary Provident Fund (VPF) and National Pension System (NPS), providing avenues for financial planning and tax savings. Moreover, policies such as salary payments on the 25th of each month, Pink Day (a monthly Work from Home option for women employees), Creche tie-ups, and Gift cheques to commemorate significant milestones like marriage and childbirth underscore our commitment to employee well-being.

Additionally, your Company has introduced a Compensatory Off policy, alongside Privilege Leaves, Mandatory Leave, Maternity Leave, Paternity Leave, and Bereavement Leave. Standard Mediclaim coverage for families, term cover, and accident cover are provided, supplemented by tie-ups offering discounts on medical tests, doctor consultations, medications, and free basic health check-up camps, ensuring comprehensive employee engagement and well-being. Furthermore, Voluntary Parents Mediclaim is facilitated to employees at corporate rates, further augmenting our commitment to employee welfare.

17. CORPORATE SOCIAL RESPONSIBILITY

The Company has constituted the Corporate Social Responsibility Committee (CSR) as per section 135 of the Companies Act, 2013. Average net profit of previous three financial years was negative; hence the CSR spend was not required to be undertaken by the Company in FY 2023-24. The CSR Policy of the company is disclosed on the website of the Company at https://www.neoqrowth.in/company-policies/

18. CUSTOMER SERVICE/RETENTION MEASURES

Customer experience journey enhancement and Customer engagement has been one of the focus areas for the Company in FY 23-24. All the touch points starting from the onboarding to the exit of the customer have been developed in the communication and customer app workflows in addition to the existing channels of calls and emails support. We have developed integrated workflows in the onboarding journey where the customer information gets captured after validating and verifying with the relevant authorities and thereby reduces the data entry requirements from the customer. Similarly easy repayment options, access to the required customers loan documents, self-help options on information on the loan account and raising a query or request to the helpdesk - all these features are LIVE on the customer app. These initiatives have increased the usage of the customer app by our customers thereby reducing the inflow of queries and requests to the customer service teams. As a part of the engagement strategy, we are in the process of enhancing the customer communication platforms. The renewal strategy for our customers is also revamped and more emphasis is being given on auto renewal workflows, where with a minimal document and information requirements, NeoGrowth can retain the customer by renewal or top up of the existing loan.

19. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY.

There have been no such material changes and commitments affecting the financial position of the Company which have occurred during the year under review.

20. RISK MANAGEMENT POLICY

NeoGrowth has adopted Risk Management Polices & Practices to proactively identify, assess, monitor, and mitigate various risks to key business objectives. Major risks identified by critical functions are systematically addressed through mitigating actions, on a continuing basis. Automated Reports & Analytics, alongwith various associated tools, aid us in identification of risks & monitoring its effective implementation.

The Company's internal control systems are continuously reviewed and upgraded, commensurate with the nature and size of its business, alongwith its complexity.

Your Company has in place, a review mechanism by an external agency to evaluate Internal Financial Controls, by assessing processes across functions and information security measures, that are in place. These processes & controls are tested for their robustness, in order to further strengthen them, where required.

21. DETAILS OF LOANS, GUARANTEES OR INVESTMENTS

In terms of Rule 11(2) of the Companies (Meetings of Board and its Powers) Rules, 2014 NBFCs are excluded from the applicability of Section 186 of the Act, 2013, where the loans, guarantees and securities are provided in the ordinary course of its business.

Details of Loans, Guarantees and Investments are given in the notes to the Financial Statements.

22. DETAILS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SECTION 188

Details of the transactions as prescribed in Form AOC - 2 of the rules prescribed under Chapter IX relating to Accounts of Companies under s Act, 2013 is attached as Annexure -1 and forms part of this Report.

23. A) Change in Directors & KMP

The Company's Board lays down the strategic objectives of the Company and guides the management in meeting the governance requirements and interests of the shareholders.

There was no change in the composition of the Board, during FY 2023-24. Ms. Bindu Ananth, who was appointed as an Additional Director (categorised as Independent) on 10th October 2019 is proposed to be re-appointed as an Independent Director in the ensuing Annual General Meeting for a further period of 5 years.

B) Meetings of the Board

During the financial year 2023-24, the Board duly met 8 times on:

12.05.2023	27.10.2023
19.06.2023	15.12.2023
18.07.2023	30.01.2024
04.08.2023	23.02.2024

The time gap between the two Board Meetings was less than 120 days with at least one meeting being held every quarter.

C) Declaration by Independent Directors

Both the independent directors of the Company have submitted a declaration of independence, stating that they meet the criteria of independence provided under section 149(6) of the Act, as amended. They also confirmed compliance with the provisions of rule 6 of Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended, relating to inclusion of their name in the databank of independent directors.

The Board took on record the declaration and confirmation submitted by the independent directors regarding them meeting the prescribed criteria of independence.

24. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134 of the Companies Act, 2013, the Directors confirm that:

a) in the preparation of the annual accounts the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;

d) the Directors have prepared the annual accounts on a going concern basis;

e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;

f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

25. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

Your Company is in the Service Industry wherein the consumption of Energy in its operation is not substantial. However, all necessary steps are taken to conserve energy wherever possible. The Company continues its emphasis on innovation and technology improvement at all levels.

26. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Foreign Exchange earned in terms of actual inflows during the year was NIL and the Foreign Exchange outgo during the year in terms of actual outflows was ₹ 144 crores including ₹ 142 crores for repayment of principal and interest payment on External Commercial Borrowings.

27. DETAILS OF EMPLOYEES & EMPLOYEES STOCK OPTION PLANL

Employees Stock Option plan is in compliance with the provisions of Section 62(1)(b) of the Companies Act, 2013 and Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014. An Annexure disclosing the details of the ESOP is annexed herewith as Annexure-2.

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

Your Company has made sure the workplace is safe and harassment free for every woman working in Company's premises through various intervention and practices.

A policy on prevention of sexual harassment at workplace is in place and Sexual Harassment Redressal Committee (SHRC) is formed under the policy to monitor and act on cases reported. This policy aims at preventing harassment and lays down the guidelines for identification, reporting and prevention of undesired behavior. No complaints were received by the Company in this regard.

29. SECRETARIAL STANDARDS OF ICSI

The Company has complied with the requirements prescribed under the Secretarial Standards on meetings of the Board of Directors (SS–1) and General Meetings (SS–2) read with the MCA circulars.

30. STATUTORY AUDITORS

In terms of the guidelines issued by RBI on 27th April, 2021 for appointment of statutory auditors for NBFCs which was applicable from second half of financial year 2021-22 which, interalia, mandates tenure of statutory auditors to be for a continuous period of three years subject to satisfying the eligibility criteria each year.

The tenure of three years for appointment of current Statutory Auditors M/s. ASA & ASSOCIATES LLP, Chartered Accountants (ICAI Firm Registration no: 009571N/N500006) shall end on the conclusion of ensuing 31st Annual General Meeting.

The approval of Members of the Company is sought for appointment of M/s. KKC & Associates (FRN: 105146W/W100621) as the Statutory Auditors of the Company, for a period of 3 (three) consecutive years, to hold office from conclusion of the 31st AGM till conclusion of the 34th AGM of the Company. M/s. KKC & Associates LLP have given confirmation to the effect that they are eligible to be appointed and not disqualified from being appointed as the Statutory Auditors. Necessary resolution(s) seeking members approval for appointment of M/s. KKC & Associates LLP, Chartered Accountant as statutory auditors' forms part of the Notice convening the 31st AGM.

The Statutory Auditors Report on the financial statements for the financial year 2023-24 does not contain any qualification, reservation, or adverse remark.

31. ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3)(a) of the Companies Act, 2013, the Annual Return as on 31 March, 2024 will be available on the Company's website at https://www.neogrowth.in/annual-return/ once it is filed with the Ministry of Corporate Affairs.

32. SECRETARIAL AUDIT

M/S. Sachin Dedhia & Associates, Practicing Company Secretary (Membership number A20401, COP 9427) was appointed to conduct the Secretarial audit of the Company for FY 2023-24, as required under section 204 of the Companies Act 2013 and rules thereunder.

The Secretarial Audit Report as required u/s 204 of the Companies Act, 2013 is attached as Annexure-3 and forms part of this Report.

33. ACKNOWIEDGMENT

Your directors would like to place on record their gratitude for the valuable guidance and support received from the valued customers, members, lenders, and Bankers. The Directors also recorded their appreciations of all the employees of the Company for their continued commitment, dedication and delivering their responsibilities. We place on record our thanks to Regulatory authorities for their valuable guidance and support.

For and on behalf of the Board of Directors

Mr. Piyush Kumar Khaitan
Chairman
DIN: 00002579
802, 8th floor, Tower A, Peninsula Business Park.
Ganaptrao Kadam Marg, Lower Parel (West),
Mumbai-400013

ANNEXURE - 1

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** - NIL

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

Name(s) of the related party and nature of relationship	KFO ENTERPRISES LLP
Nature of contracts/arrangements/ transactions	Provision of office for space
Duration of the contracts / arrangements/ transactions	Annually
Salient terms of the contracts or arrangements or transactions including the value, if any	₹ 8,84,760 shared service cost recovered from KFO ENTERPRISES LLP.
Date(s) of approval by the Board, if any	01/03/2022
Amount paid as advances, if any	-

ANNEXURE - 2

DETAILS OF EMPLOYEES STOCK OPTION PLAN AS ON 31ST MARCH 2024

Sr. No.	Particulars	ESOP Scheme, 2022	ESOP Scheme, 2018	ESOP Scheme, 2017
1	Date of shareholders' approval	December 1, 2022	March 21, 2018	November 30, 2017
2	Total Number of Options approved	8,09,871 stock options are approved under ESOP 2022 Scheme. (Including to ESOPs granted to resigned employees)	27,99,589 stock options are approved under these ESOP Schemes. (Including ESOPs granted to resigned employees)	
3	Vesting requirement	All the Options granted under the Plan shall Vest upon Liquidity Event.	Options granted under ESOP 2018 shall vest in not less than one year from the date of grant.	Options granted under ESOP 2017 shall vest in not less than one year from the date of grant.
4	Exercise price or pricing formula	This price will be determined by the Board at the time of Grant of Options and detailed in the Letter of Grant.	This price will be determined by the Board at the time of Grant of Options and detailed in the Letter of Grant.	This price will be determined by the Board at the time of Grant of Options and detailed in the Letter of Grant.
5	Maximum term of options ranted	Till Liquidity event or such other event as defined in the Scheme.	Till Liquidity event or such other event as defined in the Scheme.	Till Liquidity event or such other event as defined in the Scheme.
6	Variation in terms of ESOP		The words "or without cause" in sub- clause 13.1.3 shall be deleted and the words “or without clause” in subclause 13.1.4 shall be deleted. The words without cause shall be added in clause 13.1.14. The other clauses of the scheme shall remain same.	The words "or without cause" in sub- clause 13.1.3 shall be deleted and the words “or without clause” in sub- clause 13.1.4 shall be deleted. The words without cause shall be added in clause 13.1.14. The other clauses of both the scheme shall remain same.

The movement of options during the year are as follows:

Sr. No.	Particulars	ESOP 2022	ESOP 2018	ESOP 2017
1	Number of options outstanding at the beginning of the year	7,89,871	23,59,884	3,97,200
2,	Number of options granted during the year	Nil	Nil	NIL
3	Number of options issued due to Bonus during the year	Nil	NIL	NIL
4	Number of options forfeited / lapsed during the year	60,000	35,000	15,000
5	Number of options Vested during the year	Nil	4,50,377	Nil
6	Number of options Exercised during the year	Nil	NIL	NIL
7	Number of shares arising as a result of exercise of options	Nil	NIL	NIL
8	Money realized by exercise of options	Nil	NIL	NIL
9	Loan Repaid to Trust	Nil	NIL	NIL
10	No. of options outstanding at the end of the year	7,29,871	23,24,884	3,82,200
11	No. of options exercisable at the end of the year	Nil	17,10,884	3,82,200

Employee-wise details of Options granted during FY 2023-24, to:

i. Key managerial personnel: None

ii. Any other employees who were granted, during any one year, Options amounting to 5% or more of the Options granted during that year: None

iii. Identified employees who were granted Options, during any one year, equal or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant: None

ANNEXURE - 3

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 2023-24

[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,
NeoGrowth Credit Private Limited

We have conducted the secretarial audit of all applicable statutory provisions for the financial year 2023-24 of NeoGrowth Credit Private Limited (hereinafter called the Company), incorporated on 17th May 1993 having CIN:U51504MH1993PTC251544 and Registered Office at 802, 8th floor, Tower A, Peninsula Business Park, Ganapatrao Kadam Marg, Lower Parel (W), Mumbai - 400013. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of 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 our 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 has proper 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 other records maintained by the Company for the financial year ended on 31st March 2024 according to the applicable provisions of:

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

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder wherever applicable;

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

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(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 (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

   (b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and 2018;

   (c) 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;

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

(vi) Following other laws as may be applicable specifically to the Company

   (a) The Reserve Bank of India Act, 1934

   (b) Prevention of Money Laundering Act, 2002

   (c) Information Technology Act, 2000

   (d) With respect to the Company's business activity of acting as Corporate Agent for sale of Life and General Insurance products, to the extent applicable, the following Acts / laws / Rules / Regulations:

      i. The Insurance Act, 1938 and Rules framed thereunder, the Insurance Regulatory and Development Authority of India Act, 1999, the Insurance Laws (Amendment) Act, 1999 and the regulations, guidelines, notifications, circulars and directives issued thereunder and in force, from time to time, to the extent applicable to Corporate Agents.

      ii. IRDA (Registration of Corporate Agents) Regulations, 2002 read with IRDAI (Registration of Corporate Agents) Regulations, 2015 and guidelines for the purpose.

I/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 Debt Listing Agreements entered into by the Company with Stock Exchange.

During the period under review the Company has complied with the provisions of the Act, 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 and Non-Executive Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent as per the provisions of the Act, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions are taken unanimously. None of the members are interested. The same 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 during the audit period the Company has transacted following material activities through the approval of Board/Members/Committee, wherever applicable:

Board/Committee resolutions for

1) Allotment of 2,900 rated, senior, secured, listed, redeemable, transferable, non-convertible debentures of ₹ 1,00,000/- each on Private Placement basis on 22nd June 2023 to Fourdegreewater Capital Private Limited.

2) Allotment of 1,500 secured, rated, unlisted, redeemable, transferable, non-convertible debentures of ₹ 1,00,000/- each on Private Placement basis on 28th June 2023 to Vivriti Fixed Income Fund Series IX.

3) Allotment of 1,000 rated, senior, secured, listed, redeemable, transferable, non-convertible debentures of ₹ 1,00,000/- each on Private Placement basis on 30th June 2023 to Vivriti Fixed Income Fund Series IX.

4) Conversion of 3,07,500 Compulsorily Convertible Debentures (CCD) into 41,00,00,000 Series D Compulsorily Convertible Preference Shares of ₹ 10/- each at a premium of ₹ 65/- per share on 18th July 2023 to Trinity Inclusion Limited.

5) Allotment of 2,020 secured, unrated, unlisted, redeemable, transferable, non-convertible debentures of ₹ 1,00,000/- each on Private Placement basis on 19th July 2023 to Stichting Juridisch Eigenaar Actiam Institutional Microfinance Fund III as legal owner of Actiam Institutional Microfinance Fund.

6) Allotment of 4,000 rated, senior, secured, listed, redeemable, transferable, non-convertible debentures of ₹ 1,00,000/- each on Private Placement basis on 15th September 2023 to Fourdegreewater Capital Private Limited.

7) Allotment of 3,000 rated, secured, listed, unsubordinated, redeemable, taxable, transferable, non-convertible debentures of ₹ 1,00,000/- each on Private Placement basis on 22nd September 2023 to Northern Arc Capital Limited.

8) Allotment of 2,500 rated, secured, listed, redeemable, taxable, transferable, non-convertible debentures of ₹ 1,00,000/- each on Private Placement basis on 28th September 2023 to Alpha Fintech Private Limited.

9) Allotment of 2,000 rated, secured, listed, redeemable, taxable, transferable, non-convertible debentures of ₹ 1,00,000/- each on Private Placement basis on 26th December 2023 to A K Capital Finance Limited.

10) Allotment of 350 rated, secured, listed, Euro denominated Bonds of having a face value of Euro 10,000 each on Private Placement basis on 5th January 2024 to DWM Income Funds S.C.A. – SICAV SIF, acting through and on behalf of its sub-fund, The Trill Impact – DWM SDGs Credit Fund.

11) Allotment of 6,500 rated, secured, listed, unsubordinated, redeemable, transferable, non-convertible debentures of ₹ 1,00,000/- each on Private Placement basis on 27th February 2024 to Northern Arc Capital Limited.

For **Sachin Dedhia & Associates Company Secretaries**
Mumbai

Sd/-
Sachin Dedhia
Proprietor
Mem No. A20401
COP no. 9427
PR : 3394/2023
UDIN:A020401F000343757

Place: Mumbai
Date : 13th May 2024

ANNEXURE

TO THE SECRETARIAL AUDIT REPORT

To,
The Members,
NeoGrowth Credit Private Limited

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 the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, 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. Wherever 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 random test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For **Sachin Dedhia & Associates Company Secretaries**
Mumbai

Sd/-
Sachin Dedhia
Proprietor
Mem No. A20401
COP no. 9427
PR : 3394/2023
UDIN:A020401F000343757

Place: Mumbai
Date : 13th May 2024

Corporate Governance Report

PART A

NeoGrowth recognises its role as a corporate citizen and endeavours to adopt the best practices and the highest standards of Corporate Governance through transparency in business ethics, accountability to its customers, Regulators, and all other stakeholders. The activities of NeoGrowth are carried out in accordance with good corporate practices and the Company is constantly striving to improve them and adopt the best practices. The philosophy of NeoGrowth on Corporate Governance is founded upon a rich legacy of fair, ethical and transparent governance practices.

The Corporate Governance philosophy has been strengthened with the implementation by the Company of the Code of Conduct applicable to the Company and its employees.

PHILOSOPHY

The commitment of NeoGrowth to the highest standards of good corporate governance practices predates the Listing and other Corporate Regulations. Ethical dealings, transparency, fairness, disclosure and accountability are the main thrust on which NeoGrowth works.

NeoGrowth is committed to maintaining a high standard of corporate governance in complying with Master Direction on Non-Banking Financial Companies Corporate Governance (Reserve Bank), DNBR. PD. 008/03.10.119/2016-17, September 1, 2016, updated from time to time. Your Company, practices trustworthy, transparent, moral and ethical conduct, both internally and externally, and is committed towards maintaining the highest standards of Corporate Governance practices in the best interest of all its stakeholders. A detailed report on the Company's commitment at adopting good Corporate Governance Practices is given below:

BOARD OF DIRECTORS

The Corporate Governance principles of the Company ensure that the Board remains informed, independent and provides guidance to the Company. Further, the Board is fully aware of its fiduciary responsibilities and recognises its responsibilities to stakeholders to uphold the highest standards in all matters concerning NeoGrowth. All the Directors of the Company are well qualified persons of proven competence and possess the highest level of personal and professional ethics, integrity and values. The Directors exercise their objective judgment independently. The Board is committed towards representing the long-term interests of its stakeholders. The Board members actively participate in all strategic issues which are crucial for the long-term development of the organisation.

COMPOSITION

The size of the Board is commensurate with the size and business of the Company. At present, the Board comprises of 1 (one) Executive Director and 8 (eight) Non-Executive Directors including 2 (two) Independent Directors. The Chairman of the Company is a Non-Executive Director.

As per Master Direction DNBR. PD. 008/03.10.119/2016-17 dated 1st September 2016 and any amendment made thereof, the Fit and Proper criteria in selection and appointment of Directors has been duly followed by the Company.

NUMBER OF MEETINGS OF THE BOARD

The Company holds a minimum of four pre-scheduled Board meetings annually, one in each quarter. As a matter of good governance, the dates of the Board meetings are fixed in advance for the full calendar year to enable maximum attendance and participation from all the Directors. The relevant background materials of the agenda items are distributed well in advance of the meetings. All material information is presented for meaningful deliberations at the meeting. The Board on a continuous basis reviews the actions and decisions taken by it and by the Committees constituted by it.

During FY 2023-24, the Board duly met 8 times on 12th May 2023, 19th June 2023, 18th July 2023, 4th August 2023, 27th October 2023, 15th December 2023, 30th January 2024 and 23rd February 2024 and the gap between the two meetings did not exceed 120 days.

ATTENDANCE RECORD OF DIRECTORS

The Company ensures attendance of each director either physically or through audio-video means so that there is full participation by all the Members of the Board

REMUNERATION TO THE DIRECTORS

The remuneration paid to the Directors is approved by the Nomination and Remuneration Committee and is akin to the industry practices. No sitting fees is paid to any Director. The Company has formulated a Nomination and Remuneration Policy which is in line with the regulatory requirements. The details of the remuneration paid to the Directors is provided in the Notes to Accounts.

COMMITTEES OF THE BOARD

The Company has 7 (Seven) Board level committees: Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, Corporate Social Responsibility Committee, Information Technology Strategy Committee, Resource and Mobilisation Committee and Equity Raise and Liquidity Committee. All decisions pertaining to the constitution of Committees, appointment of members and Charters / terms of reference for Committee members are taken by the Board of Directors. Details pertaining to the role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below:

All the Committees were re-constituted on 27th March 2023.

A. AUDIT COMMITTEE:

The Members of the Committee possess strong accounting and financial management knowledge. The composition of the Audit Committee as on 31st March 2024 is as under:

Name of Director	Role	No. of meeting attended
Bindu Ananth	Chairperson	6
Suresh Jayaraman	Member	6
Ramakrishnan Subramanian	Member	6

The terms of reference of this Committee are in line with the regulatory requirements mandated in the Companies Act, 2013 and Rules made thereunder as amended from time to time. The scope of the Committee includes discussion with the Auditors on periodical basis, the observations of the Auditors, recommendation for appointment, review and monitor the auditor's independence, performance and effectiveness of audit process, remuneration and terms of appointment of auditors, evaluation of internal financial controls and risk management systems, examination of financial statement before submission to the Board, effective implementation of vigil mechanism of the Company and also oversee compliance of internal control systems

During FY 2023-24, the Audit Committee met 6 times on 12th May 2023, 8th June 2023, 4th August 2023, 27th October 2023, 15th December 2023 and 30th January 2024 and the gap between the two meetings did not exceed 120 days.

B. NOMINATION AND REMUNERATION COMMITTEE (NRC)

The composition of the Nomination and Remuneration Committee (NRC) as on 31st March 2024 is as under

Name of the Member	Role	No. of Meeting attended
Suresh Jayaraman	Chairman	5
Michael Fernandes	Member (Interim chairperson for 6 months)	5
Piyush Kumar Khaitan	Member	5
Bindu Ananth	Member	5

The terms of reference of this Committee are in line with the regulatory requirements mandated in the RBI Master directions and guidelines, the Companies Act, 2013 and Rules made thereunder, as amended from time to time. The scope of the Committee includes an annual review of the Nomination and Remuneration Policy, ensuring 'fit and proper' status of proposed and existing directors, recommend to the Board appointment and removal of the Directors, carry out Director Performance evaluation, formulate the criteria for determining qualifications, review remuneration paid to the employees & directors and consider giving stock options to the employees of the Company.

During the FY 2023-24, the Committee met 5 times on 12th May 2023, 7th June 2023, 4th August 2023, 15th December 2023 and 30th January 2024 and the gap between the two meetings did not exceed 120 days.

C. RISK MANAGEMENT COMMITTEE (RMC)

The Risk Management Committee monitors risk management strategy of the Company. The composition of this Committee as on 31st March 2024 is as follows:

Name of the Member	Status	No. of Meeting attended
Ramakrishnan Subramanian	Chairman	4
Piyush Kumar Khaitan	Member (Interim chairperson for 6 months)	4
Bindu Ananth	Member	4
Arun Kumar Nayyar	Member	4

The terms of reference of the Committee includes approval and monitoring of the Company's risk management policies and procedures, review of operational risk, information technology risk and integrity risk, 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 and to lay down procedures about the risk assessment and minimisation procedures.

During the FY 2023-24, Committee met 4 times on 12th May 2023, 4th August 2023, 15th December 2023 and 30th January 2024.

D. CSR COMMITTEE

The Corporate Social Responsibility (CSR) Committee was formed as per the provisions of Section 135 of the Companies Act, 2013. The composition of the Committee as on 31st March 2024 is as under:

Name of the Member	Role
Arun Kumar Nayyar	Chairperson
Bindu Ananth	Member
Deepa Bachu	Member

The terms of reference of this Committee are in line with the regulatory requirements. The terms of reference of this Committee includes to formulate and recommend to the Board areas where the Company can contribute for CSR, amount to be spent by the Company as a contribution towards CSR initiative, which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013, to recommend the amount of expenditure to be incurred on the CSR activities and to institute a transparent monitoring mechanism for implementation of CSR activities. The Company has formulated CSR Policy as per the provisions of Companies Act 2013.

The Committee meets as and when required. As there was no agenda to be transacted during the year, the Committee did not meet, during the year.

E. IT STRATEGY COMMITTEE:

The Information Technology (IT) Strategy Committee was formed as per the provisions of RBI Master Direction – Information Technology Framework for the NBFC Sector dated June 8,2017. The Committee is formed to review and amend the IT strategies in line with the corporate strategies, policy reviews, cyber security arrangements and any other matter related to IT Governance.

The composition as on 31st March 2024 is as under:

Name of the Member	Role	No. of Meeting attended
Suresh Jayaraman	Chairperson	2
Bindu Ananth	Interim chairperson for 6 months	1
Dhruv Kumar Khaitan	Member	2
Deepa Bachu	Member	1
Ramakrishnan Subramanian	Member	2
Arun Kumar Nayyar	Member	2
Deepak Nath Goswami	Member	2
Vikas Dhankhar	Member	2
Naveen Kumar	Member	2
Yogesh Nakhwa	Member	2

The terms of reference of this Committee are in line with the regulatory requirements. The terms of reference of this Committee include approving IT strategies, 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 resource, ensuring proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls.

During FY 2023-24, the IT Strategy committee met twice on 14th August 2023 and 15th December 2023.

F. RESOURCES AND MOBILISATION COMMITTEE (R&MC)

The Resource and Mobilisation Committee is constituted to enhance and meet timely requirements of funds by the Company. The Board of Directors has delegated powers for approval of any borrowing and resource raising within the overall borrowing limits as approved by shareholders to this committee except the private placement of Non - Convertible Debenture, as the same can be approved only by the Board of Directors as per Companies Act 2013. The Composition of the committee as on 31st March 2024 is as follows:

Name of the Member	Role	No. of Meeting attended
Arun Kumar Nayyar	Chairperson	12
Piyush Kumar Khaitan	Member	9
Michael Fernandes	Member	9
Bindu Ananth	Member	5
Ramakrishnan Subramanian	Member	10

During the FY 2023-24, the Committee met 12 times on 26th May 2023, 14th June 2023, 23rd August 2023, 21st September 2023, 25th October 2023, 16th November 2023, 21st December 2023 , 18th January 2024, 15th February 2024, 14th March 2024, 21st March 2024 and 18th March 2024.

G. EQUITY RAISE AND LIQUIDITY COMMITTEE (ER&LC):

The Equity Raise and Liquidity Committee was constituted by the Board with the objective to review the capitalisation requirement and explore opportunities of growth for equity capital raise. The Composition of the committee as on 31st March 2024 is as follows:

Name of the Member	Role	No. of Meeting attended
Michael Fernandes	Chairman	5
Piyush Kumar Khaitan	Member	5
Deepa Bachu	Member	4
Ganesh Rengaswamy	Member	5
Arun Kumar Nayyar	Member	5

During FY 2023-24, the Committee met 5 times on 12th May 2023, 4th August 2023, 1st September 2023, 15th December 2023 and 30th January 2024.

H. OTHER COMMITTEES

The Board has also constituted Asset and Liability Committee (ALCO), IT Steering Committee, IS Audit Committee and Management Reporting Committee. These are not Board Level Committees. However, Mr. Arun Kumar Nayyar, Managing Director & CEO, is a member of these Committees along with other senior executives of the Company.

a. ASSET LIABILITY COMMITTEE (ALCO):

As per the Reserve Bank of India's guidelines on Asset-Liability Management (ALM) System in NBFCs, the Asset Liability Committee (ALCO) is formed to oversee the implementation of ALM system and review its functioning periodically. The composition of ALCO as on 31st March 2024 is as under:

Name of the Member	Status	No. of Meeting Attended
Arun Kumar Nayyar	Member	10
Deepak Goswami	Member	11
Pradeep Prajapati	Member	11

CPO, CBO, and Risk Head are also invitees to the ALCO meetings.

The terms of reference of this Committee are in line with the regulatory requirements. The terms of reference of this Committee include review and management of liquidity gaps and structural liquidity of the Company, review and management of interest rate sensitivity and develop a view on future direction on interest rate movements and decide on funding mixes.

Also, during the FY 2023-24, Committee met 11 times i.e., 19th May 2023, 14th June 2023, 20th July 2023, 25th August 2023, 28th September 2023, 27th October 2023, 20th November 2023, 22nd December 2023, 23rd January 2024, 28th February 2024 and 29th March 2024.

b. IT STEERING COMMITTEE:

In reference to the RBI Master Directions – Information Technology Framework, the Company has constituted IT Steering Committee, operating at an executive level and focusing on priority setting, resource allocation and project tracking and any other matter related to IT Governance.

The composition as on 31st March 2024 is as under

Name of Members	Status	No. of Meetings attended
Deepak Nath Goswami	Chairman	1
Gauri Shah	Member	0
Naveen Kumar K	Member	1
Yogesh Nakhwa	Member	1
Nikhil Subhaschandra Patil	Member	1
Vikas Dhankhar	Member	1

The terms of reference of this Committee are in line with the regulatory requirements and IT Policy of the Company.

During the FY 2023-24, Committee met 1 time on 12.06.2023.

c. IS AUDIT COMMITTEE:

In reference to the RBI Master Directions – Information Technology Framework, the Company has constituted Information System Audit (IS Audit) Committee to provide an insight on the effectiveness of controls that are in place to ensure confidentiality, integrity and availability of the organization's IT infrastructure. IS Audit shall identify risks and methods to mitigate risk arising out of IT infrastructure such as server architecture, local and wide area networks, physical and information security, telecommunications etc.

The composition as on 31st March 2024 is as under

Name of Members	Status
Vikas Dhankhar	Chairman
Naveen Kumar K	Member
Arun Kumar Nayyar	Member
Deepak Nath Goswami	Member
Yogesh Nakhwa	Member
Gauri Shah	Member
Nikhil Subhaschandra Patil	Member

The terms of reference of this Committee are in line with the regulatory requirements and Information Security Audit Policy and IT Policy of the Company.

d. **Management Reporting Committee (MRC):** The Management Reporting Committee is an internal committee which is constituted by the Board on 8th December 2022 via dissolution of Management Committee. The Committee meets the senior management team and representatives of shareholders monthly.

During the FY 2023-24, the Committee met 12 times on 21st April 2023, 19th May 2023, 21st September 2023,, 21st July 2023, 18th August 2023, 22nd September 2023, 20th October 2023, 17th November 2023, 22nd December 2023, 19th January 2024, 23rd February 2024 and 22nd March 2024.

I. GENERAL MEETINGS

Following are the general body meetings and details of special resolution(s) passed:

a. Annual General Meeting:

The details of last three years are as follows:

Year	Annual General Meeting	Location	Date and Time	Details of Special Resolutions passed
2023-24	30th Annual General Meeting	Through Video Conference	June 12, 2023 Time: 4:00 P.M	a. Alteration Of Articles of Association b. Approve the limit for Private Placement of Non-Convertible Debentures. c. Appointment of Mr. Suresh Jayaraman (DIN:03033110) as non-executive & Independent director. d. Appointment of Mr. Ramakrishnan Subramanian (DIN:02192747) as Nominee Director representing Trinity Inclusion Limited
2022-23	29th Annual General Meeting	Through Video Conference	June 28, 2022 Time: 12 Noon	Approve the limit for Private Placement of Non- Convertible Debentures.
2021-22	28th Annual General Meeting	Through Video Conference	June 10, 2021, Time: 4:00 P.M	a. Approve limit of private Placement of NCDs and b. Approval and ratification for grant of ESOP.

b. Extra-Ordinary General Meeting:

During the FY 2023-24, following Extra-Ordinary General Meetings of the Company were held:

Date of meeting	Time	Venue	Special resolution
17-08-2023	4:00 P.M.	Audio and Video Conference	To approve the alteration of Articles of Association of the Company

ANNUAL REVIEW OF THE BOARD

For FY 2023-24, a formal evaluation of the Board and governance structure of the Company is carried out by the Company, basis and including but not limited to following evaluation criteria:

a. Boad and Board Committees

b. Chairman of the Board

c. Conduct of Board Meetings

d. Understanding the Company and its Business

DISCLOSURES

Whistle-blower policy/vigil mechanism

The details regarding formulation of whistle blower policy / vigil mechanism are furnished in the Directors' Report forming part of the Annual Report.

Nodal Officer/Grievance Redressal Officer

The Company has appointed a Nodal Officer to represent and furnish information to the RBI Ombudsman in terms of Ombudsman Scheme for Non-Banking Financial Companies, 2021. The Company also has a Grievance Redressal Policy and a Grievance Redressal Officer to address queries and grievances of the customers.

Disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The details regarding complaints received, filed, disposed of are furnished in the Directors' Report forming part of the Annual Report.

SECRETARIAL AUDIT

The Company annually conducts a secretarial audit by an independent practicing company secretary. For the year ended 31st March 2024, M/s. Sachin Dedhia & Associates, Practising Company Secretaries, conducted the secretarial audit and the report presented is forming part to this Report.

ISO 9001:2015 certification

NeoGrowth has successfully sustained the ISO 9001 Certification by clearing the Surveillance Audit at Mumbai (Lower Parel), Kolkata and Pune.

RELATED PARTY TRANSACTIONS

During the financial year 2023-24, there have been no materially significant related party transactions that may have potential conflict with the interest of the Company. Pursuant to the provisions of the Companies Act 2013, the Board has adopted a policy on related party transactions and the said policy is available on the website of the Company at https://www.neogrowth.in/company-policies/. The details of related party transactions are disclosed in Notes to Financial Statement.

PART B

(Applicable for annual financial statements of NBFC-ML and NBFC-UL)

A) Corporate governance

1) 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 Meetings		No. of other Directorships	Remuneration			No. of shares held in and convertible instruments held in the NBFC
					Held	Attended		Salary and other compensation	Sitting Fee	Commission	
1.	Dhruv Kumar Khaitan	07.06. 2012	Non- Executive	00002584	8	7	3	-	-	-	90,00,000 Equity Shares 6,84,567 CCPS
2.	Piyush Kumar Khaitan	07.06. 2012	Non- Executive	00002579	8	8	0	20,00,000	-	-	90,00,000 Equity Shares 6,84,567 CCPS
3.	Ganesh Rengaswa my	29.07.2015	Non- Executive	02656783	8	5	2	-	-	-	-
4.	Michael Fernandes	23.01.2018	Non- Executive	00064088	8	8	1	-	-	-	-
5.	Bindu Ananth	10.10.2019	Independent Director	02456029	8	7	6	24,00,0 00	-	-	-
6.	Arun Kumar Nayyar	06.01.2022	Executive	06804277	8	8	0	6,77,87 698	-	-	97,827 CCPS
7.	Deepa Bachu	08.12.2022	Nominee Director	07397729	8	6	0	22,00,000		-	-
8.	Suresh jayaraman	27.03.2023	Independent Director	03033110	8	6	4	24,00,0 00		-	-
9.	Ramakris hnan Subramanian	27.03.2023	Nominee Director	02192747	8	8	1	24,00,0 00		-	-

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

Sl. No.	Name of Director	Capacity (i.e., Executive/ NonExecutive/ Chairman/ Promoter nominee/ Independent)	Nature of change (resignation, appointment)	Effective date
1	Pranav Kumar	Non-Executive	Resignation	08.12.2022
2	Mahesh Krishnamurthy	Non-Executive	Resignation	05.12.2022
3	Amit Mehta	Non-Executive	Resignation	13.05.2022
4	Deepa Bachu	Nominee Director	Appointment	08.12.2022
5	Ramakrishnan Subramanian	Nominee Director	Appointment	27.03.2023
6	Suresh Jayaraman	Independent Director	Appointment	27.03.2023
7	Dhruv Kumar Khaitan	Chairman	Resignation	8.12.2022
8	Piyush Kumar Khaitan	Managing Director	Resignation	08.12.2022
9	Piyush Kumar Khaitan	Chairman	Appointment	08.12.2022
10	Arun Kumar Nayyar	Managing Director	Appointment	12.12.2022

During the financial year no independent director resigned before expiry of term.

None of the Directors are related inter-se (as per the definition of 'relatives' under Companies Act 2013).

2) Committees of the Board and their composition

Audit Committee:

Key Terms of reference:

1. To oversight the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient, and credible.

2. To discuss and review, with the management and auditors, the annual/quarterly financial statements before submission/recommendation to the Board

3. Recommend the appointment of statutory auditor and internal auditor

Sl. No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ NonExecutive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1.	Ms. Bindu Ananth	04.12.2019	Chairperson	6	6	-
2.	Mr. Suresh Jayaraman	27.03.2023	Non-Executive	6	6	-
3.	Mr. Ramakrishnan Subramanian	27.03.2023	Non-Executive	6	6	-

Nomination and Remuneration Committee:

Key Terms of Reference:

1. To recommend to the Board regarding the appointment of Directors, KMP, etc.

2. To fix the remuneration paid to Whole-time / Executive Directors which generally shall include fixed salary, perquisites, variable pay in the form of performance bonus, certain retiral benefits, allowances and other benefits;

3. To decide the annual increments to Whole-time / Executive Directors which shall be linked up to their overall performance.

4. To consider the appoint Key Managerial Personnel of the Company

Sl. No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ NonExecutive/ Chairman/ Promoter nominee/Independent)	Number of Meetings of the- Committee		No. of shares held in the NBFC
				Held	Attended	
1.	Mr. Suresh Jayaram an	27.03.2023	Chairperson	5	5	-
2.	Mr. Michael Fernandes	22.02.2018	Non-Executive	5	5	-
3.	Mr. PiyushKumarKhaitan	27.03.2023	Non-Executive	5	5	-
4.	Ms. Bindu Ananth	04.12.2019	Non-Executive	5	5	-

Risk Management Committee

Key Terms of Reference:

i. Design and implement risk management practices, specifically provide ongoing guidance and support for the refinement of the overall risk management framework and ensuring that best practices are incorporated.

ii. Monitor risk management practices, specifically determine which enterprise risks are most significant and approve resource allocation for risk monitoring and mitigation activities, assign risk owners and approve action plans. iii). Periodically review and monitor risk mitigation processes, including:

(a) magnitude of all material business risks.

(b) the processes, procedures and controls in place to manage material risks.

(c) the overall effectiveness of the risk management process

Sl. No.	Name of Director	Member of Committee since	Capacity (i.e.,Executive/ NonExecutive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1.	Mr.Ramakrishnan Subramanian	27.03.2023	Chairperson	3	3	-
2.	Mr.Piyush Kumar Khaitan	19.10.2015	Non-Executive	3	3	90,00,000 Equity Shares 6,84,567 CCPS
3.	Ms. Bindu Ananth	27.03.2023	Non-Executive	3	3	-
4.	Mr.Arun Kumar Nayyar	12.02.2022	Executive	3	3	97,827 CCPS

Corporate Social Responsibility Committee

Key Terms of Reference

i. To formulate and recommend to the Board areas where the Company can contribute for CSR.

ii. To Finalize the amount to be spent as a contribution towards CSR initiate.

iii. To institute a transparent monitoring mechanism for implementation of CSR activities.

Sl. No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ NonExecutive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1.	Mr. Arun Kumar Nayyar	27.03.2023	Chairperson	-	-	97,827 CCPS
2.	Ms. Bindu Ananth	27.03.2023	Non-Executive	-	-	-
3.	Ms. Deepa Bachu	27.03.2023	Non-Executive	-	-	-

IT Strategy Committee

Key Terms of Reference:

- Approving IT strategy and Policy documents.
- ensuring that the management has put an effective strategic planning process in place.
- Overall responsibility of IT Governance.
- Ascertaining that management has implemented processes and practices that ensure that IT delivers value to the business; Providing the required funding to implement Information Security Management System.
- Reviewing the implementation of Information Security Management System.

Sl. No.	Name of Direct	Member of Committee since	Capacity (i.e., Executive/ Non- Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meeting of the Committee		No. of shares held in the NBFC
				Held	Attended	
1.	Mr. Suresh Jayaraman	27.03.2023	Chairperson	2	2	-
2.	Mr. Dhruv Kumar Khaitan	08.12.2019	Non-Executive	2	1	90,00,000 Equity Shares 6,84,567 CCPS
3.	Ms. Deepa Bachu	08.12.2022	Non-Executive	2	1	-
4.	Mr. Ramakrishnan Subramian	27.03.2023	Non-Executive	2	2	-
5.	Mr. Arun Kumar Nayyar	24.01.2019	Executive	2	2	97,827 CCPS
6.	Mr. Deepak Nath Goswami	24.08.2022	-	2	2	-
7.	Mr. Vikas Dhankar	27.03.2023	-	2	2	-
8.	Mr. Naveen Kumar	24.08.2022	-	2	2	-
9.	Mr. Yogesh Nakhwa	08.12.2022	-	2	2	-

1) General Body Meetings

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.	AGM	12.06.2023	a. Alteration Of Articles of Association b. Approve the limit for Private Placement of NonConvertible Debentures. c. Appointment of Mr. Suresh jayaraman (DIN:03033110) as nonexecutive & independent director. d. Appointment of Mr. Ramakbishnan subramanian (DIN:02192747) as NomineeDirector representing Trinity Inclusion Limited
2	EGM	17.08.2023	Approve alternation of Articles of Association of Company

B) Breach of Covenant:

The Company has reported Nil financial covenant breaches across all lenders as on March 31, 2024. However, there were few covenants' breaches with some lenders during the year which got regularized during the year. No loans have been recalled by any of the lender due to covenant breaches in past and during the financial year ended on March 31, 2024.

FINANCIAL STATEMENTS

Independent Auditor's Report

To the Members of NeoGrowth Credit Private Limited

REPORT ON THE AUDIT OF THE IND AS FINANCIAL STATEMENTS

OPINION

We have audited the accompanying financial statements of **NeoGrowth Credit Private Limited** (the "Company"), which comprise the balance sheet as at March 31, 2024, and the statement of profit and loss (including other comprehensive income), and the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, and its profit and other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those 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 Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr No	Key Audit Matter	Auditor's Response
1	**Impairment of financial assets (including provision for expected credit loss)** (as described in note 8 and 29 of the Ind AS financial statements)	
	Ind AS 109 – 'Financial Instruments', requires the Company to provide for impairment of its financial assets using the expected credit loss (the "ECL") approach which 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 the process, a significant degree of estimates and judgement has been applied by the management including but not limited to the following matters: • Qualitative and quantitative factors used in staging the loan assets; • Basis used for estimating Probabilities of Default ("PD") and Loss Given Default ("LGD"); • Staging of loans and estimation of behavioral life • Grouping of borrowers on the basis of homogeneity given the variety of products; • Calculation of past default rates;	In view of the significance of the matter, our audit procedures performed included, but not limited to the following: • Read and assessed the Company's accounting policy for impairment of financial assets and its compliance with Ind AS 109 and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines issued on 13 March 2020. • Tested the operating effectiveness of the controls for staging of loans based on their past-due status. • Tested a sample of performing (stage 1) loans to assess whether any Significant Increase in Credit Risk ('SICR") or loss indicators were present requiring them to be classified under stage 2 or 3. • Performed tests of details, on a sample basis and inspected the repayment schedule from the underlying borrower agreements and collections made on the due dates which formed the basis of the staging of loans. • Verified on a test check basis underlying data related to estimates and judgements: - Model/methodology used for various loan products;

<table>
<tr><th>Sr No</th><th>Key Audit Matter</th><th>Auditor's Response</th></tr>
<tr><td></td><td>
• Assigning rating grades to loans for which external rating is not available;
• Calibrating the loss given default where the impairment provision is calculated on a pool level;
• Applying macro-economic factors to arrive at forward looking probability of default;
• Significant assumptions regarding the probability of various scenarios and discounting rates for different loan products.

Given the high degree of management's judgement involved in estimation of ECL, it is a key audit matter.
</td><td>
- Management's grouping of borrowers on basis of different product lines and customer segments with different risk characteristics;
- Various assumptions for calculation of expected loss viz. probability of default, loss given defaults, exposure at default, discounting factors applied by the management along with Management's governance process and documentation of its assumptions;
- Basis of floor/minimum rates of provisioning applied by the Company for loan products with inadequate historical defaults;
- We performed test of details of information used in the ECL computation, on a sample basis.
• Tested the arithmetical accuracy of computation of ECL provision performed by the Company.
• Verified the ECL provision on restructured cases pursuant to the Reserve Bank of India ("the RBI") circular on a sample basis.
• Assessed disclosures included in the Ind AS financial statements in respect of expected credit losses.
</td></tr>
<tr><td>2</td><td>IT systems and controls</td><td></td></tr>
<tr><td></td><td>
The reliability and security of IT systems play a key role in the business operations and financial accounting and reporting process of the Company. Since large volume of transactions are processed daily, the IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner.

Any gaps in the IT control environment could result in a material misstatement of the financial accounting and reporting records.

Therefore, due to 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.
</td><td>
We performed the following procedures for testing IT general controls and for assessing the reliability of electronic data processing, assisted by our internal specialist IT auditors:
• The aspects covered in the IT General Control audit were (i) User Access Management (ii) Programme Change Management (iii) Other related ITGCs – to understand the design and test the operating effectiveness of such controls;
• Assessed the changes that were made to the key systems during the audit period and assessing changes that have impact on financial reporting;
• Tested the periodic review of access rights. We inspected requests of changes to systems for appropriate approval and authorization;
• Performed tests of controls (including other compensatory controls wherever applicable) on the IT application controls and IT dependent manual controls in the system;
• Tested the design and operating effectiveness of compensating controls, where deficiencies were identified and, where necessary, extended the scope of our substantive audit procedures.
</td></tr>
</table>

OTHER INFORMATION

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

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

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

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian 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 accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Materiality is the magnitude of misstatement in the financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatement in the financial statements.

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

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 of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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 other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account;

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

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

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements.

   (g) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act, in our opinion, according to the information and explanation give to us, the provisions of section 197 read with Schedule V of the Act are not applicable to the Company as it is a private limited company, and

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

      i. The Company has disclosed the impact of pending litigations as at March 31, 2024 on its financial statements – Refer Note No. 39 to the financial statements.

      ii. The Company has made provisions, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 6 to the financial statements.

      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 its knowledge and belief, as disclosed in the note 45.4 to the financial statement, 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 persons or entities, 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 ("Ultimate Beneficiaries") by or on behalf of the Company, 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 the note 45.5 to the financial statement, no funds have been received by the Company from any persons or entities, 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 audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material mis-statement.

v. The Company has neither declared nor 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 account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with.

For ASA & Associates LLP
Chartered Accountants
Firm Registration No: 009571N/N500006

K Nithyananda Kamath
Partner
Membership No. 027972
UDIN: 24027972BKCRII5941

Place: Ernakulam
Date: May 13, 2024

Annexure- A

referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' of our report of even date

(i) a) A) According to the information and explanations given to us and audit procedures performed by us, the Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets

B) According to the information and explanations given to us and audit procedures performed by us, the Company has maintained proper records showing full particulars of intangible assets.

b) The property, plant and equipment were physically verified during the year by the management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the property, plant and equipment and right-of-use of assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were identified on such verification.

c) The Company does not have immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favor of the lessee). Accordingly, reporting under clause 3(i)(c) of the Order is not applicable.

d) According to information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

e) According to information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

(ii) a) The Company does not hold any physical inventories during the year. Accordingly, reporting under clause 3(ii)(a) of the Order is not applicable.

b) The Company has been sanctioned working capital limits (i.e. Cash Credit /Overdraft facility) in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets (i.e. loan assets). According to information and explanations given to us and on the basis of our examination of the records of the Company, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the unaudited books of account of the Company.

(iii) a) The principal business of the Company is to give loans. Accordingly, reporting under clause 3(iii)(a) of the Order is not applicable.

b) According to the information and explanations given to us and audit procedures performed by us, we are of the opinion that the investment made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are, prima facie, not prejudicial to the Company's interest.

c) The Company, being a Non-Banking Financial Company, is registered under provisions of the RBI Act, 1934, in pursuance of its compliance with provisions of the said Act, particularly, the Income Recognition, Asset Classification and Provisioning Norms and generally accepted business practices by the lending institutions, repayments scheduled are stipulated basis the nature of the loan products. The repayment of the principal and the payment of interest by the borrowers are as per the stipulated repayment schedule except in case of default cases.

d) According to the information and explanations given to us and audit procedures performed by us, there is no overdue amounts for more than ninety days in respect of the loans given by the Company except an amount of ₹ 2918.83 lakhs overdue for more than ninety days as at March 31, 2024. In our opinion, reasonable steps have been taken by the Company for recovery of the principal and interest.

Further, the Company has not given any advance in the nature of loan to any party during the year.

e) The principal business of the Company is to give loans. Accordingly, reporting under clause 3(iii) (e) of the Order is not applicable.

f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans to Promoters/Related Parties (as defined in section 2(76) of the Act) which are either repayable on demand or without specifying any terms or period of repayment.

(iv) In our opinion and according to the information and explanations given to us, the Company has not either directly or indirectly, granted any loan to any of its directors or to any other person in whom the director is interested, in accordance with the provisions of section 185 of the Act and the Company has not made investments through more than two layers of investment companies in accordance with the provisions of section 186(1) of the Act. The other sub-sections of Section 186 of the Act are not applicable to the Company.

(v) In our opinion and according to the information and explanations given to us, the Company being NBFC registered with RBI, provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended, are not applicable to the Company. We are informed by the Management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal against the Company in respect of the aforesaid regard.

(vi) According to information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013 for the services provided by it. Accordingly, reporting under clause 3(vi) of the Order is not applicable.

(vii) a) According to the information provided and explanations given to us and based on our examination of the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, income tax, and other material statutory dues applicable to it, to the appropriate authorities. We are informed that employee's state insurance, custom duty, excise duty and cess are not applicable to the Company.

There were no material outstanding statutory dues existing as on the last day of the financial year, which is outstanding for more than six months from the day these become payable.

b) According to the information provided and explanations given to us, statutory dues relating to goods and services tax, provident fund, income-tax, value added tax, cess or other statutory dues, which have not been deposited with the appropriate authorities on account of any dispute are as follows:

Name of the Statute	Nature of dues	Amount	Period	Forum	Remark
Goods and Service Tax, 2017	GST, interest, and penalty	₹31.77 lakhs	Financial year 2017-18	Commissioner of Appeal	The Company has filed appeal against order of Deputy Commissioner of State Tax against this demand order (DRC-01A) on 14th February 2022 and no further communication received from department till the date of this report.
Goods and Service Tax, 2017	GST	₹ 0.76 Lakhs	Financial year 2018-19	Office of state tax officer, Ghatak 8, Range – 2, Division – 1, Gujarat	Company is in process of filing rectification letter against inadvertent demand.

(viii) (According to the information provided and explanations given to us, and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessment under the Income Tax Act, 1961 as income during the year.

(ix) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowings or in the payment of interest thereon to the lenders during the year.

b) According to the information and explanations given to us, the Company has not been declared a willful defaulter by any bank or financial institution or government or any government authority.

c) According to the information and explanations given to us and audit procedures performed by us, term loans were applied for the purposes for which they were obtained.

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

e) The Company does not hold any investment in any subsidiary, associate or joint venture as defined under the Companies Act, 2013 during the year. Accordingly, reporting under clause 3(ix)(e) of the Order is not applicable.

f) The Company does not hold any investment in any subsidiary, associate or joint venture as defined under the Companies Act, 2013 during the year. Accordingly, reporting under clause 3(ix)(f) of the Order is not applicable.

(x) a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable.

b) According to the information provided and explanations given to us, and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable.

(xi) a) According to the information and explanations given by the management and based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements, we report that no fraud by the Company or any fraud on the Company has been noticed or reported during the year other than instances of fraud noticed and reported by the management in terms of regulatory provision applicable to the Company amounting to ₹ 6 lakhs comprising of 1 instance.

b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, report under section 143(12) of the Act, in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under Clause 3(xi)(b) of the Order is not applicable to the Company.

c) As represented to us by the management, there have been no whistle blower complaints received by the Company during the year.

(xii) According to the information and explanation given to us, the Company is not a Nidhi Company. Accordingly, reporting under clause 3(xii) of the Order is not applicable.

(xiii) The Company is a private limited company and accordingly the requirements as stipulated by the provisions of Section 177 of the Companies Act, 2013 are not applicable to the Company. In our opinion and according to the information and explanations given to us, the transactions entered with the related parties are in compliance with the Section 188 of Companies Act, 2013 where applicable and details have been disclosed in the financial statements as required by the applicable Indian accounting standards.

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

b) We have considered the internal audit reports of the Company issued till date, for the period under audit.

(xv) According to the information and explanations given to us, in our opinion the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) a) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 ('RBI Act') and it has obtained the registration.

b) According to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities without 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 Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, reporting under clause 3(xvi)(c) and (d) of the Order are not applicable.

(xvii) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not incurred cash losses in the financial year and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly reporting under clause 3(xviii) of the Order is not applicable.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) In our opinion and according to the information and explanation given to us, there is no unspent amount under sub-section (5) of Section 135 of the Companies Act, 2013 pursuant to any project. Accordingly, reporting under clause 3(xx)(a) and (b) of the Order are not applicable.

For ASA & Associates LLP
Chartered Accountants
Firm Registration No: 009571N/N500006

K Nithyananda Kamath
Partner
Membership No. 027972
UDIN: 24027972BKCRII5941

Place: Ernakulam
Date: May 13, 2024

Annexure- B

to the Independent Auditors' Report

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of **NeoGrowth Credit Private Limited** (the "Company") as of March 31, 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 the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('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 Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, 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 WITH REFERENCE TO THE FINANCIAL STATEMENTS

A company's internal financial control with reference to the financial statements 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 with reference to the financial statements 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to the financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to the financial statements to future periods are subject to the risk that the internal financial control with reference to the financial statements 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, to the best of our information and according to the explanations given to us, the Company has maintained, in all material respects, an adequate internal financial controls system with reference to the Financial Statements and such internal financial controls with reference to the Financial Statements were operating effectively as at March 31, 2024, based on the internal control with reference to the Financial Statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For ASA & Associates LLP
Chartered Accountants
Firm Registration No: 009571N/N500006

K Nithyananda Kamath
Partner
Membership No. 027972
UDIN: 24027972BKCRII5941

Place: Ernakulam
Date: May 13, 2024

Balance Sheet

as at March 31, 2024

(₹ in Lakhs)

Particulars			Notes	As at March 31, 2024	As at March 31, 2023
I	**ASSETS**				
	1	**Financial assets**			
		Cash and cash equivalents	4	15,746.72	17,522.75
		Bank balance other than above	5	10,020.32	9,698.87
		Derivative financial instruments	6	-	381.90
		Receivables	7		
		Trade receivables		91.14	123.59
		Other receivables		203.76	1,261.09
		Loans	8	253,212.86	164,606.46
		Other financial assets	9	1,847.44	878.85
	2	**Non-financial assets**			
		Deferred tax assets (net)	33	4,635.53	5,437.83
		Property, Plant and Equipment	10	84.83	107.25
		Right-of-use assets	11	950.47	1,569.54
		Intangible assets under development	12	331.77	101.93
		Other intangible assets	13	21.57	38.26
		Other non-financial assets	14	792.93	1,454.85
		Total assets		**287,939.34**	**203,183.17**
II	**LIABILITIES AND EQUITY**				
	Liabilities				
	1	**Financial liabilities**			
		Derivative financial instruments	6	151.51	-
		Trade Payables			
		(i) total outstanding dues of micro enterprises and small enterprises	15	45.43	32.64
		(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	15	1,743.37	1,191.85
		Debt securities	16	46,290.55	53,301.05
		Borrowings (other than debt securities)	17	167,691.89	86,714.18
		Other financial liabilities	18	4,154.14	3,408.91
	2	**Non-financial liabilities**			
		Provisions	19	1,597.98	2,463.41
		Current tax liabilities (net)	19A	90.75	-
		Other non-financial liabilities	20	568.59	338.09
		Total liabilities		**222,334.21**	**147,450.13**
	3	**Equity**			
		Equity share capital	21	1,800.07	1,800.07
		Instruments entirely Equity in nature	21A	7,521.87	7,112.73
		Other equity	22	56,283.19	46,820.24
		Total equity		**65,605.13**	**55,733.04**
		Total liabilities and equity		**287,939.34**	**203,183.17**
Summary of material accounting policies			3		

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

For ASA & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration No: 009571N/N500006

K Nithyananda Kamath
Partner
Membership No. 027972
Place: Ernakulam
Date: May 13, 2024

For and on behalf of the Board of Directors

Dhruv Khaitan
Director
(DIN 00002584)
Place: Mumbai

Arun Nayyar
Managing Director & CEO
(DIN 06804277)
Place: Mumbai

Deepak Goswami
Chief Financial Officer
Place: Mumbai

Tanushri Yewale
Company Secretary
(M.No A31273)
Place: Mumbai
Date: May 13, 2024

Statement of Profit and Loss

for the year ended March 31, 2024

(₹ in Lakhs)

Particulars		Notes	For the year ended March 31, 2024	For the year ended March 31, 2023
(I)	**Revenue from operations**			
	(i) Interest income	23	57,419.39	36,237.93
	(ii) Fee and commission income	24	1,154.30	1,277.77
	(iii) Net gain on derecognition of financial instruments	25	953.51	181.15
	(iv) Net gain on fair value changes	26	393.11	317.91
	Total revenue from operations		**59,920.31**	**38,014.76**
(II)	Other income	27	220.79	268.48
(III)	**Total income (I + II)**		**60,141.10**	**38,283.24**
(IV)	**Expenses**			
	(i) Finance cost	28	21,118.60	15,900.97
	(ii) Impairment on financial instruments	29	15,034.13	6,967.98
	(iii) Employee benefit expense	30	9,046.35	7,877.72
	(iv) Depreciation, amortisation and impairment	31	771.17	758.45
	(v) Other expenses	32	4,637.70	4,230.64
	Total expenses		**50,607.95**	**35,735.76**
(V)	**Profit / (loss) before exceptional items and tax (III - IV)**		**9,533.15**	**2,547.48**
(VI)	**Exceptional items**		**-**	**184.37**
	Impact of modification of exercise price of Employee Stock Option Plan	35	-	184.37
(VII)	**Profit / (loss) before tax (V - VI)**		**9,533.15**	**2,363.11**
(VIII)	Tax expense:			
	(1) Current tax	33	1,379.37	-
	(2) Earlier year adjustments	33	0.11	(32.52)
	(3) Deferred tax charge / (credit)	33	1,017.12	669.08
(IX)	**Profit/(loss) for the period from continuing operations**		**7,136.55**	**1,726.55**
(IX)	**Profit / (loss) for the year (VII - VIII)**		7,136.55	1,726.55
(X)	**Other comprehensive income**			
	A Items that will not be reclassified to profit or loss			
	Remeasurement gain/(loss) on defined benefit plan		(91.29)	(12.18)
	Income tax impact		22.98	3.07
	Total (A)		**(68.31)**	**(9.11)**
	B Items that will be classified to profit or loss			
	Cash flow hedge			
	Net Gain / (Loss) for the year		(762.17)	(537.45)
	Income tax impact		191.82	135.26
	Total (B)		**(570.35)**	**(402.19)**
	Other comprehensive income (A + B)		**(638.66)**	**(411.30)**
(XI)	**Total comprehensive income (IX + X)**		**6,497.89**	**1,315.25**
(XII)	**Earnings per equity share**			
	Basic (₹)	34	7.64	2.11
	Diluted (₹)	34	7.37	2.05
	Summary of material accounting policies	3		

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

For ASA & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration No: 009571N/N500006

For and on behalf of the Board of Directors

K Nithyananda Kamath
Partner
Membership No. 027972
Place: Ernakulam
Date: May 13, 2024

Dhruv Khaitan
Director
(DIN 00002584)
Place: Mumbai

Arun Nayyar
Managing Director & CEO
(DIN 06804277)
Place: Mumbai

Deepak Goswami
Chief Financial Officer
Place: Mumbai

Tanushri Yewale
Company Secretary
(M.No A31273)
Place: Mumbai
Date: May 13, 2024

Statement of changes in Equity

for the year ended March 31, 2024

A. EQUITY SHARE CAPITAL

As at March 31, 2024

(₹ in Lakhs)

Balance as at April 1, 2023	Changes in equity share capital during the year	Balance as at March 31, 2024
1,800.07	-	1,800.07

As at March 31, 2023

(₹ in Lakhs)

Balance as at April 1, 2022	Changes in equity share capital during the year	Balance as at March 31, 2023
1,800.06	0.01	1,800.07

B. INSTRUMENTS ENTIRELY EQUITY IN NATURE - 0.01% COMPULSORY CONVERTIBLE PREFERENCE SHARES

As at March 31, 2024

(₹ in Lakhs)

Balance as at April 1, 2023	Changes during the year	Balance as at March 31, 2024
7,112.73	409.14	7,521.87

As at March 31, 2023

(₹ in Lakhs)

Balance as at April 1, 2022	Changes during the year	Balance as at March 31, 2023
4,555.30	2,557.43	7,112.73

C. OTHER EQUITY

As at March 31, 2024

(₹ in Lakhs)

Particulars	Reserves and Surplus				Other comprehensive income		Total
	Statutory reserve under section 45-IC(1) of the Reserve Bank of India Act, 1934	Share options outstanding account	Securities Premium	Retained Earnings	Cash flow hedge reserve	Actuarial gains/ (losses)	
Balance as at April 1, 2023	**547.76**	**1,256.76**	**63,793.30**	**(18,258.25)**	**(543.97)**	**24.64**	**46,820.24**
Dividends	-	-	-	(0.75)	-	-	(0.75)
Transfer to Statutory reserve	1,427.31	-	-	(1,427.31)	-	-	-
ESOP Cost recognised during the year	-	300.81	-	-	-	-	300.81
Premium received during the year	-	-	2,665.00	-	-	-	2,665.00
Profit / (loss) for the year	-	-	-	7,136.55	-	-	7,136.55
Other Comprehensive Income for the year	-	-	-	-	(762.17)	(91.29)	(853.46)
Less: Income Tax	-	-	-	-	191.82	22.98	214.80
Total Comprehensive Income for the year	**1,427.31**	**300.81**	**2,665.00**	**5,708.49**	**(570.35)**	**(68.31)**	**9,462.95**
Balance as at March 31, 2024	**1,975.07**	**1,557.57**	**66,458.30**	**(12,549.76)**	**(1,114.32)**	**(43.67)**	**56,283.19**

Statement of changes in Equity

for the year ended March 31, 2024

As at March 31, 2023

(₹ in Lakhs)

Particulars	Reserves and Surplus				Other comprehensive income		Total
	Statutory reserve under section 45-IC(1) of the Reserve Bank of India Act, 1934	Share options outstanding account	Securities Premium	Retained Earnings	Cash flow hedge reserve	Actuarial gains/ (losses)	
Balance as at April 1, 2022	**202.45**	**945.81**	**42,518.24**	**(19,638.78)**	**(141.78)**	**33.75**	**23,919.69**
Dividends	-	-	-	(0.71)	-	-	(0.71)
Transfer to Statutory reserve	345.31			(345.31)			-
ESOP Cost recognised during the year	-	310.95	-	-	-	-	310.95
Premium received during the year	-	-	21,987.00	-	-	-	21,987.00
Share issue expenses			(751.71)				(751.71)
Income tax on the above	-	-	39.77	-	-	-	39.77
Profit / (loss) for the year	-	-	-	1,726.55	-	-	1,726.55
Other Comprehensive Income for the year	-	-	-	-	(537.45)	(12.18)	(549.63)
Less: Income Tax	-	-	-	-	135.26	3.07	138.33
Total Comprehensive Income for the year	**345.31**	**310.95**	**21,275.06**	**1,380.53**	**(402.19)**	**(9.11)**	**22,900.55**
Balance as at March 31, 2023	**547.76**	**1,256.76**	**63,793.30**	**(18,258.25)**	**(543.97)**	**24.64**	**46,820.24**

Summary of material accounting policies 3

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

For ASA & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration No: 009571N/N500006

For and on behalf of the Board of Directors

K Nithyananda Kamath
Partner
Membership No. 027972
Place: Ernakulam
Date: May 13, 2024

Dhruv Khaitan
Director
(DIN 00002584)
Place: Mumbai

Arun Nayyar
Managing Director & CEO
(DIN 06804277)
Place: Mumbai

Deepak Goswami
Chief Financial Officer
Place: Mumbai

Tanushri Yewale
Company Secretary
(M.No A31273)
Place: Mumbai
Date: May 13, 2024

Cash Flow Statement

for the year ended March 31, 2024

(₹ in Lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Operating activities (A)		
Profit / (Loss) before tax	9,533.15	2,363.11
Adjustments to reconcile profit before tax to net cash flows:		
Effective Interest Rate adjustment in Borrowings	(299.68)	(317.24)
Interest Income on security deposits	(37.88)	(35.51)
Net gain on derecognition of Loan Assets	(953.51)	(181.15)
Net Gain on fair value of Investments	(393.11)	(311.66)
Fair value movement of embedded derivative	-	(6.25)
Profit on sale of property, plan and equipment	(0.72)	(0.08)
Interest on Lease liability	85.35	251.19
Interest on Debt Securities	6,348.32	8,278.25
Interest on Borrowings	12,158.63	5,754.83
Depreciation, amortisation and impairment	771.17	758.45
Share based Payements	300.81	310.95
Impairment on financial instruments	15,034.13	6,967.99
ECL charge on reversal of modification loss netted in interest income	36.70	-
Subtotal (B)	**33,050.21**	**21,469.77**
Working capital changes		
(Increase) in Loan	(102,565.78)	(33,165.13)
Decrease / (Increase) in Receivables	1,090.59	(1,081.32)
(Increase) in Other Financial Assets	(1,124.74)	(1,689.74)
(Increase) / Decrease in Other Non Financial Assets	(76.44)	48.74
Decrease / (Increase) in Bank balance other than cash and cash equivalents	(321.45)	(1,306.86)
Increase in Trade payable	564.31	196.48
Increase in Other financial liabilities	1,478.83	371.43
(Decrease) / Increase in Provisions	(853.70)	1,631.34
Increase in Other non-financial Liabilities	230.50	75.88
Subtotal (C)	**(101,577.88)**	**(34,919.18)**
Total (A) + (B) + (C)	**(58,994.52)**	**(11,086.30)**
Less: Interest paid on Debt Securities and Borrowings	(17,694.16)	(14,692.95)
Less: Income tax paid / refund received (Net of refunds / payments)	(641.12)	(107.56)
Net cash flows used in operating activities	**(77,329.80)**	**(25,886.81)**
Investing activities		
Proceeds from sale of property, plant and equipment	0.75	0.08
Purchase of property, plant and equipment	(64.39)	(42.04)
Intangible assets under development	(229.84)	(101.93)
Purchase of intangible assets	-	0.01
Net gain from Investments at fair value through profit and loss	393.11	311.66
Net cash flows from investing activities	**99.63**	**167.78**

Cash Flow Statement

for the year ended March 31, 2024

(₹ in Lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Financing activities		
Debt securities issued	25,420.00	17,080.00
Debt securities repaid	(29,016.65)	(38,873.58)
Borrowings other than debt securities taken	145,231.76	89,362.11
Borrowings other than debt securities repaid	(65,335.62)	(52,809.43)
Proceeds from issuance of Equity Shares	-	0.01
Proceeds from issuance of Compulsorily Convertible Preference Shares	-	15,939.57
Compulsorily Convertible Debenture (CCD) issued	-	5,000.00
Payment towards share issue expenses	-	(615.25)
Interest paid on lease liability	(85.35)	(251.19)
Principal portion of lease liability except short term lease payments	(760.00)	(590.68)
Net cash flows from financing activities	**75,454.14**	**34,241.56**
Net (decrease) / increase in cash and cash equivalents	**(1,776.03)**	**8,522.53**
Cash and cash equivalents at April 1	17,522.75	9,000.22
Cash and cash equivalents at the end (refer Note 4)	**15,746.72**	**17,522.75**
Operational cash flows from interest and dividends		
Interest paid	17,694.16	14,692.95
Short-term lease payments	8.08	(0.56)

Notes :

- The above Statement of Cash Flows has been prepared under the indirect method as set out in Ind AS 7 'Statement of Cash Flows'
- Components of cash and cash equivalents are disclosed in Note 4.
- For disclosures relating to changes in liabilities arising from financing activities, refer Note 38.

As per our report of even date

For ASA & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration No: 009571N/N500006

K Nithyananda Kamath
Partner
Membership No. 027972
Place: Ernakulam
Date: May 13, 2024

For and on behalf of the Board of Directors

Dhruv Khaitan
Director
(DIN 00002584)
Place: Mumbai

Arun Nayyar
Managing Director & CEO
(DIN 06804277)
Place: Mumbai

Deepak Goswami
Chief Financial Officer
Place: Mumbai

Tanushri Yewale
Company Secretary
(M.No A31273)
Place: Mumbai
Date: May 13, 2024

Notes to Financial Statements

for the year ended March 31, 2024

NOTE 1: CORPORATE INFORMATION

NeoGrowth Credit Private Limited (the 'Company' or 'NeoGrowth') is a Private Limited Company domiciled in India and incorporated on May 17, 1993 under the provisions of Companies Act, 1956. The Company has received a Certificate of Registration from the Reserve Bank of India ('RBI') under Section 45 - IA of the Reserve Bank India Act, 1934 on September 13, 2001 to commence / carry on the business of Non-Banking Financial Institution ('NBFC') without accepting public deposits. Presently the Company is engaged in providing business loans to small and medium enterprise. The financial statements has been approved in its Board meeting held on May 13, 2024

NOTE 2: STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) issued by the Ministry of Corporate Affairs in exercise of the powers conferred by section 133 of the Companies Act, 2013. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied along with compliance with other statutory promulgations which require a different treatment. Any directions issued by the RBI or other regulators are implemented as and when they become applicable.

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.

Accounting policies have been consistently applied.

Basis of preparation and presentation

a. **Basis of preparation**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

Presentation of financial statements:

The Company presents its balance sheet in order of liquidity in compliance with the Division III of the Schedule III to the Companies Act, 2013. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in "Note 37: Maturity Profile".

b. **Basis of measurement**

The financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

c. **Functional and presentation currency**

The financial statements are presented in Indian Rupees which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates and all values are rounded to the nearest lakhs, except when otherwise indicated.

NOTE 3: MATERIAL ACCOUNTING POLICIES

3.1. Use of estimates, judgments and assumptions

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revisions to accounting estimates are recognised prospectively in the period in which the estimate is revised and future periods.

3.2. Revenue Recognition

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs.

The company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Notes to Financial Statements

for the year ended March 31, 2024

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to provide service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when or as the Company satisfies a performance obligation.

a.) **Interest and similar Income**

Under Ind AS 109 interest income is recorded using the Effective Interest Rate (EIR) method for all financial instruments measured at amortised cost, debt instrument measured at FVOCI and debt instruments designated at FVTPL. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk. The adjustment is booked 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.

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 and is, therefore, regarded as 'Stage 3', the company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the company reverts to calculating interest income on a gross basis.

Gains arising out of de-recognition transactions comprise the difference between the interest on the loan portfolio and the applicable rate at which the transaction is entered into with the assignee, also known as the right of Excess Interest Spread (EIS). The future EIS basis the scheduled cash flows on execution of the transaction, discounted at the applicable rate is recorded upfront in the statement of profit and loss. EIS is evaluated and adjusted for ECL, expected prepayment & expected collection cost..

b.) All other charges such as cheque return charges, overdue charges etc are recognised on realization basis. For term loans, these charges are treated to accrue on realization, due to the uncertainty of their realization. For other loan assets, charges are accounted on accrual basis.

c.) Revenue from fee-based activities are recognized as and when the services are rendered. Fees earned from contract with customer is recognised point in time when performance obligation is satisfied (when the trade is executed). Fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement/participation, syndication fees, consortium fees, are

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recognised on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognised after fulfilling the corresponding criteria.

d.) The Company designates certain financial assets for subsequent measurement at Fair Value Through Profit or Loss (FVTPL). The Company recognises gains on fair value change of financial assets measured at FVTPL and realised gains on derecognition of financial asset measured at FVTPL on net basis.

3.3. Property, Plant and equipment (PPE)

An item is recognised as an asset, if and only if, it is probable that the future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. PPE are initially recognised at cost. The initial cost of PPE comprises its purchase price (including non-refundable duties and taxes but excluding any trade discounts and rebates), and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Subsequent to initial recognition, PPE are stated at cost less accumulated depreciation and any impairment losses. When significant parts of property, plant and equipment are required to be replaced in regular intervals, the Company recognises such parts as separate component of assets. When an item of PPE is replaced, then its carrying amount is de-recognised from the balance sheet and cost of the new item of PPE is recognised. The expenditures that are incurred after the item of PPE has been put to use, such as repairs and maintenance, are normally charged to the statement of profit and loss in the period in which such costs are incurred. However, in situations where the said expenditure can be measured reliably, and is probable that future economic benefits associated with it will flow to the Company, it is included in the asset's carrying value or as a separate asset, as appropriate.

Depreciation on fixed assets is calculated using the Written Down Value (WDV) method and Straight Line Method (SLM) as per the remaining useful life of assets estimated by the management.

The estimated useful lives are, as follows:

Particulars	Useful Life of Assets	Depreciation Method
Leasehold Improvements	As per Lease period	SLM
Office Equipment's	5 years	WDV
Computers		
Servers	6 years	WDV
Others	3 years	WDV
Software		
Advance Suite	7 years	SLM
PayLater Software	5 years	SLM
SUN Infor	3 years	SLM
Customer Relationship Management 2.0	4 years	SLM
Furniture & Fixtures	10 years	WDV

The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Accelerated depreciation is used for assets amounting to less than ₹ 5,000.

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

Property and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other operating income in the Statement of profit and loss in the year in which the asset is derecognised.

The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

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for the year ended March 31, 2024

3.4. Intangible assets

An intangible asset is recognised only when its cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the company. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment loss. Intangible assets are amortized on a straight line basis over the estimated useful economic life. The company considers that the useful life of an intangible asset will not exceed 6 years from the date when the asset is available for use.

Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

3.5. Impairment of non-financial assets

An assessment is done at each Balance Sheet date to ascertain whether there is any indication that an asset may be impaired. If any such indication exists, an estimate of the recoverable amount of asset is determined. If the carrying value of relevant asset is higher than the recoverable amount, the carrying value is written down accordingly.

3.6. Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Company as a lessee

Identifying a lease

At the inception of the contract, the Company assesses whether a contract is, or contain, a lease. 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. The Company assesses whether:

i. The contract involves the use of an identified asset, this may be specified explicitly or implicitly.

ii. The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use, and

iii. The Company has right to direct the use of the asset.

This policy is applied to contracts entered into, or changed, on or after April 1, 2018

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component based on their relative stand-alone prices.

Recognition of right of use asset

The Company recognises a right of use asset at the lease commencement date of lease and comprises of the initial lease liability amount, plus any indirect costs incurred.

Subsequent measurement of right of use asset

The right of use asset is subsequently amortized using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term, whichever is lesser. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurement of the lease liability.

Recognition of lease liability

The lease liability is initially measured at the present value of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate.

Subsequent measurement of lease liability

Lease liability is measured at amortised cost using the effective interest method. The lease payments are apportioned between the finance charges and reduction of the lease liability using the incremental borrowing rate implicit in the lease to achieve a

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constant rate of interest on the remaining balance of the liability.

It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. Whenever the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right of use asset or is recorded in profit or loss of the carrying amount of the right of use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The company has elected by class of underlying asset to not recognise right of use assets and lease liabilities for short term leases that have a lease term of 12 months and leases for which the underlying asset is of low value.

In case of short-term leases and leases for which the underlying asset is of low value, the company has elected not to apply the requirements of Ind AS 116 and the lease payments associated with those leases are recognised as an expense on a straight-line basis.

3.7. Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The company recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Gratuity

The company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund.

The fund is administered by Life Insurance Corporation of India (LIC). The gratuity liability is calculated using the Projected Unit Credit Method which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation, is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations.

The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Re-measurement, comprising of actuarial gains and losses and the return on plan assets (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. The effect of any planned amendments are recognised in Statement of Profit and Loss.

Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include compensated absences such as paid annual leave and sickness leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized in the Statement of Profit and Loss during the year.

Long-term employee benefits

Company's liabilities towards compensated absences to employees are accrued on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary using Projected Unit

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for the year ended March 31, 2024

Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Statement of Profit and Loss.

Compensated absence

Compensated absence which is a defined benefit, is accrued based on an actuarial valuation at the balance sheet date carried out by an independent actuary.

Share-based Payment Arrangements

Share-based Payment Arrangements estimating fair value for share-based payment transactions requires use of an appropriate valuation model. The Company measures the cost of equity-settled transactions with Option holders using Black-Scholes Model to determine the fair value of the options on the grant date.

Inputs into the valuation model, includes assumption such as the expected life of the share option, volatility and dividend yield.

The stock options granted to employees pursuant to the Company's Stock Options Schemes, are measured at the fair value of the options at the grant date using Black Scholes Model. The fair value of the options determined at grant date is accounted as employee compensation cost over the vesting period on a straight line basis over the period of option, based on the number of grants expected to vest, with corresponding increase in equity.

3.8. Foreign currency translation

Functional and presentational currency - The financial statements are presented in INR which is also functional currency of the company.

Transactions and balances - Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of ex-change ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange at the reporting date. All differences arising on non–trading activities are taken to other income/expense in the statement of profit and loss.

Non–monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

3.9. Borrowing cost

Borrowing cost includes interest, amortization of ancillary costs based on Effective Interest Rate method (EIR), incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

3.10. Taxes

Income tax expense comprises of current and deferred tax. Current / Deferred tax is recognized in the Statement of Profit and Loss except to the extent it relates to a business combination or to an item which is recognized directly in equity or in other comprehensive income in which case the related income tax is also recognised accordingly. Deferred tax assets and deferred tax liabilities are offset when there is 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. The Company only off-sets its deferred tax assets against liabilities when there is both a legal right to offset and it is the Company's intention to settle on a net basis

i) **Current Taxes**

Current tax is the amount of income taxes payable/ receivable in respect of taxable profit/ loss for a period. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible in accordance with applicable tax laws. Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. Interest income / expenses and penalties, if any, related to income tax are included in current tax expense. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the end

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of reporting date in India where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

ii) **Deferred Taxes**

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences.

A deferred tax liability is recognised based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted, or substantively enacted, by the end of the reporting period. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Current and deferred taxes are recognised as income tax benefits or expenses in the Statement of profit and loss except for tax related to the fair value re-measurement of financial assets classified through other comprehensive income, foreign exchange differences and the net movement on cash flow hedges, which are charged or credited to Other Comprehensive Income (OCI). These exceptions are subsequently reclassified from OCI to the statement of profit and loss together with the respective deferred loss or gain. The Company also recognises the tax consequences of payments and issuing costs, related to financial instruments that are classified as equity, directly in equity.

3.11. Earnings per share

Basic earnings per share (EPS) is calculated by dividing the net profit for the year attributable to equity holders of the company by the weighted average number of ordinary shares outstanding during the year.

As per Ind AS 33, Para 23 Ordinary shares that will be issued upon the conversion of a mandatorily convertible instrument are included in the calculation of basic earnings per share from the date the contract is entered into. Consequently CCCPS and CCD have been included in the computation of Basic EPS.

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Diluted EPS is calculated by dividing the net profit attributable to equity holders of company (after adjusting for interest on the convertible preference shares, in each case, net of tax) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

3.12. Share based payment

Equity-settled share based payments to employees and others providing similar services are measured at the fair value of equity instruments at the grant date. Details regarding determination of the fair value of equity settled share based payments transactions are set out in Note 35.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of original estimates, if any, is recognised in Statement of Profit and Loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the Share Based payments reserve.

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

On modification of terms of the ESOP scheme, the Company shall include the incremental fair value granted in the measurement of the amount recognised for services received as consideration for the equity instruments granted. The incremental fair value granted is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. If the modification occurs during the vesting period, the incremental fair value granted is included in the measurement of the amount recognised for services received over the period from the modification date until the date when the modified equity instruments vest, in addition to the amount based on the grant date fair value of the original equity instruments, which is recognised over the remainder of the original vesting period. If the modification occurs after vesting date, the incremental fair value granted is recognised immediately, or over the vesting period if the employee is required to complete an additional period of service before becoming unconditionally entitled to those modified equity instruments.

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

3.13. Provisions and other Contingent liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and 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. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The increase in the provision due to un-winding of discount over passage of time is recognised within finance costs. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement in other operating expenses.

Where it is more likely that no present obligation exists at the end of the reporting period, the entity discloses a contingent liability, unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

3.14. Dividend on Ordinary Shares

Company recognises dividends on ordinary shares and related dividend tax as a liability and deducted from equity when they are approved by the Company's shareholders.

Proposed dividends on equity shares which are subject to approval at the annual general meeting are not recognised as a liability (including tax thereon) and is disclosed as an event after the reporting date.

Notes to Financial Statements

for the year ended March 31, 2024

3.15. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

3.16. Cash flow statement

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

3.17. Insurance claims

Insurance claims are accrued for on the basis of claims admitted and/or to the extent there is no uncertainty in receiving the claims. The Company re-assesses the claims made at each reporting period for recoverability.

3.18. Expenditure on Corporate Social Responsibility (CSR)

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

3.19. Determination of Fair Value

The Company measures financial instruments at fair value in accordance with the accounting policies mentioned above at each balance sheet date.

Fair value is the price at the measurement date, at which an asset can be sold or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

The Company's accounting policies require, measurement of certain financial / non-financial assets and liabilities at fair values (either on a recurring or non-recurring basis). Also, the fair values of financial instruments measured at amortised cost are required to be disclosed in the said financial statements.

The Company is required to classify the fair valuation method of the financial / non-financial assets and liabilities, either measured or disclosed at fair value in the financial statements, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurement).

Accordingly, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy described as follows:

Level 1 financial instruments - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

Level 2 financial instruments-Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.

Level 3 financial instruments - Those that includes one or more unobservable input where there is little market activity for the asset/liability at the measurement date that is significant to the measurement as a whole.

3.20. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a

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financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the Entity becomes a party to the contractual provisions of the instruments.

Financial Assets

Initial Recognition - All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the asset.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in four categories:

Debt instruments at amortised cost

Debt instruments at fair value through other comprehensive income (FVTOCI).

Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL).

Equity instruments measured at fair value through other comprehensive income FVTOCI.

Financial assets measured at amortised cost

A 'debt instrument' is measured at amortised cost if both the following conditions are met:

a) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement at fair value plus directly attributable costs, these financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

The measurement of credit impairment is based on the three-stage expected credit loss model described below.

Business model: The business model reflects how the company manages the assets in order to generate cash flows. That is, whether the company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. The amortised cost, as mentioned above, is computed using the effective interest rate method.

Effective interest method: The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount on initial recognition. Transaction cost and income which is directly attributable to financial assets are amortised over the tenor of the loan. The amortised cost of the financial asset is adjusted if the company revises its estimates of payments or receipts. The

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adjusted amortised cost is calculated based on the original or latest re-estimated EIR and the change is recorded as 'Interest and similar income' for financial assets. Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets measured at fair value through other comprehensive income

Debt Instrument - Investments in debt instruments are measured at fair value through other comprehensive income where they have:

a) contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest (SPPI) on the principal amount outstanding; and

b) Are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest revenue and foreign exchange gains and losses are recognised in profit and loss. Upon disposal, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the income statement. The measurement of credit impairment is based on the three-stage expected credit loss model as applied to financial assets at amortised cost. The expected credit loss model is described below :

Financial Instrument measured at fair value through profit or loss

Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVOCI criteria may be designated as at FVTPL upon initial recognition, if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Company's investment are classified as FVTPL, if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term, or forms part of a portfolio of financial instruments that are managed together and for which there is evidence of short-term profit taking, or it is a derivative not in a qualifying hedge relationship. Trading derivatives and trading securities are classified as held for trading and recognised at fair value.

Financial instruments held at fair value through profit or loss, are initially recognised at fair value, with transaction costs recognised in the income statement as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the income statement as they arise. Where a financial asset is measured at fair value, a credit valuation adjustment is included to reflect the credit worthiness of the counterparty, representing the movement in fair value attributable to changes in credit risk.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

Financial liabilities

Initial Measurement

Financial liabilities are classified and measured at amortized cost. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent Measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method.

Embedded Derivative

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host

Notes to Financial Statements

for the year ended March 31, 2024

contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specific interest rate, value of an underlying security, or other variable.

The embedded derivative, which are not closely related to the host contract are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

Modification of loans

The company sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the company assesses whether or not the new terms are substantially different to the original terms.

If the terms are substantially different, the company derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the company also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on de recognition. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be Purchased or originated credit impaired financial assets (POCI).

If the terms are not substantially different, the renegotiation or modification does not result in de recognition, and the company recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss to the extent that an impairment loss has not already been recorded. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets.

Derivative financial instruments

Derivative financial instruments are contracts whose value is derived from one or more underlying price, index or other variable, and typically comprise of instruments such as swaps, forward rate agreements, futures and options. All derivatives are recognised in the balance sheet at fair value and are classified as trading except where they are designated as a part of an effective hedge relationship and classified as hedging derivatives. The carrying value of a derivative is re measured at fair value throughout the life of the contract. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Credit Valuation Adjustments (CVA) - Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded on the statement of financial position. In the case of credit derivatives, the company is also exposed to or protected from the risk of default of the underlying entity referenced by the derivative. Hence, to reflect potential losses, the company applies CVA to all relevant over-the-counter positions with the exception of positions settled through central clearing houses.

Impairment of financial assets

The company applies the expected credit loss (ECL) model for recognising impairment loss as against hitherto IRAC norms of RBI.

ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the company expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months from the reporting date.

The company assesses at each reporting date whether a financial asset such as investments, loans and advances, non-fund based limits not designated as FVTPL and security deposits held at amortised cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue cost or effort. Lifetime Expected credit losses are assessed

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for the year ended March 31, 2024

and loss allowances recognised if the credit quality of the financial asset has deteriorated significantly since initial recognition.

The company applies a three-stage approach to measuring expected credit losses (ECLs) for the following categories of financial assets that are not measured at fair value through profit or loss:

- debt instruments measured at amortised cost and fair value through other comprehensive income;
- loan commitments; and
- Financial guarantee contracts.

No ECL is recognised on equity investments.

Definition of default-

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events may include (and not be limited to):

- All the facilities of a borrower from all the borrowed accounts are treated as Stage 3 when one of his facility becomes 90 days past due i.e. credit impaired.
- A covenant breach not waived by the Company
- The Company on selective basis does consider restructuring of loans after due assessment of its viability from time to time, in line with regulatory /judicial norms & dispensations
- The Company on selective basis considers Settlement cases

PD estimation process

Probability of Default (PD) is an estimate of the likelihood of default in a homogenous pool of loans, over it's performance period of following 12 month / lifetime horizon. PD estimation process is done based on historical & empirical internal data available with the company. 'Company calculates the 12-month PD by taking into account the past historical trends of the portfolio, credit performance including actual default data and Macro economic variables. In case of assets where there is 'a significant increase in credit risk (SICR) i.e. when a borrower becomes 30 Days past Due and is classified as Stage 2, a higher PD is applied basis empirical data of such customers defaulting. 'For credit impaired assets (Stage 3), a PD of 100% is applied.

Exposure at Default (EAD)

Exposure at Default is considered as 100% of Outstanding balance in respect of loan receivables.

In case of undrawn loan commitments, a credit conversion factor of 75 % is applied for expected drawdown. For credit impaired assets (i.e. Stage 3 assets), an EAD factor of 100% is applied.

Loss Given Default (LGD)

Loss Given Default (LGD) is an estimate of the ultimate loss arising , when a default occurs. It is based on empirical contractual realisations from credit impaired assets (i.e. Stage 3 assets). after event of default (& till the time the exposure is written off) including from the realization of any security.

Financial assets are classified through the following three stages based on the change in credit risk since initial recognition:

Stage 1: 12-months ECL

All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The company has assessed that all standard advances and advances up to 30 days default (SMA 0) would fall under this category.

For these assets, 12-month ECL are recognized and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance).

Stage 2: Lifetime ECL – not credit impaired

Financial instruments that have had a significant increase in credit risk since initial recognition are classified under this stage. 30 Days Past Due is considered as significant increase in credit risk and classified under this category. For these assets, lifetime ECL are recognized, but interest revenue is still calculated on the gross carrying amount of the asset.

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for the year ended March 31, 2024

Stage 3: Lifetime ECL – credit impaired

All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified in this stage. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

Credit-impaired financial assets:

At each reporting date, the company assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. 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.

Evidence that a financial asset is credit-impaired includes the following observable data:

a) Significant financial difficulty of the borrower or issuer;

b) A breach of contract such as a default or past due event;

c) The restructuring of a loan or advance by the company on terms that the company would not consider otherwise;

d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

e) The disappearance of an active market for a security because of financial difficulties.

Measurement of ECLs

The measurement of ECL reflects:

a) An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes

b) The time value of money

c) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

ECLs are derived from unbiased and probability-weighted estimates of expected loss, and are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows due to the company in accordance with the contract and the cash flows that the company expects to receive.

- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the effective interest rate.

- Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the company if the commitment is drawn down and the cash flows that the company expects to receive.

ECLs are recognised using a provision for doubtful debts account in profit and loss. In the case of debt instruments measured at fair value through other comprehensive income, the measurement of ECLs is based on the three-stage approach as applied to financial assets at amortised cost. The company recognises the provision charge in profit and loss, with the corresponding amount recognised in other comprehensive income, with no reduction in the carrying amount of the asset in the balance sheet.

Write-off

Loans and debt securities are written off when there is no realistic prospect of recovery. This is generally the case when the company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the company's procedures for recovery of amounts due.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

a) Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;

b) Loan commitments and financial guarantee contracts: generally, as a provision;

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for the year ended March 31, 2024

c) Where a financial instrument includes both a drawn and an undrawn component, and the company cannot identify the ECL on the loan commitment component separately from those on the drawn component: the company presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and

d) Debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Derecognition of financial assets and financial liabilities

Financial assets

The Company derecognizes a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the statement of profit and loss.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are generally reported gross in the balance sheet. Financial assets and liabilities are offset and the net amount is presented in the balance sheet when the Company has a legal right to offset the amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously in all of the following circumstances:

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Company and/or its counterparties

Derivative assets and liabilities with master netting arrangements (e.g. ISDAs) are only presented net when they satisfy the eligibility of netting for all of the above criteria and not just in the event of default.

Hedge Accounting

The company makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the company applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, the company formally designates and documents the hedge relationship 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 entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or 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.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Fair value hedges

Fair value hedges hedge the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm

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for the year ended March 31, 2024

commitment, that is attributable to a particular risk and could affect profit or loss.

For designated and qualifying fair value hedges, the cumulative change in the fair value of a hedging derivative is recognised in the statement of profit and loss in net gain on fair value changes. Meanwhile, the cumulative change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item in the balance sheet and is also recognised in the statement of profit and loss in net gain on fair value changes.

The company classifies a fair value hedge relationship when the hedged item (or Company of items) is a distinctively identifiable asset or liability hedged by one or a few hedging instruments. The financial instruments hedged for interest rate risk in a fair value hedge relationships fixed rate debt issued and other borrowed funds. If the hedging instrument expires or is sold, terminated or exercised, or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is discontinued prospectively. If the relationship does not meet hedge effectiveness criteria, the company discontinues hedge accounting from the date on which the qualifying criteria are no longer met. For hedged items recorded at amortised cost, the accumulated fair value hedge adjustment to the carrying amount of the hedged item on termination of the hedge accounting relationship is amortised over the remaining term of the original hedge using the recalculated EIR method by recalculating the EIR at the date when the amortisation begins. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the statement of profit and loss.

Cash flow hedges

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 (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction 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 in net gain/loss on fair value changes in the profit and loss statement.

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 the forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in OCI are reversed and included in the initial cost of the asset or liability.

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.

Cost of hedging

The company also may separate forward element and the spot element of a forward contract and designate as the hedging instrument only the change in the value of the spot element of a forward contract. Similarly currency basis spread may be separated and excluded from the designation of a financial instrument as the hedging instrument.

When an entity separates the forward element and the spot element of a forward contract and designates as the hedging instrument only the change in the value of the spot element of the forward contract, or when an entity separates the foreign currency basis spread from a financial instrument and excludes it from the designation of that financial instrument as the hedging instrument, such amount is recognised in OCI and accumulated as a separate component of equity under Cost of hedging reserve. These amounts are reclassified to the statement of profit or loss account as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

The Company's hedging policy only allows for effective hedging relationships to be considered

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as hedges as per the relevant IndAS. 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.

Financial guarantee

Financial guarantee are contracts that require the Company to make specified payments to reimburse the holder for loss that it incur because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument.

Financial Guarantee contract is initially recognised at Fair Value. Subsequently, this guarantee is to be measured at the higher of an amount determined based on the expected loss method (as per guidance in Ind AS 109) or the amount originally recognised less, the cumulative amount recognised as income on a straight-line basis.

Intangible Assets under Development

An intangible asset is recognised only when its cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the company. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment loss. Intangible assets are amortized on a straight line basis over the estimated useful economic life. The company considers that the useful life of an intangible asset will not exceed 6 years from the date when the asset is available for use.

Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

When it is certain that the future economic benefit attributable to the use of such intangible assets are probable to flow to the company and the expenditure incurred for development of such intangible assets can be measured reliably. The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by the Company. The intangible assets including those internally generated are amortised using the straight line method over a period of six years, which is the Management's estimate of its useful life. The useful lives of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate. Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as 'Intangible assets under development'

Notes to Financial Statements

for the year ended March 31, 2024

NOTE 4: CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

	As at March 31, 2024	As at March 31, 2023
Cash on hand	0.87	13.83
Balances with bank*	7,245.82	5,008.87
Bank deposit with maturity of less than 3 months	8,500.03	12,500.05
TOTAL	**15,746.72**	**17,522.75**

*Balance with Bank includes ₹ 1,410.08 lakhs (March 31, 2023 : ₹ 429.24 lakhs) payable to assignee under the Direct Assignment.

Balances with banks earn interest at fixed rates based on daily bank deposit rates. Short term deposits are made for varying periods between one day to three months, depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates. The Company has not taken bank overdraft against these Bank deposits, therefore the cash and cash equivalent for cash flow statement is same as cash and cash equivalent given above.

NOTE 5: BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

	As at March 31, 2024	As at March 31, 2023
Deposits with original maturity for more than 3 months	1,321.43	1,142.38
Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments (under lien)*	8,698.89	8,556.49
TOTAL	**10,020.32**	**9,698.87**

*Of the above,

(i) Deposits amounts to ₹ 1,597.83 lakhs (March 31, 2023 - ₹ 3,552.62 lakhs) have been lien marked against Cash Credit and overdraft facility,

(ii) ₹ 4,039 lakhs (March 31, 2023 - ₹ 1543.2 lakhs) have been lien marked against Pass Through Certificates,

(iii) ₹ 2621.14 lakhs (March 31, 2023 - ₹ 2,908.01 lakhs) have been lien marked against External Commercial Borrowings (ECB) and

(iv) ₹ 440.92 lakhs (March 31, 2023 - ₹ 552.65 lakhs) have been lien marked against Business Correspondence arrangement.

Deposit earns interest at fixed rate based on applicable bank deposit rates

NOTE 6: DERIVATIVE FINANCIAL INSTRUMENTS

The Company enters into derivatives for risk management purposes. Derivatives held for risk management purposes include hedges that meet the hedge accounting requirements. The Company has adopted hedge accounting principles as per Ind AS 109.

The table below shows the fair value of derivative financial instruments recorded as assets or liabilities together with their notional amounts and the fair values of embedded derivatives.

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.

(₹ in Lakhs)

Particulars	As at March 31, 2024				As at March 31, 2023			
	Notional amounts	Fair value assets	Notional amounts	Fair value liabilities	Notional amounts	Fair value assets	Notional amounts	Fair value liabilities
Part I								
(i) Currency derivatives - Currency swaps	27,463.25	-	-	(214.78)	24,269.50	-	-	(20.93)
Sub total (i)	**27,463.25**	**-**	**-**	**(214.78)**	**24,269.50**	**-**	**-**	**(20.93)**
(ii) Other derivatives - Cross Currency Interest Rate Swaps	26,113.34	63.27	-	-	23,353.64	402.83	-	-
(iii) Embedded Derivatives	-	-	-	-	-	-	-	-
Total derivative financial instruments (i+ii)	**53,576.59**	**63.27**	**-**	**(214.78)**	**47,623.14**	**402.83**	**-**	**(20.93)**

Notes to Financial Statements

for the year ended March 31, 2024

(₹ in Lakhs)

Particulars	As at March 31, 2024				As at March 31, 2023			
	Notional amounts	Fair value assets	Notional amounts	Fair value liabilities	Notional amounts	Fair value assets	Notional amounts	Fair value liabilities
Part II								
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:								
Cash flow hedging	53,576.59	63.27	-	(214.78)	47,623.14	402.83	-	(20.93)
Total Derivative Financial Instruments	**53,576.59**	**63.27**	**-**	**(214.78)**	**47,623.14**	**402.83**	**-**	**(20.93)**
Net Derivative Financial Instruments				**(151.51)**				**381.90**

6.1: Hedging activities and derivatives

The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk and interest rate risk. The Company's risk management strategy and how it is applied to manage risk are explained in Note 47.

6.1.2 Derivatives designated as hedging instruments

6.1.2.1 Cash flow hedges

The Company is exposed to foreign currency risk arising from its foreign currency borrowing, as well as interest rate risk on floating rate foreign currency borrowings - both aggregating to a notional amount of USD 62.07 million and EUR 3.50 million as on March 31, 2024 (as on March 31, 2023 USD 59.31 million).

The Company has economically hedged

(i) the foreign currency risk arising from the fixed rate non-INR borrowing using the cross currency swap, and

(ii) the foreign currency risk and interest rate risk arising from the floating rate non-INR borrowing using the cross currency interest rate swap

The swap contracts above effectively convert the cash outflows of the foreign currency borrowing to fixed rate cash outflows in INR.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the all the swap contracts matches that of the foreign currency borrowing (notional amount, interest payment dates, principal repayment date etc.).

The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the derivative are identical to the hedged risk components.

To test the hedge effectiveness, the Company uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The hedge ineffectiveness can arise mainly if there is a change in the credit risk of the Company or the counterparty.

The Company has recorded notional Cash flow hedge loss of ₹ 762.17 lakhs for the year ended March 31, 2024 (cash flow hedge loss ₹ 537.45 lakhs for year ended March 31, 2023) which is routed through Other Comprehensive Income. The Company has entered into effective hedge and hence such notional loss would be nullified at the time of actual cash settlement. Hence decrease in equity to the extent of ₹ 570.35 lakhs (net of tax) (decrease in equity to the extent of ₹ 402.18 lakhs (net of tax) for the year ended March 31, 2023) is notional in nature.

Notes to Financial Statements

for the year ended March 31, 2024

The impact of the hedging instruments on the balance sheet is as follows:

(₹ in Lakhs)

Particulars	March 31, 2024			March 31, 2023		
	Notional amount	Carrying amount	Line item in the balance sheet	Notional amount	Carrying amount	Line item in the balance sheet
Cross Currency Interest Rate Swaps	26,113.34	63.27	Derivative financial instruments	23,353.64	402.83	Derivative financial instruments
Currency Swaps	27,463.25	(214.78)	Derivative financial instruments	24,269.50	(20.93)	Derivative financial instruments

The effect of cash flow hedge in the statement of profit or loss and other comprehensive income is as follows:

(₹ in Lakhs)

Particulars	Total hedging gain / (loss) recognised in OCI for the year ended March 31, 2024	Total hedging gain / (loss) recognised in OCI for the year ended March 31, 2023	Cash flow hedge reserve as at March 31, 2024	Cash flow hedge reserve as at March 31, 2023
External Commercial Borrowings	(762.17)	(537.45)	(1,114.32)	(543.97)

NOTE 7: RECEIVABLES

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Trade Receivables (Unsecured considered good)	91.14	123.59
Other Receivables (Unsecured considered good)	204.18	1262.32
Less: Impairment Loss Allowance	(0.42)	(1.23)
	203.76	**1,261.09**
TOTAL	**294.90**	**1,384.68**

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Trade Receivables ageing

Particulars		Outstanding for following periods from due date of payment						
		Unbilled & Not due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade receivables – considered good	As at March 31, 2024	-	91.14	-	-	-	-	91.14
	As at March 31, 2023	-	123.59	-	-	-	-	123.59

Other Receivables ageing

Particulars		Outstanding for following periods from due date of payment						
		Unbilled & Not due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Other receivables – considered good	As at March 31, 2024	204.18	-	-	-	-	-	204.18
	As at March 31, 2023	1,262.32	-	-	-	-	-	1,262.32

Notes to Financial Statements
for the year ended March 31, 2024

NOTE 8: LOANS (AT AMORTISED COST)

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Total loans	265,353.76	172,019.17
Term loans	263,009.45	167,427.36
Others (Limit Loans)	2,344.31	4,591.81
Total - Gross	**265,353.76**	**172,019.17**
Less: Impairment loss allowance	(12,140.90)	(7,412.71)
Total	**253,212.86**	**164,606.46**

Note 8.1: Nature of Loans

(₹ in Lakhs)

		As at March 31, 2024	As at March 31, 2023
(A)	**Term loans**	263,009.45	167,427.36
	Less: Impairment loss allowance	(11,966.63)	(7,139.67)
	Total - Net	**251,042.82**	**160,287.69**
(B)	**Others (Limit Loans)**	2,344.31	4,591.81
	Less: Impairment loss allowance	(174.27)	(273.04)
	Total - Net	**2,170.04**	**4,318.77**

Note 8.2: Nature of Security

(₹ in Lakhs)

	As at March 31, 2024	As at March 31, 2023
Secured against tangible assets	265,353.76	172,019.17
Total - Gross	**265,353.76**	**172,019.17**
Less: Impairment loss allowance - Secured	(12,140.90)	(7,412.71)
Total - Net	**253,212.86**	**164,606.46**

Note 8.3: Location

(₹ in Lakhs)

	As at March 31, 2024	As at March 31, 2023
Loans in India		
i) Others (Private sector)	265,353.76	172,019.17
Less: Impairment loss allowance	(12,140.90)	(7,412.71)
Total - Net	**253,212.86**	**164,606.46**

Summary of loans by stage distribution

Details of Company's Risk Management process and policies are set out in Note 47 - Risk Management.

(₹ in Lakhs)

	As at March 31, 2024				As at March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	247,593.45	8,077.33	9,682.98	265,353.76	160,941.56	5,539.67	5,537.94	172,019.17
Less: Impairment loss allowance	(5,091.98)	(1,495.77)	(5,553.15)	(12,140.90)	(3,563.06)	(222.23)	(3,627.42)	(7,412.71)
Net carrying amount	**242,501.47**	**6,581.56**	**4,129.83**	**253,212.86**	**157,378.50**	**5,317.44**	**1,910.52**	**164,606.46**

Gross Carrying amount and Impairment loss allowance excludes amounts written off which are still subject to enforcement activity

Notes to Financial Statements

for the year ended March 31, 2024

NOTE 8: LOANS (AT AMORTISED COST)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to business loan is, as follows:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2024				For the year ended March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance (before unamortised cost & modification loss)	160,957.19	5,591.55	5,611.55	172,160.29	130,372.74	8,970.23	17,193.00	156,535.97
New assets originated or purchased #	348,298.45	1,726.73	403.50	350,428.68	214,899.66	1,604.20	2,472.83	218,976.69
Assets derecognised or repaid (excluding write offs) *	(235,437.74)	(4,765.52)	(4,559.02)	(244,762.28)	(168,591.58)	(6,799.62)	(7,088.22)	(182,479.42)
Transfers to Stage 1	1,778.15	(1,640.68)	(137.47)	-	2,886.29	(2,491.57)	(394.72)	-
Transfers to Stage 2	(27,323.59)	27,353.28	(29.69)	-	(18,540.98)	19,256.70	(715.72)	-
Transfers to Stage 3	(288.72)	(20,070.56)	20,359.28	-	(63.88)	(14,946.65)	15,010.53	-
Assets written Off	(12.51)	(85.60)	(11,936.99)	(12,035.10)	(5.06)	(1.74)	(20,866.15)	(20,872.95)
Closing balance before Unamortised Costs	**247,971.23**	**8,109.20**	**9,711.16**	**265,791.59**	**160,957.19**	**5,591.55**	**5,611.55**	**172,160.29**
Unamortised Costs including any Modification Gain/(Loss)	(377.78)	(31.87)	(28.18)	(437.83)	(15.63)	(51.88)	(73.61)	(141.12)
Gross carrying amount closing balance	**247,593.45**	**8,077.33**	**9,682.98**	**265,353.76**	**160,941.56**	**5,539.67**	**5,537.94**	**172,019.17**

Note:

New assets originated or purchased includes interest accruals during the year.

*Assets derecognised during the year includes details of the transfers through assignment in respect of loans, not in default during the year.

Reconciliation of ECL balance is given below:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2024				For the year ended March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	3,565.67	225.17	3,670.38	7,461.22	5,028.56	2,666.06	10,596.98	18,291.60
Impact of changes in credit risk including New Credit Exposures	1,979.73	1,322.97	8,736.31	12,039.01	(2,360.99)	(1,065.18)	5,394.36	1,968.19
Transfers to Stage 1	341.71	(76.02)	(265.69)	-	2,011.07	(730.87)	(1,280.20)	-
Transfers to Stage 2	(783.94)	796.94	(13.00)	-	(1,109.10)	1,577.03	(467.93)	-
Transfers to Stage 3	(10.16)	(773.02)	783.18	-	(3.17)	(2,221.79)	2,224.96	-
Assets written Off	-	(0.01)	(7,351.76)	(7,351.77)	(0.70)	(0.08)	(12,797.79)	(12,798.57)
Closing balance before Unamortised Costs	5,093.01	1,496.03	5,559.42	12,148.46	3,565.67	225.17	3,670.38	7,461.22
ECL on Modification Gain/(Loss)	(1.03)	(0.26)	(6.27)	(7.56)	(2.61)	(2.94)	(42.96)	(48.51)
ECL allowance - closing balance	**5,091.98**	**1,495.77**	**5,553.15**	**12,140.90**	**3,563.06**	**222.23**	**3,627.42**	**7,412.71**

Notes to Financial Statements

for the year ended March 31, 2024

The company periodically reviews and updates the expected credit loss model(ECL) in line with the new inputs and performance trends to reflect the reasonableness and adequacy of ECL amount recognised as at reporting date. The Company has updated the Expected Credit Loss model (ECL) during the year with respect to product classification of loan, considered completed vintage, harmonised asset classification as per RBI, discounting of credit loss and also provided additional provision on Stage 2 cases. Consequently, as a result of above changes in model and additional provision, ECL charge for the year ended March 31, 2024 is higher by ₹ 13.34 Crores.

NOTE 9: OTHER FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured considered good, unless stated otherwise		
Security deposits	712.29	311.57
Others		
Excess Interest Spread (EIS) on Direct Assignment	530.95	150.10
Less: Impairment allowance on EIS on Direct Assignment	(20.96)	(3.36)
Other receivables	2,061.02	820.44
Less: Impairment allowance	(1,435.86)	(399.90)
Total	**1,847.44**	**878.85**

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

Particulars	Leasehold improvement	Office equipment	Computer Equipment	Furniture & Fixtures	Total
Cost:					
As at April 1, 2022	74.52	62.96	212.25	59.01	408.74
Additions	-	9.43	30.75	1.86	42.04
Disposals	-	(1.74)	(1.89)	-	(3.63)
As at March 31, 2023	**74.52**	**70.65**	**241.11**	**60.87**	**447.15**
Additions	8.88	10.70	43.81	1.13	64.52
Disposals	-	(9.02)	(94.47)	(0.27)	(103.76)
As at March 31, 2024	**83.40**	**72.33**	**190.45**	**61.73**	**407.91**
Depreciation and impairment:					
As at April 1, 2022	46.91	44.34	135.74	34.51	261.50
Depreciation charge for the year	8.13	11.45	55.76	6.68	82.02
Disposals	-	(1.73)	(1.89)	-	(3.62)
As at March 31, 2023	**55.04**	**54.06**	**189.61**	**41.19**	**339.90**
Depreciation charge for the year	17.91	14.12	49.39	5.49	86.91
Disposals	-	(8.99)	(94.47)	(0.27)	(103.73)
As at March 31, 2024	**72.95**	**59.19**	**144.53**	**46.41**	**323.08**
Net book value:					
As at March 31, 2023	**19.48**	**16.59**	**51.50**	**19.68**	**107.25**
As at March 31, 2024	**10.45**	**13.14**	**45.92**	**15.32**	**84.83**

Note : The company has not done any revaluation in respect of the above Property, plant and equipment during the year.

Notes to Financial Statements

for the year ended March 31, 2024

NOTE 11: RIGHT-OF-USE ASSETS

The Company has elected not to apply the requirement of Ind AS 116 to short term leases of all assets that have a lease term of 12 months or less. The lease payments associated with these leases are recognized as an expenses on a straight line basis over the lease term.

(₹ in Lakhs)

Particulars	Right-of-use Premises
Cost:	
As at April 1, 2022	3,284.65
Additions	166.51
Disposals	(77.27)
As at March 31, 2023	**3,373.89**
Additions	489.16
Modification	(354.08)
Disposals	(414.84)
As at March 31, 2024	**3,094.13**
Depreciation and impairment:	
As at April 1, 2022	1,204.44
Depreciation charge for the year	654.25
Disposals	(54.34)
As at March 31, 2023	**1,804.35**
Depreciation charge for the year	667.69
Modification	70.20
Disposals	(398.58)
As at March 31, 2024	**2,143.66**
Net book value:	
As at March 31, 2023	**1,569.54**
As at March 31, 2024	**950.47**

NOTE 12: INTANGIBLE ASSETS UNDER DEVELOPMENT

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	101.93	-
Addition during the period	229.84	101.93
Move to Intangible assets	-	-
Closing balance	331.77	101.93
Intangible assets under development	331.77	101.93
TOTAL	**331.77**	**101.93**

(₹ in Lakhs)

Intangible assets under development ageing	Less than 1 year	1-2 Years	2-3 Years	More than 3 Years	Total
Projects in progress	229.84	101.93	-	-	331.77

Note - Above Intangible asset under development is not overdue or has not exceeded its cost compared to its original plan.

Notes to Financial Statements

for the year ended March 31, 2024

NOTE 13: OTHER INTANGIBLE ASSETS

(₹ in Lakhs)

Particulars	Computer Software
Cost:	
As at April 1, 2022	227.23
Additions	-
As at March 31, 2023	**227.23**
Additions	-
As at March 31, 2024	**227.23**
Accumulative amortisation and impairment:	
As at April 1, 2022	166.83
Amortisation charge for the year	22.14
As at March 31, 2023	**188.97**
Amortisation charge for the year	16.69
As at March 31, 2024	**205.66**
Net book value:	
As at March 31, 2023	**38.26**
As at March 31, 2024	**21.57**

NOTE 14: OTHER NON-FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Advance tax	25.05	763.41
Goods & Service Tax credit (input) receivable (net)	174.20	232.64
Prepaid expenses	328.77	256.40
Advance to vendors	264.91	202.40
TOTAL	**792.93**	**1,454.85**

NOTE 15: TRADE PAYABLE

Particulars			Not yet due	Outstanding for following periods from due date of payment				
				Less than 1 years	1-2 years	2-3 years	More than 3 years	Total
(i)	MSME	As of March 31, 2024	-	43.68	1.55	0.20	-	45.43
		As of March 31, 2023	-	32.62	0.02		-	32.64
(ii)	Others	As of March 31, 2024	1,524.66	153.53	45.90	16.02	3.26	1,743.37
		As of March 31, 2023	985.09	173.61	32.05	-	1.10	1,191.85
TOTAL			**1,524.66**	**197.21**	**47.45**	**16.22**	**3.26**	**1,788.80**
			985.09	**206.23**	**32.07**	**-**	**1.10**	**1,224.49**

Notes:

The Following details relating to Micro, Small and Medium Enterprises shall be disclosed:

(a) The Principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year.

- Principal is ₹ 45.43 lakh as on March 31, 2024 (₹ 32.64 lakhs in March 31, 2023)

- Interest is Nil as on March 31, 2024. (Nil in March 31, 2023)"

(b) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year: Current year Nil (Previous year Nil).

(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act : Current year Nil (Previous year Nil).

(d) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 : Current year Nil (Previous year Nil).

Notes to Financial Statements

for the year ended March 31, 2024

NOTE 16: DEBT SECURITIES

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Liability component of compound financial instruments	15.07	14.22
Senior secured notes		
Non Convertible Debentures (Secured)		
Privately placed debentures	46,275.48	50,011.95
Compulsorily Convertible Debentures (Unsecured)		
Privately placed debentures	-	3,274.88
Total	**46,290.55**	**53,301.05**
Debt securities in India	46,290.55	53,301.05
Debt securities outside India	-	-
TOTAL	**46,290.55**	**53,301.05**

Particulars of Privately Placed Redeemable Non Convertible Debentures (Secured):

(₹ in Lakhs)

Redemption Date	Put/Call option date	Repayment details	Face Value	Interest Rate	As at March 31, 2024	As at March 31, 2023
April 26, 2023	-	Two Instalments	1,000,000	13.00%	-	1,625.00
August 28, 2023	-	Bullet	1,000,000	12.50%	-	6,500.00
November 24, 2023	-	Bullet	1,000,000	12.40%	-	3,200.00
March 18, 2024	March 18, 2023	Six Instalments	100,000	14.00%	-	833.33
March 19, 2024	March 19, 2023	Six Instalments	100,000	14.00%	-	666.67
March 25, 2024	-	Four Equal Instalments	100,000	12.75%	-	3,500.00
September 25, 2024	-	Four Equal Instalments	100,000	11.25%	2,000.00	-
October 28, 2024	-	Bullet	100,000	11.25%	2,500.00	-
December 9, 2024	-	Four Equal Instalments	1,000,000	11.65%	3,700.00	5,550.00
December 22, 2024	-	Five Equal Instalments	100,000	11.25%	1,800.00	-
March 30, 2025	March 30, 2024	Six Equal Instalments	1,000,000	13.00%	666.67	1,333.33
August 26, 2025	March 26, 2025	Five Equal Instalments	100,000	12.55%	2,000.00	-
September 03, 2025	September 03, 2022	Bullet	1,000,000	12.80%	6,200.00	6,200.00
February 13, 2026	-	Two Instalments	1,000,000	11.62%		4,100.00
February 27, 2026	-	Eight Equal Instalments	100,000	11.75%	6,500.00	-
February 28, 2026	August 28, 2024	Bullet	100,000	13.80%	2,500.00	2,500.00
June 07, 2026	April 07, 2025	Eighteen Instalments	100,000	12.00%	1,300.00	-
June 13, 2026	-	Two Instalments	100,000	11.71%	2,450.00	2,450.00
July 19, 2026	-	Four Equal Instalments	1,000,000	12.90%	6,000.00	6,000.00
July 20, 2026	-	Bullet	100,000	12.75%	2,020.00	-
June 27, 2024	-	Four Equal Instalments	100,000	11.50%	725.00	-
August 26, 2027	-	Two Instalments	100,000	11.58%	3,080.00	3,080.00
December 07, 2024	-	Six Equal Instalments	100,000	12.00%	500.00	-
March 10, 2027	March 10, 2025	Bullet	1,000,000	11.86%	2,000.00	2,000.00
Total					**45,941.67**	**49,538.33**
Add: Interest Component (including EIR)					333.81	473.62
Total					**46,275.48**	**50,011.95**

Security details for Non Convertible Debentures ('NCDs')

All the secured non-convertible debentures of the Company are fully secured by exclusive first charge on certain identified receivables of the Company to the extent stated in the respective Information Memorandum / Security Documents. Further, the Company has, at all times, maintained sufficient asset cover to discharge the principal amount, interest accrued thereon and such other sums as mentioned therein, as per the respective Information Memorandum / Security documents.

Notes to Financial Statements

for the year ended March 31, 2024

Non - Convertible Debentures Maturity:

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
0 - 1 Year	22,532.60	24,285.60
1- 3 Years	23,742.57	23,746.61
3- 5 Years	0.31	1,979.74
More than 5 Years	-	-
Total	**46,275.48**	**50,011.95**

Particulars of Privately Placed Compulsorily Convertible Debentures (CCD) (Unsecured):

Maturity Date	Put/Call option date	Repayment details	Face Value	As at March 31, 2024	As at March 31, 2023
September 23, 2040	-	Bullet	1,000	-	3,075.00
Total				**-**	**3,075.00**
Add: Interest Component (including EIR)				-	199.88
Total				**-**	**3,274.88**

CCD carries interest rate at 13.5% p.a. for the year ended March 31, 2024 (March 31, 2023 - 13.5% p.a.). All CCD has been converted into Compulsorily Convertible Preference Shares.

NOTE 17: BORROWINGS OTHER THAN DEBT SECURITIES

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
	Amortised cost	Amortised cost
Term Loan		
from bank in INR (secured)	19,869.31	3,662.38
from other party in INR (secured)	45,156.77	27,358.32
Cash credit / Overdraft facilities from banks (secured)	1,179.43	443.93
External Commercial Borrowings (secured)	55,807.58	48,832.79
Others: Pass Through Certificates (secured)	45,678.80	6,416.76
Total	**167,691.89**	**86,714.18**
Borrowings in India	111,884.31	37,881.39
Borrowings outside India	55,807.58	48,832.79
Total	**167,691.89**	**86,714.18**

The Company has not made any breach of loan covenants. No loans have been recalled by lender as of March 31, 2024

The Company has utilised the funds raised from banks and financial institutions for the specific purpose for which they were borrowed.

The Company has borrowed funds from banks and financial institutions on the basis of security of current assets. It has filed monthly returns or statements of current assets with banks and financial institutions and the said returns/statements are in agreement with books of accounts.

Notes to Financial Statements

for the year ended March 31, 2024

Term loan maturity:

(₹ in Lakhs)

Particulars	Interest Rate March 31, 2024	Interest Rate March 31, 2023	As at March 31, 2024	As at March 31, 2023
0 - 1 Year			44,186.06	19,582.82
1- 3 Years			20,840.02	11,437.88
3- 5 Years	10.65% - 14.15%	11.5% - 13.9%	-	
More than 5 Years			-	
Total			**65,026.08**	**31,020.70**

Cash credit / Overdraft facilities from banks maturity:

(₹ in Lakhs)

Particulars	Interest Rate March 31, 2024	Interest Rate March 31, 2023	As at March 31, 2024	As at March 31, 2023
0 - 1 Year			1,179.43	443.93
1- 3 Years			-	
3- 5 Years	6.8% - 12.75%	6.8% - 10.9%	-	
More than 5 Years			-	
Total			**1,179.43**	**443.93**

External Comercial Borrowings maturity:

(₹ in Lakhs)

Particulars	Interest Rate March 31, 2024	Interest Rate March 31, 2023	As at March 31, 2024	As at March 31, 2023
0 - 1 Year			5,784.85	4,227.07
1- 3 Years			47,297.63	30,972.39
3- 5 Years	4.25% - 10.12%	4.25% - 9.61%	2,725.10	13,633.33
More than 5 Years			-	-
Total			**55,807.58**	**48,832.79**

Others: Pass Through Certificates maturity:

(₹ in Lakhs)

Particulars	Interest Rate March 31, 2024	Interest Rate March 31, 2023	As at March 31, 2024	As at March 31, 2023
0 - 1 Year			39,220.82	5,194.27
1- 3 Years			6,457.98	1,222.49
3- 5 Years	11.10% - 12.15%	9% - 13.35%	-	
More than 5 Years			-	
Total			**45,678.80**	**6,416.76**

NOTE 18: OTHER FINANCIAL LIABILITIES

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Merchant balances	1,237.24	955.76
Lease liabilities for premises on rent (refer Note 18A)	1,067.14	1,800.74
Other liabilities	1,849.76	652.41
TOTAL	**4,154.14**	**3,408.91**

Notes to Financial Statements

for the year ended March 31, 2024

NOTE 18A: LEASE LIABILITIES

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Lease liabilities for premises on rent	1,067.14	1,800.74
TOTAL	**1,067.14**	**1,800.74**

Maturity analysis of contractual undiscounted cash flow

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Less than 1 year	500.11	810.65
1 - 5 years	726.97	1,294.79
6 - 10 years	109.28	56.19
More than 10 years	-	-
Total undiscounted lease liabilities	**1,336.36**	**2,161.63**

Maturity analysis of lease liability

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Within 12 months	398.61	625.57
After 12 months	668.53	1,175.17

Amount recognised in the statement of profit & loss

(₹ in Lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest expense on lease liability	85.35	251.19
Depreciation on right-of-use asset	667.69	654.25
(Gain)/loss on pre-mature lease closure/modification	122.29	4.15

The following is the movement in lease liabilities for the year ended March 31, 2024:

(₹ in Lakhs)

Particulars	Amount
Balance as at April 1, 2022	2,259.60
Add: Finance Cost accrued during the year	251.19
Add: Finance Cost adjusted due to foreclosure during the year	4.15
Add: Lease liability recognised during the year (Net of foreclosure)	126.33
Less: Payment of Lease Liabilities	(840.53)
Balance as at March 31, 2023	**1,800.74**
Add: Finance Cost accrued during the year	85.35
Add: Finance Cost adjusted due to modification / foreclosure during the year	122.29
Less : Lease liability recognised during the year (Net of foreclosure)	(69.14)
Less: Payment of Lease Liabilities	(872.10)
Balance as at March 31, 2024	**1,067.14**

Notes to Financial Statements

for the year ended March 31, 2024

NOTE 19: PROVISIONS

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Employee benefits		
- Gratuity (refer Note 36)	298.03	139.81
- Provision for compensated absences (refer Note 36)	41.05	28.42
- Retention and performance bonus	800.61	838.99
Provision for non-fund based exposure	13.21	26.25
Provision for Stock Appreciation Rights (SAR)	116.45	107.66
Financial Guarantee	324.43	1,318.84
Others	4.20	3.44
TOTAL	**1,597.98**	**2,463.41**

Loan commitment

Details of Company's Risk Management process and policies are set out in Note 47 - Risk Management.

NOTE 19.1 - RETENTION AND PERFORMANCE BONUS INCLUDES VALUE DISTRIBUTION SCHEME -

During FY 22, Company cancelled VDS scheme through Board Resolution dated 18th November 2021 except for 2 employees for whom the VDS scheme will continue as per the original terms of VDS scheme.

Details of activity under Value Distribution Scheme (VDS) is summarized below:

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance of provision	16.03	3.60
Change in employee compensation cost for the year	1.58	12.43
Closing balance of provision for VDS	**17.61**	**16.03**

NOTE 19.2 - PROVISION FOR NON-FUND BASED EXPOSURE:

a) Credit Quality of Assets

(₹ in Lakhs)

Particulars	As at March 31, 2024				As at March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Carrying amount of non-fund based exposure (refer Note 39)	493.50	-	-	493.50	716.93	-	-	716.93
Total	**493.50**	**-**	**-**	**493.50**	**716.93**	**-**	**-**	**716.93**

b) An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans is, as follows:

(₹ in Lakhs)

Particulars	As at March 31, 2024				As at March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - opening balance	716.93	-	-	716.93	1,099.31	-	-	1,099.31
New assets originated or purchased	493.50	-	-	493.50	716.93	-	-	716.93
Assets derecognised or repaid (excluding write offs)	(716.93)	-	-	(716.93)	(1,099.31)	-	-	(1,099.31)
Gross carrying amount - closing balance	**493.50**	**-**	**-**	**493.50**	**716.93**	**-**	**-**	**716.93**

Notes to Financial Statements

for the year ended March 31, 2024

c) Reconciliation of ECL balance is given below:

(₹ in Lakhs)

Particulars	As at March 31, 2024				As at March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	26.25	-	-	26.25	15.78	-	-	15.78
New assets originated or purchased	13.21	-	-	13.21	26.25	-	-	26.25
Assets derecognised or repaid (excluding write offs)	(26.25)	-	-	(26.25)	(15.78)	-	-	(15.78)
ECL allowance - closing balance	**13.21**	**-**	**-**	**13.21**	**26.25**	**-**	**-**	**26.25**

The limit sanctioned to the customers are unconditionally revocable at the discretion of the Company and therefore the limit is uncommited. However provision as per INDAS 109 has been created basis the expected credit conversion factor from the unutilized limit as on reporting date

NOTE 19.3 - STOCK APPRECIATION RIGHTS (SAR PLAN 2015)

SAR grants was cancelled by the shareholders at their Extra Ordinary General Meeting held on November 30, 2017. The SAR's already granted to continuing employees as on March 31, 2018 is replaced by the Employee Stock Options under the ESOP 2017 scheme at the Special resolution passed by the members on November 30, 2017. The vesting schedule of each employee under ESOP scheme is aligned to the vesting schedule as per the original SAR scheme except the first vesting shall happen only after completion of 12 months from the date of the grant of option under ESOP scheme 2017.

Details of activity under SARs is summarized below:

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
	Nos	Nos
SARs Outstanding at the beginning of the year	169,400	169,400
Outstanding at the end of the year	**169,400**	**169,400**
Total Liability of SAR (₹ In lakhs)	**116.45**	**107.66**

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance of provision for SARs	107.66	66.41
Change in employee compensation cost pertaining to SARs for the year	8.79	41.25
Closing balance of provision for SARs (Net off)	**116.45**	**107.66**

NOTE 19.4 - MOVEMENT OF PROVISIONS OTHER THAN EMPLOYEE BENEFIT DURING THE YEAR

The movement in provisions for the year ended March 31, 2024 is, as follows:

(₹ in Lakhs)

Particulars	Litigation*	Other	Total
As at March 31, 2022	20.00	2.72	22.72
Additional provisions during the year	-	0.72	0.72
Utilised (Incurred or charged against that provision)	-	-	-
As at March 31, 2023	**20.00**	**3.44**	**23.44**
Additional provisions during the year	-	0.76	0.76
Utilised (Incurred or charged against that provision)	-	-	-
As at March 31, 2024	**20.00**	**4.20**	**24.20**

* Included in Trade Payable (Note 15)

Notes to Financial Statements

for the year ended March 31, 2024

NOTE 19A: CURRENT TAX LIABILITIES

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for Tax (AY:24- 25)	90.75	-
TOTAL	**90.75**	**-**

NOTE 20: OTHER NON-FINANCIAL LIABILITIES

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Statutory dues payable	568.59	338.09
TOTAL	**568.59**	**338.09**

NOTE 21: SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Authorised		
2,10,00,000 (March 31, 2023: 2,10,00,000) equity shares of ₹ 10 each	2,100.00	2,100.00
9,60,00,000 (March 31, 2023: 9,60,00,000) preference shares of ₹ 10 each	9,600.00	9,600.00
TOTAL	**11,700.00**	**11,700.00**
Issued, Subscribed and Fully paid-up Share Capital		
1,80,00,700 (March 31, 2023: 1,80,00,700) equity shares of ₹ 10 each	1,800.07	1,800.07
7,53,69,526 (March 31, 2023: 7,12,69,526) Preference Shares of ₹ 10 each	7,536.95	7,126.95
Less: Preference Shares disclosed in Note 21A	(7,536.95)	(7,126.95)
TOTAL	**1,800.07**	**1,800.07**

Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year

(₹ in Lakhs)

Particulars	Equity	
	Numbers	**Amount**
As at April 1, 2022	18,000,600	1,800.06
Issued during the year	100	0.01
CCD's converted during the year	-	-
As at March 31, 2023	**18,000,700**	**1,800.07**
Issued during the year	-	-
CCD's converted during the year	-	-
As at March 31, 2024	**18,000,700**	**1,800.07**

Rights, preferences and restrictions attached to Equity Shares:

The Company has a single class of equity shares having a par value of ₹10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed, if any, by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. During the year ended March 31, 2024, the amount of per share dividend recognized as distributions to equity shareholders was Nil (for the year ended March 31, 2023: ₹ Nil per share). In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

Notes to Financial Statements

for the year ended March 31, 2024

Details of shareholders holding more than 5% shares in the Company as on reporting date

Particulars		As at March 31, 2024			As at March 31, 2023		
		Nos.	% holding in the class	% holding in all classes	Nos.	% holding in the class	% holding in all classes
i)	Dhruv Kumar Khaitan	9,000,000	49.998%	10.37%	9,000,000	49.998%	10.85%
ii)	Piyush Kumar Khaitan	9,000,000	49.998%	10.37%	9,000,000	49.998%	10.85%

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer Note 35

NOTE 21 A: INSTRUMENT ENTIRELY EQUITY IN NATURE

(₹ in Lakhs)

Particulars	Compulsory Cumulative Convertible Preference Shares (CCCPS)	
	Numbers	Amount
As at April 1, 2022	45,644,009	4,555.30
Issued during the year	15,182,630	1,515.23
CCD's converted during the year	10,442,887	1,042.20
As at March 31, 2023	**71,269,526**	**7,112.73**
Issued during the year	-	-
CCD's converted during the year	4,100,000	409.14
As at March 31, 2024	**75,369,526**	**7,521.87**

Rights, preferences and restrictions attached to Preference Shares (CCCPS):

Each holder of CCCPS is entitled to one vote per share only on resolutions placed before the Company which directly affect the rights attached to CCCPS. Each share of the series A, B, C & D CCCPS shall be converted into one equity share of face value of ₹ 10 each subject to any adjustments required for any possible corporate action, e.g. share split, issue of bonus shares, etc. The Series A, B, C & D CCCPS shall be compulsorily convertible at the end of 20 (twenty) years from the date of issuance of each Series CCCPS. The conversion can be done by investors on any date, provided 30 days advance written notice is given to the Company by the respective investor. The Series A, B, C & D CCCPS shall carry a cumulative coupon rate of 0.01% per annum. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

Details of shareholders holding more than 5% preference shares in the Company as on reporting date

Particulars	As at March 31, 2024			As at March 31, 2023		
	Nos.	% holding in the class	% holding in all classes	Nos.	% holding in the class	% holding in all classes
Aspada Investment Company	6,580,758	8.73%	7.05%	6,580,758	9.23%	7.37%
ON Mauritius	7,098,514	9.42%	7.60%	7,098,514	9.96%	7.95%
Accion Frontier Inclusion Mauritius	6,767,305	8.98%	7.25%	6,767,305	9.50%	7.58%
IIFL Seed Ventures Fund I	5,126,512	6.80%	5.49%	5,126,512	7.19%	5.74%
Trinity Inclusion Ltd	27,205,476	36.10%	29.14%	23,105,476	32.42%	25.88%
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V	15,182,630	20.14%	16.26%	15,182,630	21.30%	17.01%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

Notes to Financial Statements

for the year ended March 31, 2024

Terms of any securities convertible into equity shares issued along with the earliest date of conversion in descending order starting from the farthest such date:

Date of Allotment	Date of Conversion*	No. of shares	Share exchange ratio	Tenure
March 22, 2013	March 22, 2033	7,462,587	1:1	20
March 25, 2014	March 25, 2034	1,697,479	1:1	20
June 19, 2014	June 19, 2034	1,131,720	1:1	20
March 31, 2015	March 31, 2035	4,680,752	1:1	20
April 6, 2015	April 6, 2035	13,232	1:1	20
July 29, 2015	July 29, 2035	2,357,650	1:1	20
June 21, 2016	June 21, 2036	9,488,272	1:1	20
January 23, 2018	January 23, 2038	10,660,312	1:1	20
March 21, 2018	March 21, 2038	8,152,005	1:1	20
December 7, 2022	December 7, 2042**	10,248,243	1:1	20
December 15, 2022	December 15, 2042**	4,934,387	1:1	20
December 15, 2022	December 15, 2042**	10,442,887	1:1	20
July 18, 2023	July 18, 2043**	4,100,000	1:1	20

*The conversion can be done by preference shareholder on any date, provided 30 days advance written notice is given to the Company or ten days prior to the proposed filing of draft red herring prospectus by the Company in pursuance of QIPO.

*The conversion can be done by preference shareholder on any date, provided 30 days advance written notice is given to the Company or ten days prior to the proposed filing of draft red herring prospectus by the Company in pursuance of 'IPO' or ten days prior to Trade Sale.

NOTE 22: OTHER EQUITY

Other equity movement during the year

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Statutory Reserve (pursuant to section 45-IC(1) of the Reserve Bank of India Act, 1934)		
Balance as at the beginning of the year	**547.76**	**202.45**
Add: Transferred from profit during the year	1,427.31	345.31
Balance at the end of the year	**1,975.07**	**547.76**
Securities Premium		
Balance as at the beginning and at the end of the year	**63,793.30**	**42,518.24**
Add: Premium on issue / allotment of shares	2,665.00	21,987.00
Less: Share issue expense as per section 52 of the Companies Act, 2013	-	(751.71)
Add : Income Tax benefit on the above	-	39.77
Balance as at the end of the year	**66,458.30**	**63,793.30**
Retained Earnings		
Balance at the beginning of the year	**(18,258.25)**	**(19,638.78)**
Profit / (loss) for the year	7,136.55	1,726.55
Less: Dividend declared during the year on CCCPS (a)	(0.75)	(0.71)
Less: Transferred to statutory reserves during the year	(1,427.31)	(345.31)
Balance as at the end of the year	**(12,549.76)**	**(18,258.25)**
Share options outstanding account		
Balance as at the beginning of the year	**1,256.76**	**945.81**
Add: Cost recognised during the year	300.81	310.95
Balance as at the end of the year	**1,557.57**	**1,256.76**
Other Comprehensive Income		
Balance as at the beginning of the year	**(519.33)**	**(108.03)**
Add: Additions during the year	(638.66)	(411.30)
Balance as at the end of the year	**(1,157.99)**	**(519.33)**
Total	**56,283.19**	**46,820.24**

Notes to Financial Statements

for the year ended March 31, 2024

Nature and purpose of Reserves:

Securities Premium Reserve:

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

Share options outstanding account:

The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees as per IND AS 102 'Share Based Payments', including key management personnel, as part of their remuneration. Refer to Note 35 for further details of these plans.

Cash flow hedging reserve:

The Company uses hedging instruments as part of its management of foreign currency risk and interest rate risk associated on borrowings as described within note 6. For hedging foreign currency and interest rate risk, the Company uses foreign currency swaps and cross currency interest rate swaps. To the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the cash flow hedging reserve. Amounts recognised in the cash flow hedging reserve is reclassified to the statement of profit or loss when the hedged item affects profit or loss.

Statutory reserve:

Statutory reserve is created as per the terms of section 45-IC(1) of the Reserve Bank of India Act, 1934.

NOTE 23: INTEREST INCOME

(₹ in Lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
	On Financial Assets measured at Amortised cost	On Financial Assets measured at Amortised cost
Interest on Loans		
Business loans	56,332.11	35,620.63
Interest on deposits with Banks	1,049.40	581.79
Other interest income		
Unwinding of security deposit	37.88	35.51
Total	**57,419.39**	**36,237.93**

NOTE 24: FEES AND COMMISSION INCOME

(₹ in Lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Service Fees on FI business	895.70	1,110.56
Service Fees on Direct Assignment	91.95	8.34
Service Fees on Securitisation	38.25	25.75
Other Fees and Charges	128.02	30.89
Merchant Service Fees	0.14	2.87
Other financial services- Commission	0.24	99.36
Total	**1,154.30**	**1,277.77**

Notes to Financial Statements

for the year ended March 31, 2024

NOTE 25: NET GAIN ON DERECOGNITION OF FINANCIAL INSTRUMENTS

(₹ in Lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Gain on derecognition of loan asset	953.51	181.15
Total	**953.51**	**181.15**

NOTE 26: NET GAIN ON FAIR VALUE CHANGES

(₹ in Lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Net gain/ (loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
Realised	393.11	311.66
Embedded Derivative in respect of CCD	-	6.25
Total	**393.11**	**317.91**

NOTE 27: OTHER INCOME

(₹ in Lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Cheque bounce charges and Penal charges	166.14	182.09
Income from other Services	8.85	8.63
Interest on Income Tax Refund	44.90	77.40
Miscellaneous Income	0.90	0.36
Total	**220.79**	**268.48**

NOTE 28: FINANCE COST

(₹ in Lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
	On Financial liabilities measured at Amortised Cost	On Financial liabilities measured at Amortised Cost
Interest expense on:-		
- Debt securities	6,348.32	8,278.25
- Borrowings (other than debt securities)	12,158.63	5,754.82
Interest expense on lease liability	85.35	251.19
Other borrowing costs		
Other borrowing cost	2,526.30	1,616.71
Total	**21,118.60**	**15,900.97**

Notes to Financial Statements

for the year ended March 31, 2024

NOTE 29: IMPAIRMENT ON FINANCIAL INSTRUMENTS

The below table show impairment loss on financial instruments charge to statement of profit and loss based on category of financial instrument.

(₹ in Lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
	On Financial instruments measured at Amortised cost	On Financial instruments measured at Amortised cost
Impairment loss allowance on loans	4,691.50	(10,533.35)
Bad debt written off & Loss on settlement discount	12,035.10	20,872.95
Bad debts recovered	(2,803.91)	(3,782.94)
Non Fund Based Exposure	(13.03)	10.47
Other receivables - FI business	1,106.88	397.50
Excess Interest Spread on Direct Assignment	17.59	3.35
Total	**15,034.13**	**6,967.98**

The table below shows the ECL charges on financial instruments for the year recorded in the profit and loss based on evaluation stage:

Particulars	For the year ended March 31, 2024				For the year ended March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL provision on Loans and advances	1,528.92	1,273.54	1,889.04	4,691.50	(1,423.99)	(2,362.64)	(6,746.71)	(10,533.34)
Bad debts written off (net off recovery)	-	-	-	4,967.44	-	-	-	11,963.26
Principal loss on settlement	-	-	-	4,263.75	-	-	-	5,126.75
Non Fund Based Exposure	(13.03)	-	-	(13.03)	10.47	-	-	10.47
Other receivables - FI business	-	-	1,106.88	1,106.88	-	-	397.50	397.50
Excess Interest Spread on Direct Assignment	17.59	-	-	17.59	3.34	-	-	3.34
Total impairment loss				**15,034.13**				**6,967.98**

NOTE 30: EMPLOYEE BENEFIT EXPENSE

(₹ in Lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries, other allowances and bonus	8,172.24	7,280.88
Contribution to provident and other funds	154.58	136.54
Gratuity expenses (Refer note no 36)	81.54	51.56
Share based payments to employees (Refer note no 35)	300.81	126.58
Staff welfare expenses	337.18	282.16
Total	**9,046.35**	**7,877.72**

NOTE 31: DEPRECIATION, AMORTISATION AND IMPAIRMENT

(₹ in Lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Depreciation of tangible assets	86.78	82.05
Amortisation of intangible assets	16.70	22.15
Depreciation on right-of-use asset	667.69	654.25
Total	**771.17**	**758.45**

Notes to Financial Statements

for the year ended March 31, 2024

NOTE 32: OTHER EXPENSES

(₹ in Lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Marketing Expenses	198.15	217.82
Professional & Legal Fees	754.94	559.94
Travelling & Lodging Expenses	214.21	117.72
IT Services Expenses	596.82	588.98
Fee & Stamp Charges	0.15	0.98
Terminal deployment charges	7.74	27.13
Service Tax & GST expensed out	533.84	538.07
Rates & Taxes	18.11	14.65
Auditors' Remuneration (a)	43.71	38.76
Insurance expenses	3.87	2.58
Office and Maintenance Expenses	231.16	241.06
Power and Fuel Charges	128.45	111.80
Telephone & Internet Charges	117.23	140.38
Verification and Rating charges	332.80	288.07
Bank charges	76.60	80.95
Outsource Agency Cost	1,216.10	1,078.30
Miscellaneous Expenses	163.82	183.45
Total	**4,637.70**	**4,230.64**

(a) Audit Remuneration include fees payable to auditor as analysed below:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
As auditor:		
Audit fees	33.50	32.01
Certification fees	6.55	4.50
Out of Pocket expenses	3.66	2.25
TOTAL	**43.71**	**38.76**

Amounts recognised in statement of profit and loss for right-of-use assets and lease liabilities

(₹ in Lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Depreciation expense on right-of-use assets	667.69	654.25
Interest expense on lease liabilities	85.35	251.19

NOTE 33: INCOME TAX

The components of income tax expense for the year ended March 31, 2024 and March 31, 2023 are:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Current tax	1,379.37	-
Adjustment in respect of current income tax of prior years	0.11	(32.52)
Deferred tax charge / (credit) relating to origination and reversal of temporary differences	1,017.12	669.08
Total tax charge	**2,396.60**	**636.56**

Notes to Financial Statements

for the year ended March 31, 2024

Reconciliation of the total tax charge:

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended March 31, 2024 and March 31, 2023 is, as follows:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Accounting profit before tax	9,533.15	2,363.11
At India's statutory income tax rate of 25.168% (for the year ended March 31, 2023: 25.168%)	2,399.30	594.75
Effects of:		
Creation of Deferred Tax on account of Other Ind AS adjustments of the previous period	(2.81)	41.81
Total	**2,396.49**	**636.56**
Income tax expense reported in the statement of Profit & Loss	**2,396.49**	**636.56**

Deferred Tax

The following table shows deferred tax recorded in the balance sheet and changes recorded in the Income tax expense:

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Income Statement	Other Comprehensive Income	Securities Premium
	As at March 31, 2024	As at March 31, 2024	For the year ended March 31, 2024	For the year ended March 31, 2024	For the year ended March 31, 2024
Brought Forward Loss	-	-	(2,547.71)	-	-
Depreciation, amortisation and impairment	62.53	-	0.55	-	-
Lease Adjustments	42.14	-	(40.21)	-	-
Impairment allowance for financial assets	3,420.42	-	1,447.23	-	-
Derivative instruments in Cash flow hedge relationship	374.77	-	-	191.82	-
Gratuity	75.01		16.84	22.98	-
ESOP Expenses	392.01	-	75.71	-	-
Excess Interest Spread on Direct Assignment	-	133.63	(95.85)	-	-
Share issue expenses	39.77		-		-
Other temporary differences includes deferred tax on unamortised costs on Borrowings and unamortised net income on Loan, deferred tax on Allowable / disallowable expenses under Income Tax etc.	362.51	-	126.34	-	-
Total	**4,769.16**	**133.63**	**(1,017.10)**	**214.80**	**-**
Net Amount	**4,635.53**				

Notes to Financial Statements

for the year ended March 31, 2024

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Income Statement	Other Comprehensive Income	Securities Premium
	As at March 31, 2023	As at March 31, 2023	For the year ended March 31, 2023	For the year ended March 31, 2023	For the year ended March 31, 2023
Brought Forward Loss	2,547.71	-	2,060.04	-	-
Depreciation, amortisation and impairment	61.98	-	(1.82)	-	-
Lease Adjustments	82.35	-	6.93	-	-
Impairment allowance for financial assets	1,973.19	-	(2,548.36)	-	-
Derivative instruments in Cash flow hedge relationship	182.95	-	-	135.26	-
Gratuity	35.19		10.93	3.07	-
ESOP Expenses	316.30	-	78.26	-	-
EIS on Direct Assignment	-	37.78	(37.78)	-	-
Share issue expenses	39.77		-		39.77
Other temporary differences includes deferred tax on unamortised costs on Borrowings and unamortised net income on Loan, deferred tax on Allowable / disallowable expenses under Income Tax etc.	236.17	-	(237.28)	-	-
Total	**5,475.61**	**37.78**	**(669.08)**	**138.33**	**39.77**
Net Amount	**5,437.83**				

NOTE 34: EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing the net profit for the year attributable to equity holders of Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the net profit attributable to equity holders of Company (after adjusting for dividend on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

(₹ in Lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Net profit / (loss) attributable to ordinary equity holders of the parent	7,136.55	1,726.55
Less: Dividend to Preference Shareholders	(0.75)	(0.71)
Profit / (loss) available for equity shareholders (A)	7,135.80	1,725.84
Weighted average number of ordinary shares for basic earnings per share (B)	**93,370,226**	**81,658,532**
Weighted average number of ordinary shares for dilutive earnings per share (C)	**96,807,181**	**84,253,354**
Weighted average number of equity shares outstanding for the year	18,000,700	18,000,700
Weighted average number of Compulsory Cumulative Convertible Preference Shares (CCPS)	75,369,526	59,557,832
Weighted average number of Compulsory Convertible Debentures (CCD)		4,100,000
Dilutive impact of weighted average number of ESOP	3,436,955	2,594,822
Face value of per share	10.00	10.00
Earnings per share		
Basic earnings per share (₹) [A / B]	7.64	2.11
Diluted earnings per share (₹) [A / C] (Refer Note 3)	7.37	2.05

Notes:

1. Weighted average shares mentioned above are numbers.
2. As per Ind AS 33, Para 23 " Ordinary shares that will be issued upon the conversion of a mandatorily convertible instrument are included in the calculation of basic earnings per share from the date the contract is entered into". Consequently CCPS and CCD have been included in the computation of Basic EPS.

Notes to Financial Statements

for the year ended March 31, 2024

NOTE 35: EMPLOYEE STOCK OPTION SCHEME (ESOS)

ESOP Scheme 2022

The Employee Stock Options Scheme (ESOP Scheme) 2022 was approved by the shareholders at their Extra Ordinary General Meeting held on December 01, 2022. The Scheme has been formulated in accordance with the provisions of the Companies Act, 2013, as amended read with applicable provisions of the Companies Rules, 2014. The Company has granted stock options to the eligible employees as per ESOP scheme 2022. All the options are exercisable within 5 yrs from Initial Public Offer (IPO) event. The Employee Stock Option Scheme 2022 is being administered and monitored by the Nomination and Remuneration Committee of the Company set up by the Board. The Company is authorised to issue 8,09,871 (Eight Lakhs Nine Thousand Eight Hundred and Seventy One) number of equity shares of the Company having face value of ₹ 10 per share, under the ESOP Scheme 2022 to the eligible employees upon meeting of such vesting criteria as may be fixed or determined by the Board.

ESOP Scheme 2018

The Employee Stock Options Scheme (ESOP Scheme) 2018 was approved by the shareholders at their Extra Ordinary General Meeting held on March 21, 2018. The Scheme has been formulated in accordance with the provisions of the Companies Act, 2013, as amended read with applicable provisions of the Companies Rules, 2014. The Company has granted stock options to the eligible employees as per ESOP scheme 2018. All the options are exercisable on liquidity event or Initial Public Offer (IPO), whichever is earlier. The Employee Stock Option Scheme 2018 is being administered and monitored by the Nomination and Remuneration Committee of the Company set up by the Board. The Company is authorised to issue 27,99,589 (Twenty Seven Lakhs Ninety Nine Thousand Five Hundred and Eighty Nine) number of equity shares of the Company having face value of ₹ 10 per share, under the ESOP Scheme 2018 to the eligible employees upon meeting of such vesting criteria as may be fixed or determined by the Board.

ESOP Scheme 2017

No further options were granted during the year under this scheme. All the options are exercisable on liquidity event or Initial Public Offer (IPO), whichever is earlier. The Board at its meeting held on March 21, 2018 approved for short closing the ESOP 2017 and approved revised ESOP 2018 scheme.

For the year ended March 31, 2024 following Employee Stock Option Plans (ESOPs) were in existence. The relevant details of the schemes and the grants are as below :

Details of Employee Stock Option Schemes	ESOP 2022	ESOP 2018	ESOP 2017
Date of Shareholder's approval of plan	December 1, 2022	March 21, 2018	November 30, 2017
Date of grant	December 1, 2022	Various dates	Various dates
Number of options granted	789,871	2,778,884	421,000
Method of settlement	Equity	Equity	Equity
Vesting Period	Bullet Vesting	5 years	5 years
Details of vesting condition	Continued service	Continued service	Continued service
Exercise Price	₹ 105.38	₹ 105.38 to ₹ 159.47	₹10 to ₹105.38

Details of Vesting

Vesting period from the grant date *	ESOP 2022	ESOP 2018	ESOP 2017
Completion of 1 year	Bullet Vesting	20.00%	20.00%
Completion of 2 year		20.00%	20.00%
Completion of 3 year		20.00%	20.00%
Completion of 4 year		20.00%	20.00%
Completion of 5 year		20.00%	20.00%

During the previous year ended March 31, 2023, the exercise price was modified for the employees who were granted ESOP's in the 2017 & 2018 scheme. The exercise price was modified to ₹ 105.38 for employees whose exercise price was more than ₹ 105.38 & who hadn't resigned as on December 15, 2022.

Notes to Financial Statements

for the year ended March 31, 2024

* The SAR's already granted to continuing employees as on March 31, 2018 is replaced by the Employee Stock Options under the ESOP 2017 scheme at the Special resolution passed by the members on November 30, 2017.The vesting schedule of each employee under ESOP scheme is aligned to the vesting schedule as per the original SAR scheme except the first vesting shall happen only after completion of 12 months from the date of the grant of option under ESOP scheme 2017.

Details of activity under each plan

Particulars	ESOP 2022		ESOP 2018		ESOP 2017	
	No. of Options	Weighted Avg. Exercise Price	No. of Options	Weighted Avg. Exercise Price	No. of Options	Weighted Avg. Exercise Price
Outstanding as at April 1, 2022	-	-	1,813,884	159.47	397,200	60.81
Granted during the year	789,871	105.38	615,000	105.38	-	-
Forfeited during the year	-	-	(69,000)	159.47	-	-
Exercised during the year	-	-	-	-	-	-
Outstanding as at March 31, 2023	**789,871**	**105.38**	**2,359,884**	**107.74**	**397,200**	**59.05**
Outstanding as at April 1, 2023	789,871	105.38	2,359,884	107.74	397,200	59.05
Granted during the year	-	-	-	-	-	-
Forfeited during the year	(60,000)	-	(35,000)	-	(15,000)	-
Outstanding as at March 31, 2024	**729,871**	**105.38**	**2,324,884**	**107.77**	**382,200**	**57.22**
Vested and exercisable as at Mar 31, 2024	-		1,710,884		382,200	
Weighted average remaining contractual life (in years)	1.04		1.04		1.04	

No new ESOP's were issued in the year ended March 31, 2024. For the year ended march 31, 2023, the value of the underlying shares was determined by an independent valuer. The following assumptions were used for calculation of fair value of grants in accordance with Black Scholes model, for options granted during the previous year:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Risk-free interest rate	NA	6.94% to 7.12%
Expected life of options (years)		2.35 - 4.85 years
Expected volatility (%)		42.53% - 46.52%
Dividend yield		0%
Exercise price		105.38
Weighted average share price (₹)		105.38

The risk free interest rates are determined based on the Government bond yields with maturity equal to the expected term of the option. Volatility calculation is based on historical stock prices of comparable companies using standard deviation of change in stock price. The historical period is taken into account to match the expected life of the option.

The expense recognised for employee services received during the year is shown in the following table:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Expense arising from equity-settled share based payment transactions	300.81	126.58
Total expense arising from share based payment transactions	**300.81**	**126.58**

During the year previous year ended March 31, 2023, the Company had modified the exercise price for ESOP's issued under the ESOP 2017 & ESOP 2018 scheme. The exercise price was modified to ₹ 105.38. The impact of the modification in exercise price is reflected under the head Exceptional Items. Below is the impact.

Notes to Financial Statements

for the year ended March 31, 2024

(₹ in Lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Expense arising from equity-settled share based payment transactions shown as exceptional item	-	184.37
Total expense arising from share based payment transactions	**-**	**184.37**

*During the previous year ended March 31, 2023, the Company had modified the exercise price for ESOP's issued under the ESOP 2017 & ESOP 2018 scheme. The exercise price has been modified to ₹ 105.38. The impact of the modification in exercise price is reflected under the head Exceptional Items.

NOTE 36: RETIREMENT BENEFIT PLAN

Note 36.1: Defined Contribution Plan

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized ₹ 154.58 lakhs (for the year ended March 31, 2023: ₹ 136.54 lakhs) for Provident Fund contributions (including admin charges) and Nil (for the year ended March 31, 2023: Nil) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the Schemes.

Note 36.2: Defined Benefit Plan

The Company has defined benefit gratuity plan and is governed by the Payment of Gratuity Act, 1972. Under the Gratuity Act, an employee who has completed five years of service is entitled to specific benefits. The level of benefits provided depends on the member's length of service, managerial grade and salary at retirement age. Gratuity expense has been disclosed separately in Note 30.

The following tables summaries the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.

(1) Net employee benefit expense recognised in the employee cost

(₹ in Lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Current service cost	51.49	47.57
Interest expense	16.58	10.49
Interest income	(6.49)	(6.50)
Past Service Cost	19.96	-
Total Expenses recognised in Statement of profit and loss	**81.54**	**51.56**
Remeasurement (or Actuarial) (gain) / loss arising from:		
-change in demographic assumptions	9.64	(11.73)
-change in financial assumptions	6.77	(14.87)
-experience variance (i.e. Actual experience vs assumptions)	71.82	36.71
-others		
Return on plan assets excluding interest income	3.07	2.07
Total Expenses recognised in other comprehensive income	**91.30**	**12.18**

(2) Reconciliation of present value of the obligation and the fair value of plan assets:

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Defined benefit obligation	356.54	229.76
Fair value of plan assets	58.51	89.96
Asset/(liability) recognized in the balance sheet	**(298.03)**	**(139.80)**

Notes to Financial Statements

for the year ended March 31, 2024

(3) Changes in the present value of the defined benefit obligation are as follows:

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Opening defined benefit obligation	229.76	221.09
Transfer in/Out		
Interest cost	16.58	10.49
Current service cost	51.49	47.56
Benefits paid	(49.48)	(59.49)
Past Service Cost	19.96	-
Remeasurement (or Actuarial) (gain) / loss arising from:		
- change in demographic assumptions	9.64	(11.73)
- change in financial assumptions	6.77	(14.87)
- experience variance (i.e. Actual experience vs assumptions)	71.82	36.71
Closing defined benefit obligation	**356.54**	**229.76**
Net Closing defined benefit obligation	**356.54**	**229.76**

(4) Changes in the fair value of plan assets are as follows:

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Opening fair value of plan assets	89.96	136.91
Transfer in/Out		
Interest income	6.49	6.50
Contributions by employer	14.61	8.11
Benefits paid	(49.48)	(59.49)
Return on plan assets excluding interest income	(3.07)	(2.07)
Closing fair value of plan assets	**58.51**	**89.96**

(5) The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Discount rate	7.10%	7.20%
Salary growth rate	7.00%	6.00%
Attrition rate		
Customer Acquisition Manager ('CAMS')	83%	84%
Other than CAMS	47%	55%
Mortality rate	100% of IALM 2012-14	100% of IALM 2012-14

(6) Investments quoted in active markets:

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Funds managed by the insurer	100%	100%
Total	**100%**	**100%**

Notes to Financial Statements

for the year ended March 31, 2024

(7) Expected payment for future years

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Within the next 12 months (next annual reporting period)	167.44	130.47
Between 2 and 5 years	222.42	124.27
Between 6 and 10 years	27.73	7.54
Beyond 10 years	1.46	0.17
Total expected payments	**419.05**	**262.45**

The Company expects to contribute ₹ 344.57 lakhs to the fund in the next financial year.

The weighted average duration of the defined benefit obligation as at March 31, 2024 is 2 years (as at March 31, 2023 : 1 year).

The fund is administered by Life Insurance Corporation of India ("LIC"). The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The salary growth rate indicated above is the Company's best estimate of an increase in salary for the purpose of gratuity of the employees in future years, determined considering the general trend in inflation, seniority, promotions, past experience and other relevant factors such as demand and supply in employment market, etc.

The principal assumptions used in determining leave encashment obligations for the Company's plans are shown below:

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Discount rate	7.10%	7.20%
Salary growth rate	7.00%	6.00%
Normal retirement age	58 years	58 years
Mortality Rate	100% of IALM 2012-14	100% of IALM 2012-14
Attrition rate		
Customer Acquisition Manager ('CAMS')	83%	84%
Other than CAMS	47%	55%

The discount rate indicated above reflects the estimated timing and currency of benefit payments. It is based on the yields / rates available on applicable bonds as on the current valuation date.

Asset Liability Matching Strategies

The Company has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance Company, as part of the policy rules, makes payment of all gratuity outgoes happening during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset).

Notes to Financial Statements

for the year ended March 31, 2024

Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Defined Benefit Obligation (Base)	356.54	229.76

Particulars	As at March 31, 2024		As at March 31, 2023	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%)	364.22	349.18	233.87	225.81
(% change compared to base due to sensitivity)	2.20%	-2.10%	1.80%	-1.70%
Salary Growth Rate (- / + 1%)	349.11	364.15	226.01	233.59
(% change compared to base due to sensitivity)	-2.10%	2.10%	-1.60%	1.70%
Attrition Rate (- / + 50% of attrition rates)	400.25	331.87	253.86	214.32
(% change compared to base due to sensitivity)	12.30%	-6.90%	10.50%	-6.70%
Mortality Rate (- / + 10% of mortality rates)	356.52	356.57	229.75	229.79
(% change compared to base due to sensitivity)	0.00%	0.00%	0.00%	0.00%

NOTE 37: 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. With regard to loans and advances to customers, the Company uses the same basis of expected repayment behaviour as used for estimating the EIR. Issued debt reflect the contractual coupon amortisations.

(₹ in Lakhs)

Particulars	As at March 31, 2024			As at March 31, 2023		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	15,746.72	-	15,746.72	17,522.75	-	17,522.75
Bank Balance other than above	5,174.47	4,845.85	10,020.32	6,438.88	3,259.99	9,698.87
Derivative financial instruments	-	-	-	-	381.90	381.90
Trade receivables	91.14	-	91.14	123.59	-	123.59
Other receivables	195.73	8.03	203.76	945.02	316.06	1,261.08
Loans	148,363.21	104,849.65	253,212.86	101,014.81	63,591.65	164,606.46
Other financial assets	1,123.88	723.56	1,847.44	539.16	339.69	878.85
Non-financial Assets						
Deferred tax assets (net)	-	4,635.53	4,635.53	-	5,437.84	5,437.84
Property, plant and equipment	-	84.83	84.83	0.03	107.23	107.26
Right-of-use assets	-	950.47	950.47	-	1,569.54	1,569.54
Intangible assets under development	-	331.77	331.77	-	101.93	101.93
Other intangible assets	-	21.57	21.57	-	38.26	38.26
Other non financial assets	781.54	11.39	792.93	428.11	1,026.73	1,454.84
Total assets	**171,476.68**	**116,462.65**	**287,939.34**	**127,012.35**	**76,170.82**	**203,183.17**

Notes to Financial Statements

for the year ended March 31, 2024

(₹ in Lakhs)

Particulars	As at March 31, 2024			As at March 31, 2023		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Liabilities						
Financial Liabilities						
Trade payables						
total outstanding dues of micro enterprises and small enterprises	45.43	-	45.43	32.64	-	32.64
total outstanding dues of creditors other than micro enterprises and small enterprises	1,743.37	-	1,743.37	1,191.85	-	1,191.85
Derivative financial liabilities	151.51	-	151.51	-	-	-
Debt Securities	22,532.60	23,757.95	46,290.55	24,519.60	28,781.45	53,301.05
Borrowings (other than debt securities)	90,575.44	77,116.45	167,691.89	29,448.10	57,266.09	86,714.19
Other Financial liabilities	2,662.26	1,491.88	4,154.14	2,228.84	1,180.07	3,408.91
Non-financial Liabilities						
Provisions	1,249.08	348.90	1,597.98	1,728.49	734.93	2,463.42
Current tax liabilities (net)	90.75	-	90.75	-	-	-
Other non-financial liabilities	568.59	-	568.59	338.09	-	338.09
Total Liabilities	**119,619.03**	**102,715.18**	**222,334.21**	**59,487.61**	**87,962.54**	**147,450.15**
Net	**51,857.65**	**13,747.47**	**65,605.13**	**67,524.74**	**(11,791.72)**	**55,733.02**

Note:

1. In the preparation of the above disclosure, certain assumption have been considered by the management which have been relied upon by the auditors.
2. The Maturity Profile in respect of loans given has been prepared based on the contractual cash inflows from the loans disbursed agreed with customers as the company expects the behaviour to be similar.
3. The Company considers Put/Call option dates for the purpose of reporting maturity pattern of Borrowings including debt securities.

NOTE 38: CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Changes in liabilities arising from financing activities

As on March 31, 2024

(₹ in Lakhs)

Particulars	As at March 31, 2023	Cash Flows (net)	Exchange difference	*Others	As at March 31, 2024
Debt Securities	53,301.05	(3,596.65)	-	(3,413.85)	46,290.55
Borrowings other than debt securities	86,714.18	79,896.14	228.76	852.81	167,691.89
Total	**140,015.23**	**76,299.49**	**228.76**	**(2,561.04)**	**213,982.44**

As on March 31, 2023

(₹ in Lakhs)

Particulars	As at April 1, 2022	Cash Flows (net)	Exchange difference	*Others	As at March 31, 2023
Debt Securities	79,297.94	(21,793.58)	-	(4,203.31)	53,301.05
Borrowings other than debt securities	50,079.59	36,552.68	324.08	(242.17)	86,714.18
Total	**129,377.53**	**14,759.10**	**324.08**	**(4,445.48)**	**140,015.23**

*Others Includes amortised cost impact and incremental interest liability at the year end

Notes to Financial Statements

for the year ended March 31, 2024

NOTE 39: CONTINGENT LIABILITIES, COMMITMENTS

(A) Contingent Liability

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Contingent Liability		
Disputed GST demand:		
Demand raised by authority against which the company has filed appeal	32.53	31.77
Total	**32.53**	**31.77**

(B) Commitments

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Commitments related to loans sanctioned but undrawn		
PayLater Open Limits* (refer Note 19)	658.00	955.91
Other Commitments		
Capital commitments	388.26	580.74
Total	**1,046.26**	**1,536.65**

*The limit sanctioned to the customers are unconditionally revocable at the discretion of the Company and therefore the limit is uncommited.

NOTE 40: DETAILS OF TRANSACTIONS WITH STRUCK OFF COMPANY / UNDER PROCESS OF STRIKE OFF

Name of struck off Company/under process of strike off	Nature of transactions with struck-off Company/under process of strike off	Amount Outstanding as at March 31, 2024	Relationship with the struck off Company, if any, to be disclosed
Maa Bhook Lagi Food Services Private Limited	Loans and Advances	2.26	Un related party, Customers
Sathva Spire Technologies Private Limited	Commission agent	(0.03)	Un related party
Total		**2.23**	

NOTE 41: RELATED PARTY DISCLOSURES

(A) List of Related Parties with whom Company had transaction

Enterprise where Director / Key Managerial Personnel has significant influence or control

KFO Enterprises LLP

Key Managerial Personnel

Mr. Arun Nayyar	Managing Director & Chief Executive Officer
Mr. Deepak Goswami	Chief Financial Officer (CFO)
Ms. Tanushri Yewale	Company Secretary (CS)

Directors

Mr. Dhruv Kumar Khaitan	Director
Mr. Piyush Kumar Khaitan	Director
Ms. Bindu Ananth	Independent Director
Mr. Ganesh Rengaswamy	Director
Mr. Micheal Fernandes	Director
Mr. Arun Kumar Nayyar	Managing Director
Ms. Deepa Bachu	Director
Mr Suresh Jayaraman	Independent Director
Mr Ramakrishnan Subramanian	Director

Entity having significant influence in the Company

Trinity Inclusion Limited

Notes to Financial Statements

for the year ended March 31, 2024

(B) Related Party transactions during the year:

Particulars	Enterprise where Key Managerial Personnel has significant influence or control		Key Management Personnel / Managing Director		Directors		Entity having significant influence in the Company	
	For the year ended / as at March 31, 2024	For the year ended / as at March 31, 2023	For the year ended / as at March 31, 2024	For the year ended / as at March 31, 2023	For the year ended / as at March 31, 2024	For the year ended / as at March 31, 2023	For the year ended / as at March 31, 2024	For the year ended / as at March 31, 2023
Transactions								
For infrastructure maintenance charges recovered	8.85	8.63	-	-	-	-	-	-
Interest Expense	-	-	-	55.29	-	48.56	123.97	839.86
Professional fees	-	-	-	-	134.00	36.00	-	-
Remuneration	-	-	902.55	855.39	-	-	-	-
Compulsorily Convertible Debentures (CCD)	-	-	-	350.00	-	250.00	-	4,400.00
CCD converted into CCCPS	-	-	-	100.00	-	1,160.00	3,075.00	5,725.00
Balances								
Compulsorily Convertible Debentures (CCD)	-	-	-	-	-	-	-	3,075.00
Interest accrued on CCD	-	-	-	-	-	-	-	216.09

Note:

a) Related parties have been identified on the basis of the declaration received by the management and other records available.

b) Provisions for gratuity, compensated absences and other long term service benefits are made for the Company as a whole and the amounts pertaining to the key managerial personnel are not specifically identified and hence are not included above.

c) The Company enters into transactions, arrangements and agreements involving related parties in the ordinary course of business under the same commercial and market terms, interest and commission rates that apply to non-related parties.

NOTE 42: CAPITAL

Capital Management

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 maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
TIER I capital	58,909.00	49,512.00
TIER II capital	592.00	4,362.00
Total capital	59,501.00	53,874.00
Risk weighted assets	208,922.00	164,694.01
Tier I CRAR	28.20%	30.06%
Tier II CRAR	0.28%	2.65%
Tier I + II CRAR	28.48%	32.71%

Regulatory capital consists of TIER I capital, which comprises share capital, share premium, retained earnings including current year loss less accrued dividends and TIER II capital which comprises of Hybrid debt instruments & general provision of standard assets

As per RBI guidelines, the Company being a Non-Banking Finance Company has to maintain 15% of capital adequacy ratio for NBFC business.

Notes to Financial Statements

for the year ended March 31, 2024

NOTE 43: EVENTS AFTER REPORTING DATE

There have been no events after the reporting date that require disclosure in these financial statements except as mentioned below:

Subsequent to the year end, the Board of Directors has recommend the additional 800,000 stock option under NeoGrowth Employee Stock Option Plan 2024 which is subject to approval of the shareholders.

NOTE 44: SOCIAL SECURITY CODE

The Indian Parliament has approved the code on Social Security, 2020 which will subsumes the Provident fund and the Gratuity Act and rules thereunder. The Ministry of Labour and Employment has also released draft rules thereunder on November 13, 2020 and has invited suggestions from stakeholders, which are under active consideration by the Ministry. The Company will evaluate the rules, assess the impact, if any, and account for the same once the rules are notified and become effective.

NOTE 45: OTHER DISCLOSURES

45.1 The Company does not have any Benami property , where any proceeding has been initiated or pending against the Company for holding any Benami property.

45.2 The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period, except in one case where the company is unable to file satisfaction form due to modification form not approved on the ROC portal.

45.3 The Company have not traded or invested in Crypto currency or Virtual Currency during the period.

45.4 The Company have 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 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.

45.5 The Company have 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 Intermediary 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:

45.6 The Company have not had 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.

45.7 The title deeds for all the immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.

45.8 The Company's software has audit trail functionality. This feature remained operational throughout the year, capturing a chronological record of all relevant transactions processed with the software.

NOTE 46: FAIR VALUE MEASUREMENT

46.1 Valuation Principle

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

Level 1: Valuation based on quoted market price: financial instruments with quoted prices for identical instruments in active markets that the Company can access at the measurement date.

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Level 2: Valuation using observable inputs: financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Level 3: Valuation technique with significant unobservable inputs: financial instruments valued using valuation techniques where one or more significant inputs are unobservable.

46.2 Fair Value Hierarchy of assets and liabilities

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

March 31, 2024

Assets measured at fair value on a recurring basis	Level-1	Level-2	Level-3	Total
Derivative financial instruments				
Cross Currency Interest Rate Swaps		63.27		63.27
Total derivative financial instruments	**-**	**63.27**	**-**	**63.27**
Financial assets held for trading				
Mutual funds	-	-	-	-
Total Financial assets held for trading	**-**	**-**	**-**	**-**
Total assets measured at fair value on a recurring basis	**-**	**63.27**	**-**	**63.27**
Total financial assets measured at fair value	**-**	**63.27**	**-**	**63.27**

Liabilities measured at fair value on a recurring basis	Level-1	Level-2	Level-3	Total
Derivative financial instruments				
Currency Swaps	-	(214.78)	-	(214.78)
Total derivative financial instruments	**-**	**(214.78)**	**-**	**(214.78)**
Total financial liabilities measured at fair value on a recurring basis	**-**	**(214.78)**	**-**	**(214.78)**
Total financial liabilities measured at fair value	**-**	**(214.78)**	**-**	**(214.78)**

March 31, 2023

Assets measured at fair value on a recurring basis	Level-1	Level-2	Level-3	Total
Derivative financial instruments				
Cross Currency Interest Rate Swaps	-	402.83	-	402.83
Total derivative financial instruments	**-**	**402.83**	**-**	**402.83**
Financial assets held for trading				
Mutual funds	-	-	-	-
Total Financial assets held for trading	**-**	**-**	**-**	**-**
Total assets measured at fair value on a recurring basis	**-**	**402.83**	**-**	**402.83**
Total financial assets measured at fair value	**-**	**402.83**	**-**	**402.83**

Liabilities measured at fair value on a recurring basis	Level-1	Level-2	Level-3	Total
Derivative financial instruments				
Currency Swaps	-	(20.93)	-	(20.93)
Total derivative financial instruments	**-**	**(20.93)**	**-**	**(20.93)**
Total financial liabilities measured at fair value on a recurring basis	**-**	**(20.93)**	**-**	**(20.93)**
Total financial liabilities measured at fair value	**-**	**(20.93)**	**-**	**(20.93)**

There are no financial instruments measured at fair value on non-recurring basis.

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

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for the year ended March 31, 2024

46.3 Valuation techniques

Derivative contracts

Derivatives contracts include Cross Currency Swaps and Cross Currency Interest Rate Swaps. These instruments are valued by (a) observable foreign exchange rates; and (b) observable or calculated forward points (implied yield curves). The Company classifies Derivatives contracts as Level 2 financial instruments when no unobservable inputs are used for their valuation or the unobservable inputs used are not significant to the measurement (as a whole).

Foreign exchange contracts

Foreign exchange contracts include foreign exchange forward and swap contracts and over-the-counter foreign exchange options. These instruments are valued by either observable foreign exchange rates, observable or calculated forward points and option valuation models. With the exception of contracts where a directly observable rate is available which are disclosed as Level 1, the Company classifies foreign exchange contracts as Level 2 financial instruments when no unobservable inputs are used for their valuation or the unobservable inputs used are not significant to the measurement (as a whole).

Mutual Funds

Mutual Funds include investment in liquid funds and overnight funds. These are debt-based funds .The amounts mentioned is the fair value of the portfolio basis the NAV of the underlying schemes which are published by respective AMCs on a daily basis. The cost of the portfolio as at March 31, 2024 is ₹ Nil (As at March 31, 2023 - Nil)

46.4 Fair value of financial instruments not measured at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non–financial assets

March 31, 2024	Valuation	Carrying Value	Fair Value			
			Level-1	Level-2	Level-3	Total
Financial assets:						
Cash and cash equivalents	At amortised cost	15,746.72	15,746.72		-	15,746.72
Bank balance other than above	At amortised cost	10,020.32	10,020.32	-	-	10,020.32
Trade receivables	At amortised cost	91.14	-	-	91.14	91.14
Other receivables	At amortised cost	203.76	-	-	203.76	203.76
Loans	At amortised cost	253,212.86	-	-	253,212.86	253,212.86
Other Financial Assets	At amortised cost	1,847.44	-	-	1,847.44	1,847.44
Total financial assets		**281,122.24**	**25,767.04**	**-**	**255,355.20**	**281,122.24**
Financial liabilities:						
Trade payables	At amortised cost	1,788.80	-	-	1,788.80	1,788.80
Debt securities	At amortised cost	46,290.55	-	-	46,290.55	46,290.55
Borrowings (other than debt securities)	At amortised cost	167,691.89	-	-	167,691.89	167,691.89
Other Financial liabilities	At amortised cost	4,154.14	-		4,154.14	4,154.14
Total financial liabilities		**219,925.38**	**-**	**-**	**219,925.38**	**219,925.38**
Off balance sheet items						
Other commitments	At amortised cost	1,046.26	-	-	1,046.26	1,046.26
Total off-balance sheet items		**1,046.26**	**-**	**-**	**1,046.26**	**1,046.26**

There are no transfer of assets / liabilities between Level 1, Level 2 and Level 3 during the current year as well as previous year.

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for the year ended March 31, 2024

March 31, 2023	Valuation	Carrying Value	Fair Value			
			Level-1	Level-2	Level-3	Total
Financial assets:						
Cash and cash equivalents	At amortised cost	17,522.75	17,522.75	-	-	17,522.75
Bank balance other than above	At amortised cost	9,698.87	9,698.87	-	-	9,698.87
Trade receivables	At amortised cost	123.59	-	-	123.59	123.59
Other receivables	At amortised cost	1,261.09			1,261.09	1,261.09
Loans	At amortised cost	164,606.46	-	-	164,606.46	164,606.46
Other Financial Assets	At amortised cost	878.85	-	-	878.85	878.85
Total financial assets		**194,091.61**	**27,221.62**	**-**	**166,869.99**	**194,091.61**
Financial liabilities:						
Trade payables	At amortised cost	1,224.49	-	-	1,224.49	1,224.49
Debt securities	At amortised cost	53,301.05	-	-	53,301.05	53,301.05
Borrowings (other than debt securities)	At amortised cost	86,714.18	-	-	86,714.18	86,714.18
Other Financial liabilities	At amortised cost	3,408.91	-	-	3,408.91	3,408.91
Total financial liabilities		**144,648.63**	**-**	**-**	**144,648.63**	**144,648.63**
Off balance sheet items						
Other commitments	At amortised cost	1,536.65	-	-	1,536.65	1,536.65
Total off-balance sheet items		**1,536.65**	**-**	**-**	**1,536.65**	**1,536.65**

46.5 Valuation methodologies of financial instruments not measured at fair value

The Company has determined that the carrying values of cash and cash equivalents, bank balances, trade receivables, loans, trade payables, debt securities, borrowings, other financial assets, other financial liabilities and off-balance sheet item are a reasonable approximation of their fair value and hence their carrying values are deemed to be fair values.

NOTE 47: RISK MANAGEMENT

47.1 Introduction and Risk Profile

47.1.1 Risk management structure

The Board of Directors are responsible for the overall risk management approach and for approving the risk management strategies and principles. The Board has constituted the Credit and Risk Management Committee which is responsible for monitoring the overall risk process within the Company.

The Credit and Risk Management Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. This Committee is also responsible for managing portfolio risk decisions and monitoring risk levels.

The Company's Treasury is responsible for managing its assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Company.

The Company's risk management processes are audited annually by the Internal Auditors, who examine both the adequacy of the procedures and the Company's compliance with the procedures. The Internal Auditors discuss the results of all assessments with the management and reports their findings and recommendations to the Audit Committee of the Board.

47.1.2 Risk mitigation and risk culture

As part of its overall risk management, the Company can use derivatives and other instruments to manage exposures resulting from changes in interest rates and foreign currencies, equity risks and credit risks. Currently, the Company uses derivatives to manage its interest rate and foreign exchange risk arising from the USD denominated borrowings.

In accordance with the Company's policy, its risk profile is assessed before entering into hedging transactions, which are authorised by the appropriate level of seniority within the Company. The effectiveness of hedges is assessed by the ALCO (based on economic considerations rather than the Ind AS hedge accounting regulations). The effectiveness of all the hedge relationships is monitored by the ALCO on a monthly basis. It is the Company's policy that in situations of

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for the year ended March 31, 2024

ineffectiveness, it will enter into a new hedge relationship to mitigate risk on a continuous basis. Currently, the positions are fully hedged (i.e. 100% risk of interest rate and/or foreign exchange movement) in line with the Board approved policies.

47.1.3 Risk measurement and reporting systems

The Company's loan asset portfolio risk is measured using a method that reflects expected loss likely to arise in normal circumstances based on statistical models. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment, whenever required. This risk measurement is quantified by way of the Expected Credit Loss (ECL). Unexpected losses resulting from unforeseen event risks e.g., natural disasters / events / pandemic situations etc., are estimated by applying judgmental inferences to lead indicators of portfolio behavior.

The Company's policy is to measure and monitor the overall risk, in relation to the aggregate risk exposure across all risk types and activities.

Information compiled from all the departments is examined and processed to analyse, control and identify operational risks on a timely basis. This information is presented and explained to the Head of each Department, the Audit Committee of the Board. The Audit Committee of the Board & the Credit and Risk Management Committee receives a comprehensive risk report once a quarter (from the Auditors & the Risk Head respectively) which is designed to provide all the necessary information to interpret, assess and conclude on the risks of the Company.

It is the Company's policy to ensure that a robust risk awareness is embedded in its organisational risk culture. Employees are expected to take ownership and be accountable for the risks the Company is exposed to. The Company continuously trains its employees to build awareness of the Company's risk appetite and support them in their roles and responsibilities to monitor risk.

47.2 Credit Risk

Credit risk is the possbility that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept on its Loan Portfolio, and by monitoring exposures in relation to such limits.

The Company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties.

The credit quality review process aims to allow the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

47.2.1 Derivative financial instruments

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded on the balance sheet.

With gross–settled derivatives, the Company is also exposed to a settlement risk, being the risk that the Company honours its obligation, but the counterparty fails to deliver the counter value. The Company deals with only high rated Banking Counterparty(ies) to ensure mitigation of counterparty credit risk and settlement risk.

47.2.2 Impairment assessment

The references below show where the Company's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the Summary of significant accounting policies.

The Company's definition and assessment of default (Note 47.2.2.1).

- How the Company defines, calculates, monitors and validates the Probability of Default (PD) and Loss Given Default (LGD) (Notes 47.2.2.2 to 47.2.2.3)
- When the Company considers there has been a significant increase in credit risk (SICR) of an exposure (Note 47.2.2.4)
- The details of the ECL calculations for Stage 1, Stage 2, Stage 3 and it's respective sub-stage assets

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47.2.2.1 Definition of default

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. NeoGrowth categorizes the asset as Stage 3A when it is classified as a Sub-standard asset. Such events may include (and not be limited to):

- All the facilities of a borrower from all the borrowed accounts are treated as Stage 3 when one of his facility becomes 90 days past due i.e. credit impaired.
- A covenant breach not waived by the Company
- The Company on selective basis does consider restructuring of loans after due assessment of its viability from time to time, in line with regulatory /judicial norms & dispensations
- The Company on selective basis considers the settlement cases

47.2.2.2 PD estimation process

Probability of Default (PD) is an estimate of the likelihood of default in a homogenous pool of loans, over it's performance period of following 12 month / lifetime horizon. PD estimation process is done based on historical & empirical internal data available with the company. 'Company calculates the 12-month PD by taking into account the past historical trends of the portfolio, credit performance including actual default data and Macro economic variables. In case of assets where there is 'a significant increase in credit risk (SICR) i.e when a borrower becomes 30 Days past Due and is classified as Stage 2, a higher PD is applied basis empirical data of such customers defaulting. 'For credit impaired assets (Stage 3), a PD of 100% is applied.

PD represents the empirical residual value of loans at the time of default (during the performance period), relative to the principal balance of all Non-Default accounts at the start point of the performance period. 12 month period for which performance has been empirically measured. The Company assesses and empirically measure the possible default events within 12 months or lifetime. This PD factor is applied to all Stage 1 & Stage 2 loans, to estimate the likely of Default

For credit impaired assets (i.e. Stage 3 assets), PD of 100% is applied.'In case of undrawn loan commitments (for accounts that are live & unexpired), a credit conversion factor of 75% is applied for expected drawdown.

47.2.2.3 Loss Given Default (LGD) & Exposure at Default (EAD)

Loss Given Default (LGD) is an estimate of the ultimate loss arising when a default occurs. It is based on empirical contractual realizations from credit impaired assets (i.e. Stage 3 assets). after event of default (& till the time the exposure is written off) including from the realization of any security This is computed basis seasoned defaulted loans.

Exposure at Default (EAD) is considered as 100% of Outstanding balance in respect of loan receivables.

In case of undrawn loan commitments, a credit conversion factor of 75% is applied for expected drawdown. For credit impaired assets (i.e. Stage 3 assets), an EAD is considered at 100%.

47.2.2.4 Significant increase in credit risk

The Company continuously monitors its Loan Portfolio in order to assess whether there has been an event which could cause a significantly increase in the credit risk (SICR) of the underlying asset or the customer's ability to pay and accordingly applies a higher PD rate. An asset can move in & out of SICR category based upon whether it has undergone SICR events that may include (and not be limited to):

- When one of the facilities of a borrower becomes 30 days past due
- Borrowers of a segment / industry / geography under stress

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47.2.2.5 Change in Estimates

The company periodically reviews and updates the model in line with the new inputs and performance trends to reflect the reasonableness and adequacy of ECL amount recognised as at reporting date. The Company has updated the Expected Credit Loss model (ECL) during the year with respect to product classification of loan, considered completed vintage, harmonised asset classification as per RBI, discounting of credit loss and also provided additional provision on Stage 2 cases. Consequently, as a result of above changes in model and additional provision, ECL charge for the year ended March 31, 2024 is higher by ₹ 1,334 lakhs.

47.3 Liquidity risk and funding management

Liquidity risk arises from mismatches in the timing of cash flows, these mismatches originates due to difference in average maturity of assets and liabilities in the books. It is a risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities as and when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances.

Liquidity Risk is primarily monitored by a Board appointed Asset Liability Committee (ALCO) and is managed by the Company's treasury team under the guidance of ALCO.

Liquidity Risk is measured by identifying gaps in the structural and dynamic liquidity statements. Key practices employed by the company for assessment and monitoring of liquidity risk are as below:

1. Monitoring the external operating environment, regulatory framework for NBFCs, capital market instruments and bank loans, debt market conditions and liquidity, and risk appetite of investors

2. Mapping of near to medium-term outflows on liabilities and expected inflows from assets, thereby performing a gap assessment for incremental fund raising

3. Periodic reviews by ALCO relating to the liquidity position, plan of action for incremental fund raising and stress tests of the ALM position

The Company continues to closely monitor liquidity in the market and as part of its ALCO strategy maintains a liquidity buffer to reduce any liquidity risk. This liquidity buffer is maintained in the form of unencumbered investments in units of mutual funds (Liquid and/or Overnight Schemes), Fixed Deposits with high rated scheduled Commercial Banks and undrawn Bank lines.

The Company maintains a diverse mix of borrowings from various sources, including banks, developmental financial institutions, foreign portfolio investors and high rated NBFCs. The Company continued to borrow long term debt with longer contractual maturity compared to its loans and advances portfolio, in order to maintain positive cumulative gaps in its ALM. The average maturity of liabilities is higher than average maturity of assets, which has caused positive gap in the ALM. The Company also continues to explore borrowing opportunities in the market and concluded multiple borrowings transactions in form of Term loans, PTC securitization and NCDs during the year ended March 31, 2024. During the year, the Company strenthened its banking partnerships by onboarding IDFC Bank, ESAF SFB, Yes Bank, AU SFB & Suryoday as debt provider by way of Term Loan, CC & ODFD Facilities.

A strong borrowings pipeline has been built from a diverse set of domestic and overseas financing institutions. The liquidity buffer, regular collections and incremental debt raising pipeline is sufficient to support ongoing debt repayments, operating expenses and future business growth of the Company.

47.3.1. Liquidity ratios

Public Disclosure on Liquidity Risk (in accordance with RBI Circular - RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 as on March 31, 2024 as below:

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for the year ended March 31, 2024

a. Funding Concentration based on significant counterparty

Particulars	As at March 31, 2024	As at March 31, 2023
Number of significant counter parties	26	21
Amount	186,544.77	134,797.63
Percentage of funding total liabilities	**83.90%**	**91.42%**

Significant Counterparties are defined as - A single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the Company's total liabilities.

b. Top 10 borrowings (by counterparty)

Particulars	As at March 31, 2024	As at March 31, 2023
Total Borrowings	213,982.44	140,015.23
Top 10 Borrowings	119,806.66	100,659.73
Top 10 as a percentage of total liabilities	**55.99%**	**71.89%**

c. Funding Concentration by Instrument

Name of the instrument	As at March 31, 2024	% of Total liabilities	As at March 31, 2023	% of Total liabilities
Non-Convertible Debentures (NCD)	46,275.48	20.81%	50,011.95	33.92%
Compulsory Convertible Debentures (CCD)	-	0.00%	3,274.88	2.22%
CCCPS	15.07	0.01%	14.22	0.01%
Term Loans	65,026.08	29.25%	31,020.70	21.04%
External Commercial Borrowings (ECB)	55,807.58	25.10%	48,832.79	33.12%
Cash Credit (CC)	1,179.43	0.53%	443.93	0.30%
Others	45,678.80	20.55%	6,416.76	4.35%
Total	**213,982.44**	**97.24%**	**140,015.23**	**93.96%**

Significant Counterparties are defined as - A single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the Company's total liabilities.

d. Stock Ratios

Particulars	As at March 31, 2024	As at March 31, 2023
Commercial Paper - as a percentage of total public funds	NA	NA
Commercial Paper - as a percentage of total liabilities	Nil	Nil
Commercial Paper - as a percentage of total assets	Nil	Nil
NCD (original maturity < 1year) - as a percentage of total public funds	NA	NA
NCD (original maturity < 1year) - as a percentage of total liabilities	Nil	Nil
NCD (original maturity < 1year) - as a percentage of total assets	Nil	Nil
Other Short Term Debt** - as a percentage of total public funds*	55.90%	42.49%
Other Short Term Debt** - as a percentage of total liabilities	53.80%	40.34%
Other Short Term Debt** - as a percentage of total assets	41.54%	29.28%

* 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

**Other short term debt is at residual marturity.

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e. Institutional set-up for liquidity risk management

The Liquidity Risk Management Policy of the Company is approved by the Board of Directors of the Company.

The Board of Directors or other sub-Committee of the Board including Audit Committee / Sub-Committee have approved the formation of the Asset Liability Committee (ALCO), comprising the Managing Director, Chief Executive Officer, Chief Financial Officer, Senior Vice President - Treasury.

47.3.2. Analysis of financial assets and liabilities by remaining contractual maturities

The table below summarises the maturity profile of the cashflow of Debt Securities and Borrowings (other than debt securities):

Particulars	As at March 31, 2024	As at March 31, 2023
Within 1 Year	113,108.04	53,967.70
Over 1 year to 2 Years	71,711.01	24,723.76
Over 2 years to 3 Years	26,422.92	42,655.61
Over 3 years to 5 Years	2,725.40	15,613.07
Over 5 years	15.07	3,055.10
	213,982.44	**140,015.24**

Notes:

1. The Company considers Put/Call option dates for the purpose of reporting maturity pattern of Borrowings including debt securities.

The table below summarises the maturity profile of the cashflow of Trade Payable and Other Financial Liabilities:

Particulars	As at March 31, 2024		As at March 31, 2023	
	Trade Payable	Other Financial Liabilities	Trade Payable	Other Financial Liabilities
Within 1 Year	1,788.80	2,662.26	1,224.49	2,228.84
Over 1 years to 3 Years	-	856.74	-	990.68
Over 3 years to 5 Years	-	484.26	-	137.54
Above 5 Years	-	150.88	-	51.85
TOTAL	**1,788.80**	**4,154.14**	**1,224.49**	**3,408.91**

The table below shows the contractual expiry by maturity of the company's contingent liabilities and commitments: Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down.

For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

Particulars	Carrying Value	On demand	Less than 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
31st March 2024									
Contingent Liability	32.53	32.53	-	-	-	-	-	-	32.53
Other undrawn commitments to lend*	658.00	658.00	-	-	-	-	-	-	658.00
Capital commitments	388.26	388.26	-	-	-	-	-	-	388.26
Total contingent liabilities and commitments	**1,078.79**	**1,078.79**	**-**	**-**	**-**	**-**	**-**	**-**	**1,078.79**
31st March 2023									
Contingent Liability	31.77	31.77	-	-	-	-	-	-	31.77
Other undrawn commitments to lend*	955.91	955.91	-	-	-	-	-	-	955.91
Capital commitments	580.74	580.74	-	-	-	-	-	-	580.74
Total contingent liabilities and commitments	**1,568.42**	**1,568.42**	**-**	**-**	**-**	**-**	**-**	**-**	**1,568.42**

*The limit sanctioned to the customers are unconditionally revocable at the discretion of the Company and therefore the limit is uncommited.

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47.4 MARKET RISK

Market 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 and equity prices. The Company classifies exposures to market risk into either trading or non–trading portfolios and manages each of those portfolios separately. Such risks the market risk for the trading portfolio is managed and monitored based on a VaR methodology that reflects the interdependency between risk variables. Non–trading positions are managed and monitored using other sensitivity analyses.

47.4.1 Total market risk exposure

Particulars	As at March 31, 2024			As at March 31, 2023			Primary Risk sensitivity
	Carrying amount	Traded risk	Non-traded risk	Carrying amount	Traded risk	Non-traded risk	
Assets							
Cash and cash equivalents	15,746.72	-	15,746.72	17,522.75	-	17,522.75	Interest Rate
Other bank balances	10,020.32		10,020.32	9,698.87	-	9,698.87	Interest Rate
Derivative financial instruments	-	-	-	381.90	-	381.90	Interest Rate / Foreign Exchange
Trade receivables	91.14	-	91.14	123.59	-	123.59	Interest Rate
Other Receivables	203.76	-	203.76	1,261.09		1,261.09	Interest Rate
Loans	253,212.86	-	253,212.86	164,606.46	-	164,606.46	Interest Rate
Other Financial Assets	1,847.44		1,847.44	878.85	-	878.85	Interest Rate
Total	**281,122.22**	**-**	**281,122.22**	**194,473.52**	**-**	**194,473.51**	
Liabilities							
Derivative financial instruments	151.51	-	151.51	-	-	-	Interest Rate / Foreign Exchange
Trade payables	1,788.80	-	1,788.80	1,224.49	-	1,224.49	Interest Rate
Debt securities	46,290.55	-	46,290.55	53,301.05	-	53,301.05	Interest Rate
Borrowings (other than debt securities)	167,691.89	-	167,691.89	86,714.18	-	86,714.18	Interest Rate / Foreign Exchange
Other financial liabilities	4,154.14	-	4,154.14	3,408.91	-	3,408.91	Interest Rate
Total	**220,076.88**	**-**	**220,076.89**	**144,648.61**	**-**	**144,648.61**	

47.4.1 Market risk non-trading

47.4.1.1 Interest rate risk

Interest rate sensitivity on fixed and floating rate assets and liabilities with differing maturity profiles is measured by using the duration gap analysis. The same is monitored by the ALCO periodically. All the Company loans and advances are on a Fixed Interest basis. The Company has floating rate borrowings primarily in two categories – (a) Domestic borrowings linked to the Lender's Base Rate/MCLR; (b) USD denominated borrowings linked to USD SOFR/LIBOR. The USD SOFR/LIBOR linked borrowings are fully hedged for the interest rate risk in accordance with the company's Foreign Exchange Risk Management Policy. Most of the borrowings in NCD and Term loans are fixed rate borrowings, hence not exposed interest rate risk.

Change in Interest Rate

Particulars	As at March 31, 2024		As at March 31, 2023	
	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
25 basis point down	(28.16)	(21.07)	108.12	80.91
50 basis point down	(56.32)	(42.15)	216.23	161.81
25 basis point up	28.16	21.07	(108.12)	(80.91)
50 basis point up	56.32	42.15	(216.23)	(161.81)

Borrowings with floating rate structure has been considered for interest rate sensitivity analysis.

Notes to Financial Statements

for the year ended March 31, 2024

47.4.1.2 Currency risk

In the normal course of its business, the Company does not deal in foreign exchange significantly, except for its USD and EUR denominated External Commercial Borrowings. Any foreign exchange exposure on account of foreign exchange borrowings is hedged fully to safeguard against exchange rate risk in accordance with the company's Foreign Exchange Risk Management Policy.

Particulars	As at March 31, 2024			As at March 31, 2023	
	USD in lakhs	EUR in lakhs	Amount	USD in lakhs	Amount
External Commercial Borrowings (ECB)	620.69	35.00	53,576.59	593.06	47,623.14
Derivative Financial Instrument *	(620.69)	(35.00)	(53,576.59)	(593.06)	(47,623.14)

* represents the notional amount of the derivative financial instrument

47.4.1.3 Equity price risk

The Company does not have any exposure to equity price risk.

47.4.1.4 Operational and business risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events.

The operational risks of the company are managed through comprehensive internal control systems and procedures and key back up processes. In order to further strengthen the control framework and effectiveness, the company has established risk control self-assessment at branches to identify process lapses by way of exception reporting. This enables the management to evaluate key areas of operational risks and the process to adequately mitigate them on an ongoing basis. The company also undertakes Risk based audits on a regular basis across all business units / functions. While examining the effectiveness of control framework through self-assessment, the risk-based audit would assure effective implementation of self-certification and internal financial controls adherence, 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 natural disasters, technological failures, human errors, terrorism, etc. Periodic testing is carried out to address gaps in the framework, if any. DR and BCP audits are conducted on a periodical basis to provide assurance regarding the effectiveness of the company's readiness.

NOTE 48: REGULATORY DISCLOSURES

48.1 Schedule to the Balance Sheet of a non-deposit taking Non-Banking Financial Company (as required in terms of paragraph 31 of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023

Particulars	Outstanding As at March 31, 2024	Overdue As at March 31, 2024
LIABILITIES SIDE:		
1 Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		
a. Debentures (other than falling within the meaning of public deposits)		
- Secured	46,275.48	-
- Unsecured	-	-
b. Deferred Credits	-	-
c. Term Loans	166,512.46	-
d. Inter-corporate loans and borrowings	-	-
e. Commercial Paper	-	-
f. Public Deposits (Refer note 1 below)	-	-
g. Other Loans - Demand loans	1,179.43	-

Notes to Financial Statements

for the year ended March 31, 2024

					As at March 31, 2024
	ASSET SIDE:				
2	**Break-up of Loans and Advances including bills receivables [other than those included in(4) below]:**				
	a.	Secured			265,353.76
	b.	Unsecured			-
3	**Break up of Leased Assets and stocks on hire and other assets counting towards AFC activities**				
	i.	Lease Assets including lease rentals under sundry debtors:			-
		a.	Finance Lease		-
		b.	Operating Lease		-
	ii.	Stocks on hire including hire charges under sundry debtors:			-
		a.	Assets on hire		-
		b.	Repossessed Assets		-
	iii.	Other Loans counting towards AFC activities:			-
		a.	Loans where assets have been repossessed		-
		b.	Loans other than (a) above		-
4	**Break up of Investments:**				
	Current Investments				
	1.	Quoted			
		i.	Shares:	a. Equity	-
				b. Preference	-
		ii.	Debentures and Bonds		-
		iii.	Units of mutual funds		-
		iv.	Government Securities		-
		v.	Others		-
	2.	Unquoted			
		i.	Shares:	a. Equity	-
				b. Preference	-
		ii.	Debentures and Bonds		-
		iii.	Units of mutual funds		-
		iv.	Government Securities		-
		v.	Others		-
	Long Term Investments				
	1.	Quoted			
		i.	Shares	- Equity	-
				- Preference	-
		ii.	Debentures and Bonds		-
		iii.	Units of mutual funds		-
		iv.	Government Securities		-
		v.	Others		-
	2.	Unquoted			
		i.	Shares	- Equity	-
				- Preference	-
		ii.	Debentures and Bonds		-
		iii.	Units of mutual funds		-
		iv.	Government Securities		-
		v.	Others		-

Notes to Financial Statements

for the year ended March 31, 2024

5	**Borrower group-wise classification of assets financed as in (2) and (3) above :** Please see Note 2 below			
	Category	**Amount net of provision**		
		Secured	**Unsecured**	**Total**
	1 Related Parties**			
	a. Subsidiaries	-	-	-
	b. Companies in the same group	-	-	-
	c. Other related parties	-	-	-
	2 Other than related parties	265,353.76	-	-
	Total	**265,353.76**	**-**	**-**

6	**Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):** Please see note 3 below		
	Category	**Market Value/ Break up of fair value or NAV**	**Book Value (Net of Provisions)**
	1 Related Parties**		
	a. Subsidiaries	-	-
	b. Companies in the same group	-	-
	c. Other related parties	-	-
	2 Other than related parties	-	-
	Total	-	-
	** As per Accounting Standard of ICAI (Please see Note 3)		

7	**Other information**	
	Particulars	**As at March 31, 2024**
	i. Gross Non-Performing Assets	
	a. Related Parties	-
	b. Other than related parties	9,711.16
	ii. Net Non-Performing Assets	
	a. Related Parties	-
	b. Other than related parties	4,151.74
	iii. Assets acquired in satisfaction of debt	-

Notes:

1 As defined in paragraph 5.1.26 of the Directions

2 Provisioning norms shall be applicable as prescribed in Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023..

3 All notified Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/ fair value/ NAV in respect of unquoted investments shall be disclosed irrespective of whether they are classified as long term (amortised cost in the case of Ind AS) or current (fair value in the case of Ind AS) in (5) above.

Notes to Financial Statements

for the year ended March 31, 2024

NOTE 48: REGULATORY DISCLOSURES

48.2 Capital

(₹ in Lakhs)

Particulars		March 31, 2024	March 31, 2023
i)	CRAR (%)	28.48%	32.71%
ii)	CRAR - Tier I Capital (%)	28.20%	30.06%
iii)	CRAR - Tier II Capital (%)	0.28%	2.65%
iv)	Amount of subordinated debt raised as Tier-II capital	-	-
v)	Amount raised by issue of Perpetual Debt Instruments	-	-

48.3 Investments

The Company does not have any investments as on March 31, 2024 and March 31, 2023.

48.4 Derivatives

48.4.1 Forward Rate Agreement / Interest Rate Swap

(₹ in Lakhs)

Particulars		March 31, 2024	March 31, 2023
i)	The notional principal of swap agreements	53,576.59	47,623.14
ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	-
iii)	Collateral required by the Company upon entering into swaps	2,621.15	2,908.01
iv)	Concentration of credit risk arising from the swaps	-	-
v)	The fair value of the swap book	(151.51)	381.90

48.4.2 Exchange Traded Interest Rate Derivatives

The Company has not entered into any Exchange Traded Interest Rate Derivatives.

48.4.3 Disclosures on Risk Exposure in Derivatives

Qualitative Disclosures

For Qualitative Disclosures please refer Note 47 and Note 3.2 for significant accounting policies related Hedge accounting.

(₹ in Lakhs)

Particular	March 31, 2024		March 31, 2023	
	Currency Derivatives	Cross Currency Interest rate derivatives	Currency Derivatives	Cross Currency Interest rate derivatives
Derivatives (Notional Principal Amount)				
a) For hedging	26,113.34	27,463.25	23,353.64	24,269.50
b) For trading	-	-	-	-
Marked to Market Positions				
a) Asset (+)		63.27		402.83
b) Liability (-)*	(214.78)		(20.93)	-
Credit Exposure	-	-	-	-
Unhedged Exposures	-	-	-	-

Notes to Financial Statements

for the year ended March 31, 2024

48.5 Disclosures relating to Securitisation, Asset Reconstruction and Direct Assignment

i) The Company has entered into Securitisation transactions for the year ended March 31, 2024.

Particulars	March 31, 2024	March 31, 2023
No of SPVs sponsored by the NBFC for securitisation transactions	19	5
Total amount of securitised assets as per books of the SPVs sponsored by the NBFC#	45,460.03	6,390.37
Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		
a) On-balance sheet exposures		
* First Loss	4,039.00	1,543.21
* Others	7,674.00	2,268.00
b) Off-balance sheet exposures		
* First Loss	-	-
* Others	-	-
Amount of exposures to securitisation transactions other than MRR		
a) On-balance sheet exposures		
Exposure to own securitizations		
* First Loss	-	-
* Others	-	-
Exposure to third party securitization		
* First Loss	-	-
* Others	-	-
b) Off-balance sheet exposures		
Exposure to own securitizations		
* First Loss	-	-
* Others	-	-
Exposure to third party securitization		
* First Loss	-	-
* Others	-	-
Sale consideration received for the securitised assets	72,348.45	17,891.74
Gain/loss on sale on account of securitisation	-	-
Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc. The Company has assumed the role of servicer for all outstanding securitisation transaction.Servicing fees received during the financial year is disclosed	38.25	25.75
Performance of facility provided. Please provide separately for each facility viz. Credit enhancement, liquidity support, servicing agent 60 etc. Mention percent in bracket as of total value of facility provided.	-	-
Average default rate of portfolios observed in the past. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans etc *% of NPA to Total Advances to that asset class	2.92%	4.24%
Amount and number of additional/top up loan given on same underlying asset. Please provide breakup separately for each asset class i.e RMBS, Vehicle Loans etc	-	-
Investor complaints		
(a) Directly/Indirectly receivedand;	-	-
(b) Complaints outstanding	-	-

#The Amount denotes the Principal Outstanding with the SPV

ii) Details of financial assets sold to Securitisation/Reconstruction Company for Asset Reconstruction:

The Company has not sold any financial assets to Securitisation/Reconstruction Company for Asset Reconstruction for the year ended March 31, 2024 and March 31, 2023.

iii) Details of assignment transactions

The Company has sold financial assets by way of Direct Assignment in the year ended March 31, 2024.

Notes to Financial Statements

for the year ended March 31, 2024

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
Count of loans accounts assigned	1,888	507
Amount of loan accounts assigned	14,886	4,866
Weighted average maturity (in months)	14.70	14.40
Weighted average holding period (in months)	8.7	10.2
Retention of beneficial economic interest	10%	10%
Coverage of tangible security	100%	100%
Rating wise distribution of rated loans	Not Rated	Not Rated

iv) The Company has not sold / purchased any non-performing assets during March 31, 2024 and March 31, 2023

48.6 Exposure to real estate sector

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
i) 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.	5,676.04	3,019.97
b) Commercial Real Estate –		
Lending secured by mortgages on commercial real estate (office buildings, retail space, multipurpose commercial premises, multifamily residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.).	1,261.71	800.54
c) Investments in Mortgage-Backed Securities (MBS) and other securitized exposures -		
i. Residential	-	-
ii. Commercial Real Estate	-	-
ii) Indirect Exposure		
Fund based and non-fund-based exposures on National Housing Bank and Housing Finance Companies.	-	-
Total Exposure to Real Estate Sector	**6,937.75**	**3,820.51**

48.7 Exposures

i) The Company has no exposure to capital market during the year ended March 31, 2024 and March 31, 2023.

ii) Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC

The Company has not exceeded SGL & GBL limits as prescribed under NBFC Regulation during the year ended March 31, 2024 and March 2023

iii) Unsecured Advances

The Company does not have any Unsecured Advances during the year ended March 31, 2024 and March 31, 2023.

48.8 Registration obtained from other financial sector regulator

RBI registration no	B-13.02077
IRDA registration no.	CA0472
Company Identification Number (CIN)	U51504MH1993PTC251544

48.9 Disclosure of Penalties imposed by RBI and other regulator

During the year ended March 31, 2024 and the year ended March 31, 2023 no penalties have been levied by any regulator on the Company.

Notes to Financial Statements

for the year ended March 31, 2024

48.10 Related Party Transaction

Refer note no. 41 for transactions with related party.

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

Instruments	Credit Rating Agency	March 31, 2024	March 31, 2023
Long Term Bank lines	ICRA	[ICRA] BBB + (Stable)	[ICRA] BBB (Stable)
Non-Convertible Debenture	ICRA	[ICRA] BBB + (Stable)	[ICRA] BBB (Stable)
Cash Credit	ICRA	[ICRA] BBB + (Stable)	[ICRA] BBB (Stable)
Working Capital Demand Loan	ICRA	[ICRA] BBB + (Stable)	[ICRA] BBB (Stable)
Non-Convertible Debenture	CARE	CARE BBB (Stable)	CARE BBB- (Stable)
Long Term Bank lines	CARE	-	CARE BBB- (Stable)
Commercial papers	ICRA	ICRA A2	-
Series A - Pass Through Certificates (Securitisation) - Ambit, AK Capital & Northern Arc	CARE	-	ICRA Single A (Structured Obligation)
Series A - Pass Through Certificates (Securitisation) - Ambit Finvest and DCB Bank	CARE	-	Provisional ICRA Single A- (Structured Obligation)
Series A - Pass Through Certificates (Securitisation) - Ambit Finvest and AK Capital Service Limited	CARE	-	CARE Single A (Structured Obligation)
Series A - Pass Through Certificates (Securitisation) - Vivriti Capital Limited	CARE	-	CARE Single A- (Structured Obligation)
Series A - Pass Through Certificates (Securitisation) - DCB Bank, Ambit Finvest,Nabsamruddhi, Aditya Birla Finance Limited and CLIX Capital Services Private Limited	ICRA	ICRA A (Structured Obligation)	-
Series A - Pass Through Certificates (Securitisation) - Godrej Housing Finance Limited, Godrej Finance Limited and Kotak Mahindra Investment Limited	ICRA	ICRA A+ (Structured Obligation)	-
Series A - Pass Through Certificates (Securitisation) - Vivriti Asset Management Private Limited	ICRA	ICRA A- (Structured Obligation)	-

48.12 Remuneration of Directors

Remuneration or Sitting fees paid or provided is disclosed in the Related party disclosure (Refer note no 41)

48.13 Provisions and contingencies

(₹ in Lakhs)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	March 31, 2024	March 31, 2023
Provisions for depreciation on Investment	-	-
Provision towards NPA	1,805.11	(8,247.75)
Provision made towards Income tax	1,379.37	-
Other Provision and Contingencies (with details)	-	-
Provision for Standard Assets	2,886.39	(2,285.59)

48.14 Draw Down from Reserves

During the year, the Company has not drawn down any amount from Reserves.

48.15 Concentration of Advances, Exposures & NPAs

The amount below denotes Gross carrying value

Notes to Financial Statements

for the year ended March 31, 2024

48.15.1 - Concentration of Advances

(₹ in Lakhs)

	March 31, 2024
Total Advances to twenty largest borrowers	1,806.80
Percentage of Advances to twenty largest borrowers to Total Advances of the applicable NBFC	0.68%

48.15.2 - Concentration of Exposures

(₹ in Lakhs)

	March 31, 2024
Total Exposure to twenty largest borrowers / customers	1,806.80
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the applicable NBFC on borrowers / customers	0.68%

48.15.3 - Concentration of NPA assets

(₹ in Lakhs)

	March 31, 2024
Total Exposure to top four NPA accounts	259.31

48.16 Sector-wise NPA assets

Sectors	Percentage of NPA assets to Total Advances in that sector
Agriculture & allied activities	4.10%
MSME	3.65%
Corporate borrowers	5.93%
Services	-
Unsecured personal loans	-
Auto loans	-
Other personal loans	-

48.17 Movement of NPA assets

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
NPA (net of provisions) to net advances (%)	1.60%	2.15%
Movement of NPA (Gross)		
Opening balance	7,365.40	19,898.34
Additions during the year	17,750.97	13,785.40
Reductions during the year	(15,405.21)	(26,318.34)
Closing balance	9,711.16	7,365.40
Movement of Net NPA		
Opening balance	3,611.09	7,896.28
Additions during the year	5,804.10	5,141.66
Reductions during the year	(5,263.45)	(9,426.85)
Closing balance	4,151.74	3,611.09
Movement of provisions for NPA (excluding provisions on standard assets)		
Opening balance	3,754.31	12,002.06
Provisions made during the year	11,946.87	8,643.74
Write-off / Write-back of excess provisions	(10,141.76)	(16,891.49)
Closing balance	5,559.42	3,754.31

Notes to Financial Statements

for the year ended March 31, 2024

48.18 Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

Name of the Joint Venture/ Subsidiary	Other Partner in the JV	Country	Total Assets
The company does not have any joint venture or subsidiary abroad, hence, not applicable.	NA	NA	NA

48.19 Off-balance Sheet SPVs sponsored

The company does not have any off balance sheet SPV sponsored.

48.20 Disclosure of Complaints

Customer Complaints (As certified by management and relied by Auditors)	Numbers
No. of complaints pending at the beginning of the year	-
No. of complaints received during the year	244
No. of complaints redressed during the year	244
No. of complaints pending at the end of the year	-

48.21 Intra-group exposures

The company does not have any Intra-group exposures

48.22 Unhedged foreign currency exposure

The company does not have any Unhedged foreign currency exposure

48.23 Gold Loans

The company do not lend any gold loans.

48.24 Asset Liability Management (ALM) Maturity pattern of certain items of Assets and Liabilities

Particulars	Deposits	Advances	Investments	Borrowings	Foreign Currency assets	Foreign Currency liabilities
Over 1 day to 7 days	-	7,009.32	-	2,239.54	-	-
Over 8 days to 14 days	-	2,043.60	-	2,348.72	-	-
Over 15 days to 30 days	-	4,378.28	-	3,837.11	-	-
Over 1 month to 2 months	-	12,708.79	-	10,119.12	-	-
Over 2 months to 3 Months	-	12,571.28	-	17,051.03	-	-
Over 3 months to 6 months	-	39,110.42	-	28,817.88	-	-
Over 6 months to 1 Year	-	74,278.55	-	48,694.64	-	-
Over 1 year to 3 Years	-	98,810.46	-	98,133.93	-	-
Over 3 years to 5 Years	-	11,981.77	-	2,725.40	-	-
Over 5 Years	-	2,461.29	-	15.07	-	-
Total	**-**	**265,353.76**	**-**	**213,982.44**	**-**	**-**

Notes:

1. Borrowings include debt securities and borrowings other than debt securities (including External Commercial Borrowings).
2. The Company considers Put/Call option dates for the purpose of reporting maturity pattern of Borrowings including debt securities.

Notes to Financial Statements

for the year ended March 31, 2024

48.25 Disclosure as per RBI notification DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 & RBI/DNBR/2016-17/45 DNBR.PD.008/03.10.119/2016-17 dated March 03, 2022- A comparison between provisions required under IRACP and impairment allowances made under Ind AS 109 'Financial Instruments'

(₹ in Lakhs)

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	247,593.46	5,091.98	242,501.48	990.37	4,101.61
Standard	Stage 2	8,077.33	1,495.77	6,581.56	32.31	1,463.46
Subtotal		**255,670.79**	**6,587.75**	**249,083.04**	**1,022.68**	**5,565.07**
Non-Performing Assets (NPA)						
Substandard	Stage 3	9,309.18	5,311.63	3,997.55	930.92	4,380.71
Doubtful Assets	Stage 3	373.80	241.52	132.28	239.57	1.95
Subtotal		9,682.98	5,553.15	4,129.83	1,170.49	4,382.66
Total		**265,353.77**	**12,140.90**	**253,212.87**	**2,193.17**	**9,947.73**

Note: Gross carrying amount as per Ind AS includes the EIR adjustment of ₹ 437.83 lakhs.

48.26 Disclosures pursuant to RBI Notification - RBI/2O21-22/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated 6 August 2020 and RBI/2021-22/31/DOR.STR.REC .11/21.04.048/2021-22 dated May 5,2021

(₹ in Lakhs)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at March 31, 2023	Of (A), aggregate debt that slipped into NPA during the half-year ended September 30, 2023	Of (A) amount written off during the half-year ended September 30, 2023*	Of (A) amount paid by the borrowers during the half-year ended September 30 2023**	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at September 30 2023
Personal Loans	-	-	-	-	-
Corporate persons***	-	-	-	-	-
of which, MSMEs	2,919.11	190.00	26.97	1,658.00	1,044.14
Others	-	-	-	-	-
Total	**2,919.11**	**190.00**	**26.97**	**1,658.00**	**1,044.14**

*represents debt that slipped into stage 3 and was subsequently written off during the half-year ended September 30, 2023.

** represents receipts net of interest accruals

***also includes individual Business Loans (Proprietor) and Small Business Loans (Non Proprietor).

Notes to Financial Statements

for the year ended March 31, 2024

(₹ in Lakhs)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at September 30, 2023	Of (A), aggregate debt that slipped into NPA during the half-year ended March 31, 2024	Of (A) amount written off during the half-year ended March 31, 2024*	Of (A) amount paid by the borrowers during the half-year ended March 31 2024**	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at March 31 2024
Personal Loans	-	-	-	-	-
Corporate persons***	-	-	-	-	-
of which, MSMEs	1,044.14	62.00	27.00	387.11	568.03
Others	-	-	-	-	-
Total	**1,044.14**	**62.00**	**27.00**	**387.11**	**568.03**

*represents debt that slipped into stage 3 and was subsequently written off during the half year ended March 31, 2024.

** represents receipts net of interest accruals

***also includes individual Business Loans (Proprietor) and Small Business Loans (Non Proprietor).

48.27 Disclosure of Restructured Accounts

For the year ended March 31, 2024

Sl. No.	Type of Restructuring		Others				
	Details Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total
1	Restructured Accounts as on April1 of the FY(opening figures)*	No. of borrowers	-	8	-	-	8
		Amount outstanding	-	127.12	-	-	127.12
		Provision thereon	-	41.54	-	-	41.54
2	Fresh restructuring during the year	No. of borrowers	24	29	-	-	53
		Amount outstanding	314.34	279.59	-	-	593.93
		Provision thereon	200.04	190.62	-	-	390.66
3	Upgradations to restructured standard category during the FY	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
5	Downgradation of restructured accounts during the FY	No. of borrowers	(8)	8	-	-	-
		Amount outstanding	(131.16)	131.16	-	-	-
		Provision thereon	(80.94)	80.94	-	-	-
6	Write-offs of restructured accounts during the FY	No. of borrowers	(16)	(22)	-	-	(38)
		Amount outstanding	(183.18)	(216.65)	-	-	(399.83)
		Provision thereon	(119.10)	(144.56)	-	-	(263.66)
7	Adjustment for Payment and Provision	No. of borrowers	-	(15)	-	-	(15)
		Amount outstanding	-	(190.06)	-	-	(190.06)
		Provision thereon	-	(87.60)	-	-	(87.60)
8	Restructured Accounts as on March 31 of the FY (closing figures) (1+2+3+4+5+6+7)	No. of borrowers	-	8	-	-	8
		Amount outstanding	-	131.16	-	-	131.16
		Provision thereon	-	80.94	-	-	80.94

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for the year ended March 31, 2024

For the year ended March 31, 2023

Sl. No.	Type of Restructuring / Details Asset Classification		Others Standard	Sub-Standard	Doubtful	Loss	Total
1	Restructured Accounts as on April1 of the FY(opening figures)*	No. of borrowers	-	-	-	-	
		Amount outstanding	-	-	-	-	
		Provision thereon	-	-	-	-	
2	Fresh restructuring during the year	No. of borrowers	31	10	-	-	41
		Amount outstanding	296.57	42.94	-	-	339.51
		Provision thereon	154.44	36.47	-	-	190.91
3	Upgradations to restructured standard category during the FY	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
5	Downgradation of restructured accounts during the FY	No. of borrowers	(8)	8	-	-	-
		Amount outstanding	(127.12)	127.12	-	-	-
		Provision thereon	(41.54)	41.54	-	-	-
6	Write-offs of restructured accounts during the FY	No. of borrowers	(23)	(7)	-	-	(30)
		Amount outstanding	(169.45)	(31.09)	-	-	(200.54)
		Provision thereon	(112.90)	(25.43)	-	-	(138.33)
7	Adjustment for Payment and Provision	No. of borrowers	-	(3)	-	-	(3)
		Amount outstanding	-	(11.85)	-	-	(11.85)
		Provision thereon	-	(11.04)	-	-	(11.04)
8	Restructured Accounts as on March 31 of the FY (closing figures) (1+2+3+4+5+6+7)	No. of borrowers	-	8	-	-	8
		Amount outstanding	-	127.12	-	-	127.12
		Provision thereon	-	41.54	-	-	41.54

48.28 Sectoral exposure

Sectors	As at March 31, 2024			As at March 31, 2023		
	Total Exposure (includes on balance sheet and off-balance sheet exposure) (₹ lakhs)	Gross NPAs (₹ lakhs)	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure) (₹ lakhs)	Gross NPAs (₹ lakhs)	Percentage of Gross NPAs to total exposure in that sector
1. Agriculture and Allied Activities	2,819.61	115.48	4%	1,114.08	51.67	5%
2. Industry						
i. Micro and Small						
- Engineering and Capital Goods	6,848.18	103.95	2%	4,405.44	131.95	3%
- Others	14,686.98	429.24	3%	7,434.44	132.82	2%
ii. Medium						
- Others	2,125.12	29.78	1%	1,984.36	-	0%
iii. Large						
- Others	126.22	-	0%	209.83	-	0%
Total of Industry	23,786.50	562.97	2%	14,034.07	264.77	2%

Notes to Financial Statements

for the year ended March 31, 2024

Sectors	As at March 31, 2024			As at March 31, 2023		
	Total Exposure (includes on balance sheet and off-balance sheet exposure) (₹ lakhs)	Gross NPAs (₹ lakhs)	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure) (₹ lakhs)	Gross NPAs (₹ lakhs)	Percentage of Gross NPAs to total exposure in that sector
3. Services						
i. Micro and Small						
- Contractor	9,803.02	276.34	3%	8,098.24	278.76	3%
- Others	24,236.11	502.65	2%	24,497.43	791.28	3%
ii. Medium						
- Others	4,034.44	9.60	0%	3,733.97	58.32	2%
iii. Large						
- Others	322.87	-	0%	252.42	-	0%
iv. Trade						
a. Micro and Small						
- Apparel & Textiles	29,212.13	1,371.40	5%	16,650.74	764.60	5%
- Automobiles	8,737.94	202.08	2%	3,973.39	100.47	3%
- Food and Beverage	26,123.90	1,380.30	5%	14,700.93	998.22	7%
- Groceries/FMCG/ Supermarkets	26,096.64	1,279.24	5%	17,340.87	1,123.76	6%
- Hardware and Electrical	13,762.91	492.03	4%	7,555.25	302.04	4%
- Mobile	7,714.39	489.52	6%	5,329.20	337.78	6%
- Petrol Pump/Fuel & Lubricants	9,080.81	297.50	3%	9,429.69	435.45	5%
- Pharma/Clinic, Labs & Hospitals	15,885.61	474.61	3%	8,600.51	317.43	4%
- Others	61,608.90	2,188.91	4%	35,384.76	1,516.83	4%
b. Medium	2,540.00	27.33	1%	2,114.29	24.02	1%
c. Large	245.98	41.20	17%	165.24	-	0%
Total of Services	239,405.65	9,032.71	4%	157,826.93	7,048.96	4%
4. Personal Loans	NA	NA	NA	NA	NA	NA
5. Others, if any (please specify)	NA	NA	NA	NA	NA	NA

Note:

1. Agriculture and allied activies includes the Merchants operating in trading and services of agriculture and allied activities.
2. Off Balance Sheet exposure includes the Limit sanctioned but not disbursed for March 31, 2024 of ₹ 658.00 lakhs (March 31, 2023 - ₹ 955.91)

48.29 Related Party Disclosure are disclosed in Note 41

48.30 Customer Complaints regulatory disclosure requirements

Summary information on complaints received by the NBFCs from customers and from the Offices of Ombudsman

Sr. No	Particulars	March 31, 2024	March 31, 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	244	328
3	Number of complaints disposed during the year	244	328
3.1	Of which, number of complaints rejected by the NBFC	-	-
4	Number of complaints pending at the end of the year	-	-

Notes to Financial Statements

for the year ended March 31, 2024

Sr. No	Particulars	March 31, 2024	March 31, 2023
	Maintainable complaints received by the NBFC from Office of Ombudsman		
5*	Number of maintainable complaints received by the NBFC from Office of Ombudsman	56	49
5.1	Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	56	49
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)	-	-

Top five grounds of complaints received by the NBFCs from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	**2**	**3**	**4**	**5**	**6**
		For the year ended March 31, 2024			
Loans And Advances	-	148	59%	-	-
Recovery Agents/ Direct Sales Agents	-	-	-	-	-
Cibil related	-	96	357%	-	-
Others	-	-	-21400%	-	-
Total	**-**	**244**		**-**	**-**
		For the year ended March 31, 2023			
Loans And Advances	-	93	3000%	-	-
Recovery Agents/ Direct Sales Agents	-	-	-100%	-	-
Cibil related	-	21	2100%	-	-
Others	-	214	-64%	-	-
Total	**-**	**328**		**-**	**-**

NOTE 49: TRANSFERRED FINANCIAL ASSETS THAT ARE NOT DERECOGNISED IN THEIR ENTIRETY

The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities.

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Securitisations		
Carrying amount of the transferred assets (held as collateral)	53,476.09	8,744.69
Carrying amount of associated liabilities	45,678.80	6,416.76

NOTE 50: TRANSFERRED FINANCIAL ASSETS THAT ARE DERECOGNISED IN THEIR ENTIRETY

The Company has assigned loans (earlier measured at amortised cost) by way of direct assignment. As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the extent of 90% of the assets transferred to the buyer, the assets have been de-recognised from the Company's Balance Sheet. The table below summarises the carrying amount of the derecognised financial assets :

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Direct Assignment		
Carrying amount of transferred assets measured at amortised cost	7,383.45	3,563.80
Carrying amount of exposures retained by the Company at amortised cost	820.38	395.98

Notes to Financial Statements

for the year ended March 31, 2024

NOTE 51: BREACH OF COVENANT

The Company reports covenant breaches to its lenders on regular basis. However, the Company has obtained covenant waiver/no action letters/amendment letters in respect of these covenant breaches from lenders. No loans have been recalled by any of the lender due to covenant breaches for the year ended March 31, 2023 amd for the year ended on March 31, 2024.

NOTE 52: Previous year's / periods' figures have been re-classified where appropriate to current year's / period's presentation.

For and on behalf of the Board of Directors

Dhruv Khaitan
Director
(DIN 00002584)
Place: Mumbai

Arun Nayyar
Managing Director & CEO
(DIN 06804277)
Place: Mumbai

Deepak Goswami
Chief Financial Officer
Place: Mumbai

Tanushri Yewale
Company Secretary
(M.No A31273)
Place: Mumbai
Date: May 13, 2024

Notice

NOTICE is hereby given that the 31st Annual General Meeting of the Members of the NeoGrowth Credit Private Limited will be held on Monday, 10th June 2024 at 2:30 PM IST through Video Conferencing mode to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet of the Company as at March 31, 2024 and the Profit & Loss Account for the financial year ended on 31st March 2024 together with Report of the Directors and Auditors thereon.

2. To appoint M/s Khimji Kunverji and Associates LLP (KKC & Associates LLP) as Statutory Auditor of the Company to hold office for a period of 3 (Three) consecutive financial years, from the conclusion of the 31st Annual General Meeting of the Company until the conclusion of the 34th Annual General Meeting of the Company and to authorize the Board of Directors of the Company to fix their remuneration (as the tenure of 3 years prescribed by RBI for the current auditors is completed).

   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 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification, amendment or enactment thereof, for the time being in force M/s Khimji Kunverji and Associates LLP (KKC & Associates LLP) FRN: 105146W/W100621 be and are hereby appointed as Statutory Auditor of the Company in place of M/s. ASA & Associates, LLP, the retiring statutory auditor, to hold the office from the conclusion of the 31st Annual General Meeting until the conclusion of the 34th Annual General Meeting of the Company, at such remuneration plus applicable taxes and reimbursement of out-of-pocket expenses in connection with the Audit as may be mutually agreed between the Board of Directors of the Company and the Auditors."

SPECIAL BUSINESS:

3. Re-appointment of Ms. Bindu Ananth, (DIN: 02456029) as Independent Director

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

"**RESOLVED THAT** pursuant to Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 The Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV to the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof) and the provisions of the Articles of Association of the Company and based on the recommendation of the Nomination & Remuneration Committee and approval of the Board of Directors at their respective Meetings held on 13th May 2024, Ms. Bindu Ananth having Director Identification Number as 02456029, who has submitted a declaration that she meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 , be and is hereby re-appointed as an Independent Director of the Company for a second term of 5 years years w.e.f. ensuing Annual General Meeting upto 36th annual General Meeting of the Company.

RESOLVED FURTHER THAT any Director or the Company Secretary or CFO of the Company be and are hereby severally authorized to take such steps, as may be required, for obtaining necessary approvals, if any, and further to do all such acts, deeds, and things as may be necessary to give effect to this resolution."

4. Enhancement of borrowing limit of the Bank up to INR 3,500 crore under Section 180 (1)(c) of the Companies Act, 2013

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

"**RESOLVED THAT** in supersession of all the earlier resolutions passed by the shareholders of the Company and pursuant to Section 180(1)(c) and all other enabling provisions of the Companies Act, 2013, or any other law for the time being in force (including any statutory modification or amendment thereto or re-enactment thereof for the time being in force) and in terms of Articles of Association of the Company, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board") for borrowing from time to time any sum or sums of moneys on such terms and conditions and with or without security as the Board may deem fit which, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate for the time being of the paid up capital of the company and its free reserves, that is to say reserves not set apart for any specific purpose, provided that the total amount of money/ moneys so borrowed shall not exceed ₹ 3,500 crores (Rupees Three Thousand Five Hundred Crores Only).

RESOLVED FURTHER THAT any director or company secretary of CFO of the company be and are hereby authorised to do and perform all such acts, deeds and things and to take all steps as may be considered necessary, proper and expedient to carry on the purpose of this resolution."

5. Authority To Create Charge Over Company's Assets:

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

"**RESOLVED THAT** in supersession of all the earlier resolutions passed by the shareholders of the Company and pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, the consent of the shareholders be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board") to create such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties, both present and future, and in such manner as the Board may deem fit, together with power to take over the substantial assets of the Company in certain events in favour of banks/ financial institutions, other investing agencies and trustees for the holders of debentures/bonds/other instruments to secure rupee/foreign currency loans and/or the issue of debentures whether partly/fully convertible or non-convertible and/ or rupee/foreign currency convertible bonds and/or foreign currency bonds and/or bonds with share warrants attached (hereinafter collectively referred to as "Loans") provided that the total amount of Loans together with interest thereon, additional interest, compound interest, liquidated damages, commitment charges, premium on pre-payment or on redemption, costs, charges, expenses and all other monies payable by the Company in respect of the said Loans for which the charge is to be created, shall not, at any time exceed ₹ 3,500 Crores (Rupees Three thousand Five Hundred crores) or the aggregate of the paid up capital and free reserves of the Company, whichever is higher.

RESOLVED FURTHER THAT any director or company secretary of CFO of the company be and is hereby authorized to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required to give effect to this Resolution."

6. Borrowing / raising of funds by issue of debt securities on a private placement basis for an amount of up to INR 2500 crores:

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

"**RESOLVED THAT** in supersession of all the earlier resolutions passed by the shareholders of the Company and pursuant to the provisions of Section 42 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") read together with the Companies (Prospectus and Allotment of Securities) Rules, 2014, including any modification, amendment, substitution or re-enactment thereof, for the time being in force and the provisions of the memorandum of association and the articles of association of the Company, the approval and consent of the shareholders of the Company be and is hereby accorded to issue, and to make offer(s) and/ or invitation(s) to eligible persons to subscribe to, any non-convertible debentures ("NCDs")/bonds/External Commercial Borrowings/ money market instruments/ commercial papers and any other such financial instruments (hereinafter referred to as 'market instruments'), on private placement basis, in one or more tranches, to any domestic entities/persons and/ or off-shore entities/persons, subject to compliance to all applicable laws and regulations, for a period of one year from the date of passing of this resolution, and on such terms and conditions for each series / tranches, including the price, coupon, premium, discount, tenor etc. as deemed fit by the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall be deemed to include any Committee(s) constituted / to be constituted by the Board to exercise its powers, including the powers conferred by this resolution), as per the structure and within the limits permitted by the RBI, upto an amount of INR 2,500 crore (Rupees Two Thousand Five Hundred crore only) in domestic and / or overseas markets within the overall borrowing limits of the Company.

RESOLVED FURTHER THAT any director or Company Secretary or CFO of the company be and is hereby authorized and empowered to arrange, settle and determine the terms and conditions (including without limitation, interest, repayment, security or otherwise) as it may think fit of such NCDs/bonds/ other such money market instruments and financial instruments, and to do all such acts, deeds, and things, and to execute all such documents, instruments and writings as may be required to give effect to these resolutions."

By Order of the Board of Directors
For NeoGrowth Credit Private Limited

Place: Mumbai
Date: 13th May 2024

Tanushri Yewale
Company Secretary

NOTES:

1. All documents referred to in the notice, registers, Articles of Association, Memorandum of Association are available for inspection by the members electronically by sending an email to secretarial@neogrowth.in from 10 AM to 5 PM on all working days to the conclusion of the AGM.

2. Since AGM is being conducted through VC/OAVM, there is no provision for appointment of proxies. Accordingly, appointment of proxies by the members will not be available.

3. Members can login and join 15 (fifteen) minutes prior to the scheduled time of the meeting and the facility for joining the meeting shall be kept open till expiry of 15 (fifteen) minutes after the scheduled time.

4. Members may raise questions during the meeting or one day prior to the scheduled date of the meeting by sending across their question to secretarial@neogrowth.in

5. Corporate members are requested to send at secretarial@neogrowth.in before attending AGM, a duly certified copy of the board resolution authorizing their representative to attend and vote at AGM pursuant to Section 113 of the Companies Act, 2013.

6. An explanatory statement pursuant to Section 102 of the Companies Act 2013 relating to the Special Business to be transacted at the AGM is annexed hereto.

7. The notice of AGM and other relevant documents are being sent in electronic mode to members whose e-mail address is registered with the Company. Members, who have not registered their email address with the Company, can get the same registered with the company by requesting in member updation form by sending an email to secretarial@neogrowth.in. The Company has contacted such members over telephone and requested them to register their email addresses with the Company by submitting duly filled and signed member updation form to the above-mentioned email.

8. Voting by show of hands is permitted as advised by Ministry of Corporate Affairs and in case of demand for poll the members / representatives have to send emails to the designated email id secretarial@neogrowth.in signifying their choice on voting in the affirmative or negative in respect of each resolution during the course of the meeting. E-votes will be counted during the meeting and results will be announced by the Chairman. In case it would take time to count the e-votes the meeting may be adjourned for announcing the results of the e-votes for all resolutions.

9. A member can vote by sending a poll paper through an email on secretarial@neogrowth.in during the meeting.

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

RESOLUTION NO. 3: RE-APPOINTMENT OF MS. BINDU ANANTH, (DIN: 02456029) AS INDEPENDENT DIRECTOR

The Board has appointed Ms. Bindu Ananth, as additional director (Categorized as Independent) of the Company with effect from 10th October 2019. As the tenure of 5 years shall expire in October 2024, it is proposed to re-appoint her as an Independent Directors on its Meeting held on 13th May 2024.

Whilst considering the appointment of Ms. Bindu Ananth as an Independent Director, the Nomination and Remuneration Committee and the Board reviewed and confirmed that:

a. She is a fit and proper person to be appointed as a Director of the Company, as per the fit and proper norms prescribed by the Reserve Bank of India ("RBI");

b. The Company has received a declaration from Ms. Bindu Ananth that she meets the criteria of independence as prescribed under Section 149(6) of the Act;

c. She is not disqualified from being appointed as a Director of the Company, in terms of Section 164 of the Act.

d. She is not debarred from holding the office of director by virtue of any order by SEBI or any other authority.

e. She has the requisite skills, capabilities and expertise in the required functional areas.

During the said tenure, Ms. Bindu Ananth shall not be liable to retire by rotation, in terms of Section 149(13) of the Act.

Hence, the directors of the Company recommend the resolution at Item No.3 to appoint her as an Independent director of the Company. The approval is sought from the shareholders by way of an special resolution.

None of the directors of the Company is in any way interested in this resolution except the director proposed to be appointed.

The brief particulars of Ms. Bindu Ananth is as follows:

- Ms. Bindu Ananth has an under-graduate degree in Economics from Madras University and Master's Degrees from the Institute of Rural Management (IRMA) and Harvard University's John. F. Kennedy School of Government.
- Bindu is the Chair & Co-founder of Dvara Trust. Prior to this, Bindu worked in ICICI Bank's microfinance team between 2001 and 2005 and was head of the new product development team within their Rural Banking Group in 2007.
- Bindu has co-edited "Financial Engineering for Low-Income Households", a book published by SAGE. She has also published in the Economic and Political Weekly, OECD Trade Paper Series and the Small Enterprise Development Journal. She has been a member of 3 RBI Committees: Comprehensive Financial Services for Low-Income Households and Small Businesses (2013), Housing Finance Securitisation (2019) and Committee on MSMEs (2019). She was a member of the Government of India's High-Level Committee on Women (2014-15). She is a member of the Taskforce of the Insolvency & Bankruptcy Board of India (2017 - present).
- She is a member of the Advisory Boards of Columbia University's India Initiative and Consultative Group to Assist the Poor (CGAP). In 2017, Bindu was featured by Forbes as one of India's leading women leaders.

RESOLUTION NO.4: ENHANCEMENT OF BORROWING LIMIT OF THE BANK UP TO INR 3,500 CRORE UNDER SECTION 180 (1)(C) OF THE COMPANIES ACT, 2013

As per the provisions of Section 180 (1) (c) of the Companies Act, 2013, the Board of Directors of the Company cannot, except with the permission of the Shareholders in General Meeting by passing a Special Resolution, borrow monies in excess of the aggregate of the paid-up share capital, free reserves and securities premium of the Company. The members at the Annual General Meeting of the Company held on 4th July , 2019 had approved the borrowing of sums in excess of its paid-up capital, free reserves and securities premium account not exceeding INR 2,500 crore under Section 180(1)(c) of the Companies Act, 2013.

Taking into consideration the growth in the business operations, foreseeable future plans and the existing credit facilities availed by the Company, it would be in the interest of the Company to enhance the borrowing limits for the Board and authorise the Board of Directors to borrow monies which may exceed at any time aggregate of the paid-up capital of the Company and its free reserves and securities premium but not exceeding INR 3500 Crore.

None of the Directors and key managerial personnel of the Company or their respective relatives are concerned or interested in the Resolution mentioned at Item No. 4 of the Notice.

RESOLUTION NO.5: AUTHORITY TO CREATE CHARGE OVER COMPANY'S ASSETS:

The borrowings of the Company are, in general, required to be secured by suitable mortgage or charge on all or any of the movable properties of the Company in such form, manner and ranking as may be determined by the Board of Directors of the Company, from time to time, in consultation with the lender(s). The mortgage and/ or charge by the Company of its movable properties and/or the whole or any part of the undertaking(s) of the Company in favour of the lenders/agent(s)/trustees. Further, the Company in certain events of default by the Company, may be regarded as disposal of the Company's undertaking(s)within the meaning of Section 180 (1) (a) of the Companies Act, 2013. Hence it shall be necessary to obtain approval for the same from the Shareholders.

The members at the Annual General Meeting of the Company held on 4th July , 2019 had approved the creation of security not exceeding INR 2,500 crore under Section 180(1)(a) of the Companies Act, 2013 which is proposed to be revised to INR 3,500 crore.

The Board of Directors recommend for Shareholders approval through Special resolution. None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

None of the Directors and key managerial personnel of the Company or their respective relatives are concerned or interested in the Resolution mentioned at Item No. 5 of the Notice.

RESOLUTION NO. 6: APPROVE THE LIMIT OF THE PRIVATE PLACEMENT OF DEBENTURES:

In terms of provisions of Section 42 of the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014 the Company offering or making an invitation to subscribe to non-convertible debentures (NCDs) / Bonds / other instruments on private placement basis, is required to obtain prior approval of Members of the Company by a Special Resolution, once in a year, for all the offers or invitation during the year, which will avoid seeking shareholders' approval every time a private placement offer of any of the market instruments, state herein, is made to any entity during the financial year 2024-25.

The Company intends to satisfy its financial resource requirements for business, by issue of debentures or bonds or other market instruments (both domestic and offshore) in one or more tranches. The basis or justification for the price shall be determined by the Board for each issue separately.

Pursuant to Rule 14(1) of the Prospectus and Allotment Rules, the following disclosures are being made by the Company to the Members:

PARTICULARS OF THE OFFER INCLUDING DATE OF PASSING BOARD RESOLUTION	Rule 14(1) of the Prospectus and Allotment Rules prescribes that where the amount to be raised through offer or invitation of NCDs (as defined above) exceeds the limit prescribed, it shall be sufficient if the company passes a previous special resolution only once in a year for all the offers or invitations for such NCDs during the year. In view of this, pursuant to this resolution under Section 42 of the Companies Act, 2013, the specific terms of each offer/issue of NCDs (whether secured/unsecured/subordinated/senior, rated/unrated, listed/unlisted, redeemable (including market linked debentures) NCDs) shall be decided from time to time, within the period of 1 (one) year from the date of the aforementioned resolution. In line with Rule 14(1) of the Prospectus and Allotment Rules, the date of the relevant board resolution shall be mentioned/disclosed in the private placement offer and application letter for each offer/issue of NCDs
KINDS OF SECURITIES OFFERED AND THE PRICE AT WHICH THE SECURITY IS BEING OFFERED	Non-convertible debt securities/NCDs. The NCDs will be offered/issued either at par or at premium or at a discount to face value, which will be decided by the Board for each specific issue, on the basis of the interest rate/effective yield determined, based on market conditions prevailing at the time of the respective issue.
BASIS OR JUSTIFICATION FOR THE PRICE (INCLUDING PREMIUM, IF ANY) AT WHICH THE OFFER OR INVITATION IS BEING MADE	Not applicable, as the securities proposed to be issued (in multiple issues/tranches) are non-convertible debt instruments which will be issued either at par or at premium or at a discount to face value in accordance with terms to be decided by the Board, in discussions with the relevant investor(s).
NAME AND ADDRESS OF VALUER WHO PERFORMED VALUATION	Not applicable as the securities proposed to be issued (in multiple issues/tranches) are non-convertible debt instruments.
AMOUNT WHICH THE COMPANY INTENDS TO RAISE BY WAY OF SECURITIES	The specific terms of each offer/issue of NCDs shall be decided from time to time, within the period of 1 (one) year from the date of the aforementioned resolution, provided that the amounts of all such NCDs at any time issued within the period of 1 (one) year from the date of passing of the aforementioned shareholders resolution shall not exceed the limit specified in the resolution under Section 42 of the Companies Act, 2013.

MATERIAL TERMS OF RAISING OF SECURITIES, PROPOSED TIME SCHEDULE, PURPOSES OR OBJECTS OF OFFER, CONTRIBUTION BEING MADE BY THE PROMOTERS OR DIRECTORS EITHER AS PART OF THE OFFER OR SEPARATELY IN FURTHERANCE OF OBJECTS; PRINCIPLE TERMS OF ASSETS CHARGED AS SECURITIES	The specific terms of each offer/issue of NCDs shall be decided from time to time, within the period of 1 (one) year from the date of the aforementioned resolution, in discussions with the respective investor(s). These disclosures will be specifically made in each private placement offer and application letter for each offer/issue.

Your directors, therefore, recommend the resolution at Item No. 6 for your approval.

None of the Directors and key managerial personnel of the Company or their respective relatives are concerned or interested in the Resolution mentioned at Item No. 6 of the Notice.

By Order of the Board of Directors

Date: 13th May, 2024
Place: Mumbai

Company Secretary

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REGISTERED OFFICE

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