October 1, 2024

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

Scrip Code: 1100106

Sub: Revised Annual Report for FY 2023-24 along with Notice of 31st Annual General Meeting ("AGM") of Aye Finance Private Limited ("Company")

Ref.: Chapter 6 of Circular on Listing of Debt Securities on Global Securities Market ("GSM Circular")

Dear Sir/Madam,

This is in furtherance to our earlier submission of Annual Report for FY 2023-24 on September 27, 2024 & in accordance with Chapter 6 of GSM Circular and other applicable provisions, if any, kindly note that certain inadvertent typographical errors were noticed in the Annual Report. In view of the same, please find enclosed herewith the revised Annual Report for FY 2023-24 along with the Notice of the 31st AGM of the Members of the Company. The revised report is also available on the website of the Company at https://www.ayefin.com/financial-statements/

This is for your information, records and appropriate dissemination.

Thanking You.

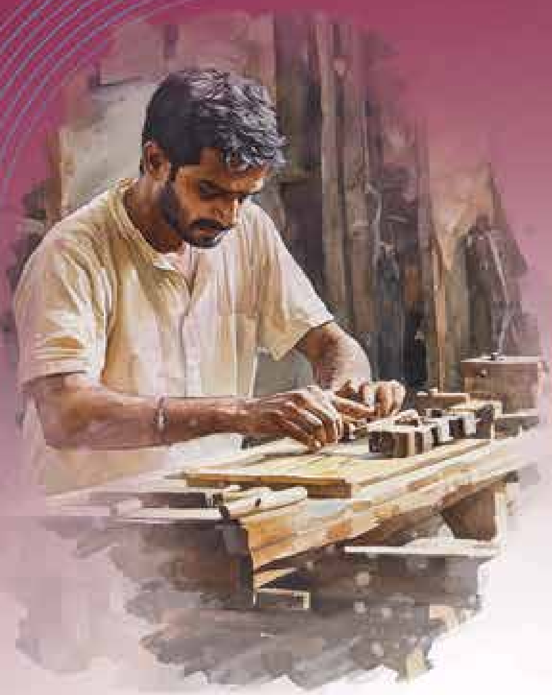
Yours faithfully,
For **Aye Finance Private Limited**

VIPUL SHARMA
Digitally signed by VIPUL SHARMA
Date: 2024.10.01 20:58:48 +05'30'

(Vipul Sharma)
Company Secretary, Compliance Officer & CCO
M. No.: A27737

Encl.: a/a

AYE [आय]



Unlocking Potential. Unleashing Progress.

Empowering Bharat's Micro-Entrepreneurs For A Decade

Annual Report **2023-24**

ACROSS

THE PAGES

Corporate Overview

Statutory Reports & Financial Statements

For more investor-related information, please visit **https://www.ayefin.com/investor-relations/**

Or scan the QR code

Disclaimer

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

Corporate Snapshot

UNLOCKING POTENTIAL.
UNLEASHING PROGRESS.

Over the last decade, Aye Finance has transformed the landscape of micro enterprise lending in India. Championing the growth and empowerment of bottom of the pyramid businesses throughout the nation. Our mantra **'Unlocking Potential. Unleashing Progress.',** encapsulates our mission to drive financial inclusion and fuel the growth of 60 million micro enterprises that form the backbone of the Bharat economy.

Our innovative strategy revolves around offering customised working capital loans to micro businesses, with turnovers ranging from ₹ 15 lakhs to ₹ 1 crore. Utilising advanced technology and proprietory cluster based credit assessment techniques, we have successfully reached entrepreneurs of various clusters such as (sports goods, salon, wood work, bangles, tailoring, groceries etc.) which were traditionally neglected by mainstream financial institutions.

Our accomplishments are not just about providing financial services. We take pride in being an innovative, tech-forward company that goes beyond meeting to anticipating the distinct needs of our customers, equipping them with the resources that enable their businesses to thrive.

We do not intend to rest on our laurels , having marked a decade of significant growth and industry leadership, we continue to value the industry standards with eyes on greater expansion and impact. Thereby unlocking the potential of countless more businesses, while unleashing progress across Bharat.

As we prepare for the next phase of our journey, we remain focussed on our mission to drive financial inclusion, empower grassroots businesses, and contribute to the economic progress of India. 'Unlocking Potential. Unleashing Progress.' is our goal, our motivation, and our promise to the future!

EMPOWERING SMALL BUSINESSES TO DREAM BIG SINCE 2014...

Our Vision

Aye's vision is to be a leading finance company in India, admired by Customers, Employees, Investors and Regulators for its Service and Innovations.

Our Mission

To provide innovative and customer-centered financial services to micro and small businesses through knowledgeable team, effective technology and robust processes to power their growth into the new-age India.

Our Values

Innovation

Be curious. Explore. Pioneer.

Trustworthiness

Be fair. Keep promises. Be genuine.

Social Impact

Make a difference. Give back. Touch lives.

Being the best

Learn. Mentor. Onwards together.

Customer Commitment

Think customer. Be proactive. Exceed expectations.

Salient Business Numbers

₹ 3,941 crore
Disbursement

₹ 1,072 crore
Revenue

₹ 161 crore
PAT

8
Total Equity Partners

22
Number of States and Union Territories

7,000+
Number of Employees

4.57 lakhs
Number of Active Clients

₹ 1,000 crore
Total Equity Raised

₹ 310 crore
Equity Raised in 2023-24

UNLOCKING MILESTONES.
ACHIEVING CONSISTENT GROWTH.

2013
Received NBFC license

2014
- Raised seed funds
- Opened the first branch in Delhi
- Expanded to Uttar Pradesh

2015
- Raised Series A funding from Accion and Elevation Capital
- Disbursed loans worth ₹ 500 lakhs
- Opened 16 branches and expanded to Rajasthan, Punjab and Haryana

2016
- Raised Series B equity from LGT, Accion and Elevation Capital
- Entered into South India by opening branches in Karnataka and Tamil Nadu
- Commenced digital journey through an automated loan origination and decision process

2017
- Reached the landmark of 5,000 customers
- Crossed AUM of ₹ 400 crore

2018
- Raised Series C Equity round of ₹ 147 crore which was led by Capital G, Alphabet Inc's independent growth fund
- Reached the landmark of 100 branches across 18 states
- Ranked among the top 20 in BFSI segment by 'Great Place to Work'

2019

- Raised Series D equity of ₹ 234 crore which was led by Alpha Wave
- Got classified by the RBI as a Systemically Important NBFC
- Reached the mark of 2,00,000+ customers, ₹ 1,700 crore of AUM and 3,000+ employees
- Embedded data science and artificial intelligence as core way of doing business

2020

- Successfully raised ₹ 210 crore in Series E equity Round in the Covid environment
- Continued to expand and reach the mark of 200 branches

2021

- Branch network crossed 300 mark
- Awarded the SME Financier of the Year - Asia (Gold) By SME Finance Forum (World Bank)

2022

- Ranked 2nd among the 100 Best Companies to Work in India by GPTW
- Opened 86 branches bringing the total number of branches to 398 in 20 states
- Team size of 5000+ employees

2023

- Raised Series F equity of ₹ 310 crore which was led by BII, UK's development finance institution
- Reached the milestone figure of ₹ 100 Billion in loans disbursed to MSMEs

2024

- Serving 10 lakh customers
- 478 branches in 21 states
- Frost & Sullivan recognised Aye as the 'Technology Innovation Leader in the Indian Inclusive Fintech Solution Industry for 2024'

UNLOCKING POTENTIAL OF MICRO ENTERPRISES.

TAILORING INNOVATIVE SOLUTIONS.

We have rapidly expanded to 478 branches across 22 States and Union Territories in just 10 years. We started our journey fuelled by a vision to bridge the financial gap for micro-enterprises. Through the years, we have evolved into a trusted partner for the MSMEs at the micro scale across the nation. We use the best of physical field presence & technology to deliver outcomes that are benchmarked to the best.

We enjoy a robust presence across...

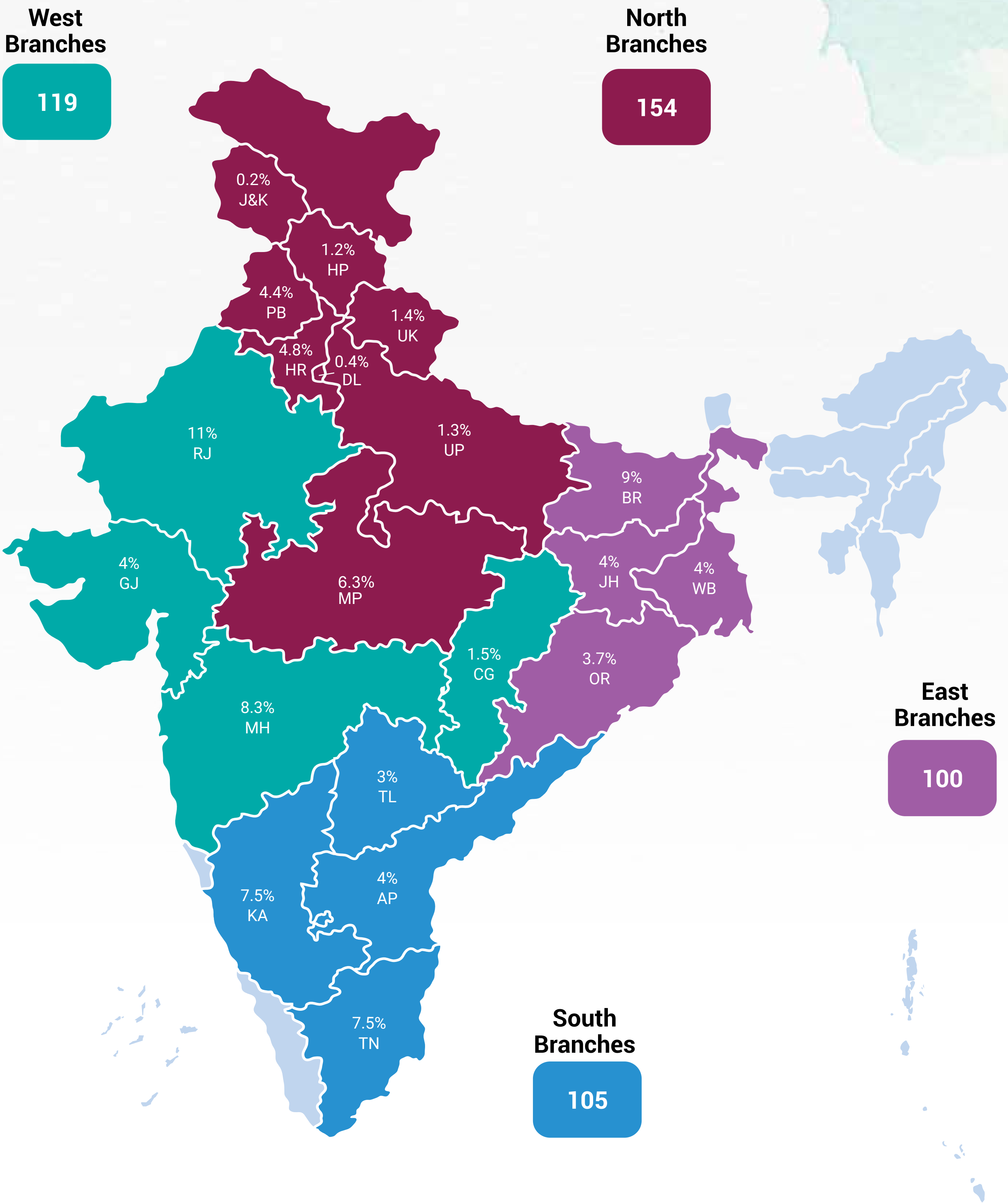
22
States and Union Territories

478
Branches

180+
Clusters

Our Clusters

Horizontal Clusters	Vertical Clusters			
Grocery Shop	Dry Cleaning	Men's shoes	Glasswork	Woodwork
Tailoring	Leather Goods	Iron Works	Pottery	Silver Ware
Salon	Sports Goods	Handicrafts	Lac Bangles	Power loom
Eatery	Scientific instruments	Agri Tools	Hosiery	Pin manufacturing
Beauty parlor	Rugs & carpet	Women's shoes	Garment	●●● and more



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

Management Message

MANAGING DIRECTOR'S STATEMENT

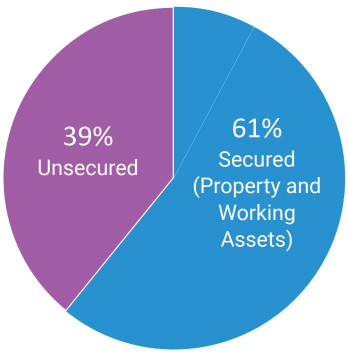
Our lending to these micro businesses has helped unlock their potential and has thus strengthened the business backbone of the nation.

Dear Valued Stakeholders,

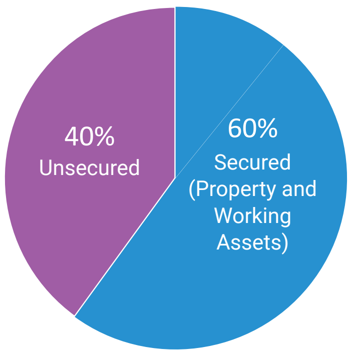
I am delighted to present our Annual Report for 2023-24. This has been a year of significant achievements and robust growth aided by the tail wind of a relatively benign market environment. We had navigated honourably through the turbulence of the years affected by Covid pandemic and this resilience and strength has made us reap the benefits of this benevolent year. We grew to AUM of ₹ 4,461.97 crore in 2023-24 from ₹ 2,721 crore in 2022-23 that is 64% growth from last year, while the operating expenses grew only by 30% and the GNPA remained range bound and ended the year at 3.19 %. This has resulted in our PAT growing from ₹ 53.79 crores in 2022-23 to ₹ 161.13 crores for 2023-24 – this is a 3x growth. There is encouraging news from every aspect of the business and we are using this to strengthen our reserves for possible adverse times.

In our ten years since inception, we have continually focused on transformational impact on the MSMEs of micro scale. Our lending to these micro businesses has helped unlock their potential and has thus strengthened the business backbone of the nation. As India moves confidently on its path of rapid GDP growth, the 67 Million micro and small scale businesses are transitioning to the formal economy at an impressive pace. This is just the start of this trend and in the coming years, the world may soon witness an unprecedented transformation of the excluded communities of Bharat. Aye is well entrenched in this part of the market. Our ability to underwrite these thin file clients businesses using a cluster based income forecast method and our automation of processes complements our presence in 478 branches in 22 States and Union Territories. This opens up a huge opportunity to achieve our vision to be an admired leader in the industry.

PORTFOLIO MIX

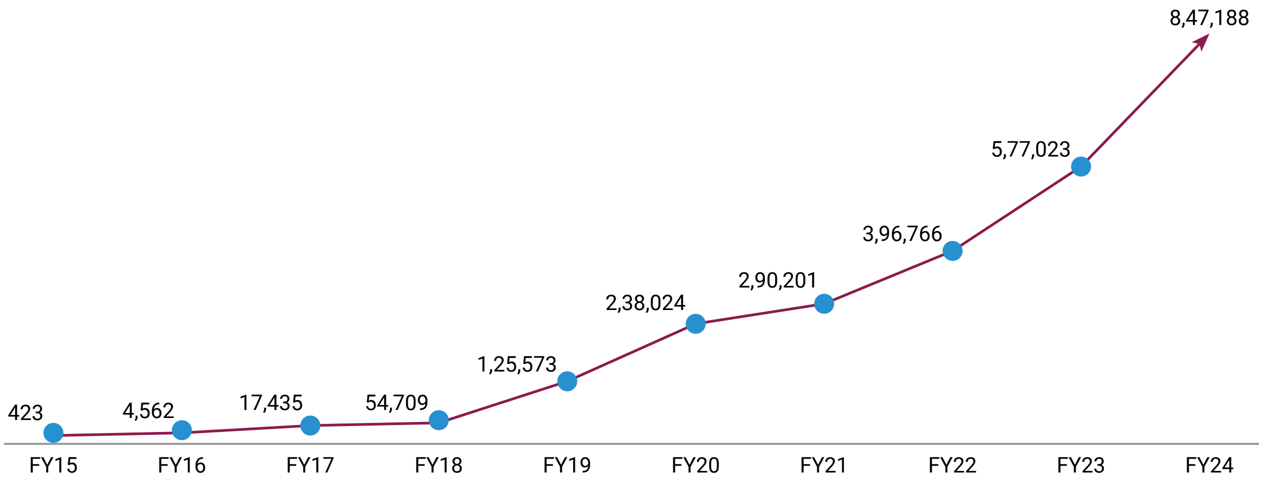


FY 22



FY 24

CUSTOMERS EXPANSION IN 10 YEARS



CUSTOMERS

Our active customer base has grown to over 470,000 micro enterprises as of March 2024. We have made credit accessible to these micro businesses that have traditionally been overlooked by the formal financial institutions. Our customers have businesses from all sectors of commerce – manufacturing trading, service and allied agri. The base of our customers are well distributed over 22 States and Union Territories with 32% in North, 22% in South and 21% and 25% respectively in East and West. Our focus on avoiding geographic concentration has not only made us immune from state level events but has also benefitted a wide gamut of businesses across the nation.

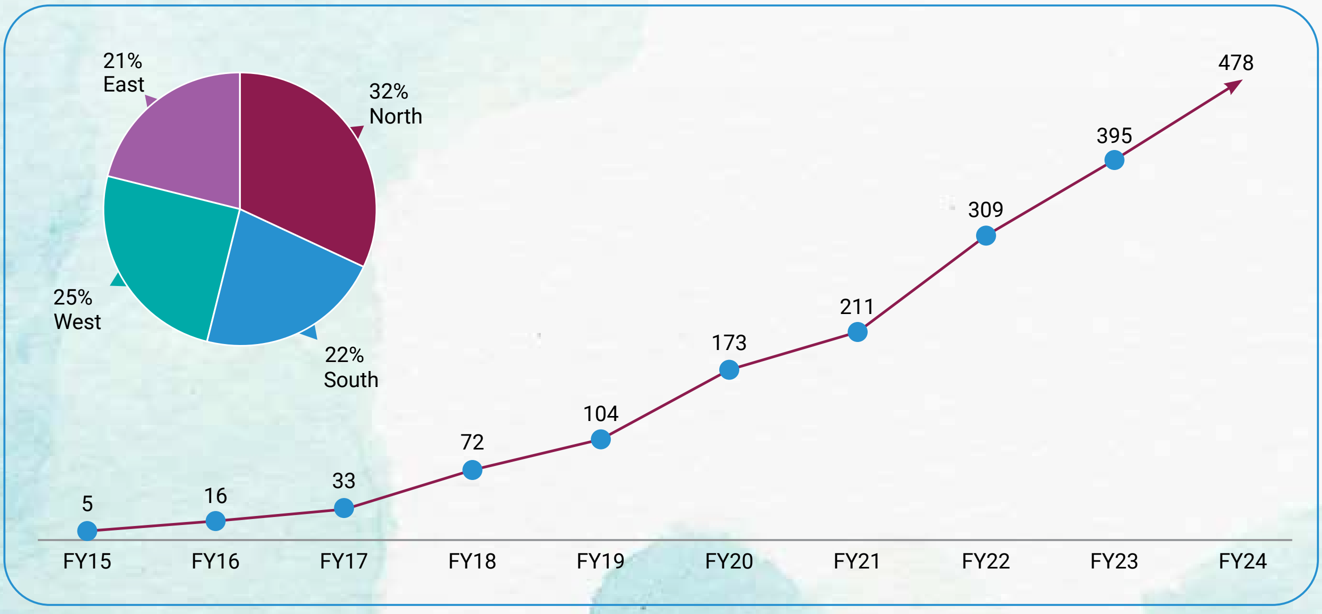
Our customer centric approach is rooted in deep understanding of the unique needs of these micro scale MSMEs. Our offering of property based as well as hypothecation based loans illuminates this approach of a complete product line for our customers. In the last year we saw a trend of increase in customers who sought larger loans to revitalise their businesses post the Covid years. This has enabled our business loans against property to increase to 11%. About 49% of our Hypothecation loans are secured with adequate value of working assets, finished goods and machinery, while the remaining 40% of our portfolio is unsecured hypothecation loans where businesses, typically in service sector, do not have adequate working assets or machinery to cover the loan amount.

Through our 'not for profit' subsidiary – Foundation for Advancement of Micro Enterprises (FAME) , we have helped micro enterprises become more robust and efficient through improved production techniques, better quality of produce , superior marketing support and efficient financial management. FAME has brought our transformation impact in lives of over 1,18,0000 beneficiary businesses. Some of the striking initiatives last year from FAME were:

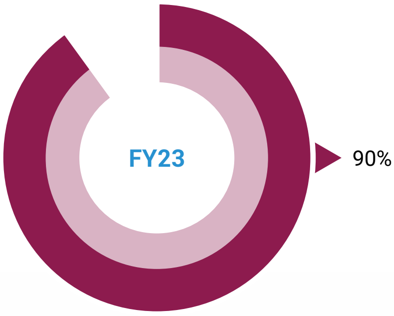
- Collaboration with Hindustan Unilever Limited (HUL) with a donation of ₹ 4.6 crore for Dairy Development Project
- 22,000 women entrepreneurs trained
- ₹ 3,47,32,564 income generated for our beneficiaries

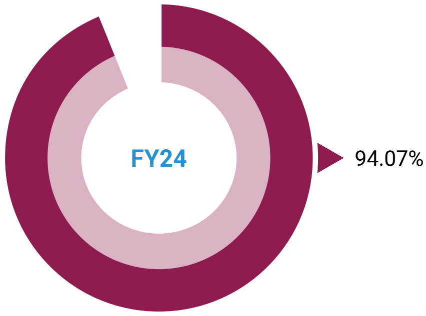
The extensive customer connect and the quality of facilitation of their businesses has continued to delight us with high satisfaction score. Last year the monthly customer surveys found that over 94% of our customers rated our services as very good.

BRANCH EXPANSION IN 10 YEARS



CUSTOMER SATISFACTION SCORE





OPERATIONS AND TECHNOLOGY

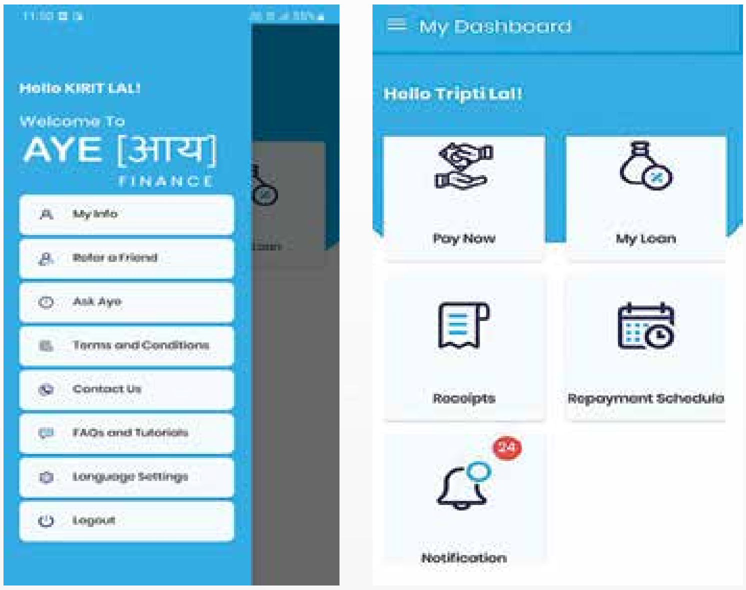
Alongside the branch based origination and servicing, we have invested substantially in establishing strong capability in technology and process automation. This has emerged as a key competence in:

- Improving business efficiency
- Preventing operating losses, and
- Managing underwriting complexity

We have continued to build on this capability and as an outcome, we are well automated, through our Loan Origination, Loan Management, Collection Management and ERP workflows. Our systems are integrated with APIs that provide seamless access to government sites that validate customer credentials, provide banking and credit history based on due customer consent. The entire customer loan application and disbursement journey is paperless. Even the Loan agreements now signed digitally by over 90% of our customers. Our customer app allows customers to have direct access to their crucial loan details and repayment reminders.

The technology and automation programs are complemented by our in-house Data Science expertise. Models like 'likelihood of bounce', 'propensity for early clearance of overdues', credit quality score for repeat as well as new customers – are some of the models that have been deployed after extensive testing against our rich database of micro scale MSMEs.

CUSTOMER APP SCREENSHOTS



> We grew to AUM of ₹ 4,461.97 crore in 2023-24 from ₹ 2,721 crore in 2022-23 that is 64% growth from last year, while the operating expenses grew only by 30%.

We have unique underwriting templates for over 180 types of business clusters that have been tested over the years. The use of automation has enabled us to handle this complexity without requiring specialised human expertise in these varied business clusters. This makes the process efficient and reduces the risk of human errors.

EMPLOYEES

Our excellent progress towards our vision, has been powered by our employees. They have shown tremendous heart as we overcame a variety of challenges and built a special place in the minds of our customers.

We are a team of 7,000+ employees as of March 24. We donot use any third party of DSA agents for origination. Reliance on our own employees has borne good returns for our business – the quality of sourcing has been maintained at high levels and there are very rare instances of customer mis-selling or compromise of our process discipline.

We delivered over 1,20,000 hours of training on various skills and values that are required for a competent and trustworthy work team. The exceptional efforts of many of our champions were recognised through over 9,000 awards and over 1,100 job advancements.

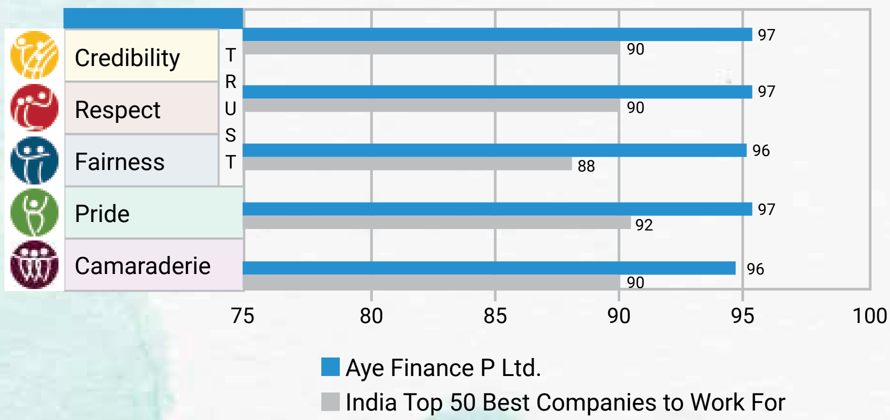
We have a team of Leaders who are experienced and have demonstrated their ability to drive the organisation to high benchmarks of achievement while upholding the highest levels of values and integrity. Many of our leaders have won awards and recognition in the year, from the industry for their thought leadership and high achievements. Our Leadership and our team have carried us admirably forward on our mission and we shall continue to build the engagement and trust of our workforce to help create value for all stakeholders.

Our employee focus delivers a high level of employee engagement. We have been ranked in the top 10 best workplaces by 'Great Place to Work Institute. In the year 2023-24, we have been ranked 6th all over India.

GPTW TRUST INDEX RESULTS

Aye's Overall Trust Index Score : 97/100

India Top 50- Best Companies to Work For Trust Index Score : 90/100

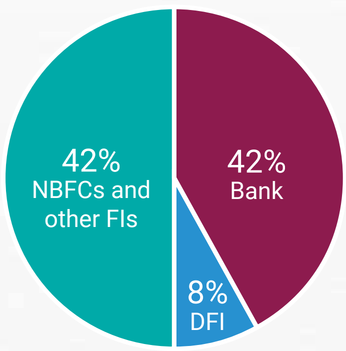


KEY OUTCOMES & PLANS

2023-24 saw our business scale many high points –

- We raised ₹ 3,800 crore in debt
- We raised ₹ 310 crore is new equity in our Series F round led by BII
- We disbursed ₹ 3,941 crore- in loans through the year.
- 1.84% return on assets alongside an average of 2.8% D/E (debt/equity) ratio for the year.
- We got a corporate rating upgrade to A
- We received the prestigious Frost and Sullivan award for Technology Innovation Leader in the Indian Inclusive Fintech Solution Industry for 2024, Inclusive Finance India Award and Best MSME Financing Institution Award by BW Businessworld.
- We were ranked 6th among large enterprises, as a Great Place to work.
- Our CSR activities under FAME, reached the milestone of impacting over 1,00,000 micro enterprises through their efforts to improve skills and capabilities of micro enterprises

FY24 (DEBT RAISED)



We have revitalised our business and team during the year. While we have put behind, the memories of the Covid disruption, the learnings of those times have unmistakably made us a better business. The focus on improving employee productivity, optimally managing expenses and leveraging every opportunity to enhance revenues with balanced risk – these have led us to outstanding profitability for our business this year.

Through our capability to offer loans secured by property or through hypothecation of business assets, we are

> We have been ranked in the top 10 best workplaces by 'Great Place to Work Institute three years in a row. In the year 2023-24, we have ranked 6th among the best companies to work for in India.

uniquely positioned to address the needs of MSMEs of micro scale. As the MSMEs move towards formalisation of their financial setup, their needs for loans against hypothecation will be in focus and this will benefit our business.

Our strategic focus shall remain on the target segment of MSMEs with micro scale. By exceptional execution of basics, we have made our business robust. We shall continue to raise our benchmarks in many salient areas of lending. We will see the deepening of AUMs in each branch and this will give us a much improved Cost to Income metrics. The focus on prudent underwriting has enabled the scaleup of our business and we shall continue to stay true to our underwriting discipline. The field collections capability had been enhanced during Covid years, we have continued to use this strength as our business has grown rapidly in the past two years. Automation and appropriate use of Data science models will work hand in hand with our organisational processes.

I look at the coming year with a lot of excitement as we target to deliver a consistent top-notch performance.

Best Regards,

Sanjay Sharma
Managing Director

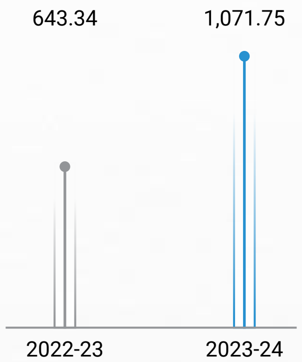
Business Highlights

GROWING WITH INCLUSIVITY.
CREATING VALUE WITH DILLIGENCE.

CAPITALS ENGAGED	MEASURES
Financial Capital Our robust capital base and diverse funding sources empower us to meet our clients' credit needs effectively.	Total Debt ₹ 3,800 crore Equity Raised ₹ 310 crore
Intellectual Capital Our intangible assets encompass our brand, reputation, technology-driven infrastructure and strategic partnerships. These elements enable us to manage risks effectively and deliver exceptional customer service.	100% paperless loan disbursements 92% ACH registration Investments in data science and analytics
Physical Capital Our extensive local presence, combined with a digital platform, allows us to serve under-served micro enterprises effectively.	Branches 478 States and Union Territories 22 Active Customer Base 4.57 lakhs
Human Capital We leverage our employees' skills and experience to provide tailored financial solutions to our customers.	Workforce Strength 7,000+ Employee Awards 9,000 Employee training hours 122K hours
Social and Relationship Capital Our relationships with stakeholders, especially in the communities where we operate, are central to our approach.	Loan to first time clients 40% FAME has 1,18,000 beneficiaries
Natural Capital Our use of natural resources—such as energy and water—and our impact on the climate, along with the measures we take to mitigate these effects.	Ensured the reduction of paper usage and effective water management across branches

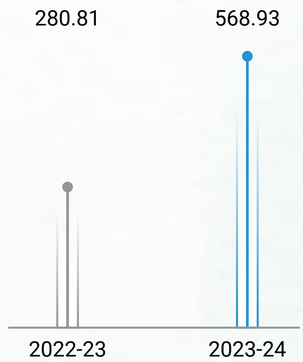
Financial Overview

Revenue (₹ in crore)



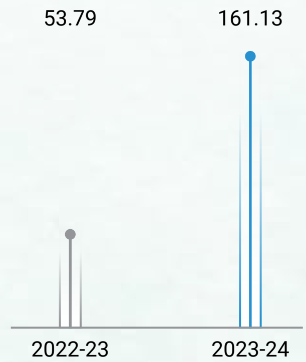
67%
Growth compared to 2022-23

EBITDA (₹ in crore)



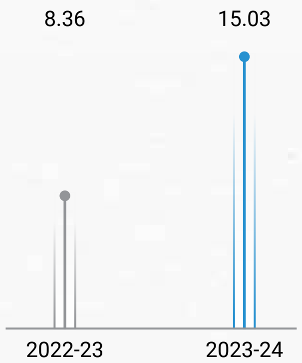
103%
Growth compared to 2022-23

PAT (₹ in crore)



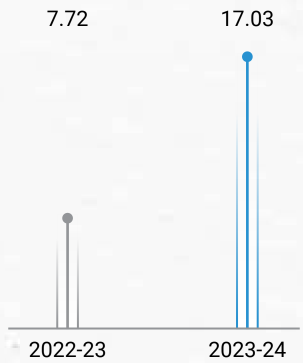
200%
Growth compared to 2022-23

PAT Margin (%)



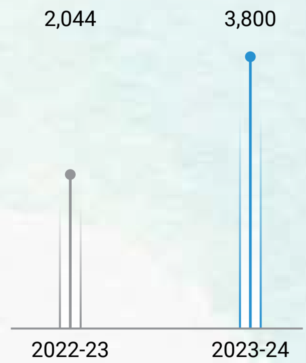
6.67% bps improvement compared to 2022-23

ROE (%)



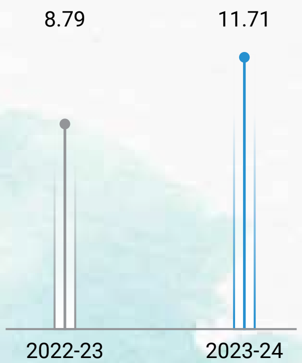
9.93% bps improvement compared to 2022-23

Debt Raised (₹ in crore)



86% improvement compared to 2022-23

ROCE (%)



2.93% improvement compared to 2022-23

Customer Testimonials

EMPOWERING ENTREPRENEURS. PROPELLING PROGRESS.

Weaving a Brighter Future through Shakti Loans

Hameeda, a small bedsheet weaver from Sardana, Gomtinagar, faced immense challenges after losing her husband, struggling to raise two children and keeping her fledgling business afloat. Traditional banks rejected her loan request, deeming her enterprise too young for loans. But everything changed when our loan advisors introduced her to the Shakti Loan, specifically designed for women entrepreneurs like her.

With the Shakti Loan, Hameeda upgraded her equipment, expanded production, and transformed her business. The increased profits allowed her to invest in her children's education, securing a brighter future. Today, Hameeda is not just a weaver of bedsheets but a symbol of hope, inspiring her community with her resilience and success.

Empowering Sumit's Dream of Business Expansion

Sumit's journey with us has been nothing short of transformative for his business. Initially, he relied on loans from money lender but the high interest rates posed a constant challenge. This all changed when one of our Loan Advisors approached him, taking the time to explain the benefits of their low-interest loans and how partnering with Aye Finance could elevate his business.

Seeing the potential, Sumit decided to take a loan from Aye Finance, a decision that quickly proved to be one of the best he ever made. The lower interest rate allowed him to reinvest in his business, resulting in significant growth and profitability. For Sumit, we are not just a lender but a true partner in his success.

He is so impressed with us that he envisions being a part of this journey forever, eager to continue working with us and benefit from our exceptional support as his business continues to thrive.

Enabling Ruby's Stitching Dreams to Succeed

Ruby, a talented seamstress from Gomti Nagar, struggled with limited resources despite her skill in crafting admired bedsheets. Her dreams of expanding her business were hindered by financial constraints and a refusal from traditional banks, which deemed her enterprise too small for a loan.

Hope arrived when Ruby accessed our Shakti Loan, designed to support small-scale women entrepreneurs. The loan enabled her to purchase additional raw materials and a new sewing machine. Her mother joined her, enhancing their production capacity and boosting the family's income.

With the expanded setup, Ruby successfully met growing demand and began supplying local vendors. Her story exemplifies empowerment and resilience, inspiring others to pursue their dreams and overcome barriers.

Facilitating Muhammad Salman's Journey of Growth and Success

Muhammad Salman, a skilled woodworker with a passion for his craft, sought to expand his business and took a decisive step two years ago by securing a ₹ 1 lakh business loan from us. This loan became a pivotal moment for him, allowing him to invest in his woodworking venture and significantly boosting his income.

The process was seamless and we made sure, he received the fund without any hurdles, reaffirming his belief in our support. Grateful for the positive impact on his business, Muhammad looks forward to continuing his partnership with us, hopeful that we will be there to support him in the future as he grows his business further.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Developments

Indian Financial Services Sector Review

India's financial sector is witnessing rapid expansion, marked by significant growth at established firms and the entry of numerous new players. This dynamic landscape includes a broad array of institutions, such as insurance companies, commercial banks, cooperatives, non-banking financial companies (NBFCs), mutual funds, pension funds, and various smaller entities. Banking remains the dominant force, representing 70% of the total assets within the financial system, however NBFCs lending is growing faster than lending by Banks, specifically for the previously underserved communities.

India's financial services sector is currently undergoing a profound transformation, driven by the widespread adoption of digital technologies, changing consumer preferences, and intensified competition. This evolving environment is reshaping the sector's growth trajectory. The rapid integration of technology has revolutionised how Indians access and pay for services, with even micro enterprises now accepting QR code payments. It is projected that this dramatic surge in India's digital payments market will triple from USD 3 trillion to USD 10 trillion by 2026

Banks, despite having specialized branches that cater to the MSMEs, have not been able to fill the INR 5 trillion credit deficit facing the sector. Their traditional products, processes and guidelines have been inadequate in addressing the vagaries in the life-cycles facing the micro and small enterprises. A large number of NBFCs have stepped up to the challenge of filling this credit demand and supply gap and redefined the MSME Lending ecosystem making them the ideal lender for the sector. They fulfil the larger objective of financial inclusion while bridging the credit gap between traditional banks and underserved segments by offering tailored financial products and services. By addressing the unique needs of small or micro-enterprises, NBFCs enable them to overcome financial barriers expand business operations and contribute significantly to economic development. The Government of India has also acknowledged the contribution of micro and small enterprises and introduced several steps to ease access to finances to these under-served segments of our nation.

These joint efforts by both the government and the private sector have propelled India into one of the most dynamic capital markets globally. A major driver of growth in this sector is the increased focus on financial inclusion, aimed at expanding access to finance for marginalised and underserved segments of society.

This emphasis has led to the rise of digital banking, microfinance initiatives, and partnerships with fintech companies, which are transforming traditional banking models.

Indian MSME Sector Review

The MSME sector comprises of 633.9 lakh businesses in India accounting for 33% of GDP and provides over 90% of non-agriculture employment in the country. Over 99% of total MSMEs (approx. 630.5 lakh enterprises) qualify as micro-enterprises. As India steadily approaches the threshold of becoming a $5 Tn economy by 2026-27, the MSME sector is projected to grow to $1 Tn by 2028. Unquestionably, the development of this segment will help drive economic transformation and in meeting the national imperatives of financial inclusion.

Yet, this has remained an area of commerce that has been excluded by Banks and organized Finance Companies. This is no random aberration. The obstacles are significant and overcoming these needs not just talent, but a steely will and the silver bullet of exceptional hard work.

1. **Non-availability of Credit data:** Banks have always followed the discipline of seeking documentary support and verifiable repayment histories of borrowers. MSMEs often have no prior repayment history (no Credit Bureau record) and rarely have formally maintained book of accounts. Their business revenues are seldom routed through their bank accounts.

2. **Small Ticket Size of the Loan:** The MSMEs often need loans between ₹ 1 and ₹ 5 lakhs and this is small for Banks and most financial institutions to service as they need to keep all their salary costs, administrative costs, credit and other losses lower than this sum.

Government Initiatives

The Indian government has introduced several initiatives to bolster the MSME sector, including the Productivity Linked Incentive (PLI) scheme, which provides substantial funding to boost manufacturing across various industries. Various other initiatives such as Udyam Registration Portal, PM Vishwakarma scheme and Prime Minister's Employment Generation Programme are expected to enhance competitiveness and drive growth within the sector. These initiatives span a range of strategies, including tax exemptions, enhanced access to funding, and the expansion of financing, marketing, and technology support. Key policies driving this agenda include the Pradhan Mantri MUDRA Yojana (PMMY), the Special Credit Linked Capital Subsidy Scheme (SCLCSS), SAMBHAV, and the National MSME Policy.

Sector-Specific Growth

Aye Finance empowers this underserved segment of microenterprises by providing essential financial support, bridging the gap of the segment's INR5 trillion unmet credit need. Aye has effectively addressed roadblocks within traditional financial systems that impede microenterprises' access to business loans by leveraging an innovative underwriting system, cutting-edge technologies, and data science.

Understanding Business Clusters: Aye uses a proprietary analytics powered "Cluster Based Credit Assessment" methodology to offer economical and adequate line of credit to micro enterprises. This innovative methodology draws insights from the cluster data points and corroborates it with risk scorecards. This data is corroborated with a deep repository of financial, demographic, supply chain data of industry clusters. This assessment methodology is continuously honed using analytics on data gathered by servicing loans across 180 plus industry clusters.

Keeping unit costs in check: Aye Finance has addressed the small ticket size requirements of this sector having innovated on developing a highly efficient method of serving them. We have developed a hybrid approach to achieve economies of scale by leveraging technology while delivering and servicing the loan as per the comfort of the grassroots businesses that have not yet fully embraced the internet for accessing credit. Our use of Data Science as a high-impact strategic tool has been instrumental in bringing down our per unit cost. It has also been a critical factor in driving nonlinear growth, enhanced efficiency and profitability by digitalization and embedding state-of-the-art data-driven decision-intelligence

Aye Finance is servicing over 180 clusters in India supporting micro enterprises through its economical and customised credit products.

Kirana Sector: In recent years, consumer shopping patterns have shifted significantly, with more people purchasing online, and opting for supermarkets or larger modern stores. Consequently, Kirana stores are losing their customer base, with their share of the retail market expected to decline to 75% by 2021, down from the current 88%. Aye is supporting the grocery store owners by providing them the much needed capital to scale up and adopt modern retailing techniques to expand customer base and increase profits.

Shoe Manufacturing Cluster: The shoe cluster in India has achieved remarkable growth, contributing significantly to the country's standing in the global leather industry. India is now the second-largest exporter of leather garments, which is expected to drive the growth of our shoe cluster. In the past five years, approximately 0.5 million unemployed individuals have found employment in the shoe cluster, thanks to targeted training programmes under various Government schemes. This growth reflects the sector's robust expansion and its pivotal role in providing job opportunities and boosting India's export capabilities which has made this sector critical for Aye as well.

Sports Manufacturing Cluster: The Indian sports goods market is projected to grow from US$ 3.9 billion in 2020-21 to US$ 6.6 billion by 2027, with key manufacturing clusters playing a vital role in achieving these growth targets. India is home to seven major sports goods manufacturing cities, with Jalandhar and Meerut standing out as the leading clusters, accounting for approximately 82% of the total production. These cities boast over 3,000 manufacturing units and 130 exporters, leveraging their deep expertise in the sector. Currently, the majority of sports and fitness goods are produced by small and medium enterprises (SMEs), underscoring their significant contribution to the industry's expansion.

Our Product Offering

Aye Finance products are customised to the needs of the micro scale businesses covering secured as well as unsecured loans that help address the needs of a larger market.

Secured Business Loans

Secured loan book comprises 3 products, secured under property -ML & QML and secured under hypothecated goods. Details of these products are:

a) **Mortgage Loan (ML):** To meet the higher loan amount/tenure needs for the long-term business requirements, secured with the mortgage of immovable property.

b) **Quasi-Mortgage Loan (QML):** To meet short-term/long-term business needs, secured with the mortgage of the property (where the title of the property is not clear).

c) **Secured Hypothecation Loan:** To meet short-term business needs, where the derived valuation of hypothecated goods (such as stocks, machinery, working assets and book debts) is higher than the loan sanctioned.

The secured loan book grew by 131% from ₹ 1070.24 crores in FY22 to ₹ 2474.32 crores in FY24. In FY24, the secured loan book formed 60% of the overall portfolio where 11% is secured by property under Quasi- Mortgage loan (QML) and Mortgage Loan (ML) amounting to ₹ 453.75 crores. The remaining 49% is the secured hypothecation loan book, where the derived valuation of hypothecated goods (such as stocks, machinery, working assets and book debts) adequately covers the loan sanctioned.

Unsecured Business Loan

Unsecured loans meet short-term business needs without adequate security of the hypothecated goods. We also have a women-focused loan product (Shakti loan) with enhanced credit underwriting and improved access to capital for women entrepreneurs tailored to their financial needs. Aye Finance also offers a supply chain financing solution aimed at micro and small enterprises by providing unsecured non collateralised credit lines to shop owners.

In FY24, the unsecured loan book forms 40% of the overall portfolio. **The company witnessed significant growth in the unsecured loan book as well which grew from INR 672.05 crores in FY22 to INR 1659.19 crores in FY24.**

Outlook

Aye Finance's innovative approach to lending has had a profound impact on India's MSME sector. We have provided over 8.5 lakh loans in the last 10 years making us the largest lender to this segment. We are poised to capture a larger share of this underserved market. The continued investment in digital platforms and geographic expansion into semi-urban areas will enhance customer acquisition and market penetration, contributing to a growing loan portfolio and stronger market position. The company remains committed to support micro-enterprises by providing access to capital to grow, creating employment opportunities, and contributing to the country's economic development.

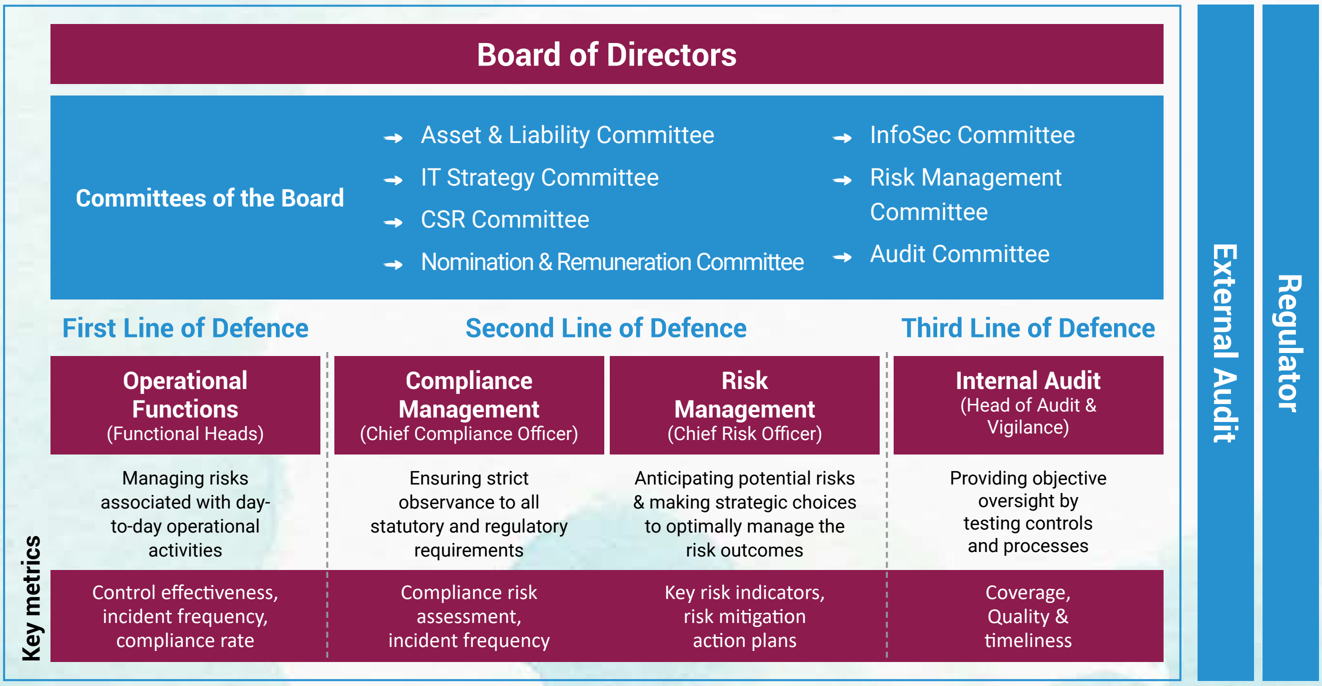
Risk Management

IDENTIFYING CHALLENGES.
MITIGATING RISKS.

A comprehensive risk management framework empowers us to proactively anticipate challenges within the micro-enterprise sector and respond with agility, thereby safeguarding our reputation and financial stability. As the landscape of micro-enterprise financing continues to evolve, it is imperative to engage in continuous monitoring and adaptation to maintain resilience and promote financial inclusion. By systemically identifying, assessing, and mitigating potential risks, we not only fortify our portfolio and ensure compliance with regulatory standards but also enhance the robustness of our strategic decision-making processes.

Our robust risk management framework is anchored by our ICAAP policy, third-party risk monitoring, and quarterly reviews of Key Risk Indicators. These mechanisms empower us to continuously identify, assess, and address key risks, ensuring that we take timely actions to keep risks within acceptable limits while making informed decisions aligned with our strategic goals.

Enterprise Risk Management



Risk Management Matrix

Type of Risk	Risk Description	Mitigation Strategy
Credit Risk	Possibility of losses associated with attenuation in the credit quality of borrowers	Industry cluster-based underwriting Pre-disbursal checks and post-disbursal monitoring Data science and artificial intelligence applications
Portfolio Concentration Risk	Risk associated with significant credit exposure to a specific business segment, industry, geography, location etc.	Diversified exposure in advances across various geographies, industries, and tenures Periodic review of geographic and industry thresholds
Market & Strategic Risk	Risk to earnings and capital arising from lack of responsiveness to changes in the business environment and/or adverse business decisions	Structured strategic planning process Competitive benchmarking Periodic review of strategic priorities with participation from key middle- and senior-level personnel from all functions
Money Laundering Risk	Possibility that a financial institution, business, or individual will be used to help illegal activities like drug trafficking, terrorism financing, and other criminal activities	Risk based approach Continuous transaction monitoring Customer due diligence
Operational Risk	Risks inherent to business operations arising from inadequate or failed internal processes, people, systems, or external events	Fraud prevention & management Insurance Standard operating procedures
IT & Cyber Risk	Risk of failure, disruption, unauthorised access, disclosure, modification or destruction of systems, infrastructure, or processes	Cyber security tracking Crisis management Regular risk assessments audits Business Continuity and Disaster Recovery plan Access controls
Compliance Risk	Non-compliance with various statutes and regulations resulting in stringent actions and penalties from regulators or statutory authorities, along with a risk to Company's reputation	Continuous monitoring of compliance and regulatory updates Internal control in financial reporting External expertise in specific areas.

Our People Management Competence

EMPOWERING OUR PEOPLE. BUILDING FUTURE.

At Aye Finance, our employees drive our competitive success. We invest in talent through recruitment, training, orientation, and empowerment to deepen our competitive edge. Our commitment to creating a robust talent pool involves upskilling employees, providing career advancement opportunities, succession planning, and effective talent management. This comprehensive approach ensures we build and sustain an empowered team ready to meet the challenges of tomorrow.

Strengthening Diversity and Women's Empowerment

At Aye, we foster an environment of equality where diversity is not just embraced but celebrated. Our commitment to creating an inclusive workplace is evident through a wide range of initiatives, particularly those dedicated to empowering women.

1. Implementing Zero-tolerance POSH policy covering all three genders
2. Providing women's safety training
3. Organising vibrant diversity celebrations
4. Undertaking inclusive hiring practices
5. Offering special programmes to help women thrive
6. Granting family care leaves and flexible work options
7. Women's active participation in leadership roles
8. Supporting women in reskilling endeavours
9. Pioneering safe travel arrangements
10. Dedicating women entrepreneurs through 'Shakti Loan' initiative

Key Inclusive Initiatives

Returning Mothers' Programme	Improving Gender Diversity	Targetting Women in AVP+ Roles	Hiring Persons with Disabilities	Female-Only Recruitment Drives

Reward and Recognition Programmes

Every employee is impressed upon the value of customer commitment starting from the induction training and continually boosted with training and reward programs. Various awards that celebrate and recognise Service Champions reiterate this value. In 2023, we gave 4,623 'Cha Gaye', 2,438 Aye ka Tara and 857 Service Excellence awards. Our MD Club award is an honour employees aspire for. Our Blue Star Award – The silver star is given to employees who win Aye Ka Tara or Service Excellence during three consecutive times in a row. 359 Silver Star Champions were awarded during the year.

- **Aye Ke Vishesh**

  This award is given to recognize innovation driven problem solving and foster collaborative approach to our business

- **Being Better Than What We Were Yesterday**

  We run multiple competitions for various departments with varying lucrative rewards, over and above the employee's incentive. Some notable examples of these include 'Monsoon Magic', 'Diwali Dhamaka', 'BM/ CH/ SH Foreign trip', 'Credit/Ops Foreign Trip', 'Supervisor Goa trip', and many more with prizes ranging from iPhone 15s to international trips to two-wheelers

- **Thank You letters from MD to employee's families**

  At Aye, we believe in working like a big family and that involves staying in touch with all our employee's families. We have instituted a culture of writing personalised letters to our employee's families whenever an employee achieves an exceptional award thanking them for their support and assistance. Families are also invited during the Annual awards and company outings

Employee Connect and Feedback

Branch Connects with HRBPs and Leadership Team

HR Business Partners at Aye with leadership team make branch visits with the objective to resolve employee queries, communicate the new process and policies, undertake training for new joiners and ensure smooth functioning of all branches.

Monthly Townhalls

This provides a platform to the employees interact directly with the MD on our internal learning platform, ILM. This

platform is used to discusses business performance, targets and goals, employee concerns, company-related issues, and any upcoming events.

Strategy Meets

Annual strategy meets are organised for the leadership team to discuss the Company's vision, mission, goals and strategies for the year. These meets are strategically designed for the management to define the strategy for the organization. It is a collaboration exercise and at the end of the meet all departments actions are aligned with the organization's objectives & goals for the year.

Social Media Connect

Aye publishes all the important events and information on all its social media handles. Our employees, who are also our brand ambassadors, regularly receive these updates through posts on our official Facebook, Twitter, Instagram and LinkedIn accounts.

Aye Fun Committee

We believe that fun does not just happen on its own, it is cultivated. We have created a Fun Committee which has representation from all departments and is responsible for planning various engagement activities to align with the Company's value system.

Superwoman group

Superwoman group at Aye is a closed group of all the female employees along with representations from HR where they can share any problems and issues they are facing. The idea behind this group is to support women so that they can feel safe and empowered at the workplace.

Our Technology Competence

INTEGRATING DIGITAL TECHNOLOGIES. REVOLUTIONISING EXPERTISE.

At Aye, we harness the power of technology to streamline interactions with stakeholders and expand our Company's reach. By investing in cutting-edge technologies such as data science and analytics, we aim to predict customer behaviour and proactively adjust our strategies.

Embracing Technology to Drive Financial Inclusion

Technology is the backbone of our mission to empower micro enterprises across India. By 2016, we had already digitised the entire customer acquisition journey, from the first interaction to disbursement. Our processes became fully paperless, with sourcing and underwriting entirely managed on mobile devices. This has significantly reduced turnaround times for decisions and helped us keep costs down as we scaled up.

We have built a robust and seamlessly integrated IT infrastructure that supports every aspect of our operations. Partnering with industry leaders like Google, Microsoft, Alteryx, and Tableau, we have implemented a Lead Management System, Loan Origination System, Loan Management System, Collection Management System, ERP System, and various Collaboration and Productivity tools. This integration has been pivotal in our ability to maintain efficiency and agility as we grow.

Given that our customer base often has a limited footprint in the formal financial system, we have leaned heavily on Machine Learning, Analytics, and Artificial Intelligence in our credit processes and upsell strategies. We segment our borrowers based on factors such as demographics, historical loan information, telco data, and social media behaviour. Our ability to correlate these behavioural insights with on-the-ground feedback from our vast field presence allows us to create deep business insights.

Achievements in 2023-24

During 2023-24, we made significant strides in our automation journey, focussing on verifications and validations. We implemented integration with Account Aggregator solutions and integrated Bank APIs to streamline disbursements via IMPS and NEFT. We also automated new income assessment methods, enhancing our efficiency and accuracy in evaluating financial profiles. Additionally, we introduced a decentralised workflow for our mortgage loan product, ensuring smoother processing and better service delivery.

Enhanced Accessibility and Customer Experience

All our solutions and systems are centrally deployed on a cloud-based infrastructure, allowing us to provide seamless access from anywhere while maintaining better control and optimised use of our technology resources. By employing zero-trust solutions, we ensure that only authorised users can access our systems, no matter where they are, without compromising security.

Given the size of our field force, we utilise GPS data and related capabilities to map our customers effectively. This ensures that our teams can easily locate and reach customers without wasting time, enhancing both efficiency and service delivery.

To further improve our customer experience, we offer multiple channels for our customers to reach us. They can visit the nearest branch, call our dedicated helplines equipped with automated IVR and call-back facilities, or use our mobile application to raise queries, provide feedback, check the status of their loans, and more. These options ensure that our customers can connect with us in the way that's most convenient for them, enhancing their overall experience with our services.

Ensuring Robust Cybersecurity

Information and cybersecurity are major focus areas for our Company. To protect our technology assets and data, we employ a comprehensive approach that combines control processes, specialised services, and advanced solutions.

Additionally, we regularly engage certified third-party auditors to assess our IT infrastructure and systems. These audits help us identify vulnerabilities, process gaps, and regulatory compliance issues, ensuring that we maintain the highest standards of security and integrity.

Safeguarding Customer Privacy

Our customer data is our most valuable asset, and we protect it through several rigorous measures. These include implementing an Access Control Matrix, utilising authentication and approval-based access to systems, and encrypting data both at rest and in transit to ensure it remains secure.

To further strengthen our infrastructure, we leverage Infrastructure as a Service (IaaS) from industry leaders like AWS and Azure, ensuring our systems are consistently updated and protected by top-tier security solutions. Additionally, we conduct third-party Information Systems Audits to identify and address any potential gaps in our processes and to ensure compliance with regulatory requirements.

AYE [आय]

Corporate Social Responsibility

EMPOWERING CHANGE.
MAKING SOCIAL IMPACT.

In India, over 60 million unorganised businesses face significant challenges in raising capital, improving product quality, establishing market linkages, and enhancing operational efficiencies. Thriving micro businesses create more job opportunities, particularly for women, young people, and vulnerable groups, thus contributing to sustainable development.

Aye has been invested in the development of micro enterprise sector since its inception and through its Section 8 arm, the Company has bridged the gap between the aspiration and opportunities available to them through non-financial interventions.

Supporting these micro businesses advances our progress towards multiple United Nations Sustainable Development Goals (SDGs), including no poverty, zero hunger, gender equality and reduced inequalities.

Our Focus Areas

- Creating & enhancing livelihood opportunities for vulnerable communities
- Building capabilities of micro-enterprises through skilling
- Community wellbeing
- Promotion of gender equality and women's empowerment

About FAME

At FAME, our mission is to unlock the potential of the unorganised micro-enterprise sector, which includes 60 Million grassroots businesses. Our implementation team is recruited from within the communities we serve, builds trust and familiarity with our target beneficiaries. This method has successfully addressed social issues and strengthened community ties. In many projects, our field officers, especially women, have become inspirational figures and role models in their communities. This approach has allowed FAME to develop a solid grassroots presence and achieve meaningful outcomes for our beneficiaries. Through our customised interventions, we are narrowing the gap between the aspirations of this sector and the opportunities available to them.

Our Interventions

- Skilling
- Product Improvement
- Creating Livelihood Opportunities
- Access to Better Market

Our Outcomes

- Increased Income
- Improved Employability
- Active Women Participation
- Community Wellbeing

Footprint

5
Clusters

4
States

12
Districts

200+
Villages

Outcomes

1,18,000
Lives Touched

22,000
Women Entrepreneurs Trained

3,00,000
Hours of Training

98,000
Livestock Treated

Our Programmes

Dairy Development Programme

FAME's Dairy Development Programme aims to increase the income of rural households from dairy farming while also providing preventive healthcare services for cattle and livestock. Since its launch in 2019, the programme has been supporting dairy farmers in overcoming obstacles to their growth. It has positively impacted the lives of over 90,000 dairy farmers across 12 districts in Uttar Pradesh, Rajasthan, Punjab, and Haryana. The following four interventions are undertaken under the dairy development programme:

- Healthcare Services
- Doorstep Veterinary Servicesa
- Milk Collection Centre
- FAME Service Centre

Key Initiatives

Reducing Farm Healthcare Costs

- FAME's healthcare services have delivered free, door-to-door treatment to over 100,000 livestock

Cutting Expenses on Cattle Feed

- FAME's Service Centres (FSCs) provide the advantages of collective purchasing to their members, significantly reducing expenses on dairy inputs
- Through its 33 FSCs, FAME sold 3,68,000 kg of dairy inputs and generated savings of ₹ 2,050,000 for its dairy farmer beneficiaries

Augmenting the Income of Dairy Farmers

- FAME Milk Collection Centres ensure that dairy farmer members receive a fair price for their milk based on its quality, effectively eliminating their reliance on middlemen
- In collaboration with AMUL (Banas Dairy), FAME's milk collection centres sold 6.36 Million litres of milk, providing farmers with over a 20% improvement in milk prices compared to middlemen

Shoe Artisans Programme

Despite making a significant contribution to the economy, the Agra footwear industry faces myriad of challenges that hinder the growth of the artisans. The objective of FAME's Shoe Artisans Programme is to support the women shoe artisans of Agra in improving their skills, creating quality products and enhancing their livelihood opportunities. FAME's Shoe Artisans Programme provides comprehensive support, empowering women to build careers in the shoe manufacturing industry. The following four interventions are undertaken under the shoe artisans programme:

- In-House Training
- Industrial Exposure
- Marketing Support (Online & Offline)
- Income Generation Programme

Key Initiatives

Skilling Women

- Trained 268 women in the comprehensive shoe manufacturing process

Creating Livelihood Opportunities

- Created regular job opportunities for 100 trained women

Ensuring Regular Sources of Income

- Generated ₹ 18 lacs in income for the 100 trained women, with each woman earning at least ₹ 3,000 per month
- Empowered women with decision-making authority within their families and communities

Sports Cluster Development Programme

Despite its substantial contribution to sports goods production, the Meerut sports industry faces numerous challenges, particularly the lack of recognition and underpayment of women manufacturers. FAME's Sports Cluster Development Programme aims to upskill women in the sports manufacturing sector, recognising their crucial role in the development of this cluster and seeking to rectify their often-overlooked contributions. The initiative helped empower women with decision-making authority within their families and communities. The following four interventions are undertaken under the sports cluster development programme:

- Capacity Building Trainings
- Improving Product Quality
- Enhancing Marketing Capabilities
- Income Generation Programme

Key Initiatives

Skilling Women

- Trained 144 women in the production of high-quality sports goods, enabling them to secure various job opportunities

Ensuring Regular Sources of Income

- Generated an income of ₹ 8,70,000 by creating livelihood opportunities for 144 women

Development Initiative for Women Association

DIWA, FAME's Entrepreneurship Development Project, focusses on empowering women from marginalised communities in urban and semi-urban areas to establish their own savory businesses. Under this project, FAME provides hands-on training to women on all aspects of running a successful enterprise, along with infrastructure and machinery support. Launched in August 2023, DIWA began with a single savory training centre in Modinagar and a group of 10 women with no prior experience in savory production. The following four interventions are undertaken under the development initiative for women association programme:

- Skilling
- Infrastructure Branding & Machinery Setup
- Branding & Marketing
- Developing a Distribution Network

Outcomes of the Programme

Within just six months of training, these women mastered the art of making savory snacks, selling over 800 kg of namkeen and earning an income of ₹ 95,000. Encouraged by the results of this pilot project, FAME plans to strengthen this intervention and launch multiple centres to create livelihood opportunities for a larger number of marginalised women.

Awards and Accolades

HONOURING ACHIEVEMENTS.
CELEBRATING RECOGNITIONS.

Frost & Sullivan Award

Frost & Sullivan recognised Aye Finance as the 'Technology Innovation Leader in the Indian Inclusive Fintech Solution Industry for 2024,' noting our comprehensive digital lending process for microenterprises.

Innovation in Financial Technology

Aye Finance was honoured with the Governance Now 6th BFSI Award in the category 'Innovation in Financial Technology.'

Access Development – Inclusive Finance India Award

Aye Finance won the Inclusive Finance India Award in the category 'Best Small & Micro Enterprise Lending by Non-Banking Finance Company,' providing unsecured small-ticket loans to address the funding challenges of credit-starved MSMEs.

Quantic India Award

Aye Finance received the Quantic India Award for Best Use of Data & Analytics Project at The 4th Annual BFSI Excellence Awards 2023, hosted by Quantic India.

Best MSME Financing Institution

Aye Finance was honoured with the prestigious 'Best MSME Financing Institution' Award at the 5th edition of the Emerging Businesses Awards hosted by BW Businessworld.

Corporate Vision Awards

Aye Finance was honoured with the esteemed 'Most Supportive Financial Working Environment 2024 – India' award by Corporate Vision.

Best For-Profit Project for Underserved Communities

Aye Finance was awarded the Best For-Profit Project for Underserved Communities by The Money Awareness and Inclusion Award.

Best Use of Data and Analytics

Aye Finance received the award for Best Use of Data and Analytics at the 4th Annual BFSI Excellence Awards, organised by Quantic. This prestigious awards programme is dedicated to technological projects and innovations in the BFSI sector.

Recognised as a Great Place to Work

We are proud to be certified for the fifth consecutive time among the Best Companies to Work for in India by Great Place to Work®, ranking 6th.

Aye Finance was featured among India's Best Workplaces™ for Millennials 2023 by Great Place to Work®, ranked among the top 10.

For the third consecutive year, Aye Finance has been recognised among the Best Companies to Work for in Asia by Great Place to Work®.

Featured among India's Best Workplaces in BFSI 2023 : Top 25 by GPTW

Featured among India's Best Workplaces in NBFC 2023 by GPTW

BOARD OF DIRECTORS

G. R Chintala

Chairman & Independent Director

Mr. Chintala is a financial services veteran with over 35 years of experience. He was the Chairman of National Bank for Agriculture and Rural Development (NABARD) from 2020 to 2022 and prior to that held leadership positions at NABFINS, NABVENTURE & NAB FOUNDATION. He has been the Director of Bankers Institute of Rural Development (BIRD) and also served on the Boards of Institute for Rural Management (IRMA), DICGC and on the Advisory Board of IIM-Ahmedabad.

Kanika T. Bhal

Independent Director

Prof. Bhal is a Ph D from IIT Kanpur and is the Modi Chair Professor at the Department of Management Studies at IIT Delhi and is a visiting fellow at Sloan School of Management, MIT. She has authored books on leadership, culture and ethics. Prof. Bhal has done sponsored research for several nationally and internationally funded (with Fordham University and Wharton Business School) projects and has been a consultant to various government organizations. She has been conferred with several awards and is given the honor of Professor Honorable by Tshwane Institute of Technology, South Africa.

Sanjaya Gupta

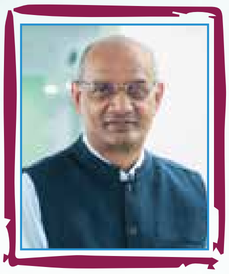
Independent Director

Mr. Gupta is a banking professional with over 35 years of extensive experience in leading high performing professional teams. He served as the MD & CEO of PNB Housing Finance Limited from 2010 to 2020. Prior to that was the Co-founder and non-executive chairman of India Shelters. As MD designate of a four-way joint venture between AIG Inc. National Housing Bank (regulator), International Finance Corporation (IFC) and Asian Development Bank (ADB) he conceptualized the first mortgage guarantee product in India. He was awarded the "Economic Times Most Promising Business Leader Asia 2018-19"

Vinay Baijal

Independent Director

Mr. Baijal is a distinguished industry professional who has served as a Chief General Manager at RBI. As CGM, Foreign Exchange Department, he played a crucial role in policy framing and implementation of exchange control in India. He has also contributed to drafting Rules and Regulations under FEMA. He set up the Banking Codes and Standards Board of India (BCSBI) and served as its first CEO. He has served as a member of the World Bank Task Force on International Standards on Credit Data Reporting as well of the National Core Committee to deal with FATF Assessment of India in 2009.



Sanjay Sharma

Managing Director

Mr. Sanjay Sharma heads the organization and directly oversees its business strategy. As a Founder, he has led the company from a tech driven start up aspiring to deliver social impact, into an award-winning financial services firm that is delivering social impact at scale along with robust financial returns. He is an accomplished leader in Consumer Banking with over 34 years of experience in BFSI segment handling leadership roles in HSBC, HDFC Bank, ICICI and Max Life Insurance. Set up Tamweel PJSC and grew it into the largest housing finance company in UAE with over USD 3bn in assets. He is an alumnus of IIT-Bombay and IIM-Bangalore.

Gaurav Malhotra

Director, British International Investment Representative

Mr. Gaurav Malhotra is Director and Head for Financial Services Equity at British International Investment (BII). BII is the UK's development finance institution and impact investor with a mission to help solve the biggest global development challenges by investing patient, flexible capital to support private sector growth and innovation. He holds a PGDM from the IIM-Banglore and B. Engineering from Delhi College of Engineering.

Kartik Srivatsa

Director, Lightrock India Representative

Mr. Kartik Srivatsa is the Managing Partner India and Chief Strategy Officer of Lightrock. He is the founding partner of Lightrock India, formerly Aspada. He also acts as the fund advisor for the SONG Fund through Aspada Capital Advisors. Formerly he was with Lightspeed Venture Partners, a global venture capital firm with over US$ 2 billion under management. He is a graduate of the Indian Institute of Technology (IIT), Madras.

Kaushik Anand

Director, A91 Partners Representative

He is a Partner at A91 Partners, a venture capital focused on growth stage companies. Previously, he was Head of India Investments at CapitalG (formerly Google Capital) where he focused on technology and financial services businesses. At CapitalG, he led investments in Aye Finance, Cardekho, Freshworks and Cuemath. He is an alumnus of Harvard Business School and IIT Madras.

Navroz Darius Udwadia

Director, Alpha Wave Representative

Mr. Navroz D. Udwadia is the Chief Executive Officer, Co-Founder and Partner at Alpha Wave (erstwhile Falcon Edge Capital, LP). Prior to this he worked with Eton Park specializing in emerging markets. He is a graduate from Columbia University (BA, English), has a law degree (MA, Law) at Oxford University and is an MBA from Harvard Business School.

Vivek Mathur

Director, Elevation Capital Representative

Mr. Vivek Mathur is an Operating Partner and joined Elevation Capital (erstwhile SAIF) in 2011. He assists portfolio companies scale by working with them on matters such as finance, operations, compliance, and structuring. He has 20 years of deep operational experience in finance, banking & strategy. Vivek has a B.E from BITS Pilani and an MBA from University of IOWA.

DIRECTORS' REPORT

To the Members of **Aye Finance Private Limited**

The Directors have immense pleasure in presenting their 31st Annual Report together with the audited financial statements of the Company for the financial year ended March 31, 2024.

COMPANY OVERVIEW

Aye Finance Private Limited ("**Company**") is a Non-Deposit Accepting Non-Banking Finance Company holding a Certificate of Registration from the Reserve Bank of India ("**RBI**") since 2014 engaged in the business to provide term loan or working capital finance to micro, small and medium scale enterprises, proprietorship or partnership firms.

In terms of RBI Master Direction – Scale Based Regulation, the Company has been classified as Middle Layer NBFC.

The Non-Convertible Debentures issued by the Company on private placement basis are listed on Wholesale Debt Market segment of BSE. In terms of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**"), the Company is categorised as High Value Debt Listed entity ("**HVD**").

The Company has also received Certificate of Registration under the Registration of Corporate Agents - Regulations, 2015 from the Insurance Regulatory and Development Authority of India ("**IRDAI**") to act as Corporate Agent effective from June 27, 2024.

As on March 31, 2024, the Company have 478 branches spread across 21 states in India. We have lent to over ~2.7 Lakh customers during the course of the year. As on March 31, 2024, the Company has 7,001 employees helping these customers pursue their dreams.

We are elated to announce our prestigious ranking as the 6th Great Place to Work. This marks the 5th consecutive time we have been ranked amongst the top 10 best places to work in India. This accolade underscores our unwavering dedication to cultivating an inspiring and supportive workplace culture. Heartfelt gratitude to our extraordinary team for making this distinguished achievement a reality. We, as a team, have achieved success, stayed positive, and found new ways to support each other in previously unimaginable ways.

FINANCIAL SUMMARY/HIGHLIGHTS, STATE OF AFFAIRS

The Company's financial performance for the year ended March 31, 2024 is summarised below:

(₹ crore)

Particulars	March 31, 2024	March 31, 2023
Revenue from operations	1,040.22	623.43
Other income	31.53	19.91
Total revenue	**1,071.75**	**643.34**
Expenses		
Employee benefit expenses	275.21	212.20
Finance costs	326.53	197.96
Impairment on Financial Assets	131.40	73.35
Depreciation and amortisation expenses	14.54	11.45
Net Loss on fair value changes	6.18	6.57
Other expenses	90.03	70.41
Total expenses	**843.89**	**571.94**
Profit before tax	**227.86**	**71.40**
Tax Expenses	66.73	17.61
Profit after tax	**161.13**	**53.79**
Other Comprehensive Income	**(0.41)**	**2.99**
Profit after tax (after OCI)	**160.72**	**56.78**
Earnings per share (equity share, par value of ₹ 10 each)		
Basic (₹)	**49.84**	**17.34**
Diluted (₹)	**49.29**	**17.13**

OPERATIONS, FUND RAISE, PROSPECTS AND FUTURE PLANS

Operational Highlights

- The Net loan portfolio of the Company stood at ₹ 4,003.12 crore as on March 31, 2024.
- Loan amount of ₹ 3,930 crore was disbursed in FY 2023-24 representing an increase of ~67% as compared to FY 2022-23.

During the period under review, the Company witnesses increase in net profit after tax of ₹ 161.13 crore as compared to ₹ 53.79 crore for the year ended March 31, 2023. Total income has increased from ₹ 643.34 crore for the year ended March 31, 2023 to ₹ 1,071.75 crore for the year ended March 31, 2024.

The Company has Long term Credit Rating maintained at India Ratings IND A-/Positive, further on July 19, 2024 rating was upgraded to IND A/Stable.

Fund raised during 2023-24:-

- Resource mobilisation -

  During the year under review, the Company has continued to diversify the sources of funds and raised a sum of ₹ 4,093.42 crore by way of Equity, Compulsory Convertible Preference Shares ("**CCPS**"), Warrants, Short & Long term loans, Non-Convertible Debentures, External Commercial Borrowings ("**ECB**") and DA/Securitisation which has helped the Company to achieve its' business target for FY 2023-24. Out of overall fund raised, ₹ 310 crore were raised through Equity, CCPS & Warrants issuances and ₹ 3,783.41 crore raised through borrowings, which includes ₹ 678.70 crore by issuance of non-convertible debentures and ₹ 1,411.50 crore by way of term loan/WCDL. The Company also raised funds through ECB route of ₹ 230.46 crore while ₹ 1,426.75 crore was raised through Direct Assignments/PTCs. The aggregate debt outstanding as on March 31, 2024 was ₹ 3,498.99 crore. The Company has been regular in servicing all its debt obligations.

- Bank Finance -

  Bank Finance remains an important source of funding for the Company. Banks continued their support to the Company. As of March 31, 2024, Borrowings from Banks were ₹ 685.33 crore (30.92%) as against ₹ 133.88 crore (18.57%) in the previous financial year.

COMPANY'S PROSPECTS, FUTURE PLANS AND BUSINESS OVERVIEW

Business Overview:

Founded in 2014, Aye Finance has carved a niche by focusing on serving the MSMEs, which struggle to secure loans from traditional banks due to a lack of credit history and collateral. The Company offers Hypothecation Loans ("**HL**") and Mortgage loans for working capital requirements to include such businesses under the formal financial system. Our business model revolves around innovative credit assessment, personalized lending and technology integration to bridge this financial gap and empower MSMEs.

The loan portfolio grew approximately 64% driven by an increase in active borrowers and geographic expansion maintaining stable net profit margins. Investments in technology and better credit assessments have enhanced operational efficiency and customer experience.

HL provided by the Company to the business borrowers are in the nature of a collateralized loan. These Loans collaterals are in the nature of inventory, receivables, livestock and machine tools etc. and are properly backed up by the HL agreement signed with the borrowers. Based on the considerate assessment and expert opinion on the Classification of the HL Product, Company has classified HL portfolio as Secured, wherever the value of Security is higher than the loan amount at the time of disbursement of the loan.

Future Outlook:

Aye Finance's innovative approach to lending has had a profound impact on India's MSME sector. The Company remains committed to support small businesses by providing access to capital to grow, creating employment opportunities and contributing to the country's economic development. As the company continues to expand and refine its business model, it stands as a shining example to drive financial inclusion and empower small entrepreneurs in emerging economies.

RESERVE

An amount of ₹ 32.23 crore, being 20% of the profit after tax (PAT) was transferred to statutory reserve of the Company pursuant to Section 45IC of the Reserve Bank of India Act, 1934. Further, an additional amount of ₹ 4.70 crore has been transferred to Share option outstanding account during the year under review.

DIVIDEND

To grow the business line of the Company, the Directors have not recommended any dividend on equity shares for the year ended March 31, 2024.

CAPITAL STRUCTURE

Authorised Share Capital

During the year under review, Authorised Share Capital of the Company is increased from ₹ 34.60 crores consisting of 55,00,000 Equity Shares having face value of ₹ 10 each & 2,91,00,000 Preference Shares having face value of ₹ 10 each to ₹ 45.31 crores consisting of 67,30,000 Equity Shares having face value of ₹ 10 each, 2,91,00,000 Preference Shares having face value of ₹ 10 each and 47,40,000 Preference Shares having face value of ₹ 20 each, vide Shareholders approval in Extra-Ordinary General Meeting held on November 17, 2023.

Further, after March 31, 2024 the Authorised Capital of the Company was also increased from ₹ 45.31 crores consisting of 67,30,000 Equity Shares having face value of ₹ 10 each, 2,91,00,000 Preference Shares having face value of ₹ 10 each and 47,40,000 Preference Shares having face value of ₹ 20 each to ₹ 82 crores consisting of 4,34,20,000 Equity Shares having face value of ₹ 10 each, 2,91,00,000 Preference Shares having face value of ₹ 10 each and 47,40,000 Preference Shares having face value of ₹ 20 each, vide Shareholders approval in Extra-Ordinary General Meeting held on August 16, 2024.

Paid-up Capital

As on March 31, 2024, Paid-up capital of the Company stood at ₹ 40,49,14,560 consisting of 48,30,520 Equity Shares having face value of ₹ 10 each, 2,61,82,448 Preference Shares having face value of ₹ 10 each and 47,39,244 Preference Shares having face value of ₹ 20 each.

During the year under review, the Company had raised an amount of ₹ 310 crore by way of issuance of 20 Equity Shares having face value of ₹ 10 each at a premium of ₹ 644.11 and 47,39,244 Series F Compulsory Convertible Preference Shares having face value of ₹ 20 each at a premium of ₹ 634.11 to the existing and new shareholders in accordance with Amended and Restated Shareholders' Agreement dated December 06, 2023.

DEPOSITS

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

CHANGE IN THE NATURE OF BUSINESS

There was no change in the nature of the business of the Company during the financial year ended March 31, 2024.

RISK MANAGEMENT

Risk Management is an integral part of the Company's business strategy. The risk management process is governed by the enterprise-wide risk management framework which is overseen by the senior management. They review compliance with risk policies, monitor risk tolerance limits, review and analyse risk exposure related to specific issues and provides oversight of risk across the organisation.

The Board of Directors have adopted a Risk Management Policy for the Company which provides for identification of key events/risks impacting the business objectives of the Company and attempts to develop risk policies and strategies to ensure timely evaluation, reporting and monitoring of key business risks.

The risk management framework covers integrated risk management mainly comprising Credit Risk, Market Risk, Operational Risk, Regulatory Risk and Information Technology Risk. The Credit Risk management structure includes documented credit policies and procedures for each financial product. The risk policies define prudential limits, portfolio criteria, exceptional approval metrics, etc. and cover risk assessment for new product offerings. Concentration Risk is managed by diversifying into different geographies and sectors.

Risks associated with frauds are mitigated through fraud risk monitoring procedures. The Company has a strong field vigilance function that ensures checks and balances at the field level with respect to end use of loans, adherence to policies and sourcing practices. Fraud risk is monitored through oversight by senior management, who review matters relating to fraud risk, including corrective and remedial actions as regards people and processes.

Pursuant to Regulation 21 of SEBI Listing Regulations, the Company has a Risk Management Committee which is responsible for monitoring and reviewing the risk management plan & ensuring its effectiveness. Risk Committee meets at least once in every quarter to assess and review the risk profile of the organisation to ensure that risk is not higher than the risk appetite determined by the Board.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company's internal control system is designed to ensure operational efficiency, protection and conservation of assets, accuracy in financial reporting and an overall compliance with laws and regulations. The internal control system is supported by an internal audit process for reviewing the adequacy and efficacy of the Company's internal controls, including its systems and processes and compliance with regulations and procedures. The Company's internal control system is commensurate with the size, nature and operations of the Company.

The Company has in place strong internal audit processes and systems which design an audit plan to ensure optimum portfolio quality and keep risks at bay. Internal Audit department takes care of internal control processes. There is a risk based audit methodology covering all key functions of the Company, planned based on various risk based parameters. The Audit Committee of the Board of Directors, comprising of Independent Directors, periodically reviews the internal audit reports, covering findings, adequacy of internal controls, and ensure compliances. The Audit Committee also meets the Company's Statutory Auditors to ascertain their views on the financial statements, including the financial reporting system, compliance to accounting policies and procedures, adequacy and effectiveness of the internal controls and systems followed by the Company. Information System Security Controls enable the Company to keep a check on technology-related risks and also improve business efficiency and distribution capabilities. the Company is committed to invest in IT systems, including back-up systems, to improve the operational efficiency, customer service and decision-making process.

MATERIAL EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS

There are no material changes and commitments affecting adversely the financial position of the Company, which have occurred between the end of the financial year of the Company i.e. March 31, 2024 and the date of this report except mentioned under respective headings.

SUBSIDIARY, ASSOCIATE AND JOINT VENTURE COMPANIES

As on March 31, 2024, the Company had only 1 (one) Wholly Owned Subsidiary i.e. Foundation for Advancement of Micro Enterprises (**"FAME"**), incorporated under Companies Act, 2013 as Section 8 Company. Further, there are no associate or Joint Venture Companies within the meaning of Section 2(6) of the Companies Act, 2013 as on March 31, 2024.

There has been no material change in the nature of the business of the subsidiary.

Further, a statement containing salient features of the financial statements of the Subsidiary Company in Form AOC-1, which form part of this Report as **Annexure-A** pursuant to Rule 8(1) of the Companies (Accounts) Rules, 2014, as amended.

CORPORATE SOCIAL RESPONSIBILITY

In compliance with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014, as amended from time to time, the Company has established the Corporate Social Responsibility Committee and the composition, function and details of meetings attended by the Committee Members are provided in the Corporate Governance Report which forms part of the Annual Report. The Board adopted the CSR Policy, formulated and recommended by the CSR Committee, and the same is available at https://www.ayefin.com/policies/.

During the period under review, the Company has contributed ₹ 1 crore to Foundation for Micro Enterprises (FAME), wholly owned subsidiary of the Company, which is a not-for-profit company, within the meaning of Section 8 of the Companies Act, 2013 (erstwhile Section 25 of the Companies Act, 1956), was incorporated in India on April 04, 2019. FAME carries out CSR activities under the direction and CSR Policy adopted by the Company in line with the Schedule VII of the Companies Act, 2013. The Company primarily focuses on projects or programs that include promoting and development of (a) livelihoods; (b) rural development; (c) skill development; & (d) and benefit of the socially weaker section.

FAME is dedicated to building the capabilities of micro-entrepreneurs promoting sustainable economic growth. FAME recognizes that micro-entrepreneurs are the backbone of the economy and by empowering them, it strives to create a positive impact on society. Through skill development, training on manufacturing quality products, adoption of effective marketing techniques and a focus on women empowerment, FAME is creating a sustainable inclusive ecosystem that eliminates poverty and fosters economic growth at the grassroots level.

As per amended CSR Rules and CSR Policy of the Company, the funds required to be disbursed have been utilised for the purposes and in the manner as approved by the Board of Directors of the Company and confirmation to this effect have been received from Mr. Krishan Gopal, Chief Financial Officer and Ms. Sheena Sakhuja, Officer in-charge for CSR in the Company and such confirmations have been duly noted by the Board in its meeting held on May 24, 2024.

Key initiatives under each thematic area and the Annual Report on CSR under Section 135 of the Companies Act, 2013 read with Rule 8 of the Companies (Corporate Social Responsibilities Policy) Rules, 2014, is annexed as **Annexure-B** to this Report and the same is available on the website of the Company i.e. www.ayefin.com.

AUDIT COMMITTEE

The Company has an Audit Committee duly constituted in accordance with the provisions of Section 177 of the Companies Act, 2013, Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("**SEBI Listing Regulations**"). All the members of the Committee have expertise in finance and have knowledge of accounting and financial management. The scope of the activities of the Audit Committee, as set out in Regulation 18 of SEBI Listing Regulations and Section 177 of the Companies Act, 2013 and other applicable laws, are approved by Board of Directors of the Company. The composition of the Audit Committee & its terms of reference and the details of meetings attended by the Audit Committee members are provided in Corporate Governance Report which forms part of the Annual Report.

During the year under review, all the recommendations of the Audit Committee were accepted by the Board of Directors of the Company.

DIRECTORS RESPONSIBILITY STATEMENT

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

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

ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2024 and of the profit/loss of the Company for the year ended March 31, 2024;

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

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

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

AUDITORS & AUDITORS' REPORT

Statutory Auditors & their reports

Pursuant to the guidelines issued by RBI on April 27, 2021 for appointment of Statutory Central Auditors (SCAs)/ Statutory Auditor (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) vide its circular No. RBI/2021-22/25 Ref. No DoS.CO.ARG/SEC.01/08.91.001/2021-22 ("**RBI Circular**"), the Company is required to appoint the Statutory Auditors for a continuous period of 3 (three) years subject to the firm satisfying the eligibility norms. As our existing Auditors M/s. S. R. Batliboi & Associates LLP, Chartered Accountants (Firm Registration No. 101049W/E300004) had completed their term of 3 (three) years as a Statutory Auditors of the Company, therefore in terms of the aforesaid RBI Circular, they were not eligible to continue as Statutory Auditor from the conclusion of 30th Annual General Meeting of the Company.

Further, the Board of Directors of the Company had recommended the appointment of M/s S S Kothari Mehta & Co. LLP (formerly known as S S Kothari Mehta & Co.), Chartered Accountants, New Delhi, (Firm Registration No. 000756N/N500441) issued by Institute of Chartered Accountants of India, having a valid Peer Review Certificate issued by the Peer Review Board of ICAI, as the Statutory Auditors of the Company on the recommendation of the Audit Committee, for a term of three (3) years.

Accordingly, M/s S S Kothari Mehta & Co. LLP (formerly known as S S Kothari Mehta & Co.), Chartered Accountants, New Delhi, (Firm Registration No. 000756N/N500441), have been appointed as the Statutory Auditors of the Company at the 30th Annual General Meeting ("**AGM**") of the Company held on September 29, 2023, on the recommendation of Audit Committee and Board of Director's in conformity with the provisions of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (includes amendments thereto) and in accordance with the aforesaid RBI Circular read with the Company's policy on Appointment of Statutory Auditors for a period of 3 (three) years from the conclusion of the AGM (for F.Y. 2022-23) till the conclusion of the 33rd AGM (for F.Y. 2024-25) subject to the applicable provisions from time to time.

The Statutory Auditors have confirmed that they are not disqualified from continuing as the Statutory Auditors of the Company.

The Auditors' Report for the financial year 2023-24 does not contain any qualification, reservation, adverse remark or disclaimer. Further, there were no instances of any fraud reported by the Statutory Auditor to the Board pursuant to Section 143 (12) of the Companies Act, 2013.

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

Secretarial Auditors & their Report:

In terms of Section 204 of the Companies Act, 2013 read with Rules framed thereunder, the Company is required to appoint Secretarial Auditors to carry out the secretarial audit of the Company.

M/s Brajesh Kumar & Associates, Company Secretaries has been with the Company from past many years. However, for good corporate governance and to align with Company's future plans, it was decided to rotate the existing Secretarial Auditors and after careful evaluation with experience in auditing listed companies and NBFCs and based on the recommendation of the Audit Committee, the Company had appointed M/s Sanjay Grover & Associates, Company Secretaries as Secretarial Auditors of the Company for the financial year 2024-25 in its meeting held on May 24, 2024.

The Company has provided all the assistance and the facilities to the Secretarial Auditors for conducting the Secretarial Audit. Secretarial Audit Report as provided by M/s Brajesh Kumar & Associate is also annexed to this Report, in the prescribed Form No. MR-3, as **Annexure-C**. The Secretarial Audit Report does not contain any qualification, reservation, adverse remarks, or disclaimer.

The Board has placed on record its sincere appreciation for the services rendered by M/s. Brajesh Kumar & Associates, Company Secretaries as Secretarial Auditors of the Company for the Financial Year 2023-24.

FRAUDS REPORTED BY AUDITORS

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

However, there have been few instances of embezzlement of cash by staff, involving amount to aggregating to ₹ 0.42 crore. In such cases, employees were terminated from their services and legal action has also initiated against such employees.

NUMBER OF MEETINGS OF THE BOARD

The Board of Directors met 11 (eleven) times during the year under review. The details of the same have been included in the Corporate Governance Report, which forms part of the Annual Report.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Board of Directors

The Board of Directors, along with the Committees of the Board, provides leadership and guidance to the Company's Management and directs, supervises and controls the activities of the Company.

As on March 31, 2024, the Board of Directors of the Company consists of 8 (eight) Directors. The details are as follows:

S. No.	Name of Directors	Category
1.	Dr. Govinda Rajulu Chintala*	Chairperson, Non-Executive & Independent Director
2.	Mr. Sanjaya Gupta	Non-Executive & Independent Director
3.	Ms. Kanika Tandon Bhal	Non-Executive & Independent Director
4.	Mr. Sanjay Sharma	Managing Director
5.	Mr. Kartik Srivatsa	Non-Executive & Non-Independent Director
6.	Mr. Kaushik Anand Kalyana Krishnan	Non-Executive & Non-Independent Director
7.	Mr. Vivek Kumar Mathur	Non-Executive & Non-Independent Director
8.	Mr. Navroz Darius Udwadia	Non-Executive & Non-Independent Director

**Designated as Chairperson of the Board effective from January 05, 2024.*

During the year under review, Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company. The Independent Directors were paid sitting fees for attending each meeting of the Board of Directors or any Committee thereof in accordance with the limit as approved by Board and Nomination & Remuneration Committee of the Company.

The Composition of the Board is in accordance with Section 149 of the Companies Act, 2103 and Regulation 17 of SEBI Listing Regulations with an optimum combination of Executive & Non-Executive Directors. The change in the Board of Directors during the financial year upto the date of this report are as follows:

- **Appointment/Re-appointment:**

  Appointment of Independent Directors

  Based on the recommendation of Nomination and Remuneration Committee & Board of Directors, Members of the Company at their Extra-Ordinary General Meeting held on September 01, 2023 had approved the appointment of following directors as Non-Executive & Independent Director of the Company for a term of 5 (five) consecutive years effective from September 01, 2023:

  - Dr. Govinda Rajulu Chintala (DIN: 03622371)
  - Mr. Sanjaya Gupta (DIN: 02939128)
  - Ms. Kanika Tandon Bhal (DIN: 06944916)

  Further, Based on the recommendation of Nomination and Remuneration Committee & Board of Directors, Members of the Company at their Extra-Ordinary General Meeting held on August 16, 2024 had approved the appointment of Mr. Vinay Baijal (DIN: 07516339) as an Independent Director for a term of 5 (five) consecutive years, not liable to retire by rotation, effective from August 16, 2024 and in accordance with Regulation 17(1A) of SEBI Listing Regulations, to continue as an Independent Director beyond June 15, 2026, on account of his attaining the age of 75 years on the said date.

  The Board is of the opinion that above directors are the person of integrity, expertise, and possess competent experience and proficiency to serve the Company as an Independent Directors that can strengthen the overall composition of the Board.

  Appointment of Non-Executive & Non-Independent Director

  Pursuant to Amended and Restated Shareholders Agreement dated December 06, 2023, Investors have a right to nominate and maintain 1 (one) Nominee Director on the Board of the Company.

  In view of the above, British International Investment plc (“**BII**”) had recommended **Mr. Gaurav Malhotra (DIN: 07640504)** as its Director (representative of BII), to be appointed in the Board of the Company. Basis that Nomination and Remuneration Committee & Board after considering the fit & proper criteria recommended the appointment of Mr. Gaurav to the Members of the Company. The members in its Extra-Ordinary General Meeting held on June 26, 2024 had approved the appointment of Mr. Gaurav Malhotra (DIN: 07640504) as Non-Executive & Non-Independent Director of the Company, not liable to retire by rotation, for a term of 5 (five) consecutive years effective from June 26, 2024.

- **Resignation/Cessation:**

  During the year under review, the following Non-Executive & Independent Directors of the Company were resigned from the Company effective from September 02, 2023:

  - Ms. Arpita Pal Agrawal (DIN: 08588528)
  - Mr. Navin Kumar Maini (DIN: 00419921)
  - Mr. Vinay Baijal (DIN: 07516339)

  The Board place on its record its appreciation for the valuable contribution of above Directors in the sustained growth of the Company during their tenures.

- **Continuation of Non-Retiring Director**

  In compliance with sub-regulation 17(1D) of the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2023, effective from April 01, 2024, the continuation of a director on the Board of a listed entity requires shareholder approval in a general meeting at least once every five years from their appointment or reappointment date.

  Additionally, any director serving on the Board as of March 31, 2024, who has not received shareholder approval within the last five years or more, must obtain such approval at the first general meeting held after March 31, 2024.

In view of the above requirement, on the recommendation of Nomination and Remuneration Committee & Board of Directors, the Members of the Company at their Extra-Ordinary General Meeting held on June 26, 2024 had approved the continuity of Directorship of following directors on the Board, for a period of 5 (five) years and not liable to retire by rotation:

(i) Mr. Navroz Darius Udwadia (DIN: 08355220) as Non-Executive & Non-Independent Director of the Company representing Alpha Wave India I LP.

(ii) Mr. Vivek Kumar Mathur (DIN: 03581311) as Non-Executive & Non-Independent Director of the Company representing Elevation Capital V Limited.

(iii) Mr. Kartik Srivatsa (DIN: 03559152) as Non-Executive & Non-Independent Director of the Company representing LGT Capital Invest Mauritius PCC with Cell E/VP.

(iv) Mr. Kaushik Anand Kalyana Krishnan (DIN: 07719742) as Non-Executive & Non-Independent Director of the Company representing A91 Emerging Fund I LLP.

B. Key Managerial Personnel

As on March 31, 2024, Mr. Sanjay Sharma, Managing Director, Mr. Krishan Gopal, Chief Financial Officer and Ms. Tripti Pandey, Company Secretary, Compliance Officer & CCO are the Key Managerial Personnel of the Company in accordance with the provisions of Sections 2(51) and 203 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

During the year under review, Mr. Sanjay Sharma's current term as Managing Director of the Company was going to expire on July 4, 2024. Under his commendable leadership, the Company has seen significant growth and achieved impressive results, even with the challenges brought on by the nearly two-year Covid pandemic. Recognizing the need for ongoing progress and aligning with future plans, the members on the recommendation of Nomination and Remuneration Committee and the Board of Directors approved the reappointment of Mr. Sanjay Sharma at the Extra-Ordinary General Meeting held on June 26, 2024, for another consecutive term of 5 (five) years, effective from July 5, 2024 to July 4, 2029 (both days inclusive).

Further, Mr. Krishan Gopal was appointed as Chief Financial Officer and Key Managerial Personnel of the Company effective July 07, 2023, succeeding Mr. Mayank Shyam Thatte, who resigned effective May 24, 2023 (close of business hours) due to personal reasons.

Furthermore, Mr. Vipul Sharma was appointed as Company Secretary, Compliance Officer, and CCO (Key Managerial Personnel) effective May 25, 2024, succeeding Ms. Tripti Pandey and she continues to serve as Deputy Company Secretary of the Company. The Board place on its record its appreciation for the valuable contribution of Ms. Tripti in the sustained growth of the Company during her tenure.

DECLARATION BY INDEPENDENT DIRECTORS

All the Independent Directors and there is an appropriate balance of skills, experience and knowledge in the Board to enable the Board to discharge its functions and duties effectively. The Independent Directors have submitted disclosure that they continue to meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI Listing Regulations and they are not aware of any circumstance or situation, which exists or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence.

In the opinion of the Board of Directors, the Independent Directors fulfil the conditions specified in the Companies Act, 2013 and rules made thereunder for appointment as Independent Directors including the integrity, expertise and experience & confirm that they are independent of the management.

In terms of Section 150 of the Act read with Rule 6(1) and 6(2) of the Companies (Appointment and Qualification of Directors) Rules, 2014, the Independent Directors of the Company have also confirmed that they have registered themselves with the databank maintained by the Indian Institute of Corporate Affairs.

COMPLIANCE WITH RBI GUIDELINES

The Company has complied and continues to comply with Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 ("**RBI Scale Based Regulation**"), as amended from time to time [earlier Non-Banking Financial Company– Non-Systemically Important Non-Deposit taking (Reserve Bank) Directions, 2016] and all the applicable regulations and guidelines issued by RBI such as Capital Adequacy, Net Owned Funds, provisioning for Non-Performing Assets and for Standard Assets, Concentration of Credit and Investment and filings, etc.

The Company continues to fulfil all the norms and standards laid down by the RBI pertaining to capital adequacy, statutory liquidity assets etc. The Capital Adequacy Ratio ("**CAR**") of the Company was 32.79% as on March 31, 2024 which is well above the RBI mandated norm.

In accordance with the above RBI Scale Based Regulation, the Company is classified under the **Middle Layer NBFC** category.

COMPLIANCE WITH SECRETARIAL STANDARDS

All applicable mandatory Secretarial Standards i.e. SS – 1, SS – 2 relating to 'Meetings of the Board of Directors', and 'General Meetings' (as amended from time to time) issued by the Institute of Company Secretaries of India have been duly complied by the Company during the period under review.

POLICIES

- **VIGIL MECHANISM/WHISTLE BLOWER**

  The Company is committed to highest standards of ethical, moral and legal business conduct. Accordingly, the Board of Directors has established a Vigil Mechanism through Whistle Blower Policy which is in compliance with the provisions of Sections 177(9) & (10) of the Companies Act, 2013 read with rule 7 of Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 22 of SEBI Listing Regulations. The Policy provides adequate safeguard against victimisation to the Whistle Blower and enables them to raise concerns and also provides an option of direct access to the Chairman of Audit Committee. During the period under review, none of the personnel have been denied access to the Chairman of the Audit Committee.

  During the period under review, no complaints were received by the Company under the vigil mechanism.

  The Whistle Blower Policy is also available at https://www.ayefin.com/policies/

- **NOMINATION AND REMUNERATION POLICY**

  In order to set our principals, parameters and governance framework of the remuneration for Directors, Manging Director, Key Managerial Personnels and employee of the Company and in terms of Section 178 of the Companies Act, 2013, Regulation 19 of SEBI Listing Regulations and RBI Master Direction - Scale Based Regulations dated October 19, 2023, as amended from time to time, the Company has in place Nomination and Remuneration Policy which contains appointment, reappointment, removal and remuneration including criteria for determining qualifications, positive attributes of Director & Key Managerial Personnels.

  The Nomination and Remuneration Policy is also available at https://www.ayefin.com/policies/

  The composition of the Nomination and Remuneration Committee & its terms of reference and the details of meetings attended by the Nomination and Remuneration Committee members are provided in Corporate Governance Report which forms part of the Annual Report.

DETAILS OF SIGNIFICANT OR MATERIAL ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNAL

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

COST RECORDS AND COST AUDIT

Maintenance of cost records and requirement of Cost Audit as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 is not applicable on the Company.

HUMAN RESOURCES

As on March 31, 2024, the Company had 7,001 permanent employees at its branches, regional office and Head office. The Company recognises the importance of human value and ensures that proper encouragement both moral and financial is extended to employees to motivate them. The Company enjoyed excellent relationship with workers and staff throughout the year.

DIRECTORS' REPORT (CONTD.)

ENERGY CONSERVATION & TECHNOLOGY ABSORPTION

<table>
<tr><td>(A) Conservation of Energy:
(i) the steps taken or impact on conservation of energy:
(ii) the steps taken by the Company for utilising alternate sources of energy:
(iii) the capital investment on energy conservation equipment's:</td><td>The operations of the Company, being Financial Services related, require normal consumption of electricity. The Company is taking every necessary step to reduce the consumption of energy. In view of the nature of activities carried on by the Company, there is no capital investment on energy conservation equipment.

The Company, being engaged in financing business within the Country, does not have any activity relating to conservation of energy. The Directors, therefore, have nothing to report on investment in equipment for conservation of energy.</td></tr>
<tr><td>(B) Technology Absorption:
(i) the efforts made towards technology absorption:
(ii) the benefits derived like product improvement, cost reduction, product development or import substitution:
(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year):
(iv) the expenditure incurred on Research and Development:</td><td>The Company has seen successful implemented Lead Management, Loan Origination, Collection Management, Navision ERP and Data Warehouse systems. The Company has also adopted the policies as per the RBI master directions applicable on Systemically Important NBFCs. With new systems in place, the Company has achieved seamless flow of data across various systems, making information flow faster, more robust and reliable. The Company has also set up the Data Science department.

The initiatives by Data Science and Artificial Intelligence (DSAI) department are focusing on use cases to help data-driven decision-making using data-insights, AI/ML models, and intelligent automation of processes. In addition to a couple of initial projects including a machine learning model for behavioural scoring of customers. The Company has also initiated working on streamlining and collating data from multiple systems and sources into a coherent repository – a data lake which would be a key enabler infrastructure for many of the future DSAI projects allowing seamless access to most of the data generated across the organisation in a timely manner.

The Company, being engaged in financing business within the Country, does not have any activity relating to technology absorption and export of materials, goods or services. The Directors, therefore, have nothing to report on Technology absorption.</td></tr>
<tr><td>(C) Foreign Exchange Earnings and Outgo</td><td>The Foreign Exchange earnings and Foreign Exchange outgo during the year under review are as below:
<table><tr><th>Particulars</th><th>Amount (₹ in crore)</th><th>Purpose</th></tr><tr><td>Foreign Exchange Earnings</td><td>1.27</td><td>Grant received</td></tr><tr><td>Foreign Exchange Outgo</td><td>22.04</td><td>IT related expenses, Subscription fee, Appraisal fee, Depository charges & ECB Interest payment</td></tr></table>There was no unhedged foreign currency exposure in the Company as on March 31, 2024.</td></tr>
</table>

EMPLOYEE STOCK OPTION PLAN

The Company has adopted the Aye Finance Employee Stock Option Plan, 2024 (ESOP 2024) which was approved by the Board of Directors in their meeting held on June 25, 2024 and by the shareholders of the Company by way of special resolution in their Extra-Ordinary General Meeting held on June 26, 2024.

Nomination and Remuneration Committee (NRC) is empowered to formulate the detailed terms and conditions of the ESOP 2024, administer and supervise the same. The eligible employees of the Company to whom the options are granted, and their eligibility criteria is determined by the NRC.

Details of ESOP disclosure pursuant to Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 and the provisions of Section 62 of the Companies Act, 2013 read with rules framed thereunder as on March 31, 2024 are appended below:

Sr. No.	Particulars	ESOP 2016	ESOP 2020
1.	Options granted	6,01,303	10,99,630
2.	Options vested during the year	3,44,750	2,46,741
3.	Options exercised	-	-
4.	The total number of shares arising as a result of exercise of option	NA	NA
5.	Options lapsed/Surrendered	3,01,164	1,19,836
6.	The exercise price	NA	NA
7.	Variation of terms of options	NA	NA
8.	Money realised by exercise of options	NA	NA
9.	Total number of options in force	3,00,139	9,79,794
10.	Details of options granted to:		
	(i) Key Managerial Personnel		
	Options Granted:	5,055	69,604
	Options Vested:	3,539	1,469
	Options lapsed/Surrendered:	3,286	-
	Total number of options in force:	1,769	69,604
	(ii) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year	Nil	Nil
	(iii) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	Nil	Nil

PERFORMANCE EVALUATION

Pursuant to the provisions of Section 178 of the Companies Act, 2013 read with rules made thereunder, Regulation 17(10) read with Part D of Schedule II of SEBI Listing Regulations, the Nomination and Remuneration Committee and Board of Directors have specify the criteria or manner for effective evaluation formulated a policy for performance evaluation (same is covered under the Nomination and Remuneration Policy of the Company) of its own performance, of various mandatory Committees of the Board and of the individual Directors.

Further, in terms of the provisions of Regulation 19(4) read with Part D of SEBI Listing Regulations. In view of the Board approved Nomination and Remuneration Policy, the Independent Directors in their separate meeting held on March 27, 2024 under Schedule IV of the Companies Act, 2013 had:

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

ii. reviewed the performance of the Chairperson of the Company, taking into account the views of executive and non-executive Directors; and

iii. Assessed the quality, quantity and timelines of flow of information between the Company management and the Board that was necessary for the Board to effectively and reasonably perform their duties.

Further, in terms of the provisions of Section 178 of the Companies Act, 2013 read with rules made thereunder and Regulation 19(4) read with Part D of Schedule II of SEBI Listing Regulations, the performance evaluation process of all the Independent and Non-Independent Directors of the Company were carried out by the Nomination and Remuneration Committee in its meeting held on March 20, 2024 and made recommendation to the Board.

Further, in terms of Regulation 17(10) of SEBI Listing Regulations and Schedule IV of the Companies Act, 2013, the Board of Directors took into consideration the recommendation received from the Nomination and

Remuneration Committee and completed the performance evaluation process in their meeting held on March 27, 2024.

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

ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3)(a) of the Companies Act, 2013 read with Rule 12 of the Companies (Management & Administration) Rules, 2014, copy of Annual Return for the financial year ended March 31, 2024 is available on the website of the Company at https://www.ayefin.com/wp-content/uploads/2024/09/Annual-Return_MGT_7_2023-24.pdf.

PARTICULARSOFLOANS,GUARANTEESORINVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

Since, the Company is Non-Banking Financial Company, the disclosures regarding particulars of the loans given, guarantees given and security provided is exempt under the provisions of Section 186(11) of the Companies Act, 2013 read with rules made thereunder, as amended. Further, the details of investments made by the Company are given in the Notes to the Financial Statements.

PARTICULARS OF RELATED PARTY TRANSACTIONS

The Company has Board approved Related Party Transaction Policy and Policy on Determining Materiality of Related Party Transactions (RPT Policy). The Policy provides for identification, necessary approvals by the Audit Committee/Board, reporting and disclosure requirements in compliance with the requirements of the Companies Act, 2013 and SEBI Listing Regulations. During the year under review, the Company has revised its RPT Policy, in accordance with the amendments to applicable provisions of the Act/SEBI Listing Regulations.

All transactions entered by the Company during the financial year with related parties were on arms' length basis and in the ordinary course of business as per the RPT Policy of the Company and in compliance with the provisions of the Companies Act, 2013 and SEBI Listing Regulations

During the year under review, the Company has not entered into any contracts/arrangement/transaction with related parties which could be considered material in accordance with Regulation 23 of the SEBI Listing Regulations and the RPT Policy of the Company. The RPT Policy may be accessed on the website of the Company and the web-link of the same is https://www.ayefin.com/policies/

The details of the related party transactions as per Indian Accounting Standards (IND AS) - 24 are set out in Notes to the Financial Statements of the Company.

The Company in terms of Regulation 23 of the SEBI Listing Regulations regularly submits within the prescribed time from the date of publication of its financial results for the half year, disclosures of related party transactions in the format specified, to the stock exchange(s).

The disclosure of Related Party Transactions as required under Section 134(3)(h) of the Act in form AOC-2 is not applicable.

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

The Company has always believed in providing a safe and harassment-free workplace for every individual working on the Company's premises through various interventions and practices. The Company always endeavours to create and provide an environment that is free from discrimination and harassment including sexual harassment.

The Company has in place a robust policy on the prevention of sexual harassment in the workplace. The policy aims at the prevention of harassment of employees and lays down the guidelines for identification, reporting, and prevention of sexual harassment.

There is an Internal Complaints Committee (ICC) which is responsible for redressal of complaints related to sexual harassment and follows the guidelines provided in the policy. During the year ended March 31, 2024, there was no case reported to the committee.

OTHER DISCLOSURES

- There are no details required to be reported with regards to difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions as the Company has not done any settlement with any Bank or Financial Institutions since its inception.
- The Company has neither filed any application nor any proceedings pending under the Insolvency and Bankruptcy Code, 2016 during the reporting year, hence no disclosure is required under this section.
- The Company has not issued any sweat equity shares or equity shares with differential voting rights during the year.

ACKNOWLEDGEMENT

The Board of Directors wish to place on record their sincere appreciation for the continued support and cooperation received from shareholders, bankers, other stakeholders, various regulatory & government authorities and employees of the Company. Your support as shareholders of the Company is greatly valued by us. Board acknowledges your continued association and support in the growth of the organisation.

For and on behalf of the Board of Directors of
Aye Finance Private Limited

Sd/-	Sd/-
Govinda Rajulu Chintala	**Sanjay Sharma**
Chairperson & Independent Director	Managing Director
DIN: 03622371	DIN: 03337545
Place: Hyderabad	Place: Gurugram

Date: September 19, 2024

ANNEXURE-A

FORM AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part A: Subsidiaries

(₹ In lakh)

Sl. No.	Particulars	Details
1.	Name of the subsidiary	Foundation for Advancement of Micro Enterprises ("FAME"), registered under Section 8 of the Companies Act, 2013
2.	The date since when subsidiary was acquired/incorporated	04-04-2019
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A.
4.	Reporting currency and Exchange rate as on March 31, 2024 in the case of foreign subsidiaries	N.A.
5.	Share capital	- Authorised Share Capital- 100
6.	Reserves & surplus	6.65
7.	Total assets	36.65
8.	Total Liabilities	36.65
9.	Investments	NA
10.	Turnover	NA
11.	Surplus/(Deficit) before taxation	2.52
12.	Provision for taxation	NA
13.	Surplus/(Deficit) after taxation	2.52
14.	Proposed Dividend	NA
15.	Extent of shareholding (in %)	100%

Part B: Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of associates/Joint Ventures	Not Applicable			
1. Latest audited Balance Sheet Date				
2. Shares of Associate/Joint Ventures held by the company on the year end				
No.				
Amount of Investment in Associates/Joint Venture				
Extend of Holding%				
3. Description of how there is significant influence				
4. Reason why the associate/joint venture is not consolidated				
5. Net worth attributable to shareholding as per latest audited Balance Sheet				
6. Profit/Loss for the year				
i. Considered in Consolidation				
ii. Not Considered in Consolidation				

For and on behalf of Board of Directors of
Aye Finance Private Limited

Sd/-	Sd/-
Govinda Rajulu Chintala	**Sanjay Sharma**
Chairperson & Independent Director	Managing Director
DIN: 03622371	DIN: 03337545
Place: Virginia, USA	Place: Gurugram

Date: May 24, 2024

ANNEXURE-B

ANNUAL REPORT ON CSR ACTIVITIES FOR FINANCIAL YEAR 2023-24

1. **Brief outline on CSR Policy of the Company:**

There are 60 Million un-organised businesses in India that make 70% of all businesses. Thriving micro-businesses means more jobs for more people, especially women, young people and vulnerable groups. Supporting micro-businesses will boost progress on more than half of United Nations SDGs. Aye has incorporated FAME (Foundation for Advancement of Micro Enterprises) to harness the capabilities of the micro-enterprise sectors in India through beyond financing support. FAME, a no profit organisation within the meaning of Section 8 of the Companies Act, 2013, was incorporated in Haryana, India on April 04, 2019. The Foundation carries out CSR activities in the thematic areas of skilling, livelihood, and promoting gender equality & empowering women which are in line with Schedule VII of the Companies Act, 2013.

FAME is dedicated to building the capabilities of micro-entrepreneurs promoting sustainable economic growth. FAME recognises that microentrepreneurs are the backbone of the economy, and by empowering them, it strives to create a positive impact on society. Through skill development, training on manufacturing quality products, adoption of effective marketing techniques and a focus on women empowerment, FAME is creating a sustainable inclusive ecosystem that eliminates poverty and fosters economic growth at the grassroots level.

2023-24 was FAMEs 5th year of operations and the impact the Foundation created and the partners that were onboarded during the year made it a watershed year.

In addition to financial support committed by the Company, FAME received a three-year project and approval of ₹ 4.6 crore from Hindustan Unilever to expand the reach and impact of FAME's Dairy Development Project. Charities Aid Foundation Limited India collaborated with FAME and provided a grant of ₹ 12.16 lakh to build the Shoe Artisan Project. FAME also signed an MOU with AMUL (Banas Kantha) to open milk collection centers for the Dairy Farmers in Mathura and provide them with fair pricing and reduce their dependence on the middleman.

FAME since its inception has worked with over 1 lac beneficiaries in 4 States of UP, Rajasthan, Punjab and Haryana and provided tangible outcomes in the form of livelihood opportunities, increased incomes, reduced expenses which has led to an improved standard of living for their families and the community at large.

PROGRAMS UNDER IMPLEMENTATION

1. FAME'S DAIRY DEVELOPMENT PROGRAM

FAME instituted this Program in 2019 to address the challenges dairy farmers in rural and semi urban geographies face which restrict their progress along with constricting the development of the entire sector. In India dairying is an important secondary source of income for Millions of rural families and has assumed the most important role in providing employment and income generating opportunities, particularly for marginal and women farmers. But the Indian Dairy Farmer continues to struggle with various challenges – disease and feed management of their farm and sub optimal profits due to sub optimal scale being the gravest of their concerns.

FAME in the last five years has addressed these challenges for over 90,000 Dairy Farmers in Mathura, Meerut, Hapur, Modi Nagar, Sumerpur, Etah, Orai, Hissar, Alwar, Sikar, Bharatpur, Nabha and Rajpura through collaboration with Amul to open fair price milk collection centers, opening of subsidised shops for dairy inputs and by providing treatment and advisory through certified doctors.

During 2023-24 FAME delivered the following for the beneficiaries in the dairy sector

1. Conducted over 850 Awareness and Doorstep Veterinary camps
2. Free of cost treatment to 26,000 cattle
3. 34 FAME Service Centers are operational through which:
    a) 3.68 lakh kg of dairy inputs of over ₹ 1.08 crore were sold
    b) ₹ 20.50 lakh of savings generated for the beneficiaries
4. 17 Milk Collection Centers opened in collaboration with AMUL (Banas Kantha) through which:
    a) Over 6.36 lakh liters of milk was sold
    b) ₹ 3.20 crore of revenue generated for the beneficiaries.

c) Total Benefit of ₹ 51.36 lakh generated for the beneficiaries.

d) An improvement of 20.18% over the middleman price

2. SHOE ARTISAN PROGRAM

Agra is India's main footwear production center, contributing about 65% of total domestic demand and a whopping 28% share of India's overall footwear export. Despite an opportunity this large, the women shoe artisan of the city is not able to benefit as they lack the skills and the confidence to earn a livelihood and make a meaningful contribution to the sector.

FAME launched its Shoes Artisan Program in 2022 to bring the women shoe artisan belonging to marginalised and minority communities of Agra into the forefront of the Shoe Cluster by skilling them and providing them with an opportunity to earn a living.

Over 260 women have been trained on the art of making a good quality shoe at our in-house training center and have been collectively earned ₹ 20 lakh using the skills learnt at our center.

This program of FAME aligns with Sustainable Development Goals- SDG1 (No poverty), SDG 2 (Zero Hunger), SDG 5 (Gender Equality), SDG 8(Decent work and Economic growth), SDG 9 (Industry, Innovation and Infrastructure) and SDG 10 (Reduce Inequalities). By supporting women in creating a source of income the Program has made them financially independent, increased their confidence levels and also improved standard of living for their families.

3. DIWA (Development Initiative of Women Association) – Savories Cluster

FAME started a Social Enterprise DIWA (Development Initiative for Women Association) to support the women belonging to marginalised communities to start their own savories manufacturing enterprise. In its first phase, 10 women from Nagla Patu village of Modi Nagar (a district in UP) are being supported to launch their own business of savories. All these women are housewives and because of the social construct of the village, have never stepped out of their homes to learn a skill or earn a living.

Despite the deep-seeded social inequalities stacked up against them, they have taken this leap of faith towards financial independence and creating an identity for themselves.

Under this, FAME is providing the following support to the women.

- Skilling
- Infrastructure & Machinery Set up
- Establishing Distribution channels – Rural Semi Urban and Urban Markets
- Branding & Marketing
- Financial Management

This Program was launched in August 2023 and after the initial 3 months of training women started manufacturing 3 varieties of savories. From November 2023 - March 2024, women produced and sold 800kg of savories and earned a revenue of ₹ 95,000.

The initial results of this project have been very encouraging and in the coming year FAME is aiming to expand its reach and benefit a larger number of women and support their aspirations to become financially independent.

4. SPORTS CLUSTER DEVELOPMENT PROGRAM

FAME's Sports Cluster Development Program has transformed the landscape of the sports manufacturing industry in Meerut by making women manufacturers an active participant in this traditionally male dominated sector. FAME Trainers provide training to hone the skills of women which has led to improved and sustainable livelihood for them.

During the year 124 women were trained on manufacturing good quality footballs and FAME linked these women with manufacturers in the city to provide 67 women wage work at higher rates.

Through skill enhancement and forward linkages with large manufacturing units, FAME has increased their income by 40%. The trained women collectively earned approx ₹ 9 lakh and each women averaged ₹ 2,000 per month.

2. **Composition of CSR Committee:**

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Ms. Arpita Pal Agrawal*	Non-Executive Independent Director (Chairperson)	2	1
2.	Ms. Kanika Tandon Bhal#	Non-Executive Independent Director (Chairperson)	2	1
3.	Mr. Sanjay Sharma	Managing Director (Member)	2	2
4.	Mr. Kartik Srivatsa	Non-Executive Non-Independent Director (Member)	2	1

**Ms. Arpita Pal Agrawal resigned from the position of Independent Director on September 02, 2023 and consequently stepped down from the position of Chairperson of CSR Committee*

#Ms. Kanika Tandon Bhal was appointed as an Independent Director of the Company on September 01, 2023 and assumed the role of Chairperson of the CSR Committee.

3. **Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company:**

Composition of CSR committee shared above and is available on the Company's website at https://www.ayefin.com/wp-content/uploads/2024/02/Committee-composition_revised_Feb-2024.pdf

CSR Policy at https://www.ayefin.com/wp-content/uploads/2024/06/Corporate-Social-Responsibility-Policy.pdf

CSR projects at https://www.ayefin.com/corporate-social-responsibility/

4. **Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub rule (3) of rule 8, if applicable:** NA

5. (a) Average net profit of the Company as per sub-section (5) of section 135 – ₹ 8,83,34,156

   (b) Two percent of average net profit of the Company as per sub-section (5) of section 135 – ₹ 17,66,683

   (c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years – Nil

   (d) Amount required to be set-off for the financial year, if any – Nil

   (e) Total CSR obligation for the financial year [(b)+(c)-(d)] - ₹ 17,66,683

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project) – ₹ 94,55,198

   (b) Amount spent in Administrative Overheads – Nil

   (c) Amount spent on Impact Assessment, if applicable – Nil

ANNUAL REPORT ON CSR ACTIVITIES FOR FINANCIAL YEAR 2023-24 (CONTD.)

(d) Total amount spent for the Financial Year [(a)+(b)+(c)] – ₹ 94,55,198

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

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
NA					

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

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

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

1	2	3	4	5	6		7	8
Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in ₹)	Balance Amount in Unspent CSR (in ₹)	Amount Spent in the Financial Year (in ₹)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub- section (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of Transfer		
	2022-23	Nil						
	2021-22	Nil						
	2020-21	Nil						

8. **Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:** No

9. **Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per sub-section (5) of section 135:** NA

For and on behalf of the Board of Directors of
Aye Finance Private Limited

Sd/-
Kanika Tandon Bhal
Chairperson - Corporate Social Responsibility Committee
DIN: 06944916
Place: Delhi

Sd/-
Sanjay Sharma
Managing Director
DIN: 03337545
Place: Gurugram

Date: September 19, 2024

ANNEXURE-C

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED March 31, 2024

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

To,

The Members,
AYE Finance Private Limited
M-5, Magnum House-I,
Community Centre,
Karampura, New Delhi-110015

We have conducted the secretarial audit of the compliance of applicable statutory provisions and corporate practices adhered by **Aye Finance Private Limited** (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms, website and returns filed and other records maintained by the Company, to the extent the information provided by the Company, its officer (Company Secretary), agents, authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us. We hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on **March 31, 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 March 31, 2024 according to the 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 there under;

(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 extent of Foreign Direct Investment and External Commercial Borrowings (ECB).

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

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not Applicable)**

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

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(Not Applicable)**

   (d) The Securities and Exchange Board of India (Shares Based Employee Benefit Regulation), 2014; **(Not Applicable)**

   (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

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

   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and **(Not Applicable)**

   (h) The Securities and Exchange Board of India (Buy back of Securities) Regulations, 2018; **(Not Applicable)**

   (i) Other regulations as applicable and including any Circulars and Guidelines issued therein.

SECRETARIAL AUDIT REPORT (CONTD.)

(vi) the other laws and regulations applicable on the Company are mentioned below:

(a) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

(b) Specific requirement for NBFC under RBI Acts, Regulations, Directions, Notifications and amendments from time to time by RBI.

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board and General Meetings.

(ii) The Listing Agreements entered into by the Company with BSE Limited or Stock Exchange(s),if applicable;

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

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The 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.	1.	Mr. Sanjaya Gupta (DIN- 02939128) was appointed as Independent Director of the Company in the EGM held on September 01, 2023.
	2.	Mr. Govinda Rajulu Chintala (DIN-03622371) was appointed as Independent Director of the Company in the EGM held on September 01, 2023. Mr. Chintala was also designated as Chairperson of the Board effective from January 05, 2024
	3.	Ms. Kanika Tandon Bhal (DIN- 06944916, Independent Director) appointed as Independent Director of the Company in the EGM held September 01, 2023.
	4.	Mr. Navin Kumar Maini (DIN–00419921) resigned as Independent Director of the Company effective from September 02, 2023.
	5.	Mrs. Arpita Pal Agrawal (DIN–08588528) resigned as Independent Director of the Company effective from September 02, 2023.
	6.	Mr. Vinay Baijal (DIN – 07516339) resigned as Independent Director of the Company effective from September 02, 2023.
Adequate notice was given to all the directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance other than those held on shorter notice and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.	Some of the Board/Committee meetings were called on shorter notice in compliance of the applicable provisions of Companies Act, SS-1 and Articles of Association of the Company. Apart from that, the meetings were called by giving proper notice and agenda was also circulated in timely manner.	
Majority decisions are carried through while the dissenting members' views are captured and recorded as part of the minutes,	All the resolutions were passed by the majority.	

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.	There are adequate systems and process in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable rules, regulations and guidelines.

We further report that during the audit period the Company has issued and allotted non-convertible debentures (listed and unlisted) through private placement basis and had also redeemed non-convertible debentures (listed and unlisted) as per the terms of issue.

for: **Brajesh Kumar & Associates**
Company Secretary
UIN: S2007DE093900

Place: Delhi
Date: 20/05/2024
UDIN-F006965F000407521

Brajesh Kumar
FCS No.: 6965, CP No.:7497
PR: 5461/2024

CORPORATE GOVERNANCE REPORT

Corporate Governance is about promoting fairness, transparency, accountability, commitment to values, ethical business conduct and about considering all stakeholders' interest while conducting business.

This Report outlines the requirements in accordance with Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, (**"RBI Master Directions"**) [including any amendment(s), enactment(s) or re-enactment(s) thereof for the time being in force), as applicable to the Aye Finance Private Limited (**'the Company'**).

(A) Board of Directors

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

The responsibilities of the Board, *inter alia*, include formulation of overall strategy for the Company, reviewing major plan of actions, setting performance objectives, laying down the code of conduct for all members of the Board and senior management team, formulating policies, conducting performance review, monitoring due compliance with applicable laws, reviewing and approving the financial results, enhancing corporate governance practices and ensuring the best interest of the stakeholders, the community and environment.

(i) Composition of the Board during the FY 2023-24:

Sr. No.	Name of the Director	DIN	Category/ Designation	Director since	No. of Board meetings held during the FY 2023-24		Total Number of other Directorship held	Remuneration			No. of shares held in and convertible instruments held in the Company
					Held	Attended		Salary and other compensation	Sitting fee	Commission	
1.	Mr. Vinay Baijal*	07516339	Non-Executive & Independent Director	February 21, 2019	11	3	2	Nil	4,20,000	Nil	Nil
2.	Mr. Navin Kumar Maini*	00419921	Non-Executive & Independent Director	July 18, 2017	11	4	2	Nil	4,90,000	Nil	Nil
3.	Ms. Arpita Pal Agrawal*	08588528	Non-Executive & Independent Director	September 29, 2022	11	3	1	Nil	3,15,000	Nil	Nil
4.	Dr. Govinda Rajulu Chintala#	03622371	Chairperson, Non-Executive & Independent Director ^	September 1, 2023	11	6	4	Nil	7,25,000	Nil	Nil
5.	Mr. Sanjay Sharma	03337545	Managing Director	November 27, 2013	11	11	1	3,52,02,342	Nil	Nil	19,29,126
6.	Ms. Kanika Tandon Bhal#	06944916	Non-Executive & Independent Director	September 1, 2023	11	7	2	Nil	5,95,000	Nil	Nil
7.	Mr. Kartik Srivatsa	03559152	Non-Executive & Non-Independent Director	February 20, 2020	11	8	12	Nil	Nil	Nil	Nil

Sr. No.	Name of the Director	DIN	Category/ Designation	Director since	No. of Board meetings held during the FY 2023-24		Total Number of other Directorship held	Remuneration			No. of shares held in and convertible instruments held in the Company
					Held	Attended		Salary and other compensation	Sitting fee	Commission	
8.	Mr. Kaushik Anand Kalyana Krishnan	07719742	Non-Executive & Non-Independent Director	October 9, 2020	11	9	3	Nil	Nil	Nil	Nil
9.	Mr. Navroz Darius Udwadia	08355220	Non-Executive & Non-Independent Director	March 12, 2019	11	4	11	Nil	Nil	Nil	Nil
10.	Mr. Sanjaya Gupta#	02939128	Non-Executive & Independent Director	September 1, 2023	11	5	1	Nil	6,65,000	Nil	Nil
11.	Mr. Vivek Kumar Mathur	03581311	Non-Executive & Non-Independent Director	June 29, 2016	11	6	2	Nil	Nil	Nil	Nil

#Dr. Govinda Rajulu Chintala, Mr. Sanjaya Gupta and Ms. Kanika Tandon Bhal were appointed as Independent Directors on the Board of the Company w.e.f. September 1, 2023. During their tenure, they were entitled to attend 7 meetings.

^ Dr. Govinda Rajulu Chintala has been appointed as Chairperson of the Board w.e.f. January 5, 2024.

**Mr. Vinay Baijal, Mr. Navin Kumar Maini & Ms. Arpita Pal Agrawal were resigned from the post of Independent Director w.e.f. September 2, 2023. During their tenure, they were entitled to attend 4 meetings.*

(ii) Details of change in the composition of the Board during the current and previous financial year:

F.Y.	Sr. No.	Name of Director	Category/ Designation	Nature of Change	Effective Date	Reason of Resignation
2023-24	1.	Dr. Govinda Rajulu Chintala (DIN: 03622371)	Non-Executive & Independent Director	Appointment	September 1, 2023	Not Applicable
	2.	Mr. Sanjaya Gupta (DIN: 02939128)	Non-Executive & Independent Director	Appointment	September 1, 2023	Not Applicable
	3.	Ms. Kanika Tandon Bhal (DIN: 06944916)	Non-Executive & Independent Director	Appointment	September 1, 2023	Not Applicable
	4.	Mr. Navin Kumar Maini (DIN: 00419921)	Non-Executive & Independent Director	Resignation	September 2, 2023	Personal
	5.	Mr. Vinay Baijal (DIN: 07516339)	Non-Executive & Independent Director	Resignation	September 2, 2023	Personal
	6.	Ms. Arpita Pal Agrawal (DIN: 08588528)	Non-Executive & Independent Director	Resignation	September 2, 2023	Personal

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F.Y.	Sr. No.	Name of Director	Category/ Designation	Nature of Change	Effective Date	Reason of Resignation
2022-23	1.	Mr. Sumiran Das (DIN: 08357729)	Non-Executive & Non-Independent Director	Resignation	March 9, 2023	Personal
	2.	Ms. Kanika Tandon Bhal (DIN: 06944916)	Non-Executive & Independent Director	Resignation	September 1, 2022	Personal
	3.	Mr. Navin Kumar Maini (DIN: 00419921)	Non-Executive & Independent Director	Re-appointment	July 13, 2022	Not Applicable
	4.	Ms. Arpita Pal Agrawal (DIN: 08588528)	Non-Executive & Independent Director	Appointment	September 29, 2022	Not Applicable

There is no relationship amongst the Directors of the Company.

(B) COMMITTEES OF THE BOARD

(i) AUDIT COMMITTEE

a) Composition, Meetings and Attendance

During the year under review, the Audit Committee (**"Committee"**) met **8 (eight) times** on May 23, 2023, June 13, 2023, August 10, 2023, August 28, 2023, September 4, 2023, November 9, 2023, February 12, 2024 and March 27, 2024, of which the details of attendance are given below:

Sr. No.	Name of Member	Category/ Designation	Member of Committee since	No. of meetings held during the FY 2023-24		No. of shares held in the Company
				Total no. of meetings	Attended	
1.	Dr. Govinda Rajulu Chintala#	Chairperson (Non-Executive & Independent Director)	September 3, 2023	8	4	Nil
2.	Mr. Sanjaya Gupta#	Member (Non-Executive & Independent Director)	September 3, 2023	8	3	Nil
3.	Mr. Sanjay Sharma	Member (Managing Director)	February 28, 2020	8	8	9,79,750
4.	Mr. Vinay Baijal*	Chairperson (Non-Executive & Independent Director)	April 24, 2019	8	4	Nil
5.	Mr. Navin Kumar Maini*	Member (Non-Executive & Independent Director)	May 9, 2018	8	4	Nil

**Mr. Vinay Baijal and Mr. Navin Kumar Maini had resigned from the position of Independent Director w.e.f. September 2, 2023 due to which they ceased to be chairperson and member of Audit Committee respectively. During their tenure, they were entitled to attend 4 meetings.*

#Dr. Govinda Rajulu Chintala and Mr. Sanjaya Gupta were appointed as Chairperson & member of the Audit Committee, respectively w.e.f. September 3, 2023. During their tenure, they were entitled to attend 4 meetings.

b) Terms of reference

The terms of reference of Committee *inter-alia* include:

i) Financial Statements

- To review the following documents as and when required before their submission to the Board.
- Review, and challenge where necessary, the actions and judgments of management, in relation to the interim and annual financial statements before submission to the Board.
- Monitoring the end use of funds raised through public offers and related matters.
- Scrutiny of inter-corporate loans and investments.

ii) Audit & Risk Management

- Review the effectiveness of the Audit function, including compliance with standards for internal auditing, risk management, corporate governance and compliance.
- Authorise and consider the effectiveness of the Company's audit management framework.
- Authorise and consider the effectiveness of the Company's fraud management framework.
- Review the Company's procedures for detecting fraud and whistle blowing and ensure that arrangements are in place by which staff and the general public may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control or any other matters.
- Ensure there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement, or dismissal of the Chief Risk Officer and Head of Audit & Vigilance.
- The recommendation for appointment, remuneration, rotation and terms of appointment of auditors of the company.
- Review and monitor the auditor's independence and performance, and effectiveness of audit process.

iii) Compliance

- Monitor, review and assess compliance and corporate governance processes within the company.
- Ensure adherence to all relevant regulations, industry codes and legal requirements in each of the markets where the Company is represented.
- Approval or any subsequent modification of transactions of the company with related parties. However, the Audit Committee may make omnibus approval for related party transactions proposed to be entered into by the company subject to the conditions as detailed in the Related Party Transaction Policy of the Company.
- Provided further that in case of transaction, other than transactions referred to in section 188 and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board.
- Provided also that in case any transaction involving any amount not exceeding one crore rupees is entered into by a director or officer of the company without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee and if the transaction is with the related party to any director or is authorized by any other director.
- the director concerned shall indemnify the company against any loss incurred by him.
- In addition to the above duties and responsibilities, the Audit Committee shall also be responsible for:
    - to monitor Vigil Mechanism of the Company and

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- Ensure Information System Audit of the internal systems and processes is conducted at least once a year to assess operational risks faced by the Company.

iv) **Internal Audit**

- Review the framework and effectiveness of the Company's systems of the internal control.
- Review management's and Audit & Risk Management's reports on the effectiveness of the systems for internal financial control, financial reporting.
- Valuation of undertakings or assets of the company, wherever it is necessary.

v) **External Audit**

- At the beginning of each audit cycle, to ensure that appropriate plans are in place for the audit and that the scope of the audit plans reflects the terms of the engagement letter.
- Review the external auditors' internal quality control procedures and steps taken by the auditors to respond to changes in regulatory and other requirements.
- Assess the performance and review and monitor the independence and objectivity of the external auditors and the effectiveness of their audit process.
- Review annually the qualifications, expertise, resources and economic service of the external auditors and their audit process.
- Consider management's response to any major external audit recommendations and ensure that actionables are implemented by management satisfactorily.

(ii) RISK MANAGEMENT COMMITTEE

a) Composition, Meetings and Attendance

During the year under review, the Risk Management Committee (**"RMC"**) met **4 (four) times** on June 22, 2023, September 26, 2023, November 28, 2023 and February 22, 2024, of which the details of attendance are given below:

Sr. No.	Name of Member	Category/ Designation	Member of Committee since	No. of meetings held during the FY 2023-2024		No. of shares held in the Company
				Total no. of meetings	Attended	
1.	Mr. Sanjaya Gupta#	Chairperson (Non-Executive & Independent Director)	September 3, 2023	4	3	Nil
2.	Dr. Govinda Rajulu Chintala#	Member (Non-Executive & Independent Director)	September 3, 2023	4	2	Nil
3.	Mr. Sanjay Sharma	Member (Managing Director)	February 28, 2020	4	4	9,79,750
4.	Mr. Navin Kumar Maini*	Chairperson (Non-Executive & Independent Director)	May 9, 2018	4	1	Nil
5.	Mr. Vinay Baijal*	Member (Non-Executive & Independent Director)	April 24, 2019	4	1	Nil

**Mr. Vinay Baijal and Mr. Navin Kumar Maini had resigned from the position of Independent Director w.e.f. September 2, 2023 due to which they ceased to be the members of RMC. During their tenure, they were entitled to attend 1 meeting.*

#Mr. Sanjaya Gupta and Dr. Govinda Rajulu Chintala were appointed as Chairperson & member of the RMC, respectively w.e.f. September 3, 2023. During their tenure, they were entitled to attend 3 meetings.

b) Terms of Reference

The terms of reference of RMC *inter-alia* include:

- Assesses the Company's risk profile, key areas of risk and recommend acceptable levels of risk through risk appetite statement.
- Articulates the Company's policy for the oversight and management of business risks.
- Develops and implement a risk management framework and internal control system.
- Reviews and assesses the nature, role, responsibility and authority of the risk management function within the Company and outline the scope of risk management work.
- Ensures that infrastructure, resources and systems are in place for risk management is adequate to maintain a satisfactory level of risk management discipline.
- Reviews and assesses the quality, integrity and effectiveness of the risk management systems and ensure that the risk policies and strategies are effectively managed.
- Ensures that a systematic, documented assessment of the processes and outcomes surrounding key risks is undertaken at least annually for the purpose of making its public statement on risk management including internal control.
- Ensures that risk is not higher than the risk appetite determined by the Board.
- Provides an independent and objective oversight and view of the information presented by the management on corporate accountability and specifically associated risk, also taking account of reports by the Audit Committee to the Board on all categories of identified risks facing by the Company.
- Reviews management's response to any major audit recommendations and ensure that actionables are implemented by management satisfactorily.
- Ensures that the risk awareness culture is pervasive throughout the organization.
- Reviews the trends on the Company's risk profile, reports on specific risks and the status of the risk management process.
- Reviews processes and procedures to ensure the effectiveness of internal systems of control so that decision-making capability and accuracy of reporting and financial results are always maintained at an optimal level.
- Reviews the risk bearing capacity of the Company in light of its reserves, insurance coverage, guarantee funds or other such financial structures.
- Reviews records of all material outsourcing arrangements on a periodic basis.
- Makes special investigations into areas of corporate risk and breakdowns in internal control.
- Monitors external developments relating to the practice of corporate accountability and the reporting of specifically associated risk, including emerging and prospective impacts.
- Performs other activities related to risk management as requested by the Board of Directors or to address issues related to any significant subject within its term of reference.
- Provides updates to the Board about the discussions in the Risk Management Committee as well as provides detailed reports on matters of importance on being requested by the Board.

(iii) STAKEHOLDERS RELATIONSHIP COMMITTEE

a) Composition, Meetings and Attendance

During the year under review, Stakeholders Relationship Committee (**"SRC"**) met **2 (two) times** on July 31, 2023 and January 22, 2024, of which the details of attendance are given below:

Sr. No.	Name of the Member	Category/ Designation	Member of Committee since	No. of meetings held during the FY 2023-2024		No. of Shares held in the Company
				Total no. of meetings	Attended	
1.	Dr. Govinda Rajulu Chintala#	Chairperson (Non-Executive & Independent Director)	September 3, 2023	2	1	Nil
2.	Mr. Sanjay Sharma	Member (Managing Director)	May 23, 2023	2	2	9,79,750
3.	Mr. Vivek Kumar Mathur	Member (Non-Executive & Non-Independent Director)	May 23, 2023	2	2	Nil
4.	Ms. Arpita Pal Agrawal*	Chairperson (Non-Executive & Independent Director)	May 23, 2023	2	1	Nil

**Ms. Arpita Pal Agrawal had resigned from the position of Independent Director w.e.f. September 2, 2023 due to which she ceased to be the Chairperson of the SRC. During her tenure, she was entitled to attend 1 meeting.*

#Dr. Govinda Rajulu Chintala was appointed as Chairperson of the SRC w.e.f. September 3, 2023. During his tenure, he was entitled to attend 1 meeting.

b) Terms of Reference

The terms of reference of SRC *inter-alia* include:

- Resolving the grievances of the stakeholders of the listed entity including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by stakeholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends/interest/principal amount and ensuring timely receipt of interest payments/principal repayments/dividend warrants/annual reports/statutory notices by the stakeholders of the company.
- The Committee shall lay down policies, procedures and ask for report on status of compliances and various measures taken.

(iv) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

a) Composition, Meetings and Attendance

During the year under review, Corporate Social Responsibility Committee (**"CSR"**) met **2 (two) times** on May 19, 2023 and November 24, 2023, of which the details of attendance are given below:

Sr. No.	Name of the Members	Category/ Designation	Member of Committee since	No. of meetings held during the FY 2023-24		No. of Shares held in the Company
				Total no. of meetings	Attended	
1.	Ms. Kanika Tandon Bhal#	Chairperson (Non-Executive & Independent Director)	September 3, 2023	2	1	Nil

Sr. No.	Name of the Members	Category/ Designation	Member of Committee since	No. of meetings held during the FY 2023-24		No. of Shares held in the Company
				Total no. of meetings	Attended	
2.	Mr. Kartik Srivatsa	Member (Non-Executive & Non-Independent Director)	February 28, 2020,	2	1	Nil
3.	Mr. Sanjay Sharma	Member (Managing Director)	April 24, 2019	2	2	9,79,750
4.	Ms. Arpita Pal Agrawal*	Chairperson (Non-Executive & Non-Independent Director)	October 4, 2022	2	1	Nil

**Ms. Arpita Pal Agrawal had resigned from the position of Independent Director w.e.f. September 2, 2023 due to which she ceased to be the Chairperson of the CSR Committee. During her tenure, she was entitled to attend 1 meeting.*

#Ms. Kanika Tandon Bhal was appointed as Chairperson of the CSR Committee w.e.f. September 3, 2023. During her tenure, she was entitled to attend 1 meeting.

b) Terms of Reference

The terms of reference of CSR *inter-alia* include:

- Formulate CSR policy and seek approval from the Board of Directors. Also, review the policy on a yearly basis.
- Formulate and share the CSR action plan with budget for the year with the Board of Directors and seek approval. Implement the activities either through its Section 8 Company-Foundation for Advancement of Micro Enterprises (FAME) or directly through its own team or through any other permitted mode.
- Monitors the spending of the allocated amount on CSR activities once approved by the Board of Directors and create a transparent monitoring mechanism of CSR initiatives.
- Submit periodic reports (once in six months at the minimum) to the Board for the activities undertaken.
- Monitors the Corporate Social Responsibility Policy of the company from time to time.

(v) NOMINATION AND REMUNERATION COMMITTEE

a) Composition, Meetings and Attendance

During the year under review, the Nomination and Remuneration Committee (**"NRC"**) met **7 (seven) times** on April 4, 2023, May 22, 2023, July 6, 2023, August 9, 2023, August 31, 2023, December 28, 2023 and March 20, 2024, of which the details of attendance are given below:

Sr. No.	Name of Members	Category/ Designation	Member of Committee since	No. of meetings held during the FY 2023-24		No. of Shares held in the Company
				Total no. of meetings	Attended	
1.	Ms. Kanika Tandon Bhal#	Chairperson (Non-Executive & Independent Director)	September 3, 2023	7	2	Nil
2.	Mr. Sanjaya Gupta#	Member (Non-Executive & Independent Director)	September 3, 2023	7	2	Nil

Sr. No.	Name of Members	Category/ Designation	Member of Committee since	No. of meetings held during the FY 2023-24		No. of Shares held in the Company
				Total no. of meetings	Attended	
3.	Mr. Kaushik Anand Kalyana Krishnan	Member (Non-Executive & Non-Independent Director)	October 9, 2020	7	7	Nil
4.	Mr. Kartik Srivatsa^	Member (Non-Executive & Non-Independent Director)	February 28, 2020	7	4	Nil
5.	Mr. Vinay Baijal*	Chairperson (Non-Executive & Independent Director)	September 1, 2022	7	5	Nil
6.	Mr. Navin Kumar Maini*	Member (Non-Executive & Independent Director)	May 9, 2018	7	5	Nil

**Mr. Vinay Baijal and Mr. Navin Kumar Maini had resigned from the position of Independent Director w.e.f. September 2, 2023 due to which they ceased to be the Chairperson & member of the NRC respectively. During their tenure, they were entitled to attend 5 meetings.*

#Ms. Kanika Tandon Bhal and Mr. Sanjaya Gupta were appointed as Chairperson & member respectively of the NRC w.e.f. September 3, 2023. During their tenure, they were entitled to attend 2 meetings.

^Mr. Kartik Srivatsa ceased to be a member and appointed as observer in the NRC w.e.f. January 5, 2024.

b) Terms of Reference

The terms of reference of NRC *inter-alia* include:

- Review and recommend to the Board the size and composition of the Board, including review of Board succession plans and the succession of the Chairman and CEO.
- Assist the Board as required to identify individuals who are qualified to become Board members (including in respect of executive directors).
- Review and recommend to the Board on the appointment and re-appointment of directors, and where necessary propose candidates for consideration by the Board, subject to the principle that a committee member must not be involved in making recommendations to the Board in respect of themselves.
- Assist the Board as required in relation to the performance evaluation of the Board, its committees and individual directors, and in developing and implementing plans for identifying, assessing and enhancing director competencies.
- Review and make recommendations in relation to any corporate governance issues as requested by the Board from time to time in terms of the applicable laws.
- Review the time expected to be devoted by non-executive directors in relation to the Company's affairs.
- Ensure that an effective induction process is in place for any newly appointed director and regularly review its effectiveness.

(vi) ASSET AND LIABILITIES COMMITTEE

a) Composition, Meetings and Attendance

During the year under review, the Asset and Liabilities Committee (**"ALCO"**) met **4 (four) times** on June 6, 2023, August 18, 2023, November 23, 2023 and February 19, 2024, of which the details of attendance are given below:

Sr. No.	Name of Members	Category/ Designation	Member of Committee since	No. of meetings held during the FY 2023-24		No. of Shares held in the Company
				Total no. of meetings	Attended	
1.	Mr. Sanjay Sharma	Chairperson (Managing Director)	January 12, 2016	4	4	9,79,750
2.	Mr. Vivek Kumar Mathur	Member (Non-Executive & Non-Independent Director)	January 12, 2016	4	4	Nil
3.	Mr. Navroz Darius Udwadia	Member (Non-Executive & Non-Independent Director)	April 24, 2020	4	0	Nil
4.	Mr. Utsav Mitra	Member (Representative - Alpha Wave India I LP)	December 11, 2020	4	0	Nil
5.	Mr. Krishan Gopal*	Member (Chief Financial Officer)	September 3, 2023	4	3	Nil
6.	Mr. Niraj Kaushik*	Member (Deputy CEO)	September 3, 2023	4	2	Nil
7.	Mr. Kapil Goyal#	Member (Head of Internal Audit)	February 12, 2024	4	1	Nil
8.	Mr. Ujual George#	Member (Chief Operating Officer)	March 23, 2021	4	0	Nil
9.	Mr. Samir Mehta^	Member (Deputy CEO)	December 11, 2020	4	1	Nil

**Mr. Krishan Gopal and Mr. Niraj Kaushik were appointed as members of ALCO w.e.f. September 3, 2023. During their tenure, they were entitled to attend 2 meetings.*

#Mr. Kapil Goyal became member of ALCO w.e.f. September 3, 2023, at the place of Mr. Ujual George. Mr. Kapil was entitled to attend 1 meeting and Mr. Ujual was entitled to attend 3 meetings.

^Mr. Samir Mehta ceased to be the member of ALCO due to his resignation from the position of Deputy-CEO w.e.f. June 30, 2023. During his tenure, he was entitled to attend 1 meeting.

b) Terms of Reference

The terms of reference of ALCO *inter-alia* include:

i) Funding and Liquidity

- Exert principal oversight over the appropriate funding arrangements of the Company's by referencing its earnings performance and business growth goal.
- Periodically review all key policies governing capital, asset/liability management, investment (including portfolio limits), funding, retained earnings, pricing and recommending final versions for approval by the full Board and monitor compliance with the policies.
- Periodically review the Capital structure plans and strategies.

- Periodically review the volume and mix of the Company's assets, liabilities and funding sources in light of liquidity, capital, profitability and market risk considerations.
- Periodically review and approve the term loan requirements and other credit facilities of the Company as per the delegation from the Board from time to time.
- Determine variances in cash flows and the reason for the same. Monitor cost of funds associated with such mismatches.

ii) **Investments**

- Review and amend the Investment policy of the Company in terms of requirement of the Company.
- Review the investments made by the Company and ensure that the investment and asset allocation correspond with Company policy.

iii) **Profitability**

- Review interest rate risk scenario and suggest strategy.
- Review the product pricing objectives, policies, strategy, plans, the past performance against plans and future projections of revenue and profits from currently operational and proposed plans as per requirement.
- Review profit rate spreads to ensure compliance with minimum requirements for spreads.

iv) **Other Responsibilities**

- Perform activities with respect to any matters related to the Committee's purpose and requiring Board or management attention or specifically requested by the Board.
- Form and delegate authority to working committees when appropriate.
- Evaluate the Committee's and individual member's performance at least annually.
- Ensure that the Committee is provided with sufficient resources to undertake its duties.

(vii) IT STRATEGY COMMITTEE

a) Composition, Meetings and Attendance

During the year under review, the IT Strategy Committee (**"ITSC"**) met **2 (two) times** on July 10, 2023 and January 8, 2024, of which the details of attendance are given below:

Sr. No.	Name of Members	Category/ Designation	Member of Committee since	No. of meetings held during the FY 2023-24		No. of Shares held in the Company
				Total no. of meetings	Attended	
1.	Mr. Sanjaya Gupta*	Chairperson (Non-Executive & Independent Director)	September 3, 2023	2	1	Nil
2.	Mr. Sanjay Sharma	Member (Managing Director)	August 30, 2018	2	2	9,79,750
3.	Mr. Niraj Kaushik	Member (Deputy CEO)	March 25, 2019	2	2	Nil
4.	Mr. Krishan Gopal*	Member (Chief Financial Officer)	September 3, 2023	2	1	Nil
5.	Mr. Ujual George	Member (Chief Operating Officer)	December 21, 2020	2	2	Nil

Sr. No.	Name of Members	Category/ Designation	Member of Committee since	No. of meetings held during the FY 2023-24		No. of Shares held in the Company
				Total no. of meetings	Attended	
6.	Mr. Jinu Joseph	Member (Chief Technology Officer)	January 24, 2023	2	2	Nil
7.	Mr. Kaushik Anand Kalyana Krishnan#	Member (Non-Executive & Non-Independent Director)	February 12, 2024	2	0	Nil
8.	Ms. Arpita Pal Agrawal^	Chairperson (Non-Executive & Independent Director)	October 4, 2022	2	1	Nil

**Mr. Sanjaya Gupta & Mr. Krishan Gopal were appointed as Chairperson & member of ITSC respectively w.e.f. September 3, 2023. During their tenure, they were entitled to attend 1 meeting.*

#Mr. Kaushik Anand Kalyana Krishnan were appointed as member of ITSC w.e.f. February 12, 2024.

^Ms. Arpita Pal Agrawal resigned from the position of Independent Director w.e.f. September 02, 2023 due to which she ceased to be the Chairperson of ITSC. During her tenure, she was entitled to attend 1 meeting.

b) Terms of Reference

The terms of reference of ITSC *inter-alia* include:

- Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place.
- Guide in preparation of IT Strategy and ensure that the IT Strategy aligns with the overall strategy towards accomplishment of its business objectives.
- Satisfy itself that the IT Governance and Information Security Governance structure fosters accountability, is effective and efficient, has adequate skilled resources, well defined objectives and unambiguous responsibilities for each level in the organisation.
- Ensure that the Organization has put in place processes for assessing and managing IT and cybersecurity risks.
- Ensure that the budgetary allocations for the IT function (including for IT security), cyber security are commensurate with the RE's IT maturity, digital depth, threat environment and industry standards and are utilised in a manner intended for meeting the stated objectives; and
- Review, at least on annual basis, the adequacy and effectiveness of the Business Continuity Planning and Disaster Recovery Management.
- Reviewing and amending IT strategies in line with corporate strategies, board policy reviews, cyber security arrangements and any other matter related to IT governance.
- Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable.
- Ensuring proper balance of IT investments for sustaining company's growth and becoming aware about exposure towards IT risks and controls.
- Reviewing Cyber Security KPIs and RBI Compliance.

(C) GENERAL BODY MEETINGS

The details of the General Meetings held during the FY 2023-24 are as follows:

Sr. No.	Type of Meeting (Annual/ Extra-Ordinary)	Date and Place	Special Resolution(s) passed
1.	Extra-Ordinary General Meeting	Date: September 1, 2023 Place: Meeting conducted through VC / OAVM pursuant to the MCA Circulars deemed to be held at Corporate Office of the Company	To approve the amendment of Articles of Association of the Company.
2.	30th Annual General Meeting	Date: September 29, 2023 Place: Meeting conducted through VC / OAVM pursuant to the MCA Circulars deemed to be held at Registered Office of the Company	1. To consider, discuss and approve the blanket borrowing limit of ₹ 4,000 crore (Rupees Four Thousand Crore Only) 2. To consider, discuss and approve the issuance of Non-Convertible Debentures amounting upto ₹ 3,000 Crore (Rupees Three Thousand Crore Only)
3.	Extra-Ordinary General Meeting	Date: December 12, 2023 Place: Meeting conducted through VC / OAVM pursuant to the MCA Circulars deemed to be held at Corporate Office of the Company	To create, offer, issue and allot 20 (Twenty) equity shares and 47,39,244 (Forty-Seven Lakhs Thirty-Nine Thousand Two Hundred and Forty-Four only) Series F compulsory convertible preference shares ("Series F CCPS") and 9,49,376 warrants of the Company on private placement and preferential basis (collectively referred to as "Issue")
4.	Extra-Ordinary General Meeting	Date: January 12, 2024 Place: Meeting conducted through VC / OAVM pursuant to the MCA Circulars deemed to be held at Corporate Office of the Company	To amendment of Articles of Association of the Company to incorporate the terms of amended and restated shareholders' agreement dated December 6, 2023.

(D) DETAILS OF NON-COMPLIANCE WITH REQUIREMENTS OF COMPANIES ACT, 2013

The Company is in compliance with the requirements of Companies Act, 2013, including with respect to compliance with accounting and secretarial standards.

(E) DETAILS OF PENALTIES AND STRICTURES

No penalties or stricture imposed on the Company by the Reserve Bank of India and or any other statutory authority or regulator.

(F) BREACH OF COVENANT

There was no breach of covenants of loans availed or debt securities issued by the Company as on March 31, 2024.

(G) DIVERGENCE IN ASSET CLASSFICATION AND PROVISIONING

Please refer notes to financial statements.

For and on behalf of the Board of Directors of
Aye Finance Private Limited

Sd/-	Sd/-
Govinda Rajulu Chintala	**Sanjay Sharma**
Chairperson & Independent Director	Managing Director
DIN: 03622371	DIN: 03337545
Place: Hyderabad	Place: Gurugram

Date: September 19, 2024

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AYE FINANCE PRIVATE LIMITED

Report on the Audit of the Financial Statements

OPINION

We have audited the accompanying financial statements of **AYE FINANCE PRIVATE LIMITED** ("the Company"), which comprise the Balance sheet as at 31st March 2024, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information. (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 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, its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

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

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. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Sr. No.	Key Audit Matters	Auditor's Response
	Allowance for Expected Credit Losses (ECL) in respect of loan assets. *[Refer Note No. 2.14 for the accounting policy and Note No. 49 for the related disclosures]* As at March 31, 2024, the Company has financial assets (loans) amounting to Rs. 4,133.40 Crores. As per Ind AS 109 - Financial Instruments, the Company is required to recognize loss allowance for expected credit losses (ECL) on financial assets.	**Principal Audit Procedures** Our audit focused on assessing the appropriateness of management's judgment and estimates used in the impairment analysis through the following procedures: • **Walkthrough and Control Assessment:** Conducted a walkthrough of the impairment loss allowance process, assessing the design effectiveness of controls. • **Policy and Compliance Review:** Evaluated the Company's accounting policies for impairment of financial assets for compliance with Ind AS 109 and the Board-approved governance framework per RBI guidelines.

Sr. No.	Key Audit Matters	Auditor's Response
	ECL is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. Significant management judgment and assumptions involved in measuring ECL is required with respect to: • determining the criteria for a significant increase in credit risk (SICR) • factoring in future economic assumptions • techniques used to determine probability of default (PD) , loss given default (LGD) and exposure at default (EAD). ECL involves an estimation of probability weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecast of future economic conditions which could impact the credit quality of the Company's loans and advances. In view of such high degree of Management's judgement involved in estimation of ECL, it is a key audit matter.	• **Model Understanding and Key Inputs:** Gained an understanding of the Company's model for calculating expected credit losses, including key inputs, assumptions, and management overlays, assessing the appropriateness and accuracy of data used. • **Analytical Procedures:** Performed analytical reviews of disaggregated data to observe any unusual trends warranting additional audit procedures. • **Credit Risk Assessment:** Evaluated the Company's determination of significant increase in credit risk, checked compliance with Ind AS 109, and assessed historical data relevance in light of recent impairment losses. Tested loan staging criteria and indicators for loss. • **Controls and Calculation Testing:** Tested the design and operating effectiveness of key controls, accuracy of inputs, and reasonableness of assumptions used in ECL calculations. Verified arithmetic calculations and assessed presentation and disclosures.

INFORMATIONOTHERTHANTHEFINANCIALSTATEMENTS AND AUDITOR'S REPORT THEREON

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

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

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

When we read the Company's Board Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the relevant laws and regulations.

RESPONSIBILITYOFMANAGEMENTFORTHEFINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, 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. 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2020 (the "Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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 except for the matter stated in paragraph 2(i)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended).

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

   d) In our opinion, the aforesaid Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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

   f) With respect to the maintenance of accounts and other matters connected therewith, reference is made to our remarks in paragraph 2(i)(vi) below on reporting under Rule 11(g) of the Rules.

   g) With respect to the adequacy of the internal financial controls with reference to Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended :-

   The Company is a private limited company and hence the provisions of section 197 of the Companies Act, 2013 is not applicable to the Company. Accordingly, reporting under section 197(16) of the Act is not applicable to the Company.

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

      i. the Company has disclosed the impact of pending litigations on its financial position in its Financial Statements. Refer Note 33 to the Financial Statements.

      ii. The Company has made provision, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts. – Refer Note 41 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 during the year ended 31st March 2024.

      iv. a. The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

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

c. Based on the 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), as provided under (a) and (b) above, contain any material misstatement.

v. the company has not declared or paid any dividend during the year ended March 31,2024.

vi. Based on our examination which included test checks, the Company has used accounting software and loan management software for maintaining its books of account which has feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software, except that audit logs at database level for the accounting software were not enabled and certain parameters of audit trail were not captured for loan management software.

Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with, wherein the audit trail functionality was enabled

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

For S S Kothari Mehta & Co. LLP
Chartered Accountants
Firm's Registration No. 000756N/N500441

Vijay Kumar
Partner
Membership No. 092671

Place: New Delhi
Date: May 24, 2024

UDIN: 24092671BKFBOU9491

ANNEXURE "A"

TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of AYE FINANCE PRIVATE LIMITED of even date)

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:

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

b. The Property, Plant & Equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.

c. Based on the information and explanation given to us, the Company does not have any immovable property, hence reporting under clause 3(i) (c) of the order is not applicable.

d. According to the information and explanation given to us and based on our examination of records, the Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.

e. According to the information and explanation given to us and based on our examination of records, no proceedings have been initiated during the year or are pending against the Company as at March 31, 2024 for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

ii. (a) The Company does not have any inventory and hence reporting under clause 3(ii)(a) of the Order is not applicable.

(b) As disclosed in note 55(f) to the financial statements, the Company has been sanctioned working capital limits in excess of rupees five Crores in aggregate from banks and financial institutions during the year on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the financial statements, the quarterly returns/ statements filed by the Company with such banks are in agreement with the unaudited books of accounts of the Company.

iii. (a) Since, the Company's Principal business is to give loans and accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable as the Company.

(b) In our opinion, the investments made and the terms and conditions of the grant of all loans provided, during the year are, prima facie, not prejudicial to the Company's interest. Company has not provided any guarantee or security to companies, firms, Limited Liability Partnerships or any other parties.

(c) In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and receipts of interest are generally been regular as per stipulation. Since, the Company is NBFC and considering the significant volume of transactions with number of borrowers furnishing the number of cases of default is practically not feasible.

(d) In respect of loans granted by the Company, the details of total amount overdue above 90 days are as follows:-

(Amount in Rs. in Crores)

Type of Loan	Nos of Cases	Principal Overdue	Interest Overdue	Total Overdue
Hypothecation Loan & Switchpe loan	19,199	51.34	16.38	67.72
Mortgage Loan	52	0.22	0.2	0.42
Quasi-Mortgage Loan	1,014	2.13	0.86	2.99
Total	**20,265**	**53.69**	**17.44**	**71.13**

"ANNEXURE A" (CONTD.)

Based on the information & explanations given to us, reasonable steps have been taken by the Company for the recovery of the Principal & Interest.

(e) Reporting under clause 3(iii)(e) of the Order is not applicable as the Company is a Non-Banking Financial Company whose principal business is to give loans.

(f) The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence the reporting under clause 3(iii)(f) is not applicable.

iv. According to the information and explanations given to us, there are no transactions which are required to be reported under Section 185 of the Act, accordingly, provisions of section 185 of the Act are not applicable to the Company. However, the Company has complied with the provisions of section 186 of the Act in respect of investments made.

v. The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable.

vi. The maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 for the business activities carried out by the Company. Hence, reporting under clause 3(vi) of the Order is not applicable to the Company.

vii. In respect of statutory dues:

a. In our opinion, the Company has generally been regular in depositing undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2024 for a period of more than six months from the date they became payable except Provident fund amount of Rs. 0.12 Crores and Labour Welfare Fund amount of Rs. 0.04 Crores.

b. Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2024 on account of disputes are given below:-

Name of the statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount under dispute (Rs.in crores)	Amount Paid (Rs.in crores)**
The Income Tax Act, 1961	Income Tax Demands	Commissioner of Income Tax (Appeals)	AY 2017-18	2.44	0.48

*AY=Assessment Year
** paid under protest

viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

ix. (a) According to the information and explanation given to us and based on our examination of records, the Company has not defaulted in repayment of loans or other borrowings or in the payment of Interest thereon to any lender and hence, reporting under clause 3(ix)(a) of the Order is not applicable.

(b) Based on the information and explanations obtained by us, the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) Money raised during the year by the Company by way of term loans has been applied for the purpose for which they were raised other than temporary deployment pending application of proceeds.

(d) According to the information and explanation given to us and based on our overall examination of records, funds raised on short- term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(e) According to the information and explanation given to us and based on our examination of records, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary. Further, the company does not have any associate or joint venture.

(f) According to the information and explanation given to us and based on our examination of records, the Company has not raised loans on the pledge of securities held in its subsidiary company during the year. Further, the company does not have any associate or joint venture. Hence, reporting under clause 3(ix)(f) of the Order is not applicable.

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

(b) According to the information and explanation given to us and based on our examination of records, during the year, The Company has made a private placement and preferential allotment of compulsorily convertible preference shares and the preferential allotment of equity warrants during the year, in compliance with the requirements of Section 42 and Section 62 of the Act. The funds raised have been used for the purpose for which funds were raised. The Company has not made any preferential allotment or private placement of convertible debentures (fully or partly or optionally) during the year.

xi. (a) According to the information and explanation given to us and based on our examination of records, no fraud by the Company or on the Company has been noticed or reported during the period covered by our audit except management reported few instances of embezzlement of cash by staff, involving amount aggregating to Rs. 0.42 Crores as mentioned in Note No. 53.18 to the financial statements. As informed to us, the Company has terminated the services of such employees and also initiated legal action against them, wherever necessary.

(b) According to the information and explanation given to us and based on our examination of records, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

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

xii. The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.

xiii. In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable Ind AS.

xiv. (a) According to the information and explanation given to us and based on our examination of records, in our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date of our report, in determining the nature, timing and extent of our audit procedures.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

xvi. (a) The Company has registered as required, under Section 45-IA of the Reserve Bank of India Act, 1934.

(b) 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.

"ANNEXURE A" (CONTD.)

(c) According to the information and explanations given to us and based on our examination of the records, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India, accordingly, paragraph 3(xvi)(c) of the Order is not applicable.

(d) According to the information and explanations given to us and based on our examination of the records, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016).

xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

xviii. In terms of RBI Circular RBI/2021-22/25 dated April 27, 2021, w.r.t. Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs), the previous statutory auditors of the Company had resigned during the period under audit. We have obtained no objection from the previous statutory auditors and no issues have been informed to us.

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

xx. (a) In respect of other than ongoing projects, there are no unspent amounts towards Corporate Social Responsibility (CSR) requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.

(b) As per information and explanations given to us, there are no ongoing projects with respect to CSR. Accordingly, reporting under clause 3(xx)(b) of the Order is not applicable for the year.

For S S Kothari Mehta & Co. LLP
Chartered Accountants
Firm's Registration No. 000756N/N500441

Vijay Kumar
Partner
Membership No. 092671

Place: New Delhi
Date: May, 24 2024

UDIN: 24092671BKFBOU9491

"ANNEXURE B"

TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF AYE FINANCE PRIVATE LIMITED.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") as referred to in paragraph 2(f) of 'Report on Other Legal and Regulatory Requirements' of our Independent Auditor's Report

We have audited the internal financial controls with reference to Financial Statements of **Aye Finance 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. 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 with reference to Financial Statements 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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 with reference to financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error

"ANNEXURE B" (CONTD.)

or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to 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, based on the records, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2024, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S S Kothari Mehta & Co. LLP
Chartered Accountants
Firm Reg. No. :- 000756N/N500441

Vijay Kumar
Partner
Membership No. 092671

Place: New Delhi
Date: May 24, 2024

UDIN: 24092671BKFBOU9491

BALANCE SHEET

as at March 31, 2024

(All amounts are in ₹ crore unless otherwise stated)

Particulars	Notes	As at March 31, 2024	As at March 31, 2023
ASSETS			
Financial assets			
Cash and cash equivalents	3	526.59	272.63
Bank balances other than cash and cash equivalents	4	203.67	121.42
Derivative financial instruments	12	-	3.07
Loans	5	4,003.12	2,555.44
Investments	6	10.61	84.46
Other financial assets	7	30.66	22.81
Total financial assets		**4,774.65**	**3,059.83**
Non-financial assets			
Current tax assets (net)	8	11.73	18.08
Deferred tax assets (net)	9	43.94	29.34
Property, plant and equipment	10A	8.96	5.46
Right of use assets	10B	21.43	21.15
Intangible assets under development	37	2.95	0.47
Intangible assets	10C	1.32	0.55
Other non-financial assets	11	8.07	5.13
Total non-financial assets		**98.40**	**80.18**
Total assets		**4,873.05**	**3,140.01**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Derivative financial instruments	12	3.15	-
Debt securities	13	1,022.34	899.85
Borrowings (other than debt securities)	14	2,476.65	1,396.31
Lease liabilities	15	23.63	24.29
Other financial liabilities	16	55.42	16.07
Total financial liabilities		**3,581.19**	**2,336.52**
Non-financial liabilities			
Provisions	17	30.29	22.67
Other non-financial liabilities	18	25.46	12.32
Total non-financial liabilities		**55.75**	**34.99**
EQUITY			
Equity share capital	19	39.93	30.45
Other equity	20	1,196.18	738.05
Total equity		**1,236.11**	**768.50**
Total liabilities and equity		**4,873.05**	**3,140.01**

Summary of material accounting policies. 1 to 2

The accompanying notes are an integral part of the financial statements. 3 to 55

In terms of our report attached

For S S Kothari Mehta & Co. LLP

Chartered Accountants

Firm Registration No.: 000756N / N500441

For and on behalf of the Board of Directors of

Aye Finance Private Limited

per Vijay Kumar	Sanjay Sharma	Govinda Rajulu Chintala	Krishan Gopal	Tripti Pandey
Partner	Managing Director	Chairperson and Independent Director	Chief Financial Officer	Company Secretary
Membership No: 092671	DIN: 03337545	DIN: 03622371		Membership No: 32760
New Delhi	Gurugram	Virginia, USA	Gurugram	Gurugram
May 24, 2024	May 24, 2024	May 24, 2024	May 24, 2024	May 24, 2024

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2024

(All amounts are in ₹ crore unless otherwise stated)

Particulars	Notes	For the year ended March 31, 2024	For the year ended March 31, 2023
Revenue from operations			
Interest income	21	948.69	566.49
Fees and commission income	23	47.86	25.48
Net gain on derecognition of financial instruments under amortised cost category	22	18.95	12.51
Net gain on fair value changes	24	24.72	18.95
Total revenue from operations		**1,040.22**	**623.43**
Other income	25	31.53	19.91
Total income		**1,071.75**	**643.34**
Expenses			
Finance cost	26	326.53	197.96
Net loss on fair value changes	27	6.18	6.57
Impairment on financial instruments	28	131.40	73.35
Employee benefit expenses	29	275.21	212.20
Depreciation and amortisation expense	10	14.54	11.45
Other expenses	30	90.03	70.41
Total expenses		**843.89**	**571.94**
Profit before tax		**227.86**	**71.40**
Tax expense:			
Current tax		81.18	0.62
Deferred tax		-14.45	16.99
Income tax expense		**66.73**	**17.61**
Profit for the year (A)		**161.13**	**53.79**
Other comprehensive (loss) / income			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement income on defined benefit plans		-0.56	3.99
Income tax effect		0.15	-1
Other comprehensive (loss) / income (B)		**-0.41**	**2.99**
Total comprehensive income for the year (A+B)		**160.72**	**56.78**
Earnings per share (equity share, par value of ₹ 10 each)			
Basic (₹)	32	49.84	17.34
Diluted (₹)	32	49.29	17.13
Nominal value		10.00	10.00

Summary of material accounting policies 1 to 2

The accompanying notes are an integral part of the financial statements. 3 to 55

In terms of our report attached

For S S Kothari Mehta & Co. LLP
Chartered Accountants
Firm Registration No.: 000756N / N500441

For and on behalf of the Board of Directors of
Aye Finance Private Limited

per Vijay Kumar
Partner
Membership No: 092671
New Delhi
May 24, 2024

Sanjay Sharma
Managing Director
DIN: 03337545
Gurugram
May 24, 2024

Govinda Rajulu Chintala
Chairperson and Independent Director
DIN: 03622371
Virginia, USA
May 24, 2024

Krishan Gopal
Chief Financial Officer
Gurugram
May 24, 2024

Tripti Pandey
Company Secretary
Membership No: 32760
Gurugram
May 24, 2024

STATEMENT OF CASH FLOW

for the year ended March 31, 2024

(All amounts are in ₹ crore unless otherwise stated)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Cash flow from operating activities		
Profit / (Loss) before tax	227.86	71.40
Adjustments for:		
Depreciation and impairment of PPE	5.09	4.13
Depreciation on right of use assets	9.45	7.32
Loss/ (Gain) on fair value of cross currency swap	6.22	-0.39
Unrealised (gain) / loss on investments in mutual fund	0	-0.14
Profit on sale of mutual fund units	-21.01	-11.85
Impairment of financial instruments	76.80	20.85
Profit on Early Termination of lease	-0.26	-
Provision on Investment	0.25	-
Loans and advances written off	55.31	50.00
Loss on settlement	1.68	2.50
Loss on sale of property, plant and equipment (net)	0.05	-
Expense on employee stock option scheme	4.70	5.70
Unrealised Interest income on security deposit	-0.63	-
Interest Income on account of processing fees amortisation	17.86	-
Interest Expense on account of processing fees amortisation	-7.75	-
Excess Interest Spread	-0.31	-
Interest on leases liabilities	2.21	3.16
Operating profit before working capital changes	**377.52**	**152.68**
Movements in working capital:		
(Increase)/Decrease in bank balances not considered as cash and cash equivalents	-82.25	102.95
(Increase) / Decrease in loan portfolio	-1,599.33	-941.08
(Increase) / Decrease in other financial assets	-7.97	-15.72
(Increase) / Decrease in other non financial assets	-2.94	1.21
Increase / (Decrease) in other financial liabilities (excluding lease liabilities)	39.02	-16.71
Increase / (Decrease) in derivative financial instruments	-	-6.96
Increase / (Decrease) in other non financial liabilities	13.14	5.97
Increase / (Decrease) in provisions	7.06	6.51
Cash used in operations	**-1,255.75**	**-711.15**
Income taxes paid	-74.83	-8.87
Net cash used in operating activities (A)	**-1330.58**	**-720.02**
Cash flow from investing activities		
Purchase of property, plant and equipment, excluding right of use assets	-9.60	-4.43
Sale of property, plant and equipment, excluding right of use assets	0.05	-
Purchase of investments	-7,188.5	-3,743.81
Sale of investments	7,283.11	3,826.45
Intangible assets under development	-2.01	-
Net cash used in investing activities (B)	**83.05**	**78.21**

STATEMENT OF CASH FLOW (CONTD.)

for the year ended March 31, 2024

(All amounts are in ₹ crore unless otherwise stated)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Cash flow from financing activities		
Proceeds from issue of equity shares (including securities premium)	302.09	-
Amount received from issue of share warrants	0.09	-
Proceeds from issue of debt securities	678.70	492.65
Redemption of debt securities	-556.21	-515.03
Proceeds from borrowings (other than debt securities)	2,839.50	1,267.72
Repayment of borrowings (other than debt securities)	-1,713.41	-473.64
Payment of lease liabilities (including interest)	-11.27	-10.11
Movement of loan repayable on demand	-38.00	-
Net cash generated from financing activities (C)	**1,501.49**	**761.59**
Net increase / (decrease) in cash and cash equivalents (A + B + C)	**253.96**	**119.79**
Cash and cash equivalents at the beginning of the period	272.63	152.84
Cash and cash equivalents at the end of the year (refer note 3)	**526.59**	**272.63**
Components of cash and cash equivalents as at the end of the period		
Cash in hand	9.20	4.93
Balance with banks - on current account	227.14	37.37
Deposits with original maturity of less than or equal to 3 months	290.25	230.33
Total cash and cash equivalents	**526.59**	**272.63**

Note:

The above cash flow statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard (Ind AS) 7 - "Statement of Cash Flows".

In terms of our report attached

For S S Kothari Mehta & Co. LLP
Chartered Accountants
Firm Registration No.: 000756N / N500441

For and on behalf of the Board of Directors of
Aye Finance Private Limited

per Vijay Kumar
Partner
Membership No: 092671
New Delhi
May 24, 2024

Sanjay Sharma
Managing Director
DIN: 03337545
Gurugram
May 24, 2024

Govinda Rajulu Chintala
Chairperson and Independent Director
DIN: 03622371
Virginia, USA
May 24, 2024

Krishan Gopal
Chief Financial Officer
Gurugram
May 24, 2024

Tripti Pandey
Company Secretary
Membership No: 32760
Gurugram
May 24, 2024

STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2024

(All amounts are in ₹ crore unless otherwise stated)

A. EQUITY SHARE CAPITAL

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of shares	Amount	No. of shares	Amount
Balance at the beginning of the year	3,04,52,654	30.45	3,04,52,654	30.45
Changes in equity share capital during the year	47,39,244	9.48	-	-
Balance at the end of the year	**3,51,91,898**	**39.93**	**3,04,52,654**	**30.45**

Equity share capital

Particulars	As at March 31, 2024		As at March 31, 2023	
Equity shares of ₹ 10 each issued, subscribed and fully paid	No. of shares	Amount	No. of shares	Amount
Balance at the beginning of the reporting year	48,30,500	4.83	48,30,500	4.83
Changes in share capital due to prior period errors	-	-	-	-
Amount recoverable from ESOP Trust (face value of 5,60,294 shares of ₹ 10 each held by trust)	-	(0.56)		(0.56)
Restated balance at the beginning of the current/previous Reporting period	48,30,500	4.27	48,30,500	4.27
Changes in share capital during the year	20	-	-	-
Balance at the end of the reporting year	**48,30,520**	**4.27**	**48,30,500**	**4.27**

Compulsorily Convertible Cumulative Preference Shares (CCPS)

Particulars	As at March 31, 2024		As at March 31, 2023	
Preference shares of ₹ 10 each issued, subscribed and fully paid	No. of shares	Amount	No. of shares	Amount
Balance at the beginning of the reporting year	2,61,82,448	26.18	2,61,82,448	26.18
Changes in share capital due to prior period errors	-	-	-	-
Restated balance at the beginning of the current/previous Reporting period	2,61,82,448	26.18	2,61,82,448	26.18
Changes in share capital during the year	-	-	-	-
Balance at the end of the reporting year	**2,61,82,448**	**26.18**	**2,61,82,448**	**26.18**

Compulsorily Convertible Cumulative Preference Shares (CCPS)

Particulars	As at March 31, 2024		As at March 31, 2023	
Preference shares of ₹ 20 each issued, subscribed and fully paid	No. of shares	Amount	No. of shares	Amount
Balance at the beginning of the reporting year	-	-	-	-
Changes in share capital due to prior period errors	-	-	-	-
Restated balance at the beginning of the current/previous Reporting period	-	-	-	-
Changes in share capital during the year	47,39,244	9.48	-	-
Balance at the end of the reporting year	**47,39,244**	**9.48**	**-**	**-**

STATEMENT OF CHANGES IN EQUITY (CONTD.)

for the year ended March 31, 2024

(All amounts are in ₹ crore unless otherwise stated)

B. OTHER EQUITY

Particulars	Reserves and surplus						Total
	Statutory reserve under section 45IC of RBI Act	Securities premium	Share option outstanding account	Retained earnings	Other comprehensive income	Share warrants	
Balance at the end of the reporting year 2022	**15.13**	**659.34**	**11.50**	**(10.93)**	**0.52**	**-**	**675.56**
Change in accounting policy or prior period errors	-	-	-	-	-	-	-
Restated balance at the end of the reporting year 2022	**15.13**	**659.34**	**11.50**	**(10.93)**	**0.52**	**-**	**675.56**
Profit for the year	-	-	-	53.79	-	-	53.79
Transfer to / (from) statutory reserve under 45IC of RBI Act 1934	11.00	-	-	(11.00)	-	-	-
Other comprehensive income for the year	-	-	-	-	2.99	-	2.99
Transfer to / from share option outstanding account	-	-	5.71	-	-	-	5.71
Utilisation / lapses of share option outstanding	-	-	-	-	-	-	-
Balance at the end of the reporting year 2023	**26.13**	**659.34**	**17.21**	**31.86**	**3.51**	**-**	**738.05**
Change in accounting policy or prior period errors	-	-	-	-	-		-
Restated balance at the end of the reporting year 2023	**26.13**	**659.34**	**17.21**	**31.86**	**3.51**	**-**	**738.05**
Profit for the year	-	-	-	161.13	-	-	161.13
Transfer to / (from) statutory reserve under 45IC of RBI Act 1934	32.23	-	-	(32.23)	-	-	-
Other comprehensive income for the year	-	-	-	-	(0.41)	-	(0.41)
Transfer to / from share option outstanding account	-	-	4.70	-	-	-	4.70
Utilisation / lapses of share option outstanding	-	-	-	-	-	-	-
Premium on Issue of share capital	-	292.61	-	-	-	-	292.61
Money received against share warrants	-	-	-	-	-	0.09	0.09
Balance at the end of the reporting year 2024	**58.36**	**951.95**	**21.91**	**160.76**	**3.10**	**0.09**	**1,196.18**

In terms of our report attached

For S S Kothari Mehta & Co. LLP
Chartered Accountants
Firm Registration No.: 000756N / N500441

For and on behalf of the Board of Directors of
Aye Finance Private Limited

per Vijay Kumar	**Sanjay Sharma**	**Govinda Rajulu Chintala**	**Krishan Gopal**	**Tripti Pandey**
Partner	Managing Director	Chairperson and Independent Director	Chief Financial Officer	Company Secretary
Membership No: 092671	DIN: 03337545	DIN: 03622371		Membership No: 32760
New Delhi	Gurugram	Virginia, USA	Gurugram	Gurugram
May 24, 2024	May 24, 2024	May 24, 2024	May 24, 2024	May 24, 2024

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended March 31, 2024

1 GENERAL INFORMATION

Aye Finance Private Limited ("AFPL" or "the Company") was incorporated to carry on the business of a finance company and to provide finance (whether short or long term loan or working capital finance, development finance, factoring, leasing, guarantees or any other debt related funding) to micro, small and medium scale enterprises and to individuals. On July 18, 2014, the Company received a certificate of registration from the Reserve Bank of India vide registration no. B-14.03323 under Section 45-IA of the Reserve Bank of India Act, 1934 to carry on the business of a Non-Banking Financial Company (NBFC) without acceptance of public deposits. The Company is currently a systemically important non deposit taking Non Banking Finance Company (ND-NBFC) as defined under Section 45 – IA of the Reserve Bank Of India Act, 1934. Accordingly, all provisions of the Reserve Bank of India Act, 1934 and all directions, guidelines or instructions of the Reserve Bank of India that have been issued from time to time and are in force and as applicable to a Non deposit taking Non-Banking Financial Company are applicable to the Company. The registered office of the Company is situated in Delhi.

The Company has issued debentures on a private placement basis and the said securities are listed with Bombay Stock Exchange (BSE) on Debt market segment.

2 MATERIAL ACCOUNTING POLICIES:

2.1 Statement of compliance:

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

2.2 Basis of preparation:

The financial statements have been prepared on a going concern basis the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

2.3 Presentation of financial statements:

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act and the Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2020 , as amended ('the NBFC Master Directions') issued by RBI. The financial statements have been prepared on a going concern basis.

The Company uses accrual basis of accounting except in case of significant uncertainties. The financial statements are presented in Indian Rupees (INR) and all values are rounded to the crore, except when otherwise indicated. The regulatory disclosures as required by RBI Master Directions to be included as a part of the Notes to Accounts are also prepared as per the Ind AS financial statements.

The Company presents its balance sheet in order of liquidity. Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

(a) The normal course of business

(b) The event of default

(c) The event of insolvency or bankruptcy of the Group and / or its counterparties

2.4 Revenue recognition:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured and there exists reasonable certainty of its recovery. Revenue is measured at the fair value of the consideration received or receivable as reduced for estimated customer credits and other similar allowances.

(a) Interest income

EIR method

Under Ind AS 109, interest income is recorded using the effective interest rate method for all financial instruments measured at amortised cost and financial instrument measured at fair value through other comprehensive income ('FVOCI') and fair value through profit and loss (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 net carrying amount of the financial asset. For financial assets at FVTPL transaction costs are recognised in profit or loss at initial recognition.

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 financial instrument.

The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is recorded as and when realised.

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.

(b) Net gain or fair value changes

Any differences between the fair values of the financial assets classified as fair value through the profit or loss, held by the Company on the balance sheet date is recognised as an unrealised gain/loss in the statement of profit and loss.

(c) Net gain / (loss) on de recognition of financial instruments under amortised cost category

Gains arising out of direct assignment transactions comprise the difference between the interest on the loan portfolio and the applicable rate at which the direct assignment 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 entered into with the assignee is recorded upfront in statement of profit and loss.

Income from direct assignment transaction represents the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset de-recognised) and consideration received (including any new asset obtained less any new liability).

(d) Other operational revenue:

Other operational revenue represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract. This includes cheque bouncing charges, late payment charges and prepayment charges etc. which are recorded as and when realised.

The Company recognises revenue from contracts with customers based on a five-step model as set out in IndAS 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.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or 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.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Income from other financial charges including cheque bouncing charges, foreclosure charges are collected from loan customers for early payment/closure of loan and are recognised on realisation.

(e) Insurance claims:

Insurance claims are accounted for on the basis of claims admitted/expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

2.5 Leases:

The Company evaluates each contract or arrangement, whether it qualifies as lease as defined under Ind AS 116

The Company as a lessee

The Company's lease asset classes primarily consist of leases for its various office spaces. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee. The Company has not exercised the exemption to exclude short term leases or low value leases.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates pertaining to the Company. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the balance sheet and lease payments have been classified as financing cash flows.

2.6 Employee benefits:

Employee benefits include provident fund, employee state insurance scheme, gratuity fund and compensated absences.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (CONTD.)

(a Short term employee benefits:

Employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits and are expensed in the period in which the employee renders the related service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

(b) Post employment benefits:

(i) **Defined contribution plan**

The Company's contribution to Employee Provident Fund, Employee State Insurance Scheme and Labour Welfare Fund under the relevant Acts are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

(ii) **Defined benefit plan**

Benefits payable to eligible employees of the Company with respect to gratuity, a defined benefit plan is accounted for on the basis of an actuarial valuation as at the balance sheet date. In accordance with the Payment of Gratuity Act, 1972, the plan provides for lump sum payments to vested employees on retirement, death while in service or on termination of employment in an amount equivalent to 15 days basic salary for each completed year of service. Vesting occurs upon completion of five years of service. The present value of such obligation is determined by the projected unit credit method and adjusted for past service cost and fair value of plan assets as at the balance sheet date through which the obligations are to be settled. The resultant actuarial gain or loss on change in present value of the defined benefit obligation is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur.

(c) Long-term employee benefits

Compensated absences with respect to leave encashment benefits payable to employees of the Company while in service, on retirement, death while in service or on termination of employment with respect to accumulated leaves outstanding at the year end are accounted for on the basis of an actuarial valuation as at the balance sheet date. The defined benefit obligation is calculated annually by an actuary using the projected unit credit method.

(d) Termination benefits

Termination benefits such as compensation under employee separation schemes are recognised as expense when the Company's offer of the termination benefit is accepted or when the Company recognises the related restructuring costs whichever is earlier.

2.7 Taxation:

Income tax expense represents the sum of the tax currently payable and deferred tax.

(a) Current tax

The tax currently payable is based on taxable profit for the year. 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. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period and is measured in accordance with Income tax Act, 1961, Income Computation and Disclosure Standards and other applicable tax laws.

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

(b) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

Deferred tax assets 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.

(c) Current tax and deferred tax for the year

Current tax and deferred tax are recognised in statement of profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.8 Property, plant and equipment:

(a) Property, plant and equipment

Property, plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation, if any, and, for assets that necessarily take a substantial period of time to get ready for their intended use, finance costs. Cost includes import duties and any non-refundable taxes on such purchase, after deducting rebates and trade discounts and is inclusive of freight, duties, taxes and other incidental expenses. All cost are capitalised which are directly attributable to bringing assets to the condition and location essential for it to operate in a manner as intended by the management. In respect of assets due for capitalisation, where final bills/claims are to be received/passed, the capitalisation is based on the engineering estimates. Final adjustments, for costs and depreciation are made retrospectively in the year of ascertainment of actual cost and finalisation of claim.

Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future economic benefits / functioning capability from / of such assets.

Capital work in progress includes the cost of property plant and equipment that are not yet ready for their intended use and the cost of assets not put to use before the Balance Sheet date.

(b) Depreciation and amortisation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the written down value method, and is generally recognised in the statement of profit and loss. The Company follows estimated useful lives which are given under Part C of the Schedule II of the Companies Act, 2013. Leasehold improvements are amortised over the period of lease.

Depreciation on addition to property, plant and equipment is provided on pro-rata basis from the date the assets is acquired/installed. Depreciation on sale/deduction from property, plant and equipment is provided for up to the date of sale deduction and discernment as the case may be.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. In respect of assets whose useful lives has been revised, the unamortised depreciable amount is charged over the revised remaining useful lives of the assets.

(c) Derecognition of property, plant and equipment

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is recognised in profit or loss.

2.9 Intangible assets:

(a) Recognition and measurement

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a written down basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future economic benefits / functioning capability from / of such assets.

(b) Derecognition of Intangible assets

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

(c) Useful lives of intangible assets

Estimated useful lives of the intangible asset for the current and comparative periods are as follows:

Computer software: 3 years

(d) Intangible Assets under development which are under development as at the balance sheet date.

2.10 Impairment of non financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the statement of profit and loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount.

An assessment is made annually as to see if there are any indications that impairment losses recognised earlier may no longer exist or may have come down. The impairment loss is reversed, if there has been a change in the estimates used to determine the asset's recoverable amount since the previous impairment loss was recognised. If it is so, the carrying amount of the asset is increased to the lower of its recoverable amount and the carrying amount that have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. After a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Reversals of Impairment loss are recognised in the Statement of Profit and Loss.

2.11 Provisions, contingent liabilities and contingent assets:

(a) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

(b) Contingent liabilities

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

(c) Contingent assets

Contingent assets are not recognised in the financial statements, however they are disclosed when an inflow of economic benefits is probable.

2.12 Share-based payment arrangements:

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 in accordance with IND AS 102, Share-based payments. The fair value of the options is treated as discount and accounted as employee compensation cost over the vesting period on a straight-line basis. The amount recognised as expense in each year is arrived at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to the general reserve within equity.

The Company has constituted an Employee Stock Option Plan 2016. The Plan provides for grant of options to employees of the Company to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period.

The Company has constituted an Employee Stock Option Plan 2020. The Company has transferred all the ungranted options under Employee Stock Option Plan 2016 to Employee Stock Option Plan 2020 while options granted under the Employee Stock Option Plan 2016 continue to be governed by the conditions of Employee Stock Option Plan 2016. Both plans provide for grant of options to employees of the Company to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period.

2.13 Financial instruments:

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

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

(a) Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value and transaction costs that are attributable to the acquisition of the financial asset are adjusted to the fair value on initial recognition.

Subsequent measurement

For the purpose of Subsequent measurement, the Company classifies financial assets in following categories:

(i) Financial assets at amortised cost

(ii) Financial assets at fair value through other comprehensive income (FVTOCI)

(iii) Financial assets at fair value through profit or loss (FVTPL)

Financial assets shall be measured at amortised cost if both of the following conditions are met:

(i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

(ii) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

(i) The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

(ii) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL

Subsequent measurement of financial assets

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in Statement of profit and loss. Any gain and loss on derecognition is recognised in statement of profit and loss.

Financial investment at FVOCI are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment are recognised in Statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit and loss.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss.

All other equity investments are measured at fair value, with value changes recognised in Profit and loss, except for those equity investments for which the Company has elected to present the changes in fair value through OCI.

De-recognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer. When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained."

(b) Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and transaction costs that are attributable to the acquisition of the financial liabilities are adjusted to the fair value on initial recognition.

Subsequent measurement

Subsequent to initial recognition, all liabilities are measured at amortised cost using the effective interest method except for derivatives, financial liabilities designated for measurement at FVTPL which are measured at fair value.

De-recognition of financial liabilities

A financial liabilities is de-recognised when the obligation under the liability is discharged or cancelled or expires. When 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 the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments

A financial asset and a financial liability is offset and presented on net basis in the balance sheet when there is a current legally enforceable right to set-off the recognised amounts and it is intended to either settle on net basis or to realise the asset and settle the liability simultaneously.

Reclassification of financial assets and liabilities

The Company doesn't reclassify its financial assets and liabilities subsequent to their initial recognition.

Modification of financial assets and financial liabilities

Financial assets

The Company evaluates whether the cash flows from a financial asset are modified and the modified asset is substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

In case the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate and recognises the amount arising from adjusting the gross carrying amount as modification gain or loss in statement of profit and loss. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

Financial liabilities

The Company derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in statement of profit and loss.

2.14 Impairment of financial instruments:

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss for financial assets other than those measured through profit and loss (FVTPL).

(a) Expected credit losses are measured through a loss allowance at an amount equal to:

The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or

Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

Both LTECLs (Lifetime expected Credit losses) and 12 months ECLs are calculated on collective basis.

(b) Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1

When loans are first recognised, the Company recognises an allowance based on 12 months ECL. Stage 1 loans includes those loans where there is no significant increase in credit risk observed and also includes facilities where the credit risk has been improved and the loan has been reclassified from stage 2 or stage 3.

Stage 2

When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the life time ECL. Stage 2 loans also includes facilities where the credit risk has improved and the loan has been reclassified from stage 3 and facilities where the credit risk has been increased due to restructuring and loan has been reclassified from stage 1.

Stage 3

Loans considered credit impaired are the loans which are past due for more than 90 days. The Company records an allowance for life time ECL.

Definition of Default

The Company considers a financial instrument as defaulted and considered it as Stage 3 (credit-impaired) for ECL calculations in all cases, when the borrower becomes more than 90 days past due on its contractual payments.

Significant increase in credit risk

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company considers an exposure to have significantly increased in credit risk when contractual payments are more than 30 days past due.

(c) Calculation of ECLs

The mechanics of ECL calculations are outlined below and the key elements are, as follows:

Probability of Default (PD)

Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

Exposure at Default (EAD)

Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date.

Loss Given Default (LGD)

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

The Company has calculated PD, EAD and LGD to determine impairment loss on the portfolio of loans. At every reporting date, the above calculated PDs, EAD and LGDs are reviewed and changes in the forward looking estimates are analysed.

Forward looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, Unemployment rates, Benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by the Company based on its internal data. While the internal estimates of PD, LGD rates by the Company may not be always reflective of such relationships, temporary overlays are embedded in the methodology to reflect such macro-economic trends reasonably.

The mechanics of the ECL method are summarised below:

Stage 1

The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to the EAD and multiplied by the expected LGD.

Stage 2

When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument.

Stage 3 / Regulatory Stage 3

For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

(d) Loss allowances for ECL are presented in the statement of financial position as follows:

(i) for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;

(ii) for debt instruments measured at FVTOCI: no loss allowance is recognised in Balance Sheet as the carrying amount is at fair value.

(e) Write offs

Loans and debt securities are written off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is 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. A write-off constitutes a derecognition event. The Company may apply enforcement activities to financial assets written off. Recoveries resulting from the Company's enforcement activities will result in impairment gains.

2.15 Derivative financial instruments

The Company enters into derivative financial instruments, primarily foreign exchange forward contracts, currency swaps and interest rate swaps, to manage its borrowing exposure to foreign exchange and interest rate risks. Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL. Derivatives are initially recognised at fair value at the date the contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain/loss is recognised in statement of profit and loss.

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.

Hedges that meet the criteria for hedge accounting are accounted for, as described below:

Fair value hedges the exposure to changes in the fair value of a recognised asset or liability, or an identified portion of such an asset, liability, 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/(loss) 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/(loss) on fair value changes.

2.16 Fair value measurement

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, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy described as follows:

(a) 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.

(b) 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.

(c) Level 3 financial instruments

Include 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.

2.17 Significant management judgements in applying accounting policies and estimation uncertainty

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policy. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The following are significant management estimation/uncertainty and judgement in applying the accounting policies of the Company that have the most significant effect on the financial statements:

Defined benefit obligation

Management estimates of these obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the defined benefit obligation amount and the annual defined benefit expenses.

Business model assessment

Classification and measurement of financial assets depends on the results of business model and the solely payments of principal and interest ("SPPI") test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Fair value of financial instruments : The fair value of financial instruments 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 another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values.

Effective Interest Rate (EIR) method : The Company recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loans given / taken. This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well as expected changes to other fee income/expense that are integral parts of the instrument.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilised.

Property, plant and equipment

Measurement of useful life and residual values of property, plant and equipment and useful life of intangible assets.

Evaluation of indicators for impairment of assets

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Contingent liabilities

At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding contingent liabilities. However the actual future outcome may be different from this judgement.

Impairment of financial assets

At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit losses on outstanding receivables and advances. The Company's expected credit loss ("ECL") calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies.

These estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. Management believes that the estimates used in preparation of the standalone financial statements are prudent and reasonable.

Determination of lease term

Ind AS 116 Leases requires lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying to the Company's operations taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

Discount rate for lease liability

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics. And discount rate of security deposits is generally based on the SBI deposit rate at the time of deposit.

Fair value of share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Company uses a Black-Scholes model.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (CONTD.)
(All amounts are in ₹ crore unless otherwise stated)

3 CASH AND CASH EQUIVALENTS

	As at March 31, 2024	As at March 31, 2023
Cash on hand	9.20	4.93
Balances with banks:		
On current accounts	227.14	37.37
Deposit with original maturity of less than three months	290.25	230.33
	526.59	**272.63**

Note (1): Cash in hand includes balance in prepaid cards obtained by Company for its routine expenses from the banks.

Note (2): Balances with banks in current accounts do not earn any interest. Short-term deposits are made for varying periods of between one day and three months, depending upon the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

4 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

	As at March 31, 2024	As at March 31, 2023
Fixed deposit with original maturity for more than three months	46.34	5.00
Balances with banks to the extent held as margin money or security against borrowing, guarantees and other commitments		
Balance held as security against borrowings	6.51	37.40
Balance held as security against securitisation	150.82	79.02
	203.67	**121.42**

Note: Fixed deposits and margin money deposits with banks earns interest at fixed rates or floating rates based on daily bank deposit rates.

5 LOAN PORTFOLIO

	As at March 31, 2024	As at March 31, 2023
Revolving working capital	-	0.01
Term loans	4,129.66	2,605.69
Staff loan	3.74	3.22
Total - Gross	**4,133.40**	**2,608.92**
Less: Impairment loss allowance	130.28	53.48
Total - Net	**4,003.12**	**2,555.44**
(A) As per NBFC Directions		
(I) Others	4,133.40	2,608.92
(II) To Related parties	-	-
Total (A) Gross	**4,133.40**	**2,608.92**
Less: Impairment loss allowance	130.28	53.48
Total (A) Net	**4,003.12**	**2,555.44**
(B) Based on security		
(I) Secured	2,474.21	1,792.74
(II) Unsecured	1,659.19	816.18
Total (B) Gross	**4,133.40**	**2,608.92**
Less: Impairment loss allowance	130.28	53.48
Total (B) Net	**4,003.12**	**2,555.44**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (CONTD.)
(All amounts are in ₹ crore unless otherwise stated)

	As at March 31, 2024	As at March 31, 2023
(C) Based on region		
(I) Loans in India		
(i) Public sector	-	-
(ii) Others	4,133.40	2,608.92
Total (C) (I) Gross	**4,133.40**	**2,608.92**
Less: Impairment loss allowance	130.28	53.48
Total (C) (I) Net	**4,003.12**	**2,555.44**
(II) Loans outside India	**-**	**-**
Less: Impairment loss allowance	-	-
Total (C) (II) Net	**-**	**-**
Total (C) (I) and (C) (II)	**4,003.12**	**2,555.44**

Note:

For the year ended March 31, 2024, management overlay of ₹ 20.01 crore is considered in Stage 3 of the Hypothecated Portfolio, as an additional provision, to factor future contingency and change in market conditions basis the risk perceived and as a matter of prudence, taking the overall ECL to ₹ 130.28 crore as of 31 March 2024.

6 INVESTMENTS

	As at March 31, 2024	As at March 31, 2023
Investments measured at fair value through profit or loss		
Mutual funds	-	58.51
Mutual Funds held as security in respect of borrowings	-	-
Security receipts		
ARCIL - trust	15.71	30.80
Less: Impairment loss allowance	5.10	5.10
Investments carried at Fair value through Profit or loss	**10.61**	**84.21**
Investment in subsidiary at cost (unquoted)		
249,999 equity shares of RS 10 in Foundation for Advancement of Micro Enterprises (FAME)	0.25	0.25
Provision on investments **	0.25	-
Investments measured at amortised cost	**-**	**0.25**
Gross investments	**15.71**	**89.56**
Based on region:		
Investments outside India	-	-
Investments in India	15.71	89.56
Less: Allowance for impairment loss	5.10	5.10
	10.61	**84.46**

** During the financial year 2019-20 , the Company had subscribed 2,49,999 equity shares of ₹ 10/- each of Foundation for Advancement of Micro Enterprises (FAME) (a Section 8 - Company as per Companies Act 2013)}. Foundation for Advancement of Micro Enterprises (FAME) became a subsidiary of the Company w.e.f. 04/04/2019 by virtue of holding 2,49,999 equity shares equivalent to 99.99% share capital in Foundation for Advancement of Micro Enterprises (FAME). Foundation for Advancement of Micro Enterprises (FAME) is prohibited to distribute any dividend / economic benefits to its members; hence the Company is unable to earn any variable return/ economic benefits from the voting rights through its holding in equity shares of Foundation for Advancement of Micro Enterprises (FAME). Accordingly, the above investment does not meet the definition of control under Indian Accounting Standard (Ind AS) 110 - Consolidated Financial Statements and the aforesaid investment value of ₹ 0.25 Crore has been impaired to the Statement of profit and loss for the year ended March 31, 2024.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (CONTD.)
(All amounts are in ₹ crore unless otherwise stated)

7 OTHER FINANCIAL ASSETS (AT AMORTISED COST)

	As at March 31, 2024	As at March 31, 2023
Receivable from insurance company	3.87	1.74
Security deposits	3.06	2.66
Other receivables	23.73	18.41
	30.66	**22.81**

8 CURRENT TAX ASSETS (NET)

	As at March 31, 2024	As at March 31, 2023
Advance income tax (net of provision)	11.73	18.08
	11.73	**18.08**

9 DEFERRED TAX ASSETS (NET)

	As at March 31, 2024	As at March 31, 2023
Deferred tax assets (net)	43.94	29.34
	43.94	**29.34**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (CONTD.)
(All amounts are in ₹ crore unless otherwise stated)

10A Property, plant and equipment

Particulars	Gross carrying amount					Accumulated depreciation					Net carrying amount
	As at April 01, 2023	Additions	Disposals	Adjustments	As at March 31, 2024	As at April 01, 2023	Depreciation for the year	Disposals	Adjustments	As at March 31, 2024	As at March 31, 2024
Furniture and fixtures	2.19	0.03	0.01	0.26	2.47	1.55	0.16	0.00	0.26	1.97	0.50
Office equipments	2.87	0.62	0.58	0.25	3.16	1.80	0.54	0.54	0.25	2.05	1.11
Electrical installations and equipments	0.96	0.17	-	0.06	1.19	0.50	0.13	-	0.06	0.69	0.50
Computers	11.15	7.07	0.82	0.75	18.15	7.99	3.44	0.79	0.75	11.39	6.76
Leasehold improvements	0.98	-	-	0.02	1.00	0.84	0.05	-	0.02	0.91	0.09
	18.15	**7.89**	**1.41**	**1.34**	**25.97**	**12.68**	**4.32**	**1.33**	**1.34**	**17.01**	**8.96**

Particulars	Gross carrying amount					Accumulated depreciation					Net carrying amount
	As at April 01, 2022	Additions	Disposals	Adjustments	As at March 31, 2023	As at April 01, 2022	Depreciation for the year	Disposals	Adjustments	As at March 31, 2023	As at March 31, 2023
Furniture and fixtures	2.19	-	-	-	2.19	1.33	0.22	-	-	1.55	0.64
Office equipments	2.31	0.62	0.06	-	2.87	1.35	0.51	0.06	-	1.80	1.06
Electrical installations and equipments	0.91	0.05	-	-	0.96	0.35	0.15	-	-	0.50	0.46
Computers	8.60	3.02	0.47	-	11.15	6.45	1.98	0.44	-	7.99	3.16
Leasehold improvements	0.98	-	-	-	0.98	0.73	0.11	-	-	0.84	0.14
	14.99	**3.69**	**0.53**	**-**	**18.15**	**10.21**	**2.97**	**0.50**	**-**	**12.68**	**5.46**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (CONTD.)
(All amounts are in ₹ crore unless otherwise stated)

10B Right of use assets (ROU)

Particulars	Gross carrying amount					Accumulated depreciation					Net carrying amount
	As at April 01, 2023	Additions	Disposals	Adjustments	As at March 31, 2024	As at April 01, 2023	Depreciation for the year	Disposals	Adjustments	As at March 31, 2024	As at March 31, 2024
Right of use assets	28.46	11.20	8.78	-	30.88	7.31	9.46	7.32	-	9.45	21.43
	28.46	**11.20**	**8.78**	**-**	**30.88**	**7.31**	**9.46**	**7.32**	**-**	**9.45**	**21.43**

Particulars	Gross carrying amount					Accumulated depreciation					Net carrying amount
	As at April 01, 2022	Additions	Disposals	Adjustments	As at March 31, 2023	As at April 01, 2022	Depreciation for the year	Disposals	Adjustments	As at March 31, 2023	As at March 31, 2023
Right of use assets	26.02	8.34	5.90	-	28.46	5.45	7.32	5.46	-	7.31	21.15
	26.02	**8.34**	**5.90**	**-**	**28.46**	**5.45**	**7.32**	**5.46**	**-**	**7.31**	**21.15**

10C Intangible assets

Particulars	Gross carrying amount					Accumulated depreciation					Net carrying amount
	As at April 01, 2023	Additions	Disposals	Adjustments	As at March 31, 2024	As at April 01, 2023	Depreciation for the year	Disposals	Adjustments	As at March 31, 2024	As at March 31, 2024
Computer software	5.05	1.23	0.14	0.14	6.28	4.49	0.77	0.13	(0.17)	4.96	1.32
	5.05	**1.23**	**0.14**	**0.14**	**6.28**	**4.49**	**0.77**	**0.13**	**(0.17)**	**4.96**	**1.32**

Particulars	Gross carrying amount					Accumulated depreciation					Net carrying amount
	As at April 01, 2022	Additions	Disposals	Adjustments	As at March 31, 2023	As at April 01, 2022	Depreciation for the year	Disposals	Adjustments	As at March 31, 2023	As at March 31, 2023
Computer software	4.70	0.35	-	-	5.05	3.33	1.16	-	-	4.49	0.55
	4.70	**0.35**	**-**	**-**	**5.05**	**3.33**	**1.16**	**-**	**-**	**4.49**	**0.55**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (CONTD.)
(All amounts are in ₹ crore unless otherwise stated)

11 OTHER NON-FINANCIAL ASSETS

	As at March 31, 2024	As at March 31, 2023
TDS recoverable	0.01	0.01
Goods and service tax receivable	-	0.78
Prepaid expenses	3.31	2.52
Employees advances	0.40	0.39
Others	4.35	1.43
	8.07	**5.13**

12 DERIVATIVE FINANCIAL INSTRUMENTS

	As at March 31, 2024	As at March 31, 2023
Carried at fair value [Assets / (Liability)]		
Cross currency swap rate contract not designated in hedge accounting relationship	-3.15	3.07
	-3.15	**3.07**

13 DEBT SECURITIES (AT AMORTISED COST)

	As at March 31, 2024	As at March 31, 2023
Redeemable non-convertible debentures		
Secured	912.64	771.92
Unsecured	109.70	127.93
	1,022.34	**899.85**
Based on region:		
Debt securities in India	1,022.34	899.85
Debt securities in outside India	-	-
	1,022.34	**899.85**

Note: Refer Note 13(i) below for the repayment details along with rate of interest and security details.

13 (i) Details of terms of repayment for the other long-term borrowings and security provided in respect of the secured other long-term borrowings

Particulars				As at March 31, 2024		As at March 31. 2023	
ISIN	**Issuance Date**	**Redemption Date**	**Interest Rate**	**Secured**	**Unsecured**	**Secured**	**Unsecured**
INE501X08065	March 29, 2022	April 30, 2023	11.25%	-	-	-	10.00
INE501X07190	May 22, 2020	May 22, 2023	13.50%	-	-	1.38	-
INE501X07042	August 29, 2017	August 29, 2023	13.47% and 13.55%	-	-	44.00	-
INE501X07240	September 02, 2021	September 07, 2023	9.68%	-	-	50.00	-
INE501X07273	March 25, 2022	September 25, 2023	9.50%	-	-	15.00	-
INE501X07141	October 25, 2019	October 25, 2023	10.78%	-	-	93.75	-
INE501X07307	September 05, 2022	March 05, 2024	9.75%	-	-	50.00	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (CONTD.)
(All amounts are in ₹ crore unless otherwise stated)

Particulars				As at March 31, 2024		As at March 31. 2023	
ISIN	Issuance Date	Redemption Date	Interest Rate	Secured	Unsecured	Secured	Unsecured
INE501X08032	March 06, 2019	March 06, 2024	12.14%	-	-	-	20.00
INE501X07265	March 24, 2022	March 24, 2024	10.70%	-	-	12.50	-
INE501X07281	March 25, 2022	March 25, 2024	9.90%	-	-	15.00	-
INE501X07323	September 28, 2022	March 27, 2024	10.50%	-	-	25.00	-
INE501X07372	January 24, 2023	April 25, 2024	10.50%	10.00	-	50.00	-
INE501X07232	December 08, 2020	May 13, 2024	10.70%	0.01	-	0.01	-
INE501X07414	December 05, 2022	June 05, 2024	10.00%	100.00	-	100.00	-
INE501X07422	April 11, 2023	July 25, 2024	10.59%	12.00	-	-	-
INE501X07166	November 08, 2019	November 08, 2024	12.50%	0.01	-	-	-
INE501X07463	August 08, 2023	December 08, 2024	10.60%	22.50	-	-	-
INE501X08073	December 13, 2022	December 31, 2024	12.70%	-	11.70	-	23.40
INE501X07448	July 26, 2023	January 26, 2025	10.60%	16.66	-	-	-
INE501X07455	August 02, 2023	February 02, 2025	10.50%	16.66	-	-	-
INE501X07471	August 25, 2023	February 25, 2025	10.50%	23.33	-	-	-
INE501X07489	September 04, 2023	March 04, 2025	8.60%	40.00	-	-	-
INE501X07497	September 14, 2023	March 14, 2025	9.00%	26.67	-	-	-
INE501X08057	February 28, 2022	March 15, 2025	11.35%	-	37.50	-	37.50
INE501X08057	February 28, 2022	March 15, 2025	11.35%	-	37.50	-	37.50
INE501X07406	March 24, 2023	March 31, 2025	10.70%	16.90	-	33.80	-
INE501X07430	May 18, 2023	April 30, 2025	10.70%	27.90	-	-	-
INE501X07380	February 08, 2023	May 08, 2025	11.25%	8.33	-	15.00	-
INE501X07257	December 21, 2021	May 13, 2025	10.20%	0.01	-	22.22	-
INE501X07398	February 15, 2023	May 15, 2025	11.25%	15.00	-	27.00	-
INE501X07125	June 26, 2019	June 26, 2025	13.00%	26.25	-	26.25	-
INE501X07364	December 06, 2022	July 31, 2025	12.55%	10.00	-	15.00	-
INE501X07547	February 23, 2024	August 23, 2025	9.50%	50.00	-	-	-
INE501X07505	September 25, 2023	August 31, 2025	10.75%	37.50	-	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (CONTD.)
(All amounts are in ₹ crore unless otherwise stated)

Particulars				As at March 31, 2024		As at March 31. 2023	
ISIN	Issuance Date	Redemption Date	Interest Rate	Secured	Unsecured	Secured	Unsecured
INE501X07513	September 27, 2023	September 27, 2025	11.00%	18.75	-	-	-
INE501X07562	March 22, 2024	October 07, 2025	9.50%	50.00	-	-	-
INE501X08081	January 24, 2024	January 24, 2026	11.60%	-	22.92	-	-
INE501X07554	March 06, 2024	March 06, 2026	10.75%	90.00	-	-	-
INE501X07539	November 24, 2023	September 15, 2026	11.15%	50.00	-	-	-
INE501X07299	July 29, 2022	July 28, 2027	11.16%	31.00	-	31.00	-
INE501X07315	September 20, 2022	September 20, 2027	11.20%	26.00	-	26.00	-
INE501X07349	November 15, 2022	November 15, 2027	11.20%	31.00	-	31.00	-
INE501X07331	September 13, 2022	March 08, 2028	11.00%	32.73	-	32.73	-
INE501X07331	September 13, 2022	March 08, 2028	11.00%	32.73	-	32.73	-
INE501X07521	September 29, 2023	September 27, 2029	11.60%	76.50	-	-	-
				898.44	**109.62**	**749.36**	**128.40**
Accrued Interest				23.90	0.42	28.56	0.38
EIR Impact				-9.70	-0.34	-6.00	-0.85
				912.64	**109.70**	**771.92**	**127.93**

Note : Secured Non-Convertible Debentures of the Company are secured by way of first exclusive charge on hypothecated book debts of the Company up to the extent minimum of 100% of the amount outstanding.

14 BORROWINGS (OTHER THAN DEBT SECURITIES AT AMORTISED COST)

	As at March 31, 2024	As at March 31, 2023
Borrowings measured at amortised cost:		
Secured		
Term loans		
From banks	680.33	90.88
From other financial institutions	585.52	369.26
External commercial borrowings	363.74	266.18
Unsecured		
Term loans		
From other financial institutions	41.21	64.95
Liabilities in respect of securitised transactions		
From banks	396.47	292.59
From non-banking financial companies	404.38	269.45

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (CONTD.)
(All amounts are in ₹ crore unless otherwise stated)

	As at March 31, 2024	As at March 31, 2023
Loans repayable on demand*		
From banks	5.00	43.00
From other financial institutions	-	-
	2,476.65	**1,396.31**
Borrowings in India	2,112.91	1,130.13
Borrowings outside India	363.74	266.18
	2,476.65	**1,396.31**

* Secured by hypothecation of specific loan receivables (current and future) / cash and cash equivalents of the Company.

Refer Note 14(i) below, for the repayment details along with rate of interest and security details.

14 (i) Details of terms of repayment for the other long-term borrowings and security provided in respect of the secured other long-term borrowings:

a) Terms of principal repayment of borrowings (other than debt securities & securitisation) as on March 31, 2024

Original Maturity of loan and ROI	Due within 1 Years		Due between 1 to 2 Years		Due Between 2 to 3 Years		Due between 3 to 4 years		Total Amount
	No of Instalments	Amount	No of Instalments	Amount	No of Instalments	Amount	No of Instalments	Amount	
Bullet									
9.51% - 10.00%	1	5.00	-	-	-	-	-	-	5.00
10.51% - 11.00%	1	41.69	-	-	-	-	-	-	41.69
12.51% - 13.00%	-	-	1	0.13	1	108.26	-	-	108.39
13.01% - 13.50%	-	-	-	-	1	27.07	1	95.88	122.95
Monthly									
9.01% - 9.50%	10	4.30	13	8.13	-	-	-	-	12.43
9.51% - 10.00%	12	14.29	106	197.26	-	-	-	-	211.55
10.01% - 10.50%	20	41.46	80	141.25	27	27.00	36	25.00	234.71
10.51% - 11.00%	9	6.82	84	159.17	59	62.76	-	-	228.75
11.01% - 11.50%	40	53.46	180	228.45	36	10.00	-	-	291.91
11.51% - 12.00%	13	18.15	92	97.18	49	67.78	-	-	183.11
12.01% - 12.50%	24	25.64	-	-		-	-	-	25.64
Quarterly									
10.01% - 10.50%	-	-	-	-	12	50.00	-	-	50.00
10.51% - 11.00%	4	8.33	6	15.00	-	-	-	-	23.33
11.01% - 11.50%	1	2.08	6	17.14	-	-			19.22
12.01% - 12.50%	-	-	18	27.71	-	-			27.71
Yearly									
12.51% - 13.00%	-	-	-	-	3	83.37	-	-	83.37
Accrued interest									**12.64**
EIR impact									**-6.59**
	135	**221.22**	**586**	**891.42**	**188**	**436.24**	**37**	**120.88**	**1,675.80**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (CONTD.)
(All amounts are in ₹ crore unless otherwise stated)

b) Terms of principal repayment of borrowings (securitisation) as on March 31, 2024

Original Maturity of loan and ROI	Due within 1 Years		Due between 1 to 2 Years		Due Between 2 to 3 Years		Due between 3 to 4 years		Total Amount
	No of Instalments	Amount	No of Instalments	Amount	No of Instalments	Amount	No of Instalments	Amount	
Monthly									
8.51% - 9.00%	5	0.65	-	-	-	-	-	-	0.65
9.51% - 10.00%	7	2.74	36	53.25	-	-	-	-	55.99
10.01% - 10.50%	94	212.26	173	528.31	-	-	-	-	740.57
10.51% - 11.00%	3	2.88	-	-	-	-	-	-	2.88
Accrued Interest									**2.49**
EIR Impact									**-1.73**
	109	**218.53**	**209**	**581.56**	**-**	**-**	**-**	**-**	**800.85**

14 (i) Details of terms of repayment for the other long-term borrowings and security provided in respect of the secured other long-term borrowings:

a) Terms of Principal Repayment of Borrowings (other than debt securities & securitisation) as on March 31, 2023

Original Maturity of loan and ROI	Due within 1 Years		Due between 1 to 2 Years		Due Between 2 to 3 Years		Due between 3 to 4 years		Total Amount
	No of Instalments	Amount	No of Instalments	Amount	No of Instalments	Amount	No of Instalments	Amount	
Bullet									
9.01% - 9.50%	1	15.00	-	-	-	-	-	-	15.00
10.01% - 10.50%	2	23.00	-	-	-	-	-	-	23.00
10.51% - 11.00%	-	-	1	41.11	-	-	-	-	41.11
11.01% - 11.50%	2	134.41	-	-	-	-	-	-	134.41
12.01% - 12.50%	4	40.00	-	-	-	-	-	-	40.00
Monthly									
9.01% - 9.50%	24	17.91	21	8.75	-	-	-	-	26.66
9.51% - 10.00%	-	-	44	48.96	-	-	-	-	48.96
10.51% - 11.00%	29	29.88	37	31.63	-	-	-	-	61.51
11.01% - 11.50%	-	-	103	81.87	27	31.25	-	-	113.12
11.51% - 12.00%	23	11.82	76	86.36	64	68.24	-	-	166.42
12.01% - 12.50%	12	6.00	-	-	-	-	-	-	6.00
Quarterly									
10.51% - 11.00%	8	16.67	-	-	-	-	-	-	16.67
11.01% - 11.50%	-	-	5	10.42	-	-	-	-	10.42
11.51% - 12.00%	-	-	7	17.50	11	22.92	-	-	40.42
Half Yearly									
12.51% - 13.00%	-	-	-	-	3	82.22	-	-	82.22
Accrued Interest									10.47
EIR Impact									**-2.12**
Total	**105**	**294.69**	**294**	**326.60**	**105**	**204.63**	**-**	**-**	**834.27**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (CONTD.)
(All amounts are in ₹ crore unless otherwise stated)

b) Terms of Principal Repayment of Borrowings (securitisation) as on March 31, 2023

Original Maturity of loan and ROI	Due within 1 Years		Due between 1 to 2 Years		Due Between 2 to 3 Years		Due between 3 to 4 years		Total Amount
	No of Instalments	Amount	No of Instalments	Amount	No of Instalments	Amount	No of Instalments	Amount	
Monthly									
9.01% - 9.50%	12	5.64	6	1.09	-	-	-	-	6.73
9.51% - 10.00%	44	95.30	13	12.03	-	-	-	-	107.34
10.01% - 10.50%	118	318.66	34	85.28	-	-	-	-	403.94
10.51%-11.00%	12	27.83	4	7.40	-	-	-	-	35.23
13.51% - 14.00%	14	8.79	-	-	-	-	-	-	8.79
Accrued Interest									**1.63**
EIR Impact									**-1.62**
Total	**200**	**456.23**	**57**	**105.80**	**-**	**-**	**-**	**-**	**562.04**

15 LEASE LIABILITIES

	As at March 31, 2024	As at March 31, 2023
Lease liabilities	23.63	24.29
	23.63	**24.29**

16 OTHER FINANCIAL LIABILITIES

	As at March 31, 2024	As at March 31, 2023
At amortised cost		
Employee benefit payable	5.42	2.90
Expenses payable	19.02	12.07
Payables on purchase of property, plant and equipment	0.94	0.61
Other financial liabilities	30.04	0.49
	55.42	**16.07**

17 PROVISIONS

	As at March 31, 2024	As at March 31, 2023
Provision for employee benefits		
Provision for gratuity	9.25	6.78
Provision for compensated absences	3.98	3.42
Provision for bonus	17.04	12.46
Other provisions		
Provision for dividend on CCPS	0.02	0.01
Provision for rent straight lining	-	-
	30.29	**22.67**

(All amounts are in ₹ crore unless otherwise stated)

18 OTHER NON-FINANCIAL LIABILITIES

	As at March 31, 2024	As at March 31, 2023
Statutory dues payable	11.85	6.30
EMI and interest received in advance from customers (including Pre EMI)	10.47	6.02
Goods and service tax payable	2.81	-
Others	0.33	-
	25.46	**12.32**

19 EQUITY SHARE CAPITAL

	As at March 31, 2024	As at March 31, 2023
Authorised		
67,30,000 (March 31, 2023: 55,00,000 Shares) Equity shares of ₹ 10 each with voting rights	6.73	5.50
2,91,00,000 (March 31, 2023: 2,91,00,000 Shares) Compulsorily Convertible Cumulative Preference shares (CCPS) of ₹ 10 each	29.10	29.10
47,40,000 (March 31, 2023: NIL Shares) Compulsorily Convertible Cumulative Preference shares (CCPS) of ₹ 20 each	9.48	-
	45.31	**34.60**
Issued, subscribed and paid-up		
48,30,520 (March 31, 2023: 48,30,500 Shares) Equity shares of ₹ 10 each with voting rights	4.83	4.83
Less: amount recoverable from ESOP Trust (face value of 5,60,294 shares of ₹ 10 each held by trust) (March 31, 2023: 5,60,294)	-0.56	-0.56
26,182,448 (March 31, 2023: 2,61,82,448 Shares) 0.01% Compulsorily Convertible Cumulative Preference Shares (CCPS) of ₹ 10 each	26.18	26.18
47,39,244 (March 31, 2023: Nil Shares) 0.01% Compulsorily Convertible Cumulative Preference Shares (CCPS) of ₹ 20 each	9.48	-
	39.93	**30.45**

Details of shares held by promoters **

As at March 31, 2024

S. No.	Promoter name	No. of shares	% of total shares	% of total shares
Nil	Nil	Nil	Nil	Nil

As at March 31, 2023

S. No.	Promoter name	No. of shares	% of total shares	% of total shares
Nil	Nil	Nil	Nil	Nil

** Disclosure is given as per annual return filed under section 92 of the Companies Act, 2013 for the year ending March 31 ,2023.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (CONTD.)
(All amounts are in ₹ crore unless otherwise stated)

19.1 Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening balance	Fresh issue	Closing balance
As at March 31, 2024			
Equity shares with voting rights			
No. of shares	48,30,500	20	48,30,520
Amount	4.83	0.00	4.83
0.01% Compulsorily Convertible Cumulative Preference Shares (CCPS) of ₹ 10 each			
No. of shares	2,61,82,448	-	2,61,82,448
Amount	26.18	-	26.18
0.01% Compulsorily Convertible Cumulative Preference Shares (CCPS) of ₹ 20 each			
No. of shares	-	47,39,244.00	47,39,244
Amount	-	9.48	9.48
As at March 31, 2023			
Equity shares with voting rights			
No. of shares	48,30,500	-	48,30,500
Amount	4.83	-	4.83
0.01% Compulsorily Convertible Cumulative Preference Shares (CCPS) of ₹ 10 each			
No. of shares	2,61,82,448	-	2,61,82,448
Amount	26.18	-	26.18

19.2 Terms, rights, preferences and restrictions attached to shares:

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of Equity shares is entitled to one vote 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 of their shareholding.

19.3 As on March 31, 2024, the Company has 2,068,764 0.01% CCPS and 200 equity shares of ₹ 10 each fully paid up at premium of ₹ 19.00 per share. These shares have been allotted between Elevation Capital V Limited and Accion Africa - Asia Investment Company in equal proportion. (Series A)

19.4 As on March 31, 2024, the Company has 2,935,726 0.01% CCPS of ₹ 10 each fully paid up at premium of ₹ 58.13 per CCPS. These shares have been allotted between Elevation Capital V Limited and Accion Africa - Asia Investment Company in equal proportion. (Series A1)

19.5 As on March 31, 2024, the Company has 6,556,360 0.01% CCPS of ₹ 10 each and 100 equity shares of ₹ 10 each fully paid up at premium of ₹ 96.76 per share. These shares have been allotted between Elevation Capital V Limited and Accion Africa - Asia Investment Company and LGT Capital Invest Mauritius PCC with Cell E/VP. (Series B)

19.6 As on March 31, 2024, the Company has 5,736,709 0.01% CCPS of ₹ 10 each and 100 equity shares of ₹ 10 each fully paid up at premium of ₹ 246.24 per share. These shares have been allotted between Elevation Capital V Limited, LGT Capital Invest Mauritius PCC with Cell E/VP and CapitalG LP. (Series C)

19.7 As on March 31, 2024, the Company has 54,75,089 0.01% CCPS of ₹ 10 each and 100 equity shares of ₹ 10 each fully paid up at premium of ₹ 416.70 per share. These shares have been allotted between LGT Capital Invest Mauritius PCC with Cell E/VP, CapitalG LP, Alpha Wave India I LP (formerly known as Falcon Edge India I LP) and MAJ Invest Financial Inclusion Fund II K/S. (Series D)

(All amounts are in ₹ crore unless otherwise stated)

19.8 As on March 31, 2024, the Company has 34,09,800 0.01% CCPS of ₹ 10 each fully paid up at premium of ₹ 605.87 per CCPS. These shares have been allotted between LGT Capital Invest Mauritius PCC with Cell E/VP, CapitalG International LLC, Alpha Wave India I LP (formerly known as Falcon Edge India I LP), A91 Emerging Fund I LLP and MAJ Invest Financial Inclusion Fund II K/S. (Series E)

19.9 As on March 31, 2024, the Company has 47,39,244 0.01% CCPS of ₹ 20 each and 20 equity shares of ₹ 10 each fully paid up at premium of ₹ 634.11 per share. These shares have been allotted between A91 Emerging Fund I LLP, British International Investment plc and Waterfield Alternative Investments Fund I (Series F)

19.10 The Series A, A1, B, C, D, E and F CCPS shall be convertible into equity Shares of the Company in accordance with the Schedule 7 of the Series F Shareholders Agreement dated December 06, 2023 executed by the Company with Elevation Capital V Limited, A91 Emerging Fund I LLP, LGT Capital Invest Mauritius PCC with Cell E/VP, CapitalG LP, CapitalG International LLC, Alpha Wave India I LP, MAJ Invest Financial Inclusion Fund II K/S, British International Investment plc and Waterfield Alternative Investments Fund I.

Further the holders of Series A, A1, B, C, D, E and F CCPS may convert the CCPS in whole or part into equity shares at any time before 19 (Nineteen) years from the date of issuance of the same.

19.11 Details of equity shares held by each shareholder holding more than 5% shares in the Company:

Particulars	As at March 31, 2024		As at March 31, 2023	
	Number of shares held	%	Number of shares held	%
Equity shares with voting rights				
Sanjay Sharma	9,79,750	20.28%	9,79,750	20.28%
Shankh Corporation LLP	8,49,625	17.59%	8,49,625	17.59%
Shvet Corporation LLP	8,49,625	17.59%	8,49,625	17.59%
Vikram Jetley	5,78,000	11.97%	6,31,000	13.06%
Aye Finance Employee Welfare Trust	5,60,294	11.60%	5,60,294	11.60%
Namrata Sharma	2,61,965	5.42%	2,61,965	5.42%
0.01% Compulsorily Convertible Cumulative Preference shares				
Elevation Capital V Limited	61,59,852	19.92%	61,59,852	23.53%
LGT Capital Invest Mauritius PCC with Cell E/VP	53,90,925	17.43%	53,90,925	20.59%
CapitalG LP	39,37,237	12.73%	39,37,237	15.04%
MAJ Invest Financial Inclusion Fund II K/S	22,04,985	7.13%	22,04,985	8.42%
Alpha Wave India I LP (Formerly known as Falcon Edge India I LP)	41,31,987	13.36%	41,31,987	15.78%
A91 Emerging Fund I LLP	35,82,764	11.59%	32,00,565	12.22%
British International Investment plc	38,21,977	12.36%	-	-

19.12 Number of shares reserved for share options

Particulars	As at March 31, 2024	As at March 31, 2023
Equity shares of ₹ 10 fully paid up		
Number of shares reserved for ESOPs	**12,79,933**	**8,50,968**

19.13 Number of shares reserved for warrants

Particulars	As at March 31, 2024	As at March 31, 2023
Equity shares of ₹ 1 fully paid up		
Number of shares reserved for warrants	**9,49,376**	**-**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (CONTD.)
(All amounts are in ₹ crore unless otherwise stated)

19.14 Shares allotted as fully paid-up without payment being received in cash / by way of bonus shares

The Company have not issued bonus shares or shares for consideration other than cash during the five year period immediately preceding the reporting date.

19.15 Shares bought back

Company have not bought back any of its securities during the five year period immediately preceding the reporting date.

20 OTHER EQUITY

	As at March 31, 2024	As at March 31, 2023
Securities premium		
Opening balance	659.34	659.34
Add: Premium on shares issued during the period	292.61	-
Closing balance	**951.95**	**659.34**
Amount received from issue of share warrants	**0.09**	**-**
Share option outstanding account		
Opening balance	17.21	11.50
Add: Deferred stock compensation expense	4.70	5.71
Less: Utilisation of deferred stock compensation expense	-	-
Closing balance	**21.91**	**17.21**
Money received against share warrants		
Statutory reserve		
Opening balance	26.13	15.13
Add: Amount transferred from surplus of profit and loss	32.23	11.00
Closing balance	**58.36**	**26.13**
Retained earnings - other than remeasurement of post employment benefit obligation		
Opening balance	31.86	(10.93)
Add: Profit for the year	161.13	53.79
Less: Transfer to statutory Reserve	(32.23)	(11.00)
Closing balance	**160.76**	**31.86**
Retained earnings - remeasurement of post employment benefit obligation		
Opening balance	3.51	0.52
Add: Comprehensive income for the year	(0.41)	2.99
Closing balance	3.10	3.51
Total	**1,196.18**	**738.05**

Nature and purpose of reserves

Statutory reserves

The reserve is created as per the provision of Section 45(IC) of Reserve Bank of India Act, 1934. This is a restricted reserve and no appropriation can be made from this reserve fund except for the purpose as may be prescribed by Reserve Bank of India.

Securities premium reserves

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, and during the year such expenses amounting to the tune of ₹ 7.84 crore have been utilised.

(All amounts are in ₹ crore unless otherwise stated)

Employee stock outstanding account

In accordance with resolution approved by the shareholders, the Company has reserved shares options, for issuance to the eligible employees through ESOP scheme. The Company has approved stock option scheme on September 11, 2018 as amended from time to time. The Administrator (i.e. Nomination and Remuneration Committee ('NRC') of the Company's board of directors) has the power to grant the options in pursuance to the ESOP scheme, each option consist of one equity share. Such option vest at a definite date, save for specific incidents, prescribed in the schemes as framed/ approved by the Company. Such options are exercisable for a period following vesting at the discretion of the NRC, subject to the conditions prescribed in the ESOP scheme as amended from time to time.

Retained earnings - other than remeasurement of post employment benefit obligation

Retained earnings or accumulated surplus represents total of all profits retained since Company's inception. Retained earnings are credited with current year profits, reduced by losses, if any, dividend payouts, transfers to General reserve or any such other appropriations to specific reserves.

Retained earnings - remeasurement of post employment benefit obligation

Remeasurement of the net defined benefit liabilities comprise actuarial gain or loss.

21 INTEREST INCOME

	For the year ended March 31, 2024	For the year ended March 31, 2023
On Financial Assets measured at amortised cost		
Interest on loans to customers	932.23	555.73
Interest on deposits with banks	16.46	10.76
	948.69	**566.49**

22 NET GAIN/(LOSS) ON DERECOGNITION OF FINANCIAL INSTRUMENTS UNDER AMORTISED COST CATEGORY

	For the year ended March 31, 2024	For the year ended March 31, 2023
Net gain on derecognition of financial instruments under amortised cost category	18.95	12.51
	18.95	**12.51**

23 FEES AND COMMISSION INCOME

	For the year ended March 31, 2024	For the year ended March 31, 2023
Servicing fee	3.59	0.57
Application fee	13.24	9.89
Delay payment charges, registration charges, cheque dishonour charges etc.	31.03	15.02
	47.86	**25.48**

24 NET GAIN ON FAIR VALUE CHANGES

	For the year ended March 31, 2024	For the year ended March 31, 2023
Investments		
Gain on sale of mutual funds	21.01	11.99
Gain on currency fluctuation	3.71	6.96
	24.72	**18.95**
Realised gain	26.99	11.65
Unrealised (loss) / gain	-2.27	7.30
	24.72	**18.95**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (CONTD.)
(All amounts are in ₹ crore unless otherwise stated)

25 OTHER INCOME

	For the year ended March 31, 2024	For the year ended March 31, 2023
Miscellaneous income	31.26	19.91
Profit on early termination of lease	0.26	-
Profit on sale of assets	0.01	-
	31.53	**19.91**

26 FINANCE COST

	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest on:		
Debt securities	113.24	102.46
Borrowings (other than debt securities)	193.24	81.59
Lease liabilities	2.21	3.16
Delayed payment of statutory dues	-	0.01
Other finance cost	17.84	10.74
	326.53	**197.96**

* Borrowing cost includes interest expense calculated using the EIR method.

27 NET LOSS ON FAIR VALUE CHANGES

	For the year ended March 31, 2024	For the year ended March 31, 2023
Loss on fair value of cross currency swap	6.18	6.57
	6.18	**6.57**

28 IMPAIRMENT ON FINANCIAL INSTRUMENTS

	For the year ended March 31, 2024	For the year ended March 31, 2023
Measured at amortised cost		
Impairment on financial instruments at amortised cost	76.80	20.85
Amounts written off (net of recovery)	52.92	50.00
Loss on settlement	1.68	2.50
	131.40	**73.35**

29 EMPLOYEE BENEFITS EXPENSE

	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries and wages	225.20	174.35
Contribution to provident and other funds	17.61	15.27
Expense on employee stock option (ESOP) scheme [Refer note 39]	4.70	5.70
Staff welfare expenses	24.99	14.49
Gratuity expenses	2.71	2.39
	275.21	**212.20**

30 OTHER EXPENSES

	For the year ended March 31, 2024	For the year ended March 31, 2023
Rent	-	0.08
Rates and taxes	2.56	1.22
Communication costs	6.31	4.85
Printing and stationery	2.39	1.92
Professional services	8.43	9.86
Credit charges	4.40	-
Outsourcing charges	0.92	-
Legal and technical charges	1.64	-
Directors fees	0.35	0.25
Payment to auditors [Refer Note below]	1.05	1.27
Corporate social responsibility (CSR)	0.94	0.53
Membership and subscription fees	12.11	9.87
Travel and conveyance	29.38	24.09
Tour and travelling	6.82	5.19
Electricity expenses	1.49	1.05
Office expenses	6.10	5.34
CGTMSE premium charge	-	2.25
Bank charges	2.30	1.17
Seminars, conferences and events	0.32	-
Collection charges	2.17	-
Loss on sale of property, plant and equipment's	0.06	-
Provision on investments	0.25	-
Miscellaneous expenses	0.04	1.47
	90.03	**70.41**
Note : Payment to auditors **		
Statutory audit	0.47	0.68
Limited review	0.30	0.41
Tax audit	0.05	0.07
Other certifications	0.18	0.06
Out of Pocket Expense	0.05	0.05
	1.05	**1.27**

** Current year's amount is inclusive of ₹ 0.46 crore paid to the erstwhile Statutory Auditors i.e. SR Batliboi & Associates LLP

(it includes Tax Audit, Limited Review, Certifiations & Out of Pocket Expenses)

31 DISCLOSURE PERTAINING TO CORPORATE SOCIAL RESPONSIBILITY EXPENSES

Particulars	As at March 31, 2024	As at March 31, 2023
Amount required to be spent by the Company during the year	0.18	0.50
Amount spent during the year ending on March 31, 2024		
(a) Construction/acquisition of any asset	-	-
(b) On purposes other than (i) above**	0.94	0.53
(c) Shortfall/(excess) at the end of the year	Nil	Nil

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (CONTD.)
(All amounts are in ₹ crore unless otherwise stated)

Particulars	As at March 31, 2024	As at March 31, 2023
(d) Total of Previous year shortfall	Nil	Nil
(e) Reason for shortfall	NA	NA
(f) Where a provision is made with respect to liability incurred by entering into a contractual obligation, the movements in the provision.	NA	NA

** For the purpose of Dairy program, Footwear Program, Sports Program, Kirana program, Women Empowerment etc.

Note: 1 Details of related party transactions in relation to CSR expenditure as per Ind AS 24, Related Party Disclosures (refer note no 36).

Note: 2 The Company has undertaken CSR Activities as per schedule VII of the Companies Act, 2013.

32 EARNINGS PER SHARE

Basic EPS amounts is calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the year, except where the result would be anti-dilutive.

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Profit / (Loss) attributable to equity holders	161.13	53.79
Less: Preference dividend	-	-
Net Profit / (Loss) attributable to equity holders	161.13	53.79
Weighted average number of equity shares outstanding during the year - for Basic EPS	3,23,27,246	3,10,12,948
Effect of dilutive potential equity share equivalent	3,62,599	3,91,080
Weighted average number of equity shares outstanding during the year - for Dilutive EPS	3,26,89,845	3,14,04,028
Basic earnings per share (₹)	49.84	17.34
Diluted earnings per share (₹)	49.29	17.13
Nominal value per share (₹)	10.00	10.00

33 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

Particulars	As at March 31, 2024	As at March 31, 2023
(a) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	-	-
Commitments related to loans sanctioned but not disbursed	38.20	16.66

(b) During the previous year, the Company has received a demand for income tax under Income Tax Act, 1961 for rupees 2.44 crore for the assessment year 2017-18. The order is disputed by the Company and the Company had filed an appeal before Commissioner of Income Tax Appeals and has deposited rupees 0.48 crore as demand against protest. Based on the opinion received from the Company's consultant, the Company believes that the likelihood of materialising the liability may arise.

34 SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM makes strategic decisions and is responsible for allocating resources and assessing performance of the operating segments.

The CODM considers the entire business of the Company on a holistic basis to make operating decisions reviews the operating results of the Company as a whole. Further the Company operates in a single reportable segment i.e. granting loans, which has similar risks and returns for the purpose of Ind AS 108 "Operating segments", and is considered to be the only reportable business segment. Further, the Company is operating in India which is considered as a single geographical segment.

35 EMPLOYEE BENEFITS

35.1 Defined contribution plans

The Company makes Provident Fund to defined contribution plan 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 recognised rupees 17.61 crore (March 31, 2023: rupees 15.27 crore) for Provident Fund 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.

35.2 Other long-term benefits

The Company has a defined benefit leave encashment plan for its employees. Under this plan, they are entitled to encashment of earned leaves subject to certain limits and other conditions specified for the same. The liabilities towards leave encashment have been provided on the basis of actuarial valuation. The Company recognised rupees 4.68 crore (March 31, 2023: rupees 3.14 crore) for compensated absences in the statement of profit and loss.

35.3 Defined benefit plans

The Company's gratuity scheme provide for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days basic salary for each completed year of service or part thereof in excess of six months in terms of provisions of Gratuity Act, 1972. Vesting occurs upon completion of five years of service.

The present value of defined benefit obligation and the related current service cost were measured using the projected unit credit method with actuarial valuations being carried out at each balance sheet date.

The following table summarises the components of net benefit expense recognised in the statement of profit and loss and the amounts recognised in the balance sheet:

(a) Amount recognised in the statement of profit and loss and other comprehensive income:

Particulars	As at March 31, 2024	As at March 31, 2023
Current service cost	2.21	1.72
Interest expense	0.50	0.67
Amount recognised in the statement of profit and loss	2.71	2.39
Remeasurement of defined benefit liability:		
Actuarial (gain) / loss from changes in demographic assumptions	-	-3.32
Actuarial (gain) / loss from changes in financial assumptions	0.06	-0.21
Actuarial (gain) / loss from experience adjustments	0.50	-0.46
Amount recognised in other comprehensive income	0.56	-3.99
	3.27	**-1.60**

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(b) Reconciliation of fair value plan assets and defined benefit obligation

Particulars	As at March 31, 2024	As at March 31, 2023
Defined benefit obligation	9.25	6.78
Net defined (asset) / liability recognised in the balance sheet	9.25	6.78

(c) Actual contributions and benefit payments during the year

Particulars	As at March 31, 2024	As at March 31, 2023
Actual benefit payments	-0.80	-0.86

(d) Changes in the present value of the defined benefit obligation are as follows:

Particulars	As at March 31, 2024	As at March 31, 2023
Defined benefit obligation at beginning of the year	6.78	9.24
Current service cost	2.21	1.72
Interest expense	0.50	0.67
Remeasurement (gains) / losses		
Actuarial (gain) / loss from changes in financial assumptions	0.06	-0.21
Actuarial (gain) / loss from experience adjustments	0.50	-0.46
Actuarial (gain) / loss from changes in demographic assumptions	-	-3.32
Benefits paid	-0.80	-0.86
Defined benefit obligation at end of the year	**9.25**	**6.78**

(e) Changes in the fair value of plan assets are as follows:

Particulars	As at March 31, 2024	As at March 31, 2023
Fair value of plan assets at beginning of the year	-	-
Fair value of plan assets at end of the year	-	-

35.4 The principal assumptions used in determining obligations for the Company's plan are shown below:

Particulars	As at March 31, 2024	As at March 31, 2023
Discount rate (in %)	7.25%	7.39%
Future salary increase (in %)	10.00%	10.00%
Retirement age	58.00	58.00
Demographic assumptions		
Attrition		
Upton 30 years	33.10%	33.10%
31-44 years	28.40%	28.40%
Above 44 years	6.20%	6.20%
Mortality	**IALM (2012-14)**	**IALM (2012-14)**

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of obligations. The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

(All amounts are in ₹ crore unless otherwise stated)

Sensitivity analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Particulars	As at March 31, 2024	As at March 31, 2023
Present value of obligation at the end of the period	9.25	6.78
Effect of +50 basis points in rate of discounting	-0.22	-0.16
Effect of -50 basis points in rate of discounting	0.23	0.17
Present value of obligation at the end of the period	9.25	6.78
Effect of +50 basis points in rate of salary increase	0.20	0.16
Effect of -50 basis points in rate of salary increase	-0.20	-0.15

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Experience adjustments	Present value of defined benefit obligation	Fair value of plan assets	Estimated gain/ (loss) adjustments on plan liabilities	Estimated gain/ (loss) adjustments on plan assets
2023-24	9.25	-	0.50	-
2022-23	6.78	-	-0.46	-
2021-22	9.24	-	-1.15	-
2020-21	7.45	-	0.34	-
2019-20	4.49	-	-0.11	-
2018-19	1.99	-	0.00	-
2017-18	0.80	-	-0.00	-
2016-17	0.37	-	0.02	-

35.5 Risk exposure:

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Interest risk: The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).

Liquidity risk: This is the risk that the Company is not able to meet the short-term / long term gratuity pay-outs. This may arise due to non availability of enough cash / cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

Salary Escalation risk: The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Demographic risk: The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

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Regulatory risk: Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity pay-outs (e.g. Increase in the maximum limit on gratuity of ₹ 0.2 crore).

36 RELATED PARTY DISCLOSURES

Disclosures in accordance with the requirements of Ind AS 24 on Related Party Disclosures, as identified and certified by the management, are set out as below:

36.1 Details of related parties:

Description of relationship	Names of related parties
Key Managerial Personnel (KMP)	Mr. Sanjay Sharma - Managing Director
	Mr. Mayank Shyam Thatte - Chief Financial Officer (up to May 24, 2023)
	Mr. Krishan Gopal - Chief Financial Officer (w.e.f. July 07, 2023)
	Ms. Tripti Pandey - Company Secretary, Compliance Officer & CCO
Independent directors	Mr. Navin Kumar Maini (up to September 02, 2023)
	Mr. Vinay Baijal (up to September 02, 2023)
	Ms. Arpita Pal Agrawal (up to September 02, 2023)
	"Mr. Govinda Rajulu Chintala (w.e.f. September 01, 2023) (Appointed as Chairperson of Board w.e.f. January 5, 2024)"
	Mr. Sanjaya Gupta (w.e.f. September 01, 2023)
	Ms. Kanika Tandon Bhal (w.e.f. September 01, 2023)
Non-Executive, Non-Independent Directors	Mr. Vivek Kumar Mathur
	Mr. Navroz Darius Udwadia
	Mr. Kartik Srivatsa
	Mr. Kaushik Anand Kalyana Krishnan
Entities over which KMP's have significant influence	Aye Finance Employee Welfare Trust
	Shankh Corporation LLP
	Shvet Corporation LLP
Entities exercising significant influence	Elevation Capital V Limited (formerly known as SAIF Partners India V Ltd.)
	Alpha Wave India I LP (formerly known as Falcon Edge India I LP)
	A91 Emerging Fund I LLP
	LGT Capital Invest Mauritius PCC with Cell E/VP
	CapitalG LP
	CapitalG International LLC
	British International Investment PLC w.e.f. January 05, 2024
Wholly - owned subsidiary company	Foundation for Advancement of Micro Enterprises (Section 8 Company)
Relatives of KMP	Ms. Namrata Sharma
	Mr. Shashwat Sharma

(All amounts are in ₹ crore unless otherwise stated)

36.2 Details of related party transactions during the year ended March 31, 2024 and outstanding balance as at March 31, 2024:

	Particulars	As at March 31, 2024	As at March 31, 2023
(a)	**Managerial remuneration**		
	Short term employee benefits (Director)	3.69	3.00
	Short term employee benefits (Relative of Director)	0.12	0.05
	Short term employee benefits (KMP other than directors)	1.52	3.50
	Post employment benefits	-	-
	Other long-term benefits	-	-
	Termination benefits	-	-
	Share based payments	-	-
	(i) Excluding provision for gratuity and compensated absences as the same are actuarially determined for the Company as a whole and thus not separately		
	(ii) The above detail doesn't include employees stock options plan cost charged in profit and loss account		
(b)	**Director's sitting fee**	0.35	0.25
(c)	**Grant of ESOPs (KMP)**	0.34	0.01

(d) Corporate social responsibility

Particulars	As at March 31, 2024	As at March 31, 2023
Foundation for Advancement of Micro Enterprises (FAME)	0.94	0.50
	0.94	0.50

(e) Balance outstanding at the end of the year

(e) (i) Long term loans and advances

Particulars	As at March 31, 2024	As at March 31, 2023
Aye Finance Employee Welfare Trust	0.13	0.13
	0.13	0.13

(e) (ii) Investment in subsidiary company

Particulars	As at March 31, 2024	As at March 31, 2023
Foundation for Advancement of Micro Enterprises (FAME)	-	0.25
	-	0.25

(e) (iii) Equity shares outstanding

Particulars	As at March 31, 2024	As at March 31, 2023
Directors		
Mr. Sanjay Sharma	0.98	0.98
Relative of Directors		
Ms. Namrata Sharma	0.26	0.26

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Particulars	As at March 31, 2024	As at March 31, 2023
Entities over which KMP's have significant influence		
Shvet Corporation LLP	0.85	0.85
Shankh Corporation LLP	0.85	0.85
Entities exercising significant influence over the Company		
Alpha Wave India I LP (formerly known as Falcon Edge India I LP)	0.17	0.17
Elevation Capital V Limited	0.05	0.05
A91 Emerging Fund I LLP	0.00	0.00
LGT Capital Invest Mauritius PCC with Cell E/VP	0.03	0.03
CapitalG LP	0.00	0.00
British International Investment PLC	0.00	-
Aye Finance Employee Welfare Trust	0.56	0.56
	3.75	**3.75**

(f) Loans and advances in nature of loans are granted to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person that are (a) repayable on demand or (b) without specifying any terms or period of repayment

Type of borrower	Amount of loan or advance in nature of loan outstanding	Percentage to the total loans and advances in the nature of loans
Nil	Nil	Nil

(g) All the related party transactions that were entered during the financial year were in the ordinary course of business and on an arm's length basis. There were no materially significant transactions made by the Company with the related parties either individually or taken together with the previous transactions which may have a potential conflict with the interest of the Company at large. All the related party transactions are placed before the Audit Committee and subsequently before the Board of Directors for approval and review on quarterly basis.

37 INTANGIBLE ASSET UNDER DEVELOPMENT

Particulars	As at March 31, 2024	As at March 31, 2023
Intangible asset under development	2.95	0.47
	2.95	0.47

37.1 (a) Intangible asset under development ageing schedule

As at March 31, 2024

Intangible asset under development	Amount of CWIP for a period of				Total
	Less than 1 year	1 - 2 year	2 - 3 year	More than 3 years	
Projects in progress					
Product Development App**	0.25	-	-	-	0.25
ML APP *	2.70	-	-	-	2.70
	2.95	**-**	**-**	**-**	**2.95**

(All amounts are in ₹ crore unless otherwise stated)

As at March 31, 2023

Intangible asset under development	Amount of CWIP for a period of				Total
	Less than 1 year	1 - 2 year	2 - 3 year	More than 3 years	
Projects in progress					
Mobile App	0.41	0.06	-	-	0.47
	0.41	**0.06**	**-**	**-**	**0.47**

*Project in progress is related with implementation of new workflow related to Mortgage loan and its expected completion date is 1st July 2024.

**Project in progress is related with implementation of new workflow related to Product Development App and its expected completion date is February 2025.

37.1 (b) Movement of Intangible asset under development

Particulars	Mobile App	Product Development App	ML APP	Total
Amount as at April 01, 2022	**0.06**	**-**	**-**	**0.06**
Additions During the year	0.41	-	-	0.41
Less: Amount capitalised in Intangible assets	-	-	-	-
Balance as at March 31, 2023	**0.47**	**-**	**-**	**0.47**
Amount as at April 01,2023	**0.47**	**-**	**-**	**0.47**
Additions During the year	0.23	0.25	2.70	3.18
Less: Amount capitalised in Intangible assets	0.70	-	-	0.70
Balance as at March 31, 2024	**-**	**0.25**	**2.70**	**2.95**
	-	**0.25**	**2.70**	**2.95**

37.2 Intangible asset under development Completion schedule

There is no intangible asset under development for which completion is overdue or has exceeded its cost compared to its original plan in the Company.

38 RATIO ANALYSIS AND IT'S ELEMENTS**

Particulars	As at March 31, 2024	As at March 31, 2023	% Variance	Reason for Variance (if above 25%)
(a) Capital to risk -weighted assets ratio (CRAR)	32.79%	31.07%	5.52%	Not applicable
(b) Tier I CRAR	32.79%	31.07%	5.52%	Not applicable
(c) Tier II CRAR	0.00%	0.00%	0.00%	Not applicable
(d) Liquidity coverage ratio	Not applicable	Not applicable	Not applicable	Not applicable

** Based on the requirement of the Schedule III

39 EMPLOYEE SHARE BASED PAYMENTS

The Company at its Extra Ordinary General Meeting held on November 29, 2016 had approved an Employee Stock Option Plan 2016 ('the Plan') and had authorised the Company to issue stock options under the above plan. The Company has provided loan to Aye Finance Employee Welfare Trust for purchase of 5,60,294 Equity shares (ESOP Shares) from the existing shareholders. In October 2020 the ESOP plan 2016 was discontinued and balance 155,751 shares of ESOP pool were transferred to a new ESOP plan. In financial year 2020, the Company approved a new employee stock option plan 2020 ('the ESOP 2020 Plan') and authorised the Company to issue stock options under the above plan. The

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Company has provided loans to Aye Finance Employee Welfare Trust for purchase of 632,918 Equity shares from the existing shareholder. The vesting period for the options in both ESOP 2016 Plan and ESOP 2020 Plan is 4 years (with 10%, 20%, 30% and 40% annual vesting under the ESOP 2016 Plan and 25% annual vesting under the ESOP 2020 Plan) commencing from the date of grant of options. It is the intention of the Company that the options would be exercised at the time of the listing of the shares pursuant to the liquidity event as defined in the ESOP scheme. During the year, the Company had granted 1,85,990 options on July 02,2023 and 3,01,645 options on January 02, 2024 (During previous year, the Company had granted 218,160 options on July 02,2022 and 4,340 options on January 02, 2023). Fair valuation has been carried at the grant date using the Black-Scholes model. The shares of the Company are not listed on any stock exchange. Accordingly, the expected median volatility for listed peer group has been considered.

Employee stock options details as on the balance sheet date are as follows:

As at March 31, 2024

Grant date	ESOP plan	Exercise price (₹ per option)	Outstanding at the beginning of the year	Options granted / Adjustments	Options vested and exercisable	Options unvested	Options lapsed	Option outstanding
January 02, 2017	2016	29.00	1,09,076.00	-	-	-	4,816.70	1,04,259.30
June 02, 2017	2016	29.00	5,307.00	-	-	-	225.30	5,081.70
January 02, 2018	2016	29.00	23,855.00	-	-	-	424.98	23,430.02
July 02, 2018	2016	29.00	3,851.00	-	-	-	1,264.60	2,586.40
July 02, 2019	2016	29.00	1,98,564.00	-	-	-	38,558.70	1,60,005.30
July 02, 2020	2016	29.00	6,823.00	-	-	-	2,046.90	4,776.10
January 02, 2021	2020	615.87	1,85,857.00	-	-	-	7,210.50	1,78,646.50
July 02, 2021	2020	615.87	16,635.00	-	-	-	-	16,635.00
January 02, 2022	2020	615.87	94,900.00	27,127.50	-	-	11,127.50	1,10,900.00
July 02, 2022	2020	615.87	2,01,760.00	-	-	-	15,332.50	1,86,427.50
January 02, 2023	2020	615.87	4,340.00	-	-	-	840.00	3,500.00
July 02, 2023	2020	615.87	-	1,85,990.00	-	-	3,950.00	1,82,040.00
January 02, 2024	2020	615.87	-	3,01,645.00	-	-	-	3,01,645.00

As at March 31, 2023

Grant date	ESOP plan	Exercise price (₹per option)	Outstanding at the beginning of the year	Options granted / Adjustments	Options vested and exercisable	Options unvested	Options lapsed	Option outstanding
January 02, 2017	2016	29.00	1,09,076.00	-	-	-	-	1,09,076.00
June 02, 2017	2016	29.00	5,306.70	-	-	-	-	5,307.00
January 02, 2018	2016	29.00	23,855.00	-	-	-	-	23,855.00
July 02, 2018	2016	29.00	3,851.00	-	-	-	-	3,851.00
July 02, 2019	2016	29.00	2,03,635.00	-	-	-	5,071.00	1,98,564.00
July 02, 2020	2016	29.00	6,823.00	-	-	-	-	6,823.00
January 02, 2021	2020	615.87	1,96,420.00	-	-	-	10,563.00	1,85,857.00
July 02, 2021	2020	615.87	-	16,635.00	-	-	-	16,635.00
January 02, 2022	2020	615.87	1,18,954.00	-	-	-	24,054.00	94,900.00
July 02, 2022	2020	615.87	-	2,18,160.00	-	-	16,400.00	2,01,760.00
January 02, 2023	2020	615.87	-	4,340.00	-	-	-	4,340.00

(All amounts are in ₹ crore unless otherwise stated)

Weighted average fair value of stock options granted during the year is as follows:

Particulars	As at March 31, 2024		As at March 31, 2023
Grant date	02-Jul-23	02-Jan-24	02-Jul-22
Number of options granted	1,85,990	3,01,645	2,18,160
Weighted average fair value (₹)	247.26	239.78	325.94

Method used for accounting for share based payment plan

The Company has used the fair value method to account for the compensation cost of stock options to employees. The fair value of options used are estimated on the date of grant using the Black – Scholes Model. The key assumptions used in Black – Scholes Model for calculating fair value as on the date of respective grants are:

Grant date	Risk free interest rate	Expected life	Expected volatility*	Dividend yield	Fair value of the underlying share in the market at the time of the option grant (₹)	Conversion Ratio
January 02, 2017	4.89%	4 Years	41.97%	0.00%	72.00	1:01
June 02, 2017	4.89%	4 Years	41.97%	0.00%	72.00	1:01
January 02, 2018	4.89%	4 Years	41.97%	0.00%	111.43	1:01
July 02, 2018	4.89%	4 Years	41.97%	0.00%	256.24	1:01
July 02, 2019	4.89%	4 Years	41.97%	0.00%	447.37	1:01
July 02, 2020	4.89%	4 Years	41.97%	0.00%	615.87	1:01
January 02, 2021	5.04%	4 Years	42.44%	0.00%	615.87	1:01
July 02, 2021	5.66%	4.17 Years	50.06%	0.00%	615.87	1:01
January 02, 2022	5.66% (3.75-years) 6.09% (4-years)	3 to 4 years	48.96%	0.00%	615.87	1:01
July 02, 2022	7.00% (3.25-years) 7.11% (4-years)	3.25 to 4 years	48.96%	0.00%	615.87	1:01
January 02, 2023	7.15%	3.12 years	46.71%	0.00%	693.00	1:01
July 02, 2023	6.99%	2.87 years	43.22%	0.00%	650.00	1:01
January 02, 2024	7.21%	2.75 years	41.94%	0.00%	654.11	1:01

*Shares are exercisable on the occurrence of a Liquidity Event which primarily is the listing of the shares of the Company on a Stock Exchange via an Initial Public Offering.

**The share of the Company are not listed on any stock exchange accordingly, the expected median volatility for listed peer group has been considered.

FV of shares of the Company is the Fair Value of the shares of the Company as on the grant date.

40 INCOME TAXES

This note provides an analysis of the Company's income tax expense, show amounts that are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Company's tax positions.

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	Particulars	As at March 31, 2024	As at March 31, 2023
	Accounting profit before tax	227.86	71.40
(a)	**Income tax expense**		
	Current tax		
	Current tax on profits for the year	70.63	-
	Tax for earlier years	10.55	0.62
	Total current tax (benefit) / expense	**81.18**	**0.62**
	Deferred tax		
	Credit recognised in statement of profit and loss	-14.45	16.99
	Total deferred tax expense / (benefit)	**-14.45**	**16.99**
	Income tax expense recognised in the statement of profit and loss	**66.73**	**17.61**
	Deferred tax relating to other comprehensive income	**0.15**	**-1.00**

(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

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:

Particulars	As at March 31, 2024	As at March 31, 2023
Profit from continuing operations before income tax expense	227.86	71.40
Applicable tax rate	25.17%	25.17%
Computed tax (gain) / expense	57.35	17.97
Tax effect of :		
Deductions Claimed / Expenses allowed under tax provisions	-23.39	-0.98
Disallowance / Expenses not allowable	36.67	-
Deferred tax credit on temporary differences	-14.45	-
Tax for earlier years	10.55	0.62
Income tax expense recognised in the statement of profit and loss	66.73	17.61
The effective income tax rate	**29.28%**	**24.67%**

(c) Deferred tax assets / liabilities

Components of deferred tax assets / (liabilities)	As at March 31, 2023	Statement of profit and loss	Other comprehensive income	Others	As at March 31, 2024
Measurement of financial assets at amortised cost	21.08	22.43			43.51
Measurement of financial liabilities at amortised cost	-3.53	-1.09			-4.62
Difference in book balance of property, plant and equipment as per the Companies Act and the Income Tax Act	1.01	-0.10			0.91
Provision for gratuity and compensated absences	2.57	0.61	0.15		3.34
Income tax losses	7.29	-7.29			-
Others	0.92	-0.10			0.82
	29.34	**14.46**	**0.15**	**-**	**43.95**

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Components of deferred tax assets / (liabilities)	As at March 31, 2022	Statement of profit and loss	Other comprehensive income	Others	As at March 31, 2023
Measurement of financial assets at amortised cost	26.25	-5.17			21.08
Measurement of financial liabilities at amortised cost	-3.47	-0.06			-3.53
Difference in book balance of property, plant and equipment as per companies act and Income tax act	0.70	0.31			1.01
Provision for gratuity and compensated absences	3.80	-0.23	-1.00		2.57
Income tax losses	16.97	-9.68			7.29
Others	3.08	-2.16			0.92
	47.33	**-16.99**	**-1.00**	**-**	**29.34**

41 The Company does not have any long term contracts including derivative contracts for which there are any material foreseeable losses.

42 There are no amounts which were required to be transferred to the Investor Educational and Protection Fund by the Company.

43 The Company does not have any year end unhedged foreign currency exposures.

44 STANDARDS ISSUED BUT NOT YET EFFECTIVE

There are neither new standards nor amendments to existing standards which has effect on the current financial statements and are effective for the annual period beginning from April 01, 2024.

45 DISCLOSURES RELATING TO SECURITISATION

45.1 The information on securitisation of the Company as an originator in respect of

Sr. No	Particulars	As at March 31, 2024	As at March 31, 2023
(a)	Total number of transactions entered during the year	21.00	17.00
(b)	Total number of loan assets	1,27,296.00	1,06,700.00
(c)	Total book value of loan assets	1,336.30	850.35
(d)	Sale consideration received	1,215.97	776.85

45.2 Disclosure pursuant to RBI notification - RBI/DOR/2021-22/85 DOR.STR.REC.53/21.04.177/2021-22 dated September 24, 2021: Details of securitisation transactions:

Sr. No	Particulars	As at March 31, 2024	As at March 31, 2023
(a)	No. of SPV's sponsored by NBFC for securitisation transactions	21.00	17.00
(b)	Total amount of securitised assets as per books of SPVs sponsored by the NBFC	1,336.30	850.35
(c)	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (CONTD.)
(All amounts are in ₹ crore unless otherwise stated)

Sr. No	Particulars	As at March 31, 2024	As at March 31, 2023
	Off-balance sheet exposures		
	(i) First lossW	-	-
	(ii) Others	-	-
	On-balance sheet exposures		
	(i) First loss	147.45	77.45
	(ii) Others (MRR including securitisation investments)	78.57	73.49
(d)	Amount of exposures to securitisation transactions other than MRR		
	Off-balance sheet exposures		
	Exposure to own securitisation		
	(i) First loss	-	-
	(ii) Loss	-	-
	Exposure to third party securitisation		
	(i) First loss	-	-
	(ii) Loss	-	-
	On-balance sheet exposures		
	Exposure to own securitisation		
	(i) First loss	-	-
	(ii) Loss	-	-
	Exposure to third party securitisation		
	(i) First loss	-	-
	(ii) Loss	-	-
(e)	Sale consideration received for the securitised assets and gain/loss on sale on account of securitisation	1,215.97	776.85
(f)	Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc.	-	-
(g)	Performance of facility provided:		
	Credit enhancement facility		
	Fixed deposit		
	(i) Amount paid	147.45	77.45
	(ii) Repayment received	-	-
	(iii) Outstanding amount	147.45	77.45
	Corporate guarantee		
	(i) Amount paid	-	-
	(ii) Repayment received	-	-
	(iii) Outstanding amount	-	-
(h)	Average default rate of portfolios observed in the past	1.03%	0.46%
(i)	Amount and number of additional/top up loan given on same underlying asset	-	-
(j)	Investor complaints		
	Directly / Indirectly received and;	Nil	Nil
	Complaints outstanding	Nil	Nil

(All amounts are in ₹ crore unless otherwise stated)

46 DISCLOSURE ON RESTRUCTURING PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION DNBS.CO.PD. NO. 367/03.10.01/2013-14 DATED JANUARY 23, 2014

46.1 For the year March 31, 2024

Sr. No.	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
	Details																					
a	Restructured accounts as on April 01 of the FY (opening figures)*	No of borrowers	-	-	-	-	-	-	-	-	-	-	-	288.00	-	-	288.00	-	288.00	-	-	288.00
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	2.98	-	-	2.98	-	2.98	-	-	2.98
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	2.02	-	-	2.02	-	2.02	-	-	2.02
b	Fresh restructuring during the year	No of borrowers	-	-	-	-	-	-	-	-	-	-	-	80.00	-	-	80.00	-	80.00	-	-	80.00
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	0.86	-	-	0.86	-	0.86	-	-	0.86
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	0.61	-	-	0.61	-	0.61	-	-	0.61
c	Upgradations to restructured standard category during the FY	No of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
d	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	-	-	-	-	-	-	-	-	-	-	-	-33.00	-	-	-33.00	-	-33.00	-	-	-33.00
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-0.55	-	-	-0.55	-	-0.55	-	-	-0.55
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-0.33	-	-	-0.33	-	-0.33	-	-	-0.33
e	Down gradations of restructured accounts during the FY	No of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
f	Write-offs of restructured accounts during the FY*	No of borrowers	-	-	-	-	-	-	-	-	-	-	-	-73.00	-	-	-73.00	-	-73.00	-	-	-73.00
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-0.86	-	-	-0.86	-	-0.86	-	-	-0.86
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-0.62	-	-	-0.62	-	-0.62	-	-	-0.62
g	Restructured accounts as on March 31 of the FY (closing figures*)	No of borrowers	-	-	-	-	-	-	-	-	-	-	-	262.00	-	-	262.00	-	262.00	-	-	262.00
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	2.43	-	-	2.43	-	2.43	-	-	2.43
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	1.69	-	-	1.69	-	1.69	-	-	1.69

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (CONTD.)
(All amounts are in ₹ crore unless otherwise stated)

46.2 For the year March 31, 2023

Sr. No.	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
	Details																					
a	Restructured accounts as on April 01 of the FY (opening figures)*	No of borrowers	-	-	-	-	-	-	-	-	-	-	416.00	20.00	-	-	436.00	416.00	20.00	-	-	436.00
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	4.31	0.22	-	-	4.53	4.31	0.22	-	-	4.53
		Provision thereon	-	-	-	-	-	-	-	-	-	-	1.68	0.15	-	-	1.82	1.68	0.15	-	-	1.82
b	Fresh restructuring during the year	No of borrowers	-	-	-	-	-	-	-	-	-	-	-	94.00	-	-	94.00	-	94.00	-	-	94.00
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	1.19	-	-	1.19	-	1.19	-	-	1.19
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	0.79	-	-	0.79	-	0.79	-	-	0.79
c	Upgradations to restructured standard category during the FY	No of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
d	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	-	-	-	-	-	-	-	-	-	-	-10.00	-	-	-	-10.00	-10.00	-	-	-	-10.00
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-0.06	-	-	-	-0.06	-0.06	-	-	-	-0.06
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-0.03	-	-	-	-0.03	-0.03	-	-	-	-0.03

(All amounts are in ₹ crore unless otherwise stated)

Sr. No.	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
	Details																					
e	Down gradations of restructured accounts during the FY	No of borrowers	-	-	-	-	-	-	-	-	-	-	-406.00	406.00	-	-	-	-406.00	406.00	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-4.25	4.25	-	-	-	-4.25	4.25	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-1.65	1.65	-	-	-	-1.65	1.65	-	-	-
f	Write-offs of restructured accounts during the FY*	No of borrowers	-	-	-	-	-	-	-	-	-	-	-	232.00	-	-	232.00	-	232.00	-	-	232.00
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	2.68	-	-	2.68	-	2.68	-	-	2.68
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	0.56	-	-	0.56	-	0.56	-	-	0.56
g	Restructured accounts as on March 31 of the FY (closing figures*)	No of borrowers	-	-	-	-	-	-	-	-	-	-	-	288.00	-	-	288.00	-	288.00	-	-	288.00
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	2.98	-	-	2.98	-	2.98	-	-	2.98
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	2.02	-	-	2.02	-	2.02	-	-	2.02

* Excluding the figures of standard restructured advances which do not attract higher provisioning or risk weight (if applicable).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (CONTD.)
(All amounts are in ₹ crore unless otherwise stated)

47 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.

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
Financial assets						
Cash and cash equivalents	526.59	-	526.59	272.63	-	272.63
Bank balance other than cash and cash equivalents	160.75	42.92	203.67	55.45	65.97	121.42
Derivative financial instruments	-	-	-	3.07	-	3.07
Loans	1,976.45	2,026.67	4,003.12	1,431.30	1,124.14	2,555.44
Investments	10.61	-	10.61	84.46	-	84.46
Other financial assets	27.21	3.45	30.66	20.15	2.66	22.81
Non-financial assets			-			
Current tax assets (Net)	11.73	-	11.73	-	18.08	18.08
Deferred tax assets (Net)	-	43.94	43.94	-	29.34	29.34
Property, plant and equipment	-	8.96	8.96	-	5.46	5.46
Right of use assets	-	21.43	21.43	-	21.15	21.15
Intangible assets under development	-	2.95	2.95	-	0.47	0.47
Other intangible assets	-	1.32	1.32	-	0.55	0.55
Other non-financial assets	7.94	0.13	8.07	5.13	-	5.13
Total assets	**2,721.28**	**2,151.77**	**4,873.05**	**1,872.17**	**1,267.81**	**3,140.01**
Financial liabilities						
Derivative financial instruments	3.15	-	3.15	-	-	-
Debt securities	503.71	518.63	1,022.34	480.08	419.77	899.85
Borrowings (other than debt securities)	1,567.89	908.76	2,476.65	967.51	428.80	1,396.31
Lease liability	6.97	16.66	23.63	6.97	17.32	24.29
Derivative financial instruments	-	-	-		-	-
Other financial liabilities	55.42	-	55.42	16.07	-	16.07
Non-Financial Liabilities						
Current tax liabilities (Net)	-	-	-	-	-	-
Provisions	15.26	15.03	30.29	14.53	8.14	22.67
Deferred tax liabilities (Net)	-	-	-	-	-	-
Other non-financial liabilities	25.46	-	25.46	12.32	-	12.32
Total liabilities	**2,177.86**	**1,459.08**	**3,636.94**	**1,497.48**	**874.03**	**2,371.51**
Net Amount			**1,236.11**			**768.50**

48 CAPITAL

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local banking supervisor, Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

(All amounts are in ₹ crore unless otherwise stated)

The Company has complied in full with all its externally imposed capital requirements over the reported period. Equity share capital and other equity are considered for the purpose of Company's capital management.

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.

Regulatory capital

Particulars	Carrying amount	
	As at March 31, 2024	As at March 31, 2023
Tier I capital	1,058.77	656.38
Tier II capital	-	-
Total capital	1,058.77	656.38
Risk weighted assets	3,229.29	2,112.49
CRAR (%) *	32.79%	31.07%
Tier I capital (%)	32.79%	31.07%
Tier II capital (%)	-	-

* The above ratio has been computed in accordance with the relevant guidelines issued by the RBI.

Tier 1 capital consists of shareholders' equity and retained earnings. Tier II capital consists of general provision and loss reserve against standard assets . Tier 1 and Tier II has been reported on the basis of Ind AS financial information.

49 FINANCIAL RISK MANAGEMENT FRAMEWORK

The Company's principal financial liabilities comprise borrowings from banks and debentures. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's financial assets include loan and advances, investments and cash and cash equivalents that derive directly from its operations.

In the course of its business, the Company is exposed to certain financial risks namely credit risk, interest risk, price risk, currency risk & liquidity risk. The Company's primary focus is to achieve better predictability of financial markets and seek to minimise potential adverse effects on its financial performance.

The Company's board of directors has an overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee and asset liability committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

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

The Company's risk management committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (CONTD.)
(All amounts are in ₹ crore unless otherwise stated)

49.1 Credit risk management framework

Credit risk is the risk that the Company will incur a loss because its customers fail to discharge their contractual obligations. The Company has a comprehensive framework for monitoring credit quality of its loans and advances primarily based on days past due monitoring at year end. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery are taken through follow ups and legal recourse.

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on spreading its lending portfolio across various products / states / customer base with a cap on maximum limit of exposure for an individual / Group.

The below amounts does not include the impact of EIR on applicable fees and interest accrued on customer loans.

49.1.1 Credit quality of financial loan

Particulars	Mortgage loans		Quasi Mortgage loans		Hypothecated and Switch pe loans	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Gross carrying value of loans						
Stage 1	332.31	49.85	110.41	104.15	3,512.30	2,367.39
Stage 2	0.48	0.26	1.78	3.17	40.74	21.59
Stage 3	1.70	0.53	7.07	9.00	122.87	55.72
Gross carrying value as at reporting date	**334.49**	**50.64**	**119.26**	**116.32**	**3,675.91**	**2,444.70**

The Company reviews the credit quality of its loans based on the ageing of the loan at the year end and hence the Company has calculated its ECL allowances on a collective basis.

49.1.2 Inputs considered in calculation of ECL

In assessing the impairment of financial loans under Expected Credit Loss (ECL) Model, the assets have been segmented into three stages. The three stages reflect the general pattern of credit deterioration of a financial instrument. The differences in accounting between stages, relate to the recognition of expected credit losses and the measurement of interest income.

The Company categorises loan assets into stages primarily based on the Days Past Due status.

Stage 1 : 0 to 30 days past due

Stage 2 : 31 to 90 days past due

Stage 3 : More than 90 days past due

49.1.3 Definition of default

The Company considers a financial asset to be in "default" and therefore Stage 3 (credit impaired) for ECL calculations when the borrower becomes 90 days past due on its contractual payments.

49.1.4 Exposure at default

Exposure at default" (EAD) represents the gross carrying amount of the assets subject to impairment calculation.

(All amounts are in ₹ crore unless otherwise stated)

49.1.5 Estimations and assumptions used in the ECL model

(a) Loss given default (LGD) is common for all three Stages and is based on loss in past portfolio. Actual cashflows on the past portfolio are considered at portfolio basis for arriving loss rate.

(b) Probability of default (PD) is applied on Stage 1, Stage 2 and Stage 3 portfolio . This is calculated as an average of periodic movement of default rates.

49.1.6 Measurement of ECL

ECL is measured as follows:

(a) Financial assets that are not credit impaired at the reporting date: for Stage 1 & 2, gross exposure is multiplied by PD and LGD percentage to arrive at the ECL.

(b) Financial assets that are credit impaired at the reporting date: the difference between the gross exposure at reporting date and computed carrying amount considering EAD net of LGD ;

49.1.7 Significant increase in credit risk

The Company considers its exposure in credit risk to have increased significantly, when the borrower crosses 30 DPD.

49.1.8 Impairment loss

(a) The expected credit loss allowance for **Mortgage loan** is determined as follows:

Particulars	Stage 1 Performing-loans 12 month ECL	Stage 2 Under per - forming loans Lifetime ECL not credit impaired	Stage 3 Impaired loans - lifetime ECL credit impaired	Total
Gross carrying value as at March 31, 2024	**332.31**	**0.48**	**1.70**	**334.49**
ECL rate	0.38%	33.33%	53.53%	
ECL amount	1.27	0.16	0.91	2.34
Carrying amount (net of provision)	**331.04**	**0.32**	**0.80**	**332.15**
Gross carrying value as at March 31, 2023	**49.85**	**0.26**	**0.53**	**50.64**
ECL rate	0.79%	25.89%	59.33%	
ECL amount	0.39	0.07	0.19	0.65
Carrying amount (net of provision)	**49.46**	**0.19**	**0.34**	**49.99**

(b) The expected credit loss allowance for Quasi **Mortgage loan** is determined as follows:

Particulars	Stage 1 Performing-loans 12 month ECL	Stage 2 Under per - forming loans Lifetime ECL not credit impaired	Stage 3 Impaired loans - lifetime ECL credit impaired	Total
Gross carrying value as at March 31, 2024	**110.41**	**1.78**	**7.07**	**119.26**
ECL rate	0.62%	23.60%	32.96%	
ECL amount	0.69	0.42	2.33	3.44
Carrying amount (net of provision)	**109.72**	**1.36**	**4.74**	**115.82**
Gross carrying value as at March 31, 2023	**104.15**	**3.17**	**9.00**	**116.32**
ECL rate	1.45%	13.57%	67.80%	
ECL amount	1.51	0.43	4.20	6.14
Carrying amount (net of provision)	**102.64**	**2.74**	**4.80**	**110.18**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (CONTD.)
(All amounts are in ₹ crore unless otherwise stated)

(c) The expected credit loss allowance for **Hypothecated and Switch pe loan** is determined as follows:

Particulars	Stage 1 Performing-loans 12 month ECL	Stage 2 Under per - forming loans Lifetime ECL not credit impaired	Stage 3 Impaired loans - lifetime ECL credit impaired	Total
Gross carrying value as at March 31, 2024	**3,512.30**	**40.74**	**122.87**	**3,675.91**
ECL rate	0.46%	40.72%	74.66%	
ECL amount	16.18	16.59	91.73	124.50
Carrying amount (net of provision)	**3,496.12**	**24.15**	**31.14**	**3,551.41**
Gross carrying value as at March 31, 2023	**2,367.39**	**21.59**	**55.72**	**2,444.70**
ECL rate	0.65%	13.90%	71.26%	
ECL amount	15.45	3.00	28.24	46.69
Carrying amount (net of provision)	**2,351.94**	**18.59**	**27.48**	**2,398.01**

49.1.9 Level of assessment - aggregation criteria

The Company recognises the expected credit losses (ECL) on a collective basis that takes into account comprehensive credit risk information. Considering the economic and risk characteristics the Company calculates ECL on a collective basis for all stages - Stage 1, Stage 2 and Stage 3 assets

49.1.10 An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to **Mortgage Loans** is as follows:

(a) **Gross exposure reconciliation:**

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at March 31, 2022	**7.35**	**1.19**	**0.40**	**8.94**
Transfer to stage 1	-0.01	0.01	-	-
Transfer to stage 2	-0.13	-0.09	0.22	-
Transfer to stage 3	-0.06	-0.11	0.17	-
Loans derecognised during the year				**-**
Loans originated / derecognised during the year	42.55	-0.52	-0.23	41.80
Write offs during the year	-	-	-0.10	-0.10
Gross carrying amount as at March 31, 2023	**49.70**	**0.48**	**0.46**	**50.64**
Changes due to loans recognised in the opening balances that have :				
Transfer to stage 1	0.26	-0.06	-0.20	-
Transfer to stage 2	-0.18	0.18	-	-
Transfer to stage 3	-1.29	-0.20	1.49	-
Loans derecognised during the year				
Loans originated / derecognised during the year	283.90	0.10	-0.01	283.99
Write offs during the year	-0.08	-0.02	-0.04	-0.14
Gross carrying amount as at March 31, 2024	**332.31**	**0.48**	**1.70**	**334.49**

(All amounts are in ₹ crore unless otherwise stated)

(b) Reconciliation of ECL balances

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowances balances as at March 31, 2022	**0.10**	**0.14**	**0.23**	**0.47**
Transfer to Stage 1	0.00	-0.00	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-0.09	-0.05	0.14	-
Loans derecognised during the year				**-**
Loans originated / derecognised during the year	0.38	-0.02	-0.08	0.28
Write offs during the year	-	-	-0.10	-0.10
ECL allowances balances as at March 31, 2023	**0.39**	**0.07**	**0.19**	**0.65**
Changes due to loans recognised in the opening balances that have :				
Transfer to Stage 1	0.09	-0.02	-0.07	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-0.01	-0.05	0.06	-
Loans derecognised during the year				
Loans originated / derecognised during the year	0.80	0.16	0.73	1.69
ECL allowances balances as at March 31, 2024	**1.27**	**0.16**	**0.91**	**2.34**

49.1.11 An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to Quasi Mortgage Loans is as follows:

(a) Gross exposure reconciliation:

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at March 31, 2022	**107.57**	**16.58**	**10.84**	**134.99**
Transfer to Stage 1	1.24	-1.28)	0.04	0.00
Transfer to Stage 2	-2.03	2.04	-0.01	-0.01
Transfer to Stage 3	-4.69	-3.00	7.69	0.00
Loans derecognised during the year				
Loans originated / derecognised during the year	2.34	-9.02	-2.84	-9.52
Write offs during the year	-0.28	-2.15	-6.71	-9.15
Gross carrying amount as at March 31, 2023	**104.15**	**3.17**	**9.00**	**116.32**
Changes due to loans recognised in				
Transfer to Stage 1	8.10	-1.63	-6.47	-
Transfer to Stage 2	-1.71	1.71	-	-0.00
Transfer to Stage 3	-4.93	-1.21	6.14	-
Loans derecognised during the year				
Loans originated / derecognised during the year	5.36	0.45	2.98	8.79
Write offs during the year	-0.56	-0.71	-4.58	-5.85
Gross carrying amount as at March 31, 2024	**110.41**	**1.78**	**7.07**	**119.26**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (CONTD.)
(All amounts are in ₹ crore unless otherwise stated)

(b) Reconciliation of ECL balances

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowances balances as at March 31, 2022	**1.74**	**2.39**	**6.30**	**10.43**
Transfer to Stage 1	0.00	-0.01	0.01	-
Transfer to Stage 2	-0.15	0.15	-	-
Transfer to Stage 3	-2.02	-1.45	3.47	-
Loans derecognised during the year				
Loans originated / derecognised during the year	2.12	0.77	-1.35	1.54
Write offs during the year	-0.18	-1.42	-4.23	-5.84
ECL allowances balances as at March 31, 2023	**1.51**	**0.43**	**4.20**	**6.14**
Changes due to loans recognised in				
Transfer to Stage 1	3.71	-0.27	-3.44	-
Transfer to Stage 2	-0.02	0.02	-	-
Transfer to Stage 3	-0.06	-0.12	0.18	-
Loans derecognised during the year				
Loans originated / derecognised during the year	-4.45	0.36	1.39	-2.70
ECL allowances balances as at March 31, 2024	**0.69**	**0.42**	**2.33**	**3.44**

49.1.12 An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to Hypothecated and Switch pe loans is as follows:

(a) Gross exposure reconciliation:

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at March 31, 2022	**1,478.64**	**62.35**	**43.54**	**1,584.53**
Transfer to Stage 1	4.43	-4.76	0.33	0.00
Transfer to Stage 2	-13.31	13.34	-0.01	0.01
Transfer to Stage 3	-39.71	-7.46	47.17	-
Loans derecognised during the year				
Loans originated / derecognised during the year	938.77	-31.14	-3.70	903.93
Write offs during the year	-1.42	-10.74	-31.61	-43.77
Gross carrying amount as at March 31, 2023	**2,367.39**	**21.59**	**55.71**	**2,444.70**
Changes due to loans recognised in the opening balances that have :				
Transfer to Stage 1	55.13	-11.57	-43.56	-
Transfer to Stage 2	-38.90	38.92	-0.02	0.00
Transfer to Stage 3	-116.37	-9.12	125.49	-
Loans derecognised during the year				
Loans originated / derecognised during the year	1,249.00	9.11	24.11	1,282.21
Write offs during the year	-3.95	-8.19	-38.86	-51.00
Gross carrying amount as at March 31, 2024	**3,512.30**	**40.74**	**122.87**	**3,675.91**

(All amounts are in ₹ crore unless otherwise stated)

(b) Reconciliation of ECL balances

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowances balances as at March 31, 2022	**7.87**	**8.40**	**27.33**	**43.60**
Transfer to Stage 1	-0.03	-0.03	0.05	-0.00
Transfer to Stage 2	-1.60	1.60	-0.00	-
Transfer to Stage 3	-19.46	-3.55	23.01	-
Loans derecognised during the year				
Loans originated / derecognised during the year	29.53	3.55	-0.88	32.20
Write offs during the year	-0.86	-6.97	-21.28	-29.11
ECL allowances balances as at March 31, 2023	**15.45**	**3.00**	**28.23**	**46.69**
Changes due to loans recognised in the opening balances that have :				
Transfer to Stage 1	26.35	-1.75	-24.60	-0.00
Transfer to Stage 2	-0.24	0.25	-0.01	-
Transfer to Stage 3	-0.73	-1.09	1.82	-
Loans derecognised during the year				
Loans originated / derecognised during the year	-24.65	16.18	86.29	77.82
ECL allowances balances as at March 31, 2024	**16.18**	**16.59**	**91.73**	**124.50**

Cash and cash equivalent and bank deposits

The Company maintains its bank balances in reputed banks and financial institutions. The credit risk is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

49.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities (other than derivatives) that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

Liquidity risk management in the Company is managed as per the guidelines of Board-approved Asset-Liability Management ('ALM') Policy which is monitored by the Asset Liability Committee. The ALM Policy provides the governance framework for the identification, measurement, monitoring and reporting of liquidity risk arising out of Company's lending and borrowing activities. The Company maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors the Company's liquidity positions (also comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows. The Company also takes into account liquidity of the market in which the entity operates.

Maturities of financial liabilities

The table below analyses non-derivative financial liabilities of the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date.

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
Financial liabilities						
Lease liabilities	6.97	16.66	23.63	6.97	17.32	24.29
Debt securities	503.71	518.63	1,022.34	480.08	419.77	899.85
Borrowings (other than debt securities)	1,567.89	908.76	2,476.65	967.51	428.80	1,396.31

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (CONTD.)
(All amounts are in ₹ crore unless otherwise stated)

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
Trade payables	-	-	-	-	-	-
Other financial liabilities	55.42	-	55.42	16.07	-	16.07
Derivative Financial Instrument	-3.15	-	-3.15	-	-	-
	2,130.84	**1,444.05**	**3,574.89**	**1,470.63**	**865.89**	**2,336.52**

49.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity price risk. Financial instruments affected by market risk include foreign currency receivables.

49.3.1 Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk for the Company arises majorly on account of foreign currency borrowings. When a derivative is entered into for the purpose of being as hedge, the Company negotiates the terms of those derivatives to match with the terms of the hedge exposure. The Company's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so till repayment. The Company holds derivative financial instruments such as cross currency interest rate swap to mitigate risk of changes in exchange rate in foreign currency and floating interest rate. The counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in market place.

The carrying amounts of the Company's foreign currency exposure at the end of the reporting period are as follows:

Particulars	Currency	As at March 31, 2024	As at March 31, 2023
Financial liabilities, ₹ crore	US$	220.94	123.33
Financial liabilities, ₹ crore	EURO	135.33	134.41

49.3.2 Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Company does not have any exposure to the risk of changes in market interest rates as the Company does not have any borrowings/loans on fluctuating interest rates except following:-

(a) Liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Debt securities		
Variable rate	10.02	261.14
Fixed rate	1,012.32	638.71
Borrowings (other than debt)		
Variable rate	966.02	615.76
Fixed rate	1,510.63	780.55
Sensitivity analysis		
Increase by 80 basis points	7.81	6.27
Decrease by 80 basis points	-7.81	-6.27

(All amounts are in ₹ crore unless otherwise stated)

(b) Assets

The Company's fixed deposits are carried at amortised cost and are fixed rate deposits and therefore not subject to interest rate risk, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates. Loans extended by the Company are all fixed rate loans

(c) Price risk exposure

The Company's Investment in Mutual Funds is exposed to pricing risk. Other financial instruments held by the Company does not possess any risk associated with trading.

Particulars	As at March 31, 2024	As at March 31, 2023
Investments	10.61	84.21
Sensitivity analysis		
increase by 4%	-	2.34
decrease by 4%	-	-2.34

50 LEASES

50.1.1 Carrying value of lease liabilities:

Particulars	Total	Leases
Balance at March 31, 2022	**23.35**	**23.35**
Additions	7.51	7.51
Finance cost	3.16	3.16
Lease payments	-9.74	-9.74
Balance at March 31, 2023	**24.28**	**24.28**
Additions	10.06	10.06
Finance cost	2.21	2.21
Early termination	-1.23	-1.23
Adjustment of earlier year	-0.42	-0.42
Lease payments	-11.27	-11.27
Balance at March 31, 2024	**23.63**	**23.63**

50.1.2 Maturity analysis of lease liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Less than one year	11.19	9.59
One to five years	17.35	19.47
More than five years	0.39	0.22
Undiscounted lease liabilities at March 31, 2023	**28.93**	**29.28**

50.1.3 Amounts recognised in profit or loss

Particulars	As at March 31, 2024	As at March 31, 2023
Interest on lease liabilities	2.21	3.16
Depreciation on ROU assets	9.45	7.32
	11.66	**10.48**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (CONTD.)
(All amounts are in ₹ crore unless otherwise stated)

50.1.4 Cash outflow of leases

Particulars	As at March 31, 2024	As at March 31, 2023
Cash outflow of leases		
Lease payments	11.27	9.76
	11.27	**9.76**

50.1.5 Break up value of the current and non-current lease liabilities for the year ended March 31, 2023

Particulars	As at March 31, 2024	As at March 31, 2023
Current lease liabilities	6.97	6.97
Non-current lease liabilities	16.66	17.32
	23.63	**24.29**

51 FINANCIAL INSTRUMENTS AND FAIR VALUE DISCLOSURES

Valuation principles

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 / indirectly 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.

Fair value hierarchy of asset and liabilities measured at fair value

Particulars	As at March 31, 2024			
	Level 1	Level 2	Level 3	Total
At fair value through profit and Loss				
Financial asset				
Derivative financial instruments	-	-	-	**-**
Investments				
Mutual funds	-	-	-	**-**
Mutual funds held as security in respect of borrowings	-	-	-	**-**
Security receipts	-	15.71	-	**15.71**
	-	15.71	-	**15.71**
Financial liabilities				
Derivative financial instruments	-	-3.15	-	**-3.15**
	-	-3.15	-	**-3.15**

Particulars	As at March 31, 2023			
	Level 1	Level 2	Level 3	Total
At fair value through profit and Loss				
Financial Asset				
Derivative financial instruments	-	3.07	-	**3.07**
Investments				
Mutual funds	58.51	-	-	**58.51**
Mutual funds held as security in respect of borrowings	-	-	-	**-**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (CONTD.)
(All amounts are in ₹ crore unless otherwise stated)

Particulars	As at March 31, 2023			
	Level 1	Level 2	Level 3	Total
Security receipts	-	30.80	-	**30.80**
	58.51	**33.87**	**-**	**92.38**
Financial Liabilities				
Derivative financial instruments	-	-	-	**-**
	-	**-**	**-**	**-**

Fair Value hierarchy of Asset and Liabilities not measured at fair value

The management assessed that carrying value of financial asset and financial liabilities are a reasonable approximation of their fair value and hence their carrying values are deemed to be fair values.

Valuation methodologies of financial instruments not measured at fair value

Loans

Most of the loans are repriced frequently, with interest rate of loans reflecting current market pricing. Hence carrying value of loans is deemed to be equivalent of fair value.

Borrowings

Debt securities and borrowings are fixed rate borrowings and fair value of these fixed rate borrowings is determined by discounting expected future contractual cash flows using current market interest rates charged for similar new loans and carrying value approximates the fair value for fixed rate borrowing at financial statement level. The Company's borrowings which are at floating rate approximates the fair value.

Short term and other financial assets and liabilities

The management assessed that cash and cash equivalents, investments, other financial assets, trade payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

52 Disclosures pursuant to Reserve bank of India notification DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 pertaining to Asset Classification as per RBI Norms

52.1 For the year March 31, 2024

Asset classification as per RBI Norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowances (provisions) as required under Ind AS 109	Net carrying amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3) - (4)	(6)	(7) = (4)-(6)
Performing assets						
Standard	Stage 1	3,955.02	18.14	3,936.88	16.27	1.87
Standard	Stage 2	43.01	17.18	25.83	0.23	16.95
Subtotal		3,998.03	35.32	3,962.71	16.50	18.82
Non-performing assets (NPA)						
Sub - standard	Stage 3	124.87	93.38	31.49	12.34	81.04
Subtotal Sub -Standard		**124.87**	**93.38**	**31.49**	**12.34**	**81.04**
Doubtful - up to 1 year	Stage 3	6.72	1.58	5.14	6.10	-4.52
1 to 3 years	Stage 3	0.04	-	0.04	0.04	-0.04
More than 3 years	Stage 3	-	-	-	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (CONTD.)
(All amounts are in ₹ crore unless otherwise stated)

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)
Subtotal Doubtful		**6.76**	**1.58**	**5.18**	**6.14**	**-4.56**
Loss assets		-	-	-	-	-
Subtotal NPA	**Stage 3**	**131.63**	**94.96**	**36.67**	**18.48**	**76.48**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
All assets	Stage 1	3,955.02	18.14	3,936.88	16.27	1.87
	Stage 2	43.01	17.18	25.83	0.23	16.95
	Stage 3	131.63	94.96	36.67	18.48	76.48
Total		**4,129.66**	**130.28**	**3,999.38**	**34.98**	**95.30**

Note 1: The above table discloses the provisions amounts as per IRACP norms, while the Company has made a provision of non-performing assets as per the Company's policy which is in excess of the IRACP norms.

52 Disclosures pursuant to Reserve bank of India notification DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 pertaining to Asset Classification as per RBI Norms

52.2 For the year March 31, 2023

Asset classification as per RBI Norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowances (provisions) as required under Ind AS 109	Net carrying amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3)-(4)	(6)	(7) = (4)-(6)
Performing assets						
Standard	Stage 1	2,521.39	17.36	2,504.03	11.08	6.28
Standard	Stage 2	25.02	3.50	21.52	0.40	3.10
Subtotal		**2,546.41**	**20.86**	**2,525.55**	**11.48**	**9.38**
Non-performing assets (NPA)						
Sub - standard	Stage 3	65.18	32.61	32.57	7.28	25.33
Subtotal Sub -Standard		**65.18**	**32.61**	**32.57**	**7.28**	**25.33**
Doubtful - up to 1 year	Stage 3	0.06	-	0.05	0.06	-0.06
1 to 3 years	Stage 3	0.01	0.01	-	0.01	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal Doubtful		**0.07**	**0.01**	**0.05**	**0.07**	**-0.06**
Loss assets		-	-	-	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (CONTD.)
(All amounts are in ₹ crore unless otherwise stated)

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)
Subtotal NPA	**Stage 3**	**65.25**	**32.62**	**32.62**	**7.35**	**25.27**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
All assets	Stage 1	2,521.39	17.36	2,504.03	11.08	6.28
	Stage 2	25.02	3.50	21.52	0.40	3.10
	Stage 3	65.25	32.62	32.62	7.35	25.27
Total		**2,611.66**	**53.48**	**2,558.17**	**18.83**	**34.65**

Note 1: The above table discloses the provisions amounts as per IRACP norms, while the Company has made a provision of non-performing assets as per the Company's policy which is in excess of the IRACP norms.

Note 2: The above amounts does not include the impact of EIR on applicable fees and interest accrued on customer loans.

53 RBI circular RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 September 01, 2016, as amended.

53 ASSET LIABILITY MANAGEMENT - MATURITY PATTERN OF CERTAIN ITEMS OF ASSETS AND LIABILITIES

As at March 31, 2024

Particulars	1 to 7 days	8 to 14 days	15 days to 30/31 days	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 months up to 6 months	Over 6 months up to 1 year	Over 1 year up to 3 years	Over 3 year up to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-		-
Advances*	225.72	-	-	155.80	158.10	484.39	952.46	1,798.59	180.53	43.84	3,999.42
Investments^	250.31	40.02	18.61	17.87	12.89	51.29	59.85	42.92	-	-	493.76
Borrowing**	44.73	29.04	119.63	141.53	257.09	493.27	908.21	993.07	89.21	59.46	3,135.24
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	78.10	191.08	94.57	-	363.75

As at March 31, 2023

Particulars	1 to 7 days	8 to 14 days	15 days to 30/31 days	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 months up to 6 months	Over 6 months up to 1 year	Over 1 year up to 3 years	Over 3 year up to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-		-
Advances*	158.45	-	-	108.00	114.59	352.36	697.89	1,141.17	30.24	6.22	2,608.92
Investments^	218.84	-	70.00	3.37	5.02	35.04	43.90	64.89	-	-	441.06

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (CONTD.)
(All amounts are in ₹ crore unless otherwise stated)

Particulars	1 to 7 days	8 to 14 days	15 days to 30/31 days	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 months up to 6 months	Over 6 months up to 1 year	Over 1 year up to 3 years	Over 3 year up to 5 years	Over 5 years	Total
Borrowing**	5.07	20.08	55.80	105.47	93.02	341.79	678.15	651.51	79.10	-	2,029.99
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	91.92	44.83	4.71	98.16	26.55	-	266.17

Notes

* EIR on advances has been considered as per repayment schedule.

* Net of provision for standard and non performing asset.

* Advances not included staff loan.

* The advances are gross of impairment loss allowance.

** EIR on borrowing has been considered in the last bucket of the respective borrowing.

^ Investments include the amount of deposits with banks.

(a) Advances and borrowings are inclusive of the securitisation transactions which have not been de-recognised in the books of accounts in accordance with Ind AS 109.

(b) Above ALM does not consider cash balance existing as on balance sheet date.

53.2 Summary of material accounting policies

Refer to note 2 of Financial Statements for summary of material accounting policies.

53.3 Capital

Particulars		March 31, 2024	March 31, 2023
(a)	CRAR (%)	32.79%	31.07%
(b)	CRAR - Tier I Capital (%)	32.79%	31.07%
(c)	CRAR - Tier II Capital (%)	-	-
(d)	Amount of subordinated debt raised as Tier-II capital	-	-
(e)	Amount raised by issue of perpetual debt instruments	-	-

53.4 Investments

Particulars	March 31, 2024	March 31, 2023
Value of investments		
Gross value of investments		
In India	15.96	89.56
Outside India	-	-
Provisions for depreciation		
In India	5.35	5.10
Outside India	-	-
Net value of investments		
In India	10.61	84.46
Outside India	-	-
Movement of provisions held towards depreciation on investments		
Opening balance	5.10	2.94
Add : Provisions made during the year	0.25	2.16
Less Write-off / write-back of excess provisions during the year	-	-
Closing balance	5.35	5.10

(All amounts are in ₹ crore unless otherwise stated)

53.5 Derivatives

53.5.1 Forward rate agreement / interest rate swap

Particulars	March 31, 2024	March 31, 2023
The notional principal of swap agreements	356.27	257.74
Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	-
Collateral required by the NBFC upon entering into swaps	-	-
Concentration of credit risk arising from the swaps*	-	-
The fair value of the swap book	-3.15	3.07

* Counter- party for all swaps entered into by the Company are Scheduled Commercial Banks.

53.5.2 Exchange traded interest rate (IR) derivatives

Particulars	Amount
Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument-wise)	
a) Nil	Nil
b) Nil	Nil
c) Nil	Nil
Notional principal amount of exchange traded IR derivatives outstanding as on March 31, 2024 (instrument-wise)	
a) Nil	Nil
b) Nil	Nil
c) Nil	Nil
Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	
a) Nil	Nil
b) Nil	Nil
c) Nil	Nil
Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	
a) Nil	Nil
b) Nil	Nil
c) Nil	Nil

53.5.3 Disclosures on risk exposure in derivatives

Qualitative disclosures

The Company undertakes the derivatives transaction to prudently hedge the risk in context of a particular borrowing or to diversify sources of borrowing and to maintain fixed and floating borrowing mix. The Company does not indulge into any derivative trading transactions. The Company reviews, the proposed transaction and outline any considerations associated with the transaction, including identification of the benefits and potential risks (worst case scenarios); an independent analysis of potential savings from the proposed transaction. The Company evaluates all the risks inherent in the transaction viz., counter party risk, Market Risk, Operational Risk, basis risk etc.

Credit risk is controlled by restricting the counterparties that the Company deals with, to those who either have banking relationship with the Company or are internationally renowned or can provide sufficient information.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (CONTD.)
(All amounts are in ₹ crore unless otherwise stated)

Market/Price risk arising from the fluctuations of interest rates and foreign exchange rates or from other factors shall be closely monitored and controlled. Normally transaction entered for hedging, will run over the life of the underlying instrument, irrespective of profit or loss. Liquidity risk is controlled by restricting counterparties to those who have adequate facility, sufficient information, and sisable trading capacity and capability to enter into transactions in any markets around the world.

The respective functions of trading, confirmation and settlement should be performed by different personnel. The front office and back-office role is well defined and segregated. All the derivatives transactions are quarterly monitored and reviewed. All the derivative transactions have to be reported to the board of directors on every quarterly board meetings including their financial positions.

Quantitative disclosures

Particulars	As at March 31, 2024		As at March 31, 2023	
	Currency Derivatives*	Interest Rate Derivatives	Currency Derivatives*	Interest Rate Derivatives
Derivative (notional principal amount) – for hedging	356.27	-	257.74	-
Marked to market positions	-3.15	-	3.03	-
Credit exposure	356.27	-	257.74	-
Unhedged exposures	-	-	-	-

* Cross currency interest rate swap

53.6 Disclosures relating to Securitisation (Refer Note No. 45 of the financial statements.)

53.7 Exposures

53.7.1 Exposure to real estate sector

Category		March 31, 2024	March 31, 2023
(a)	Direct exposure		
	Residential mortgages	**431.76**	**162.04**
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. Exposure would also include non-fund based limits.	431.76	162.04
	Commercial real estate	22.00	4.92
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multi- purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits	**22.00**	**4.92**
	Investments in Mortgage Backed Securities (MBS) and other securitised exposures	NIL	NIL
	Residential	NIL	NIL
	Commercial real estates	NIL	NIL
(b)	Indirect Exposure		
	Fund based and non-fund-based exposures on National Housing Bank and Housing Finance Companies.	NIL	NIL
		453.76	**166.96**

53.7.2 Exposure to capital market

Particulars		March 31, 2024	March 31, 2023
(a)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	0.25	NIL
(b)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	NIL	NIL
(c)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	NIL	NIL
(d)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds' does not fully cover the advances;	NIL	NIL
(e)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	NIL	NIL
(f)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	NIL	NIL
(g)	Bridge loans to companies against expected equity flows / issues;	NIL	NIL
(h)	Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	NIL	NIL
(i)	Financing to stockbrokers for margin trading	NIL	NIL
(j)	All exposures to Alternative Investment Funds:		
	(i) Category I	NIL	NIL
	(ii) Category II	NIL	NIL
	(iii) Category III	NIL	NIL
		0.25	**NIL**

Note : The above 53.7.1 & 53.7.2, information is provided as per MIS/reports generated available for internal reporting purpose which include certain estimates and assumptions. The same has been relied upon by the auditors.

53.8 Details of financing of parent company products

The Company doesn't have parent Company, hence this clause is not applicable.

53.9 Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by the NBFC

The Company has not exceeded the Single Borrower Limit (SGL) / Group Borrower Limit (GBL) during the March 31, 2024 and March 31, 2023

53.10 Unsecured advances

The Company has given ₹ 1659.19 crore (previous year: ₹ 816.18 crore) of unsecured loans.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (CONTD.)
(All amounts are in ₹ crore unless otherwise stated)

53.11 Miscellaneous

53.11.1 Registration obtained from other financial sector regulators

The Company does not hold any other registration other than NBFC registration from RBI.

Registration/ License	Issuing Authority	Registration / License number
Certificate of Registration	Reserve Bank Of India (RBI)	B-14.03323

53.11.2 Disclosure of penalties imposed by RBI and other regulators –

No penalties were imposed by the regulator during the year ended March 31, 2024 and March 31, 2023

53.11.3 Related party transactions

Refer note 36 of Financial Statements for related party transaction disclosure.

The Company have not entered into any transactions related to borrowings, deposits, placement of deposits, advances, purchase/sale of fixed/other assets and Investments during the year with directors, KMP and their relatives. Hence there is no outstanding balance during the year.

53.11.4 Ratings assigned by credit rating agencies and migration of ratings during the year

Rating purpose	2023-24		2022-23	
	Rating Assigned	Rating Outlook	Rating Assigned	Rating Outlook
Aye Finance Private Limited by India Ratings & Research				
NCD ₹ 1013.79 (previous year 1248.83 crore)*	[IND] A-	Positive	[IND] A-	Stable
Bank loans 500 crore (previous year ₹ 400 crore)*	[IND] A-	Positive	[IND] A-	Stable
Commercial paper ₹ 50 crore	[IND] A1	Positive	[IND] A2+	Stable
Principal protected market-linked debenture (PP-MLD) ₹ 195 crore (previous year 210 crore)	IND PP-MLD A -	Positive	IND PP-MLD A -	Stable
Aye Finance Private Limited by ICRA				
NCD for the previous year ₹ 65.00 crore**	N.A.	N.A.	[ICRA] BBB+	Stable

** ICRA ratings withdrawn w.e.f. May 16, 2023. Rating at the time was BBB+ with positive outlook

*Rating letter dated Feb 20, 2024. As per the rating, the long term rating outlook of the Company was upgraded to "Positive" from "Stable". Rating of A- was reaffirmed. Additionally, Short term rating was upgraded to A1 from A2+.

53.12 Additional disclosures

53.12.1 Provisions and contingencies

Break up of 'provisions and contingencies' shown under the head expenditure in the statement of profit and loss account	March 31, 2024	March 31, 2023
Provisions for depreciation on investment	-	5.10
Provision towards NPA	62.38	(1.24)
Provision made towards income tax net of deferred tax	66.73	17.61
Other provision and contingencies (Gratuity and Leave encashment)	7.39	1.06
Provision for Standard assets	14.42	0.22

53.12.2 Draw down from reserves

The Company has not made any drawdown from the reserve during the year.

53.13 Concentration of deposits, advances, exposures and NPAs

The Company has not taken any deposits from any party.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (CONTD.)
(All amounts are in ₹ crore unless otherwise stated)

53.13.1 Concentration of advances

Particulars	March 31, 2024	March 31, 2023
Total advances to twenty largest borrowers	2.13	1.83
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	0.05%	0.07%

53.13.2 Concentration of exposures

Particulars	March 31, 2024	March 31, 2023
Total exposure to twenty largest borrowers / customers	2.13	32.72
Percentage of exposures to twenty largest borrowers / customers to total exposure of the NBFC on borrowers / customers	0.05%	1.24%

53.13.3 Concentration of NPAs

Particulars	March 31, 2024	March 31, 2023
Total exposure to top four credit impaired accounts	0.28	0.18

53.13.4 Sector-wise NPAs

Sector	Percentage of NPAs to total advances in that sector	
	March 31, 2024	March 31, 2023
(a) Agriculture and allied activities	-	-
(b) MSME	3.19%	2.49%
(c) Corporate borrowers	-	-
(d) Services	-	-
(e) Unsecured personal loans	-	-
(f) Auto loans	-	-
(g) Other personal loans	-	-

53.13.5 Movement of NPAs

Particulars	March 31, 2024	March 31, 2023
(a) Net NPAs to Net Advances (%)	0.91%	1.28%
(b) Movement of NPAs (Gross)		
(i) Opening balance	65.39	57.28
(ii) Additions during the year	119.44	61.29
(iii) Reductions during the year	-53.20	-53.18
(iv) Closing balance	131.63	65.39
(c) Movement of Net NPAs		
(i) Opening balance	32.81	23.42
(ii) Additions during the year	28.85	31.07
(iii) Reductions during the year	-24.99	-21.68
(iv) Closing balance	36.67	32.81
(d) Movement of provisions for NPAs (excluding provisions on standard assets)		
(i) Opening balance	32.58	33.86
(ii) Additions during the year	90.59	30.22
(iii) Reductions during the year	-28.21	-31.50
(iv) Closing balance	94.96	32.58

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (CONTD.)
(All amounts are in ₹ crore unless otherwise stated)

53.14 Overseas assets

The Company does not own any assets outside the country.

53.15 Off – balance sheet SPVs sponsored

The Company does not have any off balance sheet SPV sponsored either domestic or overseas.

53.16 Disclosure of customer complaints

53.16.1 Summary information on complaints received by the NBFCs from customers and from the Offices of Ombudsman

S. No.	Particulars	March 31, 2024	March 31, 2023
	Complaints received by the NBFC from its customer		
(a)	No. of complaints pending at the beginning of the year	4	-
(b)	No. of complaints received during the year	864	405
(c)	No. of complaints redressed during the year	856	401
	Of which, number if complaints rejected by the NBFC*	-	-
(d)	No. of complaints pending at the end of the year	12	4
	Maintainable complaints received by the NBFC from office of Ombudsman		
(e)	Maintainable complaints received by the NBFC from office of Ombudsman	31	14
	Of (e) , No of complaints resolved in favour of the NBFC from office of Ombudsman	31	13
	Of (e) ,No of complaints resolved through Conciliation/ Mediation/advisories issued by office of Ombudsman	-	1
	Of (e) ,No of complaints resolved after passing of awards by office of Ombudsman against the NBFC	-	-
(e)	(i) No. of awards unimplemented with in the Stipulated time (other than those appealed)	-	-

* Represents number of complaints submitted by internal ombudsman to RBI vide circular no. RBI/2021-2022/126 dated November 15, 2021

Note : The above information is provided as per MIS/reports generated available for internal reporting purpose which include certain estimates and assumptions. The same has been relied upon by the auditors.

53.16.2 Top five grounds of complaints received by the NBFCs from customers

March 31, 2024

SL No.	Grounds of complaints	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
(a)	Credit Bureau Rectification	2	327	57%	6	-
(b)	Customer Interaction Issue	1	235	279%	3	-
(c)	Customer Dispute or Money Misappropriate	-	53	212%	1	-
(d)	Settlement Related	-	60	NA	-	-
(e)	Contact Number Update/ Removal (non-Existing)	-	32	191%	1	-
(f)	Others	1	157	67%	1	-
		4	**864**	**113%**	**12**	**-**

(All amounts are in ₹ crore unless otherwise stated)

March 31, 2023

SL No.	Grounds of complaints	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
(a)	Credit Bureau Rectification	-	208	121%	2	-
(b)	Customer Interaction Issue	-	62	40%	1	-
(c)	Refund issue (Charges/ extra EMI refund)	-	17	467%	-	-
(d)	Settlement Related	-	13	217%	-	-
(e)	Commission Asked	-	11	1100%	-	-
(f)	Others	-	94	104%	1	-
		-	**405**	**96%**	**4**	**-**

Note : The above information is provided as per MIS/reports generated available for internal reporting purpose which include certain estimates and assumptions. The same has been relied upon by the auditors.

53.17 Expenditure on corporate social responsibility

Refer note 31 of Financial Statements for disclosure pertaining to corporate social responsibility expenses.

53.18 Disclosure on frauds pursuant to RBI Master Direction

The frauds detected and reported for the year amounted to ₹ 0.42 crore (March 31, 2023 ₹ 0.06 crore).

53.19 Micro, Small and Medium Enterprises (MSME) sector - Restructuring of advances

The Company has restructured the accounts as per RBI circular circulars DBR.No.BP.BC.100/21.04.048/2017-18 dated February 07, 2018, DBR.No.BP.BC.108/21.04.048/2017-18 dated June 06, 2018, DBR.No.BP.BC.18/21.04.048/2018-19 dated January 01, 2019, circular DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020 and DOR.No.BP.BC/4/21.04.048/2020-21 dated August 06, 2020.

Particulars	March 31, 2024	March 31, 2023
No. of accounts restructured	343	1,436
Amount (₹ in crore)*	2.61	10.36

* Balances are as at March 31, 2024

53.20 Details of the Code on Social Security, 2020 ('CODE') relating to employee benefits

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September, 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

53.21 The Company owns 100% of Foundation for Advancement of Micro Enterprises (FAME), incorporated under Section 8 of the Companies Act, 2013, to carry on social responsibility activities. The financial statements of FAME are not considered for consolidation since the definition of control is not met as the Company's objective is not to obtain economic benefits from the activities of FAME.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (CONTD.)
(All amounts are in ₹ crore unless otherwise stated)

53.22 Transactions with non-executive directors

Name of non-executive director	Transaction type	March 31, 2024	March 31, 2023
Mr. Navin Kumar Maini	Payment of sitting fees	0.05	0.10
Ms. Kanika Tandon Bhal	Payment of sitting fees	0.07	0.03
Mr. Vinay Baijal	Payment of sitting fees	0.05	0.08
Ms. Arpita Pal Agarwal	Payment of sitting fees	0.03	0.04
Mr. Sanjay Gupta	Payment of sitting fees	0.07	-
Mr. Govinda Rajulu Chinta	Payment of sitting fees	0.08	-
		0.35	**0.25**

53.23 Postponement of revenue recognition

There is no significant uncertainty which requires postponement of revenue recognition.

53.24 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

Payment against the supplies from the undertakings covered under the Micro, Small & Medium Enterprises Development Act, 2006 are generally made in accordance with the agreed credit terms.

On the basis of information and record available with the management, there are no outstanding balances of such suppliers and interest due on such accounts as on March 31, 2024

The Company has neither paid any interest nor such amount is payable to buyer covered under the MSMED Act, 2006.

53.25 Details of non-performing financial assets purchased/sold

The Company has not sold non performing financial asset during 2023-24 and has sold non performing financial asset during 2022-23. Refer Note no. 53.27.1 (c).

53.26 Value of imports calculated on CIF basis

The Company has not imported any goods therefore value of import on CIF basis is Nil. (As on March 31, 2023 – Nil).

53.27 Disclosure pursuant to Master Direction - Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 issued by the Reserve Bank of India ("RBI") vide their Notification No. RBI/DOR/2021-22/86 Master Direction DOR.STR. REC.51/21.04.048/2021-22 dated September 24, 2021 (the "Notification")

53.27.1 Details of non-performing assets (NPAs) transferred are given below:

Disclosure pursuant to RBI notification - RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021

(a) Details of transfer through assignment in respect of loans not in default during the year ended.

	March 31, 2024	March 31, 2023
Aggregate amount of loans transferred	246.78	206.98
Retention of beneficial economic interest (MRR)	10%	10%
Weighted average maturity (residual maturity)	18.4 months	16.7 months
Weighted average holding period	7.64 months	7.1 months
Coverage of tangible security	-	-
Rating-wise distribution of rated loans	Unrated	Unrated

(b) Details of loans re-purchased in compliance with paragraph 48 of Master Direction - RBI (Transfer of loan exposures) Directions, 2021 during the year ended March 31, 2024: Nil

(c) (i) Details of stressed loans transferred during the year ended March 31, 202

Particulars	To Asset Reconstruction Companies (ARC)	
	NPA*	SMA
No. of accounts	9,024	-
Aggregate principal outstanding of loans transferred (₹ in crore)	83.76	-
Weighted average residual tenor of the loans transferred (in months)	11 months	-
Net book value of loans transferred (at the time of transfer) (₹ in crore)	11.11	-
Aggregate consideration (₹ in crore)	13.28	-
Additional consideration realised in respect of accounts transferred in earlier year	-	-

*Including written off loans amounting to ₹ 51.65 crore

(c) (ii) The Company has not transferred any stressed loan during the financial year ended March 31, 2024

(d) The Company has not acquired any stressed loan during the financial year ended March 31, 2024 & March 31,2023

53.27.2 The Company has not acquired any special mention account or stressed loan or loan not in default.

53.27.3 **Disclosures as required for liquidity risk**

(a) Funding concentration based on significant counterparty (both deposits and borrowings)

Particulars	March 31, 2024	March 31, 2023
Number of significant counter parties	33	34
Amount	3,014.14	2,082.37
Percentage of funding concentration to total deposits	N.A.	N.A.
Percentage of funding concentration to total liabilities	82.89%	87.81%

(b) Top 20 large deposits

Particulars	March 31, 2024	March 31, 2023
Total amount of top 20 deposits	N.A.	N.A.
Percentage of amount of top 20 deposits to total deposits	N.A.	N.A.

(c) Top 10 borrowings

Particulars	March 31, 2024	March 31, 2023
Total amount of top 10 borrowings	1,788.90	1,113.37
Percentage of amount of top 10 borrowings to total borrowings	49.19%	48.49%

(d) Funding concentration based on significant instrument/product

Name of the instrument/product	March 31, 2024		March 31, 2023	
	Amount	% of Total Liabilities	Amount	% of Total Liabilities
Non-convertible debentures (Secured)	912.64	25.09%	771.92	32.55%
Non-convertible debentures (Unsecured)	109.70	3.02%	127.93	5.39%
Term Loans	1,307.06	35.94%	525.09	22.14%
Borrowing under securitisation arrangement	800.85	22.02%	562.04	23.70%
External commercial borrowings	363.74	10.00%	266.18	11.22%
Working capital/Line of credit/Overdraft facility**	-	-	43.00	1.81%

** Current Year it is less than 1% hence it is not disclosed.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (CONTD.)
(All amounts are in ₹ crore unless otherwise stated)

(e) Stock ratios

Particulars	March 31, 2024	March 31, 2023
Commercial papers as a % of total public funds	-	-
Commercial papers as a % of total liabilities	-	-
Commercial papers as a % of total assets	-	-
Non-convertible debentures as a % of total public funds	-	-
Non-convertible debentures as a % of total liabilities	-	-
Non-convertible debentures as a % of total assets	-	-
Other short-term liabilities as a % of total public funds	62.24%	65.22%
Other short-term liabilities as a % of total liabilities	59.88%	63.14%
Other short-term liabilities as a % of total assets	44.69%	47.69%

Note 1 : Significant counterparty is as defined in RBI Circular RBI/1019-20/88 DOR. NBFC (PD) CC. No. 102/03. 10.001/2019-20 dated November 4, 2019 on liquidity risk management framework for NBFC and Core Investment Companies.

Note 2 : Significant instrument/product is as defined in RBI Circular RBI/1019-20/88 DOR. NBFC (PD) CC. No. 102/03. 10.001/2019-20 dated November 4, 2019 on liquidity risk management framework for NBFC and Core Investment Companies.

Note 3 : Public funds are as defined in Master Direction - Non Banking Financial Company - Scale based circular DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22, 2021.

53.28 Transfer of financial assets

53.28.1 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.

The Company has transferred certain pools of fixed rate loan receivables backed by underlying assets by entering into securitisation transactions with the Special Purpose Vehicle Trusts (SPV Trust) sponsored by financial institution for consideration received in cash at the inception of the transaction.

The Company, being Originator of these loan receivables, also acts as Servicer with a responsibility of collection of receivables from its borrowers and depositing the same in Collection and Pay-out Account maintained by the SPV Trust for making scheduled pay-outs to the investors in Pass Through Certificates (PTCs) issued by the SPV Trust. These securitisation transactions also requires the Company to provide for first loss credit enhancement in various forms, such as corporate guarantee, cash collateral etc. as credit support in the event of shortfall in collections from underlying loan contracts. By virtue of existence of credit enhancement, the Company is exposed to credit risk, being the expected losses that will be incurred on the transferred loan receivables to the extent of the credit enhancement provided. In view of the above, the Company has retained substantially all the risks and rewards of ownership of the financial asset and thereby does not meet the derecognition criteria as set out in Ind-AS 109. Consideration received in this transaction is presented as 'Borrowing under Securitisation' under Note 14.

Particulars	March 31, 2024	March 31, 2023
Carrying amount of transferred assets measured at amortised cost	891.30	596.81
Carrying amount of associated liabilities (Debt securities -measured at amortised cost)	800.85	562.03

(All amounts are in ₹ crore unless otherwise stated)

53.28.2 Transferred financial assets that are derecognised

During the year , the Company has assigned (earlier measured at amortised cost) by way of direct assignment as per the agreed terms of the deals. Since substantial risk and rewards related to these assets were transferred to the buyer, the asset have been de-recognised from the books of accounts. The table below summarises the carrying amount of the derecognised financial assets measured at amortised cost and the gain/(loss) on derecognition during the year.

Particulars	March 31, 2024	March 31, 2023
Carrying amount of transferred assets measured at amortised cost	214.14	122.07
Carrying amount of exposures retained by the Company at amortised cost	21.41	12.21
Gain on sale of the derecognised financial assets	18.95	12.51

Since the Company transferred the above financial asset in a transfer that qualified for derecognition in its entirely, therefore the whole of the interest spread (over the expected life of the asset) is recognised on the day of derecognition itself as interest strip receivable and correspondingly recognised as gain on derecognition of financial asset

53.29 Detail of resolution plan implemented under the resolution framework for Covid - 19 related stress as per RBI circular dated August 06, 2020 (resolution framework - 1.0) and May 05, 2021 (resolution framework - 2.0) as March 31, 2024 as given below: -

Type of Borrowers	Exposure to accounts classified as Standard consequent to implementation of resolution plan-Position as at March 31, 2023 (A) *	Of (A), aggregate debt that slipped in to NPA during the period ended March 31, 2024	Of (A) amount written off during the period ended March 31, 2024	Of (A) amount paid by the borrowers during the period ended March 31, 2024**	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at March 31, 2024 *
Personal Loans #	9.63	1.29	2.28	4.68	1.38
Corporate Persons	-	-	-	-	-
MSMEs	-	-	-	-	-
Others	-	-	-	-	-
	9.63	**1.29**	**2.28**	**4.68**	**1.38**

* Consist of unbilled and overdue principal

** Includes portfolio sold to ARC

Includes restructuring implemented pursuant to OTR 2.0 for personal loans, individual business loans and small business loans.

53.30 Changes in liabilities arising from financing activities *

Particulars	April 01, 2023	Cash flows	Exchange difference	Other	March 31, 2024
Debt securities	899.85	136.71	-	-14.22	1,022.34
Borrowings (other than debt securities)	834.27	841.40	6.18	-6.05	1,675.80
Borrowings under securitisation	562.04	239.57	-	-0.77	800.85
	2,296.16	**1,217.68**	**6.18**	**-21.04**	**3,498.99**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (CONTD.)
(All amounts are in ₹ crore unless otherwise stated)

Particulars	April 01, 2022	Cash flows	Exchange difference	Other	March 31, 2023
Debt securities	922.23	-22.38	-	-	899.85
Borrowings (other than debt securities)	489.62	279.70	-6.96	71.91	834.27
Borrowings under securitisation	108.89	453.15	-	-	562.04
	1,520.74	**710.47**	**-6.96**	**71.91**	**2,296.16**

* Amounts are inclusive of accrued interest.

53.31 Pursuant to Regulation 54 of the SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015 we would like to state that all listed secured non-convertible debentures of the Company are secured by way of first exclusive charge on hypothecated book debts of the Company up to the extent minimum of 100% of the amount outstanding.

53.32 There are no significant subsequent events that have occurred after the reporting period till the date of approval of these financial statements.

53.33 Intra Group Exposure

The Company does not have any Intragroup Exposures for the Year ended March 31, 2024 & March 31, 2023.

53.34 Unhedged Foreign currency Exposure

The Company has Nil Unhedged Foreign currency Exposure as at March 31, 2024 & March 31, 2023. Refer Note 49 for policies to manage induce foreign currency risk.

53.35 Loans to directors, senior officers and relatives of directors

The Company has not provided any loans to directors, senior officers and relatives of directors during the year ended March 31, 2024 and March 31, 2023

53.36 Details of penalties imposed by RBI and other regulators

No penalty was levied during the year ended March 31,2024 and March 31,2023.

53.37 Breach of covenant

The Company has no instance of breach of covenant in respect of loans availed and debt securities issued as at March 31, 2024 and March 31, 2023

53.38 Divergence in Asset Classification and Provisioning

RBI vide its circular RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated April 19, 2022 has directed NBFCs shall make suitable disclosures, if either or both of the following conditions are satisfied:

(a) the additional provisioning requirements assessed by RBI (or National Housing Bank(NHB) in the case of Housing Finance Companies) exceeds 5 percent of the reported profits before tax and impairment loss on financial instruments for the reference period, or

(b) the additional Gross NPAs identified by RBI/NBH exceeds 5 percent of the reported Gross NPAs for the reference period.

No inspection conducted by the RBI during the financial year ended March 31, 2024

53.39 Disclosure on Modified Opinion

The auditor have expressed an unmodified opinion for year ended March 31, 2024 & March 31, 2023.

(All amounts are in ₹ crore unless otherwise stated)

53.40 Sectoral exposure

Sector	FY 2023-2024			FY 2022-2023		
	Total Exposure	Gross NPAs	% of Gross NPA to Total Exposure	Total Exposure	Gross NPAs	% of Gross NPA to Total Exposure
(a) Agriculture and allied activities	-	-	-	-	-	-
(b) Industry	-	-	-	-	-	-
(c) Services	-	-	-	-	-	-
(d) Personal loans	-	-	-	-	-	-
(e) Others - MSME	4,129.66	131.63	3.19%	2,621.56	65.39	2.49%

Note : The above information is provided as per MIS/reports generated available for internal reporting purpose which include certain estimates and assumptions. The same has been relied upon by the auditors.

53.41 Net Profit or Loss for the period, prior period items and changes in accounting policies: There are no any prior period items and changes in accounting policies.

54 OTHER NOTES

Balance Sheet disclosures as required under Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated October 19, 2023 (as amended) issued by the Reserve Bank of India.

Liabilities Side:

54.1 Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:

Particulars	Amount Outstanding	Amount Overdue
(a) Debentures:		
(i) Secured	912.64	-
(ii) Unsecured	109.70	-
(other than falling within the meaning of Public deposits*)		
(b) Deferred credits		
(c) Term loans	1,670.80	-
(d) Inter - corporate loans and borrowings		
(e) Commercial paper		
(f) Public deposits		
(g) Other loans		
(i) Liabilities in respect of securitised transactions	800.85	
(ii) Loans repayable on demand	5.00	

* Please see Note 1 below

54.2 Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):

Particulars	Amount Outstanding	Amount Overdue
(a) In the form of Unsecured debentures	-	-
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
(c) Other public deposits	-	-

* Please see Note 1 below

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (CONTD.)
(All amounts are in ₹ crore unless otherwise stated)

Assets Side:

54.3 Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:

Particulars	Amount Outstanding
(a) Secured	2,474.21
(b) Unsecured	1,659.19

54.4 Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities

Particulars	Amount Outstanding
(i) Lease assets including lease rentals under sundry debtors:	
(a) Financial Lease	-
(b) Operating Lease	-
(ii) Stock on hire including hire charges under sundry debtors:	
(a) Assets on hire	-
(b) Repossessed Assets	-
(iii) Other loans counting towards asset financing activities	
(a) Loans where assets have been repossessed	-
(b) Loans other than (a) above	-

Assets Side:

54.5 Break-up of investments:

Particulars	Amount Outstanding
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(security receipt - ARCIL TRUST)	15.71
Long Term Investments:	

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (CONTD.)
(All amounts are in ₹ crore unless otherwise stated)

Particulars	Amount Outstanding
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	0.25
(b) Preference	-
(ii) Debentures and bonds	-
(iii) Units of mutual funds	-
(iv) Government securities	-
(v) Others (security receipt - ARCIL TRUST)	-

54.6 Borrower group-wise classification of assets financed as in (3) and (4) above : (Please see Note 2 below)

Category		Amount Net of Provisions		
		Secured	Unsecured	Total
1	Related Parties**			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	-	-	-
	(c) Other related parties	-	-	-
2	Other than related parties	2,403.40	1,599.72	4,003.12
		2,403.40	**1,599.72**	**4,003.12**

54.7 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) : (Please see Note 3 below)

Category		Market Value/ Break-up or fair value or NAV	Book Value (Net of Provisions)
1	Related Parties **		
	(a) Subsidiaries	0.25	-
	(b) Companies in the same group	-	-
	(c) Other related parties	-	-
2	Other than related parties	15.71	10.61
		15.96	**10.61**

** As per notified Accounting Standard (Please see below Note 3)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024 (CONTD.)
(All amounts are in ₹ crore unless otherwise stated)

54.8 Other information

Particulars		Amount
(i)	Gross non-performing assets	
	(a) Related parties	-
	(b) Other than related parties	131.63
(ii)	Net non-performing assets	
	(a) Related parties	-
	(b) Other than related parties	**36.67**
(iii)	Assets acquired in satisfaction of debts (net of provision)	**-**

Notes:

1 As defined in Paragraph 5.1.26 of the RBI NBFC Directions.

2 Provisioning norms shall be applicable as prescribed in these Directions.

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 or current in (5) above.

55 OTHER STATUTORY INFORMATION

(a) The Company do not have any investment property.

(b) The Company do not have any benami property, where any proceeding has been initiated or pending against the group for holding any benami property.

(c) Since, the Company does not have any immovable property, clause related to title deeds of property not held in the Company's own name is not applicable.

(d) The Company do not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period for borrowings.

(e) The Company is a NBFC - Middle Layer as classified under Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulations) Directions, 2023.

(f) The quarterly statement of current assets submitted to banks/ financial institutions which are provided as security against the borrowings are in agreement with the books of account.

(g) There has been no significant events after the reporting date require disclosure in these financial statements.

(h) The Company has not entered any transactions with companies that were struck off under Section 248 of the Companies Act, 2013 or Section 560 of the Companies Act, 1956.

(i) The Company has not traded or invested in crypto currency or virtual Currency during the financial year.

(j) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding that the intermediary shall:

  (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (ultimate beneficiaries) or

  (b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

(All amounts are in ₹ crore unless otherwise stated)

The Company has not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries

(k) The Company do not have 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.

(l) During the year, no scheme of arrangements in relation to the Company has been approved by the competent authority in terms of Sections 230 to 237 of the Companies Act, 2013. Accordingly, aforesaid disclosure are not applicable to the Company.

(m) The Company has not advanced or granted loan to promoter, director, KMP & related party.

(n) The Company is not declared wilful defaulter by any bank or financial institution or other lenders.

(o) During the financials year 2023-24 and financials year 2022-23, The Company has not invested with number of layers of Companies as prescribed under clause (87) of Section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017

In terms of our report attached

For S S Kothari Mehta & Co. LLP
Chartered Accountants
Firm Registration No.: 000756N / N500441

For and on behalf of the Board of Directors of
Aye Finance Private Limited

per Vijay Kumar	**Sanjay Sharma**	**Govinda Rajulu Chintala**	**Krishan Gopal**	**Tripti Pandey**
Partner	Managing Director	Chairperson and Independent Director	Chief Financial Officer	Company Secretary
Membership No: 092671	DIN: 03337545	DIN: 03622371		Membership No: 32760
New Delhi	Gurugram	Virginia, USA	Gurugram	Gurugram
May 24, 2024	May 24, 2024	May 24, 2024	May 24, 2024	May 24, 2024

NOTICE OF 31ST ANNUAL GENERAL MEETING OF AYE FINANCE PRIVATE LIMITED

Shorter Notice is hereby given that **31st Annual General Meeting** of the Members of **AYE FINANCE PRIVATE LIMITED ("Company")** will be held on **Friday, September 27, 2024** at **4:00 P.M. (IST)** through Video conferencing ("**VC**") or Other Audio Visual Mode ("**OAVM**") deemed to be called at the Corporate Office of the Company at Unit No. 701-711, 7th Floor, Unitech Commercial Tower - 2, Sector-45, Arya Samaj Road, Gurugram-122003, Haryana, India to transact the following businesses: -

ORDINARY BUSINESS:

1. **TO RECEIVE, CONSIDER, APPROVE AND ADOPT THE AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED MARCH 31, 2024 ALONG WITH THE REPORTS OF THE DIRECTORS AND STATUTORY AUDITORS THEREON**

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

   "RESOLVED THAT pursuant to applicable provisions of Companies Act, 2013 read with rules made thereunder, Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s), thereof for the time being in force) **("SEBI Listing Regulations")**, the Audited Financial Statements including Balance Sheet of the Company as on March 31, 2024, the Statement of Profit & Loss Account and Cash Flow Statement for the Financial Year ended March 31, 2024 together with the schedules/notes thereto along with Reports of the Board of Directors and Statutory Auditors together with its annexures thereon be and are hereby received, considered, approved and adopted."

SPECIAL BUSINESSES:

2. **TO INCREASE THE BORROWING LIMIT OF THE COMPANY FROM ₹ 4,000 CRORE TO ₹ 7,000 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 **Special Resolution:**

   "RESOLVED THAT in supersession of an earlier resolution passed by the members of the Company in their 30th Annual General Meeting held on September 29, 2023 and pursuant to the provisions of Section 180(1)(c) & other applicable provisions, if any, of the Companies Act, 2013 (**"Act"**) read with rules made thereunder & any other circulars, notifications & guidelines issued in this regard [including any statutory modification(s), enactment(s) or re-enactment(s) thereof for the time being in force] read with Articles of Association of the Company, consent of the members be and is hereby accorded to the Board of Directors (hereinafter referred to as the **"Board"** which term shall include any committee constituted / may be constituted by the Board to exercise its powers including the powers conferred under this resolution) to raise or borrow from time to time such sum or sums of monies in any form whether in Indian rupees or in foreign currency, in any form or manner and in one or more tranches including but not limited to by way of loan or financial facility/assistance from various banks, financial institutions and/or other lenders and/or by way of issue of debentures/bonds/commercial papers/external commercial borrowings or such other instrument, with or without security, whether in India or outside India on such terms and conditions as the Board or any committee authorised for the same may deem fit for the purposes of the Company notwithstanding that the monies already borrowed and the monies to be borrowed (apart from temporary loans obtained from its bankers in the ordinary course of business) may exceed the aggregate of the paid up share capital, free reserves and securities premium of the Company not set apart for any specific purpose provided that the total amount up to which monies may be borrowed by the Board of Directors shall not remain outstanding for more than ₹ 7,000 crore (Rupees Seven Thousand crore only) at any point of time.

   RESOLVED FURTHER THAT the Board, be and is hereby authorised and empowered to arrange or settle the terms and conditions on which all such monies are to be borrowed from time to time as to interest, repayment, security or otherwise, howsoever, as it may think fit and to do all such acts, deeds and things as may be necessary and incidental for giving effect to the above, including execution of all such documents, instruments and writings, as may be required."

3. **CREATION OF CHARGES ON THE MOVABLE AND/OR IMMOVABLE PROPERTIES OF THE COMPANY, BOTH PRESENT AND FUTURE, UNDER SECTION 180(1) (A) OF THE COMPANIES ACT, 2013 IN RESPECT OF BORROWINGS OF THE COMPANY**

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

"RESOLVED THAT in supersession of an earlier resolution passed by the members of the Company in their 30th Annual General Meeting held on September 29, 2023 and pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013 (**"Act"**) read with rules made thereunder and other applicable provisions, if any & any other circulars, notifications & guidelines issued in this regard (including any statutory modification(s), enactment(s) or re-enactment(s) thereof for the time being in force) read with Articles of Association of the Company, consent of the members be and is hereby accorded to the Board of Directors (hereinafter referred to as the **"Board"** which term shall include any committee constituted / may be constituted by the Board to exercise its powers including the powers conferred under this resolution) to create such charges, mortgages, lien, pledge, hypothecation and/or any other form of security interest of any nature and any kind in addition to the existing charges, mortgages, lien, pledge, hypothecation and/or any other form of security interest of any nature and any kind created by the Company, on such movable and/or immovable properties including book debt, receivables of the Company, both present and future, including where such assets and properties constitute the whole or substantially the whole of the undertaking of the Company, in such manner as the Board or any committee authorised for the same may deem fit, in certain events in favour of banks/financial institutions and their subsidiaries, mutual funds, trusts, other body corporates and any other lenders (or any agent, security trustee, debenture trustees or any other person acting on their behalf) for the holders of debentures/bonds/other instruments to secure inter-alia loan or financial facility/assistance from various banks, financial institutions and/or other lenders and/or by way of issue of debentures/bonds/commercial papers/external commercial borrowings or such other instrument, etc. (hereinafter collectively referred to as the **"Loans"**) which may be issued on private placement basis or otherwise to secure the due payment of the principal together with interest, 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 exceed ₹ 7,000 crore (Rupees Seven Thousand crore only) at any point of time.

RESOLVED FURTHER THAT the Board, be and is hereby authorised and empowered to arrange or settle the terms and conditions on which all such monies are to be borrowed from time to time as to interest, repayment, security or otherwise, howsoever, as it may think fit and to do all such acts, deeds and things as may be necessary and incidental for giving effect to the above, including execution of all such documents, instruments and writings, as may be required."

4. **ISSUANCE OF NON-CONVERTIBLE DEBENTURES IN ONE OR MORE TRANCHES ON PRIVATE PLACEMENT BASIS**

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

"RESOLVED THAT in supersession of an earlier resolution passed by the members of the Company in their 30th Annual General Meeting held on September 29, 2023 and pursuant to the provisions of Sections 23, 42, 71 and other applicable provisions, if any, of the Companies Act, 2013 (**"Act"**) read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014, the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the SEBI Master Circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper dated May 22, 2024 (including any statutory modification(s), enactment(s) or re-enactment(s) thereof for the time being in force) and the enabling provisions of the listing agreement(s) entered into with the stock exchange(s) where the applicable securities of the Company are listed, Master Direction - Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 and all other rules, regulations, guidelines, notifications, clarifications and circulars, if any, issued by any statutory/regulatory authority, as may be applicable, the Memorandum and Articles of Association of the Company and subject to such consents, approvals, permissions and sanctions of the concerned statutory and regulatory authorities, if any and to the extent necessary, the consent of the members be and is hereby accorded to the Board of Directors (hereinafter referred to as the **"Board"** which term shall include any committee constituted / may be constituted by the Board to exercise its powers including the powers conferred under this resolution) to create, offer, invite for subscription, issue and allot non-convertible debentures ((a) subordinated / unsubordinated, (b) listed, (c) senior secured, (d) senior unsecured, (e) unsecured, (f) market linked debentures, (g) perpetual or non-perpetual, and/or (h) any others (as may be determined)) (**"NCDs"**) by way of private placement, in 1 (one) or more series or tranches, from time to time, to any category of investors eligible to invest in the NCDs, provided that the aggregate amount to be raised through the issuance of NCDs shall not collectively exceed an overall limit of ₹ 4,000 crore (Rupees Four Thousand crore only) (**"Limit"**) on such terms and conditions including the price, coupon, premium / discount on face value, redemption premium, tenor etc. and at such times whether at par/premium/discount, as may be determined by the Board to such person or persons including one or more company(ies), bodies corporate, foreign portfolio investor(s), overseas fund(s), statutory corporation(s), commercial bank(s), domestic and multilateral lending agency(ies), financial institution(s), insurance company(ies), mutual fund(s), alternative investment fund(s), pension/provident fund(s), family office(s), and individual(s), as the case may be or such other person/persons/investors as the Board may so decide/ approve in its absolute discretion, for a period of 1 (one) year, from the date of approval of this resolution by the Members of the Company and the Limit shall be subject to the overall borrowing limits of the Company, as approved by the Members of the Company from time to time under Section 180(1)(c) of the Act.

RESOLVED FURTHER THAT the Board be and is hereby authorised to execute all such agreements, documents, instruments and writings as deemed necessary, file requisite forms or applications with statutory/regulatory authorities, with the power to settle all questions, difficulties or doubts that may arise, in this regard and do all such acts, deeds and things as may be considered necessary or desirable in connection with or incidental thereto to give effect to the above resolution, including but not limited to disclosures with stock exchanges and to comply with all other requirements in this regard."

By order of the Board
For Aye Finance Private Limited

Sd/-
(Vipul Sharma)
Company Secretary, Compliance Officer
& Chief Compliance Officer

Place: Gurugram
Date: September 19, 2024

NOTES:

1. In pursuant with relaxations provided by the Ministry of Corporate Affairs, Government of India (**"MCA"**) vide its General Circulars No. 20/2020 dated May 5, 2020, 02/2021 dated January 13, 2021, 19/2021 dated December 8, 2021, 21/2021 dated December 14, 2021, 2/2022 dated May 5, 2022, 10/2022 dated December 28, 2022, 09/2023 dated September 25, 2023 (collectively referred to as **"MCA Circulars"**), the Companies are allowed to hold Annual General Meeting (**"AGM"**) through Video Conferencing (**"VC"**) or Other Audio Visual Means (**"OAVM"**), without the physical presence of Members at a common venue.

2. In compliance with applicable provisions of the Companies Act, 2013 (**"Act"**) read with aforesaid MCA Circulars, the 31st AGM of the Company being conducted through VC / OAVM via Zoom Software. A copy of the Annual Report of the Company for F.Y. 2023-24 and Notice of 31st AGM *inter-alia* indicating the process and manner of attending the AGM through VC are being sent by e-mail to the Members, Debenture Trustee(s), Statutory Auditors, Secretarial Auditors, Directors of the Company and to all other persons so entitled whose e-mail IDs have been made available to the Company / Registrar and Transfer Agent (**"RTA"**) i.e. KFin Technologies Limited or with Depository Participants (**"DP"**). Further, Members may note that Annual Report for the F.Y. 2023-24 and the Notice of 31st AGM will also be available on the Company's website at www.ayefin.com and on the website of BSE Limited at www.bseindia.com.

3. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Forms, Attendance Slips and Route Map of Venue are not annexed to this Notice.

4. Pursuant to provisions of Section 113 of the Act, Corporate and other Non-Individual Members are required to send a duly certified true copy (PDF Format) of their Board Resolution/ Governing Body Resolution/ Authority Letter for authorising their representatives to attend and vote at the AGM by email to secretarial@ayefin.com.

5. In case of Joint Members attending the meeting, only such Joint Shareholder who is first in the order of names will be entitled to vote during the AGM.

6. Since, the Company is not required to conduct e-voting, the voting at the meeting shall be conducted through show of hands, unless a poll is demanded under Section 109 of the Act. In case of a poll on any resolution at the AGM, members are requested to convey their vote by e-mail at secretarial@ayefin.com.

7. The Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum for the AGM under Section 103 of the Act.

8. The Register of Directors and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Act and Register of Contracts or arrangement in which Directors are interested maintained under Section 189 of the Act and all the documents referred to in the AGM Notice and Explanatory Statement annexed to the AGM Notice shall be available for inspection at the Registered & Corporate Office of the Company on working days between 11:00 A.M. to 1:00 P.M. from the date of circulation of this Notice up to the date of the AGM.

9. The Members can participate in the AGM by installing Zoom software in their computer systems (from the link given below) and dialing:

   Zoom Meeting Link
   https://us06web.zoom.us/j/83402589007?pwd=DxLS2rIhrpb9Lvy6mjIAaIQwWfD2Wo.1

   Meeting ID: 834 0258 9007

   Passcode: 581474

10. The Members who need assistance in connection with using the said technology before or during the AGM, may reach out to the Company:

    Name: Mr. Deepak Prajapati (Ph. No- +91-9540981064)

11. Non-Resident Indian members are requested to inform RTA/ the Company, immediately of:

    a. Change in their residential status on return to India for permanent settlement.

    b. Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

12. Statement pursuant to Section 102(1) of the Act, in respect of the Special Businesses to be transacted in the AGM along with details pursuant to Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India (ICSI) (**"SS-2"**) and other applicable laws are annexed with this notice.

13. As this AGM is being called at shorter notice pursuant to Section 101 of the Act and rules made thereunder, necessary consent has been received from the Members.

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

ITEM NO. 2

Being into the business of NBFC, the Company requires more funds from various lenders of repute to run its operations smoothly and consistently. The Company has outstanding borrowing of ₹ 3,130 crore (excluding Pass Through Certificate (**"PTC"**) of ₹ 997 crore) as of June 2024. The Company has a plan to raise additional funding to the tune of ₹ 4,000 - 4,500 crore in the form of debt through different instruments excluding PTC, as of Q1FY 2026. This fresh borrowing estimates may take our exposure over the current approved limit of ₹ 4,000 crore.

As the business requirements of the Company is growing at a fast pace and to enable an active borrowing program by the Company and to meet the short term and long term funding requirements of the Company and for onward lending by the virtue of the fact of ordinary course of business and general corporate purposes of the Company, the Company may consider undertaking different forms of borrowings including but not limited to term loans, working capital facilities, debentures/bonds/commercial papers/ external commercial borrowings or such other instrument with or without security, whether in India or outside India as may be allowable to be mobilised by the Company. Since the existing approved limit is likely to get exhausted in near future, it is proposed to increase the present borrowing limits from ₹ 4,000 crore (Indian Rupees Four Thousand crore only) to ₹ 7,000 crore (Indian Rupees Seven Thousand crore only) over and above the paid-up share capital, free reserves and securities premium of the Company.

Pursuant to Section 180(1)(c) of the Act, the Board of Directors or any Committee authorised by the Board shall exercise the powers to borrow money, where the money to be borrowed, together with the money already borrowed by the Company will exceed aggregate of its paid-up share capital, free reserves and securities premium, apart from temporary loans obtained from the Company's bankers in the ordinary course of business only with the consent of the Members of the Company by way of a Special Resolution.

Accordingly, the Board of Directors of the Company, vide its resolution passed at the meeting held on August 12, 2024 has proposed to increase the borrowing limit, subject to approval of the Members.

None of the Directors, Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested in the resolution.

The Board of Directors of the Company recommends the resolution set out as **Item No. 2** of the Notice for approval by the Members as a Special Resolution.

ITEM NO. 3

Pursuant to Section 180(1)(a) of the Act, the Company is required to create such charges, mortgages, lien, pledge, hypothecation and/or create security interest of every nature and kind in addition to the existing charges, mortgages, lien, pledge, hypothecation and/or create security interest of every nature and kind, created by the Company, on such movable and/or immovable properties, including the whole or substantially the whole of the Company's undertaking or undertakings, both present and future, and in such manner as the Board may deem fit, together with power to dispose off the substantial assets of the Company in certain events in favour of banks/financial institutions and their subsidiaries, mutual funds, trust, other body corporates any other lenders (or any agent, security trustee, debenture trustees or any other person acting on their behalf) for the holders of debentures/bonds/other instruments to secure *inter-alia* loan or financial facility/assistance from various banks, financial institutions and/or other lenders and/or by way of issue of debentures/bonds/commercial papers/external commercial borrowings or such other instrument, etc. (hereinafter collectively referred to as the **"Loans"**) which may be issued on private placement basis or otherwise to secure the due payment of the principal together with interest, 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, at present the Company can incur up to ₹ 4,000 crore (Rupees Four Thousand crore only).

Accordingly, it is proposed to seek approval of the Members under Section 180(1)(a) of the Act, to authorise the Board of Directors to create such charges, mortgages, lien, pledge, hypothecation and/or create security interest of every nature and kind in addition to the existing charges, mortgages, lien, pledge, hypothecation and/or create security interest of every nature and kind, created by the Company, on such movable and/or immovable properties, including the whole or substantially the whole of the Company's undertaking or undertakings, both present and future, and in such manner as the Board may deem fit, together with power to dispose off the substantial assets of the Company in certain events in favour of banks/financial institutions and their subsidiaries, mutual funds, trust, other body corporates any other lenders (or any agent, security trustee, debenture trustees or any other person acting on their behalf) for the purpose of securing the borrowing(s) of the Company for a sum equivalent to ₹ 7,000 crore (Rupees Seven Thousand crore only).

The Board of Directors of the Company, vide its resolution passed at the meeting held on August 12, 2024 has proposed to create charge on movable and/or immovable properties of the Company, subject to approval of the members.

None of the Directors, Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested in the resolution.

The Board of Directors of the Company recommends the resolution set out as **Item No. 3** of the Notice for approval by the Members as a Special Resolution.

ITEM NO. 4

Pursuant to the provisions of Section 42 of the Act, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Company can issue securities including NCDs on a private placement basis subject to the condition that the proposed offer of securities or invitation to subscribe to the securities has been previously approved by the Members of the Company, by means of a special resolution, for each of the offer or invitation. In case of an offer or invitation for NCDs, it shall be sufficient if the Company passes a special resolution only once in a year for all the offer(s) or invitation(s) to subscribe to such NCDs on a private placement basis, during a period of 1 (one) year from the date of passing of the special resolution.

In view of the above requirement, the Members of the Company at the last AGM held on September 29, 2023 had approved the raising of funds by issue of NCDs on private placement basis in pursuance of the relevant provisions of the applicable laws and circulars or guidelines issued by the RBI, up to an amount not exceeding ₹ 3,000 crore (Rupees Three Thousand crore only), during a period of 1 (one) year from the date of passing of the special resolution, in one or more series/ tranches.

Currently the Company has outstanding NCDs amounting to ₹ 1,348 crore as of June, 2024. The Company has a plan to raise additional funding through NCD issuances to the tune of ₹ 1,500 - 2,000 crore in next 12 months. This fresh borrowing estimates may take our exposure over the current limit of ₹ 3,000 crore.

Accordingly, in order to augment resources for on-lending by the Company, repayment/ refinance of existing debt, working capital requirement, investments, general corporate purposes and after accessing existing & future projections of the Company & to facilitate the Company to evaluate a potential fund raising at an appropriate time in one or more tranches in Indian as well as overseas market by issue of NCDs, consent of the Members of the Company is sought in connection with the aforesaid issue of listed, secured/ unsecured/ subordinated/ unsubordinated/ senior, rated/ unrated, perpetual/ non-perpetual, redeemable (including market linked debentures) cumulative/ non-cumulative NCDs and they are requested to authorise the Board (including any Committee thereof, which the Board may have constituted/ authorised or hereinafter constitute to exercise its powers including the powers conferred by this resolution and with the power to delegate such authority to any person or persons) to issue such NCDs for a period of 1 (one) year on private placement basis up to ₹ 4,000 crore (Rupees Four Thousand crore only), in one or more series/ tranches on private placement basis within the limits permitted by the RBI and other regulatory authorities, if any, to the eligible investors, during a period of 1 (one) year from the date of passing of this special resolution.

The said non-convertible debt securities would be issued by the Company in accordance with the applicable statutory guidelines, for cash either at par or premium to face value depending upon the prevailing market conditions and the pricing of such securities depends upon various factors which may include prevailing risk free rates, competitor rates of similar rating and prevailing regulations.

Furthermore, the offer shall be made to such persons as identified under Section 42 of the Act, on such terms and conditions including the price, coupon, par/ premium/ discount, tenor etc., as may be determined by the Board, in the prevailing market conditions as permitted by the relevant applicable regulations.

The Board of Directors of the Company, vide its resolution passed at the meeting held on August 12, 2024 has proposed the said issuance of NCDs on private placement basis, subject to approval of the members.

None of the Directors, Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested in the resolution.

The Board of Directors of the Company recommends the resolution set out as **Item No. 4** of the Notice for approval by the Members as a Special Resolution.

By order of the Board
For Aye Finance Private Limited

Sd/-
(Vipul Sharma)
Company Secretary, Compliance Officer
& Chief Compliance Officer

Place: Gurugram
Date: September 19, 2024

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Aye Finance Private Limited

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