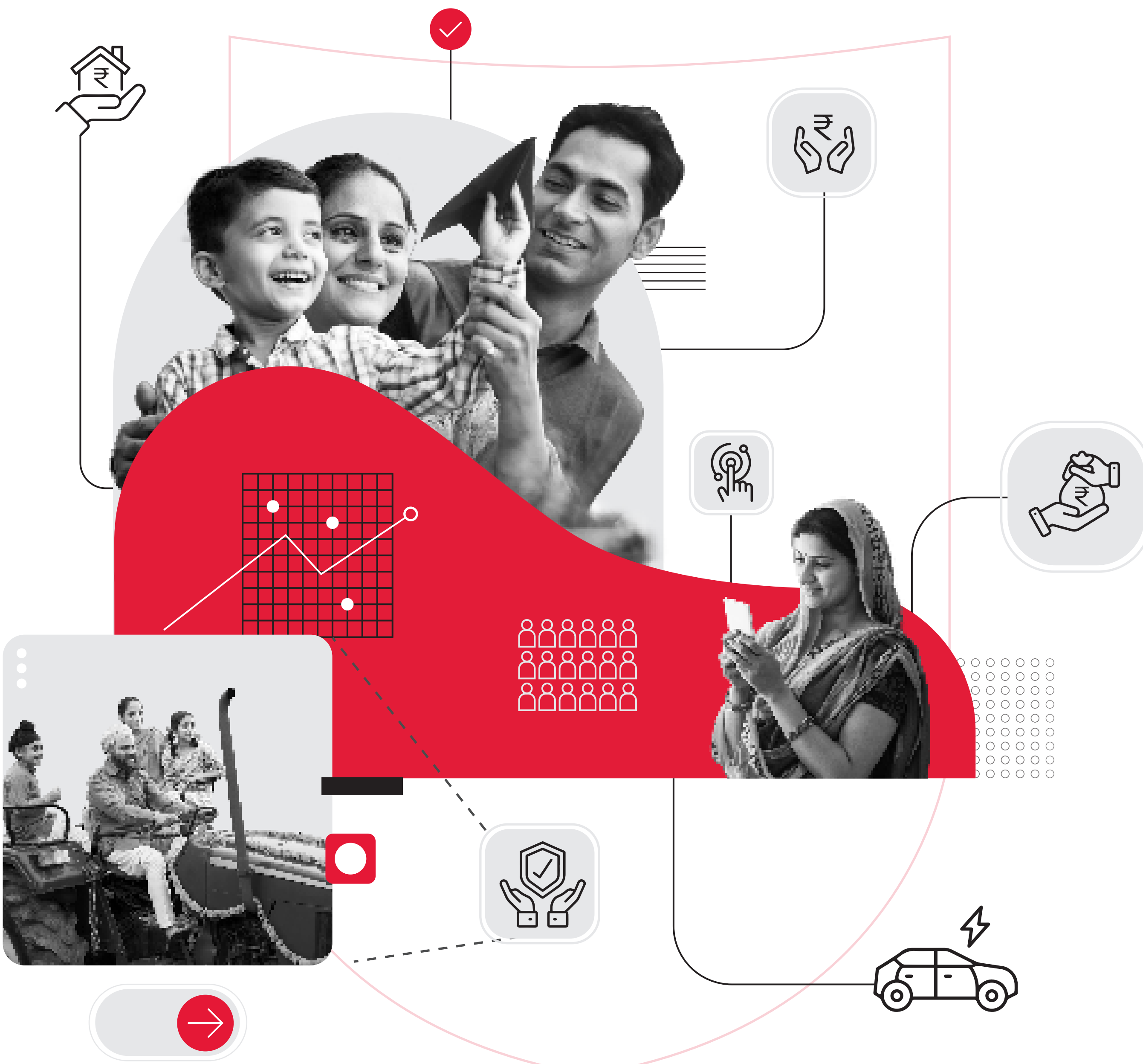
mahindra FINANCE

Subsidiary Companies 2023-24



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INDEPENDENT AUDITOR'S REPORT

To the Members of Mahindra Insurance Brokers Limited

Report on the Audit of Ind AS Financial Statements

1. Opinion

We have audited the accompanying Ind AS financial statements of Mahindra Insurance Brokers Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2024, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended and notes to the Ind AS financial statements including a summary of material accounting policies and other explanatory information (hereinafter referred to as "Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the 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, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

2. Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS 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 Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on Ind AS financial statements.

3. Information other than the Ind AS financial statements and Auditor's report thereon

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

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

In connection with our audit of the Ind AS 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 Ind AS financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information included in the above reports, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance and determine the actions under the applicable laws and regulations.

4. Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS accounting standards specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, Company's Board of Directors 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

5. Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 Standards on auditing 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 Ind AS financial statements.

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

i) Identify and assess the risks of material misstatement of the Ind AS 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.

ii) Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

iv) 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 ability of the Company 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 Ind AS 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.

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

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

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

6. Report on Other Legal and Regulatory Requirements

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

ii) As required by section 143 (3) of the Act, based on our audit 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 purpose of our audit of Ind AS Financial Statements.

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

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

d) In our opinion, the aforesaid Ind AS financial statements comply with the Ind AS specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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

f) With respect to the adequacy of the internal financial controls with reference to Ind AS financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report.

g) 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, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended 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 the financial position in its Ind AS financial statements – Refer Note 32 to the Ind AS financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

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

iv. (a) The Management has represented that, to the best of its knowledge and belief, 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. Based on reasonable audit procedures adopted by us, nothing has come to our notice that such representation contains any material misstatement.

(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. Based on reasonable audit procedures adopted by us, nothing has come to our notice that such representation contains any material misstatement.

(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. As stated in Note 33.1 to the financial statements

(a) The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.

(b) The Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.

vi. Based on our examination which included test checks, the company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Based on our procedures performed we did not notice any instance of the audit trail feature being tampered with.

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

For **Mukund M. Chitale & Co.**
Chartered Accountants
Firm Regn. No. 106655W

(S. M. Chitale)
Partner
M. No. 111383
UDIN : 24111383BKBGMX4156

Date : April 16, 2024
Place : Mumbai

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF MAHINDRA INSURANCE BROKERS LIMITED

Referred to in paragraph [6(i)] under Report on Other Legal and Regulatory Requirements of our report of even date

(i) a) A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment, other Intangible assets, Intangible asset under development, Right-of-use Assets.

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

b) The Property, Plant and Equipment and Right-of-use Assets of the company have been physically verified by the Management, in the phased manner during the year. The company is in the process of reconciling the same with the fixed asset register. The discrepancies if any, arising out of reconciliation will be considered in the books of accounts in the period in which the reconciliation is complete.

c) According to the information and explanations given to us and on the basis of our examination of the records of the company, there are no immovable properties held in the name of the Company. Accordingly, paragraph 3(i)(c) of the order is not applicable to the Company.

d) The Company has not revalued its Property, Plant and Equipment (including Right-of -Use assets) or other intangible assets during the year.

e) No proceedings have been initiated or is pending against the Company as at March 31, 2024 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

(ii) a) The company is in the business of providing insurance broking services and does not hold any inventory. Therefore, the provision of paragraph 3(ii)(a) of the said order is not applicable to the Company.

b) According to the information and explanations given to us, the Company has not been sanctioned any working capital limits in excess of Rs. 5 crores, in aggregate, at any point of time during the year, from banks or financial institutions on the basis of security of current assets. Therefore, the provision of paragraph 3(ii)(b) of the said order is not applicable to the Company.

(iii) The Company has made investments in, provided guarantees (letter of comfort) and granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, in respect of which:

a) According to the information and explanations given to us, and on the basis of our verification of records of the Company, the Company has provided loans during the year.

Particulars	Amount (in Lakhs)
Loan	
Aggregate amount during the year	20,200
Balance outstanding at the balance sheet	35,525

b) In our opinion, the investments made and the terms and conditions of the grant of loans, during the year are, prima facie, not prejudicial to the Company's interest.

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 have been regular as per stipulation.

d) In respect of loans granted by the Company, there is no overdue amount remaining outstanding as at the balance sheet date.

e) No loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdue of existing loans given to the same parties.

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, reporting under clause 3(iii)(f) is not applicable.

(iv) In our opinion, and according to the information and explanations given to us, the company has complied with the provisions of Section 185 and Section 186 of the Companies Act, 2013 in respect of loans and investments made, and guarantees and security provided by it, as applicable.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended) 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 (vi) of the Order is not applicable to the Company.

(vii) According to the information and explanations given to us, in respect of statutory dues:

a) the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Services Tax, Value Added Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it as per the available records as far as ascertained by us on our verification.

According to the information and explanations given to us, there are no undisputed dues in respect of provident fund, income-tax, service tax, sales-tax, duty of customs, value added tax, cess and other material statutory dues which are outstanding, at the end, for a period of more than six months from the date they became payable.

b) According to the records of the Company, the dues outstanding of income-tax, sales tax, service tax, duty of customs, value added tax and cess on account of any dispute, are as follows:

Name of the statue	Nature of the dues	Amount (Rs. In Lakhs)	Period to which amount relates	Forum where the dispute is pending
Income tax	Disallowance of donation	16.61	AY 2016-17	JCIT/CIT
Tax Deducted at Source	Interest on TDS	5.23	F.Y. 2011-12 to F.Y. 2023-2024	Rectification filed with the AO
Tax Deducted at Source	Short deduction of TDS	2.74	F.Y. 2011-12 to F.Y. 2023-2024	Rectification filed with the AO

(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.

(ix) a) The Company has not taken any loans or other borrowings from any lender. Hence reporting under clause 3(ix)(a) of the Order is not applicable.

b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

c) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year and hence, reporting under clause 3(ix)(c) of the Order is not applicable.

d) No funds have been raised on short-term basis and hence, reporting under clause 3(ix)(d) of the Order is not applicable.

e) The Company did not have any subsidiary or associate or joint venture during the year and hence reporting under clause (ix)(e) of the Order is not applicable to the Company.

f) The Company has not raised any loans during the year and hence reporting on clause 3(ix)(f) of the Order is not applicable.

(x) a) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under paragraph 3(x)(a) of the Order is not applicable to the Company.

b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.

(xi) a) During the course of our examination of books of accounts and as far as records/details made available and verified by us and according to the information and explanations given to us, five instances of fraud on the Company (Amounting to Rs. 6.46 Lakhs) were reported during the year.

b) 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) We have taken into consideration, the whistle blower complaints received by the Company during the year and provided to us while determining the nature, timing and extent of audit procedures.

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

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the Ind AS financial statements, as required by the applicable accounting standards.

(xiv) a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date of our audit 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 person connected with them. Accordingly, provisions of clause 3 (xv) of the Order are not applicable to the Company.

(xvi) a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.

b) According to the information and explanations given to us, there are four Core Investment Companies 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) There has been no resignation of the statutory auditors of the Company during the year.

(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 Ind AS 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) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there is no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause 3(xx) of the Order is not applicable for the year.

For **Mukund M. Chitale & Co.**
Chartered Accountants
Firm Regn. No. 106655W

(S. M. Chitale)
Partner
M. No. 111383
UDIN : 24111383BKBGMX4156

Date: April 16, 2024
Place: Mumbai

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF MAHINDRA INSURANCE BROKER LIMITED

Referred to in paragraph [6(ii)(f)] under Report on Other Legal and Regulatory Requirements of our report of even date

Report on the Internal Financial Controls With reference to Ind AS Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. We have audited the internal financial controls with reference to Ind AS financial statements of **Mahindra Insurance Broker Limited** ("the Company") as of March 31, 2024 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control criteria with reference to Ind AS financial statements 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India" (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Ind AS 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 Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to Ind AS financial statements included obtaining an understanding of internal financial controls with reference to Ind AS 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 judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS financial statements.

Meaning of Internal Financial Controls with reference to Ind AS financial statements

4. A company's internal financial control with reference to Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to Ind AS 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 Ind AS 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 Ind AS financial statements.

Inherent Limitations of Internal Financial Controls with reference to Ind AS financial statements

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

Opinion

6. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to Ind AS financial statements and such internal financial controls with reference to Ind AS financial statements were operating effectively as at March 31, 2024, based on the internal control with reference to Ind AS 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 **Mukund M. Chitale & Co.**
Chartered Accountants
Firm Regn. No. 106655W

(S. M. Chitale)
Partner
M. No. 111383
UDIN : 24111383BKBGMX4156

Date: April 16, 2024
Place: Mumbai

BALANCE SHEET AS AT 31 MARCH 2024

₹ in Lakhs

		Note No.	As at 31 March 2024	As at 31 March 2023
I	**ASSETS**			
1	**NON-CURRENT ASSETS**			
	(a) Property, Plant and Equipment	1	**1,191.10**	893.42
	(b) Right of use assets	21	**2,343.45**	2,787.71
	(c) Other Intangible Assets	2	**337.80**	47.09
	(d) Intangible Assets Under Development	22	**33.67**	263.61
	(e) Financial Assets			
	(i) Investments	3	**2,450.00**	12,650.00
	(ii) Loans	4	**12,200.00**	15,325.00
	(iii) Other Financial Assets	5	**558.97**	1,231.43
	(f) Deferred Tax Assets (net)	6 (d)	**1,035.06**	688.05
	(g) Other Non-current Assets	7	**8,651.42**	3,815.41
	SUB-TOTAL		**28,801.47**	37,701.72
2	**CURRENT ASSETS**			
	(a) Financial Assets			
	(i) Investments	3	**16,401.38**	2,300.00
	(ii) Trade Receivables	8	**14,842.37**	7,622.77
	(iii) Cash and Cash Equivalents	9	**1,252.13**	1,731.69
	(iv) Loans	4	**23,325.00**	16,550.00
	(v) Other Financial Assets	5	**3,016.94**	832.34
	(b) Other Current Assets	7	**2,734.83**	1,486.75
	SUB-TOTAL		**61,572.65**	30,523.55
	TOTAL ASSETS		**90,374.12**	68,225.27
II	**EQUITY AND LIABILITIES**			
	EQUITY			
	(a) Equity Share Capital	10	**1,030.93**	1,030.93
	(b) Other Equity	11	**64,225.77**	52,289.75
	SUB-TOTAL		**65,256.70**	53,320.68
	LIABILITIES			
1	**NON-CURRENT LIABILITIES**			
	(a) Financial Liabilities			
	Lease liabilities	25	**2,395.10**	2,745.67
	(b) Provisions	12	**974.80**	922.71
	SUB-TOTAL		**3,369.90**	3,668.38
2	**CURRENT LIABILITIES**			
	(a) Financial Liabilities			
	(i) Trade Payables			
	(a) total outstanding dues of Micro enterprises and small enterprises	13	**20.44**	2.33
	(b) total outstanding dues of credtiors other than Micro enterprises and small enterprises	13	**8,356.99**	3,199.40
	(ii) Lease liabilities	25	**309.89**	381.43
	(iii) Other Financial Liabilities	14	**65.44**	80.41
	(b) Provisions	12	**2,715.16**	2,460.13
	(c) Other Current Liabilities	15	**10,279.60**	5,112.51
	SUB-TOTAL		**21,747.52**	11,236.21
	TOTAL EQUITY AND LIABILITIES		**90,374.12**	68,225.27

The accompanying statement of accounting policies and notes 1 to 37 are an integral part of the Financial Statements.

As per our report of even date
For Mukund M. Chitale & Co.
Chartered Accountants
Firm Regn No. 106655W

Saurabh M. Chitale
Partner
Membership No. 111383

Place: Mumbai
Date: April 16, 2024

For and on behalf of the Board of Directors

Rajeev Dubey	Ramesh Iyer	Vivek Karve	Hemant Sikka	Jyotin Mehta
Chairman	**Director**	**Director**	**Director**	**Director**
DIN: 00104817	DIN: 00220759	DIN: 06840707	DIN: 00922281	DIN: 00033518

Anjali Raina	Vedanarayanan Seshadri	Niranjan Karde	Saurabh V. Dharadhar
Director	**Managing Director & Principal Officer**	**Company Secretary**	**Chief Financial Officer & Ethics Officer**
DIN: 02327927	DIN: 08864477	Mem No.: ACS 26372	

Place: Mumbai
Date: April 16, 2024

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2024

₹ in Lakhs

	Particulars	Note No.	Year ended 31 March 2024	Year ended 31 March 2023
I	Revenue from operations	16	**105,766.16**	39,449.69
II	Other Income	17	**3,729.00**	3,200.96
III	**Total Income (I + II)**		**109,495.16**	42,650.65
IV	**EXPENSES**			
	(a) Employee benefit expense	18	**11,647.50**	11,873.38
	(b) Finance costs	25	**239.89**	193.72
	(c) Depreciation and amortisation expense	25.2	**1,025.09**	1,026.46
	(d) Other expenses	19	**79,832.90**	24,952.04
	Total Expenses [(a) + (b) + (c) + (d)]		**92,745.38**	38,045.60
V	**Profit before tax (III - IV)**		**16,749.78**	4,605.05
VI	**Tax Expense**			
	(1) Current tax	6 (a)	**4,726.00**	1,292.00
	(2) Deferred tax	6 (a)	**(328.40)**	(131.02)
	Total tax expense [(1) + (2)]		**4,397.60**	1,160.98
VII	**Profit for the year [(V-VI]**		**12,352.18**	3,444.07
VIII	**Other comprehensive income**		**(55.34)**	(13.02)
	A (i) Items that will not be reclassified to profit or loss		**–**	–
	Remeasurements of the defined benefit plans		**(73.95)**	(17.40)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	6 (b)	**18.61**	4.38
IX	**Total comprehensive income for the year (VII+VIII)**		**12,296.84**	3,431.05
X	**Earnings per equity share**			
	(1) Basic	20	**119.82**	33.41
	(2) Diluted	20	**119.82**	33.41

The accompanying statement of accounting policies and notes 1 to 37 are an integral part of the Financial Statements.

As per our report of even date
For Mukund M. Chitale & Co.
Chartered Accountants
Firm Regn No. 106655W

Saurabh M. Chitale
Partner
Membership No. 111383

Place: Mumbai
Date: April 16, 2024

For and on behalf of the Board of Directors

Rajeev Dubey	Ramesh Iyer	Vivek Karve	Hemant Sikka	Jyotin Mehta
Chairman	**Director**	**Director**	**Director**	**Director**
DIN: 00104817	DIN: 00220759	DIN: 06840707	DIN: 00922281	DIN: 00033518

Anjali Raina	Vedanarayanan Seshadri	Niranjan Karde	Saurabh V. Dharadhar
Director	**Managing Director & Principal Officer**	**Company Secretary**	**Chief Financial Officer & Ethics Officer**
DIN: 02327927	DIN: 08864477	Mem No.: ACS 26372	

Place: Mumbai
Date: April 16, 2024

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024

₹ in Lakhs

Particulars	Note No.	Year ended 31 March 2024	Year ended 31 March 2023
Cash flows from operating activities			
Cash receipts towards brokerage		**105,766.17**	39,449.69
Other Receipts		**2,150.71**	2,704.15
Payment towards expenses		**(91,415.41)**	(36,783.21)
Income taxes paid		**(9,547.95)**	(2,951.78)
(Increase) in trade and other receivables		**(7,284.61)**	(995.43)
(Increase)/decrease in other assets		**(1,540.15)**	87.02
(Decrease)/increase in trade and other payables		**5,160.75**	(2,864.48)
Increase/(decrease) in provisions		**307.10**	(453.33)
Increase in other liabilities		**4,568.75**	3,226.05
		8,165.36	1,418.68
Cash generated from operations		**8,165.36**	1,418.68
Cash flows from investing activities			
Amounts advanced to related parties		**(20,200.00)**	(27,100.00)
Repayments by related parties		**16,550.00**	25,940.00
Amounts advanced - other investments		**(42,400.00)**	(5,425.00)
Repayments - other investments		**38,660.54**	7,090.69
Payments for property, plant and equipment	1	**(900.14)**	(664.90)
Proceeds from disposal of property, plant and equipment		**124.68**	27.36
Payments for intangible assets/intangible assets under developments		**(119.18)**	(53.51)
Net cash (used in) by investing activities		**(8,284.10)**	(185.36)
Cash flows from financing activities			
Dividends paid to owners of the Company	11	**(360.82)**	(515.47)
Net cash (used in) from financing activities		**(360.82)**	(515.47)
Net increase/(decrease) in cash and cash equivalents		**(479.56)**	717.85
Cash and cash equivalents at the beginning of the year		**1,731.69**	1,013.84
Effects of exchange rate changes on the balance of cash held in foreign currencies			
Cash and cash equivalents at the end of the year		**1,252.13**	1,731.69

Note:

The above cash flow statement has been prepared under the “direct method” as set out in ‘Indian Accounting Standard (Ind AS 7)- Statement of Cash Flows’

The accompanying statement of accounting policies and notes 1 to 37 are an integral part of the Financial Statements.

As per our report of even date
For Mukund M. Chitale & Co.
Chartered Accountants
Firm Regn No. 106655W

Saurabh M. Chitale
Partner
Membership No. 111383

Place: Mumbai
Date: April 16, 2024

For and on behalf of the Board of Directors

Rajeev Dubey	Ramesh Iyer	Vivek Karve	Hemant Sikka	Jyotin Mehta
Chairman	**Director**	**Director**	**Director**	**Director**
DIN: 00104817	DIN: 00220759	DIN: 06840707	DIN: 00922281	DIN: 00033518
Anjali Raina	Vedanarayanan Seshadri		Niranjan Karde	Saurabh V. Dharadhar
Director	**Managing Director & Principal Officer**		**Company Secretary**	**Chief Financial Officer & Ethics Officer**
DIN: 02327927	DIN: 08864477		Mem No.: ACS 26372	

Place: Mumbai
Date: April 16, 2024

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2024

A. Equity share capital

Particulars	₹ in Lakhs
Issued, Subscribed and Fully Paid up:	
Balance as at 1 April 2022	**1,030.93**
Changes due to prior period errors	–
Restated balance as at 1 April 2022	1,030.93
Changes during the year	–
Balance as at 31 March 2023	**1,030.93**
Balance as at 1 April 2023	1,030.93
Changes due to prior period errors	–
Restated balance as at 1 April 2023	1,030.93
Changes during the year	–
Balance as at 31 March 2024	**1,030.93**

B. Other Equity

₹ in Lakhs

	Reserves and Surplus			**Items of other comprehensive income**	
	Securities Premium	General Reserve	Retained Earnings	Remeasurement (loss) (net) on defined benefit plans	**Total**
As at 1 April 2022	1,589.50	1,658.43	46,486.25	(360.01)	49,374.17
Changes in accounting policy/prior period errors	–	–	–	–	–
Restated balance as at 1 April 2022	1,589.50	1,658.43	46,486.25	(360.01)	49,374.17
Profit for the year	–	–	3,444.07	–	3,444.07
Other Comprehensive Income / (Loss)			–	(13.02)	(13.02)
Dividend paid on Equity Shares	–	–	(515.47)	–	(515.47)
As at 31 March 2023	1,589.50	1,658.43	49,414.85	(373.03)	52,289.75
Changes in accounting policy/prior period errors	**–**	**–**	**–**	**–**	**–**
Restated balance as at 1 April 2023	**1,589.50**	**1,658.43**	**49,414.85**	**(373.03)**	**52,289.75**
Profit for the year			**12,352.18**	**–**	**12,352.18**
Other Comprehensive Income / (Loss)			**–**	**(55.34)**	**(55.34)**
Dividend paid on Equity Shares	**–**	**–**	**(360.82)**	**–**	**(360.82)**
As at 31 March 2024	**1,589.50**	**1,658.43**	**61,406.21**	**(428.37)**	**64,225.77**

The accompanying statement of accounting policies and notes 1 to 37 are an integral part of the Financial Statements.

As per our report of even date
For Mukund M. Chitale & Co.
Chartered Accountants
Firm Regn No. 106655W

Saurabh M. Chitale
Partner
Membership No. 111383

Place: Mumbai
Date: April 16, 2024

For and on behalf of the Board of Directors

Rajeev Dubey	Ramesh Iyer	Vivek Karve	Hemant Sikka	Jyotin Mehta
Chairman	**Director**	**Director**	**Director**	**Director**
DIN: 00104817	DIN: 00220759	DIN: 06840707	DIN: 00922281	DIN: 00033518

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Director	**Managing Director & Principal Officer**	**Company Secretary**	**Chief Financial Officer & Ethics Officer**
DIN: 02327927	DIN: 08864477	Mem No.: ACS 26372	

Place: Mumbai
Date: April 16, 2024

STATEMENT OF MATERIAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH, 2024

1 Company overview

Mahindra Insurance Brokers Limited is a Public Limited Company incorporated and domiciled in India. The Company's registered office is at Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018. The Company is an Insurance Regulatory and Development Authority of India (IRDAI) registered broker in the category "Composite" for life, general and re-insurance business.

The immediate parent Company is Mahindra & Mahindra Financial Services Limited and ultimate parent Company is Mahindra & Mahindra Limited, a company incorporated in Mumbai, India.

2 Basis of preparation

These financial statements have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) notified under Section 133 of the Companies Act, 2013 (the 'Act'), in conformity with the Accounting Priniciples generally accepted in India and other relevant provisions of the Act.

a. Statement of compliance and basis of preparation

Accounting policies have been consistently applied except where a newly issued Accounting Standard is initially adopted or a revision to an existing Accounting Standard requires a change in the Accounting policy hitherto in use.

All the assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out in the schedule III of the Act. Based on nature of services and the time between the acquisition of the assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as up to twelve months for the purpose of current/ non-current classification of assets and liabiities.

The financial statements of the Company for the year ended March 31, 2024 were approved for issue by the Company's Board of Directors on April 16, 2024.

b. Functional and presentation currency

These financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency. All amounts are rounded-off to the nearest lacs, unless otherwise indicated.

c. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
– Financial assets and liabilities which are generally derivative instruments	Fair value
– Liabilities for cash-settled share-based payment arrangements	Fair value
– Net defined benefit (asset) / liability	Fair value of plan assets less present value of defined benefit obligations

d. Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has established policies and procedures with respect to the measurement of fair values. The Chief Financial Officer and person entrusted has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, including assessments that these valuations meet the requirements of Ind AS 113. Significant valuation issues are reported to audit committee.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilties.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

e. Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Assumptions and estimation uncertainties

Following are areas that involved a higher degree of judgement or complexity in determining the carrying amount of some assets and liabilities. Detailed information about each of these estimates and judgements that have a significant risk of resulting in material adjustment in the year ending March 31, 2024 is included in relevant notes.

– Estimation of current tax expense and payable
– Estimated useful life of property, plant and equipments
– Estimated useful life of intangible assets
– Estimation of defined benefit obligation
– Impairment of trade receivables
– Impairment of financial assets
– Estimation of share based payments
– Provisions and contingent liabilities
– Going concern

Estimates and judgements are continually evaluated. They 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.

3 Material accounting policies

a. Property, plant and equipments :

Recognition and measurement

All the items classified under property, plant and equipment are stated at cost of acquisition (including incidental expenses) less accumulated depreciation and any accumulated impairment losses, if any.

Cost of acquisition comprises of purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated cost of dismantling and removing the items and restoring the site on which it is located.

When significant parts of an item of property, plant and equipment have different useful lives, they are depreciated as separate items (major components) of property, plant and equipment.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part

STATEMENT OF MATERIAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH, 2024

will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised.

Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives as specified in the Schedule II of the Act or estimated by the management using straight-line method and is recognised in the statement of profit and loss except:

i. Motor cars where useful life is estimated at 4 years as against 8 years per Schedule II since the employees to whom these cars have been allotted as part of their terms of employment are entitled to change their vehicles every four years, and

ii. Property, Plant & Equipments having value individually less than INR 5000 where useful life is estimated at less than one year having regard to the nature of these assets and the difficulty in estimating the useful life.

   Further, residual value for all assets is considered Nil having regard to the difficulty in reasonably estimating the same and, in the case of motor cars, having regard to terms of employment under which these are allotted to the employees.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Class of asset	Estimated Useful Life
Plant and equipment (including computers)	2-6 years
Office equipments	5 years
Furniture and fixtures	10 years
Leasehold Premises	Over the period of lease
Vehicles	4 years

Depreciation methods, useful lives are reviewed at each financial year-end and adjusted if appropriate. The effect of change in estimate of useful life is accounted on prospective basis.

Derecognition of Property, Plant & Equipments

Property, Plant & Equipments are derecognised on disposal or when no future benefits are expected from its use. Assets retired from active use and held for disposal are stated at lower of their carrying amount or fair value less cost of sale. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposable proceeds and the net carrying amount of the assets) is recognised in Other Income / netted off from any loss on disposal in the statement of Profit & Loss in the year the asset is derecognised.

b. Intangible Assets :

Intangible Assets are initially recognised at cost. Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any.

Amortisation

Subsequent to initial recognition, amortisation of intangible assets with finite useful lives is calculated on cost of intangible assets less their estimated residual values over their estimated useful lives using straight-line method and is recognised in the statement of profit and loss.

The estimated useful lives for the current and comparative periods are as follows:

Class of assets	**Estimated Useful Life**
Computer software	**3 years**

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. The effect of change in estimate of useful life is accounted on prospective basis.

Intangible assets under development

The Company capitalizes the expenditure on intangible asset under development in accordance with the accounting policy. Initial capitalization of costs is based on management's judgement that technological and economic feasibility is confirmed and the capability to demonstrate the ability to use or sell the intangible assets, the probability of generating future economic benefit and the ability to measure reliably the attributable expenditure.

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 the statement of profit and loss in the year when the asset is derecognised.

c. Impairment of assets other than financial assets :

Impairment of tangible and intangible assets other than goodwill

The Company reviews the carrying amounts of its tangible and intangible assets at the end of each reporting period, to determine whether there is any indication that those assets have impaired. 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). Where 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. Where 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.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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

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

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in statement of profit and loss.

STATEMENT OF MATERIAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH, 2024

d. Foreign currency :

Transactions in foreign currencies are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at period end exchange rates are generally recognised in statement of profit and loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

e. Financial instruments :

Recognition and initial measurement

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

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

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

– Amortised cost;

– fair value through other comprehensive income (FVOCI) - debt investment;

– fair value through other comprehensive income (FVOCI) - equity investment;

– fair value through profit or loss (FVTPL)

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

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

– the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

– the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investment in debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

– the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

– the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company irrevocably elects to present subsequent changes in the investment's fair value in other comprehensive income (designated as FVOCI - equity investment). This election is made on investment-by-investment basis.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at fair value through profit or loss (FVTPL). This includes all derivative financial assets.

On initial recognition, the Company irrevocably designates a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces accounting mismatch that would otherwise arise.

Financial Assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the "Other income" line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Financial assets: Subsequent measurement and gains and losses

- 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 the statement of profit and loss. Any gain and loss derecognition is recognised in the statement of profit and loss.
- Debt 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 profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the statement of profit and loss.
- Equity investment at FVOCI are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI. On derecognition, gains and losses are not 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.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

STATEMENT OF MATERIAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH, 2024

Income is recognised on an effective interest basis for debt instruments other than those which are classified as at FVTPL. Interest income is recognised in statement of profit and loss and is included in the “Other income” line item.

Financial liabilities and equity instruments:

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by Company are recognised at the proceeds received. Transaction costs of an equity transaction are recognised as a deduction from equity.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. The dividends on mandatorily redeemable preference shares are recognised in the statement of profit and loss as interest expense. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of profit and loss. Any gain or loss on derecognition is also recognised in the statement of profit and loss.

Compound financial instruments

The component parts of compound instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company’s own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument’s maturity date. Interest related to the financial liability is recognised in profit or loss (unless it qualifies for inclusion in the cost of an asset).

Conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity remains in equity until the conversion option is exercised, in which case, the balance recognised in equity is transferred to [share premium/other equity]. Where the conversion option remains unexercised at the maturity date of the convertible instrument, the balance recognised in equity is transferred to [retained profits/other equity]. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

Derecognition

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.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms 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 profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities under the Company’s recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Impairment of financial instruments

The Company recognises a loss allowance for expected credit losses (ECL) on:

– Financial assets measured at amortised cost;

– Financial assets measured at FVOCI - debt investments;

The Company always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. 12 month ECL represents the portion of lifetime ECL that

STATEMENT OF MATERIAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH, 2024

is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, including on historical experience and forward-looking information.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognised in OCI and carrying amount of the financial asset is not reduced in the balance sheet.

f. Revenue Recognition :

Revenue is measured at the transaction value of the consideration received or receivable. Amount disclosed as revenue are exclusive of GST and net of revenue on policy cancellations and endorsements.

Rendering of services

Brokerage Income is accounted for net of GST amount on rendition of services. Brokerage income is recognized on receiving details of the policy issued by the insurance company or receipt of brokerage whichever is earlier.

The Company recognises revenue from rendering of consultancy services in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed based on surveys of work performed.

Dividend and interest income

Dividends are recognised in the statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

g. Employee Benefits :

Superannuation Fund, ESIC and Labour Welfare Fund

The Company's contribution paid/payable during the year to Superannuation Fund, ESIC and Labour Welfare Fund are recognised in the statement of profit and loss.

Provident Fund

Contributions to Provident Fund are charged to the statement of profit and loss as incurred. The Company is liable for the contribution and any shortfall in interest between the amount of interest realised by the investments and the interest payable to the members at the rate declared by the Government of India.

Gratuity

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated by an actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Defined Contribution Plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Compensated Absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by acturial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid or availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non accumulating compensated absences is recognised in the period in which the absences occur.

Cash Settled Share Based Payments

Cash Settled Share Based Payments, the fair value of the amount payable to employees is recognized as 'employee benefit expenses' with corresponding increase in liabilities, over the period of non market vesting conditions getting fulfilled. The fair value of the option at the grant date is calculated by an independent valuer basis Black Scholes Model. The liability is remeasured at each reporting period up to, and including the settlement date, with changes in fair value recognized in employee benefit expenses.

h. Taxation :

Income tax expense comprises current tax and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises expected tax payable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current tax assets and current tax 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.

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. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

STATEMENT OF MATERIAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH, 2024

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.

Current and deferred tax for the year

Current and deferred tax are recognised in the statement of profit and 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. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Minimum Alternate Tax (MAT)

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably, and it is probable that the future economic benefit associated with asset will be realised.

i. Provisions, Contingent Liabilities and Contingent Assets :

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.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Contingent liability is:

a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

b) A present obligation that arises from past events but is not recognised because:

   (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   (ii) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are disclosed. Claims against the Company, where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

A contingent asset is disclosed where an inflow of economic benefits is probable.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

j. Leases :

The Company as a Lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property and lease liabilities; both in the "balance sheet" as separate line items, in the statement of financial position.

k. Segment Reporting :

Operating Segments are reported consistently with the internal reporting provided to the Managing Director. The highest decision making executive is reposnsible for allocating resources to and assessing the performance of the operating segments. The highest decision making body is Managing Director.

l. Earnings per share :

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of equity shares outstanding, without corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

m. Cash and Cash Equivalents :

Cash and Cash Equivalents in the balance sheet comprise cash on hand, cheques and drafts on hand, balance with banks in current accounts and short term deposits with an original maturity of three months or less, which are subject to significant risk of change in value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

Note No. 1 - Property, Plant and Equipment

₹ in Lakhs

	Description of Assets	**Plant and Equipment (including computers)**	**Leasehold Improvements**	**Office Equipment**	**Furniture and Fixtures**	**Vehicles**	**Total**
I.	**Gross Carrying Amount**						
	Balance as at 1 April 2023	**1,166.66**	**214.41**	**232.40**	**139.98**	**917.07**	**2,670.52**
	Additions	7.52	197.37	114.73	143.54	436.98	900.14
	Disposals	13.22	–	174.30	128.01	203.13	518.66
	Balance as at 31 March 2024	**1,160.96**	**411.78**	**172.83**	**155.51**	**1,150.92**	**3,052.00**
II.	**Accumulated depreciation and impairment**						
	Balance as at 1 April 2023	**834.63**	**135.03**	**216.79**	**95.46**	**495.17**	**1,777.08**
	Depreciation/Impairment expense for the year	177.39	92.38	27.89	48.71	200.98	547.35
	Eliminated on disposal of assets	13.05	–	174.02	128.02	148.44	463.53
	Balance as at 31 March 2024	**998.97**	**227.41**	**70.66**	**16.15**	**547.71**	**1,860.90**
III.	**Net carrying amount (I-II)**	**161.99**	**184.37**	**102.17**	**139.36**	**603.21**	**1,191.10**

₹ in Lakhs

	Description of Assets	Plant and Equipment (including computers)	Leasehold Improvements	Office Equipment	Furniture and Fixtures	Vehicles	Total
I.	Gross Carrying Amount						
	Balance as at 1 April 2022	842.65	214.41	232.39	139.99	714.42	2,143.86
	Additions	325.14	–	–	–	302.32	627.46
	Disposals	1.13	–	–	–	99.68	100.81
	Balance as at 31 March 2023	1,166.66	214.41	232.39	139.99	917.06	2,670.51
II.	Accumulated depreciation and impairment						
	Balance as at 1 April 2022	655.30	85.48	177.85	70.20	428.67	1,417.50
	Depreciation/Impairment expense for the year	180.05	49.55	38.94	25.26	157.88	451.68
	Eliminated on disposal of assets	0.71	–	–	–	91.38	92.09
	Balance as at 31 March 2023	834.64	135.03	216.79	95.46	495.17	1,777.09
III.	Net carrying amount (I-II)	332.02	79.38	15.60	44.53	421.89	893.42

The company shifted its corporate office to the new premises during H1 of F24. Hence, accelerated depreciation on all tangible assets in the previous corporate office is provided over a period of four months starting from March 23. Consequently, accelerated depreciation of Rs.124.27 lakhs (P.Y. Rs.39.54 lakhs) has been provided.

The company has not revalued its property, plant & equipment during the year or previous financial year.

Note No. 2 - Other Intangible Assets

₹ in Lakhs

	Description of Assets	**Computer Software**
I.	**Gross Carrying Amount**	
	Balance as at 1 April 2023	345.11
	Additions	349.12
	Disposals	75.25
	Balance as at 31 March 2024	**618.98**
II.	**Accumulated amortisation and impairment**	
	Balance as at 1 April 2023	298.02
	Amortisation/Impairment expense for the year	58.41
	Eliminated on disposal of assets	75.25
	Balance as at 31 March 2024	**281.18**
III.	**Net carrying amount (I-II)**	**337.80**

₹ in Lakhs

	Description of Assets	Computer Software
	Intangible Assets	
I.	Gross Carrying Amount	
	Balance as at 1 April 2022	307.67
	Additions	37.44
	Disposals	–
	Balance as at 31 March 2023	345.11
II.	Accumulated amortisation and impairment	
	Balance as at 1 April 2022	275.02
	Amortisation/Impairment expense for the year	23.00
	Eliminated on disposal of assets	–
	Balance as at 31 March 2023	298.02
III.	Net carrying amount (I-II)	47.09

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

Note No. 3 - Investments

₹ in Lakhs

Particular	As at 31 March 2024		As at 31 March 2023	
	Amounts	Amounts	Amounts	Amounts
	Current	Non-Current	Current	Non-Current
Investments Carried at Amortised Cost				
Investment in Fixed Deposits with Mahindra & Mahindra Financial Services Limited	**11,550.00**	**2,450.00**	2,300.00	12,650.00
TOTAL INVESTMENTS CARRIED AT AMORTISED COST	**11,550.00**	**2,450.00**	2,300.00	12,650.00
Investments Carried at Fair Value Through Profit and Loss				
Quoted Investments				
Investments in Mutual Funds	**4,851.38**	**–**	–	–
TOTAL INVESTMENTS CARRIED AT FAIR VALUE	4,851.38	**–**	–	–
TOTAL INVESTMENTS	**16,401.38**	**2,450.00**	2,300.00	12,650.00

Investments in Mutual Funds	As at 31 March 2024		As at 31 March 2023	
Particulars	**Units**	**Amt in ₹ in lakhs**	Units	Amt in ₹ in lakhs
Mahindra Manulife Liquid Reg-G	**311,428.45**	**4,851.38**	–	–
Total	**311,428.45**	**4,851.38**	–	–
Quoted				
Aggregate book value	**311,428.45**	**4,838.33**	–	–
Aggregate market value	**311,428.45**	**4,851.38**	–	–
Unquoted				
Aggregate book value	**–**	**–**	–	–

Note No. 4 - Loans

₹ in Lakhs

Particulars	As at 31 March 2024		As at 31 March 2023	
	Current	**Non-Current**	Current	Non-Current
Loans to related parties (Refer Note Below)				
– Unsecured, considered good	**23,325.00**	**12,200.00**	16,550.00	15,325.00
TOTAL LOANS	**23,325.00**	**12,200.00**	16,550.00	15,325.00

Note: Intercorporate Deposits (ICDs) placed with related parties.

₹ in Lakhs

Particulars	As at 31 March 2024	As at 31 March 2023
ICDs with Mahindra & Mahindra Financial Services Limited	**5,950.00**	9,700.00
ICDs with Mahindra Rural Housing Finance Limited	**29,575.00**	22,175.00
TOTAL	**35,525.00**	31,875.00

The above Intercorporate Deposits have been given for general business purpose of the recipient.

₹ in Lakhs

Particulars	As at 31 March 2024		As at 31 March 2023	
	Amount outstanding	**% of total**	Amount outstanding	% of total
ICDs with Promoters	**5,950.00**	**17%**	9,700.00	30%
ICDs with Related Parties	**29,575.00**	**83%**	22,175.00	70%
TOTAL	**35,525.00**		31,875.00	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

Note No. 5 - Other financial assets

₹ in Lakhs

Particulars	As at 31 March 2024		As at 31 March 2023	
	Current	**Non-Current**	Current	Non-Current
Financial assets at amortised cost				
Interest Accrued but not due	**2,858.59**	**236.67**	832.34	954.82
Security Deposits	**–**	**262.30**	–	216.61
Bank Deposit with more than 12 months maturity*	**–**	**60.00**	–	60.00
Others	**158.35**	**–**	–	–
TOTAL	**3,016.94**	**558.97**	832.34	1,231.43

* The Bank Deposit with more than 12 months maturity is under lien to the IRDAI as per the IRDAI (Insurance Brokers) Regulations 2018.

Note No. 6 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

₹ in Lakhs

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Current Tax:		
In respect of current year	**4,726.00**	1,292.00
In respect of prior years	**–**	–
	4,726.00	1,292.00
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**(328.40)**	(131.02)
	(328.40)	(131.02)
Total income tax expense	**4,397.60**	1,160.98

(b) Income Tax recognised in other comprehensive income

₹ in Lakhs

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Current Tax:		
Deferred tax related to items recognised in other comprehensive income during the year:		
Remeasurement of defined benefit obligations	**18.61**	4.38
Unrecognised tax loss used to reduce current tax expense	**–**	–
Others	**–**	–
	18.61	4.38
Classification of income tax recognised in other comprehensive income		
Income taxes related to items that will not be reclassified to profit or loss	**18.61**	4.38
Total income tax expense	**18.61**	4.38

(c) Reconciliation of estimated income tax expense at tax rate to income tax expenses in the statement of Profit and Loss:

₹ in Lakhs

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Profit before tax	**16,749.78**	4,605.05
Income tax expense calculated at prevailing tax rate	**4,215.92**	1,159.08
Effect of expenses that is non-deductible in determining taxable profit	**503.82**	284.47
Effect of tax incentives and concessions (other allowances)	**(322.14)**	(282.59)
Income tax expense recognised in profit and loss	**4,397.60**	1,160.98

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

Note No. 6 - Current Tax and Deferred Tax (Cont)

(d) Movement in deferred tax balances

₹ in Lakhs

Particulars	**For the year ended 31 March 2024**			
	Opening Balance	**Recognised in Profit and Loss**	**Recognised in OCI**	**Closing Balance**
Tax effect of items constituting deferred tax assets				
Employee Benefits	**324.08**	**(15.57)**	**18.61**	**327.12**
Property, Plant and Equipment	**143.40**	**20.56**	**–**	**163.96**
Amortization and Interest in respect of lease payments	**50.93**	**(22.09)**	**–**	**28.84**
Provisions	**169.64**	**345.50**	**–**	**515.14**
	688.05	**328.40**	**18.61**	**1,035.06**
Net Tax Asset	**688.05**	**328.40**	**18.61**	**1,035.06**

₹ in Lakhs

Particulars	For the year ended 31 March 2023			
	Opening Balance	Recognised in Profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax assets				
Employee Benefits	333.86	(14.16)	4.38	324.08
Property, Plant and Equipment	130.38	13.02	–	143.40
Amortization and Interest in respect of lease payments	3.18	47.75	–	50.93
Provisions	85.23	84.41	–	169.64
	552.65	131.02	4.38	688.05
Net Tax Asset	552.65	131.02	4.38	688.05

Note No. 7 - Other assets

₹ in Lakhs

Particulars	**As at 31 March 2024**		As at 31 March 2023	
	Current	**Non-Current**	Current	Non-Current
(a) Advances other than capital advances				
(i) Earnest Money Deposit	**5.00**	**–**	6.20	–
(ii) Balances with government authorities (other than income taxes)	**2,112.19**	**–**	673.47	–
(iii) Advance for expenses	**17.37**	**–**	27.16	–
(iv) Other assets	**600.27**	**5.09**	779.92	0.59
(b) Capital Advance	**–**	**24.92**	–	15.35
(c) Advance payment of tax	**–**	**8,621.41**	–	3,799.47
Total Other Assets	**2,734.83**	**8,651.42**	1,486.75	3,815.41

Note No. 8 - Trade receivables

₹ in Lakhs

Particulars	**As at 31 March 2024**	As at 31 March 2023
	Current	Current
Trade receivables		
(a) Secured, considered good	**–**	–
(b) Unsecured, considered good	**14,842.37**	7,622.77
(c) Significant increase in credit risk	**–**	–
(d) Credit Impaired	**517.09**	452.09
Less: Allowance for Expected Credit Loss	**(517.09)**	(452.09)
Total	**14,842.37**	7,622.77
Of the above, trade receivables from:		
– Related Parties	**–**	9.73
– Others	**14,842.37**	7,613.04
Total	**14,842.37**	7,622.77

There is neither an instance where due date is not specified nor there are any unbilled dues.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

Note No. 8 - Trade receivables (Cont)

₹ in Lakhs

Particulars	As at 31 March 2024					
	Less than 6 months	**6 months - 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Undisputed						
(a) Considered good	**14,513.64**	**139.41**	**163.41**	**25.91**	**–**	**14,842.37**
(b) Significant increase in credit risk	–	–	–	–	–	–
(c) Credit Impaired	**129.72**	**34.45**	**5.83**	**9.07**	**338.02**	**517.09**
Total	**14,643.36**	**173.86**	**169.24**	**34.98**	**338.02**	**15,359.46**
Less: Allowance for Expected Credit Loss	–	–	–	–	–	**(517.09)**
Total Undisputed Trade Receivables	–	–	–	–	–	**14,842.37**
Disputed						
(a) Considered good	–	–	–	–	–	–
(b) Significant increase in credit risk	–	–	–	–	–	–
(c) Credit Impaired	–	–	–	–	–	–
Total	–	–	–	–	–	–
Less: Allowance for Expected Credit Loss	–	–	–	–	–	–
Total Disputed Trade Receivables	–	–	–	–	–	–
Total Trade Receivables	–	–	–	–	–	**14,842.37**

₹ in Lakhs

Particulars	As at 31 March 2023					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed						
(a) Considered good	7,121.70	349.69	15.06	136.32	–	7,622.77
(b) Significant increase in credit risk	–	–	–	–	–	–
(c) Credit Impaired	93.55	11.80	8.99	10.40	327.35	452.09
Total	7,215.25	361.49	24.05	146.72	327.35	8,074.86
Less: Allowance for Expected Credit Loss	–	–	–	–	–	(452.09)
Total Undisputed Trade Receivables	–	–	–	–	–	7,622.77
Disputed						
(a) Considered good	–	–	–	–	–	–
(b) Significant increase in credit risk	–	–	–	–	–	–
(c) Credit Impaired	–	–	–	–	–	–
Total	–	–	–	–	–	–
Less: Allowance for Expected Credit Loss	–	–	–	–	–	–
Total Disputed Trade Receivables	–	–	–	–	–	–
Total Trade Receivables	–	–	–	–	–	7,622.77

Note No. 9 - Cash and Bank Balances

₹ in Lakhs

Particulars	**As at 31 March 2024**	As at 31 March 2023
Cash and cash equivalents		
(a) Balances with banks	**1,148.07**	830.25
(b) Cash on hand	**4.06**	1.44
Total Cash and cash equivalent (A)	**1,152.13**	831.69
Other Bank Balances		
Balances with Banks:		
Term Deposits with original maturity upto 3 months (B)	**100.00**	900.00
Total Cash and cash equivalent (A) + (B)	**1,252.13**	1,731.69

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

Note No. 10 - Equity Share Capital

(a) Equity Share Capital

Particulars	As at 31 March 2024		As at 31 March 2023	
	No. of shares	₹ in Lakhs	No. of shares	₹ in Lakhs
Authorised:				
Equity shares of Rs. 10/- each with voting rights	**1,50,00,000**	**1,500.00**	1,50,00,000	1,500.00
Issued, Subscribed and Fully Paid:				
Equity shares of Rs. 10/- each with voting rights	**1,03,09,280**	**1,030.93**	1,03,09,280	1,030.93
Total	**1,03,09,280**	**1,030.93**	1,03,09,280	1,030.93

(b) Shares held by promoters

Promoter Name	As at 31 March 2024			As at 31 March 2023		
	No. of shares	% of total shares	% change during the year	No. of shares	% of total shares	% change during the year
Mahindra and Mahindra Financial Services Limited						
- Equity shares of Rs. 10/- each with voting rights	**1,03,09,280**	**100%**	**20%**	82,47,424	80%	0%

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the year

Particulars	Opening Balance	Fresh Issue	Bonus	ESOP	Closing Balance
(a) Equity Shares with Voting rights*					
Year ended 31 March 2024					
No. of Shares	1,03,09,280	–	–	–	1,03,09,280
Amount ₹ in Lakhs	1,030.93	–	–	–	1,030.93
Year ended 31 March 2023					
No. of Shares	1,03,09,280	–	–	–	1,03,09,280
Amount ₹ in Lakhs	1,030.93	–	–	–	1,030.93

*** Rights, preferences and restrictions attached to equity shares**

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting. Further, the Board of Directors may also announce an interim dividend which would need to be confirmed by the shareholders at the forthcoming Annual General Meeting. In the event of liquidation, the shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholdings.

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	No. of Shares		
	Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
As at 31 March 2024			
Mahindra and Mahindra Financial Services Limited, the Holding Company	**1,03,09,280**	**–**	**–**
As at 31 March 2023			
Mahindra and Mahindra Financial Services Limited, the Holding Company	82,47,424	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

Note No. 10 - Equity Share Capital (Cont)

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	**As at 31 March 2024**		As at 31 March 2023	
	Number of shares held	**% holding in that class of shares**	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mahindra and Mahindra Financial Services Limited	**1,03,09,280**	**100%**	82,47,424	80%
Inclusion Resource Pte Limited	**–**	**0%**	20,61,856	20%

Note No. 11 - Other Equity

Description of the Nature and Purpose of Other Equity

Securities Premium: The securities premium is used to record the premium on issue of shares. The reserve can be utilized in accordance with the provisions of the Companies Act, 2013.

General Reserve: The general reserve comprises of transfer of profits from retained earnings for appropriation purposes. The reserve can be distributed / utilized in accordance with the provisions of the Companies Act, 2013.

₹ in Lakhs

Particulars	**Reserves and Surplus**			**Items of other comprehensive income**	
	Securities Premium	General Reserve	Retained Earnings	Remeasurement (loss) / gain (net) on defined benefit plans	Total
As at 1 April 2022	**1,589.50**	**1,658.43**	**46,486.25**	**(360.01)**	**49,374.17**
Profit for the Year	–	–	3,444.07	–	3,444.07
Other Comprehensive Loss	–	–	–	(13.02)	(13.02)
Dividend paid on Equity Shares	–	–	(515.47)	–	(515.47)
As at 1 April 2023	**1,589.50**	**1,658.43**	**49,414.85**	**(373.03)**	**52,289.75**
Profit for the Year	–	–	12,352.18	–	12,352.18
Other Comprehensive Loss	–	–	–	(55.34)	(55.34)
Dividend paid on Equity Shares	–	–	(360.82)	–	(360.82)
As at 31 March 2024	**1,589.50**	**1,658.43**	**61,406.21**	**(428.37)**	**64,225.77**

Details of dividend

₹ in Lakhs

Particulars	**31-March-24**	31-March-23
Cash dividends on equity shares declared and paid		
Final dividend for the year ended on 31 March 2023: Rs. 3.50 per share (31 March 2022: Rs. 5.00 per share)	**360.82**	515.47
Total	**360.82**	515.47

Note: The Board of Directors in their meeting on April 16, 2024 recommended final dividend of Rs. 15.00 per equity share for the financial year ended March 31, 2024. This payment is subject to the approval of shareholders in the Annual General Meeting (AGM) of the company and if approved would result in a net cash outflow of approximately Rs. 1546.39 Lakhs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

Note No. 12 - Provisions

₹ in Lakhs

Particulars		As at 31 March 2024		As at 31 March 2023	
		Current	**Non-Current**	Current	Non-Current
(a)	**Provision for employee benefits**				
	– Gratuity (Note 27)	**221.77**	**540.84**	201.53	481.69
	– Leave Encashment (Note 27)	**186.49**	**433.96**	161.41	441.02
	– Others	**2,227.16**	**–**	2,017.45	–
(b)	**Other Provisions**				
	– Provision for tax (net of advance tax paid)	**79.74**	**–**	79.74	–
Total Provisions		**2,715.16**	**974.80**	2,460.13	922.71

Note No. 13 - Trade Payables

₹ in Lakhs

Particulars		As at 31 March 2024	As at 31 March 2023
		Current	Current
<u>**Payables**</u>			
(I)	**Trade Payables**		
(i)	total outstanding dues of micro enterprises and small enterprises#	**20.44**	2.33
(ii)	total outstanding dues of creditors other than micro enterprises and small enterprises**	**8,356.99**	3,199.40
(II)	**Other Payables**		
(i)	total outstanding dues of micro enterprises and small enterprises#	**–**	–
(ii)	total outstanding dues of creditors other than micro enterprises and small enterprises	**–**	–
Total		**8,377.43**	3,201.73

On the basis of confirmations received from parties

** Including amount payable to related parties of Rs.58.00 lakhs (PY: Rs.25.34 lakhs)

₹ in Lakhs

Particulars		As at 31 March 2024					
		Unbilled dues	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Undisputed dues							
(a)	MSME	**–**	**20.44**	**–**	**–**	**–**	**20.44**
(b)	Others	**7,885.11**	**336.21**	**9.71**	**36.49**	**89.47**	**8,356.99**
Disputed dues							
(a)	MSME	**–**	**–**	**–**	**–**	**–**	**–**
(b)	Others	**–**	**–**	**–**	**–**	**–**	**–**

₹ in Lakhs

Particulars		As at 31 March 2023					
		Unbilled dues	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed dues							
(a)	MSME	–	2.33	–	–	–	2.33
(b)	Others	2,811.90	193.53	35.51	101.43	57.03	3,199.40
Disputed dues							
(a)	MSME	–	–	–	–	–	–
(b)	Others	–	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

Note No. 14 - Other Financial Liabilities

₹ in Lakhs

Particulars	As at 31 March 2024		As at 31 March 2023	
	Current	Non-Current	Current	Non-Current
Other Financial Liabilities Measured at Amortised Cost				
(i) Other Liabilities				
Salary Payable	**65.44**	–	80.41	–
Total Other Financial Liabilities	**65.44**	–	80.41	–

Note No. 15 - Other Liabilities

₹ in Lakhs

Particulars	As at 31 March 2024		As at 31 March 2023	
	Current	Non-Current	Current	Non-Current
Statutory dues				
– Taxes payable (other than income taxes)	**1,911.85**	–	725.25	–
– Taxes payable (income taxes)	**1,142.82**	–	556.19	–
– Employee Recoveries and Employer Contributions	**70.58**	–	67.38	–
Other Liabilities	**7,154.35**	–	3,763.69	–
TOTAL OTHER LIABILITIES	**10,279.60**	–	5,112.51	–

Note No. 16 - Revenue from Operations

₹ in Lakhs

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Revenue from rendering of services		
Brokerage*	**1,05,710.67**	38,890.18
Broker retainer fees	–	198.35
Handling charges	–	311.34
Consultancy fees	**55.49**	49.82
Total Revenue from Operations	**1,05,766.16**	39,449.69

* This includes brokerage, incentives and rewards.

Note No. 17 - Other Income

₹ in Lakhs

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
(a) Interest Income		
– On Financial Assets at Amortised Cost	**3,456.25**	3,073.81
– On Income Tax Refund	–	72.12
(b) Miscellaneous Income	**92.85**	3.59
(c) Capital Gain on redemption of mutual funds	**148.87**	23.81
(d) Profit due to change in fair value of investments	**13.05**	–
(e) Profit on sale of property, plant and equipments	**16.31**	18.64
(f) Gain on foreign exchange	**1.67**	8.99
Total Other Income	**3,729.00**	3,200.96

Note No. 18 - Employee Benefits Expense

₹ in Lakhs

Particulars	Year Ended 31 March 2024	Year Ended 31 March 2023
(a) Salaries and wages, including bonus*	**10,804.25**	10,625.73
(b) Contribution to provident and other funds	**487.31**	498.98
(c) Gratuity Expenses (Refer Note 27)	**162.43**	150.34
(d) Share based payment transactions expenses		
Cash-settled share-based payments	**18.51**	431.58
(e) Staff welfare expenses	**175.00**	166.75
Total Employee Benefit Expense	**11,647.50**	11,873.38

* Including payments to Key Managerial Person of Rs. 559.65 Lakhs (PY: Rs. 512.01 Lakhs)

Cash-settled share-based payments

In respect of the Cash-settled share-based payments, Employee Stock Options (ESOS) of the ultimate holding company Mahindra & Mahindra Limited and the holding company Mahindra & Mahindra Financial Services Limited (MMFSL) are issued to eligible employees of the Company. The Company makes the necessary payment to the respective ultimate holding company and holding company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

Note No. 19 - Other Expenses

₹ in Lakhs

	Particulars	Year ended 31 March 2024	Year ended 31 March 2023
(a)	Distribution fees*#	**75,035.89**	19,795.56
(b)	Power & fuel	**38.98**	52.58
(c)	Rent including lease rentals	**87.64**	17.87
(d)	Rates and taxes	**39.80**	41.93
(e)	Insurance	**455.25**	384.68
(f)	Postage, Telephone and Communication	**149.37**	185.50
(g)	Software Charges	**13.50**	0.33
(h)	Repairs - Others	**111.64**	122.56
(i)	Administration Support Charges	**199.28**	271.40
(j)	Manpower Contracting Charges	**442.45**	575.50
(k)	Advertisement	**0.76**	0.18
(l)	Sales promotion expenses	**158.19**	325.65
(m)	Travelling and Conveyance Expenses	**468.64**	607.04
(n)	Expenditure on Corporate Social Responsibilty (CSR) under section 135 of the Companies Act, 2013. (Note 33.3)	**114.18**	132.30
(o)	Provision for doubtful trade and other receivables (Note 23)	**65.00**	42.20
(p)	Bad debts written off	**–**	–
(q)	Auditors remuneration and out-of-pocket expenses	**16.11**	13.31
	(i) As Auditors	**6.00**	5.00
	(ii) For Other services	**9.75**	8.00
	(iii) For reimbursement of expenses	**0.36**	0.31
(r)	Directors' Commission	**31.00**	138.78
(s)	Directors' Sitting Fees	**8.50**	8.70
(t)	Legal and other professional costs	**812.28**	920.00
(u)	Loss due to change in fair value of investments	**–**	3.28
(v)	Miscellaneous expenses	**1,584.44**	1,312.69
Total Other Expenses		**79,832.90**	24,952.04

* Distribution fees are the payments made to Motor Insurance Service Providers (Automotive Dealers) as per the Guidelines issued under section 34 of the Insurance Act, 1938 and section 14 of the IRDAI Act, 1999 on Motor Insurance Service Provider with effect from 1st November 2017

This includes distribution fees and incentives to MISP dealers.

Note No. 20 - Earnings per Share

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
	₹	₹
	Per Share	Per Share
Basic Earnings per share	**119.82**	33.41
Diluted Earnings per share	**119.82**	33.41

Equity shares of Rs. 10/- each with voting rights

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

₹ in Lakhs

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Profit for the year attributable to owners of the Company	**12,352.18**	3,444.07
Less: Preference dividend and tax thereon	**–**	–
Profit for the year used in the calculation of basic earnings per share	**12,352.18**	3,444.07
Weighted average number of equity shares (nos)	**1,03,09,280**	1,03,09,280
Earnings per share - Basic (₹)	**119.82**	33.41

Diluted earnings per share

The diluted earnings per share has been computed by dividing the Net Profit After Tax available for Equity shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding Warrants, Stock Options and Convertible Bonds for the respective Periods, if any.

₹ in Lakhs

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Profit for the year used in the calculation of basic earnings per share	**12,352.18**	3,444.07
Add: Adjustments, if any	**–**	–
Profit for the year used in the calculation of diluted earnings per share	**12,352.18**	3,444.07
Profits used in the calculation of diluted earnings per share	**12,352.18**	3,444.07

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

Note No. 20 - Earnings per Share (Contd.)

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

Particulars	**For the year ended 31 March 2024**	For the year ended 31 March 2023
Weighted average number of equity shares used in the calculation of Basic EPS	**1,03,09,280**	1,03,09,280
Add: Effect of Warrants, if any	**–**	–
ESOPs, if any	**–**	–
Convertible bonds, if any	**–**	–
Others, if any	**–**	–
Weighted average number of equity shares used in the calculation of Diluted EPS	**1,03,09,280**	1,03,09,280

Note No. 21 - Right of use assets

₹ in Lakhs

Description of Assets	**Right of use assets**
I. Gross Carrying Amount	
Balance as at 1 April 2023	**4,761.94**
Reclassifciation on account of adoption of Ind AS 116	**–**
Additions	**510.21**
Disposals	**2,179.94**
Balance as at 31 March 2024	**3,092.21**
II. Accumulated depreciation and impairment	
Balance as at 1 April 2023	**1,974.24**
Amortisation expense for the year	**419.33**
Disposals	**1,644.81**
Balance as at 31 March 2024	**748.76**
III. Net carrying amount (I-II)	**2,343.45**

₹ in Lakhs

Description of Assets	Right of use assets
I. Gross Carrying Amount	
Balance as at 1 April 2022	2,562.89
Reclassifciation on account of adoption of Ind AS 116	–
Additions	2,199.05
Balance as at 31 March 2023	**4,761.94**
II. Accumulated depreciation and impairment	
Balance as at 1 April 2022	1,422.45
Amortisation expense for the year	551.78
Balance as at 31 March 2023	1,974.23
III. Net carrying amount (I-II)	2,787.71

Note No. 22 - Intangible Assets Under Development

₹ in Lakhs

Particulars	**As at 31 March 2024**	As at 31 March 2023
Intangible Assets Under Development	**33.67**	263.61
Total	**33.67**	263.61

₹ in Lakhs

As at 31 March 2024					
Particulars	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Intangible Assets Under Development	**17.92**	**15.75**	**–**	**–**	**33.67**
Total	**17.92**	**15.75**	**–**	**–**	**33.67**

₹ in Lakhs

As at 31 March 2023					
Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Intangible Assets Under Development	79.25	142.23	–	42.13	263.61
Total	79.25	142.23	–	42.13	263.61

Note No. 23 - Financial Instruments

Capital management

The company's capital management objectives are:

– to ensure the company's ability to continue as a going concern

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position. The Company is subject to minimum capital requirements as stipulated by the IRDAI (Insurance Brokers) Regulations, 2018.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

₹ in Lakhs

	31-March-24	31-March-23
Equity	**65,256.70**	53,320.68
Less: Cash and cash equivalents (Refer Note 9)	**(1,252.13)**	(1,731.69)
	64,004.57	51,588.99

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

Note No. 23 - Financial Instruments (Cont)

Categories of financial assets and financial liabilities

₹ in Lakhs

As at 31 March 2024

	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
Non-current Assets				
Investments	**2,450.00**	**–**	**–**	**2,450.00**
Loans	**12,200.00**	**–**	**–**	**12,200.00**
Other Financial Assets	**558.97**	**–**	**–**	**558.97**
Current Assets				
Investments	**11,550.00**	**4,851.38**	**–**	**16,401.38**
Trade Receivables	**14,842.37**	**–**	**–**	**14,842.37**
Other Bank Balances	**1,252.13**	**–**	**–**	**1,252.13**
Loans	**23,325.00**	**–**	**–**	**23,325.00**
Other Financial Assets	**3,016.94**	**–**	**–**	**3,016.94**
Non-current Liabilities				
Lease liabilities	**2,395.10**	**–**	**–**	**2,395.10**
Current Liabilities				
Trade Payables	**8,377.43**	**–**	**–**	**8,377.43**
Lease liabilities	**309.89**	**–**	**–**	**309.89**
Other Financial Liabilities	**65.44**	**–**	**–**	**65.44**

₹ in Lakhs

As at 31 March 2023

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	12,650.00	–	–	12,650.00
Loans	15,325.00			15,325.00
Other Financial Assets	1,231.43	–	–	1,231.43
Current Assets				
Investments	2,300.00	–	–	2,300.00
Trade Receivables	7,622.77	–	–	7,622.77
Other Bank Balances	1,731.69	–	–	1,731.69
Loans	16,550.00	–	–	16,550.00
Other Financial Assets	832.34	–	–	832.34
Non-current Liabilities				
Lease liabilities	2,745.67	–	–	2,745.67
Current Liabilities				
Trade Payables	3,201.73	–	–	3,201.73
Lease liabilities	381.43	–	–	381.43
Other Financial Liabilities	80.41	–	–	80.41

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company.

Trade receivables consist of institutional customers, largely insurance companies. The Company deals only with those insurance companies who have obtained an acceptable level of credit rating. The Company does not have significant credit risk exposure to any single external counterparty. Out of total outstanding none of the debtors are pertaining to group companies.

The credit risk on liquid funds invested in Fixed Deposits with companies and Intercorporate Deposits is limited because the counterparties are group companies.

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable. Forward-looking information (including macro economic information) has been incorporated into the determination of expected credit losses.

There is no change in estimation techniques or significant assumptions during the reporting period.

The loss allowance provision is determined as follows:

As at 31 March 2024

₹ in Lakhs

	Not due	**Less than 6 months past due**	**More than 6 months past due**	**Total**
Gross carrying amount	**0.00**	**14,643.36**	**716.10**	**15,359.46**
Loss allowance provision	**0.00**	**129.72**	**387.37**	**517.09**
		14,513.64	**328.73**	**14,842.37**

As at 31 March 2023

	Not due	Less than 6 months past due	More than 6 months past due	Total
Gross carrying amount	0.00	7,215.25	859.61	8,074.86
Loss allowance provision	0.00	93.55	358.54	452.09
		7,121.70	501.07	7,622.77

Reconciliation of loss allowance provision for Trade Receivables

₹ in Lakhs

Particulars	**31-March-24**	31-March-23
Balance as at beginning of the year	**452.09**	409.89
Impairment losses recognised in the year based on lifetime expected credit losses		
– On receivables originated in the year	**65.00**	42.20
Balance at end of the year (Note 8)	**517.09**	452.09

The loss allowance provision has changed during the period due to delays in recovery of brokerage on insurance contracts brokered.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

Note No. 23 - Financial Instruments (Cont)

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

₹ in Lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
31-March-24				
Non-interest bearing	**8,752.76**	**2,395.10**	**–**	**–**
Total	**8,752.76**	**2,395.10**	**–**	**–**
31-March-23				
Non-interest bearing	3,663.57	2,745.67	–	–
Total	3,663.57	2,745.67	–	–

(iii) Financing arrangements

The Company does not feel the need to have any borrowing facilities at this stage.

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

₹ in Lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial assets				
31-March-24				
Non-interest bearing	**23,704.47**	**498.97**	**–**	**–**
Fixed interest rate instruments	**35,133.35**	**14,710.00**	**–**	**–**
Total	**58,837.82**	**15,208.97**	**–**	**–**
31-March-23				
Non-interest bearing	9,286.80	1,171.43	–	–
Fixed interest rate instruments	19,750.00	28,035.00	–	–
Total	29,036.80	29,206.43	–	–

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company invests in fixed rate instruments taking into account the current liquidity requirements. All such transactions are carried out within the guidelines set by the Board of Directors.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Note No. 24 - Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

₹ in Lakhs

	31-March-24		31-March-23	
Particulars	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– loans to related parties	**35,525.00**	**35,525.00**	31,875.00	31,875.00
– trade and other receivables	**15,359.46**	**14,842.37**	8,074.86	7,622.77
– other financial assets	**3,575.91**	**3,575.91**	2,063.77	2,063.77
– Investment with Companies	**18,851.38**	**18,851.38**	14,950.00	14,950.00
Total	**73,311.75**	**72,794.66**	56,963.63	56,511.54

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

Note No. 24 - Fair Value Measurement (Cont)

₹ in Lakhs

Particulars	31-March-24 Carrying amount	31-March-24 Fair value	31-March-23 Carrying amount	31-March-23 Fair value
Financial liabilities				
Financial liabilities held at amortised cost				
– trade and other payables	**8,377.43**	**8,377.43**	3,201.73	3,201.73
– Lease Liabilities	**2,704.99**	**2,704.99**	3,127.10	3,127.10
– other financial laibilities	**65.44**	**65.44**	80.41	80.41
Total	**11,147.86**	**11,147.86**	6,409.24	6,409.24

Fair value hierarchy as at 31st March 2024

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
– loans to related parties	**–**	**35,525.00**	**–**	**35,525.00**
– trade and other receivables	**–**	**14,842.37**	**–**	**14,842.37**
– other financial assets	**–**	**3,575.91**	**–**	**3,575.91**
– fixed Deposits with companies	**–**	**18,851.38**	**–**	**18,851.38**
Total	**–**	**72,794.66**	**–**	**72,794.66**
Financial liabilities				
Financial liabilities held at Amortised Cost				
– trade and other payables	**–**	**8,377.43**	**–**	**8,377.43**
– Lease Liabilities	**–**	**2,704.99**	**–**	**2,704.99**
– other financial laibilities	**–**	**65.44**	**–**	**65.44**
Total	**–**	**11,147.86**	**–**	**11,147.86**

Fair value hierarchy as at 31st March 2023

	Level 1	Level 2	Level 3	Total
Financial assets carried at Amortised Cost				
– loans to related parties	–	31,875.00	–	31,875.00
– trade and other receivables	–	7,622.77	–	7,622.77
– other financial assets	–	2,063.77	–	2,063.77
– fixed Deposits with companies	–	14,950.00	–	14,950.00
Total	–	56,511.54	–	56,511.54
Financial liabilities				
Financial liabilities held at amortised cost				
– trade and other payables	**–**	3,201.73	**–**	3,201.73
– Lease Liabilities	**–**	3,127.10	**–**	3,127.10
– other financial laibilities	**–**	80.41	**–**	80.41
Total	–	6,409.24	–	6,409.24

The fair values of the financial assets and financial liabilities included in the level 2 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties. In the opinion of the management, the difference between the carrying value of the above stated financial assets and liabilities is not materially different from their fair value . Accordingly, the fair value and carrying amount are the same.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

Note No. 25 - Leases

25.1 Company as a lessee

Following are the changes in the carrying value of Right of use asset for the year ended March 31, 2024

₹ in Lakhs

Particulars	Category of Asset Building **For the year ended 31 March 2024**	 For the year ended 31 March 2023
Balance at the beginning	**2,787.71**	1,140.44
Reclassifciation on account of adoption of Ind AS 116	**–**	–
Additions	**510.21**	2,199.05
Deletions	**535.13**	–
Depreciation	**419.33**	551.78
Balance at the end	**2,343.45**	2,787.71

Following is the movement in the lease liabilities during the year ended March 31, 2024

₹ in Lakhs

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Balance at the beginning	**3,127.10**	1,277.48
Reclassifciation on account of adoption of Ind AS 116	**–**	–
Additions	**510.21**	2,199.05
Deletions	**627.55**	–
Finance Cost accured during the year	**239.89**	193.72
Payment of lease liabilties	**544.66**	543.15
Balance at the end	**2,704.99**	3,127.10
Non Current	**2,395.10**	2,745.67
Current	**309.89**	381.43
Total	**2,704.99**	3,127.10

25.2 Depreciation and Amortisation

₹ in Lakhs

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Property, Plant & Equipment (Note 1)	**547.35**	451.68
Other Intangible Assets (Note 2)	**58.41**	23.00
Right of use Assets (Note 21)	**419.33**	551.78
Total	**1,025.09**	1,026.46

Note No. 26 - Segment information

The Company has determined the operating segment based of structure of reports reviewed by the Strategic Management Council. For management purposes, the Company is organised into a single business unit and has only one reportable segment namely "Insurance Broking Services". The geographical segment is based on the location of client, whether in India or outside India. The Strategic Management Council of the Company monitors the operating results of its business unit for the purpose of making decisions about resource allocation and performance assessment.

₹ in Lakhs

Geographic information	Year Ended 31 March 2024	Year Ended 31 March 2023
Revenue from external customers		
India	**105,766.16**	39,449.69
Outside India	**–**	–
Total Income as per statement of profit and loss	**105,766.16**	39,449.69

All Non-current operating assets comprising property, plant and equipment, investment properties and intangible assets, if any are located in India.

Income from major products and services

The following is an analysis of the Company's revenue from continuing operations from its major products and services:

₹ in Lakhs

	Year Ended 31 March 2024	Year Ended 31 March 2023
Insurance Broking And Auxillary Activities	**105,766.16**	39,449.69
Total	**105,766.16**	39,449.69

Income from transactions with a single external customer amounts to 10% or more of the entity's revenues.

Note No. 27 - Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund and Superannuation Fund aggregating Rs. 458.42 Lakhs (F-2023 : Rs. 468.73 Lakhs) has been recognised in the Statement of Profit and Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

Note No. 27 - Employee benefits (Cont)

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit. The defined benefit plans hold a significant proportion of equity type assets, which are expected to outperform government bonds in the long-term while providing volatility and risk in the short-term.

As the plans mature, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

However, the Company believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity type investments is an appropriate element of the Company's long term strategy to manage the plans efficiently.

Changes in bond yields

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plans' bond holdings and interest rate hedging instruments.

Inflation risk

Some of the Company's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The plans hold a significant proportion of assets in index linked gilts, together with other inflation hedging instruments and also assets which are more loosely correlated with inflation. However, an increase in inflation will also increase the deficit to some degree.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

Leave Encashment

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by acturial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid or availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur.

Defined benefit plans – as per actuarial valuation on 31st March, 2024 and 31st March 2023

₹ in Lakhs

Particulars	Funded Plan Gratuity		Unfunded Plans Exigency leave / Earned leave	
	2024	2023	**2024**	2023
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:				
Service Cost				
Current Service Cost	**111.19**	108.42	**111.48**	107.58
Past service cost and (gains)/losses from settlements	**–**	–	**–**	–
Net interest expense	**51.24**	41.93	**45.18**	55.03
Acquisition adjustment due to transfer out	**–**	–		
Components of defined benefit costs recognised in profit and loss	**162.43**	150.35	**156.66**	162.61
Remeasurement on the net defined benefit liability				
Return on plan assets (excluding amount included in net interest expense)	**–**	–	**–**	–
Actuarial (gains) /loss arising from changes in financial assumptions	**–**	–	**–**	–
Actuarial loss arising from experience adjustments	**73.95**	17.40	**–**	–
Others	**–**	–	**–**	–
Components of defined benefit costs recognised in other comprehensive income	**73.95**	17.40	**–**	–
Total	**73.95**	17.40	**–**	–
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March				
1. Present value of defined benefit obligation as at 31st March	**1,269.51**	1,184.18	**620.45**	602.43
2. Fair value of plan assets as at 31st March	**506.90**	500.96	**–**	–
3. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March	**(762.61)**	(683.22)	**(620.45)**	(602.43)
Current portion of the above	**221.77**	201.53	**186.49**	161.41
Non current portion of the above	**540.84**	481.69	**433.96**	441.02

Particulars	Funded Plan Gratuity		Unfunded Plans Leave Encashment / Earned leave	
	2024	2023	**2024**	2023
II. Change in the obligation during the year ended 31st March				
1. Present value of defined benefit obligation at the beginning of the year	**1,184.18**	1,160.99	**602.43**	751.76
2. Add/(Less) on account of Scheme of Arrangement/Business	**–**	–	**–**	–
Transfer	**–**	–	**–**	–
3. Expenses Recognised in Profit and Loss Account				
– Current Service Cost	**111.19**	108.42	**111.48**	107.58
– Past Service Cost	**–**	–	**–**	–
– Interest Expense (Income)	**88.81**	84.98	**45.18**	55.02

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

Note No. 27 - Employee benefits (Cont)

Particulars	**Funded Plan Gratuity 2024**	Funded Plan Gratuity 2023	**Unfunded Plans Leave Encashment / Earned leave 2024**	Unfunded Plans Leave Encashment / Earned leave 2023
4. *Recognised in Other Comprehensive Income*				
Remeasurement gains/(losses)				
– Actuarial Gain (Loss) arising from:				
i. Demographic Assumptions	**7.06**	4.35	**0.63**	4.58
ii. Financial Assumptions	**14.91**	(14.64)	**6.89**	(5.88)
iii. Experience Adjustments	**14.41**	(15.36)	**(146.16)**	(310.63)
5. Benefit payments	**(151.05)**	(144.56)	**–**	–
6. Others	**–**	–	**–**	–
7. Present value of defined benefit obligation at the end of the year	**1,269.51**	1,184.18	**620.45**	602.43
III. Change in fair value of assets during the year ended 31st March				
1. Fair value of plan assets at the beginning of the year	**500.95**	588.23	**–**	–
2. Add/(Less) on account of Scheme of Arrangement/Business Transfer	**–**	–	**–**	–
3. *Expenses Recognised in Profit and Loss Account*				
– Expected return on plan assets	**37.59**	43.06	**–**	–
4. *Recognised in Other Comprehensive Income*				
Remeasurement (losses)				
– Actual Return on plan assets in excess of the expected return	**(37.59)**	(43.06)	**–**	–
– Others (Specify)	**–**	–	**–**	–
5. Contributions by employer (including benefit payments recoverable)	**157.00**	57.28	**–**	–
6. Recoverable/Recovered from LIC	**–**	–	**–**	–
7. Benefit payments	**(151.05)**	(144.56)	**–**	–
8. Fair value of plan assets at the end of the year	**506.90**	500.95	**–**	–
IV. The Major categories of plan assets				
– Insurer managed funds	**100%**	100%	**–**	–
V. Actuarial assumptions				
1. Discount rate	**7.22%**	7.50%	**7.22%**	7.50%
2. Expected rate of return on plan assets	**7.00%**	7.00%	**7.00%**	7.00%
3. Attrition rate	**Attrition rate of 47% up to the age of 30, 33% up to age of 44 and 19% thereafter**	Attrition rate of 51% up to the age of 30, 30% up to age of 44 and 16% thereafter	**Attrition rate of 47% up to the age of 30, 33% up to age of 44 and 19% thereafter**	Attrition rate of 51% up to the age of 30, 30% up to age of 44 and 16% thereafter

Gratuity

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption	**Year**	**Changes in assumption**	**Impact on defined benefit obligation: Increase in assumption**	**Impact on defined benefit obligation: Decrease in assumption**
Discount rate	**2024**	**1**	**(56.36)**	**38.94**
	2023	1	(56.97)	35.99
Salary growth rate	**2024**	**1**	**38.57**	**(56.87)**
	2023	1	36.36	(59.40)
Life expectancy	**2024**	**+/- 1 year**	**Negligible**	**Negligible**
	2023	+/- 1 year	Negligible	Negligible

Leave Encashment

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption	**Year**	**Changes in assumption**	**Impact on defined benefit obligation: Increase in assumption**	**Impact on defined benefit obligation: Decrease in assumption**
Discount rate	**2024**	**1**	**(11.76)**	**22.32**
	2023	1	(27.80)	30.12
Salary growth rate	**2024**	**1**	**22.16**	**(22.20)**
	2023	1	29.97	(28.18)
Life expectancy	**2024**	**+/- 1 year**	**Negligible**	**Negligible**
	2023	+/- 1 year	Negligible	Negligible

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

Note No. 27 - Employee benefits (Cont)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

The Company expects to contribute Rs. 90 lakhs to the gratuity trusts during the next financial year of 2025.

Maturity profile of defined benefit obligation:

		₹ in Lakhs
Gratuity	**2024**	2023
Within 1 year	**423.51**	411.73
1 - 2 year	**452.77**	377.79
2 - 3 year	**518.53**	415.95
3 - 4 year	**583.85**	481.06
4 - 5 year	**657.39**	520.24

		₹ in Lakhs
Leave Encashment	**2024**	2023
Within 1 year	**186.70**	215.00
1 - 2 year	**236.09**	201.62
2 - 3 year	**236.04**	206.15
3 - 4 year	**244.99**	212.67
4 - 5 year	**249.27**	216.24

The Company's policy is driven by considerations of maximizing returns while ensuring credit quality of the debt instruments. The asset allocation for plan assets is determined based on investment criteria prescribed under the Indian Income Tax Act, 1961, and is also subject to other exposure limitations. The Company evaluates the risks, transaction costs and liquidity for potential investments. To measure plan asset performance, the Company compares actual returns for each asset category with published benchmarks.

	Period Ended				
VIII. Experience Adjustments:	**2024**	**2023**	**2022**	**2021**	**2020**
			Gratuity		
1. Defined Benefit Obligation	**1,269.51**	1,184.18	1,160.99	1,197.24	1,089.09
2. Fair value of plan assets	**506.90**	500.96	588.23	584.43	466.12
3. Surplus/(Deficit)	**(762.61)**	(683.22)	(609.01)	612.82	622.97
4. Experience adjustment on plan liabilities [(Gain)/Loss]	**36.38**	(25.65)	(67.94)	(74.54)	266.85
5. Experience adjustment on plan assets [Gain/(Loss)]	**(37.57)**	(43.06)	(40.38)	(29.88)	(30.09)

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The current service cost and the net interest expense for the year are included in the employee benefits expense in profit or loss of the expense for the year.

Note No 28 - Employees Share Based Payments (Employees Phantom Stock Option Plan 2019)

On January 18, 2019, Board of Directors approved the MIBL Employees Phantom Stock Option Plan 2019 (MIBL EPSOP 2019) for grant of stock options to the employees, within the meaning of the MIBL-EPSOP 2019 plan. The specific employees to whom the options would be granted and their eligibility criteria shall be determined by the Nomination and Remuneration Committee of the Board (Committee) from time to time on the basis of one or more factors including but not limited to longevity, total experience and role of the Employee. The options granted under EPSOP 2019 would vest after 1 (one) year but not later than the maximum vesting Period of 4 (four) years from the grant date of such options.

The Committee has prescribed the vesting schedule of the options granted under the plan, unless otherwise decided in exceptional cases like retirements:

Vesting Dates	Vesting Percentage
1st Anniversary from date of Grant	25% of Options granted
2nd Anniversary from date of Grant	25% of Options granted
3rd Anniversary from date of Grant	25% of Options granted
4th Anniversary from date of Grant	25% of Options granted

The Company will process vested options for settlement at each vesting date and determine appreciation in respect of all such Options with reference to Fair Market Value prevailing as on date of Vesting calculated as prescribed by MIBL EPSOP 2019. The Company recognises the fair value of the liability and expense for these plans over the vesting period based on the management's estimate of the vesting and forfeiture conditions.

Employees Phantom Stock Option Plan

Grant date	Exercise Price	Total Options granted	Options vested and Exercisable	Options unvested	Options exercised	Options cancelled	Options outstanding
Grant I	10.00	302,326.00	258,951.00	–	258,951.00	43,375.00	–
Grant II	10.00	4,905.00	4,905.00	–	4,905.00	–	–
Grant III	10.00	9,070.00	6,892.00	–	6,892.00	2,178.00	–
Grant IV	10.00	7,268.00	3,620.00	–	3,620.00	3,648.00	–
Grant V	10.00	2,468.00	2,468.00	–	2,468.00	–	–
Total		**326,037.00**	**276,836.00**	**–**	**276,836.00**	**49,201.00**	**–**

Movement of Phantom Stock Options during the year

Total for all grants	No. of Options	Range of exercise prices Rs.	Weighted average exercise price Rs.	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	0	10.00	10.00	NA
Granted during the year	0			NA
Forfeited/ Lapsed during the year	0			NA
Exercised during the year	0			NA
Outstanding at the end of the year	0			NA
Exercisable at the end of the year	0			NA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

Note No 28 - Employees Share Based Payments (Employees Phantom Stock Option Plan 2019) (Cont)

Significant assumptions used to estimate the fair value of options granted during the year.

Variables	
1. Risk Free Interest Rate	NA
2. Expected Life	NA
3. Expected Volatility	NA
4. Dividend Yield	NA
5. Price of the underlying share in market at the time of the option grant (Rs.)	NA

Total Expenses recognised for the year ended on 31st March 2024.

The total expense recognised from share-based payment transactions (including options granted to Directors & employees of other group companies) for the year ended on 31st March 2024 is Nil Lakhs (PY. Rs. 539.12 Lakhs)

Note No. 29 - Related Party Transactions

Name of the parent Company	: **Mahindra & Mahindra Financial Services Limited**
Name of the Ultimate parent Company	: **Mahindra & Mahindra Limited**
Name of the Fellow subsidiaries	: **Mahindra Rural Housing Finance Limited**
	: **Mahindra Integrated Business Solutions Limited**
	: **Mahindra First Choice Services Limited**
	: **N.B.S. International Limited**
Key Management Personnel (KMP)	: **Vedanarayanan Seshadri, Managing Director**
	: **Saurabh V. Dharadhar, Chief Financial Officer**
	: **Niranajan Karde (w.e.f. 18th Jan 2022)**
Directors	: **Rajeev Dubey, Chairman**
	: **Ramesh Iyer, Non Executive Director**
	: **Hemant Sikka, Non Executive Director**
	: **Jyotin Mehta, Independent Director**
	: **Anjali Raina, Independent Director**
	: **Derek Nazareth, Nominee Director (Till 15th Jan 2023)**
	: **Vivek Karve, Non Executive Director**
	: **Rajnish Agarwal, Non Executive Director (Till 8th July 2023)**

Details of transaction between the Company and its related parties are disclosed below:

₹ in Lakhs

Particulars	**For the year ended**	**Parent Company and Ultimate Parent company**	**KMP/ Directors of the Company**	**Fellow subsidiaries**
<u>Nature of transactions with Related Parties</u>				
Purchase of property and other assets	31-March-24	180.27	–	38.58
including intangibles	*31-March-23*	*54.35*	–	*28.26*
Rendering of services	31-March-24	–	–	–
	31-March-23	*311.34*	–	–
Receiving of services	31-March-24	319.38	559.65	386.43
	31-March-23	*448.67*	*512.01*	*262.53*
Interest Income	31-March-24	1,587.22	–	1,842.86
	31-March-23	*1,477.75*	–	*1,575.38*
Loans given (including Fixed Deposits &	31-March-24	5,050.00	–	16,500.00
Intercorporate Deposits placed during the year)	*31-March-23*	*14,050.00*	–	*13,050.00*
Repayment of loans (including Fixed Deposits matured &	31-March-24	9,750.00	–	9,100.00
Intercorporate Deposits withdrawn during the year)	*31-March-23*	*9,365.00*	–	*16,575.00*
Dividend Paid	31-March-24	288.66	–	–
	31-March-23	*412.37*	–	–
Commission and other benefits to directors	31-March-24	–	31.00	–
	31-March-23	–	*138.78*	–
Sale of Fixed Assets	31-March-24	2.17	–	2.28
	31-March-23	–	–	*2.43*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

Note No. 29 - Related Party Transactions (Cont)

Nature of Balances with Related Parties	Balance as on	Parent Company and Ultimate Parent company	KMP/Directors of the Company	Fellow subsidiaries
Trade payables	31-March-24	43.44	–	14.56
	31-March-23	*24.24*	–	*1.10*
Loans & advances given (including Fixed Deposits	31-March-24	19,950.00	–	29,575.00
and Intercorporate Deposits placed)	*31-March-23*	*24,650.00*	–	*22,175.00*
Other balances (including Trade Receivables	31-March-24	1,991.82	–	1,100.29
and Interest Accrued)	*31-March-23*	*1,170.89*	–	*618.80*

Compensation of Key Management Personnel

The remuneration of directors and other members of Key Management Personnel during the year was as follows:

₹ in Lakhs

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Short-term employee benefits	**559.65**	512.01
Post-employment benefits[1]	**–**	–
Other long-term benefits[1]	**–**	–
Termination benefits	**–**	–
Share-based payment[2]	**–**	–

[1] Figures not available separately for gratuity and leave encashment

[2] Included in the Stock Option Charge paid to parent company for its Stock Options granted to Key Managerial Personnel

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

Note No. 30 - Income from contract with customers

A. Country-wise break up of Income

₹ in Lakhs

31-March-24

Country	Income from contracts with customers (Ind AS 115)	Income from operations from other than customers	Total Income from Operations	Other Income	Total Income
India	105,766.16	–	105,766.16	3,729.00	109,495.16
Total	**105,766.16**	**–**	**105,766.16**	**3,729.00**	**109,495.16**

₹ in Lakhs

31-March-23

Country	Income from contracts with customers (Ind AS 115)	Income from operations from other than customers	Total Income from Operations	Other Income	Total Income
India	39,449.69	–	39,449.69	3,200.96	42,650.65
Total	39,449.69	–	39,449.69	3,200.96	42,650.65

B. Breakup of Income into contracts entered in previous year and in current year

₹ in Lakhs

Particulars	31-March-24	31-March-23
Income from PO/ contract / agreement entered into previous year	**105,745.39**	39,369.81
Income from New PO/ contract / agreement entered into current year	**20.77**	79.88
Total Income recognised during the period	**105,766.16**	39,449.69

C. Reconciliation of Income from contract with customer

₹ in Lakhs

Particulars	31-March-24	31-March-23
Income from contract with customer as per the contract price	**105,766.16**	39,449.69
Adjustments made to contract price on account of :-		
a) Discounts / Rebates / Incentives	**–**	–
b) Sales Returns / Reversals	**–**	–
c) Deferrment of revenue	**–**	–
d) Changes in estimates of variable consideration	**–**	–
e) Recognition of revenue from contract liability out of opening balance of contract liability	**–**	–
f) Any other adjustments	**–**	–
Income from contract with customer as per the statement of Profit and Loss	**105,766.16**	39,449.69

D. Income to be recognised for performance obligation(s) not satisfied or partially satisfied at the end of the current year in respect of contracts with customer that are in place (i.e. signed agreements/Pos/Wos/ SOWs, etc) at the end of reporting period.

The company has reviewed the contract with insurers and customers and indentified claims handling services as an area that is affected by the new accounting standard. The application of new standard results in the indentifiaction of separate performance obligation for handling claims on behalf of customers as part of insurance brokerage customary business practice. The new standard requires the deferral of income recognition until the performance obligation is satisifed. Based on the results of the review, the company does not expect a material impact on the statement of profit and loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

Note No. 30 - Income from contract with customers (Cont)

E. Break-up of Provision for Expected Credit Losses recognised in P&L

₹ in Lakhs

Particulars	31-March-24	31-March-23
Expected Credit loss recognised during the year on trade receivables	**65.00**	42.20
Expected Credit loss recognised during the year on contract assets	**–**	–
Expected Credit loss recognised during the year on others	**–**	–
Total	**65.00**	42.20

Note No. 31 - Income received from Insurer and Insurer's group companies

As per regulation 34 (6) of IRDAI (Insurance Brokers) Regulations, 2018, following are the details of all the incomes received from insurers and insurer's group companies

A. Details of incomes received from insurers (Top 15+ Others)

₹ in Lakhs

Particulars	Year Ended 31 March 2024
ICICI Lombard General Insurance Company Limited	**14,322.22**
Tata AIG General Insurance Company Limited	**11,161.56**
Universal Sompo General Insurance Company Limited	**10,814.35**
SBI General Insurance Company Limited	**9,221.40**
IFFCO Tokio General Insurance Company Limited	**7,995.80**
Cholamandalam MS General Insurance Company Limited	**7,252.39**
HDFC General Insurance Company Limited	**5,112.40**
Magma HDI General Insurance Company Limited	**4,918.88**
Kotak Mahindra Life Insurance Company Limited	**4,679.92**
Reliance General Insurance Company Limited	**4,609.63**
Liberty General Insurance Company Limited	**4,313.02**
Go Digit General Insurance Limited	**3,228.42**
Niva Bupa Health Insurance Company Limited	**2,329.29**
Max Life Insurance Company Limited	**2,098.66**
Future Generali Insurance Company Limited	**2,032.18**
Others	**11,620.54**
Total Revenue	**105,710.66**

₹ in Lakhs

Particulars	Year Ended 31 March 2023
Religare Health Insurance Company Limited	5,811.89
ICICI Lombard General Insurance Company Limited	4,405.26
Tata AIG General Insurance Company Limited	4,247.29
IFFCO Company Tokio General Insurance Company Limited	4,047.89
Cholamandalam MS General Insurance Company Limited	1,923.06
Reliance General Insurance Company Limited	1,914.54
Liberty Videocon General Insurance Company Limited	1,842.03
Magma HDI General Insurance Company Limited	1,399.05
Om Kotak Mahindra Life Insurance Company Limited	1,385.40
SBI General Insurance Company Limited	1,293.13
Go Digit General Insurance Limited	1,180.38
HDFC Ergo General Insurance Company Limited	1,051.33
Future Generali Insurance Company Limited	960.04
Universal Sompo General Insurance Company Limited	867.66
Max Bupa Health Insurance Company Limited	823.96
Others	5,737.29
Total Revenue	38,890.20

B. The Company has not received any income from any of the insurers' group companies.

Note No. 31 - Details of Payments received by the group companies and/or associates and/or related parties of the insurance broker from any insurer and the details thereof.

As per regulation 34 (6) of IRDAI (Insurance Brokers) Regulations, 2018, following are the details of payments received by the group companies and/or associates and/or related parties of the insurance broker from any insurer and the details thereof.

As per the information received from the group companies, payments received by Mahindra & Mahindra Financial Services Limited ("MMFSL") & Mahindra Rural Housing Finance Limited ("MRHFL")

₹ in Lakhs

Name of Insurance Company	Year Ended 31 March 2024*
Kotak Mahindra Life Insurance Company Limited	**7,832.40**
Max Life Insurance Company Limited	**6,595.53**
Niva Bupa Health Insurance Company Limited	**1,852.31**
Care Health Insurance Limited	**1,771.18**
HDFC Standard Life Insurance Company Limited	**392.45**
Reliance General Insurance Company Limited	**77.88**
Go Digit General Insurance Company Limited	**71.18**
Liberty General Insurance Company Limited	**25.96**
Cholamandalam MS General Insurance Company Limited	**24.67**
Future Generali India Insurance Company Limited	**7.68**
Bajaj Allianz General Insurance Company Limited	**3.69**
Total	**18,654.93**

* Payments are received towards usage of office space of MMFSL & MRHFL branches for display of marketing material/advertisements of insurance companies.

₹ in Lakhs

Name of Insurance Company	Year Ended 31 March 2023*
Kotak Mahindra Life Insurance Company Limited	6,592.66
Tata Aig General Insurance Company Limited	859.39
Care Health Insurance Limited	777.22
Niva Bupa Health Insurance Company Limited	769.60
Reliance General Insurance Company Limited	675.48
ICICI Lombard General Insurance Company Limited	603.94
Cholamandalam MS General Insurance Company Limited	467.86
Go Digit General Insurance Company Limited	439.64
Royal Sundaram Alliance Insurance Company Limited	238.12
Raheja QBE General Insurance Company Limited	197.32
IFFCO Tokio General Insurance Company Limited	169.92
Liberty General Insurance Company Limited	162.37
Bajaj Allianz General Insurance Company Limited	112.48
HDFC Standard Life Insurance Company Limited	94.30
Future Generali India Insurance Company Limited	69.72
Kotak Mahindra General Insurance Company Limited	4.13
Total	12,234.15

* Payments are received towards usage of office space of MMFSL & MRHFL branches for display of marketing material/advertisements of insurance companies.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

Note No. 32 - Contingent liabilities and commitments

₹ in Lakhs

Contingent liabilities (to the extent not provided for)	As at 31 March 2024	As at 31 March 2023
Contingent liabilities		
Tax deducted at source	**7.97**	12.90
Income tax liability	**16.61**	–

₹ in Lakhs

Particulars	As at 31 March 2024	As at 31 March 2023
Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for:		
Commitments for the acquisition of intangible assets	**36.87**	181.48

Note No. 33 - Additional Information to the Financial Statements

33.1 Dividend

In respect of the current year, the directors propose that a dividend of Rs. 15.00 per share be paid on equity shares on 16th April 2024. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed equity dividend is payable to all shareholders on the Register of Members on 21st June 2024. The total estimated equity dividend to be paid is Rs. 1546.39 lakhs.

33.2 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

₹ in Lakhs

Particulars	31-March-24	31-March-23
(i) Principal amount remaining unpaid to MSME suppliers as on	**20.44**	2.33
(ii) Interest due on unpaid principal amount to MSME suppliers as on	**–**	–
(iii) The amount of interest paid along with the amounts of the payment made to the MSME suppliers beyond the appointed day	**–**	–
(iv) The amount of interest due and payable for the year (without adding the interest under MSME Development Act)	**–**	–
(v) The amount of interest accrued and remaining unpaid as on	**–**	–
(vi) The amount of interest due and payable to be disallowed under Income Tax Act, 1961	**–**	–

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

33.3 Corporate Social Responsibility (CSR)

₹ in Lakhs

Particulars	31-March-24	31-March-23
Amount required to be spent as per section 135 of the Act	**113.70**	132.26
Amount spent during the year on:		
(i) Construction/acquisition of an asset	**–**	–
(ii) On purpose other than (i) above	**114.18**	132.30
Total Spent	**114.18**	132.30
Shortfall at the end of year	**–**	–
Nature of CSR activities	Promoting Education & Healthcare	
Details of Related Party Transactions		
Contribution to a trust controlled by the Company in relation to CSR expenditure	**–**	–
Provision made with respect to a liability already incurred by entering into a contractual obligation	**–**	–

Note No. 34 - Ratios

Ratio	Numerator	Denominator	As at 31 March 2024	As at 31 March 2023	% variance	Reason for variance
Current Ratio	Current Assets	Current Liabilities	2.83	2.72	4%	–
Return on Equity Ratio	Profit After Tax	Avg. shareholders' equity	21%	7%	214%	Percentage increase in Profit after tax is more than percentage increase in average net-worth.
Trade Receivables Turnover Ratio	Net Sales	Avg. Trade Receivables	9.42	5.51	71%	Increase in trade receivables is on account of increase in sales due to newly introduced IRDAI expenses of management (EOM) regulations, 2023
Return on Investments	Interest and Dividend Income	Investments and ICDs	6%	7%	(3%)	–
Net Capital Turnover Ratio	Net Sales	Working Capital	266%	205%	30%	Percentage increase in net sales is more than percentage increase in working capital
Net Profit Ratio	Profit After Tax	Net Sales	12%	9%	34%	Increase in Profit after tax as compared to previous year
Return on Capital Employed	EBIT	Capital Employed	26%	9%	189%	Increase in EBIT as compared to previous year

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

Note No. 35 - Additional Disclosures

1. During the financial years ended 31 March 2024 and 31 March 2023, the Company has not granted any loans or advances in the nature of loans to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person (a) repayable on demand or (b) without specifying any terms or period of repayment.
2. There is no Benami Property held or there are no proceedings initiated or pending against the company for holding any Benami Property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
3. The Company has not traded or invested in Crypto currency or Virtual currency during the financial year.
4. There was no scheme of arrangements approved by the competent authority in terms of sections 230 to 237 of the Companies Act, 2013 during the year.

Note No. 36 - Details of transactions with Struck off companies

Name of the Struck off Company	Nature of transactions with struck off company	Relationship with struck off company	Balance as at 31 March 2024	Balance as at 31 March 2023
		NIL		

Note No. 37 - Previous year figures

– Previous year figures have been regrouped /reclassified wherever found necessary.

The accompanying statement of accounting policies and notes 1 to 37 are an integral part of the Financial Statements.

As per our report of even date	For and on behalf of the Board of Directors				
For Mukund M. Chitale & Co.					
Chartered Accountants	Rajeev Dubey	Ramesh Iyer	Vivek Karve	Hemant Sikka	Jyotin Mehta
Firm Regn No. 106655W	**Chairman**	**Director**	**Director**	**Director**	**Director**
	DIN: 00104817	DIN: 00220759	DIN: 06840707	DIN: 00922281	DIN: 00033518
Saurabh M. Chitale					
Partner	Anjali Raina	Vedanarayanan Seshadri		Niranjan Karde	Saurabh V. Dharadhar
Membership No. 111383	**Director**	**Managing Director & Principal Officer**		**Company Secretary**	**Chief Financial Officer & Ethics Officer**
	DIN: 02327927	DIN: 08864477		Mem No.: ACS 26372	
Place: Mumbai					Place: Mumbai
Date: April 16, 2024					Date: April 16, 2024

INDEPENDENT AUDITOR'S REPORT

To the Members of **Mahindra Rural Housing Finance Limited**

Report on the audit of financial statements

Opinion

We have audited the financial statements of Mahindra Rural Housing Finance Limited ("the Company"), which comprise the Balance Sheet as at, March 31, 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 policy information and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024 and profit and 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 Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the financial statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of key audit matters

Key audit matter	How the matter was addressed in our audit
Impairment of loans and advances	
Refer to the accounting policies in "Note 2.5 (ii) to the financial statements: Impairment of financial statements" "Note 4 to the financial statements: Loans" and "Note 44 (ii) to the financial statements: Credit Risk Management"	
The Company has recognized impairment loss allowance of Rs.13,360.89 lakhs in its Statement of Profit and Loss during the year 2023-2024. The Company has maintained impairment provisions amounting to Rs.27,682.83 lakhs as at March 31, 2024. Under Ind AS 109, Financial Instruments, allowance for loan losses are determined using Expected Credit Loss (ECL) model. The estimation of impairment loss allowance on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Company's estimation of ECLs are: • Data inputs – The application of ECL model requires several data inputs. This increases the risk that the data that has been used to derive assumptions in the model, which are used for ECL calculations, may not be complete and accurate. • Model estimations – Inherently judgmental models are used to estimate ECL which involves determining Exposures at Default ("EAD"), Probabilities of Default ("PD") and Loss Given Default ("LGD"). The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered the most significant judgmental aspect of the Company's modelling approach.	Our key audit procedures included: • Performed end to end process walkthroughs to identify the key systems, applications and controls used in the impairment loss allowance processes. We tested the relevant manual, general IT and application controls over key systems used in the impairment loss allowance process including discussions with the external industry expert engaged by the Company for review and updation of the ECL model. • Assessed the design and implementation of controls in respect of the Company's impairment allowance process such as the timely recognition of impairment loss, the completeness and accuracy of reports used in the impairment allowance process and management review processes over the calculation of impairment allowance and the related disclosures on credit risk management. • Testing management's controls over authorization and calculation of post model adjustments and management overlays, if any. • Evaluated whether the methodology applied by the Company is in compliance of the relevant accounting standards and confirmed that the calculations are performed in accordance with the approved methodology, checking mathematical accuracy of the workings.

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td colspan="2">Impairment of loans and advances</td></tr>
<tr><td>• Economic scenarios – Ind AS 109 requires the Company to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions including the spill-over effects of the Covid 19 pandemic, if any. During the year, the Company has engaged an industry expert to assist it in review and updation of the ECL model.

The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties and other macro-economic factors, which are often outside the control of the Company. Given the size of loan portfolio relative to the balance sheet and the impact of impairment allowance on the financial statements, we have considered this as a key audit matter.

Disclosures:

The disclosures regarding the Company's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results.</td><td>• Sample testing over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of periods considered, economic forecasts, weights, and model assumptions applied.

• Testing the 'Governance Framework' over validation, implementation and model monitoring in line with the RBI guidance.

• Assessed whether the disclosures on key judgements, assumptions and quantitative data with respect to impairment loss allowance in the financial statements are appropriate and sufficient.

• We have also obtained management representations wherever considered necessary.</td></tr>
</table>

<table>
<tr><th>IT Systems and Controls</th><th></th></tr>
<tr><td>Key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>The company has separate software applications for management of its loan portfolio from origination to servicing and closure and for the routine accounting. Transfer of data from / to these applications is critical for accurate compilation of financial information. Additionally, during the year, there has been a migration to an advanced loan management system. Further, the Company's financial accounting and reporting processes are dependent on information systems including automated controls in systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being misstated.

We have identified 'IT systems and controls' as key audit matter because of the high-level automation, number of systems being used by the management and the inherent risks/ complexity of the IT architecture.</td><td>We have performed the following key audit procedures:

• Performed control testing on user access management, change management, segregation of duties, system and system application controls over key financial accounting and reporting systems.

• Tested key controls operating over information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations.

• Tested the design and operating effectiveness of key controls over user access management which includes granting access / right, new user creation, removal of user rights and preventive controls designed to enforce segregation of duties.

• Tested and reviewed data consistency pre and post migration of the LMS and also reviewed the reports of external consultants hired for this purpose.

• Other areas that were tested include security configurations, system interface controls, controls over changes to applications and databases and controls to ensure that developers and production support did not have access to change applications, the operating system, or databases in the production environment.</td></tr>
</table>

Information other than the financial statements and auditor's report thereon

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' responsibility for the financial statements.

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit / loss and 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

i. 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.

ii. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.

iv. Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

Report on other legal and regulatory requirements

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

2. As required by Section 143(3) of the Act, we report that:

    a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

    b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

    c. the Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

    d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder;

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

    f. with respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B";

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

        i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 36 to the financial statements.

        ii. the Company has made provisions, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts. The company has not entered into derivative contracts during the year - Refer note 38 to the financial statements.

        iii. there has been no delay in transferring amounts, required to be transferred, to the Investor, Education and Protection Fund by the Company.

        iv. In respect of Rule 11(e) of the Companies (Audit and Auditors) Rules, 2014,

            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. In respect of Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014, based on our examination which included test checks, the company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with.

3. As required by Section 197(16) of the Act, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **Gokhale & Sathe**
Chartered Accountants
Firm Regn. No.10326W

Rahul Joglekar
Partner
Membership No.:129389
UDIN: 24129389BKASOK7031

Place: Mumbai
Date: April 19, 2024.

Annexure A to 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 Mahindra Rural Housing Finance 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) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property Plant and Equipment including intangible assets.

(b) The Company has a regular programme of physical verification of Property, Plant and Equipment under which property, plant and equipment are verified annually. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification during the year.

(c) The title deeds (comprising of registered sale deeds/ transfer deeds /conveyance deeds) of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) provided to us, are held in the name of the Company as at the balance sheet date.

(d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.

(e) 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 nature of the Company's business is such that it is not required to hold any inventories and, hence, reporting under clause 3(ii) of the order is not applicable to the Company.

(b) The Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, from banks and financial institutions on the basis of security of current assets. The quarterly returns and statements filed by the Company with such banks and financial institutions are in agreement with the books of account and records of the Company.

(iii) (a) Since the Company is a Housing Finance Company whose principal business is to give loans, clause 3(iii)(a) of the Order is not applicable to the Company.

(b) In our opinion, the investments made and the terms and conditions of the grant of loans, during the year are, prima facie, not prejudicial to the Company's interest.

(c) in respect of loans and advances in the nature of loans (together referred to as "loan assets"), the schedule of repayment of principal and payment of interest has been stipulated. Note 2.10 to the financial statements explains the Company's accounting policy relating to impairment of financial assets which include loans assets. In accordance with that policy, loan assets with balances as at the year-end aggregating Rs.65,091.29 lakhs were categorised as credit impaired ("Stage 3") and Rs. 59,835.58 lakhs were categorised as those where the credit risk has increased significantly since initial recognition ("Stage 2"). Disclosures in respect of such loans have been provided in Note 44(ii)(k) to the financial statements. Additionally, out of loans and advances in the nature of loans with balances as at the year-end aggregating Rs.5,95,981.33 lakhs, where credit risk has not significantly increased since initial recognition (categorised as "Stage 1"), delinquencies in the repayment of interest and/or principal aggregating Rs. 2,001.50 lakhs were also identified, albeit of less than 30 days. In all other cases, the repayment of principal and interest is regular. Having regard to the nature of the Company's business and the volume of information involved, it is not practicable to provide an itemised list of loan assets where delinquencies in the repayment of principal and interest have been identified.

(d) The total overdue amount for more than 90 days as on March 31, 2024 is as per details below:

No. of cases	Principal amount overdue (Rs. Lakhs)	Interest overdue (Rs. Lakhs)	Total overdue (Rs. Lakhs)	Remarks (if any)
49,624	20,466.05	14,085.72	34,551.77	None

In our opinion, the Company has taken reasonable steps for the recovery of the principal and interest.

(e) Since the Company is a Housing Finance Company whose principal business is to give loans, clause 3(iii)(e) of the Order is not applicable to the Company.

(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.

(iv) There are no loans, investments, guarantees and securities granted in respect of which provisions of section 185 and 186 of the Act are attracted. Accordingly, clause 3(iv) of the Order is not applicable to the Company.

(v) The Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and Rules framed thereunder are applicable. Accordingly, clause 3(v) of the Order is not applicable to the Company.

(vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any activities conducted/services rendered by the Company. Accordingly, clause 3(vi) of the Order is not applicable to the Company.

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

(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	Period to which the amount pertains. (F.Y.)	Amount (Rs. in lakhs)	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	2011-12	8.11	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	2013-14	23.22	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	2016-17	31.00	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	2017-18	46.92	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	2021-22	35.10	Commissioner of Income Tax (Appeals)

(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) The Company has not defaulted repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.

(b) The Company has not been declared a willful defaulter by any bank or financial institution or other lender.

(c) The Company has utilized the money raised by way of terms loans during the year for the purpose for which they were raised.

(d) On an overall examination of the financial statements of the Company, funds raised on short term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(e)&(f) The Company does not have subsidiaries, associates or joint ventures during the year and therefore clause 3(ix)(e) and (f) of the Order is not applicable to the Company.

(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) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.

(xi) (a) No fraud by the Company has been noticed or reported during the year. In respect of frauds noticed and reported by the Company, the following information is furnished

Nature of fraud	Amount (Rs. Lakhs)
Cases of cheating and forgery by borrowers and employees	1.28
Cases of frauds by employees	44.68

(b) 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) We have taken into consideration the whistle blower complaints received by the Company during the year and upto the date of this report, while determining the nature, timing and extent of our audit procedures.

(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 accounting standards.

(xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

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

(xv) In our opinion during the year the Company has not entered into any non-cash transactions with its Directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under Section 45- IA of the Reserve Bank of India Act, 1934 (2 of 1934).

(b) The Company is a Housing Finance Company and it holds a valid Certificate of Registration (CoR) from the National Housing Bank issued under Section 29A(2) of the National Housing Bank Act 1987 for conducting housing finance business. Prior to 9th August 2019, the power of registration of Housing Finance Companies was vested with the National Housing Bank and not the Reserve Bank of India.

(c) The Company is not a Core Investment Company (CIC) and hence reporting under clause 3(xvi)(c) of the Order is not applicable to the Company

(d) The Group (as defined under Master Direction DNBR.PD.008/03.10.119/2016-17 - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016) has more than one CIC as part of the Group. There are 4 CIC forming part of the Group.

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

(xviii) There has been no resignation of the auditor during the year hence there is no requirement to report under this clause.

(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 it should not be construed as a guarantee or 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) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects 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) There are no unspent amounts under sub-section (5) of section 135 of the Companies Act, pursuant to any ongoing project requiring transfer to special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause 3(xx)(b) of the Order is not applicable for the year.

(xxi) The Company is not required to prepare Consolidated Financial Statements and therefore reporting under clause 3(xxi) of the Order is not applicable for the year.

For **Gokhale & Sathe**
Chartered Accountants
Firm Regn. No.10326W

Rahul Joglekar
Partner
Membership No.:129389
UDIN: 24129389BKASOK7031

Place: Mumbai
Date: April 19, 2024.

Annexure B to the Independent Auditors' report on the financial statements of Mahindra Rural Housing Finance Limited for the year ended March 31, 2024.

Report on the internal financial controls with reference to the financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

Referred to in paragraph 2(A) (f) under 'Report on other legal and regulatory requirements' section of our report of even date.

Opinion

We have audited the internal financial controls with reference to financial statements of Mahindra Rural Housing Finance 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.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at March 31, 2024, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's responsibility for internal financial controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 (hereinafter referred to as "the Act").

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 and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 were established and maintained and whether 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 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 such internal financial controls, 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 with reference to financial statements.

Meaning of internal financial controls with reference to financial statements

A company's internal financial controls 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 controls with reference to financial statements include those policies and procedures that –

a. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

b. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

c. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone 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 or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **Gokhale & Sathe**
Chartered Accountants
Firm Regn. No.10326W

Rahul Joglekar
Partner
Membership No.:129389
UDIN: 24129389BKASOK7031

Place: Mumbai
Date: April 19, 2024.

BALANCE SHEET AS AT 31 MARCH 2024

Particulars	Note	(Rs. in Lakhs) As at 31 March 2024	(Rs. in Lakhs) As at 31 March 2023
ASSETS			
1) Financial Assets			
a) Cash and cash equivalents	3	**57,673.26**	31,631.99
b) Bank balance other than (a) above		**16,372.47**	88,702.87
c) Loans	4	**693,329.82**	684,524.55
d) Investments	5	**23,851.32**	34,095.06
e) Other financial assets	6	**1,808.88**	3,195.18
		793,035.75	842,149.65
2) Non-financial Assets			
a) Current tax assets (Net)		**2,905.66**	1,920.89
b) Deferred tax assets (Net)	7	**10,900.05**	11,028.76
c) Property, Plant and Equipments	8	**12,165.95**	12,527.61
d) Other intangible assets	9	**583.23**	23.61
e) Other non-financial assets	10	**3,500.05**	4,125.99
		30,054.94	29,626.86
Total Assets		**823,090.69**	871,776.51
LIABILITIES AND EQUITY			
LIABILITIES			
1) Financial Liabilities			
a) Payables	11		
I) Trade payables			
i) total outstanding dues of micro enterprises and small enterprises		**21.51**	1.32
ii) total outstanding dues of creditors other than micro enterprises and small enterprises		**4,185.39**	4,366.40
II) Other Payables			
i) total outstanding dues of micro enterprises and small enterprises		**–**	–
ii) total outstanding dues of creditors other than micro enterprises and small enterprises		**22.30**	22.28
b) Debt securities	12	**316,247.21**	316,771.91
c) Borrowings (Other than Debt Securities)	13	**272,069.19**	319,162.66
d) Subordinated liabilities	14	**46,078.58**	46,049.24
e) Other financial liabilities	15	**33,704.51**	35,107.89
		672,328.69	721,481.70
2) Non-Financial Liabilities			
a) Current tax liabilities (Net)		**–**	–
b) Provisions	16	**1,372.09**	1,480.32
c) Other non-financial liabilities	17	**580.95**	651.47
		1,953.04	2,131.79
3) EQUITY			
a) Equity share capital	18	**12,233.07**	12,213.75
b) Other equity	19	**136,575.89**	135,949.27
		148,808.96	148,163.02
Total Liabilities and Equity		**823,090.69**	871,776.51
Summary of material accounting policy information	2		
The accompanying notes form an integral part of the financial statements.	1 to 53		

As per our report of even date attached.

For **Gokhale & Sathe**
Chartered Accountants
Firm's Registration No: 103264W

For and on behalf of the Board of Directors
Mahindra Rural Housing Finance Limited
CIN: U65922MH2007PLC169791

Rahul Joglekar
Partner
Membership No: 129389

Ramesh Iyer
Director
[DIN: 00220759]

Jyotin Mehta
Director
[DIN: 00033518]

Shantanu Rege
Managing Director
[DIN: 06661312]

Dinesh Prajapati
Chief Financial Officer

Navin Joshi
Company Secretary
[ACS9049]

Mumbai
19 April 2024

Mumbai
19 April 2024

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2024

	Particulars	Note	(Rs. in Lakhs) Year ended 31 March 2024	(Rs. in Lakhs) Year ended 31 March 2023
	REVENUE FROM OPERATIONS			
	i) Interest income	20	**124,425.67**	130,371.65
	ii) Fees and commission income	21	**726.71**	1,012.20
	iii) Net gain / (loss) on fair value changes and derecognised financial instruments	22	**2,049.86**	1,982.60
I	**Total revenue from operations**		**127,202.24**	133,366.45
II	Other income	23	**2,241.35**	1,613.58
III	**Total Income (I+II)**		**129,443.59**	134,980.03
	EXPENSES			
	i) Finance costs	24	**53,625.65**	52,512.77
	ii) Fees and commission expense	25	**757.87**	707.17
	iii) Impairment on financial instruments	26	**13,360.89**	17,222.85
	iv) Employee benefits expenses	27	**41,924.75**	40,442.66
	v) Depreciation, amortisation and impairment	28	**3,287.87**	2,625.74
	vi) Other expenses	29	**16,002.39**	18,839.89
IV	**Total Expenses (IV)**		**128,959.42**	132,351.08
V	**Profit / (Loss) before tax (III - IV)**		**484.17**	2,628.95
VI	**Tax expense:**			
	i) Current tax		**–**	–
	ii) Deferred tax		**123.68**	835.08
	iii) (Excess) / Short Provision for Income Tax - earlier years		**–**	(380.91)
			123.68	454.17
VII	**Profit / (Loss) for the year (V-VI)**		**360.49**	2,174.78
VIII	**Other Comprehensive Income**			
	(A) (i) Items that will not be reclassified to profit or loss			
	– Remeasurement loss on defined benefit plans		**(120.46)**	(55.37)
	(ii) Income tax impact thereon		**30.32**	13.93
	Subtotal (A)		**(90.14)**	(41.44)
	(B) (i) Items that will be reclassified to profit or loss			
	– Net gain / (loss) on debt instruments through OCI		**140.46**	(194.77)
	(ii) Income tax impact thereon		**(35.35)**	49.02
	Subtotal (B)		**105.11**	(145.75)
	Other Comprehensive Income / (Loss) (A+B)		**14.97**	(187.19)
IX	**Total Comprehensive Income / (Loss) for the year (VII+VIII) (Comprising Profit / (Loss) and other Comprehensive Income for the year)**		**375.46**	1,987.59
X	**Earnings per equity share (for continuing operations)**	30		
	(Face value - Rs. 10/- per share)			
	Basic (Rupees)		**0.29**	1.78
	Diluted (Rupees)		**0.29**	1.78

As per our report of even date attached.

For **Gokhale & Sathe**
Chartered Accountants
Firm's Registration No: 103264W

For and on behalf of the Board of Directors
Mahindra Rural Housing Finance Limited
CIN: U65922MH2007PLC169791

Rahul Joglekar
Partner
Membership No: 129389

Ramesh Iyer
Director
[DIN: 00220759]

Jyotin Mehta
Director
[DIN: 00033518]

Shantanu Rege
Managing Director
[DIN: 06661312]

Dinesh Prajapati
Chief Financial Officer

Navin Joshi
Company Secretary
[ACS9049]

Mumbai
19 April 2024

Mumbai
19 April 2024

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2024

		(Rs. in Lakhs)	(Rs. in Lakhs)
A	**Equity Share Capital**	**31 March 2024**	31 March 2023
	Balance at the beginning of the year	**12,288.79**	12,288.79
	Changes in Equity share capital during the year		
	Add: Fresh allotment of shares:		
	– Issue of Shares	**–**	–
	– Shares issued under Employees' Stock Option Scheme	**–**	–
		12,288.79	12,288.79
	Less: Shares issued to ESOS Trust but not allotted to employees	**55.72**	75.04
	Balance at the end of the year	**12,233.07**	12,213.75

B Other Equity

	Reserves and Surplus					Other Comprehensive Income	
	Statutory reserves	Securities premium	General reserves	Employee stock options outstanding	Retained earnings or Profit & loss account	Debt instruments through OCI	Total
Balance as at 01 April 2022	31,334.93	43,281.19	290.00	842.25	57,579.99	(64.52)	133,263.84
Profit for the year	–	–	–	–	2,174.78		2,174.78
Other Comprehensive Income	–	–	–	–	(41.44)	(145.75)	(187.19)
Total Comprehensive Income	–	–	–	–	2,133.34	(145.75)	1,987.59
Transfers to Securities premium on exercise of employee stock options	–	236.72	–	(236.72)	–	–	–
Allotment of equity shares by ESOP Trust to employees	–	153.14	–	–	–	–	153.14
ESOP outstanding reserve account	–	–	–	360.05	–	–	360.05
Share based payment expense	–	–	–	184.65	–	–	184.65
Transfers to Statutory reserves	475.00	–	–	–	(475.00)	–	–
Balance as at 31 March 2023	**31,809.93**	**43,671.05**	**290.00**	**1,150.23**	**59,238.33**	**(210.27)**	**135,949.27**
Balance as at 01 April 2023	**31,809.93**	**43,671.05**	**290.00**	**1,150.23**	**59,238.33**	**(210.27)**	**135,949.27**
Profit for the year	**–**	**–**	**–**	**–**	**360.49**		**360.49**
Other Comprehensive Income	**–**	**–**	**–**	**–**	**(90.14)**	**105.11**	**14.97**
Total Comprehensive Income	**–**	**–**	**–**	**–**	**270.35**	**105.11**	**375.46**
Transfers to Securities premium on exercise of employee stock options	**–**	**264.19**	**–**	**(264.19)**	**–**	**–**	**–**
Allotment of equity shares by ESOP Trust to employees	**–**	**110.16**	**–**	**–**	**–**	**–**	**110.16**
ESOP outstanding reserve account	**–**	**–**	**–**	**(48.49)**	**–**	**–**	**(48.49)**
Share based payment expense	**–**	**–**	**–**	**189.49**	**–**	**–**	**189.49**
Transfers to Statutory reserves	**80.00**	**–**	**–**	**–**	**(80.00)**	**–**	**–**
Balance as at 31 March 2024	**31,889.93**	**44,045.40**	**290.00**	**1,027.04**	**59,428.68**	**(105.16)**	**136,575.89**

As per our report of even date attached

For **Gokhale & Sathe**
Chartered Accountants
Firm's Registration No: 103264W

For and on behalf of the Board of Directors
Mahindra Rural Housing Finance Limited
CIN: U65922MH2007PLC169791

Rahul Joglekar
Partner
Membership No: 129389

Ramesh Iyer
Director
[DIN: 00220759]

Jyotin Mehta
Director
[DIN: 00033518]

Shantanu Rege
Managing Director
[DIN: 06661312]

Dinesh Prajapati
Chief Financial Officer

Navin Joshi
Company Secretary
[ACS9049]

Mumbai
19 April 2024

Mumbai
19 April 2024

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024

Particulars		(Rs. in Lakhs) Year ended 31 March 2024	(Rs. in Lakhs) Year ended 31 March 2023
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxes		**484.17**	2,628.95
Add/(Less):			
Adjustments to reconcile profit before tax to net cash flows			
Depreciation and amortisation expense		**3,287.87**	2,625.74
Impairment on financial instruments		**19,991.35**	23,339.44
Interest income		**(124,425.68)**	(130,371.65)
Interest expense		**53,390.85**	52,148.87
Loss/ (profit) on sale of Property, Plant and Equipment		**(15.94)**	(22.21)
Share based payments to employees		**141.00**	544.70
Profit on sale of investments in mutual funds		**(2,208.25)**	(2,792.09)
Net gain / (loss) on financial instruments at FVTPL		**158.39**	809.49
Operating profit before working capital changes	**I**	**(49,196.24)**	(51,088.76)
Working capital changes in			
Loans		**(27,274.76)**	3,418.22
Other financial assets		**1,480.96**	(1,911.14)
Other non-financial assets		**(136.86)**	(886.96)
Trade payable		**(160.80)**	(3,159.52)
Other liabilities		**584.94**	(1,740.80)
Provisions		**(228.69)**	(210.84)
	II	**(25,735.21)**	(4,491.04)
Cash used in operations	**(I+II)**	**(74,931.45)**	(55,579.80)
Interest received		**122,903.82**	121,973.79
Interest paid		**(56,073.77)**	(51,465.14)
Income tax paid (net of refunds)		**(984.77)**	(2,459.73)
NET CASH GENERATED FROM / USED IN OPERATING ACTIVITIES (A)		**(9,086.17)**	12,469.12
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment and Intangible assets		**(1,880.47)**	(4,160.44)
Proceeds from sale of Property, Plant and Equipment		**147.28**	111.43
Purchase of investments		**(316,944.65)**	(192,700.22)
Proceeds from sale of investments		**329,284.05**	222,263.77
Investments in term deposits with banks		**(91,203.47)**	(139,312.76)
Proceeds from term deposits with banks		**163,533.87**	73,754.94
NET CASH USED IN INVESTING ACTIVITIES (B)		**82,936.61**	(40,043.28)
CASH FLOW FROM FINANCING ACTIVITIES			
Debt securities issued		**175,037.50**	57,500.00
Debt securities repaid		**(174,500.00)**	(75,500.00)
Borrowings other than debt securities		**82,700.00**	168,400.00
Borrowings other than debt securities repaid		**(129,796.06)**	(132,720.04)
Payment for principal portion of lease liability		**(1,250.61)**	(842.86)
NET CASH GENERATED FROM FINANCING ACTIVITIES (C)		**(47,809.17)**	16,837.10
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		**26,041.27**	(10,737.06)
Cash and Cash equivalents at the beginning of the year		**31,631.99**	42,369.05
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**57,673.26**	31,631.99

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024 (CONTD...)

Particulars	**(Rs. in Lakhs)** **Year ended** **31 March 2024**	(Rs. in Lakhs) Year ended 31 March 2023
Cash and cash equivalents at the end of the year		
– Cash on hand	**954.32**	939.62
– Balances with banks in current accounts	**2,080.58**	2,604.84
– Term deposits with original maturity up to 3 months	**54,638.36**	28,087.53
Total	**57,673.26**	31,631.99

Notes:

1) The above Statement of Cash Flow has been prepared under the 'Indirect method' as set out in the Ind AS 7 'Statement of Cash Flows'.

2) During the year, the Company has spent an amount of Rs. 39.72 Lakhs in cash (31 March 2023: Rs. 460.70 Lakhs) towards corporate social responsibility (CSR) expenditure (refer note 37)

As per our report of even date attached.

For **Gokhale & Sathe**
Chartered Accountants
Firm's Registration No: 103264W

Rahul Joglekar
Partner
Membership No: 129389

Mumbai
19 April 2024

For and on behalf of the Board of Directors
Mahindra Rural Housing Finance Limited
CIN: U65922MH2007PLC169791

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Director
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Shantanu Rege
Managing Director
[DIN: 06661312]

Dinesh Prajapati
Chief Financial Officer

Navin Joshi
Company Secretary
[ACS9049]

Mumbai
19 April 2024

Notes to the Financial Statements for the year ended 31 March 2024

1 COMPANY INFORMATION

Mahindra Rural Housing Finance Limited ('the Company'), having corporate identification number CIN: U65922MH2007PLC169791, incorporated in India is a Housing Finance Company ('HFC') engaged in providing housing finance through its pan India branch network. In exercise of the powers conferred on the National Housing Bank vide Section 29A of The National Housing Bank Act, 1987, the Company has been granted Certificate of Registration dated 13 August 2007 to commence the business of a housing finance institution without accepting public deposits.

The Company fulfils the Principal Business Criteria as laid down under paragraph 4.1.17, of the Master Direction - Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021 ('Master Directions'). The Company's financial assets constitute more than 60% of its total assets and out of the total assets, the Company has financed over 50% towards housing loans to individuals.

The Company is a subsidiary of Mahindra & Mahindra Financial Services Limited. Mahindra & Mahindra Limited is the ultimate holding company. The Company's registered office is at Mahindra Towers, 4th Floor, Dr. G. M. Bhosale Marg, Worli, Mumbai 400018, India.

2 MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Statement of compliance and basis for preparation and presentation of financial statements

These standalone or separate financial statements of the Company have been prepared in accordance with the Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under section 133 of the Companies Act, 2013 ("the Act") and in conformity with the accounting principles generally accepted in India and other relevant provisions of the Act. Further, the Company has complied with all the directions related to Implementation of Indian Accounting Standards prescribed for Non-Banking Financial Companies (NBFCs) in accordance with the Reserve Bank of India Master Direction DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021 (as amended).

Any application guidance/ clarifications/ directions issued by Reserve Bank of India (RBI), National Housing Bank (NHB) or other regulators are implemented as and when they are issued/ applicable.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

These separate financial statements were approved by the Company's Board of Directors and authorised for issue on 19 April 2024.

2.2 Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR' or 'Rs.') which is also the Company's functional currency. All amounts are rounded-off to the nearest lakhs, unless otherwise indicated.

2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value.

2.4 Measurement of fair values

A number of Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.The Company has established policies and procedures with respect to the measurement of fair values. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.5 Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, expenses and the disclosures of contingent assets and liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company has based its assumptions and estimates on parameters available when the financial statements were issued. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions as and when they occur.

Following are the areas that involve a higher degree of estimate and judgement or complexity in determining the carrying amount of some assets and liabilities.

(a) Effective Interest Rate (EIR)

The Company recognizes interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the 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.

(b) Impairment of Financial Assets

The measurement of impairment losses on loan assets and commitments, requires judgement, in estimating the amount and timing of future cash flows and recoverability of collateral values while determining the impairment losses and assessing a significant increase in credit risk.

The Company's Expected Credit Loss (ECL) calculation is the output of a complex model with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL model that are considered accounting judgements and estimates include:

- The Company's criteria for assessing if there has been a significant increase in credit risk
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL model, including the various formulas and the choice of inputs
- Selection of forward-looking macroeconomic scenarios and their probability weights, to derive the economic inputs into the ECL model
- Management overlay used in circumstances where management judges that the existing inputs, assumptions and model techniques do not capture all the risk factors relevant to the Company's lending portfolios.

It has been the Company's policy to regularly review its model in the context of actual loss experience and adjust when necessary (refer note 44)

(c) Provisions and other contingent liabilities:

The Company does not recognise a contingent liability but discloses its existence in the financial statements. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs. Contingent Liabilities in respect of show cause notices are considered only when converted into demands.

The reliable measure of the estimates and judgemets pertaining to litigations and the regulatory proceedings in the ordinary course of the Company's business are disclosed as contingent liabilities.

Estimates and judgements are continually evaluated and 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

Notes to the Financial Statements for the year ended 31 March 2024

the circumstances.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision is made. The disclosure of contingent liability is made when there is a possible obligation or present obligation that may, but probably will not, require an outflow of resources. The Company also discloses present obligation for which a reliable estimate cannot be made as a contingent liability.

(d) Provision for income tax and deferred tax assets:

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax, including the amount expected to be paid / recovered for uncertain tax positions. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

(e) Defined Benefit Plans / Compensated absences:

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Company's liability towards long term compensated absences are recognised as liability at the present value of the projected benefit obligation as at the balance sheet date, based on actuarial valuation, using the projected unit credit method.

(f) Going Concern

The financial statements of the Company are prepared on a going concern basis.Management is of the view that it is considered appropriate to prepare these financial statements on a going concern basis as the Company expects to generate sufficient cash flows from operating activities and unused lines of credit to meet its obligations in the foreseeable future **(refer note 43 and note 44 (iii))**

2.6 Revenue recognition :

(a) Recognition of interest income

Effective Interest Rate (EIR) method

Interest income is recognised in the Statement of Profit and Loss using the effective interest method for all financial instruments measured at amortised cost, debt instruments measured at FVOCI. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument.

The calculation of the effective interest rate includes transaction costs and fees that are an integral part of the contract. Transaction costs include incremental costs that are directly attributable to the acquisition of financial asset.

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

Interest income

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired, the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Additional interest income is recognised when it becomes measurable and when it is not unreasonable to expect its ultimate collection.

(b) Fee and commission income

Fee based income are recognised when they become measurable and when it is probable to expect their ultimate collection.

(c) Dividend and interest income on investments

Dividends are recognised in the Statement of Profit and Loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

Interest income from investment is recognised when it is certain that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable.

(d) Other Income

Other Income 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.

2.7 Property, Plant and Equipments (PPE)

PPE are stated at cost of acquisition (including incidental expenses), less accumulated depreciation and accumulated impairment loss, if any. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Assets held for sale or disposals are stated at the lower of their net book value and net realisable value.

Advances paid towards the acquisition of PPE outstanding at each balance sheet date are disclosed separately under Other non-financial assets. Capital work in progress comprises the cost of Property, Plant and Equipments that are not ready for its intended use at the reporting date. Capital work-in-progress is stated at cost, net of impairment loss, if any.

Depreciation on PPE is provided on straight-line basis in accordance with the useful lives specified in Schedule II to the Companies Act, 2013 on a pro-rata basis. Depreciation methods, useful lives and residual values are reviewed in each financial year, and changes, if any, are accounted for prospectively.

In accordance with Ind AS 116 - Leases, the Right-Of-Use assets are initially recognized at cost which comprises of initial amount of 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. These are subsequently measured at cost less accumulated depreciation and impairment losses, if any. 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.

Subsequent expenditure is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured.

Notes to the Financial Statements for the year ended 31 March 2024

The estimated useful lives used for computation of depreciation are as follows:

Assets	Useful life
Buildings	60 years
Computers	3 years
Furniture and fixtures	10 years
Vehicles	8 years
Office equipments	5 years
Right-Of-Use assets (Leasehold premises)	Over the lease term of the respective agreements

For following assets the useful life is taken as estimated by the management based on the actual usage pattern of the assets:

- Assets costing less than Rs.5000/- are fully depreciated in the period of purchase.
- Vehicles used by employees are depreciated over the period of 48 months considering this period as the useful life of the vehicle for the Company, as against the useful life of 8 years as mentioned in Schedule II.

Property Plant and Equipments is derecognised on disposal or when no future economic benefits are expected from its use. Assets retired from active use and held for disposal are generally stated at the lower of their net book value and net realizable value. Any gain or loss arising on derecognition of the asset (caculated as the difference between the net disposal proceeds and the net carrying amount of the asset) is recognised in other income / netted off from any loss on disposal in the Statement of Profit and Loss in the year the asset is derecognised.

2.8 Intangible assets:

Intangible assets are stated at cost less accumulated amortization and accumulated impairment loss, if any.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

Intangible assets comprises of computer software which is amortized over the estimated useful life. The maximum period for such amortization is taken as 36 months based on management's estimates of useful life. Amortisation is calcualted using the Straight line method to write down the cost of intangible assets over their estimated useful lives.

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 the Statement of Profit and Loss when the asset is derecognised.

2.9 Cash and cash equivalent:

Cash and cash equivalents in the balance sheet comprise cash on hand, cheques and drafts on hand, balance with banks in current accounts and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of change in value.

2.10 Financial instruments:

Recognition and initial measurement

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at Fair Value Through Profit and 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 FVTPL are recognised immediately in the Statement of Profit and Loss.

Classification and subsequent measurement

- ***Financial assets***

  On initial recognition, a financial asset is classified as measured at

  - *Amortised cost;*
  - *Fair Value Through Other Comprehensinve Income (FVTOCI) - debt instruments;*
  - *Fair Value Through Other Comprehensinve Income (FVTOCI) - equity instruments;*
  - *Fair Value Through Profit and Loss (FVTPL)*

Amortized cost -

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios being the level at which they are managed. The financial asset is held with the objective to hold financial asset in order to collect contractual cash flows as per the contractual terms that give rise on specified dates to cash flows that are solely payment of principal and interest ('SPPI') on the principal amount outstanding. Accordingly, the Company measures loans at amortised cost.

FVOCI - debt instruments -

The Company measures its debt instruments at FVOCI when the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial asset meet the SPPI test.

FVOCI - equity instruments -

The Company measures all equity investments at fair value through profit or loss, unless the Company's management has elected to classify irrevocably some of its equity instruments at FVOCI, when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments and are not held for trading.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in Other Comprehensive Income. This cumulative gain or loss is not reclassified to Statement of Profit and Loss on disposal of such instruments. Investments representing equity interest in subsidiary and associate are carried at cost less any provision for impairment.

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

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

Subsequent measurement and gains and losses:

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

Debt investment at FVOCI are subsequently measured at fair value. Interest income at effective interest rate and impairment provision, if any, are recognised in Statement of profit and loss. Net gains or losses on fair valuation 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.

Financial liabilities and equity instruments:

Classification as debt or equity -

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments -

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received. Transaction costs of an equity transaction are recognised as a deduction from equity.

Notes to the Financial Statements for the year ended 31 March 2024

Financial liabilities -

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

Derecognition

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.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. The difference between the carrying value of the financial liability and the consideration paid is recognised in the Statement of Profit and Loss.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

Impairment of financial instruments

Equity instruments are not subject to impairment under Ind AS 109.

Financial assets carried at amortised cost:

The Company recognises lifetime expected credit loss (ECL) when there has been a significant increase in credit risk since initial recognition and when the financial assets carried at amortised cost is credit impaired. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition. 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on historical experience and forward-looking information.

Management overlay is used to adjust the ECL allowance in circumstances where management judges that the existing inputs, assumptions and model techniques do not capture all the risk factors relevant to the Company's lending portfolio. Emerging local or global macro economic, micro economic or political events, and natural disasters that are not incorporated in to the current parameters, risk ratings, or forward looking information are examples of such circumstances. The use of management overlay may impact the amount of ECL recognised.

The expected credit losses on financial assets are estimated using a historical credit loss experience, adjusted for factors that are specific to the general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. It has been the Company's policy to regularly review its model in the context of actual loss experience and provide for additional impairment allowance due to management overlay when necessary **(refer note 44)**

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets and loss allowances on other receivables are disclosed separately under provisions.

Loan contract renegotiation and modifications:

Loans are identified as renegotiated and classified as credit impaired when the Company modifies the contractual payment terms due to significant credit distress of the borrower. Renegotiated loans remain classified as credit impaired until there is sufficient evidence to demonstrate a significant reduction in the risk of non payment of future cash flows and retain the designation of renegotiated until maturity or derecognition.

Mandatory and general offer loan modifications that are not borrower-specific, for example market-wide customer relief programmes announced by the Regulator or other statutory body, have not been classified as renegotiated loans and so have not resulted in derecognition, but their stage allocation is determined considering all available and supportable information under our ECL impairment policy.

A loan that is renegotiated is derecognised if the existing agreement is cancelled and a new agreement is made on substantially different terms, or if the terms of an existing agreement are modified such that the renegotiated loan is a substantially different financial instrument. Any new loans that arise following derecognition events in these circumstances are considered to be originated credit impaired financial asset and will continue to be disclosed as renegotiated loans.

Other than originated credit-impaired loans, all other modified loans could be transferred out of stage 3 if they no longer exhibit any evidence of being credit impaired and, in the case of renegotiated loans, there is sufficient evidence to demonstrate a significant reduction in the risk of non-payment of future cash flows over the minimum observation period, and there are no other indicators of impairment. These loans could be transferred to stage 1 or 2 based on the risk assessment mechanism by comparing the risk of a default occurring at the reporting date (based on the modified contractual terms) and the risk of a default occurring at initial recognition (based on the original, unmodified contractual terms). Any amount written off as a result of the modification of contractual terms would not be reversed.

Loan modifications that are not identified as renegotiated are considered to be commercial restructuring. Where a commercial restructuring results in a modification (whether legalised through an amendment to the existing terms or the issuance of a new loan contract) such that the Company's rights to the cash flows under the original contract have expired, the old loan is derecognised and the new loan is recognised at fair value. The rights to cash flows are generally considered to have expired if the commercial restructure is at market rates and no payment-related concession has been provided.

Collateral repossessed:

In the normal course of business, the Company does not physically repossess assets/properties in its loan portfolio, but engages external agents to repossess and recover funds, generally by selling at auction, to settle outstanding debt. Any surplus funds are returned to the customers/ obligors. As a result of this practice, the assets/ properties under legal repossession processes are not separately recorded on the balance sheet.

Write offs:

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made from written off assets are netted off against the amount of financial assets written off during the year under "bad debts/loss on termination" forming part of "impairment on financial instruments" in Statement of Profit and Loss.

2.11 Employee benefits:

a) Short-term employee benefits

All employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-

Notes to the Financial Statements for the year ended 31 March 2024

gratia. Short-term employee benefit obligations are measured on an undiscounted basis and these are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

b) Contribution to Provident Fund, ESIC and National Pension Scheme

The defined contribution plans i.e. provident fund (administered through Regional Provident Fund Office), superannuation fund and employee state insurance corporation and National Pension Scheme are post-employment benefit plans under which a Company pays fixed contributions and will have no legal and constructive obligation to pay further amounts beyond its contributions. The Superannuation scheme, a defined contribution scheme, administered by Life Insurance Corporation of India.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Company's contribution paid/payable during the year to provident fund, superannuation scheme, employees state insurance corporation (ESIC) and national pension scheme (NPS) is recognised in the Statement of Profit and Loss.

c) Gratuity

The Company's liability towards gratuity scheme is determined by actuaries, using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. Past services are recognised at the earlier of the plan amendment / curtailment and recognition of related restructuring costs/termination benefits.

The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the Statement of Profit and Loss.

When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contribution to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement gains/losses

Remeasurement of defined benefit plans, comprising of acturial gains / losses, return on plan assets excluding interest income are recognised immediately in the balance sheet with corresponding debit or credit to Other Comprehensive Income (OCI). Remeasurements are not reclassified to the Statement of Profit and Loss in the subsequent period.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in Statement of Profit and Loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Remeasurement gains or losses on long-term compensated absences that are classified as other long-term benefits are recognised in the Statement of Profit and Loss.

d) Leave encashment / compensated absences / sick leave

The Company provides for the encashment / availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

e) Employee stock options :

Equity-settled share-based payments to employees are recognised as an expense at the fair value of stock options at the grant date. The fair value determined at the grant date of the Equity-settled share-based payments is expensed on a stright-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

2.12 Finance costs:

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at amortised cost, i.e., bank term loans, non-convertible debentures, inter corporate deposits, commercial papers and subordinated debts, to the extent they are regarded as an adjustment to the interest cost. Finance costs are charged to the Statement of Profit and Loss.

Interest expense on lease liabilities (Ind AS 116 - Leases) computed by applying the Company's incremental borrowing rate has been included under finance costs.

2.13 Taxation - Current and deferred tax:

Income tax expense comprises of current tax and deferred tax. Current and deferred tax are recognised in the Statement of Profit and 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. Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

a) Current tax:

Current tax comprises amount of tax payable in respect of the taxable income or loss for the year determined in accordance with Income Tax Act, 1961 and any adjustment to the tax payable or receivable in respect of previous years. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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.

Current tax is 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 tax is also recognised in other comprehensive income or directly in equity respectively.

The management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

b) Deferred tax:

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. 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 consequence 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 are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary difference could be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition 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 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.

2.14 Securities issue expenses:

Expenses incurred in connection with the fresh issue of Share capital are adjusted against Securities premium reserve.

Notes to the Financial Statements for the year ended 31 March 2024

2.15 Impairment of non financial assets:

The Company reviews the carrying amounts of its tangible and other intangible assets at the end of each reporting period, to determine whether there is any indication that those assets have impaired. 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). Recoverable amount is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or group of assets.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the assets is considered impaired, and is written down to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount such that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the asset (or cash-generating unit) in prior years. The reversal of an impairment loss is recognised in the Statement of Profit and Loss.

2.16 Leases:

The Company as a lessee -

As a lessee, the Company's lease asset class primarily consist of buildings or part thereof taken on lease for office premises and certain IT equipments and general purpose office equipements used for operating activities. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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 certaint that they will be exercised.

The right-of-use assets are initially recognized at cost which comprises of initial amount of 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. These are subsequently measured at cost less accumulated depreciation and impairment losses, if any. 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.

The lease liability is initially measured at amortized cost at the present value of the future lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. 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.

The Company has used a single discount rate to a portfolio of leases with similar characteristics.

In accordance with Ind AS 116, Leases, the financial information have been presented in the following manner.

a) ROU assets and lease liabilities have been included within the line items "Property, Plant and Equipments" and "Other financial liabilities" respectively in the Balance sheet;

b) Interest expenses on the lease liability and depreciation charge for the right-to-use asset have been included within the line items "Finance costs" and "Depreciation, amortization and impairment" respectively in the statement of profit or loss;

c) Short-term lease payments and payments for leases of low-value assets, where exemption as permitted under this standard is availed, have been recognized as expense on a straight line basis over the lease term in the statement of profit or loss.

d) Lease payments for the principal of the lease liability have been presented within "financing activities" in the statement of cash flows;

The disclosures pertaining to Ind AS 116 are set out under note no. 34.

2.17 Corporate Social Responsibility (CSR) expenses

The Corporate Social Responsibility Committee ('CSR Committee' Board level) is responsible to formulate and recommend to the Board the CSR Policy indicating the activities falling within the purview of Schedule VII to the Companies Act, 2013, to be undertaken by the Company, to recommend the amount to be spent on CSR activities and to monitor the CSR Policy periodically.

Funding and Allocation:

For achieving the CSR objectives through implementation of meaningful and sustainable CSR Projects, the CSR Committee allocates for its Annual CSR Budget, 2% of the average net profits of the Company made during the three immediately preceding financial years, calculated in accordance with the relevant Sections of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The Company may spend upto 5% of the total CSR expenditure in one financial year on building CSR capabilities. The Company may also make contributions to its Corporate Foundations/Trusts i.e. K. C. Mahindra Education Trust and Mahindra Foundation, towards its corpus for projects approved by the Board. The CSR Committee will approve the CSR budget annually.

Any unspent amount at the end of the financial year shall be treated as per the provisions of the existing CSR Law. Any surplus arising out of the CSR Projects or Programs or activities shall not form part of the business profit of the Company.

The Company has identified CSR Thrust Areas for undertaking CSR Projects/ programs/activities in India. The actual distribution of the expenditure among these thrust areas will depend upon the local needs as may be determined by the need identification studies or discussions with local Government/ Grampanchayat/NGOs. The Company shall give preference to the local area and areas around which the Company operates for CSR spending. Thrust areas include health, education, environment and other activities.

The amount spent or contribution / donations made towards CSR activities is charged to Corporate Social Responsibility (CSR) expenses respectively, in the Statement of Profit and Loss **(Refer note 29)**

2.18 Earnings Per Share:

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share is the net profit for the year after deducting preference dividends and any attributable tax thereto for the year. The weighted average number of equity shares outstanding during the year and for all years presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders is divided by the weighted average number of equity shares outstanding during the year, considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year.

2.19 New standards or amendments to the existing standards and other pronouncements: Recent pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31st March 2024, there are no amendments to the Companies (Indian Accounting Standards) Amendment Rules, 2015.

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024

3 Cash and cash equivalents

	31 March 2024	31 March 2023
Cash on hand	**954.32**	939.62
Balances with banks in current accounts	**2,080.58**	2,604.84
Term deposits with original maturity up to 3 months	**54,638.36**	28,087.53
Total	**57,673.26**	31,631.99

4 Loans

	31 March 2024	31 March 2023
A) Loans (at amortised cost):		
i) Loans against assets	**720,812.87**	719,893.96
ii) Other loans and advances	**95.33**	98.80
Total (A) - Gross	**720,908.20**	719,992.76
Less: Impairment loss allowance	**(27,578.38)**	(35,468.21)
Total (A) - Net	**693,329.82**	684,524.55
B) i) Secured by tangible assets (hypothecation on land and/or building)	**719,523.36**	718,848.68
ii) Unsecured	**1,384.84**	1,144.08
Total (B) - Gross	**720,908.20**	719,992.76
Less: Impairment loss allowance	**(27,578.38)**	(35,468.21)
Total (B) - Net	**693,329.82**	684,524.55
C) I) Loans in India		
i) Public Sector	**–**	–
ii) Others	**720,908.20**	719,992.76
Total (C) - Gross	**720,908.20**	719,992.76
Less: Impairment loss allowance	**(27,578.38)**	(35,468.21)
Total (C) (I) - Net	**693,329.82**	684,524.55
II) Loans outside India	**–**	–
Less: Impairment loss allowance	**–**	–
Total (C) (II) - Net	**–**	–
Total C (I) and C (II)	**693,329.82**	684,524.55

5 Investments

	31 March 2024	31 March 2023
A) At Fair Value		
Through Profit or Loss		
Units of mutual funds	**10,820.12**	22,088.07
Total (Gross)	**10,820.12**	22,088.07
Less: Impairment loss allowance	**–**	–
Total (Net) - A	**10,820.12**	22,088.07
B) At Fair Value		
Through Other Comprehensive Income		
Government securities*	**13,031.20**	12,006.99
Total (Gross)	**13,031.20**	12,006.99
Less: Impairment loss allowance	**–**	–
Total (Net) - B	**13,031.20**	12,006.99
Investments in India	**23,851.32**	34,095.06
Investments outside India	**–**	–
Total (Net)	**23,851.32**	34,095.06

* Government Securities being risk free the Company has not recognised any provision under Expected Credit Loss on such Investments.

6 Other financial assets

	31 March 2024	31 March 2023
Security deposits for office premises / others	**927.20**	897.31
Insurance claims receivable	**34.08**	32.53
Interest accrued on Term Deposit	**750.38**	1,662.59
Other receivables	**97.22**	602.75
Total	**1,808.88**	3,195.18

7 Deferred tax assets

	31 March 2024	31 March 2023
Tax effect of items constituting deferred tax liabilities:		
FVTPL financials assets	**17.06**	55.86
FVTOCI financial assets (G-Sec)	**(35.37)**	(70.72)
Total (A)	**(18.31)**	(14.86)
Tax effect of items constituting deferred tax assets:		
Provision for employee benefits	**393.88**	376.94
Allowance for Expected Credit Loss (ECL)	**2,811.12**	4,675.99
Effective Interest Rate (EIR) - financial instruments	**1,237.92**	1,463.35
Depreciation on property, plant and equipment	**502.68**	351.48
Tax losses	**5,431.95**	3,757.23
Leases	**295.02**	230.41
Other provisions	**209.17**	158.50
Total (B)	**10,881.74**	11,013.90
Total deferred tax assets (B-A)	**10,900.05**	11,028.76

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024

8 Property, plant and equipments

Particulars	Buildings*	Computers	Furniture and fixtures	Vehicles	Office equipments	Right-of-use assets (Leasehold Premises)	Total
GROSS CARRYING AMOUNT							
Balance as at 1 April 2022	23.12	2,090.42	1,008.32	1,626.06	1,401.37	5,204.70	11,353.99
Additions during the year	–	1,320.04	805.39	988.96	418.08	6,656.85	10,189.32
Disposals / deductions during the year	–	494.01	42.68	350.36	189.46	–	1,076.51
Balance as at 31 March 2023	**23.12**	**2,916.45**	**1,771.03**	**2,264.66**	**1,629.99**	**11,861.55**	**20,466.80**
Balance as at 1 April 2023	23.12	2,916.45	1,771.03	2,264.66	1,629.99	11,861.55	20,466.80
Additions during the year	–	130.43	665.64	738.49	252.74	973.90	2,761.20
Disposals / deductions during the year	–	513.81	56.08	355.72	85.46	–	1,011.07
Balance as at 31 March 2024	**23.12**	**2,533.07**	**2,380.59**	**2,647.43**	**1,797.27**	**12,835.45**	**22,216.93**
ACCUMULATED DEPRECIATION							
Balance as at 1 April 2022	2.44	1,642.02	689.81	875.17	1,082.91	2,032.20	6,324.55
Additions during the year	0.39	505.89	257.70	343.28	199.24	1,295.43	2,601.93
Disposals / deductions during the year	–	491.77	36.60	271.82	187.10	–	987.29
Balance as at 31 March 2023	**2.83**	**1,656.14**	**910.91**	**946.63**	**1,095.05**	**3,327.63**	**7,939.19**
Balance as at 1 April 2023	2.83	1,656.14	910.91	946.63	1,095.05	3,327.63	7,939.19
Additions during the year	0.38	640.71	192.72	443.61	209.97	1,507.29	2,994.68
Disposals / deductions during the year	–	512.43	50.58	238.21	81.67	–	882.89
Balance as at 31 March 2024	**3.21**	**1,784.42**	**1,053.05**	**1,152.03**	**1,223.35**	**4,834.92**	**10,050.98**
NET CARRYING AMOUNT							
As at 31 March 2023	**20.29**	**1,260.31**	**860.12**	**1,318.03**	**534.94**	**8,533.92**	**12,527.61**
As at 31 March 2024	**19.91**	**748.65**	**1,327.54**	**1,495.40**	**573.92**	**8,000.53**	**12,165.95**

* **Secured non convertible debentures (NCDs) have pari passu charges on buildings whose carrying amount is Rs. 19.91 Lakhs (31 March 2023 - Rs. 20.29 Lakhs)**

9 Other intangible assets

Particulars	Computer software
GROSS CARRYING AMOUNT	
Balance as at 1 April 2022	265.48
Additions during the year	24.85
Disposals / deductions during the year	–
Balance as at 31 March 2023	**290.33**
Balance as at 1 April 2023	290.33
Additions during the year	855.98
Disposals / deductions during the year	6.32
Balance as at 31 March 2024	**1,139.99**
ACCUMULATED DEPRECIATION	
Balance as at 1 April 2022	242.91
Additions during the year	23.81
Disposals / deductions during the year	–
Balance as at 31 March 2023	**266.72**

Particulars	Computer software
Balance as at 1 April 2023	266.72
Additions during the year	293.20
Disposals / deductions during the year	3.16
Balance as at 31 March 2024	**556.76**
NET CARRYING AMOUNT	
As at 31 March 2023	**23.61**
As at 31 March 2024	**583.23**

10 Other non-financial assets

	31 March 2024	31 March 2023
Capital advances	**51.69**	814.49
Prepaid expenses	**1,857.74**	1,909.45
Balances with Government Authorities	**1,416.47**	1,287.39
Other Advance	**174.15**	114.66
Total	**3,500.05**	4,125.99

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024

11 Payables

		31 March 2024	31 March 2023
I)	**Trade payables**		
	i) total outstanding dues of micro enterprises and small enterprises	**21.51**	1.32
	ii) total outstanding dues of creditors other than micro enterprises and small enterprises	**4,185.39**	4,366.40
II)	**Other payables**		
	i) total outstanding dues of micro enterprises and small enterprises	**–**	–
	ii) total outstanding dues of creditors other than micro enterprises and small enterprises	**22.30**	22.28
TOTAL		**4,229.20**	4,390.00

Micro, Small and Medium Enterprises:

Based on and to the extent of the information received by the Company from the suppliers during the period regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period and other disclosures as per the Micro, Small and Medium Enterprises Development Act, 2006 (hereinafter referred to as “the MSMED Act”) are given below :

		31 March 2024	31 March 2023
a)	Dues remaining unpaid to any supplier at the period end		
	– Principal	**21.51**	1.32
	– Interest on the above	**–**	–
b)	Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year		
	– Principal paid beyond the appointed date	**269.48**	1,202.86
	– Interest paid in terms of Section 16 of the MSMED Act	**5.28**	20.55
c)	Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	**–**	–
d)	Amount of interest accrued and remaining unpaid	**–**	–
e)	Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	**–**	–

Ageing for trade payables outstanding as at 31 March 2024 is as follows:

	Outstanding for following periods from due date of payment				
	Less than 1 year	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(i) MSME *	**21.51**	**–**	**–**	**–**	**21.51**
(ii) Others	**4183.17**	**0.16**	**2.06**	**–**	**4,185.39**
(iii) Disputed dues – MSME	**–**	**–**	**–**	**–**	**–**
(iv) Disputed dues – Others	**–**	**–**	**–**	**–**	**–**

Ageing for trade payables outstanding as at 31 March 2023 is as follows:

	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME *	1.32	–	–	–	1.32
(ii) Others	4354.59	3.85	7.96	–	4,366.40
(iii) Disputed dues – MSME	–	–	–	–	–
(iv) Disputed dues – Others	–	–	–	–	–

*As per MSMED Act, 2006.

Relationship with Struck off Companies as at 31 March 2024:

Name of struck off Company	Nature of transactions	Balance outstanding	Relationship
	NIL		

Relationship with Struck off Companies as at 31 March 2023:

Name of struck off Company	Nature of transactions	Balance outstanding	Relationship
Efcee Sarovar Portico Div Leela Tradelink Pvt Ltd	Payable	–	Vendor
Xtechone Internet Solutions Pvt Ltd	Payable	–	Vendor
Liance Consultant & Engineers Pvt Ltd	Payable	–	Vendor

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024

12 Debt Securities

	31 March 2024	31 March 2023
At Amortised cost		
i) Bonds / Debentures (Secured)		
– Non-convertible debentures	**1,50,238.35**	1,52,130.29
ii) Bonds / Debentures (Unsecured)		
– Non-convertible debentures	**1,47,406.22**	1,64,641.62
iii) Others (Unsecured)		
– Commercial Papers	**18,602.64**	–
Total	**3,16,247.21**	3,16,771.91
Debt securities in India	**3,16,247.21**	3,16,771.91
Debt securities outside India	**–**	–
Total	**3,16,247.21**	3,16,771.91

There are no debt securities measured at FVTPL or designated at FVTPL

Details of Bonds / Debentures (Secured) - Reedemable Non-convertible debentures# :

From the Balance Sheet date	As at 31 March 2024		As at 31 March 2023	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity:				
Maturing within 1 year	**–**	**–**	7.15%–9.25%	69,500.00
Maturing between 1 year to 3 years	**7.75%-8.45%**	**1,01,000.00**	7.75%-8.30%	57,500.00
Maturing between 3 years to 5 years	**8.41%-9.18%**	**28,510.00**	8.30%	1,000.00
Maturing beyond 5 years	**7.9%-8.35%**	**21,000.00**	7.90%-9.18%	24,510.00
Total at face value		**1,50,510.00**		1,52,510.00
Less: Unamortised finance cost		**271.65**		379.71
Total amortised cost		**1,50,238.35**		1,52,130.29

Secured by pari passu charges on the property of the Company located at Chinchwad, Pune in the State of Maharashtra and/ or exclusive charge on book debt and receivables under loan contracts and/ or owned assets to the extent of 100% of outstanding secured debentures.

The rates mentioned above are the applicable rates as at the year end. These includes floating rate loans which are based on external benchmark.

The funds raised by the Company during the period by issue of Secured Redeemable Non Convertible Debenture/ Bonds were utilised for the purpose intended i.e. towards lending, financing , to refinance the existing indebtedness of the Company or for long-term working capital or General Corporate purposes of the Company in compliance with applicable laws and the terms of the issue.

Details of Bonds / Debentures (Unsecured) Reedemable- Non-convertible debentures :

From the Balance Sheet date	As at 31 March 2024		As at 31 March 2023	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity:				
Maturing within 1 year	**6.70%-9.02%**	**80,000.00**	7.55%-8.51%	85,000.00
Maturing between 1 year to 3 years	**8.32%-8.55%**	**67,500.00**	6.70%-8.14%	80,000.00
Maturing between 3 years to 5 years	**8.32%**	**37.50**	–	–
Total at face value		**1,47,537.50**		1,65,000.00
Less: Unamortised discounting charges		**131.28**		358.38
Total amortised cost		**1,47,406.22**		1,64,641.62

The rates mentioned above are the applicable rates as at the year end. These includes floating rate loans which are based on external benchmark plus spread.

The funds raised by the Company during the period by issue of Unsecured Redeemable Non Convertible Debenture/Bonds were utilised for the purpose intended i.e. towards lending, financing, to refinance the existing indebtedness of the Company or for long-term working capital or General Corporate purposes of the Company in compliance with applicable laws and the terms of the issue.

Details of others debt securities (Unsecured) - Commercial Papers :

From the Balance Sheet date	As at 31 March 2024		As at 31 March 2023	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity:				
Maturing within 1 year	**7.98%**	**20,000.00**	–	–
Total at face value		**20,000.00**		–
Less: Unamortised discounting charges		**1,397.36**		–
Total amortised cost		**18,602.64**		–

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024

13 Borrowings (Other than Debt Securities)

	31 March 2024	31 March 2023
At Amortised cost		
i) Term loans		
Secured -		
– from banks	**2,31,994.53**	2,76,862.47
– from other parties (National Housing Bank)	**–**	11,125.19
ii) Loans from related parties		
Unsecured -		
– Inter-corporate deposits (ICDs)	**38,575.00**	31,175.00
iii) Other loans and advances		
Unsecured -		
– Inter-corporate deposits (ICDs) other than related parties	**1,499.66**	–
Total	**2,72,069.19**	3,19,162.66
Borrowings in India	**2,72,069.19**	3,19,162.66
Borrowings outside India	**–**	–
Total	**2,72,069.19**	3,19,162.66

There are no borrowings measured at FVTPL or designated at FVTPL

Details of term loans from banks (Secured)

From the Balance Sheet date	**As at 31 March 2024**		As at 31 March 2023	
	Interest rate range	**Amount**	Interest rate range	Amount
1) Repayable on maturity:				
Maturing within 1 year	**8.10%**	**6,000.00**	8.22%-9.24%	31,350.00
Maturing between 3 years to 5 years	**8.70%**	**10,000.00**	8.77%-8.94%	15,000.00
Total		**16,000.00**		46,350.00
2) Repayable in installments:				
i) Quarterly -				
Maturing within 1 year	**7.93%-9.01%**	**19,061.14**	8.20%-9.94%	17,306.72
Maturing between 1 year to 3 years	**7.93%-9.01%**	**31,043.28**	8.20%-9.94%	23,951.68
Maturing between 3 years to 5 years	**7.93%-9.01%**	**18,087.01**	8.20%-9.94%	17,473.74
Maturing beyond 5 years		**–**	8.80%-9.94%	1,785.71
Sub total		**68,191.43**		60,517.85
ii) Half yearly -				
Maturing within 1 year	**8.60%**	**5,777.78**	8.10%-8.835%	3,444.44
Maturing between 1 year to 3 years	**8.60%-8.71%**	**41,555.56**	8.10%-8.835%	26,555.56
Maturing between 3 years to 5 years	**8.60%**	**5,222.22**	8.10%-8.835%	26,000.00
Sub total		**52,555.56**		56,000.00
iii) Yearly -				
Maturing within 1 year	**8.55%-8.90%**	**32,125.00**	7.35%-9.05%	36,250.00
Maturing between 1 year to 3 years	**8.55%-8.90%**	**44,125.00**	7.35%-9.05%	52,125.00
Maturing between 3 years to 5 years	**8.65%-8.90%**	**19,000.00**	7.35%-9.05%	25,625.00
Sub total		**95,250.00**		1,14,000.00
Total		**2,15,996.99**		2,30,517.85
Total (1+2) (As per contractual terms)		**2,31,996.99**		2,76,867.85
Less: Unamortized finance cost		**2.46**		5.38
Total amortized cost		**2,31,994.53**		2,76,862.47

Secured by an exclusive charge on book debt and receivables under loan contracts to the minimum of 100% of outstanding secured loans plus applicable margin

The rates mentioned above are the applicable rates as at the period end. These includes floating rate loans which are based on Marginal Cost of fund based Lending Rate (MCLR) & external benchmark plus spreads.

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024

Details of Secured term loans from other parties (National Housing Bank)

From the Balance Sheet date	As at 31 March 2024		As at 31 March 2023	
	Interest rate range	Amount	Interest rate range	Amount
1) Repayable in installments :				
Quarterly				
Maturing within 1 year	–	–	8.65%	4,800.00
Maturing between 1 year to 3 years	–	–	8.65%	6,325.19
Total		–		11,125.19
Less: Unamortized finance cost		–		–
Total amortized cost		–		11,125.19

Secured by exclusive charge on receivables under loan contracts and book debts to the minimum of 100% of outstanding secured loans plus applicable margin. These are floating rate loans which are based on National Housing Bank's internal assessment norms.

Details of Inter-corporate deposits (ICDs) (Unsecured):

From the Balance Sheet date	As at 31 March 2024		As at 31 March 2023	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity:				
Maturing within 1 year	**6.70%-8.16%**	**29,725.00**	6.50%-8.10%	9,100.00
Maturing between 1 year to 3 years	**6.75%-7.75%**	**10,350.00**	6.70%-7.75%	22,075.00
Total		**40,075.00**		31,175.00
Less: unamortized finance cost		**0.34**		–
Total amortized cost		**40,074.66**		31,175.00

The rates mentioned above are the applicable rates as at the year end.

14 Subordinated liabilities

	31 March 2024	31 March 2023
At Amortised cost		
Unsecured Subordinated redeemable non-convertible debentures	**46,078.58**	46,049.24
Total	**46,078.58**	46,049.24
Subordinated liabilities in India	**46,078.58**	46,049.24
Subordinated liabilities outside India	–	–
Total	**46,078.58**	46,049.24

There are no subordinated liabilities measured at FVTPL or designated at FVTPL

Details of Subordinated liabilities (at Amortised cost) - Unsecured Subordinated redeemable non-convertible debentures#:

From the Balance Sheet date	As at 31 March 2024		As at 31 March 2023	
	Interest rate range	Amount	Interest rate range	Amount
A) Issued on private placement basis				
Repayable on maturity:				
Maturing within 1 year	**8.40%**	**1,000**	–	–
Maturing between 1 year to 3 years	**8.40%-9.50%**	**18,200**	8.40%-9.50%	7,000.00
Maturing between 3 years to 5 years	**8.50%-9.40%**	**12,000**	8.40%-9.10%	20,700.00
Maturing beyond 5 years	**7.90%-9.00%**	**15,000**	7.90%-9.40%	18,500.00
Sub-total at face value		**46,200.00**		46,200.00
Less: Unamortised finance cost		**121.42**		150.76
Total amortised cost		**46,078.58**		46,049.24

The funds raised by the Company by issue of Unsecured Subordinated Reedemable Non Convertible Debentures/Bonds were utilised for the purpose intended i.e. towards lending, financing, to refinance the existing indebtedness of the Company or for long-term working capital or General Corporate purposes of the Company, in compliance with applicable laws and the terms of the issue.

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024

15 Other financial liabilities

	31 March 2024	31 March 2023
Interest accrued but not due on borrowings	**16,786.98**	18,461.37
Credit balances in current accounts with banks as per books	**2,119.24**	579.99
Insurance premium payable (on behalf of borrowers)	**1,385.18**	1,260.59
Salary, bonus and performance pay payable	**3,037.29**	3,925.14
Provision for expenses	**1,190.05**	1,319.33
Lease liabilities	**9,172.70**	9,449.41
Other liabilities	**13.07**	112.06
Total	**33,704.51**	35,107.89

16 Provisions

	31 March 2024	31 March 2023
Provision for employee benefits		
– Gratuity	**393.06**	269.71
– Leave encashment	**874.58**	873.21
Provision for ECL on loan commitments & Other advances	**104.45**	337.40
Total	**1,372.09**	1,480.32

17 Other non-financial liabilities

	31 March 2024	31 March 2023
Statutory dues payable	**580.95**	651.47
Total	**580.95**	651.47

18 (i) Equity Share capital

	31 March 2024	31 March 2023
Authorised capital:		
150,000,000 (31 March 2023 : 150,000,000) Equity shares of Rs.10/- each	**15,000.00**	15,000.00
	15,000.00	15,000.00
Issued capital:		
122,887,870 (31 March 2023 : 122,887,870) Equity shares of Rs.10/- each	**12,288.79**	12,288.79
Subscribed and paid-up capital:		
122,887,870 (31 March 2023: 122,887,870) Equity shares of Rs.10/- each fully paid up	**12,288.79**	12,288.79
Less : Shares issued to ESOS Trust but not allotted to employees	**55.72**	75.04
Total	**12,233.07**	12,213.75

		31 March 2024		31 March 2023	
		No. of shares	**Rs. in lakhs**	No. of shares	Rs. in lakhs
a)	**Reconciliation of number of equity shares:**				
	Balance at the beginning of the year	**12,28,87,870**	**12,288.79**	12,28,87,870	12,288.79
	Add: Fresh allotment of shares:				
	Issue of Shares	**–**	**–**	–	–
	Shares issued under Employees' Stock Option Scheme	**–**	**–**	–	–
	Less: Shares issued to ESOS Trust but not allotted to employees	**(5,57,145)**	**(55.72)**	(7,50,408)	(75.04)
	Balance at the end of the year	**12,23,30,725**	**12,233.07**	12,21,37,462	12,213.75
b)	**Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries / associates:**				
	Holding Company: Mahindra & Mahindra Financial Services Limited	**12,09,52,678**	**12,095.27**	12,09,52,678	12,095.27
	(including 12 shares held jointly with nominees)				
	Percentage of holding (%)	**98.43%**	**98.43%**	98.43%	98.43%
c)	**Shareholders holding more than 5 percent shares:**				
	Mahindra & Mahindra Financial Services Limited	**12,09,52,678**	**12,095.27**	12,09,52,678	12,095.27
	Percentage of holding (%)	**98.43%**	**98.43%**	98.43%	98.43%

d) Terms / rights attached to equity shares:

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024

18 (ii) Disclosure of shareholding of promoters

Disclosure of shareholding of promoters as at 31 March 2024 is as follows

	Shares held by promoter				
	As at 31 March 2024		As at 31 March 2023		
Promoter name	**No of shares**	**% of total shares**	No of shares	% of total shares	% Change during the year
Mahindra & Mahindra Financial Services Limited (including 12 shares held jointly with nominees)	**12,09,52,678**	**98.43%**	12,09,52,678	98.43%	–
Total	**12,09,52,678**	**98.43%**	12,09,52,678	98.43%	–

19 Other Equity

Description of the nature and purpose of Other Equity:

Statutory reserve

As per Section 29C of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared. The Company transfers an amount to Special Reserve at year end. The Company does not anticipate any withdrawal from Special Reserve in the foreseeable future.

Securities premium

Securities premium 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.

General reserve

General reserve was created through transfer of profits at a specified percentage in accordance with applicable regulations under the erstwhile Companies Act, 1956. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid up capital of the Company for that year, then the total dividend distribution is less than the total distributable profits for that year. Consequent to introduction of the Companies Act, 2013, the requirement to mandatorily transfer specified percentage of net profits to General reserve has been withdrawn. However, the amount previously transferred to the General reserve can be utilised only in accordance with the specific requirements of the Companies Act, 2013.

Employee stock options outstanding

The Employee Stock Options outstanding represents amount of reserve created by recognition of compensation cost at grant date fair value on stock options vested but not exercised by employees.

Retained earnings

Retained earnings or accumulated surplus represents total of all profits retained since Company's inception. Retained earnings are credited with current year profits, reduced by losses, if any, dividend payouts, transfers to General reserve or any such other appropriations to specific reserves.

20 Interest income

	31 March 2024	31 March 2023
(A) On financial assets measured at amortised cost		
Interest on loans	**1,18,296.54**	1,25,229.79
Other interest income	**0.87**	1.81
(B) Interest income from investments		
Interest income from investments	**841.72**	532.01
(C) Interest on deposits with banks		
Interest on deposits with banks	**5,286.54**	4,608.04
Total (A+B+C)	**1,24,425.67**	1,30,371.65

21 Fees and commission income

	31 March 2024	31 March 2023
Service charges and other fees on loan transactions	**726.71**	1,012.20
Total	**726.71**	1,012.20

22 Net gain / (loss) on fair value changes and derecognised financial instruments

	31 March 2024	31 March 2023
Net gain / (loss) on financial instruments at FVTPL		
– Mutual fund units		
Fair value changes :		
– Realised	**2,208.25**	2,792.09
– Unrealised	**(158.39)**	(809.49)
Total	**2,049.86**	1,982.60

23 Other income

	31 March 2024	31 March 2023
Net gain on derecognition of property, plant and equipment	**15.94**	22.21
Income from branding and marketing activities	**2,176.50**	1,545.90
Others	**48.91**	45.47
Total	**2,241.35**	1,613.58

24 Finance costs

	31 March 2024	31 March 2023
On financial liabilities measured at amortised cost		
Interest on borrowings	**23,901.88**	22,517.47
Interest on debt securities	**24,738.35**	24,957.50
Interest on subordinated liabilities	**4,115.66**	4,102.04
Interest on lease liability	**634.96**	571.85
Other borrowing costs	**234.80**	363.91
Total	**53,625.65**	52,512.77

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024

25 Fees and commission expense

	31 March 2024	31 March 2023
Fees, commission / brokerage	**757.87**	707.17
Total	**757.87**	707.17

26 Impairment on financial instruments

	31 March 2024	31 March 2023
On financial instruments measured at amortised cost		
Loans	**(7,889.83)**	(21,992.74)
Bad debts / Loss on termination	**21,483.67**	39,227.68
Loan commitment & other advances	**(232.95)**	(12.09)
Total	**13,360.89**	17,222.85

27 Employee benefits expenses

	31 March 2024	31 March 2023
Salaries and wages	**37,814.85**	35,721.28
Contribution to provident and other funds	**3,156.00**	3,248.19
Share based payments to employees	**188.43**	566.63
Staff welfare expenses	**765.47**	906.56
Total	**41,924.75**	40,442.66

28 Depreciation, amortization and impairment

	31 March 2024	31 March 2023
Depreciation on property, plant and equipment	**1,487.39**	1,306.49
Amortization of intangible assets	**293.19**	23.82
Amortization on right of use assets	**1,507.29**	1,295.43
Total	**3,287.87**	2,625.74

29 Other expenses

	31 March 2024	31 March 2023
Rent	**296.64**	201.25
Rates and taxes, excluding taxes on income	**132.05**	134.93
Electricity charges	**292.31**	258.88
Repairs and maintenance	**178.69**	700.38
Communication costs	**522.89**	574.71
Printing and stationery	**245.05**	547.77
Travelling and conveyance expenses	**4,548.40**	5,462.89
Advertisement and publicity	**114.12**	200.62
Administration support charges	**445.83**	427.26
Directors' fees, allowances and expenses	**46.19**	45.29
Auditor's fees and expenses -		
- Audit fees	**25.12**	21.80
- Other services	**11.30**	16.02
- Reimbursement of expenses	**2.30**	2.18
Legal and professional charges	**3,339.08**	3,661.37
Insurance	**1,844.13**	1,539.42
Manpower outsourcing cost	**2,148.10**	3,138.36
Donations	**–**	1.11
Corporate Social Responsibility (CSR) expenditure	**39.72**	460.70
Other expenditure	**1,770.47**	1,444.95
Total	**16,002.39**	18,839.89

30 Earning Per Share

	31 March 2024	31 March 2023
Profit/(loss) for the year attributable to equity shareholders (Rupees in lakhs)	**360.49**	2,174.78
Weighted average number of equity shares used in computing basic EPS	**12,22,04,643**	12,19,66,325
Effect of potential dilutive equity shares	**3,81,519**	5,50,567
Weighted average number of equity shares used in computing diluted EPS	**12,25,86,162**	12,25,16,892
Basic earnings per share (Rs.) (Face value of Rs. 10/- per share)	**0.29**	1.78
Diluted earnings per share (Rs.)	**0.29**	1.78

31 Employee Stock Option Scheme:

The Company has used fair value method to account for the compensation cost of stock options. Fair value of options is based on the valuation of the independent valuer using the Black -Scholes model.

Description of ESOP Scheme:

Particulars	ESOP
Vesting requirements	Stock Options due for vesting on each vesting date shall vest on the basis of time i.e. mere continuance of employment as on relevant date of vesting.
Vesting Conditions	25% on expiry of 12 months from the date of grant
	25% on expiry of 24 months from the date of grant
	25% on expiry of 36 months from the date of grant
	25% on expiry of 48 months from the date of grant
Method of Settlement	Equity settled

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024

The Fair value of options, based on the valuation of the independent valuer as on the date of grant are:

	31 March 2024			31 March 2023		
Vesting Date	**No of years vesting**	**Fair Value (Rs.) per share**	**Exercise Price (Rs.)**	No of years vesting	Fair Value (Rs.) per share	Exercise Price (Rs.)
	NIL			–	–	–
Grant Dated 19 October 2022	**–**	**–**	**–**	4 Years	152.18	10.00

The Key assumptions used in Black-Scholes model for calculating fair value as on the date of grant are:

Variables#	**31 March 2024**	31 March 2023
1) Risk free interest rate	**NIL**	6.35%
2) Expected life	**NIL**	4 Years
3) Expected volatility	**NIL**	46.69%
4) Price of the underlying share at the time of option grant (Rs.)	**NIL**	160.00

the value mentioned against each of the variables are based on the weighted average percentage of vesting.

Number and weighted average exercise price of options

		31 March 2024		31 March 2023	
Sr. No	**Particulars**	**Number of options**	**Weighted Average Exercise Price**	Number of options	Weighted Average Exercise Price
1	Outstanding at the beginning of the year	**16,57,128**	**31.33**	19,85,807	34.28
2	Granted during the year	**–**	**–**	1,37,263	10.00
3	Forfeited / Lapsed during the year	**4,12,757**	**48.82**	1,97,275	33.16
4	Exercised during the year	**1,93,263**	**22.72**	2,68,667	40.88
5	Outstanding at the end of the year	**10,51,108**	**26.05**	16,57,128	31.33
6	Exercisable at the end of the year	**5,99,659**	**38.14**	8,24,662	52.87

Range of exercise price and weighted average remaining contractual life of outstanding options:

	31 March 2024			31 March 2023		
Grant date	**Number of Options Outstanding**	**Weighted Average Remaining Contractual Life (in years)**	**Weighted Average Exercise Price (Rs.)**	Number of Options Outstanding	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price (Rs.)
07-Oct-17	**2,35,143**	**0.52**	**67.00**	4,96,052	1.05	67.00
08-Dec-17	**42,853**	**0.69**	**67.00**	85,705	1.19	67.00
16-Jan-18	**18,000**	**0.79**	**67.00**	38,500	1.29	67.00
16-Oct-19	**35,854**	**1.93**	**10.00**	98,838	2.52	10.00
18-Jan-21	**37,912**	**2.83**	**10.00**	71,087	3.59	10.00
21-Oct-21	**6,06,802**	**3.36**	**10.00**	7,36,295	4.23	10.00
19-Oct-22	**74,544**	**4.14**	**10.00**	1,30,651	5.05	10.00

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024

32 Employee Benefits

General description of defined benefit plans :

Gratuity

The Company provides for gratuity, a defined benefit retirement plan covering qualifying employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated period mentioned under The Payment of Gratuity Act, 1972. The Company makes annual contribution to the gratuity scheme adminstered by the Life Insurance Corporation of India through its gratuity fund.

Post retirement medical cover

The Company provides for post retirement medical cover to select grade of employees to cover the retiring employee and their spouse upto a specified age through mediclaim policy on which the premiums are paid by the Company. The eligibility of the employee for the benefit as well as the amount of medical cover purchased is determined by the grade of the employee at the time of retirement.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility -

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets underperform compared to this yield, this will create or increase a deficit. The defined benefit plans may hold equity type assets, which may carry volatility and associated risk.

Change in bond yields -

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plan's investment in debt instruments.

Variability in withdrawal rates -

If actual withdrawal rates are higher than assumed withdrawal rate assumption then the gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

Regulatory Risk -

Gratuity Benefit must comply with the requirements of the Payment of Gratuity Act, 1972 (as amended up-to-date). There is a risk of change in the regulations requiring higher gratuity payments (e.g. raising the present ceiling of Rs. 20.00 Lakhs, raising accrual rate from 15/26 etc.).

Inflation risk -

The present value of some of the defined benefit plan obligations are calculated with reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability. The post retirement medical benefit obligation is sensitive to medical inflation and accordingly, an increase in medical inflation rate would increase the plan's liability.

Life expectancy -

The present value of defined benefit plan obligation is calculated by reference to the best estimate of the mortality of plan participants, both during and after the employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

If actual mortality rates are higher than assumed mortality rate assumption than the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Defined benefit plans:

			Funded Plan Gratuity	
	Particulars		**31 March 2024**	31 March 2023
I	**Amount recognised in the Statement of Profit and Loss for the year ended:**			
1	Current service cost		**178.38**	172.60
2	Interest cost on benefit obligation (Net)		**20.43**	12.79
3	Past service cost		**–**	–
4	Adjustment due to opening balance		**1.65**	(13.84)
	Total expenses included in employee benefits expense		**200.46**	171.55
II	**Amount recognised in Other Comprehensive income for the year**			
1	Actuarial (gains)/losses arising from changes in demographic assumption		**(4.57)**	53.71
2	Actuarial (gains)/losses arising from changes in financial assumption		**9.90**	(6.80)
3	Actuarial (gains)/losses arising from changes in experience adjustment		**115.13**	8.46
4	Return on plan assets		**–**	–
	Recognised in other comprehensive income		**120.46**	55.37
III	**Change in the present value of obligation during the year**			
1	Present value of defined benefit obligation at the beginning of the year		**1,191.58**	1,018.88
2	Current service cost		**178.38**	172.60
3	Past service cost		**–**	–
4	Interest cost/income		**89.72**	74.58
5	Remeasurements (gains)/ losses			
	(i)	Actuarial (gains)/losses arising from changes in demographic assumption	**(4.57)**	53.71
	(ii)	Actuarial (gains)/losses arising from changes in financial assumption	**9.90**	(6.80)
	(iii)	Actuarial (gains)/losses arising from changes in experience adjustment	**115.13**	8.46
6	Benefits paid		**(233.24)**	(129.85)
	Present value of defined benefit obligation at the end of the year		**1,346.89**	1,191.58
IV	**Change in fair value of plan assets during the year**			
1	Fair value of plan assets at the beginning of the year		**921.86**	830.25
2	Interest income		**–**	–
3	Contributions by employer		**197.58**	145.83

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024

	Particulars	Funded Plan Gratuity 31 March 2024	31 March 2023
4	Benefits paid	**(233.24)**	(129.85)
5	Return on plan assets excluding interest income	**69.29**	61.79
6	Adjustment to the change in opening balance of plan assets	**(1.65)**	13.84
	Fair value of plan assets at the end of the year	**953.83**	921.86
V	**Net Asset/(Liability) recognised in the Balance Sheet as at year end**		
1	Present value of defined benefit obligation	**1,346.89**	1,191.58
2	Fair value of plan assets	**953.83**	921.86
3	Surplus/(Deficit)	**(393.06)**	(269.72)
4	Current portion of the above	**(393.06)**	(269.72)
5	Non current portion of the above	**–**	–
VI	**Actuarial assumptions and Sensitivity**		
1	Discount rate	**7.25%**	7.53%
2	Expected rate of return on plan assets	**–**	–
3	Salary growth rate	**7.00%**	7.00%
4	Attrition rate	**71.00% for age upto 30, 55.00% for age 31-44, 26.00% for above 44**	60.68% for age upto 30, 49.70% for age 31-44, 31.58% for above 44
5	In-service mortality	**Indian Assured Lives Mortality (2012-14) Ultimate**	Indian Assured Lives Mortality (2012-14) Ultimate

Quantitative sensitivity analysis for impact of significant assumptions on defined benefit obligation are as below:

Assumptions	**31 March 2024**	31 March 2023
One percentage point increase in discount rate	**(29.24)**	(25.77)
One percentage point decrease in discount rate	**31.41**	25.89
One percentage point increase in salary growth rate	**31.18**	25.78
One percentage point decrease in salary growth rate	**(31.13)**	(27.52)

Expected contribution for the next annual reporting year	**31 March 2024**	31 March 2023
Service Cost	**212.91**	211.80
Net Interest Cost	**101.56**	89.61
Expected Expense for the next annual reporting year	**314.46**	301.41

Maturity profile of defined benefit obligation

	31 March 2024	31 March 2023
Within 1 year	**753.71**	899.58
Between 1 and 5 years	**834.44**	1,189.47

The estimate of future salary increases, considered in actuarial valuation, considers inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The plan assets have been primarily invested in government securities and corporate bonds.

The cost of the defined benefit plans and other long term benefits are determined using actuarial valuations. Actuarial valuations involve making various assumptions that may differ from actual developments in the future. These includes the determination of the discount rate, future salary increases and mortality rate. Due to these complexity involved in the valuation it is highly sensitive to the changes in these assumptions. All assumptions are reviewed at each reporting date. The present value of the defined benefit obligation and the related current service cost and planned service cost were measured using the projected unit cost method.

Contribution to funds

The Company's contribution to provident fund and superannuation fund aggregating Rs. 2,268.35 lakhs (31 March 2023 : Rs. 2,310.19 lakhs) has been recognised in the statement of profit and loss under the head employee benefits expenses.

33 Operating segments

There is no separate reportable segment as per Ind AS 108 on "Operating Segments" in respect of the Company.

The Company operates in single segment only. There are no operations outside India and hence there is no external revenue or assets which require disclosure.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Company's total revenue in the year ended 31 March 2024 or 31 March 2023

34 Leases

In the cases where assets are taken on operating lease (as lessee) -

As a lessee, the Company's lease asset class primarily consist of buildings or part thereof taken on lease for office premises and certain IT equipments and general purpose office equipments used for operating activities.

In accordance with the requirements under Ind AS 116, Leases, the Company has recognized the lease liability at the present value of the future lease payments discounted at the incremental borrowing rate.

Maturity analysis – contractual undiscounted cash flows	**31 March 2024**	31 March 2023
Less than 1 year	**1,909.69**	1,871.25
1-3 years	**3,606.46**	3,534.71
3-5 years	**2,898.62**	2,951.52
More than 5 years	**3,246.63**	3,833.12
Total undiscounted lease liabilities	**11,661.40**	12,190.60

Other disclosures:

Following table summarizes other disclosures including the note references for the expense, asset and liability heads under which certain expenses, assets and liability items are grouped in the financial statements.

Particulars	**31 March 2024**	31 March 2023
i) Depreciation charge for Right-Of-Use assets for Leasehold premises (presented under note - 28 "Depreciation, amortization and impairment")	**1,507.29**	1,295.43

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024

Particulars	31 March 2024	31 March 2023
ii) Interest expense on lease liabilities (presented under note - 24 "Finance costs")	**634.96**	571.85
iii) Expense relating to short-term leases	**–**	–
iv) Expense relating to leases of low-value assets	**260.16**	201.25
v) Payments for lease liability	**1,885.57**	1,414.71
vi) Additions to right-of-use assets during the year	**973.90**	6,656.84
vii) Carrying amount of right-of-use assets at the end of the reporting period by class of underlying asset -	**–**	–
– Property taken on lease for office premises (presented under note - 8 "Property, plant and equipments")	**8,000.53**	8,533.92
viii) Lease liabilities (presented under note - 15 "Other financial liabilities")	**9,172.70**	9,449.41

35 **Frauds reported during the period**

There were 144 cases (31 March 2023: 93 cases) of frauds amounting to Rs. 45.96 Lakhs (31 March 2023: Rs. 188.56 Lakhs) reported during the year. The Company has recovered amount of Rs. 72.81 Lakhs (31 March 2023: Rs. 345.41 Lakhs) and wherever required has initiated appropriate legal actions against the individuals involved. The claims for the un-recovered losses are lodged with the insurance companies on merit basis.

36 **Contingent liabilities and commitments** (to the extent not provided for)

	31 March 2024	31 March 2023
i) Claims against the Company not acknowledged as debt		
Legal suits filed by customers	**170.23**	235.04
Income Tax	**144.35**	109.25
ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	**74.84**	1,369.61
Other commitments :		
Amount on account of loan sanctioned but not disbursed	**56,910.52**	47,715.02
Total	**57,299.94**	49,428.92

The Company's pending litigations comprise of claims against the Company primarily by the customers and proceedings pending with Income Tax authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The amount of provisions / contingent liabilities is based on management's estimate, and no significant liability is expected to arise out of the same.

The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial performance and financial position regarding the amounts disclosed above, it is not practicable to disclose information on the possibility of any reimbursements as it is determinable only on the occurrence of uncertain future events.

37 **Corporate Social Responsibility (CSR)**

The CSR activities of the Company shall include, but not limited to any or all of the sectors/activities as may be prescribed by Schedule VII of the Companies Act, 2013 amended from time to time. Further, the Company reviews the sectors/activities from time to time and make additions/ deletions/ clarifications to the above sectors/activities.

During the year, the Company has incurred an expenditure of Rs. 39.72 Lakhs (31 March 2023 : Rs. 460.70 Lakhs) towards CSR activities which includes contribution / donations made to the trusts which are engaged in activities prescribed under section 135 of the Companies Act, 2013 read with Schedule VII to the said Act and expense of Rs. 0.05 Lakhs (31 March 2023: Rs. 0.47 Lakhs) towards the CSR activities undertaken by the Company.

Detail of amount spent towards CSR activities :

a) Gross amount required to be spent by the Company during the year is Rs. 39.72 lakhs (31 March 2023 : Rs. 460.70 lakhs).

b) Amount spent by the Company during the year :

	For the year ended 31 March 2024			For the year ended 31 March 2023		
Particulars	**In cash**	**Yet to be paid in cash**	**Total**	In cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	**–**	**–**	**–**	–	–	–
ii) On purpose other than (i) above	**39.72**	**–**	**39.72**	460.70	–	460.70

38 The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts has been made in the books of accounts. The Company has not entered into derivative contracts during the year.

39 **Capital Management**

The Reserve Bank of India Master Direction DOR.FIN.HFC. CC.No.120/03.10.136/2020-21 dated February 17, 2021 (as amended), outlines the regulatory guidance in relation to Ind AS financial statements. This includes the guidance for computation of 'owned funds' , 'net owned funds' and 'regulatory capital'. Accordingly, the 'regulatory capital' has been computed in accordance with these requirements.

The Company's capital management strategy is to effectively determine, raise and deploy capital so as to create value for its shareholders. The same is done through a mix of either equity and/or convertible and/or combination of short term /long term debt as may be appropriate.

The Company determines the amount of capital required on the basis of its operations, capital expenditure and strategic investment plans. The capital structure is monitored on the basis of net debt to equity and maturity profile of overall debt portfolio.

The Company is subject to the capital adequacy requirements as per Chapter IV "Capital" of Master Directions. As per Capital requirement guidelines, the Company is required to maintain a capital adequacy ratio on an going basis consisting of Tier I and Tier II Capital which shall not be less than 15% on or before 31st March 2022 and thereafter of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet. The Tier I capital at any point of time shall not be less than 10 percent. The total of Tier II Capital at any point of time, shall not exceed 100 percent of Tier I Capital.

Company has complied with all regulatory requirements related to regulatory capital and capital adequacy ratios as prescribed by RBI.

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024

Regulatory capital

	31 March 2024	31 March 2023
Tier 1 capital	**1,37,158.97**	1,36,831.34
Tier 2 capital	**30,572.76**	39,804.92
Total capital	**1,67,731.73**	1,76,636.26
Risk weighted assets	**4,15,724.76**	3,91,508.23
Tier 1 capital ratio	**32.99%**	34.95%
Tier 2 capital ratio	**7.35%**	10.17%
Total capital ratio	**40.35%**	45.12%

"Tier I Capital" means owned fund as reduced by investment in shares of other non-banking financial companies including housing finance companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund.

"Owned Fund" means paid up equity capital, preference shares which are compulsorily convertible into equity, free reserves including balance in share premium account and capital reserves representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of asset, as reduced by accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any.

"Tier II capital" includes the following -

a. Preference shares other than those which are compulsorily convertible into equity;

b. Revaluation reserves at discounted rate of fifty-five per cent.

c. General provisions and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth per cent of risk weighted assets;

d. Hybrid debt capital instruments and

e. Subordinated debt;

to the extent the aggregate does not exceed Tier I capital.

40 Taxation

Deferred tax assets

	Balance as at 01 April 2022	Charge/ (credit) to profit and loss	Charge/ (credit) to OCI	Balance as at 31 March 2023	**Charge/ (credit) to profit and loss**	**Charge/ (credit) to OCI**	**Balance as at 31 March 2024**
Tax effect of items constituting deferred tax liabilities :							
– FVTPL financials assets	257.55	(201.69)	–	55.86	**(38.79)**	**–**	**17.06**
– FVTOCI through Investment (G-Sec)	(21.70)	–	(49.02)	(70.72)	**–**	**35.35**	**(35.37)**
	235.85	**(201.69)**	**(49.02)**	**(14.86)**	**(38.79)**	**35.35**	**(18.31)**
Tax effect of items constituting deferred tax assets :							
– Provision for employee benefits & others	416.11	(53.10)	13.93	376.94	**(13.38)**	**30.32**	**393.88**
– Allowance for Expected Credit Loss (ECL)	9,004.79	(4,250.26)	–	4,754.53	**(1,943.41)**	**–**	**2,811.12**
– Effective Interest Rate (EIR) on financial instruments	2,056.92	(593.57)	–	1,463.35	**(225.43)**	**–**	**1,237.92**
– Depreciation on property, plant and equipment	354.73	(3.25)	–	351.48	**151.21**	**–**	**502.68**
– Tax losses	–	3,678.68	–	3,678.68	**1,753.27**	**–**	**5,431.95**
– Lease liabilities	116.51	113.91	–	230.42	**64.60**	**–**	**295.02**
– Other provisions	87.68	70.82	–	158.50	**50.67**	**–**	**209.17**
	12,036.74	**(1,036.77)**	**13.93**	**11,013.90**	**(162.47)**	**30.32**	**10,881.74**
Total deferred tax assets (net)	11,800.89	(835.08)	62.95	11,028.76	**(123.68)**	**(5.03)**	**10,900.05**

The Company though has reported profits in the financial statements, but have reported tax losses as per the computations in line with The Income Tax Act, 1961. Due to the spread of COVID 19 pandemic in the previous years, the business of the Company got impacted and resulted in high credit impaired assets for certain loans. In the current year the Company has taken higher Bad Debts and Loss on Termination of certain such highly impacted contracts. These high write-offs are still subject to enforcement procedures wherever appropriate and the Company keeps on receiving the recoveries on the same which are netted off against the same in the statement of profit and loss.

During the year Company continued to focus on affordable home loans in order to build a quality portfolio and further enhanced collection efforts which resulted in improved asset quality. Gross stage 3 reduced to 9.03% for year ending 31 March 2024 compared to 10.46% for year ending 31 March 2023 similarly stage 1 and 2 asset under management percentage improved to 83% and 8% from 75% and 15% respectively compared to last financial year. During the year Company has recovered Rs. 6,630.46 Lakhs from past written off cases, which is offered for tax on the year of collections. The Company also has a large number of enforcement actions in the pipeline which will boost the recoveries in the coming years and therefore the Deferred Tax Assets created on account of the losses are estimated to be reversed as taxable income in the coming years would lead to an offset against the same.

Income tax recognised in Statement of Profit and loss

	31 March 2024	31 March 2023
Current tax:		
In respect of current year	**–**	–
In respect of prior years	**–**	(380.91)
	–	(380.91)
Deferred tax:		
In respect of current year origination and reversal of temporary differences	**123.68**	835.08
In respect of prior years	**–**	–
	123.68	835.08
Total income tax recognised in Statement of Profit and Loss	**123.68**	454.17

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024

Income tax recognised in Other Comprehensive Income

	31 March 2024	31 March 2023
Deferred tax related to items recognised in Other Comprehensive Income during the year :		
Remeasurement of defined employee benefits for current year	**(30.32)**	(13.93)
Remeasurement of Debt Instruments for current year	**35.35**	(49.02)
Total income tax recognised in Other Comprehensive Income	**5.03**	(62.95)

Reconciliation of estimated income tax expense at tax rate to income tax expense reported in the statement of profit and loss:

	31 March 2024	31 March 2023
Profit before tax	**484.17**	2,628.95
Applicable income tax rate	**25.168%**	25.168%
Expected income tax expense	**121.86**	661.65
Tax effect of adjustments to reconcile expected Income tax expense at tax rate to reported income tax expense:		
Effect of income exempt from tax	**–**	–
Effect of expenses/provisions not deductible in determining taxable profit	**1.82**	173.42
Tax of earlier years	**–**	(380.91)
Income tax expense	**123.68**	454.17

41 Change in liabilities arising from financing activities

Particulars	31 March 2023	Cash flows	Amortisation of loan origination costs	New lease origination	31 March 2024
Debt securities	**3,16,771.91**	**537.50**	**(1,062.20)**	**–**	**3,16,247.21**
Borrowings other than debt securities	**3,19,162.66**	**(47,096.06)**	**2.59**	**–**	**2,72,069.19**
Subordinated liabilities	**46,049.24**	**–**	**29.34**	**–**	**46,078.58**
Lease liability	**9,449.41**	**(1,250.61)**	**–**	**973.90**	**9,172.70**
Total liabilities from financing activities	**6,91,433.22**	**(47,809.17)**	**(1,030.27)**	**973.90**	**6,43,567.68**

Particulars	31 March 2022	Cash flows	Amortisation of loan origination costs	New lease origination	31 March 2023
Debt securities	3,34,445.20	(18,000.00)	326.71	–	3,16,771.91
Borrowings other than debt securities	2,83,476.77	35,679.96	5.93	–	3,19,162.66
Subordinated liabilities	46,028.50	–	20.74	–	46,049.24
Lease liability	3,635.43	(842.86)	–	6,656.84	9,449.41
Total liabilities from financing activities	6,67,585.90	16,837.10	353.38	6,656.84	6,91,433.22

42 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled.

	31 March 2024			31 March 2023		
	Within 12 months	**After 12 months**	**Total**	Within 12 months	After 12 months	Total
Assets						
Financial Assets						
Cash and cash equivalents	**57,673.26**	**–**	**57,673.26**	31,631.99	–	31,631.99
Bank balance other than above	**16,372.47**	**–**	**16,372.47**	88,702.87	–	88,702.87
Loans	**1,47,477.09**	**5,45,852.73**	**6,93,329.82**	1,76,462.91	5,08,061.64	6,84,524.55
Investments	**23,851.32**	**–**	**23,851.32**	34,095.06	–	34,095.06
Other financial assets	**1,023.77**	**785.11**	**1,808.88**	2,518.95	813.76	3,332.71
Non-financial Assets						
Current tax assets (Net)	**–**	**2,905.66**	**2,905.66**	–	1,920.89	1,920.89
Deferred tax assets (Net)	**–**	**10,900.05**	**10,900.05**	–	11,028.76	11,028.76
Property, plant and equipment	**–**	**12,165.95**	**12,165.95**	–	12,527.61	12,527.61
Other intangible assets	**–**	**583.23**	**583.23**	–	23.61	23.61
Other non-financial assets	**3,238.52**	**261.53**	**3,500.05**	3,267.76	858.23	4,125.99
Total	**2,49,636.43**	**5,73,454.26**	**8,23,090.69**	3,36,679.54	5,35,234.50	8,71,914.04
Liabilities						
Financial Liabilities						
Payables						
I) Trade Payables						
i) total outstanding dues of micro enterprises and small enterprises	**21.51**	**–**	**21.51**	1.32	–	1.32

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024

	31 March 2024			31 March 2023		
	Within 12 months	**After 12 months**	**Total**	Within 12 months	After 12 months	Total
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	**4,185.39**	**–**	**4,185.39**	4,366.40	–	4,366.40
II) Other Payables						
i) total outstanding dues of micro enterprises and small enterprises	**–**	**–**	**–**	–	–	–
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	**22.30**	**–**	**22.30**	22.28	–	22.28
Debt securities	**98,405.85**	**2,17,841.36**	**3,16,247.21**	1,54,066.90	1,62,705.01	3,16,771.91
Borrowings (other than debt securities)	**92,687.09**	**1,79,382.10**	**2,72,069.19**	1,02,248.25	2,16,914.42	3,19,162.66
Subordinated liabilities	**970.11**	**45,108.47**	**46,078.58**	–	46,049.24	46,049.24
Other financial liabilities	**23,242.38**	**10,462.13**	**33,704.51**	25,926.83	9,181.06	35,107.89
Non-Financial Liabilities						
Current tax liabilities (Net)	**–**	**–**	**–**	–	–	–
Provisions	**949.81**	**422.28**	**1,372.09**	1,033.06	447.26	1,480.32
Other non-financial liabilities	**580.95**	**–**	**580.95**	651.47	–	651.47
Total	**2,21,065.39**	**4,53,216.35**	**6,74,281.73**	2,88,316.50	4,35,296.98	7,23,613.49
Net	**28,571.04**	**1,20,237.91**	**1,48,808.96**	48,363.04	99,937.52	1,48,300.55

43 Analysis of financial assets and liabilities and loan commitments

a The table below summarises the maturity pattern of certain items of assets and liabilities:

31 March 2024	Upto 1 month	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 years & up to 5 years	Over 5 years & up to 7 years	Over 7 years & up to 10 years	Over 10 years	Total
Financial Assets											
Cash and cash equivalents	26,999.54	20,861.23	9,812.49			–	–	–	–	–	57,673.26
Bank balance other than above	500.00	6,000.00	10.96	5,766.28	4,095.23	–	–	–	–	–	16,372.47
Financial investments	15,871.36	–	–	–	7,979.96						23,851.32
Loans	16,730.69	11,113.96	13,250.48	28,505.98	77,875.98	1,64,368.76	89,499.25	59,429.20	68,056.95	1,64,498.57	6,93,329.82
Other financial assets	219.98	272.90	42.41	407.05	81.43	152.61	154.76	83.82	393.92	–	1,808.88
Total Financial Assets	60,321.57	38,248.09	23,116.34	34,679.31	90,032.60	1,64,521.37	89,654.01	59,513.02	68,450.87	1,64,498.57	7,93,035.75
Financial Liabilities											
Debt securities	–	24,974.78	39,980.78	14,847.64	18,602.64	1,68,376.99	28,494.61	–	20,969.77	–	3,16,247.21
Borrowings (other than debt securities)	6,507.86	1,343.98	10,625.67	36,860.57	37,349.00	1,27,072.90	52,309.21	–	–	–	2,72,069.19
Subordinated liabilities	–	970.11	–	–	–	18,151.00	11,973.35	14,984.12	–	–	46,078.58
Other financial liabilities	7,920.88	3,045.86	3,678.12	4,937.69	3,659.82	5,044.43	2,373.94	2,411.53	609.53	22.71	33,704.51
Total Financial Liabilities	14,428.74	30,334.73	54,284.57	56,645.90	59,611.46	3,18,645.32	95,151.11	17,395.65	21,579.30	22.71	6,68,099.49
Total Financial Assets/ (Liabilities) - Net	45,892.83	7,913.36	(31,168.23)	(21,966.59)	30,421.14	(1,54,123.95)	(5,497.10)	42,117.37	46,871.57	1,64,475.86	1,24,936.25

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024

b The table below summarises the contractual expiry by maturity of the undiscounted cash flows of the Company's loan commitments

31 March 2024	**Up to 3 months**	**Over 3 months & upto 12 months**	**Total**
Loan commitments	**45,917.88**	**10,992.63**	**56,910.52**

a The table below summarises the maturity pattern of certain items of assets and liabilities:

31 March 2023	Upto 1 month	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 years & up to 5 years	Over 5 years & up to 7 years	Over 7 years & up to 10 years	Over 10 years	Total
Financial Assets											
Cash and cash equivalents	23,394.46	8,100.00	–	–	–	–	–	–	–	–	31,494.46
Bank balance other than above	7,700.98	53,659.90	12,320.35	6,974.41	8,047.23	–	–	–	–	–	88,702.87
Financial investments	22,088.07	4,002.69	–	–	8,004.30						34,095.06
Loans	20,379.43	15,710.71	19,210.74	43,916.79	77,245.24	1,98,953.27	99,955.88	40,554.68	48,262.39	1,20,335.42	6,84,524.55
Other financial assets	848.88	860.19	241.35	367.11	201.42	153.13	171.00	69.88	419.75	–	3,332.71
Total Financial Assets	74,411.82	82,333.49	31,772.44	51,258.31	93,498.19	1,99,106.40	1,00,126.88	40,624.56	48,682.14	1,20,335.42	8,42,149.65
Financial Liabilities											
Debt securities	–	44,862.89	15,981.40	79,768.87	13,453.74	1,37,266.99	985.86	3,490.54	20,961.62	–	3,16,771.91
Borrowings (other than debt securities)	8,775.00	2,873.55	11,355.75	23,755.26	55,488.69	1,31,029.89	84,098.81	1,785.71	–	–	3,19,162.66
Subordinated liabilities	–	–	–	–	–	6,913.29	20,664.27	13,476.78	4,994.90	–	46,049.24
Other financial liabilities	3,600.74	7,065.89	4,613.91	8,713.50	1,932.78	2,678.92	2,999.30	2,058.62	1,421.51	22.72	35,107.89
Total Financial Liabilities	12,375.74	54,802.33	31,951.06	1,12,237.63	70,875.21	2,77,889.09	1,08,748.24	20,811.65	27,378.03	22.72	7,17,091.70
Total Financial Assets/ (Liabilities) - Net	62,036.08	27,531.16	(178.62)	(60,979.32)	22,622.98	(78,782.69)	(8,621.36)	19,812.91	21,304.11	1,20,312.70	1,25,057.95

b The table below summarises the contractual expiry by maturity of the undiscounted cash flows of the Company's loan commitments

31 March 2023	Up to 3 months	Over 3 months & upto 12 months	Total
Loan commitments	41,345.27	6,369.75	47,715.02

44 Financial Risk Management Framework

In the course of its business, the Company is exposed to certain financial risks namely credit risk, interest risk, currency risk & liquidity risk.The Company's primary focus is to achieve better predictability of financial markets and seek to minimize potential adverse effects on its financial performance.

The financial risks are managed in accordance with the Company's risk management policy which has been approved by its Board of Directors.

Board of Directors of the Company have established Asset and Liability Committee (ALCO), which is responsible for developing and monitoring risk management policies for its business. The Company's businesses are exposed to high credit risk given the unbanked rural customer base. The credit risk is managed through credit norms established based on historical experience and regulatory requirements.

i) Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, etc. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximizing the return.

a) Pricing Risk

The Company's investment in Mutual Funds is exposed to pricing risk. Other financial instruments held by the company does not possess any risk associated with trading. A 1 percent increase in Net Assets Value (NAV) would increase profit before tax by approximately **Rs. 108.20 lakhs** (31st March 2023 : Rs 220.88 lakhs). A similar percentage decrease would have resulted equivalent opposite impact.

b) Currency Risk

The Company does not have significant foreign currency exposure. As a result, the Company is not exposed to currency risk.

c) Interest Rate Risk

The Company uses a mix of cash and borrowings to manage the liquidity & fund requirements of its day-to-day operations. Further, certain interest bearing liabilities carry variable interest rates.

Interest Rate sensitivity

The sensitivity analyses below have been determined based on exposure to financial instruments at the end of the reporting year. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting year was outstanding for the whole year. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on the financial assets & liabilities.

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024

With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings and floating rate advances given, as follows:

	Currency	Increase/ decrease in basis points	Effect on profit before tax	Effect on pre-tax equity
Year ended 31 March 2024	**INR**	**100**	**869.20**	**–**
Year ended 31 March 2023	INR	100	(1,149.24)	–

Offsetting of balances: The Company has not offset financial assets and financial liabilities.

ii) Credit Risk Management

Credit risk is the risk that the Company will incur a loss because its customers fail to discharge their contractual obligations. The Company has a comprehensive framework for monitoring credit quality of its loans primarily based on days past due monitoring as at a period end. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery are taken through follow ups and legal recourse.

Credit quality of financial assets

The following table sets out information about credit quality of loan assets measured at amortised cost primarily based on days past due information. The amount represents gross carrying amount.

Particulars	31 March 2024	31 March 2023
Gross carrying value of loan assets		
Neither Past due nor impaired	**5,72,963.28**	4,98,000.53
30 days past due	**23,018.05**	38,668.32
31 - 90 days past due	**59,835.58**	1,08,017.18
Impaired (more than 90 days past due)	**65,091.29**	75,306.73
Total Gross carrying value as at reporting date	**7,20,908.20**	7,19,992.76

The Company reviews the credit quality of its loans based on the ageing of the loan at the period end. Since the company is into retail home loan lending business, there is no significant credit risk of any individual customer that may impact company adversely, and hence, the Company has calculated its ECL allowances on a collective basis.

Inputs considered in the ECL model

In assessing the impairment of loan assets under Expected Credit Loss (ECL) Model, the assets have been classified 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 : 0-30 days past due

Stage 2 : 31-90 days past due

Stage 3 : More than 90 days past due

(a) 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 exceeds 90 days past due on its contractual payments.

(b) Exposure at default

"Exposure at Default" (EAD) represents the gross carrying amount of the assets subject to impairment calculation. Future Expected Cash flows (Principal and Interest) for future years has been used as exposure for Stage 2.

(c) Estimations and assumptions considered in the ECL model

The Company has made the following assumptions 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 discounted at portfolio EIR rate for arriving at the loss rate.

b. "Probability of Default" (PD) is applied on Stage 1 and Stage 2 on portfolio basis and for Stage 3 PD at 100%. This is calculated as an average of the last 60 months yearly movement of default rates and further adjusted for macro economic factors.

(d) Measurement of ECL

ECL is measured as follows:

– financial assets that are not credit impaired at the reporting date: for Stage 1, gross exposure is multiplied by PD and LGD percentage to arrive at the ECL. For Stage 2, future Expected Cash flows (Principal and Interest) for respective future years is multiplied by respective years Marginal PDs and LGD percentage and thus arrived ECL is then discounted with the respective loan EIR to calculate the present value of ECL.

– financial assets that are credit impaired at the reporting date: the difference between the gross exposure at reporting date and computed carrying amount considering EAD net of LGD and actual cash flows till reporting date;

– undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn down and the cash flows that the Company expects to receive.

(e) Forward Looking Adjustments

The Historical PDs are converted into forward looking Point-in-Time PDs using statistical model incorporating the forward looking economic outlook, as required by Ind AS 109.

The macroeconomic variables considered by the Company are robust reflections of the state of economy which result into systematic risk for the respective product categories.

Additionally, three different scenarios have been considered for ECL calculation. Along with the actual numbers (considered for Base case scenario), other scenarios take care of the worsening as well as improving forward looking economic outlook.

(f) Assessment of significant increase in credit risk

When determining whether the credit risk has increased significantly since initial recognition, the Company considers both quantitative and qualitative information and analysis based on the Company's historical experience, including forward-looking information. The Company considers reasonable and supportable information that is relevant and available without undue cost and effort. The Company's accounting policy is not to use the practical expedient that the financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result, the Company monitors all financial assets and loan commitments that are subject to impairment for significant increase in credit risk (SICR).

As per Ind AS 109, loans are required to be moved from Stage 1 to Stage 2 if and only if they have been the subject of a SICR. A SICR occurs when there has been a significant increase in the risk of a default occurring over the expected life of a financial instrument. In case of government endorsed instalment moratoriums, it cannot be assumed that those borrowers that are granted moratoriums have suffered a SICR. In line with Basel guidance on ECL, the definition of default and the convention for counting days past due adopted for accounting purposes will be guided by the definition used for regulatory purposes. Therefore, we consider that use of

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024

government-endorsed instalment moratoriums by a borrower would not on its own trigger the counting of days past due for the 30 days past due backstop used to determine SICR or the 90 days past due backstop used to determine default.

Moreover, the acceptance of such moratorium may indicate short-term liquidity or cash flow problems but is likely to provide little information to differentiate borrower's lifetime credit risk. Thus, the grant of such moratorium cannot be considered as the sole indicator that SICR has occurred or even as the basis to adjust the borrower's probability of default.

(g) Policy for write off of Loan Assets

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the customer does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the loan outstanding dues. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made from written off assets are netted off against the amount of financial assets written off during the year under "bad debts/loss on termination" forming part of "impariment on financial instruments" in statement of profit and loss.

***(h)* Inputs to the Model**

a. Observed Default Rates (ODRs) over past 60 months for each product category

b. Macro economic variables provided by Economist Intelligence Unit (EIU)# for the past 5 years

c. Macro economic variables projected by EIU for the next 5 years

The Economist Intelligence Unit (EIU) is the research and analysis division of the Economist Group, providing forecasting, macro-economic analysis and advisory services through research and analysis, such as monthly country reports, five-year country economic forecasts, country risk service reports, and industry reports.

Model Process

a. Macro economic historical variables relevant for Housing industry as selected by Management are tested for statistical robustness and filtered

b. Variables that are acceptable are regressed with historical ODRs, considering 4 variables at a time.

c. These combinations are further tested for statistical robustness.

d. Those that pass the test are sorted on R squared (fitness) and the best fit is selected.

e. This combination is passed through the Vasicek model to derive project future Marginal PDs.

Impairment loss

The expected credit loss allowance provision for loans is determined as follows:

Particulars	Performing Loans - 12 month ECL	Under performing loans - lifetime ECL not credit impaired	Impaired loans - lifetime ECL credit impaired	Total
Gross Balance as at 31 March 2024	**5,95,981.33**	**59,835.58**	**65,091.29**	**7,20,908.20**
Expected credit loss rate	**0.27%**	**8.23%**	**32.36%**	
Carrying amount as at 31 March 2024 (net of impairment provision)	**5,94,388.57**	**54,910.90**	**44,030.35**	**6,93,329.82**
Gross Balance as at 31 March 2023	5,36,668.85	1,08,017.18	75,306.73	7,19,992.76
Expected credit loss rate	0.97%	8.75%	27.60%	
Carrying amount as at 31 March 2023 (net of impairment provision)	5,31,440.01	98,562.46	54,522.08	6,84,524.55

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 characterstics, pricing range, sector concentration, the Company calculates ECL on a collective basis for all stages - Stage 1, Stage 2 and Stage 3 assets.

(i) An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to loans

Gross exposure reconciliation - Loans

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 1 April 2022	4,71,872.38	2,02,370.17	86,102.74	7,60,345.29
– Transfers to Stage 1	(40,619.46)	31,414.86	9,204.60	–
– Transfers to Stage 2	51,621.84	(85,062.19)	33,440.35	–
– Transfers to Stage 3	3,071.09	2,872.69	(5,943.78)	–
– Loans that have been derecognised during the period	(49,832.20)	(21,011.37)	(20,274.53)	(91,118.10)
New loans originated during the year	1,66,838.78	734.81	51.56	1,67,625.15
Write-offs	(42.15)	–	(29,982.69)	(30,024.84)
Remeasurement of net exposure	(66,241.43)	(23,301.79)	2,708.48	(86,834.74)
Gross carrying amount balance as at 31 March 2023	**5,36,668.85**	**1,08,017.18**	**75,306.73**	**7,19,992.76**

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024

Particulars	Stage 1	Stage 2	Stage 3	Total
– Transfers to Stage 1	**(21,150.08)**	**15,173.97**	**5,976.11**	**–**
– Transfers to Stage 2	**18,980.61**	**(30,568.82)**	**11,588.21**	**–**
– Transfers to Stage 3	**2,312.38**	**1,604.12**	**(3,916.50)**	**–**
– Loans that have been derecognised during the period	**(60,895.93)**	**(17,756.84)**	**(17,649.04)**	**(96,301.81)**
New loans originated during the year	**1,79,477.26**	**106.59**	**46.97**	**1,79,630.82**
Write-offs	**(0.06)**	**–**	**(11,325.04)**	**(11,325.10)**
Remeasurement of net exposure	**(59,411.70)**	**(16,740.62)**	**5,063.85**	**(71,088.47)**
Gross carrying amount balance as at 31 March 2024	**5,95,981.33**	**59,835.58**	**65,091.29**	**7,20,908.20**

* The contractual amount outstanding on financial assets that have been written off during the year ended 31 March 2024 and are under enforcement activity was Rs. 6,625.14 Lakhs (31 March 2023 : Rs. 16,825.71 Lakhs)

Gross exposure reconciliation - Loan commitments

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 1 April 2022	42,815.49	476.90	7.02	43,299.41
Changes due to loans recognised in the opening balance that have:				
– Transfers to Stage 1	(3.78)	3.42	0.36	–
– Transfers to Stage 2	13.97	(13.97)	–	–
– Transfers to Stage 3	–	–	–	–
– Loans that have been derecognised during the period	(40,858.76)	(462.93)	(7.03)	(41,328.72)
New loans originated during the year	47,061.66	4.77	–	47,066.43
Write-offs	–	–	–	–
Remeasurement of net exposure	(1,321.26)	(0.75)	(0.09)	(1,322.10)
Gross carrying amount balance as at 31 March 2023	**47,707.32**	**7.44**	**0.26**	**47,715.02**
Changes due to loans recognised in the opening balance that have:				
– Transfers to Stage 1	**(80.15)**	**70.89**	**9.26**	**–**
– Transfers to Stage 2	**1.08**	**(1.45)**	**0.37**	**–**
– Transfers to Stage 3	**–**	**–**	**–**	**–**
– Loans that have been derecognised during the period	**(41,472.86)**	**(3.66)**	**(0.26)**	**(41,476.78)**
New loans originated during the year	**53,161.66**	**2.80**	**–**	**53,164.46**
Write-offs	**–**	**–**	**–**	**–**
Remeasurement of net exposure	**(2,479.06)**	**(13.12)**	**–**	**(2,492.18)**
Gross carrying amount balance as at 31 March 2024	**56,837.99**	**62.90**	**9.63**	**56,910.52**

Reconciliation of ECL balance on loans

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2022	9,481.92	24,264.52	23,714.51	57,460.95
Changes due to loans recognised in the opening balance that have:				
– Transfers to Stage 1	(2,780.92)	2,340.66	440.26	–
– Transfers to Stage 2	6,050.17	(10,389.51)	4,339.34	–
– Transfers to Stage 3	860.61	723.43	(1,584.04)	–

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024

Particulars	Stage 1	Stage 2	Stage 3	Total
– Loans that have been derecognised during the period	(989.19)	(2,517.68)	(7,066.23)	(10,573.10)
New loans originated during the year	1,640.29	64.23	13.46	1,717.98
Write-offs	(0.78)	–	(6,942.95)	(6,943.73)
Net remeasurement of loss allowance	(9,033.26)	(5,030.93)	7,870.30	(6,193.89)
ECL allowance balance as at 31 March 2023	**5,228.84**	**9,454.72**	**20,784.65**	**35,468.21**
Changes due to loans recognised in the opening balance that have:				
– Transfers to Stage 1	**(267.13)**	**179.14**	**87.99**	**–**
– Transfers to Stage 2	**1,660.75**	**(2,673.65)**	**1,012.90**	**–**
– Transfers to Stage 3	**675.26**	**476.58**	**(1,151.84)**	**–**
– Loans that have been derecognised during the period	**(662.56)**	**(1,552.08)**	**(5,757.22)**	**(7,971.86)**
New loans originated during the year	**403.29**	**16.66**	**14.48**	**434.43**
Write-offs	**–**	**–**	**(3,119.78)**	**(3,119.78)**
Net remeasurement of loss allowance	**(5,445.69)**	**(976.69)**	**9,189.76**	**2,767.38**
ECL allowance balance as at 31 March 2024	**1,592.76**	**4,924.68**	**21,060.94**	**27,578.38**

Reconciliation of ECL balance on loan commitments

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2022	307.42	40.41	1.66	349.49
Changes due to loans recognised in the opening balance that have:				
– Transfers to Stage 1	(0.03)	0.03	–	–
– Transfers to Stage 2	1.18	(1.18)	–	–
– Transfers to Stage 3	–	–	–	–
– Loans that have been derecognised during the period	(300.27)	(39.21)	(1.66)	(341.14)
New loans originated during the year	334.06	0.42	–	334.48
Write-offs	–	–	–	–
Net remeasurement of loss allowance	(5.68)	0.18	0.07	(5.43)
ECL allowance balance as at 31 March 2023	**336.68**	**0.65**	**0.07**	**337.40**
Changes due to loans recognised in the opening balance that have:				
– Transfers to Stage 1	**(1.06)**	**0.92**	**0.14**	**–**
– Transfers to Stage 2	**0.09**	**(0.12)**	**0.03**	**–**
– Transfers to Stage 3	**–**	**–**	**–**	**–**
– Loans that have been derecognised during the period	**(298.74)**	**(0.32)**	**(0.07)**	**(299.13)**
New loans originated during the year	**90.29**	**0.33**	**–**	**90.62**
Write-offs	**–**	**–**	**–**	**–**
Net remeasurement of loss allowance	**(29.13)**	**2.37**	**2.32**	**(24.44)**
ECL allowance balance as at 31 March 2024	**98.13**	**3.83**	**2.49**	**104.45**

The increase in ECL of the portfolio was driven by an increase in the size of the portfolio, movements between stages as a result of increases in credit risk and due to deterioration in economic conditions.

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024

Significant changes in the gross carrying value that contributed to change in loss allowance

The Company provides loans to retail individual customers in rural and semi urban areas which are of small ticket size. Change in any single customer repayment will not impact significantly to Company's provisioning. All customers are being monitored based on past due and corrective actions are taken accordingly to limit the Company's risk.

Concentration of Credit Risk

Company's loan portfolio is predominantly to finance retail home loans. The Company manages concentration of risk primarily by geographical region in India. The following tables show the geographical concentrations of loans:

Particulars	As at 31 March 2024	As at 31 March 2023
Concentration by geographical region in India:		
North	**92,789.36**	77,761.12
East	**9,959.96**	10,151.74
West	**304,017.36**	289,509.64
South	**314,141.52**	342,570.26
Total	**720,908.20**	719,992.76

Maximum exposure to credit risk

The maximum exposure to credit risk of loans is their carrying amount. The maximum exposure is before considering the effect of mitigation through collateral.

(j) Collaterals

Narrative description of collateral

Collateral primarily include land and constructed/purchased house property by retail loan customers. Company generally does not obtain additional collateral during the term of the loan.

The below tables provide an analysis of the fair values of collateral held for credit impaired assets:

31 March 2024	Maximum exposure to Credit Risk	Land and Building	Surplus Collateral	Total Collateral	Net Exposure	Associated ECL
Loans:						
a) Loans against assets	**65,091.29**	**140,247.80**	**76,340.58**	**63,907.22**	**1,184.07**	**21,060.94**
b) Others	**–**	**–**	**–**	**–**	**–**	**–**
Total	**65,091.29**	**140,247.80**	**76,340.58**	**63,907.22**	**1,184.07**	**21,060.94**

31 March 2023	Maximum exposure to Credit Risk	Land and Building	Surplus Collateral	Total Collateral	Net Exposure	Associated ECL
Loans:						
a) Loans against assets	75,306.73	166,132.43	(91,822.63)	74,309.80	996.93	20,784.65
b) Others	–	–	–	–	–	–
Total	75,306.73	166,132.43	(91,822.63)	74,309.80	996.93	20,784.65

The Company has provided for additional impairment for the shortfall in collateral value on its credit impaired assets.

Collaterals repossessed

Company did not obtain non financial assets during the year by taking possession of collateral it held as security.

Quantitative information of collateral - credit impaired assets

The company's concentrations of risk are managed based on Loan to value (LTV) segregation. The following tables stratify credit exposures from housing and other loans to customers by range of Loan to value (LTV) ratio. LTV is calculated as the ratio of gross amount of loan or the amount committed for loan commitments to the value of collateral. The value of the collateral for housing and other loans is based on collateral value at origination.

Gross value of total loans to value of collateral :

Loan To Value	Gross Value of total loans 31 March 2024	31 March 2023
Upto 50%	**284,502.58**	269,813.49
51 - 70%	**244,041.86**	268,479.76
71 - 100%	**192,268.43**	181,600.71
Above 100%	**–**	–
	720,812.87	719,893.96

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024

Gross value of credit impaired loans to value of collateral:

	Gross value of loans in stage 3	
Loan To Value	**31 March 2024**	31 March 2023
Upto 50%	**30,004.80**	32,338.75
51 - 70%	**26,411.06**	32,964.47
71 - 100%	**8,675.43**	10,003.51
Above 100%	**–**	–
	65,091.29	75,306.73

iii) Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established Asset and Liability Management Committee (ALCO) for the management of the Company's short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Company also has Inter corporate deposits line available from holding company and fellow subsidiary companies within its group to meet any short term fund requirements.

Maturity profile of non-derivative financial liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted contractual cash flows of financial liabilities based on the earliest date on which the Company may be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is calculated considering interest rate prevailing as at respective year end date.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
31 March 2024				
Trade payable:	**4,206.90**	**–**	**–**	**–**
Other payable	**22.30**	**–**	**–**	**–**
Debt securities:				
– Principal	**100,000.00**	**168,500.00**	**28,547.50**	**21,000.00**
– Interest	**21,676.79**	**29,075.38**	**8,260.55**	**5,937.68**
Borrowings (Other than debt securities):				
– Principal	**92,688.92**	**127,073.84**	**52,309.23**	**–**
– Interest	**20,265.40**	**21,279.85**	**2,931.83**	**–**
Subordinated liabilities:				
– Principal	**1,000.00**	**18,200.00**	**12,000.00**	**15,000.00**
– Interest	**4,078.20**	**7,296.46**	**3,969.34**	**1,690.00**
Other financial liabilities:	**23,889.63**	**6,017.87**	**2,964.12**	**3,434.63**
Total	**267,828.14**	**377,443.40**	**110,982.57**	**47,062.31**
31 March 2023				
Trade payable	4,367.72	–	–	–
Other payable	22.28	–	–	–
Debt securities:				
– Principal	154,500.00	137,500.00	1,000.00	24,510.00
– Interest	23,636.80	20,798.86	4,135.13	7,963.97
Borrowings (Other than sebt securities):				
– Principal	102,251.16	131,032.43	84,098.74	1,785.71
– Interest	22,622.99	27,129.76	7,222.69	77.49
Subordinated liabilities:				
– Principal	–	7,000.00	20,700.00	18,500.00
– Interest	4,084.52	8,074.07	5,645.92	3,314.00
Other financial liabilities:	26,594.49	4,343.12	3,022.67	4,021.12
Total	338,079.95	335,878.24	125,825.15	60,172.29

iv) Measurement of Fair Value

Valuation technique for fair value measurement

Fair value of loans and borrowings are calculated using a portfolio based approach, grouping them as far as possible into homogenous groups based on similar characteristics (such as tenor and rates of interest). Using the discounted cash flow approach, the values are then calculated for the portfolio considering all significant characteristics of the loans and borrowings.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

– Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

– Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

– Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024

Financial instruments measured at amortised cost

Particulars	Carrying Value	Fair value	Fair value Level 1	Level 2	Level 3
As at 31 March 2024					
Financial assets					
a) Cash and cash equivalent	**57,673.26**	**57,673.26**	**57,673.26**	**–**	**–**
b) Bank balances other than (a) above	**16,372.47**	**16,372.47**	**16,372.47**	**–**	**–**
c) Loans	**693,329.82**	**692,474.10**	**–**	**–**	**692,474.10**
d) Other financial assets	**1,808.88**	**1,808.88**	**–**	**1,808.88**	**–**
Total	**769,184.43**	**768,328.71**	**74,045.73**	**1,808.88**	**692,474.10**
Financial liabilities					
a) Trade Payables	**4,206.90**	**4,206.90**	**–**	**4,206.90**	**–**
b) Other Payable	**22.30**	**22.30**	**–**	**22.30**	**–**
c) Debt securities	**316,247.21**	**315,081.55**	**315,081.55**	**–**	**–**
d) Borrowings other than debt securities	**272,069.19**	**271,920.45**	**–**	**271,920.45**	**–**
e) Subordinated Liabilities	**46,078.58**	**46,214.65**	**46,214.65**		**–**
f) Other financial liabilities	**33,704.51**	**33,704.51**	**–**	**33,704.51**	**–**
Total	**672,328.69**	**671,150.36**	**361,296.20**	**309,854.16**	**–**
As at 31 March 2023					
Financial assets					
a) Cash and cash equivalent	31,631.99	31,494.46	31,494.46	–	–
b) Bank balances other than (a) above	88,702.87	88,702.87	88,702.87	–	–
c) Loans	684,524.55	684,355.15	–	–	684,355.15
d) Other financial assets	3,195.18	3,332.71	–	3,332.71	–
Total	808,054.59	807,885.19	120,197.33	3,332.71	684,355.15
Financial liabilities					
a) Trade payables	4,367.72	4,367.72	–	4,367.72	–
b) Other payable	22.28	22.28	–	22.28	–
c) Debt securities	316,771.91	314,654.45	314,654.45	–	–
d) Borrowings other than debt securities	319,162.66	318,550.07	–	318,550.07	–
e) Subordinated liabilities	46,049.24	46,130.90	46,130.90	–	–
f) Other financial liabilities	35,107.89	35,107.89	–	35,107.89	–
Total	721,481.70	718,833.31	360,785.35	358,047.96	–

There were no transfers between Level 1, Level 2 and Level 3 during the year.

Financial instruments regularly measured using fair value - recurring items

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

– Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

– Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

– Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets/ financial liabilities	Fair Value								
	Financial assets/ financial liabilities	Category	As at 31 March 2024	As at 31 March 2023	Fair value hierarchy	Valuation technique(s)	Key inputs	Significant unobservable input(s) for level 3 hierarchy	Relationship of unobservable inputs to fair value and sensitivity
Investment in Mutual Funds	Financial Assets	Financial instrument measured at FVTPL	**10,820.12**	22,088.07	Level 1	Quoted market price			
Investment in Government Securities	Financial Assets	Financial instrument measured at FVTOCI	**13,031.20**	12,006.99	Level 1	Quoted market price			

45 Disclosure as required under Guidelines on Resolution Framework for COVID-19-related Stress:

(i) In the year ending 31 March 2022 to relieve COVID-19 pandemic related stress, the Company had invoked resolution plans for eligible borrowers based on the parameters laid down in accordance with the resolution policy approved by the Board of Directors of the Company and in accordance with the guidelines issued by the RBI vide its circular no. RBI/2021-22/32 DOR.STR.REC.12/21.04.048/2021-22 on Resolution Framework – 2.0 : Resolution of Covid-19 related stress of Individuals and Small Businesses dated 5 May 2021. This is in continuation to the restructuring plan implemented for the customers as per the RBI circular no. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 on Resolution Framework for COVID-19-related Stress dated 6 August 2020.

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024

As at 31 March 2024

(i) Disclosure as per format prescribed under circular no.RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 for the year ended 31 March 2024 for the restructuring plans implemented as per RBI circular dated 6 August 2020.

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A)	Of (A), aggregate debt that slipped into NPA during the half-year *	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year **
Personal Loans	–	–	–	–	–
Corporate persons	–	–	–	–	–
Of which, MSMEs	–	–	–	–	–
Others - Housing Loan	**208.85**	**–**	**–**	**36.71**	**186.80**

* Represents amount outstanding as at the end of 30 September 2023

** Represents the closing balance of loan accounts as at 31 March 2024

(ii) Disclosure as per format prescribed under circular no. RBI/2021-22/32 DOR.STR.REC.12/21.04.048/2021-22 for the year ended 31 March 2024 for the restructuring plans implemented as per RBI circular dated 5 May 2021.

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A)	Of (A), aggregate debt that slipped into NPA during the half-year ***	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year ****
Personal Loans	–	–	–	–	–
Corporate persons	–	–	–	–	–
Of which, MSMEs	–	–	–	–	–
Others - Housing Loan	**96,781.56**	**8,627.55**	**–**	**28,608.03**	**74,185.36**

*** Represents amount outstanding as at the end of 30 September 2023

**** Represents the closing balance of loan accounts as at 31 March 2024

As at 31 March 2023

(i) Disclosure as per format prescribed under circular no.RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 for the year ended 31 March 2023 for the restructuring plans implemented as per RBI circular dated 6 August 2020.

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A)	Of (A), aggregate debt that slipped into NPA during the half-year *	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year **
Personal Loans	–	–	–	–	–
Corporate persons	–	–	–	–	–
Of which, MSMEs	–	–	–	–	–
Others - Housing Loan	264.52	–	–	49.11	231.14

* Represents amount outstanding as at the end of 30 September 2022

** Represents the closing balance of loan accounts as at 31 March 2023

(ii) Disclosure as per format prescribed under circular no. RBI/2021-22/32 DOR.STR.REC.12/21.04.048/2021-22 for the year ended 31 March 2023 for the restructuring plans implemented as per RBI circular dated 5 May 2021.

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A)	Of (A), aggregate debt that slipped into NPA during the half-year ***	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year ****
Personal Loans	–	–	–	–	–
Corporate persons	–	–	–	–	–
Of which, MSMEs	–	–	–	–	–
Others - Housing Loan	163,872.28	31,404.34	–	40,911.80	132,794.35

*** Represents amount outstanding as at the end of 30 September 2022

**** Represents the closing balance of loan accounts as at 31 March 2023

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024

46 Disclosure as required under RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 on Implementation of Indian Accounting Standards

i) A comparison between provisions required under extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) and impairment allowances made under Ind AS 109 for the year ended

31 March 2024

Asset Classification as per NHB 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	594,790.82	1,582.50	593,208.32	3,488.19	(1,905.69)
	Stage 2	19,572.26	1,659.63	17,912.63	538.61	1,121.02
Subtotal for standard		**614,363.08**	**3,242.13**	**611,120.95**	**4,026.80**	**(784.67)**
Non-Performing Assets (NPA)						
Substandard	Stage 1	516.40	4.44	511.96	74.04	(69.60)
	Stage 2	12,385.31	1,052.03	11,333.28	1,762.09	(710.06)
	Stage 3	9,103.16	3,379.96	5,723.20	1,523.12	1,856.84
Subtotal for Substandard		**22,004.87**	**4,436.43**	**17,568.44**	**3,359.25**	**1,077.18**
Doubtful - up to 1 year	Stage 1	653.25	5.68	647.57	159.30	(153.62)
	Stage 2	27,466.33	2,181.95	25,284.38	6,518.12	(4,336.17)
	Stage 3	38,914.18	10,032.24	28,881.94	7,878.15	2,154.09
Subtotal for doubtful up to 1 year		67,033.76	12,219.87	54,813.89	14,555.57	(2,335.70)
Doubtful - 1 to 3 years	Stage 1	20.60	0.14	20.46	8.13	(7.99)
	Stage 2	407.97	30.05	377.92	155.14	(125.09)
	Stage 3	16,222.90	6,797.69	9,425.21	4,540.73	2,256.96
Subtotal for doubtful up to 1 to 3 years		**16,651.47**	**6,827.88**	**9,823.59**	**4,704.00**	**2,123.88**
More than 3 years	Stage 1	0.26	–	0.26	0.26	(0.26)
	Stage 2	3.71	1.02	2.69	3.58	(2.56)
	Stage 3	674.94	674.94	–	330.69	344.25
Subtotal for Doubtful - More than 3 years		**678.91**	**675.96**	**2.95**	**334.53**	**341.43**
Subtotal for Doubtful		**84,364.14**	**19,723.71**	**64,640.43**	**19,594.10**	**129.61**
Loss	Stage 3	176.11	176.11	–	169.32	6.79
Subtotal for NPA		**106,545.12**	**24,336.25**	**82,208.87**	**23,122.67**	**1,213.58**
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	56,837.99	98.13	56,739.86	–	98.13
	Stage 2	62.90	3.83	59.07	–	3.83
	Stage 3	9.63	2.49	7.14	–	2.49
Subtotal		**56,910.52**	**104.45**	**56,806.07**	**–**	**104.45**
Total	Stage 1	652,819.32	1,690.89	651,128.43	3,729.92	(2,039.03)
	Stage 2	59,898.48	4,928.51	54,969.97	8,977.54	(4,049.03)
	Stage 3	65,100.92	21,063.43	44,037.49	14,442.01	6,621.42
Total (Including commitments)		**777,818.72**	**27,682.83**	**750,135.89**	**27,149.47**	**533.36**

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024

31 March 2023

Asset Classification as per NHB 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	534,683.02	5,201.00	529,482.02	5,572.33	(371.33)
	Stage 2	45,498.67	3,988.55	41,510.12	2,140.92	1,847.63
Subtotal for standard		**580,181.69**	**9,189.55**	**570,992.14**	**7,713.25**	**1,476.30**
Non-Performing Assets (NPA)						
Substandard	Stage 1	1,974.10	27.66	1,946.44	282.62	(254.96)
	Stage 2	62,161.68	5,434.98	56,726.70	8,814.60	(3,379.62)
	Stage 3	42,647.35	11,406.19	31,241.16	6,057.41	5,348.78
Subtotal for substandard		**106,783.13**	**16,868.83**	**89,914.30**	**15,154.63**	**1,714.20**
Doubtful - up to 1 year	Stage 1	9.17	0.14	9.03	2.22	(2.08)
	Stage 2	344.90	30.15	314.75	80.48	(50.33)
	Stage 3	12,060.83	3,216.15	8,844.68	2,566.57	649.58
Subtotal for doubtful up to 1 year		**12,414.90**	**3,246.44**	**9,168.46**	**2,649.27**	**597.17**
Doubtful - 1 to 3 years	Stage 1	2.56	0.04	2.52	0.97	(0.93)
	Stage 2	11.93	1.04	10.89	4.53	(3.49)
	Stage 3	19,630.57	5,581.18	14,049.39	5,284.05	297.13
Subtotal for doubtful up to 1 to 3 years		**19,645.06**	**5,582.26**	**14,062.80**	**5,289.55**	**292.71**
More than 3 years	Stage 3	757.93	371.08	386.85	351.85	19.23
Subtotal for Doubtful - More than 3 years		**757.93**	**371.08**	**386.85**	**351.85**	**19.23**
Subtotal for Doubtful		**32,817.89**	**9,199.78**	**23,618.11**	**8,290.67**	**909.11**
Loss	Stage 3	210.05	210.05	–	204.17	5.88
Subtotal for NPA		139,811.07	26,278.66	113,532.41	23,649.47	2,629.19
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	47,707.32	336.68	47,370.64	–	336.68
	Stage 2	7.44	0.65	6.79	–	0.65
	Stage 3	0.26	0.07	0.19	–	0.07
Subtotal		**47,715.02**	**337.40**	**47,377.62**	**–**	**337.40**
Total	Stage 1	584,376.17	5,565.52	578,810.65	5,858.14	(292.62)
	Stage 2	108,024.62	9,455.37	98,569.25	11,040.53	(1,585.16)
	Stage 3	75,306.99	20,784.72	54,522.27	14,464.05	6,320.67
Total (Including commitments)		**767,707.78**	**35,805.61**	**731,902.17**	**31,362.72**	**4,442.89**

Since the total impairment allowances under Ind AS 109 is higher than the total provisioning required under IRACP (including standard asset provisioning) as at 31 March 2024, no amount is required to be transferred to 'Impairment Reserve' for the financial year. The gross carrying amount of asset as per Ind AS 109 and Loss allowances (Provisions) thereon includes interest accrual on net carrying value of stage - 3 assets as permitted under Ind AS 109. While, the provisions required as per IRACP norms does not include any such interest as interest accrual on NPAs is not permitted under IRACP norms.

The balance in the 'Impairment Reserve' (as and when created) shall not be reckoned for regulatory capital. Further, no withdrawals shall be permitted from this reserve without prior permission from the Department of Supervision, RBI

ii) In terms of recommendations as per above referred notification, the Company has complied with Ind AS 109, Financial Instruments and the Board approved Expected Credit Loss (ECL) policy in the computation and measurement of impairment allowance. For the purpose of provisions as per IRACP norms the Company has adopted the definition used for regulatory purposes.

As at 31 March 2024 and 31 March 2023, there were no loan accounts that are past due beyond 90 days but not treated as impaired, i.e. all 90+ days ageing loan accounts have been classified as Stage-3 and no dispensation is considered in stage-3 classification.

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024

47 Disclosures pertaining to Fund raising by issuance of Debt Securities by Large Corporates as per SEBI notification no. SEBI/HO/DDHS/PoD1/P/CIR/2023/119 dated August 10, 2021

As per the definition given in above referred notification, the Company is a Large Corporate and hence is required to disclose the following information about its borrowings.

Annexure A

Initial Disclosure to be made by an entity identified as a Large Corporate

(To be submitted to the Stock Exchange(s) with in 30 days from the beginning of the FY)

SN	Particulars	Details
1	Name of the company	Mahindra Rural Housing Finance Limited
2	CIN	U65922MH2007PLC169791
3	Outstanding borrowing of company as on 31 March 2024	Rs. 6,34,394.98 Lakhs
4	Highest Credit Rating During the previous FY along with name of the Credit Rating Agency	a) Bank Borrowings – CRISIL AAA/ Stable/IND AA+/Stable b) NCD/Sub-Debt – CRISIL AAA/ Stable/IND AA+/ Stable, CARE AA+/ Stable, CRISIL PPMLD AAA/Stable', IND PPMLD AA+/ Stable' c) Short term external credit rating (Commercial Papers)- Crisil A1+, IND A1+
5	Name of Stock Exchange in which the fine shall be paid, incase of shortfall in the required borrowing under the framework	BSE Limited

Annexure B

1	Name of the company	Mahindra Rural Housing Finance Limited
2	CIN	U65922MH2007PLC169791
3	Report filed for FY	2022-23
4	Details of the current block	FY2022, FY2023 and FY2024

SN	Particulars	31 March 2024
(i)	3-year block period	FY2022, FY2023 and FY2024
(ii)	Incremental borrowing done (a)	183,127.05
(iii)	Mandatory borrowing to be done through issuance of debt securities (b) = (25% of a)	45,781.76
(iv)	Actual borrowings done through debt securities (c)	135,087.45
(v)	Shortfall in the borrowing through debt securities, if any, for FY carried forward to FY (d)	Not Applicable
(vi)	Quantum of (d), which has met from (c) (e)	NIL
(vii)	Shortfall, if any, in the mandatory borrowing through debt securities, for FY (f) = b- [(c) - (e)]	NIL

5 Details of penalty to be paid, if any, in resepect of previous block:

SN	Particulars	31 March 2024
(i)	3-year block period	FY2022, FY2023 and FY2024
(ii)	Amount of the fine to be paid for the block, if applicable. Fine = 0.2% ((d) - (e))	NIL

48 Compensation of key management personnel of the Company

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Company or its employees.

Name of the KMP	Nature of transactions	31 March 2024	31 March 2023
Mr. Shantanu Rege (Managing Director)			
(Appointed from 1 October 2022)	Gross Salary including perquisites	**175.05**	63.10
	Others - Contribution to Funds	**–**	–
	Stock Option	**–**	5.79
		175.05	68.89
Mr. Rajnish Agarwal (Managing Director)			
(Ceased to be the director with effect from 1 October 2022)	Gross Salary including perquisites	**28.95**	188.19
	Others - Contribution to Funds	**–**	2.71
	Stock Option	**–**	–
		28.95	190.90
Mr. Dinesh Prajapati (Chief Financial Officer)			
(Appointed from 1 March 2024)	Gross Salary including perquisites	**10.92**	–
	Others - Contribution to Funds	**0.39**	–
	Stock Option	**–**	–
		11.31	–
Mr. Dharmesh Vakharia (Chief Financial Officer)			
(Ceased to be the KMP from 29 February 2024)	Gross Salary including perquisites	**158.59**	149.94
	Others - Contribution to Funds	**8.45**	11.27
	Stock Option	**–**	7.85
		167.04	169.06
Mrs. Anjali Raina (Independent Director)			
(Ceased to be the director with effect from 22 December 2023)	Commission \ Remuneration	**6.00**	8.25
	Other benefits	**3.90**	5.80
		9.90	14.05
Mr. Jyotin Mehta (Independent Director)			
	Commission \ Remuneration	**8.25**	8.25
	Other benefits	**6.20**	6.20
		14.45	14.45

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024

Name of the KMP	Nature of transactions	31 March 2024	31 March 2023
Mr. Narendra Mairpady (Independent Director)			
	Commission \ Remuneration	**8.25**	8.25
	Other benefits	**5.20**	4.80
		13.45	13.05
Mrs. Smita Mankad (Independent Director) (Appointed with effect from 22 December 2023)	Commission \ Remuneration	**2.28**	–
	Other benefits	**2.30**	–
		4.58	–

49 Related party disclosures:

i) As per Ind AS 24 on 'Related party disclosures', the related parties of the Company are as follows:

a)	**Ultimate Holding Company**	Mahindra & Mahindra Limited
b)	**Holding Company**	Mahindra & Mahindra Financial Services Limited
c)	**Fellow Subsidiaries:** (entities with whom the Company has transactions)	Mahindra Insurance Brokers Limited NBS International Limited Mahindra Integrated Business Solutions Private Limited Mahindra Holidays and Resorts India Limited Mahindra First Choice Wheels Limited
d)	**Other Related Parties:**	Kanha & Company Naandi Community Water Services Private Limited Enqube Collaborations Private Limited
e)	**Joint Ventures/ Associates** (entities with whom the Company has transactions)	Mahindra Manulife Investment Management Private Limited Mahindra University Medwell Ventures Private Limited
f)	**Key Management Personnel:**	Mr. Shantanu Rege (Managing Director) (w.e.f. 01 October 2022) Mr. Rajnish Agarwal (Managing Director) (Ceased to be a director w.e.f. 01 October 2022) Mr. Dinesh Prajapati (Chief Financial Officer) (w.e.f. 01 March 2024) Mr. Dharmesh Vakharia (Chief Financial Officer) (Ceased to be a KMP w.e.f. 29 February 2024) Mrs. Anjali Raina (Independent Director) (Ceased to be a director w.e.f. 22 December 2023) Mr. Narendra Mairpady (Independent Director) Mr. Jyotin Mehta (Independent Director) Ms. Smita Mankad (Independent Director) (w.e.f. 22 December 2023)

ii) The nature and volume of transactions of the Company during the year with above related parties were as follows:

	Holding Company		Fellow Subsidiaries/ Other Related Parties		Joint Ventures/ Associates		Key Management Personnel	
Particulars	**Year ended 31 Mar 2024**	Year ended 31 Mar 2023	**Year ended 31 Mar 2024**	Year ended 31 Mar 2023	**Year ended 31 Mar 2024**	Year ended 31 Mar 2023	**Year ended 31 Mar 2024**	Year ended 31 Mar 2023
ESOP Income								
– Mahindra Insurance Brokers Limited	**–**	–	**0.30**	–	**–**	–	**–**	–
Interest expense								
– Mahindra & Mahindra Limited	**–**	–	**–**	–	**–**	–	**–**	–
– Mahindra Insurance Brokers Limited	**–**	–	**1,842.86**	1,575.38	**–**	–	**–**	–
– Mahindra Manulife Investment Management Private Limited	**–**	–	**–**	–	**410.49**	409.80	**–**	–
– Mahindra Holidays and Resorts India Limited	**–**	–	**603.44**	603.00	**–**	–	**–**	–
Other expenses								
– Mahindra & Mahindra Limited	**102.96**	137.77	**–**	–	**–**	–	**–**	–
– Mahindra & Mahindra Financial Services Limited	**459.71**	483.60	**–**	–	**–**	–	**–**	–
– NBS International Limited	**–**	–	**4.20**	5.77	**–**	–	**–**	–
– Mahindra Integrated Business Solutions Private Limited	**–**	–	**1,021.80**	1,122.28	**–**	–	**–**	–
– Mahindra Holidays and Resorts India Limited			**13.08**	–	**–**	–	**–**	–
– Medwell Ventures Private Limited	**–**	–	**–**	–	**–**	0.05	**–**	–
– Mahindra University	**–**	–	**–**	–	**–**	2.36	**–**	–
– Mahindra First Choice Wheels Ltd.	**–**	–	**26.09**	30.00	**–**	–	**–**	–
– Kanha & Co.	**–**	–	**227.74**	113.87	**–**	–	**–**	–
– Naandi Community Water Services Private Limited	**–**	–	**0.23**	–	**–**	–	**–**	–
– Enqube Collaborations Private Limited	**–**	–	**0.05**	–	**–**	–	**–**	–
ESOP Expenses								
– Mahindra & Mahindra Limited	**41.09**	1.91	**–**	–	**–**	–	**–**	–
– Mahindra & Mahindra Financial Services Limited	**6.64**	20.01	**–**	–	**–**	–	**–**	–

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024

Particulars	Holding Company		Fellow Subsidiaries/ Other Related Parties		Joint Ventures/ Associates		Key Management Personnel	
	Year ended 31 Mar 2024	Year ended 31 Mar 2023	**Year ended 31 Mar 2024**	Year ended 31 Mar 2023	**Year ended 31 Mar 2024**	Year ended 31 Mar 2023	**Year ended 31 Mar 2024**	Year ended 31 Mar 2023
Remuneration								
– Mr. Shantanu Rege	**–**	–	**–**	–	**–**	–	**175.05**	68.89
– Mr. Rajnish Agarwal	**–**	–	**–**	–	**–**	–	**28.95**	190.90
– Mr. Dinesh Prajapati							**11.31**	–
– Mr. Dharmesh Vakharia							**167.04**	169.06
– Mrs. Anjali Raina	**–**	–	**–**	–	**–**	–	**9.90**	14.05
– Mr. Narendra Mairpady	**–**	–	**–**	–	**–**	–	**13.45**	13.05
– Mr. Jyotin Mehta	**–**	–	**–**	–	**–**	–	**14.45**	14.45
– Mrs. Smita Mankad							**4.58**	–
Purchase of fixed assets								
– Mahindra & Mahindra Limited	**164.69**	375.08	**–**	–	**–**	–	**–**	–
– Mahindra & Mahindra Financial Services Limited	**42.89**	2.17	**–**	–	**–**	–	**–**	–
– NBS International Limited	**–**	–	**4.14**	14.28	**–**	–	**–**	–
Capital Advancce								
– Mahindra & Mahindra Limited	**–**	9.58	**–**	–	**–**	–	**–**	–
– Mahindra & Mahindra Financial Services Limited	**24.03**	–	**–**	–	**–**	–	**–**	–
Sale of fixed assets								
– Mahindra & Mahindra Financial Services Limited	**17.84**	–	**–**	–	**–**	–	**–**	–
– Mahindra Insurance Brokers Limited	**–**	–	**6.75**	–	**–**	–	**–**	–
Inter corporate deposits taken								
– Mahindra Insurance Brokers Limited	**–**	–	**16,500.00**	13,050.00	**–**	–	**–**	–
Inter corporate deposits repaid / matured								
– Mahindra Insurance Brokers Limited	**–**	**–**	**9,100.00**	16,575.00	**–**	**–**	**–**	**–**

iii) Balances as at the end of the year:

Particulars	Holding Company		Fellow Subsidiaries/ Other Related Parties		Joint Ventures/ Associates		Key Management Personnel	
	Year ended 31 Mar 2024	Year ended 31 Mar 2023	**Year ended 31 Mar 2024**	Year ended 31 Mar 2023	**Year ended 31 Mar 2024**	Year ended 31 Mar 2023	**Year ended 31 Mar 2024**	Year ended 31 Mar 2023
Balances as at the end of the year								
Subordinate debt held (including interest accrued but not due)								
– Mahindra Manulife Investment Management Private Limited	**–**	–	**–**	–	**4,857.57**	4,856.15	**–**	–
Receivables								
– Mahindra Insurance Brokers Limited	**–**	–	**0.08**	–	**–**	–	**–**	–
Payables								
– Mahindra & Mahindra Limited	**30.25**	16.39	**–**	–	**–**	–	**–**	–
– Mahindra & Mahindra Financial Services Limited	**81.85**	0.61	**–**	–	**–**	–	**–**	–
– Mahindra Integrated Business Solutions Private Limited	**–**	–	**67.38**	65.34	**–**	–	**–**	–
– NBS International Limited	**–**	–	**–**	0.29	**–**	–	**–**	–
– Mahindra First Choice Wheels Ltd.	**–**	–	**1.25**	1.74	**–**	–	**–**	–
– Mrs. Anjali Raina	**–**	–	**–**	–	**–**	–	**5.40**	7.43
– Mr. Narendra Mairpady	**–**	–	**–**	–	**–**	–	**7.43**	7.43
– Mr. Jyotin Mehta	**–**	–	**–**	–	**–**	–	**7.43**	7.43
– Ms. Smita Mankad	**–**	–	**–**	–	**–**	–	**2.05**	–
Inter corporate deposits outstanding (including interest accrued but not due)								
– Mahindra & Mahindra Limited	**–**	–	**–**	–	–	–	**–**	–
– Mahindra Insurance Brokers Limited	**–**	–	**30,675.29**	22,793.35	**–**	–	**–**	–
– Mahindra Holidays and Resorts India Limited	**–**	–	**9,398.87**	9,396.99	**–**	–	**–**	–

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024

50 Balance Sheet Disclosures as required under Master Direction Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021

'These disclosures are made pursuant to Reserve Bank of India Master Direction DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021 (as amended), to the extent applicable to the Company and outlining the regulatory guidance in relation to Ind AS financial statements. This includes guidance for computation of 'owned funds', 'net owned funds' and 'regulatory capital'. Accordingly, Capital to Risk (weighted) Assets Ratio (CRAR) and other disclosures have been computed in accordance with these requirements read with the requirements of the Indian Accounting Standards prescribed under Sec 133 of The Companies Act, 2013.

Summary of Significant Accounting Policies

The material accounting policy regarding key areas of operations are disclosed as note 2 to the financial statement for the year ended 31 March 2024.

I Capital

Particulars		31 March 2024	31 March 2023
(i)	CRAR (%)	**40.35%**	45.12%
(ii)	CRAR - Tier I Capital (%)	**32.99%**	34.95%
(iii)	CRAR - Tier II Capital (%)	**7.35%**	10.17%
(iv)	Amount of subordinated debt raised as Tier - II Capital	**28,980**	35,220
(v)	Amount raised by issue of Perpetual Debt Instruments	**Nil**	Nil

II Investments

The investments outstanding details are as under :

Particulars			31 March 2024	31 March 2023
1	**Value of Investments**			
(i)	Gross value of Investments*			
	(a)	In India	**23,851.32**	34,095.06
	(b)	Outside India	**–**	–
(ii)	Provisions for Depreciation			
	(a)	In India	**–**	–
	(b)	Outside India	**–**	–
(iii)	Net value of Investments			
	(a)	In India	**23,851.32**	34,095.06
	(b)	Outside India	**–**	–
2	**Movement of provisions held towards depreciation on investments**			
(i)	Opening balance		**–**	–
(ii)	Add: Provisions made		**–**	–
(iii)	Less: Write-off/Written-back of excess provisions during the year		**–**	–
(iv)	Closing balance		**–**	–

* Value of investments represent fair value of investment

III Derivatives

The Company has not entered into any derivatives during the current year or previous year.

a) Forward Rate Agreement (FRA)/Interest Rate Swap (IRS)

Particulars		31 March 2024	31 March 2023
(i)	The notional principal of swap agreements	**Not Applicable**	Not Applicable
(ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements		
(iii)	Collateral required by the HFC upon entering into swaps		
(iv)	Concentration of credit risk arising from the swaps		
(v)	The fair value of the swap book		

b) Exchange Traded Interest Rate (IR) Derivative

Particulars		31 March 2024	31 March 2023
(i)	The notional principal amount of exchange traded IR derivatives undertaken during the year (instrument wise)	**Not Applicable**	Not Applicable
	(a)		
	(b)		
	(c)		
(ii)	The notional principal amount of exchange traded IR derivatives outstanding as on 31st March 2021 (instrument wise)		
	(a)		
	(b)		
	(c)		
(iii)	The notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument wise)		
	(a)		
	(b)		
	(c)		
(iv)	Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument wise)		
	(a)		
	(b)		
	(c)		

c) Disclosures on Risk Exposure in Derivatives

A Qualitative Disclosure:

The Company does not trade in derivatives and hence, this disclosure is not applicable.

B Quantitative Disclosure

Particulars			Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)		**Not Applicable**	Not Applicable
(ii)	Marked to Market Positions			
	(a)	Assets (+)		
	(b)	Liability (-)		
(iii)	Credit Exposure			
(iv)	Unhedged Exposures			

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024

IV Assets Liability Management

31 March 2024

Particulars	1 day to 7 days	8 days 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 years & up to 5 years	Over 5 years	Total
Liabilities											
Deposits	–	–	–	–	–	–	–	–	–	–	–
Borrowing from bank	–	–	**4,708.20**	**1,043.98**	**10,625.67**	**25,435.57**	**21,149.00**	**116,722.90**	**52,309.21**	–	**231,994.53**
Market borrowing	–	–	**1,799.66**	**26,244.89**	**39,980.78**	**26,272.64**	**34,802.64**	**196,878.00**	**40,467.96**	**35,953.88**	**402,400.45**
Foreign currency liabilities	–	–	–	–	–	–	–	–	–	–	–
Assets											
Advances	**5,186.52**	**4,684.59**	**6,859.58**	**11,113.96**	**13,250.48**	**28,505.98**	**77,875.98**	**164,368.76**	**89,499.25**	**291,984.72**	**693,329.82**
Investments	**15,871.36**	–	–	–	–	–	**7,979.96**	–	–	–	**23,851.32**
Foreign currency assets	–	–	–	–	–	–	–	–	–	–	–

31 March 2023

Particulars	1 day to 7 days	8 days 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 years & up to 5 years	Over 5 years	Total
Liabilities											
Deposits	–	–	–	–	–	–	–	–	–	–	–
Borrowing from bank	–	–	8,775.00	2,873.55	11,355.75	23,755.26	46,388.68	108,954.89	84,098.81	1,785.71	287,987.65
Market borrowing	–	–	–	44,862.89	15,981.40	79,768.87	22,553.73	166,255.28	21,650.13	42,923.85	393,996.15
Foreign currency liabilities	–	–	–	–	–	–	–	–	–	–	–
Assets											
Advances	4,687.27	5,094.86	10,597.31	15,710.71	19,210.74	43,916.79	77,245.23	198,953.27	99,955.88	209,152.49	684,524.55
Investments	22,088.07	–	–	4,002.69	–	–	8,004.30	–	–	–	34,095.06
Foreign currency assets	–	–	–	–	–	–	–	–	–	–	–

V Exposure

a) Exposure to real estate sector

Category			31 March 2024	31 March 2023
a)	Direct exposure			
	(i)	Residential Mortgages -		
		Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	**720,417.36**	719,685.32
		Of the above Individual housing loan upto Rs.15 lakh	**495,504.93**	601,644.44
	(ii)	Commercial Real Estate -		
		Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose 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 (NFB) limits	**395.51**	208.64
	(iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
		a) Residential	**Nil**	Nil
		b) Commercial Real Estate	**Nil**	Nil

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024

Category		31 March 2024	31 March 2023
b)	Indirect Exposure		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	**Nil**	Nil

b) The Company does not have any exposure towards capital market.

Particulars		31 March 2024	31 March 2023
(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	**Not Applicable**	Not Applicable
(ii)	advances against shares/bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures and units of equityoriented mutual funds;	**Not Applicable**	Not Applicable
(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	**Not Applicable**	Not Applicable
(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/ convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances;	**Not Applicable**	Not Applicable
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	**Not Applicable**	Not Applicable
(vi)	loans sanctioned to corporates against the security of shares/ bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	**Not Applicable**	Not Applicable
(vii)	bridge loans to companies against expected equity flows/issues;	**Not Applicable**	Not Applicable
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	**Not Applicable**	Not Applicable
	Total exposure to capital market	**Not Applicable**	Not Applicable

c) The Company has not financed any parent Company products and accordingly no disclosure is made.

d) The Company has not exceeded the prudential exposure limits w.r.t. Single Borrower Limit (SBL)/Group Borrower Limit (GBL) and accordingly no disclosure is made.

e) The Company has not given any unsecured advances against collateral of rights, licenses, authorisations, etc. and accordingly no disclosure is made.

f) Exposure to group companies engaged in real estate business.

SN	Particulars	31 March 2024	% of NOF	31 March 2023	% of NOF
(i)	Exposure to any single entity in a group engaged in real estate business*	**653.86**	**0.48%**	192.38	0.14%
(ii)	Exposure to all entities in a group engaged in real estate business*	**653.86**	**0.48%**	192.38	0.14%

* This exposure is towards the retail individual home buyers.

VI Miscellaneous

a) The Company has not obtained registration from any Financial sector regulator other than National Housing Bank.

b) No penalty has been imposed on the Company by National Housing Bank/ Reserve Bank of India or any other regulator.

c) Related Party Policy :

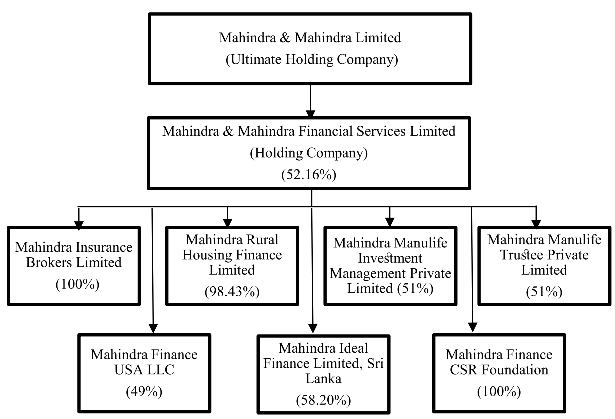
All contracts / arrangements/transactions entered into by the Company during the current year with related parties were in the ordinary course of business and on an arm's length basis (refer note 49).

Pursuant to section 134(3)(h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no transactions to be reported under Section 188(1) of the Companies Act, 2013. Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC 2 is not applicable.

The policy on related party transactions is approved by the Audit Committee and the Board Of Directors of the Company and is available on the website of the Company.

d) Group Structure

Below is the diagramatic representation of group structure as of 31 March 2024:



e) Rating assigned by Credit Rating Agencies and migration of rating during the year.

During the year under consideration, CRISIL Ratings Limited has re-affirmed Company's rating to 'CRISIL AAA/Stable' outlook to the Company's Bank facilities, Non-Convertible Debentures and Subordinated Debt and re-affirmed 'CRISIL A1+' rating to the Company's Commercial Paper.

During the year under consideration, CRISIL Ratings Limited has re-affirmed 'CRISIL PPMLD AAA/Stable' outlook to the Company's Long-Term Principal Protected Market Linked Debentures (MLDs).

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024

India Ratings & Research Private Limited has re-affirmed the rating to the Company's Bank facilities, Non-Convertible Debentures and Subordinated Debt as 'IND AA+/stable' outlook, and 'IND A1+' rating to the Commercial Paper.

During the year under consideration, India Ratings & Research Private Limited has re-affirmed 'IND PPMLD AA+/Stable' outlook to the Company's Principal Protected Market Linked Debentures (MLDs)

CARE Ratings Limited (Formerly known as 'Credit Analysis & Research Limited') has upgraded the rating to the Company's Non-Convertible Debentures and Subordinated Debt as 'CARE AA+/ stable' outlook to 'CARE AAA/Stable'

f) Remuneration of Independent Directors

Particulars of Remuneration	Names of Directors				
Independent Directors	Mr. Jyotin Mehta	Mrs. Anjali Raina	Mr. Narendra Mairpady	Mrs. Smita Mankad	Total
Fee for attending board/committee meetings	6.20	3.90	5.20	2.30	**17.60**
	(6.20)	(5.80)	(4.80)	–	**(16.80)**
Remuneration/ Commission	8.25	6.00	8.25	2.28	**24.78**
	(8.25)	(8.25)	(8.25)	–	**(24.75)**
Total	**14.45**	**9.90**	**13.45**	**4.58**	**42.38**
	(14.45)	(14.05)	(13.05)	–	**(41.55)**

Notes: Figures in bracket represent corresponding figures of previous year.

g) Net profit or loss for the period, prior period items and change in accounting policies

There are no such material items which require disclosures in the notes to accounts in terms of the relevant accounting standards.

VII During the year there were no circumstances in which revenue recognition has been postponed pending the resolution of significant uncertainties.

VIII Other Disclosures

a) Provisions and Contingencies

Breakup of "Provisions & Contingencies" shown under the head Expenditure in Statement of Profit and Loss	31 March 2024	31 March 2023
1. Provisions for depreciation on Investment	–	–
2. Provision towards non performing assets (Stage 3 assets)	**276.29**	(2,929.87)
3. Provision made towards Income Tax	**–**	–
4. Other Provision and Contingencies	**(232.95)**	(12.09)
5. Provision for Standard Assets (Stage 1 and Stage 2 assets)	**(8,166.12)**	(19,062.87)

The Company has complied with Ind AS 109, Financial Instruments and the Board approved Expected Credit Loss (ECL) policy in the computation and measurement of impairment allowance. In the disclosures required under RBI/NHB, the references of amounts to Non Performing Assets refers to Stage 3 amounts as per Ind AS 109.

Breakup of Loan & Advances and Provisions thereon	Housing		Non Housing	
	31 March 2024	31 March 2023	**31 March 2024**	31 March 2023
Standard Assets				
a) Total Outstanding Amount	**571,678.24**	601,924.56	**84,138.67**	42,761.47
b) Provisions made	**6,018.47**	13,952.37	**498.97**	731.20
Sub-Standard Assets				
a) Total Outstanding Amount	**8,767.88**	41,143.51	**335.28**	1,503.84
b) Provisions made	**3,267.24**	11,017.57	**112.72**	388.63
Doubtful Assets - Category – I				
a) Total Outstanding Amount	**37,660.21**	11,549.86	**1,253.97**	510.96
b) Provisions made	**9,696.90**	3,083.75	**335.34**	132.40
Doubtful Assets - Category – II				
a) Total Outstanding Amount	**15,631.86**	18,963.78	**591.04**	666.79
b) Provisions made	**6,522.51**	5,382.67	**275.18**	198.50
Doubtful Assets - Category – III				
a) Total Outstanding Amount	**646.76**	725.86	**28.18**	32.07
b) Provisions made	**646.76**	350.01	**28.18**	21.07
Loss Assets				
a) Total Outstanding Amount	**165.70**	198.28	**10.41**	11.76
b) Provisions made	**165.70**	198.28	**10.41**	11.76
a) Total Outstanding Amount	**634,550.65**	674,505.85	**86,357.55**	45,486.89
b) Provisions made	**26,317.58**	33,984.65	**1,260.80**	1,483.56

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024

Insurance / fees component of Housing Loans has been classified under Non Housing Loans amounting to Rs. 25214.63 Lakhs as of 31 March 2024, Rs. 25,461.07 Lakhs as of 31 March 2023.

b) Draw Down from Reserves

The Company has not withdrawn any amount from any reserve in the current year or in the previous year.

c) Concentration of Public Deposits, Advances, Exposures and NPAs

i) Concentration of Public Deposits (for Public Deposit taking/ holding HFCs)

Particulars	31 March 2024	31 March 2023
Total deposits of twenty largest depositors	Not Applicable	Not Applicable
Percentage of deposits of twenty largest depositors to total deposits of the deposit taking HFC		

ii) Concentration of Loans & Advances

Particulars	31 March 2024	31 March 2023
Total loans & advances to twenty largest borrowers	**1,472.71**	1,098.20
Percentage of loans & advances to twenty largest borrowers to total advances of the HFC	**0.20%**	0.15%

iii) Concentration of all exposure (including off-balance sheet exposure)

Particulars	31 March 2024	31 March 2023
Total exposure to twenty largest borrowers/customers	**1,552.27**	1,171.24
Percentage of exposure to twenty largest borrowers/customers to total exposure of the HFC on borrowers/customers	**0.20%**	0.15%

iv) Concentration of NPAs

Particulars	31 March 2024	31 March 2023
Total exposure to top ten NPA accounts	**325.01**	317.33

v) Sector – wise NPAs

Sl. No.		Sector	Percentage of NPAs to Total Advances in that sector
A.	**Housing loans:**		
	1	Individuals	9.91%
	2	Builders/Project loans	Nil
	3	Corporates	Nil
	4	Others (specify)	Nil
B.	**Non-housing loans:**		
	1	Individuals	2.57%
	2	Builders/Project loans	Nil
	3	Corporates	Nil
	4	Others (specify)	Nil

d) i) Movement of NPAs

	Particulars	31 March 2024	31 March 2023
(I)	**Net NPAs to Net Advances (%)**	**6.29%**	7.80%
(II)	**Movement of NPAs (Gross)**		
a)	**Opening balance**	**75,306.73**	86,102.74
b)	Additions during the year	**40,242.88**	82,025.09
c)	Reductions during the year	**(50,458.32)**	(92,821.10)
d)	**Closing balance**	**65,091.29**	75,306.73
(III)	**Movement of Net NPAs**		
a)	**Opening balance**	**54,522.08**	62,388.23
b)	Additions during the year	**21,953.65**	44,830.57
c)	Reductions during the year	**(32,445.38)**	(52,696.72)
d)	**Closing balance**	**44,030.35**	54,522.08
(IV)	**Movement of provisions for NPAs (excluding provisions on standard assets)**		
a)	**Opening balance**	**20,784.65**	23,714.52
b)	Provisions made during the year	**18,289.23**	37,194.52
c)	Write-off of short provision/ write-back of excess provisions	**(18,012.94)**	(40,124.39)
d)	**Closing balance**	**21,060.94**	20,784.65

ii) Movement of standard assets provision

	Particulars	31 March 2024	31 March 2023
a)	Opening balance	**14,683.57**	33,746.44
b)	Provisions made during the year	**(8,166.13)**	(19,062.87)
c)	Closing balance	**6,517.44**	14,683.57

e) Overseas Assets

The Company does not own any overseas asset and the area of operations is only India. The Company does not have any joint venture partners or overseas subsidiaries

Particulars	31 March 2024	31 March 2023
No overseas assets	**Not Applicable**	Not Applicable

f) Off-balance Sheet SPVs sponsored

Name of the SPV sponsored	
Domestic	Overseas
Not Applicable	Not Applicable

IX Disclosure of customers complaints

	Particulars	31 March 2024	31 March 2023
a)	No. of complaints pending at the beginning of the year	**87**	53
b)	No. of complaints received during the year	**4454**	2478
c)	No. of complaints redressed during the year	**4498**	2444
d)	No. of complaints pending at the end of the year	**43**	87

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024

X Movement of Statutory Reserve

(As per Section 29C of the National Housing Bank Act, 1987)

Particulars	31 March 2024	31 March 2023
Balance at the beginning of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	**235.00**	210.00
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	**31,574.93**	31,124.93
Total	**31,809.93**	31,334.93
Addition/Appropriation/Withdrawal during the year		
Add:		
a) Amount Transferred u/s 29C of the NHB Act, 1987"	**5.00**	25.00
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	**75.00**	450.00
Less:		
a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act 1987	**–**	–
b) Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 which has been taken into account for the purposes of provision u/s 29C of the NHB Act, 1987	**–**	–
Balance at the end of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	**240.00**	235.00
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	**31,649.93**	31,574.93
Total	**31,889.93**	31,809.93

XI As required under Guidelines on Liquidity Risk Management Framework for NBFCs issued by RBI vide notification no. RBI/2019-20/88 DOR.NBFC (PD) CC. No. 102/03.10.001/2019-20 dated 4 November 2019 and Master Direction - Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021 dated 17 February 2021

Public disclosure on liquidity risk

Funding Concentration based on significant counterparty (both deposits and borrowings)

Sr. No.	Type of instrument	Number of Significant Counter parties	Amount (Rs. In Lakhs)	% of Total deposits	% of Total Liabilities
1	Deposits	Nil	Nil	Nil	Nil
2	Borrowings	16	545,036.26	NA	80.83%

Top 20 large deposits (amount in Rs. lakhs and % of total deposits)

Sr. No.	Description	Amount (Rs. in Lakhs)	% of Total Deposits
1	NA	Nil	Nil

Top 10 borrowings (amount in Rs. lakhs and % of total borrowings)

Sr. No.	Description	Amount (Rs. in Lakhs)	% of Total Borrowings
1	Total for top 10 borrowings	492,020.50	77.56%

Funding concentration based on significant instrument/product

Sr. No.	Name of the instrument /product	Amount (Rs. in Lakhs)	% of Total Liabilities
1	Bank borrowings	231,996.99	34.41%
2	Non-convertible debentures	298,047.50	44.20%
3	Inter corporate deposits	40,075.00	5.94%
4	Sub debt	46,200.00	6.85%
5	Commercial Papers	20,000.00	2.97%
		636,319.49	94.37%
Funding concentration pertaining to insignificant instruments/products		–	0.00%
Total borrowings under all instruments/ products		**636,319.49**	**94.37%**

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024

Stock Ratios:

Sr. No.	Name of instrument/ product	Amount (Rs. in Lakhs)	% of Total Public funds	% of Total Liabilities	% of Total deposits
1	Commercial papers (CPs)	20,000.00	3.15%	2.97%	2.43%
2	NCDs with original maturity of less than one year	Nil	Nil	Nil	Nil
3	Other short-term liabilities	24,000.00	3.78%	3.56%	2.92%

Institutional set-up for liquidity risk management

The ultimate responsibility for liquidity risk management rests with the Board of directors, which has established Asset and Liability Committee (ALCO), Asset and Liability Management Commitee (ALMCO) for the management of the Company's short, medium and long-term funding and liquidity management requirements. The ALCO and ALMCO meets regularly to review the liquidity position based on future cash flows. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities. The Company also maintains adequate liquid assets, banking facilities and reserve borrowing facilities to hedge against unexpected requirements.

In order to achieve above, the Company also has an Investment Policy to ensure that safety, liquidity and return on the surplus funds are given appropriate weightages and are placed in that order of priority. Investments are as per the operational parameters and framework within the limits as may be set by the Board for investment. The Board approves revising the limit as and when required. The policy is also reviewed periodically in the background of developments in the money markets and the on the external factors proactively to reduce the risk in the investments. A well-defined front and back office mechanism is in place to ensure a system of checks and balances

Definition of terms as used in the table above:

a) **Significant counterparty**

A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC's total liabilities.

b) **Significant instrument/product:**

A "Significant instrument/product" is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the NBFC's total liabilities.

c) **Total liabilities:**

Total liabilities include all external liabilities (other than equity).

d) **Public funds:**

Public funds" includes funds raised either directly or indirectly through public deposits, inter-corporate deposits, bank finance and all funds received from outside sources such as funds raised by issue of commercial papers, debentures etc. but excludes funds raised by issue of instruments compulsorily convertible into equity shares within a period not exceeding 5 years from the date of issue.

It includes total borrowings outstanding under all types of instruments/products.

e) **Other short-term liabilities:**

All short-term borrowings other than CPs and NCDs with original maturity less than 12 months.

XII Liquidity Coverage Ratio (LCR)

S. No.	Particulars	Quarter ended 31 March 2024		Quarter ended 31 December 2023##		Quarter ended 30 September 2023##		Quarter ended 30 June 2023##	
		Total Un-Weighted Value (Average)*	Total Weighted Value (Average)#	Total Un-Weighted Value (Average)*	Total Weighted Value (Average)#	Total Un-Weighted Value (Average)*	Total Weighted Value (Average)#	Total Un-Weighted Value (Average)*	Total Weighted Value (Average)#
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLA)	**131.46**	**131.46**	87.67	87.67	169.20	169.20	146.20	146.20
Cash Outflows									
2	Deposits (for deposit taking companies)	**–**	**–**	–	–	–	–	–	–
3	Unsecured wholesale funding	**90.42**	**103.98**	25.29	29.09	146.98	169.03	185.42	213.24
4	Secured wholesale funding	**106.99**	**123.03**	72.82	83.75	215.57	247.91	191.81	220.58
5	Additional requirements, of which								
(i)	*Outflows related to derivative exposures and other collateral requirements*								
(ii)	*Outflows related to loss of funding on debt products*								
(iii)	*Credit and liquidity facilities*								
6	Other contractual funding obligations	**83.95**	**96.54**	88.36	101.61	103.72	119.28	109.43	125.84
7	Other contingent funding obligations	**226.54**	**260.52**	232.84	267.76	206.95	237.99	226.75	260.76
8	TOTAL CASH OUTFLOWS	**507.89**	**584.07**	419.31	482.21	673.22	774.21	713.41	820.42

Notes to the Financial Statements for the year ended 31 March 2024

S. No.	Particulars	Quarter ended 31 March 2024		Quarter ended 31 December 2023##		Quarter ended 30 September 2023##		Quarter ended 30 June 2023##	
		Total Un-Weighted	Total Weighted	Total Un-Weighted	Total Weighted	Total Un-Weighted	Total Weighted	Total Un-Weighted	Total Weighted
Cash Inflows									
9	Secured lending	–	–	–	–	–	–	–	–
10	Inflows from fully performing exposures (Secured)	**239.11**	**179.33**	240.00	180.00	235.12	176.34	220.11	165.09
11	Other cash inflows	**1,054.41**	**790.81**	965.01	723.76	1,244.76	933.57	1,541.55	1,156.16
12	**TOTAL CASH INFLOWS**	**1,293.52**	**970.14**	1,205.01	903.76	1,479.88	1,109.91	1,761.66	1,321.25
13	**TOTAL HQLA**		**131.46**		**87.67**		**169.20**		146.20
14	**TOTAL NET CASH OUTFLOWS**		**146.02**		**120.55**		**193.55**		205.10
15	**LIQUIDITY COVERAGE RATIO (%)**		**90%**		**73%**		**87%**		71%

Notes:

1) Prior to introduction of LCR framework, the company used to maintain a substantial share of its liquidity in form of fixed deposits with banks and investment in debt mutual funds. Post the introduction of LCR framework, the Company has consciously worked towards increasing its investment in High Quality Liquid Assets (HQLA) as per the RBI guidelines in order to meet the LCR requirement.

2) Components of High Quality Liquid Assets (HQLA)

Particulars	Quarter ended 31 March 2024		Quarter ended 31 December 2023##		Quarter ended 30 September 2023##		Quarter ended 30 June 2023##	
	Total Un-Weighted Value (Average)*	Total Weighted Value (Average)#	Total Un-Weighted Value (Average)*	Total Weighted Value (Average)#	Total Un-Weighted Value (Average)*	Total Weighted Value (Average)#	Total Un-Weighted Value (Average)*	Total Weighted Value (Average)#
Assets to be included as HQLA:								
– Government Securities	**126.47**	**126.47**	82.58	82.58	169.03	169.03	145.98	145.98
– Cash Balance	**4.99**	**4.99**	5.09	5.09	0.17	0.17	0.22	0.22
Total	**131.46**	**131.46**	87.67	87.67	169.20	169.20	146.20	146.20

* Unweighted values calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).

Weighted values calculated after the application of respective haircuts (for HQLA) and stress factors on inflow and outflow.

The figures pertaining to December 31, 2023, September 30, 2023 & June 30, 2023 are unaudited and are as represented by the management.

Qualitative information:

The Company has implemented the guidelines on Liquidity Risk Management Framework prescribed by the Reserve Bank of India requiring maintenance of Liquidity Coverage Ratio (LCR), which aim to ensure that an NBFC maintains an adequate level of unencumbered HQLAs that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario.

LCR = Stock of High-Quality Liquid Assets (HQLAs)/Total Net Cash Outflows over the next 30 calendar days

HQLAs comprise of Cash*, Investment in Central and State Government Securities, and highly-rated Corporate Bonds and Commercial papers, including those of Public Sector Enterprises, as adjusted after assigning the haircuts as prescribed by RBI.

* Cash would mean cash on hand and demand deposits with Scheduled Commercial Banks.

Total net cash outflows are arrived after taking into consideration total expected cash outflows minus total expected cash inflows for the subsequent 30 calendar days. As prescribed by RBI, total net cash outflows over the next 30 days = Stressed Outflows - [Min (stressed inflows; 75% of stressed outflows)]. Total expected cash outflows (stressed outflows) are calculated by multiplying the outstanding balances of various categories or types of liabilities and off balance sheet commitments by 115% (15% being the rate at which they are expected to run off further or be drawn down). Total expected cash inflows (stressed inflows) are calculated by multiplying the outstanding balances of various categories of contractual receivables by 75% (25% being the rate at which they are expected to under-flow).

The Liquidity Risk Management framework of the Company is governed by its Liquidity Risk Management Policy and Procedures approved by the Board. The Asset Liability Committee of the Board (ALCO) and Asset Liability Management Committee (ALMCO) oversee the implementation of liquidity risk management strategy of the Company and ensure adherence to the regulatory norms.

The average LCR is computed at as simple averages of daily observations over the previous quarter.

The Company has implemented the LCR framework and has maintained LCR well above the regulatory threshold. The average LCR for the quarter ended March 31, 2024 was 90% and for the quarter ended December 31, 2023 is 73% which is above the regulatory requirement of 60% and for the quarter ended September 30, 2023 average LCR was stood at 87%, For the quarter ended June 30, 2023 average LCR was stood at 71%, which is above the regulatory requirement of 50%.

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024

XIII Schedule to the Balance Sheet of the Company

In compliance with Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Direction, 2021

Particulars Liabilities side			Amount outstanding	Amount overdue
(1)	**Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid:**			
	(a)	Debentures : Secured	**154,576.86**	–
		: Unsecured	**155,606.79**	–
		(other than falling within the meaning of public deposits*)		
	(b)	Deferred credits	–	
	(c)	Term loans	**232,391.56**	–
	(d)	Inter-corporate loans and borrowing	**41,673.65**	–
	(e)	Commercial paper	**18,602.64**	–
	(f)	Public deposits*	**–**	–
	(g)	Other loans (Subordinate debt)	**48,330.46**	–
(2)	**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):**			
	(a)	In the form of Unsecured debentures	**–**	–
	(b)	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	**–**	–
	(c)	Other public deposits	**–**	–
Assets side			**Amount outstanding (net of provisions)**	
(3)	**Break-up of loans and advances including bills receivables [other than those included in (4) below]:**			
	(a)	Secured	**693,234.49**	
	(b)	Unsecured	**95.33**	
(4)	**Break up of leased assets and stock on hire and other assets counting towards asset financing activities**			
	(i)	Lease assets including lease rentals under sundry debtors		
		(a) Financial lease	**NA**	
		(b) Operating lease	**NA**	
	(ii)	Stock on hire including hire charges under sundry debtors		
		(a) Assets on hire	**NA**	
		(b) Repossessed assets	**NA**	
	(iii)	Other loans counting towards asset financing activities		
		(a) Loans where assets have been repossessed	**NA**	
		(b) Loans other than (a) above	**NA**	
(5)	**Break-up of Investments**			
	Current investments			
	1	**Quoted**		
		(i) Shares		
		(a) Equity	**–**	**–**
		(b) Preference	**–**	**–**
		(ii) Debentures and bonds	**–**	**–**
		(iii) Units of mutual funds	**10,820.12**	**–**
		(iv) Government securities	**13,031.20**	**–**
		(v) Others	**–**	**–**
	2	**Unquoted**		
		(i) Shares		
		(a) Equity	**–**	**–**
		(b) Preference	**–**	**–**
		(ii) Debentures and bonds	**–**	**–**
		(iii) Units of mutual funds	**–**	**–**
		(iv) Government securities	**–**	**–**
		(v) Others	**–**	**–**
	Long term investments			
	1	**Quoted**		
		(i) Shares		
		(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 (please specify)	**–**	**–**

(6) Borrower group-wise classification of assets financed as in (3) and (4) above:

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**	**693,234.49**	**95.33**	**693,329.82**

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :

(Rs. in Lakhs)

Category			Market Value/Break up or fair	Book Value (Net of Provisions)
	1	Related Parties **		
		(a) Subsidiaries	–	–
		(b) Companies in the same group	–	–
		(c) Other related parties	–	–
	2	Other than related parties	23,851.32	23,851.32

(8) Other information

(Rs. in Lakhs)

Particulars			Amount
	(i)	Gross non-performing assets	
		(a) Related parties	–
		(b) Other than related parties	65,091.29
	(ii)	Net non-performing assets	
		(a) Related parties	–
		(b) Other than related parties	44,030.35
	(iii)	Assets acquired in satisfaction of debt	–

* As defined in Paragraph 4.1.30 of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021

** All notified Accounting Standards 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.

XIV The Company has not granted any loans or advances against collateral of gold jewellery.

XV Principal Business Criteria for HFCs

Housing finance Company" shall mean a Company incorporated under the Companies Act, 2013 that fulfils the following conditions:

a) It is an NBFC whose financial assets, in the business of providing finance for housing, constitute at least 60% of its total assets (netted off by intangible assets).

b) Out of the total assets (netted off by intangible assets), not less than 50% should be by way of housing financing for individuals.
RBI vide its circular number RBI/2020-21/60/DOR.NBFC (HFC) CC.NO 118/03.10.136/2020-21 dated October 22,2020 defined the principal business criteria for HFCs. The Company meets the aforesaid principal business criteria for HFCs.

Particulars	31 March 2024	31 March 2023
Total Assets	823,090.69	871,776.51
Less: Intangible assets	(11,483.28)	(11,052.37)
Net total Assets	811,607.41	860,724.14
Housing Finance	608,233.07	640,538.80
Individual Housing Finance	608,233.07	640,538.80
Percentage of housing finance to total assets (netted off intangible assets)	74.94%	74.42%
Percentage of individual housing finance to total assets (netted off intangible assets)	74.94%	74.42%

XVI As per the disclosure prescribed under RBI Notification RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 - Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions 2021 dated 24 September 2021, details of loans not in default acquired through assignment.

Particulars	31 March 2024	31 March 2023
Count of loan accounts acquired	880.00	700.00
Amount of loan accounts acquired (Rs. in lakhs)	8,281.69	6,253.05
Retention of beneficial economic interest (MRR) (Rs. in lakhs)	920.19	694.78
Weighted average maturity (Residual Maturity) (Months)	206.92	233.97
Weighted average holding period (Months)	14.94	14.44
Coverage tangible security coverage (LTV)	54%	51%
Rating-wise distribution of rated loans	Unrated	Unrated

XVII Disclosure on loans and advances, etc., if any, taken by the Directors and SMPs from the Company under scale-based Regulations issued by the Reserve Bank of India

Pursuant to the circular no. RBI/2021-22/112 DOR.CRE.REC. No.60/03.10.001/2021-22 dated 22 October 2021 on Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs issued by the Reserve Bank of India (the RBI) read with Circular no. RBI/2022-23/29 DOR.CRE. REC.No.25/03.10.001/2022-23 dated 19 April 2022 on 'Loans and Advances – Regulatory Restrictions – NBFCs' issued by the RBI, the details of loans to directors, senior officers and relatives of directors and to entities where directors or their relatives have major shareholding are as under:

Accordingly, refer below details for loans and advances granted to Directors and Senior Officers, their relatives -

Particulars	31 March 2024 Transaction during the year	31 March 2024 Outstanding balance at year end	31 March 2023 Transaction during the year	31 March 2023 Outstanding balance at year end
Directors and their relatives	–	–	–	–
Entities associated with directors and their relatives	–	–	–	–
Senior Officers and their relatives*	–	–	0.70	–

* The transactions undertaken were prior to the 1 October 2022, i.e. applicability of the said regulations.

51 Balance Sheet disclosures as required under scale based regulations

Section I

A Exposure

1) Exposure to real estate sector

Category			31 March 2024	31 March 2023
i)	Direct exposure			
	a)	Residential Mortgages -		
		Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. Exposure would also include non-fund based (NFB) limits.	720,417.36	719,685.32

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024

Category			31 March 2024	31 March 2023
	b)	Commercial Real Estate -		
		Lending secured by mortgages on commercial real estate (office buildings, retail space, multipurpose commercial premises, multifamily residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits.	**395.51**	208.64
	c)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
		a) Residential	**Nil**	Nil
		b) Commercial Real Estate	**Nil**	Nil
ii)	Indirect Exposure			
		Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies	**Nil**	Nil
Total Exposure to Real Estate Sector			**720,812.87**	719,893.96

2) Exposure to capital market

Particulars		31 March 2024	31 March 2023
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt	**Not Applicable**	Not Applicable
(ii)	Advances against shares/bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds	**Not Applicable**	Not Applicable
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	**Not Applicable**	Not Applicable
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/ convertible debentures/units of equity oriented mutual funds does not fully cover the advances	**Not Applicable**	Not Applicable
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	**Not Applicable**	Not Applicable
(vi)	Loans sanctioned to corporates against the security of shares/bonds/ debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	**Not Applicable**	Not Applicable
(vii)	Bridge loans to companies against expected equity flows/issues	**Not Applicable**	Not Applicable
(viii)	Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	**Not Applicable**	Not Applicable
(ix)	Financing to stockbrokers for margin trading	**Not Applicable**	Not Applicable
(x)	All exposures to Alternative Investment Funds:	**Not Applicable**	Not Applicable
	(i) Category I	**Not Applicable**	Not Applicable
	(ii) Category II	**Not Applicable**	Not Applicable
	(iii) Category III	**Not Applicable**	Not Applicable
Total exposure to capital market		**Not Applicable**	Not Applicable

3) Sectoral exposure

Sectors	31 March 2024			31 March 2023		
	Total Exposure (includes on balance sheet and off-balance sheet exposure)	**Gross NPAs**	**Percentage of Gross NPAs to total exposure in that sector***	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector*
1. Agriculture and Allied Activities	**Not Applicable**	**Not Applicable**	**Not Applicable**	Not Applicable	Not Applicable	Not Applicable
2. Industry						
3. Services						
4. Personal Loans						
i. Housing Loans	**687,627.75**	**62,872.41**	**9.14%**	719,555.22	72,581.30	10.09%
ii. Non Housing Loan	**90,190.97**	**2,218.88**	**2.46%**	48,152.56	2,725.43	5.66%
Total of Personal Loans	**777,818.72**	**65,091.29**	**8.37%**	767,707.78	75,306.73	9.81%

* Percentage of Gross NPAs to total exposure is arrived after considering on-balance sheet and off-balance sheet exposures in total exposure.

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2024

4) Intra-group exposures

There is no Intra-group exposure for the current year along with comparatives for the previous year

5) Unhedged foreign currency exposure

There is no unhedged foreign currency exposure during the current year.

B Related Party Disclosure

Related Party	Parent (as per ownership or control)		Subsidiaries		Associates/ Joint ventures		Key Management Personnel		Relatives of Key Management Personnel		Others		Fellow Subsidiaries		Total	
Items	**Year ended 31 March 2024**	Year ended 31 March 2023	**Year ended 31 March 2024**	Year ended 31 March 2023	**Year ended 31 March 2024**	Year ended 31 March 2023	**Year ended 31 March 2024**	Year ended 31 March 2023	**Year ended 31 March 2024**	Year ended 31 March 2023	**Year ended 31 March 2024**	Year ended 31 March 2023	**Year ended 31 March 2024**	Year ended 31 March 2023	**Year ended 31 March 2024**	Year ended 31 March 2023
Borrowings	–	–	–	–	4,700.00	4,700.00	–	–	–	–	–	–	38,575.00	31,175.00	43,275.00	35,875.00
Maximum outstanding of Borrowings during the year	–	–	–	–	4,700.00	4,700.00	–	–	–	–	–	–	40,775.00	34,700.00	45,475.00	39,400.00
Interest acrued but not due on ICD / Debentures	–	–	–	–	157.57	156.15	–	–	–	–	–	–	1,499.16	1,015.34	1,656.73	1,171.49
Deposits	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Placement of deposits	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Investments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Purchase of fixed/other assets	207.58	377.25	–	–	–	–	–	–	–	–	–	–	4.14	14.28	211.72	391.53
Sale of fixed/other assets	17.84	–	–	–		–	–	–	–	–	–	–	6.75	–	24.59	–
Interest paid	–	–	–	–	410.49	409.80	–	–	–	–	–	–	2,446.30	2,178.38	2,856.79	2,588.18
Interest received	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Others :																
– ESOP Income	–	–	–	–	–	–	–	–	–	–	–		0.30	–	0.30	–
– ESOP Expenses	47.73	21.92	–	–	–	–	–	–	–	–	–	–	–	–	47.73	21.92
– Remuneration\ Sitting fees \ Commission	–	–	–	–	–	–	424.73	470.40	–	–	–	–	–	–	424.73	470.40
– Other Expenses	562.67	621.37	–	–	–	2.41	–	–	–	–	228.02	113.87	1,065.17	1,158.05	1,855.86	1,895.70
– Capital Advance	24.03	9.58	–	–	–	–	–	–	–	–	–	–	–	–	24.03	9.58
– Inter corporate deposits taken	–	–	–	–	–	–	–	–	–	–	–	–	16,500.00	13,050.00	16,500.00	13,050.00
– Inter corporate deposits repaid / matured	–	–	–	–	–	–	–	–	–	–	–	–	9,100.00	16,575.00	9,100.00	16,575.00
– Subordinate debt repaid	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
– Payables	112.10	17.00	–	–		–	22.31	22.28	–	–	–	–	68.63	67.37	203.04	106.65

C Disclosure of complaints

1) Summary information on complaints received by the NBFCs from customers and from the Offices of Ombudsman

SN	**Particulars**	**31 March 2024**	31 March 2023
	Complaints received by the NBFC from its customers		
1	Number of complaints pending at beginning of the year	**87**	53
2	Number of complaints received during the year	**4,454**	2,478
3	Number of complaints disposed during the year	**4,498**	2,444
3.1	Of which, number of complaints rejected by the NBFC	**–**	2
4	Number of complaints pending at the end of the year	**43**	87
	Maintainable complaints received by the NBFC from Office of Ombudsman		
5	Number of maintainable complaints received by the NBFC from Office of Ombudsman	**NA**	NA
5.1	Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	**NA**	NA
5.2	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	**NA**	NA
5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	**NA**	NA
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	**NA**	NA

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously The Ombudsman Scheme for Non-Banking Financial Companies, 2018) and covered within the ambit of the Scheme.

Notes to the Financial Statements for the year ended 31 March 2024

2) Top five grounds of complaints received by the NBFCs from customers

31 March 2024

SN	Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year ending 31 March 2023	% increase/ decrease in the number of complaints received over the previous year ended 31 March 2022	Number of complaints pending at the end of the year	Of 5, the number of complaints pending beyond 30 days
1	NOC Not Received	**27**	**2357**	187%	0	–
2	Mortgage Release Documents Not Received	**25**	**460**	-9%	1	–
3	CIBIL Related	**13**	**290**	24%	14	–
4	Insurance Refund Not Received	**7**	**249**	62%	6	–
5	Original Documents Not Received	**4**	**200**	65%	1	–
6	Others	**11**	**898**	40%	21	–
	Total	**87**	**4454**	80%	43	

31 March 2023

SN	Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year ending 31 March 2023	% increase/ decrease in the number of complaints received over the previous year ended 31 March 2022	Number of complaints pending at the end of the year	Of 5, the number of complaints pending beyond 30 days
1	NOC Not Received	13	820	-16%	27	–
2	Mortgage Release Documents Not Received	12	507	123%	25	–
3	CIBIL Related	14	234	-16%	13	–
4	Insurance Refund Not Received	0	154	130%	7	–
5	Original Documents Not Received	0	121	81%	4	–
6	Others	14	642	-63%	11	–
	Total	53	2478	-26%	87	–

Section II

A Breach of covenant

During the current year, there is no instance of breach of covenant of loan availed or debt securities issued.

B Divergence in Asset Classification and Provisioning

No divergence in asset classification and provisioning was assessed by the RBI/NHB.

52 Events after reporting date

There have been no significant events after the reporting date that require disclosure in these financial statements.

53 Previous year figures have been regrouped/ reclassified wherever necessary, to conform to current year classification.

Signatures to Notes 1 to 53

As per our report of even date attached.
For **Gokhale & Sathe**

Chartered Accountants
Firm's Registration No: 103264W

Rahul Joglekar
Partner
Membership No: 129389

Mumbai
19 April 2024

For and on behalf of the Board of Directors
Mahindra Rural Housing Finance Limited
CIN: U65922MH2007PLC169791

Ramesh Iyer
Director
[DIN: 00220759]

Jyotin Mehta
Director
[DIN: 00033518]

Shantanu Rege
Managing Director
[DIN: 06661312]

Dinesh Prajapati
Chief Financial Officer

Navin Joshi
Company Secretary
[ACS 9049]

Mumbai
19 April 2024

INDEPENDENT AUDITORS' REPORT

To the Members of
Mahindra Manulife Investment Management Private Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

OPINION

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

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2024, and its loss and 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 Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone 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 standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

KEY AUDIT MATTERS

Key audit matters ("KAM") 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.

Reporting of Key Audit Matters as per the requirement of SA 701 are not applicable to the Company as it is an unlisted company.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's management and the Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report but does not include the standalone financial statements and our auditor's report thereon. Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. The other information is expected to be made available to us after the date of this auditor's report.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Company's management and the Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- As required by the Companies (Auditors' Report) Order, 2020 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- As required by Section 143(3) of the Act, we report that:
  a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  c. The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
  d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.
  e. On the basis of the written representations received from the directors as on 31 March 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2024 from being appointed as a director in terms of Section 164(2) of the Act.
  f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), 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 litigation on its financial position in its financial statements-Refer Note 33 to the financial statements;
     ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
     iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
     iv. (a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
        - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or

- provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to accounts, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall:

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or
- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries

(c) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub clause (a) and (b) contain any material mis-statement.

v. No dividend has been declared or paid during the year by the Company.

vi. Based on our examination, which included test checks, the Company has used accounting software for maintaining its books of account for the financial year ended March 31, 2024, which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all relevant transactions recorded in the software. Further, during the course of audit we did not come across any instance of the audit trail feature being tampered with.and according to the information provided to us, the audit trail has been preserved by the company as per the statutory requirements for record retention.

h. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act, as amended, in our opinion and according to the information and explanation given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

For M. P. Chitale & Co
Chartered Accountants
Firm Reg. No. 101851W

Santosh More
Partner
M. No. 114236
UDIN: 24114236BKDISD6548

Place: Mumbai
Date: April 18, 2024

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 OF EVEN DATE)

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

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

(b) According to the information and explanations given to us, the Company has a regular programme of physical verification of its Property, Plant and equipment by which all Property, Plant and equipment are verified in a phased manner. In our opinion, the periodicity of physical verification is reasonable having regard to size of the Company and the nature of its assets. The property, plant and equipment have been physically verified by the management during the year and no discrepancies between the books records and the physical records have been noticed.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company do not hold any immovable properties. Thus, paragraph 3(i)(c) of the Order is not applicable to the Company.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, plant and equipment (including Right-of-use assets) or Intangible assets or both during the year.

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

(ii) (a) The Company's business does not involve holding of any inventories. Accordingly, paragraph 3(ii)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits in excess of five crore rupees from banks or financial institutions on the basis of security of current assets. Accordingly, paragraph 3(ii)(b) of the Order is not applicable to the Company.

(iii) (a) In our opinion and according to the information and explanations given to us, during the year, the Company has not provided loans or provided advances in the nature of loans, or stood guarantee, or provided security to any other entity.

(b) In our opinion and according to the information and explanations given to us, the Company has not provided guarantees or given security. The investments made by the company is not prejudicial to the company's interest.

(c) In our opinion and according to the information and explanations given to us, the Company has not provided loans or provided advances in the nature of loans. Hence, this clause (iii) (c) to (iii) (f) are not applicable.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans or provided guarantees or security in connection with any director or any person in whom the director is interested which attract the provisions of sections 185 of the Act. The Company has complied with the provisions of section 186 of the Act, with respect to investments made by the Company.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits as per the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

(vii) (a) The Company has been regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income tax, goods and service tax, cess and other material statutory dues applicable to it to the appropriate authorities. As explained to us, the Company did not have any undisputed statutory dues on account of sales tax, wealth tax, duty of customs and duty of excise value added tax, cess and any other statutory dues to the appropriate authorities. No undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, goods and service tax, cess and other material statutory dues were in arrears as at 31st March 2024 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of records, there are no dues of income tax, goods and service tax, cess, provident fund, employees' state insurance and other material statutory dues that have not been deposited on account of any dispute other than those reported below.

Name of the Statute	Nature of Dues	Amount of Demand	Period to which amount relates	Forum where dispute is pending
The Integrated, Central and Maharashtra Goods and Services Tax Act	Interest and penalty on GST demand as per Assessment Order	26.26 Lakhs	Jul-17 to Mar-18	Joint Commissioner of State Tax

(viii) In our opinion and according to the information and explanations given to us, there is no transactions of the earlier year that was not recorded in the books of account have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961). Accordingly, paragraph 3(viii) of the Order is not applicable to the Company.

(ix) In our opinion and according to the information and explanations given to us, the Company does not have any outstanding loans or borrowings from banks, financial institutions or government. Accordingly, clause (a) to (f) of paragraph 3(ix) of the Order is not applicable to the Company.

(x) (a) In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company has not raised any monies by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, Clause (a) of paragraph 3(x) of the Order is not applicable to the Company.

(b) In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, Clause (b) of paragraph 3(x) of the Order is not applicable to the Company.

(xi) (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year, nor have we been informed of any such case by the Management.

(b) According to the information and explanations given to us and based on our examination of the records of the Company, no report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government. Accordingly, Clause (b) of paragraph 3(xi) of the Order is not applicable to the Company.

(c) According to the information and explanations given to us and based on our examination of the records of the Company, no whistle-blower complaints, have been received during the year by the company;

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company as per the Act. Accordingly, clauses (a) to (c) of paragraph 3(xii) of the Order are not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) (a) According to the information and explanations given to us and based on our examination of the records of the Company, we confirm that the company has an internal audit system commensurate with the size and nature of its business.

(b) The reports of the Internal Auditors for the period under audit provided by the company were considered by the statutory auditor.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, we confirm that the company has not entered into any non-cash transactions with directors or persons connected with them during the year and hence, the provisions of Section 192 of the Act are not applicable to the Company. Thus, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) (a) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us and based on our examination of the records of the Company, 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. Accordingly, paragraph 3(xvi)(b) of the Order is not applicable to the Company.

(c) According to the information and explanations given to us and based on our examination of the records of the Company, 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 to the Company.

(d) According to the information and explanations given to us and the audit procedures performed by us, we report that the Group has four Core Investment Companies.

(xvii) According to the information and explanations given to us and based on our examination of the records of the Company, the company has incurred cash losses of Rupees 2,495 Lakhs in the financial year and Rupees 2,429 Lakhs in the immediately preceding financial year.

(xviii) According to the information and explanations given to us and based on our examination of the records of the Company, there is no resignation of statutory auditor during the year. The erstwhile statutory auditor has retired during the year on completion of its appointment term.

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

(xx) In our opinion, the provisions of section 135 of the Act regarding Corporate Social Responsibilities are not applicable to the Company. Therefore, reporting under sub clause (a) and (b) of clause 3(xx) of the Order is not applicable to the Company;

For M. P. Chitale & Co
Chartered Accountants
Firm Reg. No. 101851W

Santosh More
Partner
M. No. 114236
UDIN: 24114236BKDISD6548

Place: Mumbai
Date: April 18, 2024

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT (REFERRED TO IN PARAGRAPH 2(F) UNDER 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' SECTION OF OUR REPORT OF EVEN DATE)

REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE AFORESAID STANDALONE FINANCIAL STATEMENTS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013

We have audited the internal financial controls with reference to financial statements of Mahindra Manulife Investment Management Private Limited ("the Company") as of 31st March 2024 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 (hereinafter referred to as "the Act").

Auditor's 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 and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 were established and maintained and whether 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 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 such internal financial controls, 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 with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls 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 controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to 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 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 controls 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, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M. P. Chitale & Co
Chartered Accountants
Firm Reg. No. 101851W

Santosh More
Partner
M. No. 114236
UDIN: 24114236BKDISD6548

Place: Mumbai
Date: April 18, 2024

BALANCE SHEET AS AT 31 MARCH 2024

Rs. in lakhs

Particulars	Note no.	As at 31 March 2024	As at 31 March 2023
ASSETS			
Financial Assets			
a) Cash and cash equivalents	3	**7.55**	9.95
b) Receivables	4		
i) Trade receivables		**742.80**	549.16
c) Investments	5	**14,980.80**	9,721.02
d) Other financial assets	6	**4,781.04**	12,308.31
		20,512.19	22,588.44
Non-financial Assets			
a) Current tax assets (Net)	7	**54.24**	5.43
b) Property, Plant and Equipment	8	**790.84**	367.84
c) Right of Use Asset	8	**1,428.91**	1,568.02
d) Other intangible assets	9	**49.15**	2.96
e) Other non-financial assets	10	**239.82**	361.34
		2,562.96	2,305.59
Total Assets		**23,075.15**	24,894.03
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
a) Payables	11		
I) Trade Payables			
i) total outstanding dues of micro and small enterprises		**59.32**	16.88
ii) total outstanding dues of creditors other than micro and small enterprises		**215.54**	94.14
b) Other financial liabilities	12	**2,408.98**	2,228.50
		2,683.84	2,339.52
Non-financial Liabilities			
a) Provisions	13	**1,278.05**	727.89
b) Other non-financial liabilities	14	**267.27**	224.15
		1,545.32	952.04
EQUITY			
a) Equity Share capital	15	**38,294.12**	38,294.12
b) Other Equity	16	**(19,448.13)**	(16,691.65)
		18,845.99	21,602.47
Total Liabilities and Equity		**23,075.15**	24,894.03
Summary of material accounting policies	2		

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

For M. P. Chitale & Co.
Chartered Accountants
Firm's Registration No: 101851W

sd/-
Santosh More
Partner
Membership No: 114236

Place : Mumbai
Date : April 18, 2024

For and on behalf of the Board of Directors of
Mahindra Manulife Investment Management Private Limited

sd/-
Ramesh Iyer
Chairman
[DIN: 00220759]

sd/-
Anthony Heredia
Managing Director & CEO
[DIN: 02205628]

sd/-
Chitra Andrade
Director
[DIN: 08090478]

sd/-
Vijay Ramchandran
Director
[DIN: 02639324]

sd/-
Ashwini Sankhe
Chief Financial Officer

sd/-
Ravi Dayma
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2024

Rs. in lakhs

Particulars	Note No.	Year ended 31 March 2024	Year ended 31 March 2023
Revenue from operations			
Fees and commission Income	17	4,397.02	3,038.96
Total Revenue from operations		4,397.02	3,038.96
Other Income	18	1,956.59	1,372.89
Total Income		6,353.61	4,411.85
Expenses			
Employee Benefits Expenses	19	5,867.11	4,942.47
Finance costs	20	119.46	53.06
Depreciation, amortization and impairment	21	476.50	258.22
Others expenses	22	2,617.12	2,244.07
Total Expenses		9,080.19	7,497.82
Profit/(Loss) Before Tax		(2,726.58)	(3,085.97)
Tax Expense :			
(i) Current tax		–	–
(ii) Deferred tax		–	–
		–	–
Profit/(Loss) After Tax	A	(2,726.58)	(3,085.97)
Other Comprehensive Income			
(A) (i) Items that will not be reclassified to profit or loss:-			
- Remeasurement gain / (loss) on defined benefit plans		(19.17)	5.94
- Net gain / (loss) on fair valuation of equity instruments		(10.73)	1.60
(ii) Income tax impact thereon		–	–
		(29.90)	7.54
(B) (i) Items that will be reclassified to profit or loss		–	–
(ii) Income tax impact thereon		–	–
		–	–
Total Other Comprehensive Income	B	(29.90)	7.54
Total Comprehensive Income for the year	(A+B)	(2,756.48)	(3,078.43)
Earnings per equity share			
Basic (INR)	23	(0.71)	(0.81)
Diluted (INR)		(0.71)	(0.81)
Summary of material accounting policies	2		

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

For M. P. Chitale & Co.
Chartered Accountants
Firm's Registration No: 101851W

sd/-
Santosh More
Partner
Membership No: 114236

Place : Mumbai
Date : April 18, 2024

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[DIN: 02639324]

sd/-
Ashwini Sankhe
Chief Financial Officer

sd/-
Ravi Dayma
Company Secretary

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2024

A. Equity share capital

	Rs. in lakhs
Particulars	**Amount**
As at 1 April 2023	38,294.12
Changes in equity share capital during the year	–
As at 31 March 2024	**38,294.12**
As at 1 April 2022	38,294.12
Changes in equity share capital during the year	–
As at 31 March 2023	**38,294.12**

B. Other Equity

Rs. in lakhs

Particulars	Securities Premium	Reserves and Surplus Retained earnings or Profit & loss account	Other Comprehensive Income (OCI)	Total
Balance as at 1 April 2023	7,046.46	(23,732.77)	(5.34)	(16,691.65)
Profit / (Loss) for the year	–	(2,726.58)	–	(2,726.58)
Remeasurement gain / (loss) on defined benefit plans	–	–	(19.17)	(19.17)
Net gain / (loss) on fair valuation of equity instruments	–	–	(10.73)	(10.73)
Total Comprehensive Income for the year	–	**(2,726.58)**	**(29.90)**	**(2,756.48)**
Balance as at 31 March 2024	**7,046.46**	**(26,459.35)**	**(35.24)**	**(19,448.13)**

Rs. in lakhs

Particulars	Securities Premium	Reserves and Surplus Retained earnings or Profit & loss account	Other Comprehensive Income (OCI)	Total
Balance as at 01 April 2022	7,046.46	(20,646.80)	(12.88)	(13,613.22)
Profit / (Loss) for the year	–	(3,085.97)	–	(3,085.97)
Remeasurement gain / (loss) on defined benefit plans	–	–	5.94	5.94
Net gain / (loss) on fair valuation of equity instruments	–	–	1.60	1.60
Total Comprehensive Income for the year	–	**(3,085.97)**	**7.54**	**(3,078.43)**
Balance as at 31 March 2023	**7,046.46**	**(23,732.77)**	**(5.34)**	**(16,691.65)**

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

For M. P. Chitale & Co.
Chartered Accountants
Firm's Registration No: 101851W

sd/-
Santosh More
Partner
Membership No: 114236

Place : Mumbai
Date : April 18, 2024

For and on behalf of the Board of Directors of
Mahindra Manulife Investment Management Private Limited

sd/-
Ramesh Iyer
Chairman
[DIN: 00220759]

sd/-
Anthony Heredia
Managing Director & CEO
[DIN: 02205628]

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Chitra Andrade
Director
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sd/-
Vijay Ramchandran
Director
[DIN: 02639324]

sd/-
Ashwini Sankhe
Chief Financial Officer

sd/-
Ravi Dayma
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2024

Rs. in lakhs

	Particulars	**Year ended 31 March 2024**	Year ended 31 March 2023
A)	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit/(Loss) before exceptional items and taxes	**(2,726.58)**	(3,085.97)
	Adjustments to reconcile Profit/(Loss) before tax to net cash flows:		
	Add: Non-cash expenses		
	Depreciation, amortization and impairment	**213.38**	126.08
	Interest on lease liability	**119.46**	53.06
	Amortization on Right of Use asset	**263.12**	132.14
	Share based compensation to employees provision	**659.37**	179.61
	Remeasurement gain / (loss) on defined benefit plans	**(19.17)**	5.94
		1,236.16	496.83
	Less: Income considered separately and Non-Cash Income		
	Net gain on fair value changes (unrealised) - Mutual fund units	**(688.02)**	330.30
	Interest income from investing activities	**(1,047.53)**	(1,084.93)
	(Net gain)/loss on derecognition of property, plant and equipment	**8.93**	4.53
	Remeasurement of ROU assets and lease liability	**(1.17)**	(8.88)
	Net gain on sale of investments	**(219.21)**	(596.85)
		(1,947.00)	(1,355.83)
	Operating Loss before working capital changes	**(3,437.42)**	(3,944.97)
	Changes in working capital		
	Trade receivables	**(193.64)**	(261.43)
	Interest accrued on investments	**184.73**	(228.76)
	Other financial assets	**(7.46)**	(85.89)
	Other non-financial assets	**121.52**	(2.59)
	Trade Payables	**163.84**	(9.93)
	Other financial liabilities	**253.70**	(275.45)
	Other non-financial liabilities	**43.12**	6.40
	Provisions	**(109.21)**	(545.45)
	Cash used in operations	**456.60**	(1,403.10)
	Income taxes paid (net of refunds)	**(48.81)**	116.80
	NET CASH USED IN OPERATING ACTIVITIES (A)	**(3,029.63)**	(5,231.27)
B)	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Property, plant and equipment and intangible assets	**(695.01)**	(310.55)
	Proceeds from sale of Property, plant and equipment	**3.51**	21.10
	Placement of term deposit with banks	**(16,520.00)**	(11,500.00)
	Proceeds from term deposit with banks	**23,870.00**	10,400.00
	Purchase of investments at FVTPL	**(17,274.27)**	(6,077.10)
	Proceeds from sale of investments at FVTPL	**12,911.00**	11,772.00
	Interest income received on investments measured at amortised cost	**1,047.53**	1,084.93
	NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES (B)	**3,342.76**	5,390.38

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

			Rs. in lakhs
	Particulars	**Year ended 31 March 2024**	Year ended 31 March 2023
C)	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Payment of principal portion of lease liability	**(196.07)**	(108.12)
	Payment of interest portion of lease liability	**(119.46)**	(53.06)
	NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES (C)	**(315.53)**	(161.18)
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**(2.40)**	(2.07)
	Cash and Cash Equivalents at the beginning of the year	**9.95**	12.02
	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (refer note no. 3)	**7.55**	9.95
	Components of Cash and Cash Equivalents		
	Particulars		
	Cash and cash equivalents at the end of the year		
	– Cash on hand	**0.57**	0.56
	– Balances with banks in current accounts	**6.98**	9.39
	Total	**7.55**	9.95

Notes:
The above Cash Flow Statement has been prepared under the 'Indirect method' as set out in Ind AS 7 on 'Statement of Cash Flows'.

As per our report of even date attached.

For M. P. Chitale & Co.
Chartered Accountants
Firm's Registration No: 101851W

sd/-
Santosh More
Partner
Membership No: 114236

Place : Mumbai
Date : April 18, 2024

For and on behalf of the Board of Directors of
Mahindra Manulife Investment Management Private Limited

sd/-
Ramesh Iyer
Chairman
[DIN: 00220759]

sd/-
Anthony Heredia
Managing Director & CEO
[DIN: 02205628]

sd/-
Chitra Andrade
Director
[DIN: 08090478]

sd/-
Vijay Ramchandran
Director
[DIN: 02639324]

sd/-
Ashwini Sankhe
Chief Financial Officer

sd/-
Ravi Dayma
Company Secretary

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

1. CORPORATE INFORMATION

Mahindra Manulife Investment Management Private Limited ('the Company'), was incorporated under the Companies Act, 1956 on June 20, 2013 with its registered office in Mumbai, Maharashtra, India. The company is a joint venture of Mahindra & Mahindra Financial Services Ltd. and Manulife Investment Management (Singapore) Pte. Ltd. The Company has a license from the Securities & Exchange Board of India to provide investment management services to the schemes of Mahindra Manulife Mutual Fund. SEBI granted the certificate of registration to Mahindra Manulife Mutual Fund on February 4, 2016. The Company is primarily engaged to act as an investment manager to Mahindra Manulife Mutual Fund and was managing twenty two schemes of Mahindra Manulife Mutual Fund as on March 31, 2024.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1. Statement of compliance and basis for preparation and presentation of financial statements

These standalone or separate financial statements of the Company have been prepared in accordance with the Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules 2015 as amended and notified under Section 133 of the Companies Act, 2013 ("the Act") and other relevant provisions of the Act.

The financial statements of the Company for the year ended March 31, 2024 were approved for issue by the Company's Board of Directors on April 18, 2024.

2.2. Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR' or 'Rs.') which is also the Company's functional currency. All amounts are rounded-off to the nearest lakhs, unless otherwise indicated.

2.3. Basis of measurement

The financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value.

2.4. Measurement of fair values

A number of Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has established policies and procedures with respect to the measurement of fair values.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.5. Use of estimates and judgments

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Following are areas that involved a higher degree of estimate and judgement or complexity in determining the carrying amount of some assets and liabilities:

Fair value of financial assets, liabilities and investments

The Company measures certain financial assets and liabilities on fair value basis at each balance sheet date or at the time they are assessed for impairment. Fair value measurement that are based on significant unobservable inputs (Level 3) require management's best estimate about future developments.

Defined benefit obligations

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

2.6. Revenue recognition

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

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

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

Step 2: Identification of the separate 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: Determination of 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: Allocation of transaction price to the separate 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: Recognition of revenue when (or as) the Company satisfies a performance obligation.

Investment management fees

Fees from management of mutual fund schemes are recognised on an accrual basis at specific rates, applied on the average daily net assets of the schemes of Mahindra Manulife Mutual Fund in accordance with the Investment Management Agreement between the Company and the Trustees of Mahindra Manulife Mutual Fund and SEBI (Mutual Fund) Regulations, 1996 as amended from time to time. Amount disclosed as fees are exclusive of Goods and Services Tax.

Investment Advisory Fees

Investment Advisory Fees are recognised on satisfaction of a performance obligation at a point in time in accordance with the respective terms of contract with counterparties.

Other Income

The gains / losses on sale of investments are recognised in the Statement of Profit and Loss on the trade day and it is determined on FIFO ('first in first out') method.

Recognition of Interest Income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

Recognition of Dividend Income

Dividend from investments are recognised in the Statement of Profit and Loss when the right to receive payment is established.

2.7. Property, Plant and Equipment ('PPE')

PPE are stated at cost of acquisition (including incidental expenses), less accumulated depreciation and accumulated impairment loss, if any.

Assets held for sale or disposals are stated at the lower of their net book value and net realisable value.

Advances paid towards the acquisition of PPE outstanding at each balance sheet date are disclosed separately under other non-financial assets. Capital work in progress comprises the cost of PPE that are not ready for its intended use at the reporting date.

In accordance with Ind AS 116 - Leases, applicable effective from 01 April 2019, the Right-of-Use assets are initially recognized at cost which comprises of initial amount of 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. These are subsequently measured at cost less accumulated depreciation and impairment losses, if any. 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.

Depreciation on PPE is provided on straight-line basis in accordance with the useful lives specified in Schedule II to the Companies Act, 2013 on a pro-rata basis except for following assets in respect of which useful life is taken as estimated by the management based on the actual usage pattern of the assets.

- Motor vehicles where useful life is assumed at four years as against eight years as per Schedule II since the employees to whom these vehicles have been allotted, in accordance with the terms of their employment, are entitled to change their vehicles every four years
- Assets individually costing INR 5,000/- or less are fully depreciated in the year of purchase or acquisition.

Further, residual value for all assets is considered as zero due to the difficulty in estimating the same.

Accordingly, useful life of assets is estimated as follows:

Assets	Useful life
Vehicles	- 4 years
Computers	- 3 years
Furniture and fixtures	- 10 years
Office equipment	- 2 to 5 years
Leasehold Improvements	- Over the primary lease period or useful life, whichever is less
Right-Of-Use assets (Leasehold premises)	- Over the period of lease

PPE is de-recognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the net carrying amount of the asset) is recognised in other income / netted off from any loss on disposal in the Statement of Profit and Loss in the year the asset is de-recognised.

2.8. Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment loss, if any.

Intangible assets comprise of computer software which is amortised over the estimated useful life. The maximum period for such amortisation is taken as 36 months based on management's estimates of useful life. Amortisation is calculated using the Straight line method to write down the cost of intangible assets over their estimated useful lives.

2.9. Cash and cash equivalent

Cash comprises of cash on hand and bank balances.

2.10. Foreign exchange transactions and translations

Initial recognition

Transactions in foreign currencies are recognised at the prevailing exchange rates between the reporting currency and the foreign currency on the transaction date.

Conversion

Transactions in foreign currencies are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the Statement of Profit and Loss. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.

Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

2.11. Financial instruments

Recognition and initial measurement

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

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

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as - measured at:

— Amortised cost; or

— Fair Value through Other Comprehensive Income (FVTOCI) - debt investment; or

— Fair Value through Other Comprehensive Income (FVTOCI) - equity investment; or

— Fair Value through Profit or Loss (FVTPL)

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

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

The financial assets held with the objective to collect contractual cash flows as per the contractual terms that give rise on specified dates to cash flows that are solely payment of interest on the principal amount outstanding are measured at amortised cost on the reporting date. Accordingly, the Company measures investment in Non-Convertible debentures at amortised cost. Interest income and impairment if any, is recognised in the Statement of Profit and Loss.

For equity investments, the Company makes an election on an instrument-by-instrument basis to designate equity investments as measured at FVTOCI. These elected investments are measured at fair value with gains and losses arising from changes in fair value

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

recognised in other comprehensive income and accumulated in the reserves. The cumulative gain or loss is not reclassified to the Statement of Profit and Loss on disposal of the investments. These investments in equity are not held for trading. Instead, they are held for medium or long-term strategic purpose. Upon the application of Ind AS 109, the Company has chosen to designate these investments as FVTOCI as the Company believes that this provides a more meaningful presentation of medium or long-term strategic investments, than reflecting changes in fair value immediately in the Statement of Profit and Loss. Dividend income, if any, received on such equity investments are recognised in the Statement of Profit and Loss.

Equity investments that are not designated to be measured at FVTOCI are designated to be measured as FVTPL. Subsequent changes in fair value are recognised in the Statement of Profit and Loss.

Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Company are recognised at the proceeds received. Transaction costs of an equity transaction are recognised as a deduction from equity.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost. Interest expenses are recognised in the Statement of Profit and Loss. Any gain or loss on de-recognition is also recognised in the Statement of Profit and Loss.

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.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the Statement of Profit and Loss.

Impairment of financial assets

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVTOCI, the loss allowance is recognised in OCI and is not reduced from the carrying amount of the financial asset in the balance sheet.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the Statement of Profit and Loss.

2.12. Security deposits measured at amortised cost

The Company's rent/lease agreements for the rented/ leased office premises are cancellable with a notice period of 2-3 months. All the agreements are considered to be short term in nature. Accordingly, the Company has not applied the provisions of Ind AS 109 - Financial Instruments for taking the effect of fair valuation of security deposits in the financial statements and the deposits.

2.13. Employee Benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Contribution paid / payable during the year to Superannuation Fund, ESIC and Labour Welfare Fund are recognised in the Statement of Profit and Loss.

Contribution to provident fund

Company's contribution paid/payable during the year to provident fund is recognised in the Statement of Profit and Loss.

Gratuity

The Company's liability towards gratuity scheme is determined by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains / losses

Remeasurement of defined benefit plans, comprising of actuarial gains or losses, return on plan assets excluding interest income are recognised immediately in the Balance Sheet with corresponding debit or credit to other comprehensive income. Re-measurements are not reclassified to the Statement of Profit and Loss in subsequent period.

Remeasurement gains or losses on long term compensated absences that are classified as other long term benefits are recognised in the Statement of Profit and Loss.

Superannuation fund

The Company makes contribution to the Superannuation scheme, a defined contribution scheme, administered by Life Insurance Corporation of India, which are charged to the Statement of Profit and Loss. The Company has no obligation under this scheme beyond its contribution.

Leave encashment / compensated absences / sick leave

The Company provides for the encashment / availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

Employee Share based payments

Cash-settled share-based payments to employees are measured at the fair value of the equity instruments at each reporting date. Any change in fair value is recognized for the vested period in the Statement of Profit and Loss for the period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2.14. Scheme related expenses

As per SEBI circular dated October 22, 2018, all scheme related expenses subsequent to that date are to be borne by the mutual fund schemes. As a result, the investment management fees subsequent to this date are received net of all scheme expenses. Expenses of schemes of Mahindra Manulife Mutual Fund in excess of the limits in accordance with the SEBI (Mutual Fund) Regulations, 1996 are borne by the Company and are recognised in the Statement of Profit and Loss.

New Fund Offer ('NFO') expenses

Expenses pertaining to NFO are charged to the Statement of Profit and Loss in the year in which these expenses are incurred which is in compliance with SEBI (Mutual Fund) Regulations, 1996.

2.15. Finance Costs

Finance costs include interest expense accrued on a time basis, by reference to the principal outstanding. Effective from 1 April 2019, on application of Ind AS 116 (Leases), interest expense on lease liabilities computed by applying the Company's weighted average incremental borrowing rate has been included under finance costs.

2.16. Income taxes

Current tax

Current tax comprises amount of tax payable in respect of the taxable income for the year determined in accordance with Income Tax Act, 1961 and any adjustment to the tax payable or receivable in respect of previous years. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. 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 is 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 consequence 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 are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary difference could be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition 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.

2.17. Securities issue expenses

Expenses incurred in connection with the fresh issue of share capital are adjusted against Securities premium.

2.18. Impairment of non-financial assets

The Company reviews the carrying amounts of its tangible and other intangible assets at the end of each reporting period, to determine whether there is any indication that those assets have impaired. 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). Recoverable amount is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or group of assets.

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

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the assets is considered impaired, and is written down to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount such that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the asset (or cash generating unit) in prior years. The reversal of an impairment loss is recognised in the statement of profit and loss.

2.19. Accounting for provisions, contingent liabilities and contingent assets

Provisions are recognised in the balance sheet when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Contingent liabilities are not recognised in the financial statements. 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 the obligation or a reliable estimate of the amount cannot be made.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The Company does not recognise contingent asset.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

2.20. Leasing

Where the Company is the lessee

As a lessee, the Company's lease asset class primarily consist of buildings or part thereof taken on lease for office premises and certain IT equipment used for operating activities. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

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

The right-of-use assets are initially recognized at cost which comprises of initial amount of 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. These are subsequently measured at cost less accumulated depreciation and impairment losses, if any. 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.

The Company had adopted Ind AS 116 dealing with leases from April 1, 2019. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. The Company recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

2.21. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit/ loss for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders is divided by the weighted average number of equity shares outstanding during the period, considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

3. Cash and cash equivalents

(Rs. in Lakhs)

Particulars	**As at 31 March 2024**	As at 31 March 2023
Cash on hand	**0.57**	0.56
Balances with banks in current accounts	**6.98**	9.39
Total	**7.55**	9.95

4. Receivables

(Rs. in Lakhs)

Particulars	**As at 31 March 2024**	As at 31 March 2023
i) Trade receivables		
Unsecured, considered good:	**742.80**	549.16
Total	**742.80**	549.16

a) No trade or other receivable is due from directors or other officers of the company either severally or jointly with any other person nor any trade or other receivable is due from firms or private companies respectively in which any director is a partner, a director or a member.

b) Trade receivable is due within 30 to 90 days from the date of the invoice.

Trade Receivables Ageing Schedule as at March 31, 2024

(Rs. in Lakhs)

	Outstanding for following periods					
Particulars	**Less than 6 months**	**6 Months – 1 year**	**1-2 years**	**2-3 Years**	**More than 3 years**	**Total**
(i) Undisputed Trade receivables – considered good	742.80	–	–	–	–	742.80
Total	**742.80**	**–**	**–**	**–**	**–**	**742.80**

Trade Receivables Ageing Schedule as at March 31, 2023

(Rs. in Lakhs)

	Outstanding for following periods					
Particulars	**Less than 6 months**	**6 Months – 1 year**	**1-2 years**	**2-3 Years**	**More than 3 years**	**Total**
(i) Undisputed Trade receivables – considered good	549.16	–	–	–	–	549.16
Total	**549.16**	**–**	**–**	**–**	**–**	**549.16**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

5. Investments

	Particulars	As at 31 March 2024 Units	As at 31 March 2024 (Rs. in Lakhs)	As at 31 March 2023 Units	As at 31 March 2023 (Rs. in Lakhs)
A)	**At Fair Value**				
i)	Through Other Comprehensive Income				
	Unquoted Investment in Equity Shares				
	Equity Investment in MF Utilities India Pvt Ltd (Face value of Rs. 1/- each)	**5,00,000**	**17.80**	5,00,000	29.90
	Equity Investment in AMC Repo Clearing Limited (Face value of Rs. 10/- each)	**3,54,600**	**36.55**	3,54,600	35.18
	Unquoted Investment in Alternative Investment Fund				
	AIF Investment in Corporate Debt Market Development Fund (Face value of Rs. 10,000/- each)	**208**	**21.15**	–	–
ii)	Through Profit and Loss				
	Unquoted Investment in Mutual Fund				
	Mahindra Manulife Liquid Fund –Direct Growth (Face value of Rs. 1000/- each)	**4,51,943**	**7,105.85**	1,94,025	2,841.75
	Mahindra Manulife Ultra Short Duration Fund –Direct Growth (Face value of Rs. 1000/- each)	**5,000**	**64.12**	5,000	59.65
	Mahindra Manulife Low Duration Fund - Direct Growth (Face value of Rs. 1000/- each)	**5,000**	**79.39**	5,000	73.72
	Mahindra Manulife ELSS Tax Saver Fund - Direct Growth (Face value of Rs. 10/- each)	**5,00,000**	**142.92**	5,00,000	105.89
	Mahindra Manulife Equity Savings Fund - Direct Growth (Face value of Rs. 10/- each)	**5,00,000**	**106.62**	5,00,000	87.89
	Mahindra Manulife Multi Cap Fund - Direct Growth (Face value of Rs. 10/- each)	**9,64,507**	**328.76**	8,40,370	189.52
	Mahindra Manulife Mid Cap Fund - Direct Growth (Face value of Rs. 10/- each)	**7,66,404**	**234.60**	7,19,270	135.90
	Mahindra Manulife Dynamic Bond Fund - Direct Growth (Face value of Rs. 10/- each)	**5,00,000**	**69.10**	5,00,000	63.71
	Mahindra Manulife Consumption Fund - Direct Growth (Face value of Rs. 10/- each)	**5,00,000**	**108.98**	5,00,000	76.31
	Mahindra Manulife Large Cap Fund - Direct Growth (Face value of Rs. 10/- each)	**5,00,000**	**111.48**	5,00,000	81.86
	Mahindra Manulife Aggressive Hybrid Fund - Direct Growth (Face value of Rs. 10/- each)	**5,00,000**	**123.84**	5,00,000	91.37
	Mahindra Manulife Overnight Fund - Direct Growth (Face value of Rs. 1000/- each)	**5,000**	**61.97**	5,000	58.03
	Mahindra Manulife Large & Mid Cap Fund - Direct Growth (Face value of Rs. 10/- each)	**8,04,841**	**213.55**	7,49,634	129.91
	Mahindra Manulife Arbitrage Fund - Direct Growth (Face value of Rs. 10/- each)	**4,99,975**	**59.27**	4,99,975	55.47
	Mahindra Manulife Focused Fund - Direct Growth (Face value of Rs. 10/- each)	**5,36,961**	**134.66**	4,99,975	82.98
	Mahindra Manulife Short Duration Fund - Direct Growth (Face value of Rs. 10/- each)	**4,99,975**	**59.59**	4,99,975	55.23
	Mahindra Manulife Flexicap Fund - Direct Growth (Face value of Rs. 10/- each)	**12,64,765**	**187.31**	12,64,765	133.28
	Mahindra Manulife Asia Pacific REITs FOF - Direct Growth (Face value of Rs. 10/- each)	**53,49,733**	**445.28**	53,49,733	482.06
	Mahindra Manulife Balanced Advantage Fund - Direct Growth (Face value of Rs. 10/- each)	**8,54,635**	**115.61**	8,54,635	87.28
	Mahindra Manulife Small Cap Fund - Direct Growth (Face value of Rs. 10/- each)	**20,07,907**	**334.17**	6,49,968	64.12
	Mahindra Manulife Business Cycle Fund - Direct Growth (Face value of Rs. 10/- each)	**6,49,968**	**82.78**	–	–
	Mahindra Manulife Multi Asset Allocation Fund - Direct Growth (Face value of Rs. 10/- each)	**3,49,983**	**35.44**	–	–
	Total (Gross)		**10,280.80**		5,021.02
	Less : Impairment loss allowance		**–**		–
	Total (Net) - A		**10,280.80**		5,021.02
B)	**At Amortised cost**				
	Secured redeemable non-convertible debentures 8.9% Non Convertible Debentures of Mahindra Rural Housing Finance Ltd. (Face value of Rs. 10 Lakh/- each)	**300**	**3,000.00**	300	3,000.00
	8.4% Non Convertible Debentures of Mahindra Rural Housing Finance Ltd. (Face value of Rs. 10 Lakh/- each)	**170**	**1,700.00**	170	1,700.00
	Total (Gross)		**4,700.00**		4,700.00
	Less : Impairment loss allowance		–		–
	Total (Net) - B		**4,700.00**		4,700.00
	Total (Gross)		**14,980.80**		9,721.02
	Less : Impairment loss allowance		–		–
	Total (Net) - C=A+B		**14,980.80**		9,721.02

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

6. Other financial assets

(Rs. in Lakhs)

Particulars	**As at 31 March 2024**	As at 31 March 2023
Interest accrued on investments	**452.09**	636.82
Term deposit with banks	**4,150.00**	11,500.00
Security Deposits for office premises / others	**178.95**	171.49
Total	**4,781.04**	12,308.31

7. Current tax assets

(i) Tax deducted / collected at source net of provision for taxes

(Rs. in Lakhs)

Particulars	**As at 31 March 2024**	As at 31 March 2023
TDS / TCS Receivable	**54.24**	5.43
Total	**54.24**	5.43

(ii) Unused tax losses - Revenue in nature

(Rs. in Lakhs)

Particulars	**As at 31 March 2024**	As at 31 March 2023
Expiry period		
Upto Five years	**15,834.67**	13,291.47
More than Five years	**9,775.15**	9,472.74
No Expiry Date	**686.94**	498.94
Total	**26,296.76**	23,263.15

8. Property, Plant and Equipments

As at 31 March 2024 **(Rs. in Lakhs)**

	GROSS BLOCK AT COST				**DEPRECIATION & IMPAIRMENT LOSSES OR REVERSALS**				**NET BLOCK**	
Asset description	**As at 01 April 2023**	**Additions**	**Deductions/ adjustments**	**As at 31 March 2024**	**As at 01 April 2023**	**Additions**	**Deductions/ adjustments**	**As at 31 March 2024**	**As at 31 March 2024**	**As at 31 March 2023**
Computers	**197.42**	**55.68**	**10.35**	**242.75**	**140.93**	**38.13**	**10.35**	**168.71**	**74.04**	**56.49**
Furniture and fixtures	**41.25**	**46.47**	**21.97**	**65.75**	**19.29**	**10.82**	**10.05**	**20.06**	**45.69**	**21.96**
Vehicles	**511.19**	**193.44**	**69.68**	**634.95**	**235.11**	**120.56**	**69.68**	**285.99**	**348.96**	**276.08**
Office equipments	**45.43**	**130.82**	**4.07**	**172.18**	**32.12**	**19.07**	**3.54**	**47.65**	**124.53**	**13.31**
Leasehold Improvements	**–**	**212.85**	**–**	**212.85**	**–**	**15.23**	**–**	**15.23**	**197.62**	**–**
Leased Asset (ROU)	**1,903.00**	**160.92**	**36.91**	**2,027.01**	**334.98**	**263.12**	**–**	**598.10**	**1,428.91**	**1,568.02**
Total	**2,698.29**	**800.18**	**142.98**	**3,355.49**	**762.43**	**466.93**	**93.62**	**1,135.74**	**2,219.75**	**1,935.86**

As at 31 March 2023 (Rs. in Lakhs)

	GROSS BLOCK AT COST				DEPRECIATION & IMPAIRMENT LOSSES OR REVERSALS				NET BLOCK	
Asset description	As at 01 April 2022	Additions	Deductions/ adjustments	As at 31 March 2023	As at 01 April 2022	Additions	Deductions/ adjustments	As at 31 March 2023	As at 31 March 2023	As at 31 March 2022
Computers	156.62	46.58	5.78	197.42	121.36	25.37	5.80	140.93	56.49	35.26
Furniture and fixtures	51.06	1.99	11.80	41.25	19.78	6.45	6.94	19.29	21.96	31.28
Vehicles	395.40	252.65	136.86	511.19	269.95	81.74	116.58	235.11	276.08	125.45
Office equipments	41.61	6.31	2.49	45.43	28.41	5.75	2.04	32.12	13.31	13.20
Leased Asset (ROU)	732.55	1,186.51	16.06	1,903.00	214.87	132.14	12.03	334.98	1,568.02	517.68
Total	1,377.24	1,494.04	172.99	2,698.29	654.37	251.45	143.39	762.43	1,935.86	722.87

There is no immovable property where title deed of such immovable property is not held in name of the Company or jointly held with others.
The Company has not revalued its Property, Plant and Equipment (including Right-of-Use Assets)

9. Other Intangible Assets

As at 31 March 2024 **(Rs. in Lakhs)**

	GROSS BLOCK AT COST				**AMORTISATION & IMPAIRMENT LOSSES OR REVERSALS**				**NET BLOCK**	
Asset description	**As at 01 April 2023**	**Additions**	**Deductions/ adjustments**	**As at 31 March 2024**	**As at 01 April 2023**	**Additions**	**Deductions/ adjustments**	**As at 31 March 2024**	**As at 31 March 2024**	**As at 31 March 2023**
Computer software	**87.33**	**55.75**	**–**	**143.08**	**84.37**	**9.56**	**–**	**93.93**	**49.15**	**2.96**
Total	**87.33**	**55.75**	**–**	**143.08**	**84.37**	**9.56**	**–**	**93.93**	**49.15**	**2.96**

As at 31 March 2023 (Rs. in Lakhs)

	GROSS BLOCK AT COST				AMORTISATION & IMPAIRMENT LOSSES OR REVERSALS				NET BLOCK	
Asset description	As at 01 April 2022	Additions	Deductions/ adjustments	As at 31 March 2023	As at 01 April 2022	Additions	Deductions/ adjustments	As at 31 March 2023	As at 31 March 2023	As at 31 March 2022
Computer software	94.81	3.02	10.50	87.33	88.10	6.77	10.50	84.37	2.96	6.71
Total	94.81	3.02	10.50	87.33	88.10	6.77	10.50	84.37	2.96	6.71

The Company has not revalued its Intangible Assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

10. Other non-financial assets

(Rs. in Lakhs)

Particulars	As at 31 March 2024	As at 31 March 2023
Capital advances	**0.34**	34.23
Prepaid expenses	**143.18**	165.79
Balances with Government Authorities	**87.25**	141.41
Other advances	**9.05**	19.91
Total	**239.82**	361.34

11. Trade Payables

'Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the total outstanding dues of Micro and Small enterprise and other disclosures as per the Micro, Small and Medium Enterprises Development Act, 2006 (hereinafter referred to as "the MSMED Act") are given below:

(Rs. in Lakhs)

Particulars	As at 31 March 2024	As at 31 March 2023
Total outstanding dues of Micro and small enterprises		
a) Dues remaining unpaid to any supplier at the year end		
– Principal	**59.32**	16.88
– Interest on the above	**–**	–
b) Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year	**–**	–
– Principal paid beyond the appointed date	**–**	–
– Interest paid in terms of section 16 of the MSMED Act	**–**	–
c) Amount of interest due and payable for the year of delay on payments made beyond the appointed day during the year	**–**	–
d) Amount of interest accrued and remaining unpaid at the year end	**–**	–
e) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	**–**	–
Total outstanding dues of creditors other than micro and small enterprises	**215.54**	94.14
Total	**274.86**	111.02

Trade Payables Ageing Schedule as at 31 March, 2024
Trade Payables - Undisputed

(Rs. in Lakhs)

Particulars	Outstanding for following periods: Less than 1 year	1-2 years	2-3 Years	More than 3 years	Total
(i) MSME	**59.32**	**–**	**–**	**–**	**59.32**
(ii) Others	**215.54**	**–**	**–**	**–**	**215.54**
Total	**274.86**	**–**	**–**	**–**	**274.86**

Trade Payables Ageing Schedule as at March 31, 2023
Trade Payables - Undisputed

(Rs. in Lakhs)

Particulars	Outstanding for following periods: Less than 1 year	1-2 years	2-3 Years	More than 3 years	Total
(i) MSME	16.88	–	–	–	16.88
(ii) Others	94.14	–	–	–	94.14
Total	111.02	–	–	–	111.02

12. Other financial liabilities

(Rs. in Lakhs)

Particulars	As at 31 March 2024	As at 31 March 2023
Provision for Salary, Bonus and performance pay	**820.40**	580.51
Provision for expenses	**21.88**	8.07
Long term Lease Liability	**1,566.70**	1,639.92
Total	**2,408.98**	2,228.50

Terms & Conditions of financial liabilities

- Trade payables are normally settled on 30 days terms
- Other financial liabilities are normally settled as and when due

13. Provisions

(Rs. in Lakhs)

Particulars	As at 31 March 2024	As at 31 March 2023
Provision for employee benefits		
– Gratuity	**146.14**	127.22
– Leave encashment	**202.33**	194.22
– Share based compensation to employees	**929.58**	406.45
Total	**1,278.05**	727.89

14. Other non-financial liabilities

(Rs. in Lakhs)

Particulars	As at 31 March 2024	As at 31 March 2023
TDS Payable	**114.56**	109.44
GST Payable	**120.15**	86.17
Other statutory dues and taxes payable	**32.56**	28.54
Total	**267.27**	224.15

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

15. Note on Equity Share capital and Shareholding Pattern

Particulars	As at 31 March 2024 No. of shares	As at 31 March 2024 Rs. in Lakhs	As at 31 March 2023 No. of shares	As at 31 March 2023 Rs. in Lakhs
Authorised capital :				
Equity shares of Rs.10/- each	**40,00,00,000**	**40,000.00**	40,00,00,000	40,000.00
	40,00,00,000	**40,000.00**	40,00,00,000	40,000.00
Issued capital :				
Equity shares of Rs.10/- each	**38,29,41,180**	**38,294.12**	38,29,41,180	38,294.12
	38,29,41,180	**38,294.12**	38,29,41,180	38,294.12
Subscribed and paid-up capital :				
Equity shares of Rs.10/- each	**38,29,41,180**	**38,294.12**	38,29,41,180	38,294.12
Total	**38,29,41,180**	**38,294.12**	38,29,41,180	38,294.12

Particulars	As at 31 March 2024		As at 31 March 2023	
	No. of shares	**Rs. in Lakhs**	No. of shares	Rs. in Lakhs
a) **Reconciliation of number of equity shares**				
Balance at the beginning of the year	**38,29,41,180**	**38,294.12**	38,29,41,180	38,294.12
Add : Fresh allotment of shares :				
- Shares issued during the year	**–**	**–**	–	–
Balance at the end of the year	**38,29,41,180**	**38,294.12**	38,29,41,180	38,294.12
b) **Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries/associates:**				
Holding company				
Mahindra & Mahindra Financial Services Limited				
Percentage of holding (51%)	**19,53,00,000**	**19,530.00**	19,53,00,000	19,530.00
c) **Shareholders holding more than 5 percent shares:**				
Mahindra & Mahindra Financial Services Limited				
Percentage of holding (51%)	**19,53,00,000**	**19,530.00**	19,53,00,000	19,530.00
Manulife Investment Management (Singapore) Pte Limited	**18,76,41,180**	**18,764.12**	18,76,41,180	18,764.12
Percentage of holding (49%)				

d) The Company has only one class of equity shares having a par value of Rs.10/- per share.

16. Other Equity

Description of the nature and purpose of Other Equity

Securities Premium: The securities premium is used to record the premium on issue of shares. The reserve can be utilized in accordance with the provisions of Companies Act, 2013.

Retained earnings or Profit & loss account: Retained earnings or Profit & loss account represents the undistributed earnings.

Other Comprehensive Income (OCI): Other Comprehensive Income (OCI) represents remeasurements of defined benefits plans comprising of actuarial gains and losses on its net liabilities / assets and fair valuation of financial instruments.

(Rs. in Lakhs)

Particulars	Securities premium	Retained earnings or Profit & loss account	Other Comprehensive Income (OCI)	Total
Balance as at 01 April 2022	7,046.46	(20,646.80)	(12.88)	(13,613.22)
Profit / (Loss) for the year	–	(3,085.97)	–	(3,085.97)
Remeasurement gain / (loss) on defined benefit plans	–	–	5.94	5.94
Net gain / (loss) on fair valuation of equity instruments	–	–	1.60	1.60
Total Comprehensive Income for the year	**–**	**(3,085.97)**	**7.54**	**(3,078.43)**
Balance as at 31 March 2023	**7,046.46**	**(23,732.77)**	**(5.34)**	**(16,691.65)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(Rs. in Lakhs)

Particulars	Securities premium	Retained earnings or Profit & loss account	Other Comprehensive Income (OCI)	Total
Balance as at 01 April 2023	7,046.46	(23,732.77)	(5.34)	(16,691.65)
Profit / (Loss) for the year	–	(2,726.58)	–	(2,726.58)
Remeasurement gain / (loss) on defined benefit plans	–	–	(19.17)	(19.17)
Net gain / (loss) on fair valuation of equity instruments	–	–	(10.73)	(10.73)
Total Comprehensive Income for the year	**–**	**(2,726.58)**	**(29.90)**	**(2,756.48)**
Balance as at 31 March 2024	**7,046.46**	**(26,459.35)**	**(35.24)**	**(19,448.13)**

17. Fees and commission income

(Rs. in Lakhs)

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Fees earned from management of mutual fund schemes	**4,024.45**	2,676.77
Investment Advisory Fees	**372.57**	362.19
Total	**4,397.02**	3,038.96

Note: The Investment Advisory Fees stated above is earning in foreign currency.

18. Other income

(Rs. in Lakhs)

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Interest income on financial instruments measured at amortised cost	**1,047.53**	1,084.93
Interest on Income Tax Refund	**1.28**	9.42
Net profit / (loss) on sale of investments	**219.21**	596.85
Net gain / (loss) on fair value changes		
A) Net gain / (loss) on financial instruments at FVTPL		
i) On trading portfolio		
- Unrealised gain on Investments	**688.02**	(330.30)
Other Non Operating Income		
- Non operating income	**0.55**	11.99
Total	**1,956.59**	1,372.89

19. Employee benefits expenses

(Rs. in Lakhs)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Salaries and wages	**4,902.55**	4,495.63
Contribution to provident funds and other funds	**277.32**	248.24
Share based compensation to employees	**659.37**	179.61
Staff welfare expenses	**27.87**	18.99
Total	**5,867.11**	4,942.47

20. Finance costs

(Rs. in Lakhs)

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
On Lease Liability		
Interest on lease liability	**119.46**	53.06
Total	**119.46**	53.06

21. Depreciation, amortization and impairment

(Rs. in Lakhs)

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Depreciation on Property, Plant and Equipment	**203.82**	119.31
Amortization and impairment of intangible assets	**9.56**	6.77
Amortization on leased assets	**263.12**	132.14
Total	**476.50**	258.22

22. Other expenses

(Rs. in Lakhs)

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Rent, taxes and energy costs	**92.80**	99.11
Repairs and maintenance	**57.62**	20.34
Communication Costs	**65.79**	56.15
Information Technology	**213.05**	236.00
Printing and stationery	**33.82**	22.20
Advertisement and publicity	**190.70**	173.55
Marketing & Sales Promotion	**643.97**	507.81
Directors' sitting fees	**26.70**	24.60
Auditor's fees and expenses -		
– Audit fees	**6.00**	5.50
– Other services	**–**	2.25
– Reimbursement of expenses	**0.06**	–
Legal and professional fees	**106.41**	97.75
Fund accounting charges	**160.53**	105.91
Scheme related expenses	**189.09**	105.41
Insurance	**103.26**	109.32
Manpower outsourcing cost	**198.87**	175.63
Conference & Seminar	**30.11**	29.23
Membership & Subscription	**231.54**	229.60
Travelling & Conveyance	**129.92**	105.29
Other expenditure	**136.88**	138.42
Total	**2,617.12**	2,244.07

Note 1: Membership & subscription fees includes Rs.19.64 lakhs expenditure in foreign currency. (Previous year - Rs. 19 lakhs)

Note 2: Previous year's figures have been regrouped/ reclassified wherever found necessary.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

23. Earning Per Share (EPS)

(Rs. in Lakhs)

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Profit/ (Loss) for the year	**(2,726.58)**	(3,085.97)
Weighted average number of Equity Shares used in computing basic EPS	**3,829.41**	3,829.41
Weighted average number of Equity Shares used in computing diluted EPS	**3,829.41**	3,829.41
Basic Earnings per share (Rs.) (Face value of Rs. 10/- per share)	**(0.71)**	(0.81)
Diluted Earnings per share (Rs.)	**(0.71)**	(0.81)

24. Employee benefits

Details of defined benefit plans as per actuarial valuation are as follows:

	Funded Plan Gratuity		Unfunded Plans Exigency leave/Earned leave	
	Year ended 31 March		Year ended 31 March	
Particulars	2024	2023	2024	2023
I. Amounts recognised in the Statement of Profit & Loss				
Current service cost	**60.13**	50.92	**34.87**	42.56
Net Interest cost	**18.23**	15.19	**14.61**	15.14
Actuarial (gain)/loss	**–**	–	**(36.94)**	(55.28)
Interest income	**(8.60)**	(10.51)	**–**	–
Total expenses included in employee benefits expense	**69.76**	55.60	**12.54**	2.42
II. Amount recognised in Other Comprehensive income				
Remeasurement (gains)/losses:				
a) Actuarial (gains)/losses arising from changes in -				
– demographic changes	**2.57**	(2.86)	**–**	–
– financial assumptions	**5.88**	0.29	**–**	–
– experience adjustments	**9.80**	(5.70)	**–**	–
b) Return on plan assets, excluding amount included in net interest expense/(income)	**0.92**	2.33	**–**	–
Total amount recognised in other comprehensive income	**19.17**	(5.94)	**–**	–
III. Changes in the defined benefit obligation				
Opening defined benefit obligation	**254.74**	239.43	**194.22**	275.92
Current service cost	**60.13**	50.92	**34.87**	42.56
Past service cost	**–**	–	**–**	–
Interest expense	**19.16**	17.53	**14.61**	15.14
Remeasurement (gains)/losses arising from changes in -		–		–
– demographic changes	**2.57**	(2.86)	**(0.58)**	0.23
– financial assumptions	**5.88**	0.29	**3.55**	(2.15)
– experience adjustments	**9.80**	(5.70)	**(39.91)**	(53.36)
Benefits paid/extinguished	**(18.12)**	(44.86)	**(4.43)**	(84.12)
Closing defined benefit obligation	**334.14**	254.74	**202.33**	194.22

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

	Funded Plan Gratuity		Unfunded Plans Exigency leave/Earned leave	
	Year ended 31 March		Year ended 31 March	
Particulars	**2024**	2023	**2024**	2023
IV. Change in the fair value of plan assets during the year				
Opening Fair value of plan assets	**127.51**	31.87	**–**	–
Interest income	**8.60**	10.51	**–**	–
Expected return on plan assets	**–**	–	**–**	–
Contributions by employer	**70.00**	130.00	**–**	–
Adjustment due to change in opening balance of Plan assets	**–**	–	**–**	–
Actual Benefits paid	**(18.12)**	(44.86)	**–**	–
Closing Fair value of plan assets	**187.99**	127.51	**–**	–
V. Net defined benefit obligation				
Defined benefit obligation	**334.14**	254.74	**202.33**	194.22
Fair value of plan assets	**187.99**	127.51	**–**	–
Surplus/(Deficit)	**(146.15)**	(127.23)	**(202.33)**	(194.22)
Current portion of the above	**(39.91)**	(34.06)	**(22.64)**	(31.42)
Non current portion of the above	**(106.24)**	(93.17)	**(179.69)**	(162.80)

Details of defined benefit plans as per actuarial valuation are as follows:

	Funded Plan Gratuity		Unfunded Plans Exigency leave/Earned leave	
	Year ended 31 March		Year ended 31 March	
Particulars	**2024**	2023	**2024**	2023
Actuarial assumptions and Sensitivity				
I. Actuarial assumptions				
Discount Rate (p.a.)	**7.23%**	7.52%	**7.23%**	7.52%
Attrition rate	**7% - 34%**	11.11% - 21.74%	**7% - 34%**	11.11% - 21.74%
Rate of Salary increase (p.a.)	**7.00%**	7.00%	**7.00%**	7.00%
In-service Mortality	**100% of IALM (2012 - 14)**	100% of IALM (2012 - 14)	**100% of IALM (2012 - 14)**	100% of IALM (2012 - 14)
II. Quantitative sensitivity analysis for impact of significant assumptions on defined benefit obligation are as follows:				
One percentage point increase in discount rate	**(23.08)**	(15.21)	**(20.05)**	(8.69)
One percentage point decrease in discount rate	**25.80**	16.62	**11.40**	11.46
One percentage point increase in Salary growth rate	**25.39**	16.54	**11.32**	11.41
One percentage point decrease in Salary growth rate	**(23.42)**	(15.46)	**(20.24)**	(8.82)
III. Maturity profile of defined benefit obligation				
Within 1 year	**39.91**	48.67	**22.64**	28.18
Between 2 and 5 years	**297.27**	405.50	**179.68**	150.35

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

25. Financial Instruments

i) Financial Instruments regularly measured using Fair Value - recurring items

(Rs. in Lakhs)

Financial assets/ financial liabilities	Financial assets/ financial liabilities	Category	Fair Value As at 31 March 2024	As at 31 March 2023	Fair value hierarchy	Valuation technique(s)
1) Investment in equity instruments-Unquoted	Financial Assets	Financial instrument designated at FVTOCI	54.35	65.08	Level 3	Based on latest available net worth of investee company
2) Investment in Alternative Investment Fund-Unquoted	Financial Assets	Financial instrument measured at FVTPL	21.15	–	Level 1	NAV
3) Investment in Mutual Funds	Financial Assets	Financial instrument measured at FVTPL	10,205.29	4,955.94	Level 1	NAV

ii) Financial Instruments measured at amortised cost

(Rs. in Lakhs)

Particulars	Carrying Value	Fair value	Fair value Level 1	Level 2	Level 3
As at 31 March 2024					
Financial assets					
a) Cash and cash equivalent	**7.55**	**7.55**	**7.55**	**–**	**–**
b) Trade Receivables	**742.80**	**742.80**	**–**	**742.80**	**–**
c) Financial investments - at amortised cost	**4,700.00**	**4,700.00**	**4,700.00**	**–**	**–**
d) Other financial assets	**4,781.04**	**4,781.04**	**452.09**	**4,328.95**	**–**
Total	**10,231.39**	**10,231.39**	**5,159.64**	**5,071.75**	**–**
Financial liabilities					
a) Trade Payables	**274.86**	**274.86**	**–**	**274.86**	**–**
b) Other financial liabilities	**2,408.98**	**2,408.98**	**–**	**2,408.98**	**–**
Total	**2,683.84**	**2,683.84**	**–**	**2,683.84**	**–**
As at 31 March 2023					
Financial assets					
a) Cash and cash equivalent	9.95	9.95	9.95	–	–
b) Trade Receivables	549.16	549.16	–	549.16	–
c) Financial investments - at amortised cost	4,700.00	4,700.00	4,700.00	–	–
d) Other financial assets	12,308.31	12,308.31	636.82	11,671.49	–
Total	**17,567.42**	**17,567.42**	**5,346.77**	**12,220.65**	**–**
Financial liabilities					
a) Trade Payables	111.02	111.02	–	111.02	–
b) Other financial liabilities	2,228.50	2,228.50	–	2,228.50	–
Total	**2,339.52**	**2,339.52**	**–**	**2,339.52**	**–**

There were no transfers between Level 1 and Level 2 during the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

26. Financial Risk Management

In the course of its business, the Company is exposed to certain financial risks: liquidity risk and market risk. The Company's primary focus is to achieve better predictability of financial markets and seek to minimize potential adverse effects on its financial performance.

Liquidity Risk Management

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows.

Maturity profile of non-derivative financial liabilities

(Rs. in Lakhs)

Particulars	Less than 1 Year	1-3 Years	3 - 5 Years	5 years and above	Total
Non-derivative financial liabilities					
As at 31 March 2024					
Trade Payables	**274.86**	**–**	**–**	**–**	**274.86**
Other financial liabilities	**1,054.48**	**427.99**	**384.47**	**542.04**	**2,408.98**
Total	**1,329.34**	**427.99**	**384.47**	**542.04**	**2,683.84**
As at 31 March 2023					
Trade Payables	111.02	–	–	–	111.02
Other financial liabilities	759.47	384.85	353.26	730.92	2,228.50
Total	870.49	384.85	353.26	730.92	2,339.52

Market Risk Management

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company invests in fixed rate instruments, units of mutual fund taking into account the current liquidity requirements. There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

27. Related party disclosures:

i) As per Ind AS 24 on 'Related party disclosures', the related parties of the Company are as follows:

a) **Holding Company**

Mahindra & Mahindra Financial Services Ltd

b) **Ultimate Holding Company**

Mahindra & Mahindra Ltd

c) **Fellow Subsidiaries / Associate Companies / Joint Ventures:**

(entities with whom the Company has transactions)

Manulife Investment Management Singapore Pte Ltd
Mahindra Rural Housing Finance Limited
NBS International Limited
Mahindra Integrated Business Solutions Private Limited
Mahindra Defence Systems Ltd
Mahindra Holidays and Resorts India Ltd
Manulife Investment Management (Hong Kong) Limited

d) **Key Management Personnel:**

Mr. Anthony Heredia - Managing Director & CEO (since 1st April, 2022)
Mr. Gianni Fiacco - Director
Mr. Sethu Gururajan - Independent Director
Mrs. Chitra Andrade - Independent Director
Mr. Vijay Ramachandran - Independent Director
Mr. Ashutosh Bishnoi - Managing Director & CEO (till 31st March, 2022)

ii) The nature and volume of transactions of the Company during the year with the above related parties were as follows:

(Rs. in Lakhs)

	Holding Company		Ultimate Holding Company		Fellow Subsidiaries/ Associate Companies/ Joint Ventures		Key Management Personnel	
Particulars	**Year ended 31 March 2024**	Year ended 31 March 2023	**Year ended 31 March 2024**	Year ended 31 March 2023	**Year ended 31 March 2024**	Year ended 31 March 2023	**Year ended 31 March 2024**	Year ended 31 March 2023
Purchase / Transfer of fixed assets								
Mahindra & Mahindra Ltd	**–**	–	**36.58**	133.68	**–**	–	**–**	–
Mahindra & Mahindra Financial Services Ltd	**–**	0.70						
Interest income								
Mahindra Rural Housing Finance Ltd	**–**	–	**–**	–	**410.49**	409.80	**–**	–
Other expenses								
Mahindra Integrated Business Solutions Pvt Ltd	**–**	–	**–**	–	**66.61**	78.49	**–**	–
NBS International Limited	**–**	–	**–**	–	**10.10**	23.21	**–**	–
Mahindra & Mahindra Financial Services Ltd	**58.64**	60.85	**–**	–	**–**	–	**–**	–
Mahindra & Mahindra Ltd	**–**	–	**20.61**	26.96	**–**	–	**–**	–
Mahindra Defence Systems Ltd	**–**	–	**–**	–	**8.76**	–	**–**	–
Mahindra Holidays and Resorts India Ltd	**–**	–	**–**	–	**2.60**	–	**–**	–
Recovery of expenses								
Mahindra & Mahindra Financial Services Ltd	**6.02**	–	**–**	–	**–**	–	**–**	–
Investment Advisory Fees Income								
Manulife Investment Management (Hong Kong) Ltd	**–**	–	**–**	–	**372.57**	362.19	**–**	–
Directors' Sitting Fees	**–**	–	**–**	–	**–**	–	**26.70**	24.60
Remuneration to Managing Director & Chief Executive Officer								
Mr. Anthony Heredia	**–**	–	**–**	–	**–**	–	**381.87**	287.50
Mr. Ashutosh Bishnoi	**–**	–	**–**	–	**–**	–	**–**	348.78

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

iii) Balances as at the end of the year:

Rs. in lakhs

Particulars	Holding Company		Ultimate Holding Company		Fellow Subsidiaries/ Associate Companies/ Joint Ventures	
	As at 31 March 2024	As at 31 March 2023	**As at 31 March 2024**	As at 31 March 2023	**As at 31 March 2024**	As at 31 March 2023
Balances as at the end of the period						
Investments						
Investments in Non convertible debentures (including interest accrued but not due)						
Mahindra Rural Housing Finance Limited	**–**	–	**–**	–	**4,857.57**	4,856.15
Trade Receivables						
Manulife Investment Management (Hong Kong) Ltd	**–**	–	**–**	–	**–**	92.42
Trade Payables						
Mahindra & Mahindra Financial Services Limited	**–**	–	**–**	–	**–**	–
Mahindra & Mahindra Ltd	**–**	–	**–**	–	**–**	–
Mahindra Integrated Business Solutions Pvt Ltd	**–**	–	**–**	–	**1.08**	1.58
NBS International Limited	**–**	–	**–**	–	**–**	5.95
Mahindra Defence Systems Ltd	**–**	–	**–**	–	**3.04**	–

28. Disclosure on Employee Share-based Compensation Scheme (Cash-settled phantom share based payments)

The Company has a Long Term Incentive Compensation Scheme (‘LTIC’) for eligible employees. The same was announced in Financial Year 2018-19. The LTIC payment calculation is based on a framework of phantom shares. The cash-settled share-based amount is measured at the fair value of the liability as per the requirements of Ind AS 102 Share-based payments. Until the liability is settled, the Company shall remeasure the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in the Statement of profit and loss for the period. Accordingly, a charge to Statement of Profit and loss for the year ended March 31, 2024 is Rs. 659.37 lakhs (previous year Rs. 179.61 lakhs).

Summary of phantom shares

Particulars	FY 2022-23 No. of phantom shares	FY 2022-23 Weighted average allocation price (Rs.)	FY 2023-24 No. of phantom shares	FY 2023-24 Weighted average allocation price (Rs.)
Phantom shares outstanding as on 1st April 2022 & 2023	1,10,92,346	3.38	**59,22,973**	**4.84**
Phantom shares granted during the year	8,95,784	6.45	**42,39,286**	**6.95**
Phantom shares exercised during the year	(53,03,118)	2.05	**(12,23,336)**	**4.53**
Phantom shares forfeited during the year	(7,62,039)	4.87	**–**	**–**
Phantom shares outstanding as on 31st March 2023 & 2024	59,22,973	4.84	**89,38,923**	**5.88**

Information in respect of outstanding phantom shares as at 31st March 2024:

Fair Value of phantom shares at the allocation date	**Range of Allocation price**	**Number of Phantom shares outstanding as on 31.03.2024**	**Weighted average remaining period**	**Fair Value of Share as on 31.03.2024**
Rs. 9.95	**Rs. 3.98 (at 60% discount)**	**5,97,299**	**–**	**Rs. 27.81**
Rs. 8.70	**Rs. 3.48 (at 60% discount)**	**5,36,603**	**5 months**	**Rs. 27.81**
Rs. 12.16	**Rs. 4.86 (at 60% discount)**	**27,44,481**	**14 months**	**Rs. 27.81**
Rs. 16.12	**Rs. 6.45 (at 60% discount)**	**8,95,784**	**26 months**	**Rs. 27.81**
Rs. 18.24	**Rs. 3.65 (at 80% discount)**	**3,26,698**	**38 months**	**Rs. 27.81**
Rs. 18.24	**Rs. 7.30 (at 60% discount)**	**38,38,058**	**38 months**	**Rs. 27.81**

Information in respect of outstanding phantom shares as at 31st March 2023:

Fair Value of phantom shares at the allocation date	**Range of Allocation price**	**Number of Phantom shares outstanding as on 31.03.2023**	**Weighted average remaining period**	**Fair Value of Share as on 31.03.2023**
Rs. 11.32	Rs. 4.53 (at 60% discount)	12,23,336	–	Rs. 18.24
Rs. 9.95	Rs. 3.98 (at 60% discount)	5,97,299	5 months	Rs. 18.24
Rs. 8.70	Rs. 3.48 (at 60% discount)	4,62,072	14 months	Rs. 18.24
Rs. 12.16	Rs. 4.86 (at 60% discount)	27,44,481	26 months	Rs. 18.24
Rs. 16.12	Rs. 6.45 (at 60% discount)	8,95,784	38 months	Rs. 18.24

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

Period of payout	Payout period completed as on 31 March 2024	Payout period remaining as on 31 March 2024	Provision (Rs. in Lakhs)
April 1 2019 to March 31 2024	**60 months**	**–**	**64.05**
April 1 2020 to March 31 2024	**48 months**	**–**	**39.17**
April 1 2020 to March 31 2025	**48 months**	**12 months**	**47.00**
April 1 2021 to March 31 2024	**36 months**	**–**	**157.46**
April 1 2021 to March 31 2025	**36 months**	**12 months**	**141.72**
April 1 2021 to March 31 2026	**36 months**	**24 months**	**170.06**
April 1 2022 to March 31 2025	**24 months**	**12 months**	**31.89**
April 1 2022 to March 31 2026	**24 months**	**24 months**	**28.70**
April 1 2022 to March 31 2027	**24 months**	**36 months**	**34.44**
April 1 2023 to March 31 2026	**12 months**	**24 months**	**72.18**
April 1 2023 to March 31 2027	**12 months**	**36 months**	**64.96**
April 1 2023 to March 31 2028	**12 months**	**48 months**	**77.95**
Total Provision made as on 31 March 2024			**929.58**

Period of payout	Payout period completed as on 31 March 2023	Payout period remaining as on 31 March 2023	Provision (Rs. in Lakhs)
April 1 2018 to March 31 2022	48 months	–	15.42
April 1 2018 to March 31 2023	60 months	–	75.47
April 1 2019 to March 31 2023	48 months	–	25.55
April 1 2019 to March 31 2024	48 months	12 months	30.66
April 1 2020 to March 31 2023	36 months	–	17.05
April 1 2020 to March 31 2024	36 months	12 months	15.35
April 1 2020 to March 31 2025	36 months	24 months	18.41
April 1 2021 to March 31 2024	24 months	12 months	61.18
April 1 2021 to March 31 2025	24 months	24 months	55.06
April 1 2021 to March 31 2026	24 months	36 months	66.07
April 1 2022 to March 31 2025	12 months	24 months	8.80
April 1 2022 to March 31 2026	12 months	36 months	7.92
April 1 2022 to March 31 2027	12 months	48 months	9.51
Total Provision made as on 31 March 2023			**406.45**

Valuation of the Company has been done by assigning a valuation percentage to the average assets under management of the company for March 2024 plus cash and cash equivalent as of 31st March 2024. A different valuation percentage was assigned to different asset classes. The total value of the company is divided by the total number of shares outstanding as on reporting date, to arrive at the fair value per share of the Company.

29. Leases

Company as a lessee

Following are the changes in the carrying value of Right to Use asset for the year ended 31 March 2024

(Rs. in Lakhs)

Particulars	Category of Asset Building Year ended 31 March 2024	Year ended 31 March 2023
Balance at the beginning	**1,568.02**	517.68
Additions	**160.92**	1,186.51
Restatement of ROU Asset	**(36.91)**	(4.03)
Deletions	**–**	–
Amortisation on ROU Asset for the year	**(263.12)**	(132.14)
Balance as at the end of the year	**1,428.91**	1,568.02

Following is the movement in the lease liabilities during the year ended 31 March 2024

Rs. in lakhs

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Balance at the beginning	**1,639.92**	574.44
Additions	**160.92**	1,186.51
Deletions	**–**	–
Restatement of lease liability	**(38.07)**	(12.91)
Finance Cost accrued during the year	**119.46**	53.06
Payment of lease liabilities	**(315.53)**	(161.18)
Balance as at the end of the year	**1,566.70**	1,639.92

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Rs. in lakhs

Particulars	As at 31 March 2024	As at 31 March 2023
Less than one year	**326.02**	286.67
One to five years	**1,086.70**	1,062.06
More than five years	**593.52**	827.87
Balance as at the end of the year	**2,006.24**	2,176.60

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

30. Additional disclosures

i) Financials Ratios

Ratio	Numerator	Denominator	Ratio as on 31 March 2024	Ratio as on 31 March 2023	% Variance	Reason for variance
Current Ratio (in times)	Total Current Assets	Total Current Liabilities	6.81	11.63	-41%	Decrease due to increase in year end Trade Payables
Return on Equity (in %)	Profit/(loss) for the year less Preference dividend (if any)	Total Equity	-14%	-14%	0%	NA
Trade Receivable Turnover Ratio (in times)	Revenue from operations	Average Trade Receivable	6.81	7.26	-6%	NA
Net (working) Capital Turnover Ratio (in times)	Revenue from operations	Average Working Capital	0.34	0.18	87%	Increase in fee income on account of AUM growth resulted in increase in Revenue from operations in current year.
Net Profit Ratio (in %)	Profit/(loss) for the year	Revenue from operations	-62%	-102%	40%	Increase in fee income on account of AUM growth resulted in increase in Revenue from operations in current year. Also, Loss for current year has decreased.
Return on Capital employed Ratio (in %)	Profit/(loss) before tax and interest	Total Assets less Total Current Liabilities	-12%	-13%	1%	NA
Return on investment (in %)	Income from invested funds	Average invested funds	10%	6%	4%	NA
Capital to risk-weighted assets ratio (CRAR)*	–	–	–	–	–	NA
Tier I CRAR*	–	–	–	–	–	NA
Tier II CRAR*	–	–	–	–	–	NA
Liquidity Coverage Ratio*	–	–	–	–	–	NA

* Note: Since the Company is not in lending business, it does not have any credit exposure. Hence, these ratios are not applicable to the Company.

ii) During the financial years ended 31 March 2024 and 31 March 2023, the Company has not granted any loans or advances in the nature of loans to promoters, directors, Key Management Personnel and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person (a) repayable on demand or (b) without specifying any terms or period of repayment.

iii) There is no Benami Property held by the Company and no proceedings have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

iv) The Company does not have any transactions with companies stuck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956

v) There are no charges or satisfaction in relation to any debt / borrowings yet to be registered with ROC beyond the statutory period.

vi) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

vii) Utilisation of borrowed funds and share premium:

A) The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding (whether recorded in writing or otherwise) that the intermediary shall-

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries) or

(ii) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries;

B) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall -

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (ultimate beneficiaries) or

(ii) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

viii) The Company has not traded or invested in crypto currency or virtual currency during the financial year.

ix) There are no transactions which have not been recorded in the books of accounts and have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Also, there are no previously unrecorded income and related assets.

x) There was no Scheme of Arrangements approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013 during the year.

xi) The Company has not been declared as wilful defaulter by any bank or financial Institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

31. Operating Segments

The Company is in the business of providing investment management services to the Mahindra Manulife Mutual Fund and offshore advisory to clients. The primary segment is identified as investment management services. As such the Company's financial statements are largely reflective of the investment management business and there is no separate reportable segment as per Ind AS 108 on "Operating Segments" in respect of the Company.

32. Social Security code

The new Code on Social Security, 2020 has been enacted, which would impact the contributions by the Company towards Provident Fund and Gratuity. The effective date from which the changes will be applicable and the rules, are yet to be notified. The Company will complete its evaluation and will give appropriate impact in its financial statements in the period in which, the Code and the Rules become effective.

33. Contingent Liabilities

(Rs. in Lakhs)

Particulars	As at 31 March 2024	As at 31 March 2023
Claims not acknowledged as debts in respect of:		
– GST demand case (Appeal pending with Joint Commissioner of State Tax for FY 2017-18)	**26.26**	–
Total	**26.26**	–

34. Events after the reporting date

There have been no other events after the reporting date that require disclosure in these financial statements.

Signatures to material accounting policies and notes to the financial statements – 1 to 34

For M. P. Chitale & Co.
Chartered Accountants
Firm's Registration No: 101851W

sd/-
Santosh More
Partner
Membership No: 114236

Place : Mumbai
Date : April 18, 2024

For and on behalf of the Board of Directors of
Mahindra Manulife Investment Management Private Limited

sd/-
Ramesh Iyer
Chairman
[DIN: 00220759]

sd/-
Anthony Heredia
Managing Director & CEO
[DIN: 02205628]

sd/-
Chitra Andrade
Director
[DIN: 08090478]

sd/-
Vijay Ramchandran
Director
[DIN: 02639324]

sd/-
Ashwini Sankhe
Chief Financial Officer

sd/-
Ravi Dayma
Company Secretary

INDEPENDENT AUDITORS' REPORT

To the Members of
Mahindra Manulife Trustee Private Limited

REPORT ON THE AUDIT OF THE IND AS FINANCIAL STATEMENTS

Opinion

We have audited the accompanying Ind AS Financial Statements of **Mahindra Manulife Trustee Private Limited** ("the Company"), which comprise the Balance sheet as at March 31, 2024, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as "the Financial Statements")

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards as 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 and total comprehensive income, its changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

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

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the Financial Statements and our auditors' report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 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.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure B" 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;
   c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
   d) In our opinion, the aforesaid Audited Financial Statements comply with the Accounting Standards specified under Section 133 of the Act.
   e) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164(2) of the Act.
   f) With respect to the adequacy of the internal financial controls with reference to Standalone Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to Standalone Financial Statements.
   g) In our opinion, the managerial remuneration for the year ended March 31, 2024 has been paid / provided by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act.
   h) In our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, the provisions of Section 197 of the Act related to the managerial remuneration are not applicable.
   i) (i) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (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 provided any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(ii) The management has represented that, to the best of it's knowledge and belief, other than as disclosed in the notes to accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("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 Parties ("Ultimate Beneficiaries") or provided any guarantee, security or the like on behalf of the Ultimate beneficiaries; and

(iii) Based on such audit procedures that the auditor has considered reasonable and appropriate in the circumstances, nothing has come to their notice that has caused us to believe that the representations under sub-clause (i) and (ii) contain any material misstatement.

(iv) No dividend (declared/paid/declared and paid) during the year by the Company and therefore the compliance with Section 123 of the Act is not applicable.

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

For B. K. Khare & Co
Chartered Accountants
Firm Registration No. 105102W

sd/-
Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 24111212BKERUP2925

Mumbai, April 19, 2024

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

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

We have audited the internal financial controls over financial reporting of **Mahindra Manulife Trustee 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 the 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these 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") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these 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 over financial reporting with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these 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 internal financial controls system over financial reporting with reference to these financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE FINANCIAL STATEMENTS

A company's internal financial control over financial reporting with reference to these 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 over financial reporting with reference to these 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 OVER FINANCIAL REPORTING WITH REFERENCE TO THESE FINANCIAL STATEMENTS

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

For B. K. Khare & Co
Chartered Accountants
Firm Registration No. 105102W

sd/-
Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 24111212BKERUP2925
Mumbai, April 19, 2024

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date on the financial statements of **Mahindra Manulife Trustee Private Limited** for the year ended March 31, 2024.

Annexure to the Auditor's Report referred to in our report of even date:

i. (a) (A) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and investment properties.

(a) (B) According to the information and explanations given to us, the Company has maintained proper records showing full particulars of intangible assets.

(b) The Company has a regular programme of physical verification of its property, plant and equipment and investment properties by which the property, plant and equipment are verified by the management according to a phased programme designed to cover all the items during the financial year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its property, plant and equipment. In accordance with the programme, the Company has physically verified property, plant and equipment during the year and no material discrepancies were noticed on such verification.

(c) Company does not hold any immovable property and thus this clause is not applicable.

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

(e) Based on the audit procedures performed by us and according to the information, explanations and representations given to us, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

ii. (a) Company is into service industry and does not hold any inventory, thus this clause does not applicable to the company.

(b) According to the information and explanations given to us, the Company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets at any point of time during the year.

iii. According to the information and explanations given to us, the Company has not made investments in or provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year. Accordingly, the reporting under Clauses 3(iii)(a) to 3(iii)(f) of the Order is not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act, with respect to loans granted, guarantees provided and investments made by the Company. The Company has not provided any security during the year to the parties covered under Sections 185 and 186 of the Act.

v. According to the information and explanations given to us, the Company has not accepted deposits under the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, the reporting under Clause 3(v) of the Order is not applicable to the Company.

vi. The Central Government has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company. Accordingly, the reporting under Clause 3(vi) of the Order is not applicable to the Company.

vii. (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, the amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services tax, Provident Fund, Employees' State Insurance, Income-tax, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. According to the information and explanations given to us and on the basis of our examination of records of the Company, there were no undisputed statutory dues payable in respect of Sales tax, Service tax, Duty of Customs, Duty of Excise and Value Added Tax.

According to the information and explanations given to us and on the basis of our examination of records of the Company, there were no arrears of outstanding statutory dues in respect of Goods and Services tax, Provident fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues as on the last day of the financial year for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of records of the Company, there are no statutory dues in respect of Goods and Services Tax, Provident Fund, Employees' State Insurance, Sales tax, Service tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other material statutory dues as at 31 March 2024, which have not been deposited with the appropriate authorities on account of any dispute.

viii. According to the information and explanations given to us, there are no transactions not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income-tax Act, 1961. Accordingly, the reporting under Clause 3(viii) of the Order is not applicable to the Company.

ix. According to the information and explanations given to us and based on the audit procedures performed by us, the Company has not availed any loans or other borrowings during the year. Accordingly, the reporting under Clause 3(ix) of the Order is not applicable to the Company.

x. (a) According to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under Clause 3(x)(a) of the Order is not applicable to the Company.

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

xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company noticed or reported during the year, nor have we been informed of any such case by the management.

(b) There has been no report filed by us under sub-section (12) of Section 143 of the Act in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government. Accordingly, the reporting under Clause 3(xi)(b) of the Order is not applicable to the Company.

(c) As represented to us by the management, no whistle blower complaints were received by the Company during the year.

xii. According to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, the reporting under Clause 3(xii) of the Order is not applicable to the Company.

xiii. In our opinion and according to the information and explanations given to us, 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 standalone financial statements as required by the applicable accounting standards.

xiv. (a) In our opinion and according to the information and explanations given to us and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.

(b) As per Section 138 of the Companies Act, 2013, Internal Audit is not applicable to the Company.

xv. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them during the year and hence, the provisions of Section 192 of the Act are not applicable to the Company. Accordingly, the reporting under Clause 3(xv) of the Order is not applicable to the Company.

xvi. (a) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under Clause 3(xvi)(a) of the Order is not applicable to the Company.

(b) In our opinion and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities. Accordingly, the reporting under Clause 3(xvi)(b) of the Order is not applicable to the Company.

(c) In our opinion and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under Clauses 3(xvi)(c) and 3(xvi)(d) of the Order is not applicable to the Company.

Based on the information and explanations given to us and the audit procedures performed by us, we report that the Group has Four Core Investment Companies.

xvii. In our opinion and according to the information and explanations given to us, the Company has not incurred cash losses in the current financial year as well as in the immediately preceding financial year. Accordingly, the reporting under Clause 3(xvii) of the Order is not applicable to the Company.

xviii. There has been no resignation of the statutory auditors during the year. Accordingly, the reporting under Clause 3(xviii) of the Order is not applicable to the Company.

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

xx. According to the information and explanations given to us, Section 135 of the Companies Act, 2013 does not applicable to the Company. Accordingly, the reporting under Clause 3(xx) of the Order is not applicable to the Company.

xxi. According to the information and explanations given to us, the Company does not have any subsidiary companies. Accordingly, the reporting under Clause 3(xxi) of the Order is not applicable to the Company.

For B. K. Khare & Co
Chartered Accountants
Firm Registration No. 105102W

sd/-
Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 24111212BKERUP2925
Mumbai, April 19, 2024

BALANCE SHEET AS AT 31 MARCH 2024

(Rs. in lakhs)

	Note No.	As at 31 March 2024	As at 31 March 2023
I ASSETS			
Non-current assets			
Property, Plant and Equipment	3	**0.01**	0.15
		0.01	0.15
Current assets			
(a) Financial Assets			
(i) Investments	4	**168.38**	126.54
(ii) Trade receivables	5	**12.60**	4.45
(iii) Cash and cash equivalents	6	**2.52**	1.49
(b) Current Tax Assets (Net)	7	**–**	6.32
(c) Other Current Assets	8	**0.16**	0.63
		183.66	139.43
TOTAL ASSETS		**183.67**	139.58
II EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	9	**98.04**	98.04
(b) Other Equity	10	**80.17**	34.13
		178.21	132.17
LIABILITIES			
Non-current liabilities			
Other Non-current Liabilities & Provisions	11	**1.07**	1.40
		1.07	1.40
Current liabilities			
(a) Financial Liabilities			
Trade Payables	12		
i) Total outstanding dues of micro and small enterprise		**0.05**	–
ii) Total outstanding dues of creditors other than micro and small enterprise		**0.68**	0.73
(b) Current Tax Liabilities (Net)	7	**0.23**	–
(c) Other Current Liabilities & Provisions	11	**3.43**	5.28
		4.39	6.01
TOTAL EQUITY AND LIABILITIES		**183.67**	139.58
Summary of material accounting policies	2		

The accompanying notes form an integral part of the financial statements

As per our report of even date

For B. K. Khare & Co.
Chartered Accountants
Firm Regn No. 105102W

sd/-
Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: April 19, 2024

For and on behalf of the Board of Directors
Mahindra Manulife Trustee Private Limited

sd/-
Manohar Bhide
Chairman
[DIN NO. 00001826]

sd/-
Gautam Parekh
Director
[DIN NO. 00365417]

sd/-
Suneet Maheshwari
Director
[DIN NO. 00420952]

sd/-
A K Sridhar
Director
[DIN NO. 00046719]

sd/-
Tejas Agrawal
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31 MARCH 2024

(Rs. in lakhs)

Particulars	Note No.	Year ended 31 March 2024	Year ended 31 March 2023
Revenue from operations	13	**107.03**	73.76
Other Income	14	**10.29**	7.28
Total Income		**117.32**	81.04
Expenses			
Employee benefits expense	15	**20.94**	23.34
Depreciation and amortization expense	16	**0.14**	0.14
Other expenses	17	**36.52**	41.50
Total Expenses		**57.60**	64.98
Profit/(Loss) Before Tax		**59.72**	16.06
Tax expense:	18		
Current tax		**13.68**	1.05
Tax expense of earlier years		**–**	0.67
		13.68	1.72
Profit/ (Loss) for the year		**46.04**	14.34
Other comprehensive income			
(i) Items that will not be reclassified to Statement of Profit and Loss		**–**	–
(a) Remeasurements of the defined benefit liabilities / (asset)		**–**	–
Total Comprehensive Income for the year		**46.04**	14.34
Earnings per equity share (Rs.) :	19		
Basic (INR)		**4.70**	1.46
Diluted (INR)		**4.70**	1.46
Summary of material accounting policies	2		

The accompanying notes form an integral part of the financial statements

As per our report of even date

For B. K. Khare & Co.
Chartered Accountants
Firm Regn No. 105102W

sd/-
Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: April 19, 2024

For and on behalf of the Board of Directors
Mahindra Manulife Trustee Private Limited

sd/-
Manohar Bhide
Chairman
[DIN NO. 00001826]

sd/-
Gautam Parekh
Director
[DIN NO. 00365417]

sd/-
Suneet Maheshwari
Director
[DIN NO. 00420952]

sd/-
A K Sridhar
Director
[DIN NO. 00046719]

sd/-
Tejas Agrawal
Company Secretary

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2024

A. Equity share capital

Particulars	(Rs. in lakhs) Amount
As at 1 April 2023	98.04
Changes in equity share capital during the year	–
As at 31 March 2024	**98.04**

Particulars	(Rs. in lakhs) Amount
As at 1 April 2022	98.04
Changes in equity share capital during the year	–
As at 31 March 2023	**98.04**

B. Other Equity

(Rs. in lakhs)

Particulars	Securities Premium	Profit & Loss Balance	Total
As at 1 April 2023	27.63	6.50	34.13
Profit / (Loss) for the year	–	46.04	46.04
Other Comprehensive Income / (Loss)	–	–	–
Total Comprehensive Income for the year	**–**	**46.04**	**46.04**
As at 31 March 2024	**27.63**	**52.54**	**80.17**

Rs. in lakhs

Particulars	Securities Premium	Profit & Loss Balance	Total
As at 1 April 2022	27.63	(7.84)	19.79
Profit / (Loss) for the year	–	14.34	14.34
Other Comprehensive Income / (Loss)	–	–	**–**
Total Comprehensive Income for the year	**–**	**14.34**	**14.34**
As at 31 March 2023	**27.63**	**6.50**	**34.13**

The accompanying notes form an integral part of the financial statements

As per our report of even date

For B. K. Khare & Co.
Chartered Accountants
Firm Regn No. 105102W

sd/-
Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: April 19, 2024

For and on behalf of the Board of Directors
Mahindra Manulife Trustee Private Limited

sd/-
Manohar Bhide
Chairman
[DIN NO. 00001826]

sd/-
Gautam Parekh
Director
[DIN NO. 00365417]

sd/-
Suneet Maheshwari
Director
[DIN NO. 00420952]

sd/-
A K Sridhar
Director
[DIN NO. 00046719]

sd/-
Tejas Agrawal
Company Secretary

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024

(Rs. in lakhs)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Cash flows from operating activities		
Profit / (Loss) before tax for the year	**59.72**	16.06
Adjustments for:		
Investment income recognised in Statement of Profit and Loss	**(10.03)**	(7.02)
Depreciation debited to Statement of Profit and Loss	**0.14**	0.14
Operating Profit / (Loss) before working capital changes (I)	**49.83**	9.18
Movements in working capital:		
(Increase) / decrease in trade receivables	**(8.15)**	3.65
(Increase) / decrease in other assets	**0.47**	0.61
Increase / (decrease) in trade and other payables	**–**	(0.23)
Increase / (decrease) in other liabilities	**(2.17)**	2.22
Net movements in working capital (II)	**(9.85)**	6.25
Cash generated from / (used in) operations (I+II)	**39.98**	15.43
Income taxes paid (net of refunds) (III)	**(7.13)**	(0.78)
Net cash generated from / (used in) operating activities (I+II+III)	**32.85**	14.65
Cash flows from investing activities		
Purchase of investments	**(105.37)**	(75.88)
Proceeds from sale of investments	**73.55**	61.06
Net cash (used in) / generated by investing activities (IV)	**(31.82)**	(14.82)
Cash flows from financing activities		
Issue of equity shares (net off share issue expenses)	–	–
Securities Premium received	–	–
Net cash generated from financing activities (V)	–	–
Net increase in cash and cash equivalents (I+II+III+IV+V)	**1.03**	(0.17)
Cash and cash equivalents at the beginning of the year	**1.49**	1.66
Cash and cash equivalents at the end of the year	**2.52**	1.49
Components of Cash and Cash equivalents		
Particulars		
- Cash on hand	**–**	–
- Balances with banks	**2.52**	1.49
Total	**2.52**	1.49

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’.

As per our report of even date

For B. K. Khare & Co.
Chartered Accountants
Firm Regn No. 105102W

sd/-
Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: April 19, 2024

For and on behalf of the Board of Directors
Mahindra Manulife Trustee Private Limited

sd/-
Manohar Bhide
Chairman
[DIN NO. 00001826]

sd/-
Gautam Parekh
Director
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Suneet Maheshwari
Director
[DIN NO. 00420952]

sd/-
A K Sridhar
Director
[DIN NO. 00046719]

sd/-
Tejas Agrawal
Company Secretary

Notes forming part of the Financial Statements for the year ended March 31, 2024

1. CORPORATE INFORMATION

Mahindra Manulife Trustee Private Limited ('the Company'), was incorporated under the Companies Act, 1956 on July 10, 2013. The company is a joint venture of Mahindra & Mahindra Financial Services Ltd. and Manulife Investment Management (Singapore) Pte. Ltd. The Company is incorporated to function as a Trustee to Mahindra Manulife Mutual Fund. The Company has entered into Investment Management Agreement with Mahindra Manulife Investment Management Private Limited ('Investment Manager') for managing the schemes of Mahindra Manulife Mutual Fund.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1. Statement of compliance and basis for preparation and presentation of financial statements

These standalone or separate financial statements of the Company have been prepared in accordance with the Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules 2015 as amended and notified under Section 133 of the Companies Act, 2013 ("the Act") and other relevant provisions of the Act.

The financial statements of the Company for the year ended March 31, 2024 were approved for issue by the Company's Board of Directors on April 19, 2024.

2.2. Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR' or 'Rs.') which is also the Company's functional currency.

2.3. Basis of measurement

The financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values.

2.4. Measurement of fair values

A number of Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has established policies and procedures with respect to the measurement of fair values.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.5. Use of estimates and judgments

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Following are areas that involved a higher degree of estimate and judgement or complexity in determining the carrying amount of some assets and liabilities:

Fair value of financial assets, liabilities and investments

The Company measures certain financial assets and liabilities on fair value basis at each balance sheet date or at the time they are assessed for impairment. Fair value measurement that are based on significant unobservable inputs (Level 3) require management's best estimate about future developments.

2.6. Revenue recognition

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

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

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

Step 2: Identification of the separate 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: Determination of 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: Allocation of transaction price to the separate 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: Recognition of revenue when (or as) the Company satisfies a performance obligation.

Trusteeship Fees (net of tax)

Trusteeship Fees are recognised as revenue when the trusteeship services are performed for the schemes of Mahindra Manulife Mutual Fund. Amount disclosed as fees are exclusive of GST.

Other Income

The gains / losses on sale of investments are recognised in the Statement of Profit and Loss on the trade day and it is determined on FIFO ('first in first out') method.

Recognition of Dividend Income

Dividend from investments are recognised in the Statement of Profit and Loss when the right to receive payment is established.

Recognition of Interest Income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding.

2.7. Property, plant and equipment ('PPE')

PPE are stated at cost of acquisition (including incidental expenses), less accumulated depreciation and accumulated impairment loss, if any.

Advances paid towards the acquisition of PPE outstanding at each balance sheet date are disclosed separately under long term loans and advances. Capital work in progress comprises the cost of Property, Plant and Equipments that are not ready for its intended use at the reporting date.

Depreciation on PPE is provided on straight-line basis in accordance with the useful lives specified in Schedule II to the Companies Act, 2013 on a pro-rata basis except for following assets in respect of which useful life is taken as estimated by the management based on the actual usage pattern of the assets:

Notes forming part of the Financial Statements for the year ended March 31, 2024

Assets individually costing INR 5,000/- or less are fully depreciated in the year of purchase or acquisition. Further, residual value for all assets is considered as zero due to the difficulty in estimating the same. Accordingly, useful life of assets is estimated as follows:

Computer	– 3 years
Furniture	– 10 years
Office Equipment	– 5 years

PPE is de-recognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the net carrying amount of the asset) is recognised in other income / netted off from any loss on disposal in the Statement of Profit and Loss in the year the asset is de-recognised.

2.8. Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment loss, if any. Intangible assets comprise of computer software which is amortised over the estimated useful life. The maximum period for such amortisation is taken as 36 months based on management's estimates of useful life. Amortisation is calculated using the Straight-line method to write down the cost of intangible assets over their estimated useful lives.

2.9. Cash and cash equivalent

Cash comprises of cash on hand and bank balances.

2.10. Foreign exchange transactions and translations

Initial recognition

Transactions in foreign currencies are recognised at the prevailing exchange rates between the reporting currency and the foreign currency on the transaction date.

Conversion

Transactions in foreign currencies are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the Statement of Profit and Loss. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.

Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

2.11. Financial instruments

Recognition and initial measurement

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

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

Classification and subsequent measurement Financial assets

On initial recognition, a financial asset is classified as - measured at:

– Amortised cost; or

– Fair Value through Other Comprehensive Income (FVTOCI) - debt investment; or

– Fair Value through Other Comprehensive Income (FVTOCI) - equity investment; or

– Fair Value through Profit or Loss (FVTPL)

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

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

The financial assets held with the objective to collect contractual cash flows as per the contractual terms that give rise on specified dates to cash flows that are solely payment of interest on the principal amount outstanding are measured at amortised cost on the reporting date. Interest income and impairment, if any, are recognised in the Statement of Profit and Loss.

For equity investments, the Company makes an election on an instrument-by-instrument basis to designate equity investments as measured at FVTOCI. These elected investments are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the reserves. The cumulative gain or loss is not reclassified to the Statement of Profit and Loss on disposal of the investments.

These investments in equity are not held for trading. Instead, they are held for medium or long- term strategic purpose. Upon the application of Ind AS 109, the Company has chosen to designate these investments as FVTOCI as the Company believes that this provides a more meaningful presentation for medium or long-term strategic investments, than reflecting changes in fair value immediately in the Statement of Profit and Loss. Dividend income, if any, received on such equity investments are recognised in the Statement of Profit and Loss.

Equity investments that are not designated to be measured at FVTOCI are designated to be measured at FVTPL. Subsequent changes in fair value are recognised in the Statement of Profit and Loss.

Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Company are recognised at the proceeds received. Transaction costs of an equity transaction are recognised as a deduction from equity.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost. Interest expenses are recognised in the Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in the Statement of Profit and Loss.

De-recognition of financial assets

The Company de-recognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for the amount it may have to pay.

Notes forming part of the Financial Statements for the year ended March 31, 2024

If the Company enters into transactions whereby it transfers assets recognised on its Balance Sheet but retains either all or substantially all the risks and rewards of the transferred assets, the transferred assets are not de-recognised, and the proceeds received are recognised as a collateralised borrowing.

De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled, or expires. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the Statement of Profit and Loss.

Impairment of financial assets

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVTOCI, the loss allowance is recognised in OCI and is not reduced from the carrying amount of the financial asset in the balance sheet.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the Statement of Profit and Loss.

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, which is the higher of the value in use or fair value less cost to sell, of the asset or cash-generating unit, as the case may be, is estimated and impairment loss (if any) is recognised and the carrying amount is reduced to its recoverable amount.

In assessing the 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. 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 an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) earlier. The reversal of an impairment loss is recognised in Statement of Profit and Loss.

2.12. Employee Benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Remeasurement gains / losses

Remeasurement of defined benefit plans, comprising of actuarial gains or losses, return on plan assets excluding interest income are recognised immediately in the Balance Sheet with corresponding debit or credit to other comprehensive income. Re-measurements are not reclassified to the Statement of Profit and Loss in subsequent period.

Remeasurement gains or losses on long term compensated absences that are classified as other long term benefits are recognised in the Statement of Profit and Loss.

Leave encashment / compensated absences / sick leave

The Company provides for the encashment / availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

2.13. Income taxes

Current tax

Current tax is determined as the amount of tax payable in respect of taxable income for the year. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods is accounted for using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

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 to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

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.

Current and deferred tax for the year

Current and deferred tax are recognised in the Statement of Profit and 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.

2.14. Securities issue expenses

Expenses incurred in connection with the fresh issue of share capital are adjusted against Securities premium.

2.15. Accounting for provisions, contingent liabilities and contingent assets

Provisions are recognised when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Contingent liabilities are not recognised in the financial statements. Contingent liabilities are disclosed when there is a possible obligation

Notes forming part of the Financial Statements for the year ended March 31, 2024

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 the obligation or a reliable estimate of the amount cannot be made.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The Company does not recognise contingent asset.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

2.16. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit/ loss for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares, etc that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders is divided by the weighted average number of equity shares outstanding during the period, considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

3 PROPERTY, PLANT AND EQUIPMENT

(Rs. in lakhs)

Description of Assets	Computers	Total
I. Gross Carrying Amount		
Balance as at 1 April 2023	0.66	0.66
Additions during the year	–	–
Disposals during the year	–	–
Balance as at 31 March 2024	**0.66**	**0.66**
II. Accumulated depreciation and impairment		
Balance as at 1 April 2023	0.51	0.51
Depreciation expense for the year	0.14	0.14
Eliminated on disposal of assets	–	–
Balance as at 31 March 2024	**0.65**	**0.65**
III. Net carrying amount (I-II)	**0.01**	**0.01**

(Rs. in lakhs)

Description of Assets	Computers	Total
I. Gross Carrying Amount		
Balance as at 1 April 2022	0.66	0.66
Additions during the year	–	–
Disposals during the year	–	–
Balance as at 31 March 2023	0.66	0.66
II. Accumulated depreciation and impairment		
Balance as at 1 April 2022	0.37	0.37
Depreciation expense for the year	0.14	0.14
Eliminated on disposal of assets	–	–
Balance as at 31 March 2023	**0.51**	**0.51**
III. Net carrying amount (I-II)	**0.15**	**0.15**

There is no immovable property where title deed of such immovable property is not held in name of the Company or jointly held with others.

The Company has not revalued its Property, Plant and Equipment (including Right-of-Use Assets)

4 INVESTMENTS

(Rs. in lakhs)

Particulars	As at 31 March 2024		As at 31 March 2023	
	Current	Non Current	Current	Non Current
Investments Carried at Fair Value				
Unquoted				
Mahindra Manulife Liquid Fund	**168.38**	–	126.54	–
10,710 units in Current Year (8,640 units in Previous Year)				
Total Investments	**168.38**	–	126.54	–

5 TRADE RECEIVABLES

(Rs. in lakhs)

Particulars	As at 31 March 2024		As at 31 March 2023	
	Current	Non Current	Current	Non Current
Trade receivables				
(a) Unsecured, considered good	**12.60**	–	4.45	–
(b) Doubtful	–	–	–	–
Less: Allowance for Credit Losses	–	–	–	–
Total	**12.60**	–	4.45	–
Of the above, trade receivables from:				
– Related Parties	–	–	–	–
– Others	**12.60**	–	4.45	–
Total Trade receivables	**12.60**	–	4.45	–

No trade or other receivable is due from directors or other officers of the company either severally or jointly with any other person nor any trade or other receivable is due from firms or private companies respectively in which any director is a partner, a director or a member.

Trade receivable is due within 30 days from the date of the invoice.

Notes to the Financial Statements for the period ended March 31, 2024

Trade Receivable Ageing schedule

Trade Receivables - Undisputed Trade receivables – considered good

(Rs. in lakhs)

Particulars	As at 31 March 2024	As at 31 March 2023
Less than 6 months	12.60	4.45
6 months - 1 year	–	–
1-2 years	–	–
2-3 years	–	–
More than 3 years	–	–
Total	12.60	4.45

6 CASH AND CASH EQUIVALENTS

(Rs. in lakhs)

Particulars	As at 31 March 2024	As at 31 March 2023
(a) Balances with banks	2.52	1.49
(b) Cash on hand	–	–
Total Cash and cash equivalents	2.52	1.49

7 CURRENT TAX ASSETS/(LIABILITIES) (NET)

(i) Tax deducted at source net of provision for tax

(Rs. in lakhs)

Particulars	As at 31 March 2024		As at 31 March 2023	
	Current	Non Current	Current	Non Current
(a) Advance Income Tax				
(i) TDS Receivable (Net of provision for tax)	(0.23)	–	6.32	–
Total Income Tax Assets/(Liabilities)	(0.23)	–	6.32	–

(ii) Unused tax losses - Revenue in nature

(Rs. in lakhs)

Particulars	As at 31 March 2024		As at 31 March 2023	
	Current	Non Current	Current	Non Current
Expiry period				
Upto Five years	–	–	–	2.17
More than Five years	–	–	–	–
No Expiry Date	–	–	–	0.41
Total	–	–	–	2.58

8 OTHER CURRENT ASSETS

(Rs. in lakhs)

Particulars	As at 31 March 2024		As at 31 March 2023	
	Current	Non Current	Current	Non Current
(a) Advances other than capital advances				
(i) Other assets	0.16	–	0.63	–
Total Other Assets	0.16	–	0.63	–

9 EQUITY SHARE CAPITAL

Particulars	As at 31 March 2024		As at 31 March 2023	
	No. of shares	Rs. in lakhs	No. of shares	Rs. in lakhs
Authorised:				
Equity shares of Rs. 10/- each with voting rights	10,00,000	100.00	10,00,000	100.00
Issued, Subscribed and Fully Paid:				
Equity shares of Rs. 10/- each with voting rights	9,80,400	98.04	9,80,400	98.04
Total	9,80,400	98.04	9,80,400	98.04

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

(Rs. in lakhs)

Particulars	Opening Balance	Fresh Issue	Other Changes	Closing Balance
(a) Equity Shares with Voting rights*				
Period Ended 31 March 2024				
No. of Shares	9,80,400	–	–	9,80,400
Amount (Rs. in Lakhs)	98.04	–	–	98.04
Year Ended 31 March 2023				
No. of Shares	9,80,400	–	–	9,80,400
Amount (Rs. in Lakhs)	98.04	–	–	98.04

***Rights, preferences and restrictions attached to equity shares**

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation, the shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholdings.

(ii) Details of shares held by the holding company, the ultimate holding company, their associates and subsidiaries:

Particulars	No. of Shares		
	Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
As at 31 March 2024			
Mahindra and Mahindra Financial Services Limited Percentage of holding (51%)	5,00,000	–	–
As at 31 March 2023			
Mahindra and Mahindra Financial Services Limited Percentage of holding (51%)	5,00,000	–	–

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31 March 2024		As at 31 March 2023	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mahindra and Mahindra Financial Services Limited	5,00,000	51%	5,00,000	51%
Manulife Investment Management (Singapore) Pte Limited	4,80,400	49%	4,80,400	49%

Notes to the Financial Statements for the period ended March 31, 2024

10 OTHER EQUITY

Description of the Nature and Purpose of Other Equity

Securities Premium: The securities premium is used to record the premium on issue of shares. The reserve can be utilized in accordance with the provisions of Companies Act, 2013

Retained earning or Profit and loss account: Retained Earnings represents the undistributed earnings.

(Rs. in lakhs)

Particulars	Reserves and Surplus: Securities premium	Reserves and Surplus: Retained earnings or Profit & loss account	Total
Balance as at 01 April 2022	27.63	(7.84)	19.79
Profit / (Loss) for the year	–	14.34	14.34
Other Comprehensive Income	–	–	–
Total Comprehensive Income for the year	**–**	**14.34**	**14.34**
Securities premium on fresh issue of equity share capital	–	–	–
Share issue expenses	–	–	–
Balance as at 31 March 2023	**27.63**	**6.50**	**34.13**
Balance as at 01 April 2023	27.63	6.50	34.13
Profit / (Loss) for the year	–	46.04	46.04
Other Comprehensive Income	–	–	–
Total Comprehensive Income for the year	**–**	**46.04**	**46.04**
Securities premium on fresh issue of equity share capital	–	–	–
Share issue expenses	–	–	–
Balance as at 31 March 2024	**27.63**	**52.54**	**80.17**

11 OTHER NON-CURRENT LIABILITIES & PROVISIONS

(Rs. in lakhs)

Particulars	As at 31 March 2024 Current	As at 31 March 2024 Non Current	As at 31 March 2023 Current	As at 31 March 2023 Non Current
(a) Other non-current liabilities	**–**	**1.00**	–	1.00
(b) Other Current Liabilities & Provisions				
Other Current Liabilities				
i Employee benefits payables	**1.19**	**–**	4.19	–
ii Statutory dues				
- Taxes payable (other than income taxes)	**2.11**	**–**	0.75	–
- TDS payable	**0.13**	**–**	0.33	–
- Professional tax payable	**–**	**–**	–	–
Provisions				
- Provision for leave encashment	**–**	**0.07**	0.01	0.40
Total Other liabilities	**3.43**	**1.07**	5.28	1.40

12 TRADE PAYABLES

Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the total outstanding dues of Micro and Small enterprise and other disclosures as per the Micro, Small and Medium Enterprises Development Act, 2006 (hereinafter referred to as "the MSMED Act") are given below:

(Rs. in lakhs)

Particulars	As at 31 March 2024 Current	As at 31 March 2024 Non Current	As at 31 March 2023 Current	As at 31 March 2023 Non Current
Total outstanding dues of Micro and small enterprises				
a) Dues remaining unpaid to any supplier at the year end				
- Principal	**0.05**	**–**	–	–
- Interest on the above				
b) Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year	**–**	**–**	–	–
- Principal paid beyond the appointed date	**–**	**–**	–	–
- Interest paid in terms of section 16 of the MSMED Act	**–**	**–**	–	–
c) Amount of interest due and payable for the year of delay on payments made beyond the appointed day during the year	**–**	**–**	–	–
d) Amount of interest accrued and remaining unpaid at the year end	**–**	**–**	–	–
e) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	**–**	**–**	–	–
Total outstanding dues of creditors other than micro and small enterprises	**0.68**	**–**	0.73	–
Total trade payables	**0.73**	**–**	0.73	–

Terms and Conditions of financials liabilities:

- Trade Payables are non-interest bearing and are normally settled on 30 days terms.

Trade Payables Ageing Schedule as at March 31, 2024

Trade Payables - Undisputed

(Rs. in lakhs)

Particulars	Outstanding for following periods: Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	**0.05**	**–**	**–**	**–**	**0.05**
(ii) Others	**0.68**	**–**	**–**	**–**	**0.68**
Total	**0.73**	**–**	**–**	**–**	**0.73**

Trade Payables Ageing Schedule as at March 31, 2023

Trade Payables - Undisputed

(Rs. in lakhs)

Particulars	Outstanding for following periods: Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	–	–	–	–	–
(ii) Others	0.73	–	–	–	0.73
Total	0.73	–	–	–	0.73

Notes to the Financial Statements for the period ended March 31, 2024

13 REVENUE FROM OPERATIONS

(Rs. in lakhs)

Particulars		Year ended 31 March 2024	Year ended 31 March 2023
(a)	Trusteeship Fees	**107.03**	73.76
Total Revenue from Operations		**107.03**	73.76

14 OTHER INCOME

(Rs. in lakhs)

Particulars		Year ended 31 March 2024	Year ended 31 March 2023
(a)	Profit on sale/redemption of Investment	**6.84**	3.94
(b)	Unrealised gain/(loss) on Mutual Fund Investment	**3.19**	3.08
(c)	Interest on Income tax refund	**0.26**	0.26
Total Other Income		**10.29**	7.28

15 EMPLOYEE BENEFIT EXPENSES

(Rs. in lakhs)

Particulars		Year ended 31 March 2024	Year ended 31 March 2023
(a)	Salaries and wages	**20.94**	23.34
Total Employee Benefit Expenses		**20.94**	23.34

16 DEPRECIATION AND AMORTISATION

(Rs. in lakhs)

Particulars		Year ended 31 March 2024	Year ended 31 March 2023
(a)	Depreciation on Property, Plant and Equipment	**0.14**	0.14
Total Depreciation and amortisation		**0.14**	0.14

17 OTHER EXPENSES

(Rs. in lakhs)

Particulars		Year ended 31 March 2024	Year ended 31 March 2023
(a)	Rates & Taxes	**0.03**	0.02
(b)	Legal and professional fees	**1.54**	0.60
(c)	Directors' Sitting Fees	**31.70**	37.10
(d)	Travelling & Conveyance	**1.54**	1.70
(e)	Marketing Expenses	**0.19**	0.75
(f)	Auditors remuneration and out-of-pocket expenses		
	– Audit fees	**0.50**	0.50
	– Other services	**–**	–
(g)	Other Expenses	**1.02**	0.83
Total Other expenses		**36.52**	41.50

18 INCOME TAX EXPENSE

(Rs. in lakhs)

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Current Tax:		
In respect of current year	**13.68**	1.05
In respect of prior years	**–**	0.67
	13.68	1.72
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**–**	–
	–	–
Total income tax expense on continuing operations	**13.68**	1.72

Reconciliation of tax expense and the accounting profit multiplied by Company's tax rate:

(Rs. in lakhs)

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Profit before tax	**59.72**	16.06
Income tax expense calculated at 25.168%	**15.03**	4.04
Effect of income that is exempt from taxation	**(0.80)**	(0.78)
Effect of tax on income chargeable at different rate including exempt income/loss	**(0.57)**	(2.22)
Changes in recognised deductible temporary differences	**0.02**	0.01
	13.68	1.05
Adjustments recognised in the current year in relation to the current tax of prior years	**–**	0.67
Total Tax expense	**13.68**	1.72

The Company has exercised the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly the rate of income tax applicable to the company is (Base rate-22%, plus 10% surcharge and 4% cess = 25.168%)

19 EARNINGS PER SHARE

(Rs. in lakhs)

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Profit / (loss) for the year (Rs. in Lakhs)	**46.04**	14.34
Weighted average number of equity shares	**9,80,400**	9,80,400
Earnings per share - Basic (INR)	**4.70**	1.46
Earnings per share - Diluted (INR)	**4.70**	1.46

Notes to the Financial Statements for the period ended March 31, 2024

20 ADDITIONAL REGULATORY INFORMATION

i) Financials Ratios

Ratio	Numerator	Denominator	Ratio as on 31 March 2024	Ratio as on 31 March 2023	% Variance	Reason for variance
Current Ratio (in times)	Total Current Assets	Total Current Liabilities	**41.84**	23.20	80%	Increase in fees income and resultant increase in profitability contributed to increase in current assets of the company
Return on Equity (in %)	Profit for the year less Preference dividend (if any)	Total Equity	**26%**	11%	15%	NA
Trade Receivable Turnover Ratio (in times)	Revenue from operations	Average Trade Receivable	**12.55**	11.75	7%	NA
Net (working) Capital Turnover Ratio (in times)	Revenue from operations	Average Working Capital	**0.68**	0.58	17%	NA
Net Profit Ratio (in %)	Profit for the year	Revenue from operations	**43%**	19%	24%	NA
Return on Capital employed Ratio (in %)	Profit before tax and interest	Total Assets less Total Current Liabilities	**33%**	12%	21%	NA
Return on investment (in %)	Income from invested funds	Average invested funds	**8%**	6%	2%	NA

ii) During the financial years ended 31 March 2024 and 31 March 2023, the Company has not granted any loans or advances in the nature of loans to promoters, directors, Key Management Personnel and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person (a) repayable on demand or (b) without specifying any terms or period of repayment.

iii) There is no Benami Property held by the Company and no proceedings have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

iv) The Company does not have any transactions with companies stuck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956.

v) There are no charges or satisfaction in relation to any debt / borrowings yet to be registered with ROC beyond the statutory period.

vi) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

vii) Utilisation of borrowed funds and share premium:

A) The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding (whether recorded in writing or otherwise) that the intermediary shall -

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries) or

(ii) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries;

B) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall -

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (ultimate beneficiaries) or

(ii) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

viii) The Company has not traded or invested in crypto currency or virtual currency during the financial year.

ix) There are no transactions which have not been recorded in the books of accounts and have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Also, there are no previously unrecorded income and related assets.

x) There was no Scheme of Arrangements approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013 during the year.

xi) The Company has not been declared as wilful defaulter by any bank or financial Institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.

21 EMPLOYEE BENEFITS

Details of defined benefit plans as per actuarial valuation are as follows:

(Rs. in lakhs)

	Particulars	Unfunded Plans Exigency and Earned leave Year ended 31 March 2024	2023
I.	**Amounts recognised in the Statement of Profit & Loss**		
	Current service cost	**0.07**	0.18
	Past Service Cost	**–**	0.02
	Net Interest cost	**0.03**	–
	Actuarial (gain)/loss	**(0.44)**	(0.08)
	Total expenses included in employee benefits expense	**(0.34)**	0.12
II.	**Amount recognised in Other Comprehensive income**	**–**	–
III.	**Changes in the defined benefit obligation**		
	Opening defined benefit obligation	**0.41**	0.42
	Current service cost	**0.07**	0.18
	Past service cost	**–**	0.02
	Interest expense	**0.03**	–
	Remeasurement (gains)/losses arising from changes in -		
	- demographic changes	**–**	–
	- financial assumptions	**–**	(0.02)
	- experience adjustments	**–**	(0.06)
	Benefits paid//extinguished	**(0.44)**	(0.13)
	Closing defined benefit obligation	**0.07**	0.41
IV.	**Change in the fair value of plan assets during the year**		
	Opening Fair value of plan assets	**–**	–
	Interest income	**–**	–
	Closing Fair value of plan assets	**–**	–
V.	**Net defined benefit obligation**		
	Defined benefit obligation	**0.07**	0.41
	Fair value of plan assets	**–**	–
	Surplus/(Deficit)	**(0.07)**	(0.41)

Notes to the Financial Statements for the period ended March 31, 2024

(Rs. in lakhs)

	Unfunded Plans	
	Exigency and Earned leave	
	Year ended 31 March	
Particulars	**2024**	2023
Current portion of the above	**(0.00)**	(0.01)
Non current portion of the above	**(0.07)**	(0.40)
Actuarial assumptions and Sensitivity		
VI. Actuarial assumptions		
Discount Rate (p.a.)	**7.22%**	7.52%
Attrition rate	**1-3%**	1-3%
Expected rate of return on plan assets (p.a.)	**–**	–
Rate of Salary increase (p.a.)	**7.00%**	7.00%
In-service Mortality	**100% of IALM (2012 - 14)**	100% of IALM (2012 - 14)
VII. Quantitative sensitivity analysis for impact of significant assumptions on defined benefit obligation are as follows:		
One percentage point increase in discount rate	**(0.01)**	(0.07)
One percentage point decrease in discount rate	**0.01**	0.09
One percentage point increase in Salary growth rate	**0.01**	0.09
One percentage point decrease in Salary growth rate	**(0.01)**	(0.07)
VIII. Maturity profile of defined benefit obligation		
Within 1 year	**0.00**	0.01
Between 2 and 5 years	**0.01**	0.05

22 FINANCIAL INSTRUMENTS

i) Financial Instruments regularly measured using Fair Value - recurring items

(Rs. in lakhs)

			Fair Value			
Financial assets/ financial liabilities	Financial assets / financial liabilities	Category	**As at 31 March 2024**	As at 31 March 2023	Fair value hierarchy	Valuation technique(s)
1) Investment in Mutual Funds	Financial Assets	Financial instrument measured at FVTPL	**168.38**	126.54	Level 1	NAV

ii) Financial Instruments measured at amortised cost

(Rs. in lakhs)

			Fair Value		
Particulars	Carrying Value	Fair value	Level 1	Level 2	Level 3
As at 31 March 2024					
Financial assets					
a) Cash and cash equivalent	**2.52**	**2.52**	**2.52**	**–**	**–**
b) Trade Receivables	**12.60**	**12.60**	**–**	**12.60**	**–**
Total	**15.12**	**15.12**	**2.52**	**12.60**	**–**
Financial liabilities					
a) Trade Payables	**0.73**	**0.73**	**–**	**0.73**	**–**
Total	**0.73**	**0.73**	**–**	**0.73**	**–**
As at 31 March 2023					
Financial assets					
a) Cash and cash equivalent	1.49	1.49	1.49	–	–
b) Trade Receivables	4.45	4.45	–	4.45	–
Total	5.94	5.94	1.49	4.45	–
Financial liabilities					
a) Trade Payables	0.73	0.73	–	0.73	–
Total	0.73	0.73	–	0.73	–

There were no transfers between Level 1 and Level 2 during the year.

23 FINANCIAL RISK MANAGEMENT

In the course of its business, the Company is exposed to certain financial risks: liquidity risk and market risk. The Company's primary focus is to achieve better predictability of financial markets and seek to minimize potential adverse effects on its financial performance.

Liquidity Risk Management

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows.

Maturity profile of non-derivative financial liabilities

(Rs. in lakhs)

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
As at 31 March 2024				
Trade Payables	**0.73**	**–**	**–**	**–**
Total	**0.73**	**–**	**–**	**–**
As at 31 March 2023				
Trade Payables	0.73	–	–	–
Total	0.73	–	–	–

Market Risk Management

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company invests in fixed rate instruments, units of mutual fund taking into account the current liquidity requirements. There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

24 RELATED PARTY DISCLOSURES:

i) As per Ind AS 24 on 'Related party disclosures', the related parties of the Company are as follows:

(a) Holding Company

Mahindra & Mahindra Financial Services Ltd

(b) Ultimate Holding Company

Mahindra & Mahindra Ltd

(c) Fellow Subsidiaries / Associate Companies / Joint Ventures

Manulife Investment Management Singapore Pte Ltd

Mahindra Integrated Business Solutions Private Limited

(d) Key Management Personnel

(i) Mr. Manohar G. Bhide - Chairman

(ii) Mr. Gautam G. Parekh - Independent Director

(iii) Mr. Suneet K. Maheshwari - Independent Director

(iv) Mr. Nilesh Sathe - Independent Director

(v) Mr. A. K. Sridhar - Independent Director

(vi) Mr. Michael Fitzgerald - Director

Notes to the Financial Statements for the period ended March 31, 2024

ii) The nature and volume of transactions of the Company during the year with above related parties were as follows:

(Rs. in lakhs)

Particulars	Holding Company /Ultimate Holding Company		Fellow Subsidiaries / Associate Companies/ Joint Ventures		Key Managerial Personnel	
	Year ended 31 March 2024	Year ended 31 March 2023	**Year ended 31 March 2024**	Year ended 31 March 2023	**Year ended 31 March 2024**	Year ended 31 March 2023
Expenses						
Mahindra & Mahindra Financial Services Ltd	**–**	0.84	**–**	–	**–**	–
Mahindra & Mahindra Ltd	**0.22**	–				
Mahindra Integrated Business Solutions Private Limited	**–**	–	**0.14**	0.14	**–**	–
Directors' Sitting Fees	**–**	–	**–**	–	**31.70**	37.10

iii) Balances as at the end of the year:

(Rs. in lakhs)

Particulars	Holding Company		Fellow Subsidiaries / Associate Companies / Joint Ventures	
	As at 31 March 2024	As at 31 March 2023	**As at 31 March 2024**	As at 31 March 2023
Other Non-current Liabilities				
Mahindra & Mahindra Financial Services Ltd	**–**	1.00	**–**	–
Trade Payables				
Mahindra Integrated Business Solutions Private Limited	**–**	–	**0.01**	0.01

25 OPERATING SEGMENTS

The Company is in the business of providing Trusteeship services to the Mahindra Manulife Mutual Fund. The primary segment is identified as Trusteeship services. As such the Company's financial statements are largely reflective of the Trusteeship services and there is no separate reportable segment as per Ind AS 108 on "Operating Segments" in respect of the Company.

26 SOCIAL SECURITY CODE

The new Code on Social Security, 2020 has been enacted, which would impact the contributions by the Company towards Provident Fund and Gratuity. The effective date from which the changes will be applicable and the rules, are yet to be notified. The Company will complete its evaluation and will give appropriate impact in its financial statements in the period in which, the Code and the Rules become effective.

27 EVENTS AFTER THE REPORTING DATE

There have been no other events after the reporting date that require disclosure in these financial statements.

28 Previous year figures have been regrouped /reclassified wherever nessesary to conform to current year presentation.

Signatures to material accounting policies and Notes to the financial statements 1 to 28

For B. K. Khare & Co.
Chartered Accountants
Firm Regn No. 105102W

sd/-
Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: April 19, 2024

For and on behalf of the Board of Directors
Mahindra Manulife Trustee Private Limited

sd/-
Manohar Bhide
Chairman
[DIN NO. 00001826]

sd/-
Gautam Parekh
Director
[DIN NO. 00365417]

sd/-
Suneet Maheshwari
Director
[DIN NO. 00420952]

sd/-
A K Sridhar
Director
[DIN NO. 00046719]

sd/-
Tejas Agrawal
Company Secretary

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF MAHINDRA IDEAL FINANCE LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of MAHINDRA IDEAL Finance Limited ("the Company"), which comprise the Statement of Financial Position as at 31 March 2024, and the Statement of Profit or Loss and 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 Significant Accounting Policies.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 31 March 2024, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). 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 for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information included in the Company's 31 March 2024 Annual Report

Management is responsible for the other information included in the Company's 31 March 2024 annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is lo read the. other information and, in doing so, consider whether the other information Is materially inconsistent with the financial statements, or our knowledge obtained In the audit or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are 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 SLAuSs 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 SLAuSs, 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

For Ernst & Young	**Ms Hiranthi Fonseka**
Chartered Accountants	*Audit Partner*

18 April 2024
Colombo

STATEMENT OF COMPREHENSIVE INCOME YEAR ENDED 31 MARCH 2024

	Notes	2024 LKR	2023 LKR
Income	3	**2,309,040,380**	1,924,279,355
Interest Income	4.1	**2,153,618,043**	1,805,299,948
Interest Expenses	4.2	**(1,061,880,311)**	(921,725,959)
Net Interest Income		**1,091,737,732**	883,573,989
Fees and Commission Income	5	**10,249,062**	13,067,675
Net Fee and Commission Income		**10,249,062**	13,067,675
Other Operating Income	6	**145,173,275**	105,911,732
Total Operating Income		**1,247,160,069**	1,002,553,396
Impairment Charges for Loans and other Losses	7	**49,871,815**	(70,983,116)
Net Operating Income		**1,297,031,884**	931,570,280
Operating Expenses			
Personnel Expenses	8	**(501,575,385)**	(349,974,582)
Depreciation of Property Plant & Equipment	22.2	**(110,425,685)**	(93,972,623)
Amortization of Intangible Assets	23	**(5,067,304)**	(3,333,640)
Other Operating Expenses	9	**(345,864,952)**	(236,296,248)
Operating Profit before VAT on Financial Services and Social Security Contribution Levy		**334,098,558**	247,993,187
Value Added Tax on Financial Services	10	**(116,700,020)**	(88,673,219)
Social Security Contribution Levy	10	**(16,208,337)**	(6,227,766)
Profit before Taxation		**201,190,201**	153,092,202
Income Tax Expenses	11.1	**(97,898,498)**	(66,194,388)
Profit/ (Loss) for the period		**103,291,703**	86,897,814
Basic and Diluted Earning per Share	12.2	**0.71**	0.60
Profit/ (Loss) for the period		**103,291,703**	86,897,814
Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods			
Actuarial Gain/ (Loss) on Defined Benefit Obligations	28.3	**(8,101,913)**	2,130,956
Deferred Tax (Charge)/Reversal on Other Comprehensive Income	29	**2,430,574**	(639,287)
Other Comprehensive Income for the period, Net of Tax		**(5,671,339)**	1,491,669
Total Comprehensive Income for the period, Net of Tax		**97,620,364**	88,389,483

The Accounting Policies and Notes on pages herein form an integral part of the Financial Statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

	Notes	**2024 LKR**	2023 LKR
ASSETS			
Cash and Bank Balances	13	**110,767,720**	165,583,696
Investment in Government Securities at Amortized cost	14	**1,819,024,328**	458,137,517
Financial Investments-Measured at Fair Value through PL	14.1	**1,001,278,217**	–
Placements with Banks and Other Financial Institutions	15	**355,848,060**	445,268,915
Gold Advances	16	**4,505,162,573**	3,950,688,495
Lease Rental Receivables	17	**2,864,129,749**	2,374,025,383
Loans and Advances	18	**1,173,631,285**	798,812,852
Other Financial Assets	19	**29,495,526**	24,340,891
Other Non Financial Assets	20	**188,496,352**	58,781,143
Financial Investments-Measured at Fair Value through OCI	21	**457,700**	457,700
Property, Plant and Equipment	22.3	**534,360,642**	470,357,459
Intangible Assets	23	**43,094,228**	18,047,136
Deferred Tax Assets	29	**24,116,990**	27,648,433
TOTAL ASSETS		**12,649,863,370**	8,792,149,620
LIABILITIES			
Interest Bearing Borrowings	24	**3,843,671,591**	1,989,957,781
Due to the Customers	25	**5,204,224,178**	3,487,076,917
Other Financial Liabilities	26	**547,160,170**	379,280,751
Other Non Financial Liabilities	27	**67,585,280**	37,393,905
Post Employment Benefit Liability	28	**49,036,778**	30,896,045
Current Tax Liabilities		**5,942,625**	32,921,837
TOTAL LIABILITIES		**9,717,620,622**	5,957,527,236
EQUITY			
Stated Capital	30	**1,908,247,125**	1,908,247,125
Retained Earnings		**970,936,139**	878,196,794
Reserves	31	**53,059,484**	48,178,465
TOTAL EQUITY		**2,932,242,748**	2,834,622,384
TOTAL LIABILITIES AND EQUITY		**12,649,863,370**	8,792,149,620

The Accounting Policies and Notes on pages herein form an integral part of the Financial Statements.

Mr Rohit Agarwalla
Chief Financial Officer

The Board of Directors are responsible for these Financial Statements. Signed for and on behalf of the Board of by;

Mr Nalin J Welgama
Chairman

Mr P A De Silva
Deputy Chairman

The Accounting Policies and Notes on pages herein form an integral part of the Financial Statements.

18 April 2024
Colombo

STATEMENT OF CHANGES IN EQUITY YEAR ENDED 31 MARCH 2024

	Stated Capital LKR	Retained Earnings LKR	Statutory Reserve Fund LKR	Total LKR
Balance As at 1 April 2022	1,908,247,125	794,226,786	43,758,990	2,746,232,902
Total Income / (Loss) for the Period	–	86,897,814	–	86,897,814
Other Comprehensive Income (Net of Tax)	–	1,491,669	–	1,491,669
Transfer to Statutory Reserve Fund	–	(4,419,474)	4,419,474	–
Balance As at 31 March 2023	1,908,247,125	878,196,794	48,178,465	2,834,622,384
Balance As at 1 April 2023	**1,908,247,125**	**878,196,794**	**48,178,465**	**2,834,622,384**
Total Income / (Loss) for the Period	**–**	**103,291,703**	**–**	**103,291,703**
Other Comprehensive Income (Net of Tax)	**–**	**(5,671,339)**	**–**	**(5,671,339)**
Transfer to Statutory Reserve Fund	**–**	**(4,881,019)**	**4,881,019**	**–**
Balance As at 31 March 2024	**1,908,247,125**	**970,936,139**	**53,059,484**	**2,932,242,748**

The Accounting Policies and Notes on pages herein form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS YEAR ENDED 31 MARCH 2024

	Note	2024 LKR	2023 LKR
Cash Flows From / (Used in) Operating Activities			
Profit before Income Tax Expense		**201,190,201**	153,092,202
Adjustment for Other Non Cash Items Included in Profit Before Tax			
Depreciation of Property, Plant and Equipment & ROU Assets	22.3	**110,425,685**	93,972,623
Amortization of Intangible Assets	23	**5,067,304**	3,333,640
Provision for Impairment	7	**(49,871,815)**	70,983,116
Interest expenses on Borrowings	4.2	**377,945,850**	434,895,016
Defined Benefit Obligation	8	**12,673,570**	9,450,813
Dividend Income	6	**(179,520)**	(240,000)
Disposal (Gain)/Loss on Fixed Assets		**–**	–
Operating Profit before Working Capital Changes		**657,251,275**	765,487,410
(Increase)/Decrease in Lease Rental Receivables		**(463,612,467)**	1,135,054,895
(Increase)/Decrease in Loans and Advances		**(347,074,261)**	603,795,207
(Increase)/Decrease in Gold Advance		**(558,838,334)**	(1,703,801,685)
(Increase)/Decrease in Other Financial Assets		**(5,154,635)**	(7,967,458)
(Increase)/Decrease in Other Non Financial Assets		**(123,753,192)**	113,784,455
(Increase)/Decrease in Inventories		**–**	328,056
Increase/(Decrease) in Amounts Due to Customers		**1,717,147,261**	1,292,058,075
Increase/(Decrease) in Other Financial Liabilities		**231,602,037**	(110,978,929)
Increase/(Decrease) in Other Non Financial Liabilities		**30,191,375**	(7,573,033)
Increase/(Decrease) in Current Tax liabilities		**(8,732,522)**	3,633,728
Cash Generated from Operations		**1,129,026,537**	2,083,820,723
Retirement Benefit Liabilities Paid	28.2	**(2,634,750)**	(2,762,375)
Income Tax Paid		**(116,145,188)**	(87,024,625)
Net Cash Flows from/(Used in) Operating Activities		**1,010,246,599**	1,994,033,723
Cash Flows from / (Used in) Investing Activities			
Purchase of Property, Plant and Equipment	22.1	**(88,766,534)**	(141,303,856)
Purchase of Right of Use Assets	22.1	**(85,662,333)**	(76,526,736)
Purchase of Intangible Assets	23	**(30,114,398)**	(2,184,070)
Disposal of Property, Plant and Equipment			
Dividend Received	6	**179,520**	240,000
Investment in Treasury Bills	14	**(515,700,380)**	(300,329,263)
Investing in Fixed Deposits	15	**189,420,855**	(157,524,998)
Net Cash Flows from/(Used in) Investment Activities		**(530,643,270)**	(677,628,924)
Cash Flows from / (Used in) Financing Activities			
Proceeds from Bank Borrowings		**15,985,000,000**	6,424,000,000
Repayment of Bank Borrowings		**(15,340,051,428)**	(7,494,177,824)
Rental Paid for Lease Obligation		**(63,722,616)**	(60,047,593)
Repayment of Other Borrowed Funds		**–**	–
Net Cash Flows from/(Used in) Financing Activities		**581,225,956**	(1,130,225,417)
Net Increase/(Decrease) in Cash & Cash Equivalents		**1,060,829,285**	186,179,382
Cash and Cash Equivalents at the Beginning of the Period		**251,915,083**	65,735,701
Cash and Cash Equivalents at the End of the Year	32	**1,312,744,367**	251,915,083

The Accounting Policies and Notes on pages herein form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024

1. CORPORATE INFORMATION

1.1 General

IDEAL Investment Limited is a limited liability company, incorporated on 24 January 2012 under companies Act No.7 of 2007 and then changed the name as IDEAL Finance Limited on 12 March 2012 and domiciled in Sri Lanka. The registered office of the company is situated at No.299, Dr. Colvin R De. Silva Mawatha (Union Place), Colombo 02. On 28th January 2022 the company changed its' name to MAHINDRA IDEAL Finance Limited.

MAHINDRA IDEAL Finance Limited is licensed by Monetary Board of the Central Bank of Sri Lanka under the Finance Business Act No. 42 of 2011, and also registered under the Finance Leasing Act No.56 of 2000.

1.2 Principal Activities and Nature of Operations

During the year, the principal activities of the Company were Acceptance of Deposits, Granting Lease, Loan Facilities and Gold Advances.

1.3 Parent Entity and Ultimate Parent Entity

Mahindra and Mahindra Financial Services Limited, India is the parent of MAHINDRA IDEAL Finance Limited. Further the company does not have any investments in the form of subsidiary, joint venture or associate.

1.4 Date of Authorization for Issue

The financial statements of MAHINDRA IDEAL Finance Limited for the period ended 31 March 2024 were authorized for issue in accordance with a resolution of the Board of Directors on 18 April 2024.

2. ACCOUNTING POLICIES

2.1 Basis of Preparation

2.1.1 Statement of Compliance

The Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows, together with Accounting Policies and Notes, ('Financial Statements'),as at 31 March 2024 and for the period then ended, have been prepared in accordance with Sri Lanka Accounting Standards (hereafter referred as "SLFRS"), laid down by the Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Companies Act No. 07 of 2007 and amendments thereto.

2.1.2 Responsibility for Financial Statements

The Board of Directors of the Company is responsible for these Financial Statements of the Company as per Sri Lanka Accounting Standards (SLFRSs and LKASs) and the provisions of the Companies Act No 7 of 2007.

2.1.3 Basis of measurement

The financial statements have been prepared on a historical cost basis except retirement benefits obligation, which was ascertained by an actuarial valuation.

2.1.4 Presentation of Financial Statements

In compliance with LKAS 01 on Presentation of Financial Statements, each material class of similar items are presented separately in the Financial Statements. Items of dissimilar nature or functions are presented separately, unless they are immaterial.

The company presents its Statements of Financial Position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 35.

2.1.5 Functional and presentation currency

The financial statements are presented in Sri Lankan Rupees, except when otherwise is indicated. No adjustments have been made for inflationary factors.

2.1.6 Materiality, Aggregation Offsetting and Rounding Off

In compliance with LKAS 01 on Presentation of Financial Statements, each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or functions too are presented separately, unless they are immaterial.

Financial Assets and Financial Liabilities are offset and the net amount reported in the Statement of Financial Position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the Statement of Profit or Loss unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies.

The amounts in the financial statements have been rounded off to the nearest Sri Lankan Rupee, except where otherwise indicated as permitted by the Sri Lanka Accounting Standard (LKAS 1) – 'Presentation of Financial Statements'.

2.1.7 Comparative Information

The accounting policies have been consistently applied by the Company and, are consistent with those used in the previous financial year. Further comparative information is reclassified whenever necessary to comply with the current presentation in the Financial Statements. However, the Company has not restated comparative information for 2024.

2.1.8 Statement of Cash Flow

The cash flow statement has been prepared by using the indirect method in accordance with the Sri Lanka Accounting Standard - LKAS 7 (Statement of Cash Flows), whereby operating, investing and financial activities have been separately recognised. Cash and cash equivalents comprise of short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Cash and cash equivalents include cash in hand, balances with banks, placements with banks (less than 3 months), net of unfavorable bank balances and securities purchased under repurchase agreement (less than three months).

2.1.9 Events After the Reporting Date

Events after the Reporting Date are those events, favorable and unfavorable, that occur between the reporting date and the date when the Financial Statements are authorised for issue. In this regard, all material and important events that occurred after the reporting period have been considered and appropriate disclosures are made in Note 37 to the Financial Statements.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of Financial Statements of the Company in conformity with Sri Lanka Accounting Standards requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

i. Going Concern

The board has made an assessment of the company's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the board is not aware of any material uncertainties that may cast significant doubt upon the company's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of the company. Further, the Directors have considered the potential downsides that the recent economic stress could bring to the business operations of the Company, in making this assessment. Therefore, the financial statements continue to be prepared on the going concern basis.

ii. Impairment losses on loans and receivables

The measurement of impairment losses under SLFRS 9 across all categories of financial assets requires judgement, in particular,

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024 (contd.)

the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- Number of days past due and the Guidelines issued by the Central Bank of Sri Lanka
- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

iii. Fair Value of Financial Instruments

The determination of fair values of financial assets and financial liabilities recorded in the Statement of Financial Position for which there is no observable market price is based on using a variety of valuation techniques that include the use of mathematical models. The valuation of financial instruments is described in Note 34 to the Financial Statements. The Company measures fair value using the fair value hierarchy that reflects the significance of input used in making measurements. The fair value hierarchy is given in Note 34 to the Financial Statements.

iv. Financial Assets and Financial Liabilities Classification

The Company's accounting policies provide scope for assets and liabilities to be classified, at inception in to different accounting categories. The classification of financial instruments is given in Note 33 "Analysis of Financial Instruments by Measurement Basis".

v. Defined Benefit Plan

The cost of the defined benefit pension plan is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, future salary increases, and mortality rates. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. Assumptions used are disclosed in Note 28.

vi. Useful Life-time of the Property, Plant, Equipment and Intangible Assets

The Company reviews the residual values, useful lives and methods of depreciation and amortization of property, plant, equipment and intangible assets at each reporting date. The judgement of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the Company in preparation of its Financial Statements are included in below.

2.3.1 SLFRS 09 Financial Instrument

SLFRS 9 –Financial Instruments replaces LKAS 39 for annual periods on or after 1 January 2018. The company has adopted SLFRS-09 Financial Instruments with an initial application date of 1 April 2018.

2.3.1.1 Classification & Measurement of Financial Assets and Liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised Cost,
- Fair Value through Other Comprehensive Income (FVOCI),
- Fair Value through Profit or Loss

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or at FVPL or the fair value designation is applied.

2.3.1.2 Financial Assets and liabilities

2.3.1.2.1 Lease rental receivables, Loans and Receivables to Other Customers, Financial Investments at Amortised Cost.

The company only measures Lease, Loans and advances to customers and other financial investments at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The classification of financial liabilities under SLFRS 9 does not follow the approach for the classification on financial assets. Financial liabilities are measured at amortised cost or fair value through profit or loss.

The details of conditions of business model assessment and the SPPI test are outlined below.

(a) Business Model Assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024 (contd.)

- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment

(b) The SPPI Test

As a second step of its classification process the Company assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

An entity has a business model to hold the financial asset to collect the contractual cash flows. The characteristics of the contractual cash flows are that of solely payments of the principal amount and interest (referred to as "SPPI").

Principal for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

2.3.1.2.2 Reclassification of Financial Assets and Liabilities

The company does not reclassify its financial assets or liability subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. The Company did not reclassify any of its financial assets or liabilities in year 2023/24.

2.3.1.3 De-recognition of Financial Instruments

2.3.1.3.1 Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when the rights to receive cash flows from the financial asset have expired.

2.3.1.3.2 Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

2.3.1.4 Impairment of Financial Assets

Overview of the Expected Credit Loss (ECL) Principles

The Company's loan loss impairment method by using forward-looking Expected Credit Loss (ECL) approach. From 1 April 2018, the Company has been recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVPL, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under SLFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset. The 12 months ECL is the portion of Life time ECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both Life time ECLs and 12 months ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company groups its loans into Stage 1, Stage 2 and Stage 3.

Stage 1

When loans are first recognised, the Company recognises an allowance based on 12 months ECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2

When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the Life time ECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3

Loans considered credit-impaired. The Company records an allowance for the Life time ECLs.

2.3.1.4.1 The Calculation of Expected Credit Loss (ECL)

The Company calculates ECLs under three staging approaches to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. The mechanics of the ECL calculations are outlined below and the key elements are as follows:

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 account becomes 90 days past due on its contractual payments.

Probability of Default (PD)

The 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 recognised and is still in the portfolio.

However, for placements with Banks and other financial investments classified as amortised cost and fair value through other Comprehensive Income the Company relies on external credit rating in determining their respective PDs.

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024 (contd.)

EAD

The 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, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

LGD

The 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.

2.3.1.4.2 The mechanics of the ECL method are summarized below:

Stage 1

The 12 months ECL is calculated as the portion of LTECL 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-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.

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. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3

For loans considered credit-impaired, the Company recognises the LTECL for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%. The Company recognises the interest income on loans classified under stage 3 at the effective interest rate on amortised cost.

Assessment of significant increase in credit risk

When determining whether the credit risk has increased significantly since initial recognition, the Company considers both quantitative and qualitative information and analysis based on the Company's historical experience, including forward-looking information. The Company considers reasonable and supportable information that is relevant and available without undue cost and effort. The Company's accounting policy is not to use the practical expedient that the financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result the Company monitors all financial assets and loan commitments that are subject to impairment for significant increase in credit risk.

As a part of the qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeliness to pay. In such instances, the Company treats the customer with an increased credit risk level, following are such instances:

- Stage 1 and Stage 2 facilities of a Stage 3 customer are also classified as Stage 3.
- Stage 1 facilities of a Stage 2 customer are classified as Stage 2.
- Facilities related to management identified risk elevated industries are classified as Stage 3.
- Rescheduled facilities are categorized based on their aggregate days past due, ie, the aggregate of the present age of the facility and the age prior to reschedule.
- Originated credit impaired assets :-These are financial assets that are credit impaired on initial recognition. They are recorded at fair value at initial recognition and interest income is subsequently recognized based on credit adjusted EIR. ECLs are recognized or released to the extent that there is subsequent change in expected credit losses.

Forward Looking Information

In its ECL models, the Company relies on a broad range of forward looking information as economic inputs, such as:

Quantitative	**Qualitative**
GDP Growth	Government Policies
Inflation	Status of the Industry Business
Unemployment	Regulatory Impact
Interest Rates	Global Economic Environment
Exchange Rates	

The inputs and models used for calculating ECLs may not always capture all the characteristics of the market at the date of the financial statements.

To reflect the uncertainties in the calculation of expected credit losses, the Company has changed the weightages assigned for multiple economic scenarios during the year. Weightages assigned for each scenario is given below along with the weightages used in 2022/23.

	2023/24	**2022/23**
Base case	50%	50%
Best case	10%	10%
Worst case	40%	40%

The inputs and models used for calculating ECLs may not always capture all characteristics of the market as at the date

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024 (contd.)

of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

To ensure completeness and accuracy, the company obtains necessary data primarily from publications of Central Bank of Sri Lanka.

2.3.1.5 Determination of Fair Value

The Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 -Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The disclosure of fair value of financial instruments is disclosed in Note 34 to the Financial Statements.

2.3.2 Lease

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

2.3.2.1 Finance Lease

Company as a lessor

Assets leased to customers which transfer substantially all the risks and rewards associated with ownership other than legal title, are classified as ‘Finance Lease”. Amount receivables under finance lease are included under ‘Lease Rentals Receivables’ in the Statement of Financial Position after deduction of unearned lease income and accumulated impairment losses. When assets are held subject to a finance lease, the present value of the lease payments, discounted at the rate of interest implicit in the lease, is recognized as a receivable. The difference between the total payments receivable under the lease and the present value of the receivable is recognized as unearned finance income, which is allocated to accounting periods reflect a constant periodic rate of return.

2.3.2.2 SLFRS 16 – Leases

Company as a lessee

SLFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. lessee and lessor. SLFRS 16 supersedes Sri Lanka Accounting Standard - LKAS 17 (Leases) and related interpretations, SLFRS 16 introduces a single accounting model for the lessee, eliminating the present classification of leases in LKAS 17 as either operating leases or finance leases.

The company has adopted SLFRS 16 using modified retrospective method from 1 April 2019, without restating comparatives for the 2018/19 reporting period, as permitted under the specific transitional provisions in the standard. At the date of adoption, right of use was recognized as amount equal to the lease liability, adjusted by the amount of prepaid lease rentals.

Under this method, the standard is applied retrospectively and the cumulative effect as at initial date of application of the standard i.e 1 April 2019 has been duly adjusted. The company elected to use the transitional practical expedient to not reassess whether an existing contract forms a lease as at 1st April 2019, under the definitions provided in the standard. Instead, the company applied the standard only to contracts that were previously identified as leases applying LKAS 17 at the date of initial application.

The contracts which were previously classified as “operating leases” under the principles of LKAS 17 -Leases, have been recognize as “right of- use assets” with the adoption of SLFRS 16 -Leases.

2.3.3 Cash and cash equivalents

Cash and cash equivalents as referred to in the cash flow statement comprises cash in hand, and amounts due from banks on demand or with an original maturity of three months or less.

2.3.4 Property, Plant and Equipment

Property, plant and equipment is stated at cost excluding the costs of day–to–day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024 (contd.)

Depreciation is calculated using the straight–line method to write down the cost of property and equipment to their residual values over their estimated useful lives. The estimated useful lives are as follows:

Category	Years
Furniture & Fittings	05
Office Equipment	05
Motor Vehicles	05
Computer Equipment	05

The depreciation method and residual values of assets are reviewed at each financial year-end and, if there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the method shall be changed to reflect the changed pattern.

Property plant & Equipment is derecognized on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the assets (calculated as the difference between the net disposal proceeds and carrying amount of the assets) is recognized in ‘Other Operating Income’ in the Statement of Comprehensive Income (Profit or Loss) in the year the asset is recognized.

2.3.5 Right-Of-Use Assets

2.3.5.1 Basis of recognition

The Company applies Sri Lanka Accounting Standard SLFRS 16 “Leases” in accounting for all lease hold rights except for leases due to expire during the financial year and leases on which implications to the financial statements are not considered to be material. The company uses its judgment to determine whether an operating lease contract qualifies for recognition of right-of-use assets. The company applies judgements in evaluating the level of certainty whether the option of renewing the lease exits or otherwise. That is, it considers all relevant factors that create an economic benefits for it to exercise either the renewal or termination.

Basis of measurement

The company recognises right-of-use assets at the date of commencement of the lease, which is the present value of lease payments to be made over the lease term. Right-of-Use assets are measured at cost less any accumulated amortization and impairment losses and adjusted for any re-measurement of lease liabilities. The cost of the right-of-use assets includes the amount of lease liabilities recognised, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are amortised on the straight line basis over the lease term.

When measuring lease liabilities for leases that were classified previously as operating leases, the company discounted future lease payments due as of 1 April 2019 using the incremental borrowing rate as at 1 April 2019. The rate applicable was 14%.

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.3.6 Intangible assets

The company’s other intangible assets include the value of computer software. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the company. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial yearend.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and they are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is presented as a separate line item in the statement of comprehensive income.

Computer System software is amortised over: 10 years

2.3.7 Other Assets

All other assets are stated at amortised cost less accumulated impairment losses.

2.3.8 Inventories

Inventories include stationeries and these are valued at the lower of cost and net realizable value.

2.3.9 Impairment of non–financial assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash generating unit’s fair value less costs to sell and its value in use. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset’s or cash generating unit’s recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income.

2.3.10 Employee Retirement Benefits

Defined Contribution Plan Costs

Defined contribution plan is a post- employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to a defined contribution plan are recognized as a Personnel Expenses in the Statement of comprehensive income in the periods during which services are rendered by employees. Employees are eligible for employees’ Provident Fund and Employees Trust Fund Contributions in line with the respective Statutes and regulations. Accordingly, the company contributes 12% and 3% of gross emoluments of employees to Employees’ Provident Fund and Employee Trust Fund respectively and is recognized as an expense under “Personnel Expenses”.

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024 (contd.)

Defined Benefit Plan Costs

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognized in the Statement of Financial Position in respect of defined benefit plan is the present value of the defined benefit obligation at the reporting date. The defined benefit obligation is calculated using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rate that are denominated in the currency in which the benefit will be paid, and that have terms of maturity approximating to the terms of the liability.

Provision has been made in the Financial Statements for retiring gratuities from the first year of service for all employees, in conformity with LKAS 19-"Employee Benefits".

However, according to the payment of Gratuity Act No.12 of 1983, the liability for payment to an employee arises only after the completion of 5 years continued services. The liability is not externally funded.

2.3.11 Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

2.3.12 Other Liabilities

Other liabilities are recorded at the cash value to be realized when settled.

2.3.13 Foreign currency translation

Transactions in foreign currencies are initially recorded at the functional currency rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange at the statement of financial position date. All differences arising on non–trading activities are taken to 'Other operating income' in the income statement.

2.3.14 Recognition of income and expenses

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. The following specific recognition criteria must also be met before revenue is recognised.

(i) Interest income and interest expense

For all financial instruments measured at amortised cost, interest bearing financial assets classified as available-for-sale and financial instruments designated at fair value through profit or loss, interest income or expense is recorded using the Effective Interest Rate. Effective Interest Rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the Effective Interest Rate, but not future credit losses.

The carrying amount of the financial asset or financial liability is adjusted if the company revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original Effective Interest Rate and the change in carrying amount is recorded as 'Interest Income' for financial assets and Interest Expense for financial liabilities. However, for a reclassified financial asset for which the company subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the Effective Interest Rate from the date of the change in estimate.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(ii) Fee and commission income

The company earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories:

– Fee income earned from services that are provided over a certain period of time.

– Fees earned for the provision of services over a period of time are accrued over that period. These fees include commission income and service charges.

Fee income from providing transaction services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognised after fulfilling the corresponding criteria.

(iii) Dividend income

Dividend income is recognised when the company's right to receive the payment is established.

(iv) Expenditure Recognition

Expenses are recognized in profit or loss in the statement of comprehensive Income on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the statement of Comprehensive Income (Profit or loss). For the purpose of presentation of the statement of comprehensive Income, the "function of expenses" method has been adopted, on the basis that it presents fairly the element of the company's performance.

2.3.15 Taxes

a. Current Tax

The provision for the income tax is based on the elements of the income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of Inland Revenue Act, No. 24 of 2017.

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

b. Deferred Tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credit and unused tax losses can be utilized.

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024 (contd.)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted at the reporting date.

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. Value Added Tax on Financial Services and Social Security Contribution Levy

Value Added Tax on Financial Services is calculated at the rate of 18% in accordance with the provisions of the Value Added Tax Act No. 14 of 2002 and amendments thereto. The Social Security Contribution Levy is calculated at the rate of 2.5% on the turnover applicable for Value Added Tax on Financial Services with effect from 01st October 2022.

2.3.16 Regulatory provisions

a) Deposit Insurance and Liquidity Support Scheme

In terms of the Finance Companies Direction No.2 of 2010 “Insurance of Deposit Liabilities” issued on 27 September 2010 and subsequent amendments thereto, all Finance Companies are required to insure their deposit liabilities in the Deposit Insurance Scheme operated by the Monetary Board in terms of Sri Lanka Deposit Insurance Scheme Regulations No.1 of 2010 issued under Sections 32A to 32E of the Monetary Law Act with effect from 1 October 2010.The said Scheme was renamed as the “Sri Lanka Deposit Insurance and Liquidity Support Scheme” as per the Sri Lanka Deposit Insurance and Liquidity Support Scheme Regulation No. 1 of 2013.

The deposits to be insured shall include demand, time and savings deposit liabilities and exclude the following.

- Deposit liabilities to member institutions
- Deposit liabilities to the Government of Sri Lanka
- Deposit liabilities to shareholders, directors, key management personnel and other related parties as defined in Finance Companies Act (Corporate Governance) Direction No.3 of 2008 for Registered Finance Companies
- Deposit liabilities held as collateral against any accommodation granted
- Deposits falling within the meaning of abandoned property in terms of the Banking Act and dormant deposits in terms of the Finance Companies Act, funds of which have been transferred to the Central Bank of Sri Lanka in terms of the relevant Directions issued by the Monetary Board.

Registered Finance Companies are required to pay a premium of 0.15% on total amount of eligible deposits as at end of the month with in a period of 15 days from the end of the respective month.

b) Crop Insurance Levy (CIL)

As per the provisions of the Section 14 of the Finance Act No.12 of 2013, the CIL was introduced with effect from April 1, 2013 and is payable to the National Insurance Trust Fund. Currently, the CIL is payable at 1% of the profit after tax.

2.3.17 Related Party Transactions

Disclosure has been made in respect of the transactions in which one party has the liability to control or exercise significant influence over the financial and operating policies/ decisions of the other, irrespective of whether a price is being charged.

2.3.18 Segment Reporting

The Company’s segmental reporting is based on the following operating segments identified based on products and services;

- Finance Lease
- Term Loans
- Gold Loans
- Others

A segment is a distinguishable component of a Company that is engaged in providing products and services. (Business segment, which is subject to risks and rewards that are different from those of other segments).

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The accounting policies adopted for segment reporting are those accounting policies adopted for preparing the financial statements of the Company.

2.3.19 Sri Lanka Accounting Standards Not Yet Effective as at 31 March 2024

- SLFRS 17 Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. On effective, SLFRS 17 will replace SLFRS 4 (Insurance Contracts)

No material impact on the financial statements of the Company.

Amendments to LKAS 1 - Presentation of Financial Statements

Amendments to LKAS 1 relate to classification of liabilities with covenants as current or non-current. The amendments clarify that if an entity’s right to defer settlement of a liability is subject to the entity complying with the required covenants only at a date subsequent to the reporting period (“future covenants”), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. The requirements apply only to liabilities arising from loan arrangements. The amendments are effective for annual periods beginning on or after 1 January 2024.

No material impact on the financial statements of the Company.

- Amendments to LKAS 12 – Income taxes

The amendments to LKAS 12 introduce a mandatory exception in LKAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. An entity is required to disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

No impact on the financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024 (contd.)

3. INCOME

	2024 LKR	2023 LKR
Interest Income (4.1)	**2,153,618,043**	1,805,299,948
Fee and Commission Income (5)	**10,249,062**	13,067,675
Other Operating Income (6)	**145,173,275**	105,911,732
Total Income	**2,309,040,380**	1,924,279,355

4. NET INTEREST INCOME

4.1 Interest Income

	2024 LKR	2023 LKR
From Placements with Banks and Other Financial Institutions	**70,723,448**	55,087,026
From Government Securities	**169,043,385**	60,364,968
From Lease Rental Receivable	**574,634,047**	641,168,494
From Loans and Advances	**154,281,660**	239,486,405
From Gold Advances	**1,183,588,966**	807,982,594
From Refundable Deposits	**1,346,537**	1,210,461
Total Interest Income	**2,153,618,043**	1,805,299,948

4.2 Interest Expense

Due to Banks	**377,945,850**	434,895,016
Due to Customers	**646,062,235**	452,995,806
On Intercompany Borrowings	**–**	–
On Obligation to Make the Lease Payment for Right of Use Assets	**37,872,226**	33,835,137
Total Interest Expenses	**1,061,880,311**	921,725,959
Net Interest Income	**1,091,737,732**	883,573,989

5. FEE AND COMMISSION INCOME

	2024 LKR	2023 LKR
Commission Income	**10,249,062**	13,067,675
Fee and Commission Income	**10,249,062**	13,067,675

6. OTHER OPERATING INCOME

	2024 LKR	2023 LKR
Dividend Income	**179,520**	240,000
Service Charges - Gold Loans	**74,157,350**	88,672,799
Service Charges - Leases & Other Loans	**14,487,892**	–
Fair Value Gain or Loss	**45,883,569**	
Other Operating Income	**10,464,944**	16,998,933
Total Other Operating Income	**145,173,275**	105,911,732

7. IMPAIRMENT CHARGES FOR LOANS AND OTHER LOSSES

	2024 LKR	2023 LKR
Charge/(write-back) to the statement of comprehensive income		
– Impairment on individually significant loans	**(12,422,784)**	1,568,253
– Impairment on collective loan portfolio	**(97,507,252)**	20,749,444
– Write-offs net of recoveries	**60,058,221**	48,665,419
Total Impairment Charge	**(49,871,815)**	70,983,116

	2024 LKR	2023 LKR
Lease Rentals Receivable (Note 17.2.a)		
Stage 1	**(5,674,981)**	(20,244,828)
Stage 2	**(29,921,311)**	5,722,590
Stage 3	**(50,953,828)**	20,852,917
	(86,550,120)	6,330,679
Loans and Advances (Note 18.2.a)		
Stage 1	**4,985,876**	(18,581,605)
Stage 2	**(8,415,989)**	1,983,542
Stage 3	**(24,314,060)**	20,612,805
	(27,744,173)	4,014,741
Gold Advances		
Stage 1	**9,057,810**	2,742,606
Stage 2	**(1,501,914)**	5,548,169
Stage 3	**(3,191,639)**	3,681,501
	4,364,256	11,972,276

8. PERSONNEL EXPENSES

	2024 LKR	2023 LKR
Salaries	**373,156,843**	278,909,249
Employers' Contribution to Employee's Provident Fund	**33,224,198**	27,527,802
Employers' Contribution to Employee's Trust Fund	**8,303,550**	6,881,950
Gratuity Charge for the year	**12,673,570**	9,450,813
Other Staff Related Expenses	**74,217,224**	27,204,768
Total Personnel expenses	**501,575,385**	349,974,582

9. OTHER OPERATING EXPENSES

	2024 LKR	2023 LKR
Directors' Emoluments	**4,499,783**	5,600,000
Auditors' Remuneration	**1,663,063**	965,613
Professional and Legal Expenses	**14,263,904**	8,989,716
Office Administration and Establishment Expenses	**176,433,985**	126,056,473
Advertising and Promotional Expenses	**65,632,021**	35,933,596
License and Renewal Fees	**1,083,080**	4,051,298
Other Expenses	**67,835,890**	54,699,552
Total Other Operating expenses	**345,864,952**	236,296,248

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024 (contd.)

10. VALUE ADDED TAX AND NBT ON FINANCIAL SERVICES AND SSCL

	2024 LKR	2023 LKR
VAT on Financial Services	**116,700,020**	88,673,219
Social Security Contribution Levy (SSCL)	**16,208,337**	6,227,766
	132,908,357	94,900,985

11. INCOME TAX EXPENSES

11.1 The major component of income tax for the period ended 31 March as follows;

Income Statement	2024 LKR	2023 LKR
Current Income Tax		
Income Tax for the Period	**91,687,602**	71,056,252
Due to rate reduction	**–**	–
Tax Adjustment with Final Payment	**248,879**	(258,011)
Deferred Tax (Note 29)		
Due to change in temporary differences	**5,962,017**	2,255,098
Due to rate change	**–**	(6,858,952)
Income Tax Expenses reported in the Income Statement	**97,898,498**	66,194,388
Statement of Other Comprehensive Income		
Deffered Tax related to items recognized in OCI during the year		
Net Gain/(Loss) on Actuarial Gains/Losses during the year	**(2,430,574)**	639,287
Income Tax Expenses reported in the Other Comprehensive Income	**(2,430,574)**	639,287
Total Income Tax Expense for the year	**95,467,924**	66,833,675
Income Tax Rate Applicable	**30%**	30%

11.2 Reconciliation of Accounting Profit and Taxable Income

A reconciliation between the tax expense and the accounting profit multiplied by Income tax rate for the year ended 31 March 2024 as follows.

	2024 LKR	2023 LKR
Accounting Profit / (Loss) Before Income Taxation	**201,190,201**	153,092,202
Aggregate allowable expenditure	**(69,686,692)**	(169,784,887)
Tax loss utilised	**–**	–
Aggregate disallowable expenditure	**174,121,831**	279,979,545
	305,625,340	263,286,860
Tax at statutory rates	**91,687,602**	71,056,252
Less : Due to rate reduction	**–**	–
Less : Tax Adjustment with Final Payment	**248,879**	(258,011)
	91,936,481	70,798,241
Deferred taxation charged/(Reversal)	**5,962,017**	2,255,098
Less : Due to rate change	**–**	(6,858,952)
	97,898,498	66,194,388
Effective Tax Rate	**48.66%**	43.24%

12. BASIC AND DILUTED EARNING PER ORDINARY SHARES

12.1 Basic and diluted earning per share is calculated by dividing net profit for the period attributable to ordinary share holders by weighted average number of ordinary shares outstanding during the period, as per LKAS-33-Earning Per Share.

12.2 The following reflect the income and share details used in Basic and Diluted Earning Per Share computation;

	2024 LKR	2023 LKR
Amount Used as Numerators		
Profit attributable to Ordinary Share Holders	**103,291,703**	86,897,814
Number of Ordinary shares used as Denominator		
Weighted Average Number of Ordinary Shares	**145,639,098**	145,639,098
Basic and Diluted Earning Per Ordinary Shares	**0.71**	0.60

13. CASH AND BANK BALANCES

	2024 LKR	2023 LKR
Cash in Hand	**102,627,472**	127,864,098
Bank Balances	**8,140,248**	37,719,598
	110,767,720	165,583,696

14. INVESTMENT IN GOVERNMENT SECURITIES

	2024 LKR	2023 LKR
Investment in Treasury Bills with original maturity less than 3 months	**–**	157,808,254
Investment in Treasury Bills with original maturity more than 3 months	**816,029,643**	300,329,263
Investment in Reverse Repurchase Agreements (less than 3 months)	**1,002,994,685**	–
	1,819,024,328	458,137,517

14.1 Financial Investments-Measured at Fair Value Through PL

	2024 LKR	2023 LKR
Investment in Unit Trust Funds	**1,001,278,217**	–
	1,001,278,217	–

15. PLACEMENT WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	2024 LKR	2023 LKR
Fixed Deposits placed with banks original maturity less than 3 months	**100,000,000**	–
Fixed Deposits placed with banks original maturity more than 3 months	**255,848,060**	445,268,915
	355,848,060	445,268,915

16. GOLD ADVANCES

	2024 LKR	2023 LKR
Gold Advances	**4,530,164,582**	3,971,326,248
Less : Allowance for Impairment Losses	**(25,002,009)**	(20,637,753)
Net Gold Advances	**4,505,162,573**	3,950,688,495

Collective Impairment	2024 LKR	2023 LKR
As at 1 April	**20,637,753**	8,665,477
Charges/(reversals) for the year	**4,364,256**	11,972,276
As at 31 March	**25,002,009**	20,637,753

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024 (contd.)

17. LEASE RENTALS RECEIVABLES

	2024 LKR	2023 LKR
Rental Receivable on Lease	**3,788,875,387**	3,224,676,754
Gross Rentals Receivables	**3,788,875,387**	3,224,676,754
Less: Unearned Income	**(796,367,769)**	(656,352,549)
	2,992,507,618	2,568,324,205
Less : Rentals Received in Advance	**(35,457,655)**	(14,828,488)
Net Rentals Receivables before charging Allowance for Impairment Losses	**2,957,049,963**	2,553,495,717
Less : Allowance for Impairment Losses (Note 17.2)	**(92,920,215)**	(179,470,334)
Total Net Rentals Receivable	**2,864,129,749**	2,374,025,383

17.1 Net Rentals Receivable on Lease 'LKR

	As at 31st March 2024			As at 31st March 2023		
	Gross Rentals Receivables	Allowance for Impairment Losses	Net Rentals Receivables	Gross Rentals Receivables	Allowance for Impairment Losses	Net Rentals Receivables
Stage - 1	2,114,556,470	24,258,088	2,090,298,382	1,120,683,414	29,933,070	1,090,750,344
Stage - 2	584,202,430	13,254,909	570,947,522	833,587,566	43,176,219	790,411,347
Stage - 3	258,291,063	55,407,218	202,883,845	599,224,738	106,361,045	492,863,692
	2,957,049,964	92,920,215	2,864,129,749	2,553,495,717	179,470,334	2,374,025,383

17.2 Allowance for Impairment Losses 'LKR.

(a) Allowance for Impairment with stage wise

	Collective			Individual	
	Stage -1	Stage -2	Stage -3	Stage -3	Total
Balance as at 01 April 2023	29,933,069	43,176,219	101,312,999	5,048,046	179,470,334
Charges/(Reversals) for the year	(5,674,981)	(29,921,311)	(46,060,251)	(4,893,577)	(86,550,120)
Amount written off	–	–	–	–	–
Balance as at 31 March 2024	**24,258,088**	**13,254,909**	**55,252,748**	**154,470**	**92,920,214**

(b) Movement in allowance for impairment

	2024 LKR	2023 LKR
As at 01 April	**179,470,334**	173,139,654
Charges/(reversals) for the year	**(86,550,120)**	6,330,679
Amounts written off	**–**	–
As at 31 March	**92,920,214**	179,470,334
Individual impairment	**154,470**	5,048,046
Collective impairment	**92,765,744**	174,422,287
Total	**92,920,214**	179,470,334

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024 (contd.)

(c) Movements in Individual and Collective impairment allowance for Leasing & Hire Purchase Rentals Receivables during the year

Individual Impairment	2024 LKR	2023 LKR
As at 1 April	**5,048,046**	10,525,173
Charges/(reversals) for the year	**(4,893,577)**	(5,477,127)
Amounts written off	**–**	–
As at 31 March	**154,469**	5,048,046

Collective Impairment	2024 LKR	2023 LKR
As at 1 April	**174,422,287**	162,614,481
Charges/(reversals) for the year	**(81,656,543)**	11,807,806
Amounts written off	**–**	–
As at 31 March	**92,765,744**	174,422,287
Total	**92,920,214**	179,470,333

17.3 Credit Exposure and ECL Stage wise movement

An analysis of changes in the gross carrying amount and the corresponding ECL of Lease Rental Receivables is as follows :

Gross exposure reconciliation

As at 31st March 2024

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 1 April 2023	1,120,683,414	833,587,566	599,224,738	2,553,495,717
Changes due to loans recognized in the opening balance that have:	–	–	–	–
- Transfers to Stage 1	259,846,167	(180,594,784)	(79,251,383)	–
- Transfers to Stage 2	(207,837,062)	319,394,085	(111,557,023)	–
- Transfers to Stage 3	(25,314,339)	(87,748,669)	113,063,008	–
- Loans that have been derecognized during the period	(289,222,180)	(226,298,799)	(148,852,603)	(664,373,582)
New loans originated during the year	1,563,366,281	108,204,972	27,922,744	1,699,493,997
Write-offs	(1,966,316)	(8,152,365)	(92,296,742)	(102,415,423)
Remeasurement of net exposure	(304,999,494)	(174,189,576)	(49,961,676)	(529,150,746)
Gross carrying amount balance as at 31 March 2024	**2,114,556,469**	**584,202,430**	**258,291,063**	**2,957,049,963**

As at 31st March 2023

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 1 April 2022	2,363,139,989	841,524,574	532,551,469	3,737,216,031
Changes due to loans recognized in the opening balance that have:	–	–	–	
- Transfers to Stage 1	305,252,733	(227,982,508)	(77,270,225)	–
- Transfers to Stage 2	(650,847,342)	733,912,019	(83,064,676)	–
- Transfers to Stage 3	(280,333,439)	(195,939,914)	476,273,353	–
- Loans that have been derecognized during the period	(213,684,737)	(129,572,711)	(193,726,965)	(536,984,413)
New loans originated during the year	35,329,389	22,163,570	12,596,816	70,089,776
Write-offs	–	–	49,227,956	49,227,956
Remeasurement of net exposure	(438,173,179)	(210,517,464)	(117,362,989)	(766,053,632)
Gross carrying amount balance as at 31 March 2023	**1,120,683,414**	**833,587,566**	**599,224,738**	**2,553,495,717**

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024 (contd.)

Reconciliation of ECL balance

As at 31st March 2024

Particulars	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL allowance balance as at 1 April 2023	29,933,070	43,176,219	106,361,045	179,470,334
Changes due to loans recognized in the opening balance that have:				–
- Transfers to Stage 1	23,420,969	(9,354,026)	(14,066,942)	–
- Transfers to Stage 2	(5,551,332)	25,352,453	(19,801,121)	–
- Transfers to Stage 3	(676,146)	(4,545,000)	5,221,147	–
- Loans that have been derecognized during the period	(7,725,130)	(11,721,296)	(26,421,003)	(45,867,429)
New loans originated during the year	17,934,861	2,455,051	5,989,838	26,379,750
Write-offs	(52,520)	(422,257)	(16,382,464)	(16,857,242)
Net remeasurement of loss allowance	(33,025,682)	(31,686,235)	14,506,719	(50,205,199)
ECL allowance balance as at 31 March 2024	**24,258,088**	**13,254,909**	**55,407,218**	**92,920,215**

As at 31st March 2023

Particulars	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL allowance balance as at 1 April 2022	49,803,710	37,453,629	85,882,316	173,139,655
Changes due to loans recognized in the opening balance that have:	–	–	–	–
- Transfers to Stage 1	22,607,830	(10,146,789)	(12,461,041)	–
- Transfers to Stage 2	(13,819,851)	27,215,339	(13,395,488)	–
- Transfers to Stage 3	(5,952,496)	(8,720,673)	14,673,169	–
- Loans that have been derecognized during the period	(4,537,302)	(5,766,876)	(31,241,526)	(41,545,705)
New loans originated during the year	943,649	1,147,977	2,235,907	4,327,532
Write-offs	–	–	7,938,784	7,938,784
Net remeasurement of loss allowance	(19,112,471)	1,993,613	52,728,925	35,610,068
ECL allowance balance as at 31 March 2023	**29,933,070**	**43,176,219**	**106,361,045**	**179,470,334**

The contractual amount outstanding on financial assets that has been written off by the Company during the year ended 31 March 2024 and that were still subject to enforcement activity was Rs 49,530,354.

The decrease in ECL of the portfolio was driven by improvement in economic conditions during the year leading to higher overall collections. The Stage 3 provision includes management overlay of Rs 23,754,455.

17.4 Sensitivity Analysis of Accumulated Impairment for Lease Rentals Receivables and Stock Out on Hire as at 31st March

		2024	**2023**
Changed Criteria	**Changed Factor**	**Sensitivity effect on Impairment Allowance Increase**	**Sensitivity effect on Impairment Allowance Increase**
Loss Given Default (LGD)	Increase by 1%	3,899,660	9,352,206
Probability of Default (PD)	Increase by 1%	2,715,477	4,278,683
Economic Factor Adjustment (EFA)	Increase by 5%	1,324,978	2,209,628

17.5 Rental Receivable on Lease

	Within One Year	**1 to 5 Years**	**Over 5 Years**	**Total**
Changed Criteria	**LKR**	**LKR**	**LKR**	**LKR**
Gross Rentals Receivables	1,805,146,134	1,983,379,020	350,232	3,788,875,386
Less: Unearned Income	419,625,688	376,717,797	24,285	796,367,769
	1,385,520,447	1,606,661,223	325,947	2,992,507,618
Less : Rentals Received in Advance				(35,457,655)
Net Rentals Receivable before charging Allowance for Impairment Losses				**2,957,049,963**

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024 (contd.)

18. LOANS AND ADVANCES

	2024 LKR	2023 LKR
Loan Receivable	**1,467,645,333**	1,019,283,159
Less : Unearned Interest Income	**(235,976,588)**	(127,899,429)
Net Receivable	**1,231,668,745**	891,383,730
Less : Repayments In Advance	**(14,352,641)**	(21,141,887)
Net Loan Receivables before charging Allowance for Impairment Losses	**1,217,316,104**	870,241,843
Less : Allowance for Impairment Losses (Note 18.2)	**(43,684,818)**	(71,428,991)
Total Net Loan Receivable	**1,173,631,285**	798,812,852

18.1 Net Receivable on Loans

	As at 31st March 2024			As at 31st March 2023		
	Gross Loan Receivables	Allowance for Impairment Losses	Net Loan Receivables	Gross Loan Receivables	Allowance for Impairment Losses	Net Loan Receivables
Stage - 1	1,084,097,928	12,640,689	1,071,457,239	364,983,716	7,654,812	357,328,904
Stage - 2	59,655,503	1,590,175	58,065,327	202,548,041	10,006,164	192,541,877
Stage - 3	73,562,674	29,453,955	44,108,719	302,710,086	53,768,015	248,942,071
	1,217,316,104	**43,684,818**	**1,173,631,285**	**870,241,843**	**71,428,991**	**798,812,852**

18.2 Allowance for Impairment Losses ‘LKR.

(a) Allowance for Impairment with stage wise

	Collective			Individual	
	Stage -1	Stage -2	Stage -3	Stage -3	Total
Balance as at 01 April 2023	7,654,812	10,006,164	44,746,543	9,021,472	71,428,991
Charges/(Reversals) for the year	4,985,876	(8,415,989)	(16,784,853)	(7,529,207)	(27,744,173)
Amount written off	–	–		–	–
Balance as at 31 March 2024	**12,640,689**	**1,590,175**	**27,961,689**	**1,492,265**	**43,684,818**

(b) Movement in allowance for impairment

	2024 LKR	2023 LKR
As at 01 April	**71,428,991**	67,414,250
Charges/(reversals) for the year	**(27,744,173)**	4,014,742
Amounts written off	**–**	–
As at 31 March	**43,684,818**	71,428,991
Individual impairment	**1,492,265**	9,021,472
Collective impairment	**42,192,553**	62,407,519
Total	**43,684,818**	71,428,991

(c) Movements in Individual and Collective impairment allowance for Loans & Advances during the year.

Individual Impairment	2024 LKR	2023 LKR
As at 1 April	**9,021,473**	1,976,093
Charges/(reversals) for the year	**(7,529,207)**	7,045,380
Amounts written off	**–**	–
As at 31 March	**1,492,266**	9,021,473

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024 (contd.)

Collective Impairment	2024 LKR	2023 LKR
As at 1 April	**62,407,519**	65,438,157
Charges/(reversals) for the year	**(20,214,966)**	(3,030,638)
Amounts written off	**–**	–
As at 31 March	**42,192,553**	62,407,519
Total	**43,684,819**	71,428,992

18.3 Credit Exposure and ECL Stage wise movement

An analysis of changes in the gross carrying amount and the corresponding ECLs of Loan Receivables is as follows :

Gross exposure reconciliation

As at 31st March 2024

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 1 April 2023	364,983,716	202,548,041	302,710,086	870,241,843
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	96,712,040	(70,066,030)	(26,646,011)	–
- Transfers to Stage 2	(9,897,875)	35,770,649	(25,872,774)	–
- Transfers to Stage 3	(12,138,897)	(11,097,387)	23,236,284	–
- Loans that have been derecognized during the period	(273,511,729)	(84,644,502)	(120,373,419)	(478,529,650)
New loans originated during the year	987,827,545	13,361,561	–	1,001,189,106
Write-offs	–	(4,294,986)	(53,877,770)	(58,172,756)
Remeasurement of net exposure	(69,876,872)	(21,921,844)	(25,613,722)	(117,412,438)
Gross carrying amount balance as at 31 March 2024	**1,084,097,928**	**59,655,503**	**73,562,674**	**1,217,316,104**

As at 31st March 2023

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 1 April 2022	1,058,746,170	210,345,614	204,945,266	1,474,037,050
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	69,073,810	(42,431,345)	(26,642,465)	–
- Transfers to Stage 2	(149,180,252)	173,255,751	(24,075,499)	–
- Transfers to Stage 3	(223,213,603)	(51,214,980)	274,428,583	–
- Loans that have been derecognized during the period	(345,967,767)	(67,080,485)	(93,967,075)	(507,015,327)
New loans originated during the year	160,782,531	43,234,528	9,497,349	213,514,408
Write-offs	–	–	18,275,514	18,275,514
Remeasurement of net exposure	(205,257,173)	(63,561,042)	(59,751,587)	(328,569,802)
Gross carrying amount balance as at 31 March 2023	**364,983,716**	**202,548,041**	**302,710,086**	**870,241,843**

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024 (contd.)

Reconciliation of ECL balance

As at 31st March 2024

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2023	7,654,812	10,006,164	**53,768,015**	71,428,991
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	8,194,284	(3,461,362)	**(4,732,922)**	–
- Transfers to Stage 2	(329,741)	4,925,319	**(4,595,578)**	–
- Transfers to Stage 3	(404,399)	(548,227)	**952,626**	–
- Loans that have been derecognized during the period	(4,608,040)	(4,181,560)	**(21,380,985)**	(30,170,585)
New loans originated during the year	11,241,350	356,165	**–**	11,597,515
Write-offs	–	(212,178)	**(9,569,885)**	(9,782,064)
Net remeasurement of loss allowance	(9,107,577)	(5,294,145)	**15,012,683**	610,960
ECL allowance balance as at 31 March 2024	12,640,689	1,590,175	**29,453,955**	43,684,818

As at 31st March 2023

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2022	26,610,604	8,022,622	**32,781,024**	67,414,250
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	5,879,806	(1,618,340)	**(4,261,466)**	–
- Transfers to Stage 2	(3,729,225)	7,580,105	**(3,850,879)**	–
- Transfers to Stage 3	(5,579,920)	(1,953,349)	**7,533,269**	–
- Loans that have been derecognized during the period	(8,418,161)	(2,558,463)	**(15,030,047)**	(26,006,670)
New loans originated during the year	851,985	2,135,848	**1,686,940**	4,674,772
Write-offs	–	–	**2,923,171**	2,923,171
Net remeasurement of loss allowance	(7,960,276)	(1,602,259)	**31,986,004**	22,423,469
ECL allowance balance as at 31 March 2023	7,654,812.23	10,006,164.13	**53,768,015.01**	71,428,991

The contractual amount outstanding on financial assets that has been written off by the Company during the year ended 31 March 2024 and that were still subject to enforcement activity was Rs 6,161,538.

The decrease in ECL of the portfolio was driven by improvement in economic conditions during the year leading to higher overall collections. The Stage 3 provision includes management overlay of Rs 4,725,652.

18.4 Sensitivity Analysis of Accumulated Impairment for Loan Receivable as at 31st March

		2024	2023
Changed Criteria	**Changed Factor**	**Sensitivity effect on Impairment Allowance Increase**	Sensitivity effect on Impairment Allowance Increase
Loss Given Default (LGD)	Increase by 1%	**1,459,373**	2,642,881
Probability of Default (PD)	Increase by 1%	**823,696**	843,450
Economic Factor Adjustment (EFA)	Increase by 5%	**471,413**	532,662

18.5 Receivable on Loans and Advances

	Within One Year	**1 to 5 Years**	**Over 5 Years**	**Total**
	LKR	**LKR**	**LKR**	**LKR**
Gross Receivables	827,958,394	632,088,411	4,836,052	1,464,882,856
Less: Unearned Income	150,850,585	81,996,760	366,766	233,214,112
	677,107,808	550,091,650	4,469,286	1,231,668,745
Less : Rentals Received in Advance				(14,352,641)
Net Receivable before charging Allowance for Impairment Losses				**1,217,316,104**

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024 (contd.)

19. OTHER FINANCIAL ASSETS

	2024 LKR	2023 LKR
Refundable Deposit	**18,353,600**	15,181,797
Sundry Debtors	**9,107,107**	7,120,075
Other Receivable	**2,034,819**	2,039,019
	29,495,526	24,340,891

20. OTHER NON FINANCIAL ASSETS

	2024 LKR	2023 LKR
Advances and Prepayment	**188,215,932**	58,781,143
Other Receivable	**280,420**	–
	188,496,352	58,781,143

21. FINANCIAL INVESTMENT- MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024		2023	
	LKR	No. of Shares	LKR	No. of Shares
Equities-Unquoted				
Credit Information Bureau of Sri Lanka	457,700	100	457,700	100
	457,700	**100**	**457,700**	**100**

All unquoted equities shares are recorded at cost since its fair value cannot be reliably estimated. There is no market for these investments and company intend to hold these for long term.

22. PROPERTY, PLANT & EQUIPMENT

22.1 Gross Carrying Amounts

At Cost	Balance As at 31.03.2023 LKR	Additions LKR	Disposals LKR	Balance As at 31.03.2024 LKR
Freehold Assets				
Furniture & Fittings	205,341,810	43,044,101	–	248,385,911
Office Equipment	119,319,009	33,942,191	–	153,261,199
Computer Equipment	42,516,968	11,780,242	–	54,297,211
Motor Vehicles	49,389,445	–		49,389,445
	416,567,232	**88,766,534**	**–**	**505,333,766**
Assets on Leases				
Right of Use Assets	359,437,947	85,662,333		445,100,281
Total Value of Depreciable Assets	**776,005,179**	**174,428,867**	**–**	**950,434,046**

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024 (contd.)

22.2 Depreciation

At Cost	Balance As at 31.03.2023 LKR	Charge for the year LKR	Disposals LKR	Balance As at 31.03.2024 LKR
Freehold Assets				
Furniture & Fittings	88,457,171	34,918,792		123,375,963
Office Equipment	51,040,552	21,641,724		72,682,277
Computer Equipment	23,103,375	6,290,511		29,393,886
Motor Vehicles	17,863,464	1,796,488		19,659,953
	180,464,564	**64,647,516**	**–**	**245,112,079**
Assets On Leases				
Motor Vehicles	–	–	–	–
Right of Use Assets	125,183,156	45,778,169		170,961,325
Total Depreciation	**305,647,720**	**110,425,685**	**–**	**416,073,405**

22.3 Net Book Values

At Cost	2024 LKR	2023 LKR
Furniture & Fittings	**125,009,948**	116,884,638
Office Equipment	**80,578,923**	68,278,456
Computer Equipment	**24,903,325**	19,413,594
Motor Vehicles	**29,729,492**	31,525,981
	260,221,687	236,102,668
Assets on Leases		
Motor Vehicles	**–**	–
Right of Use Assets	**274,138,955**	234,254,791
Total Carrying Amount of Property, Plant & Equipment	**534,360,642**	470,357,459

22.4 Fully Depreciated Property, Plant and Equipment

The initial cost of fully-depreciated property, plant and equipment as at 31 March 2024, which are still in use as at the reporting date is as follows;

	2024 LKR	2023 LKR
Furniture & Fittings	**56,943,791**	35,607,005
Office Equipment	**32,360,152**	19,829,301
Computer Equipment	**17,968,149**	12,885,109
Motor Vehicles	**3,257,000**	3,257,000
Computer Equipment	**40,524,609**	39,350,000
	151,053,700	110,928,414

23. INTANGIBLE ASSETS

	2024 LKR	2023 LKR
Computer System Software		
Cost:		
Opening Balance	**68,674,106**	66,490,036
Addition	**30,114,396**	2,184,070
Disposal	**–**	–
Closing Balance	**98,788,502**	68,674,106
Less: Amortization		
Opening Balance	**50,626,970**	47,293,330
Amortization Charge for the Period	**5,067,304**	3,333,640
Closing Balance	**55,694,274**	50,626,970
Net Book Value as at 31 March	**43,094,228**	18,047,136

24. INTEREST BEARING BORROWINGS

	2024 LKR	2023 LKR
Bank Over Draft	**902,296,255**	71,476,867
Bank Borrowings	**2,324,856,046**	1,437,647,334
Securitization Borrowings	**616,519,290**	480,833,580
	3,843,671,591	1,989,957,781

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024 (contd.)

24. INTEREST BEARING BORROWINGS (contd.)

24.1 Bank Borrowings

	2024 LKR	2023 LKR
Gross liability	**2,399,585,802**	1,423,450,494
Less: Finance Charge Allocated to Future Period	**(74,729,756)**	(164,303,160)
Net Liability	**2,324,856,046**	1,259,147,334
Repayable Within one year		
Gross Liability	**2,341,551,742**	1,187,267,248
Less: Finance Charge Allocated to Future Period	**(71,789,314)**	(124,937,579)
Net Liability	**2,269,762,428**	1,062,329,669
Repayable After one year (1 to 5 Year)		
Gross Liability	**58,034,060**	236,183,245
Less: Finance Charge Allocated to Future Period	**(2,940,442)**	(39,365,580)
Net Liability	**55,093,618**	196,817,665
Total Net Liability	**2,324,856,046**	1,259,147,334

24.2 Securitization Borrowings

	2024 LKR	2023 LKR
Gross liability	**789,789,817**	778,883,800
Less: Finance Charge Allocated to Future Period	**(173,270,527)**	(119,550,220)
Net Liability	**616,519,290**	659,333,580
Repayable Within one year		
Gross Liability	**154,083,064**	649,640,587
Less: Finance Charge Allocated to Future Period	**(29,963,774)**	(90,307,007)
Net Liability	**124,119,290**	559,333,580
Repayable After one year (1 to 5 Year)		
Gross Liability	**635,706,754**	129,243,213
Less: Finance Charge Allocated to Future Period	**(143,306,754)**	(29,243,213)
Net Liability	**492,400,000**	100,000,000
Total Net Liability	**616,519,290**	659,333,580

24.2.1 Institution Wise Loan Facilities

	As at 31.03.2024 LKR.	As at 01.04.2023 LKR.	Security
Short Term			
HSBC	**1,925,642,546**	762,945,205	Mortgage over Lease and Gold Loan Receivables
Deutsche Bank	**788,537,189**	–	Mortgage over Lease and Gold Loan Receivables
Hatton National Bank PLC	**200,153,233**	75,423,781	Mortgage over Gold Loan Receivables
Commercial Bank of Ceylon PLC	**81,201,759**		Lien over Treasury Bills
Seylan Bank PLC	**32,404,075**		Mortgage over Lease and Gold Loan Receivables
	3,027,938,802	838,368,986	
Long Term			
Bank of Ceylon	**107,373,499**	260,204,847	Mortgage over Lease Receivables
Hatton National Bank PLC	**91,840,000**	160,573,500	Mortgage over Loan Receivables
M Power Capital Limited	**–**	198,205,286	Mortgage over Gold Loan receivables
National Development Bank PLC	**–**	89,430,409	Mortgage over Lease Receivables
Agora Securities (Private) Limited	**616,519,290**	371,697,886	Mortgage over Lease and Gold Loan Receivables
	815,732,789	1,080,111,928	
	3,843,671,591	1,918,480,914	

25. DUE TO CUSTOMERS

	2024 LKR	2023 LKR
Fixed Deposits accepted from public	**5,204,224,178**	3,487,076,917
	5,204,224,178	3,487,076,917

26. OTHER FINANCIAL LIABILITIES

	2024 LKR	2023 LKR
Trade Payable	**44,585,480**	2,924,680
Accrued Expense	**85,192,918**	45,622,351
Obligation to Make the Lease Payment (Note 26.1)	**303,757,226**	251,265,783
Sundry Creditors	**113,624,546**	79,467,937
	547,160,170	379,280,751

26.1 Obligation to Make the Lease Payment

	2024 LKR	2023 LKR
As at 1 April	**251,265,783**	205,263,558
Additions and improvements during the year	**78,341,834**	109,009,988
Disposals during the year	**–**	(36,795,307)
Accretion of interest during the year	**37,872,226**	33,835,137
Payments to lease creditors	**(63,722,616)**	(60,047,593)
As at 31 March	**303,757,226**	251,265,783

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024 (contd.)

27. OTHER NON FINANCIAL LIABILITIES

	2024 LKR	2023 LKR
WHT Payable	**4,657,803**	3,140,234
Stamp Duty Payable	**8,351,337**	561,350
VAT Payable	**17,374,405**	276,844
Dividend Payable	**961,829**	961,829
Other Liabilities	**36,239,905**	32,453,647
	67,585,279	37,393,904

28. RETIREMENT BENEFIT LIABILITY

28.1 Defined Benefit Liability

	2024 LKR	2023 LKR
Defined Benefit Liability	**49,036,778**	30,896,045
	49,036,778	30,896,045

28.2 Changes in the Defined benefit obligation are as follows

Opening Liability	**30,896,045**	26,338,562
Net Benefit expense	**20,775,483**	7,319,858
Benefit paid	**(2,634,750)**	(2,762,375)
Closing Liability	**49,036,778**	30,896,045

28.3 Net Benefit expense

Interest Cost	**6,055,624**	3,979,756
Current Service Cost	**6,617,946**	5,471,057
Gain on Plan Amendment	**–**	–
Actuarial Gain on obligations	**8,101,913**	(2,130,956)
	20,775,483	7,319,857

28.4 The principal financial assumptions used are as follows

Messrs. Piyal S Goonetilleke Actuaries, carried out an actuarial valuation of the defined benefit plan gratuity on 31 March 2024. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used are as follows:

	2024	2023
Discount Rate*	**12.30%**	19.60%
Future Salary Increment Rate	**12.00%**	15.00%
Retirement age	**60 Years**	60 Years
The weighted average duration of the defined benefit obligation	**8.2 Years**	6 Years
Mortality - GA 1983 Mortality Table issued by the Institute of Actuaries London		

* Discount rate used for the actuarial valuation changed during the year due to changes in market interest rates. Future salary increment rate too was revised to fall in line with the decrease in inflation rates.

28.5 Sensitivity Analysis

`+/- 1% change on Discount Rate and Salary Increase- present value of defined benefit obligation as at 31 March 2024.

	Present Value of Defined Benefit Obligation (PVDBO)		
	31-Mar-24	**31-Mar-24**	**31-Mar-24**
Discount Rate	**11.30%**	**12.30%**	**13.30%**
Basic Salary Scale	**12.0%**	**12.0%**	**12.0%**
Census at	**31-Mar-24**	**31-Mar-24**	**31-Mar-24**
Total PVDBO	**52,757,318**	**49,036,778**	**45,932,740**

	Present Value of Defined Benefit Obligation (PVDBO)		
	31-Mar-24	**31-Mar-24**	**31-Mar-24**
Discount Rate	**12.30%**	**12.30%**	**12.30%**
Basic Salary Scale	**11.0%**	**12.0%**	**13.0%**
Census at	**31-Mar-24**	**31-Mar-24**	**31-Mar-24**
Total PVDBO	**45,935,992**	**49,036,778**	**52,681,635**

Sensitivity Analysis

`+/- 1% change on Discount Rate and Salary Increase- present value of defined benefit obligation as at 31 March 2023.

	Present Value of Defined Benefit Obligation (PVDBO)		
	31-Mar-23	31-Mar-23	31-Mar-23
Discount Rate	18.60%	19.60%	20.60%
Basic Salary Scale	15.0%	15.0%	15.0%
Census at	31-Mar-23	31-Mar-23	31-Mar-23
Total PVDBO	**32,363,756**	**30,896,045**	**29,625,022**

	Present Value of Defined Benefit Obligation (PVDBO)		
	31-Mar-23	31-Mar-23	31-Mar-23
Discount Rate	19.60%	19.60%	19.60%
Basic Salary Scale	14.0%	15.0%	16.0%
Census at	31-Mar-23	31-Mar-23	31-Mar-23
Total PVDBO	**29,580,915**	**30,896,045**	**32,394,685**

28.6 Maturity profile of undiscounted cash flows of defined benefit obligation

	2024
Within 1 year	17,911,586
Between 1 and 5 years	26,264,322
More than 5 years	38,975,154
	83,151,062

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024 (contd.)

29. DEFERRED TAX (ASSET)/LIABILITY

As at 31st March 2024

	Accelerated Depreciation for Tax Purposes							
	Property, Plant and Equipment	**Intangible Assets**	**Right of Use Assets**	**Lease Rentals**	**Impairment of Loans and Receivables**	**Defined Benefit Plan Obligation**	**Others**	**Total**
Balance as at 1st April 2023	18,075,244	1,817,178	(5,103,297)	253,661	(33,422,405)	(9,268,814)	–	(27,648,433)
Profit or loss (Note no. 11.1)								
Due to change in temporary differences	1,911,192	699,671	(3,782,184)	(253,661)	10,398,644	(3,011,646)		5,962,017
Other comprehensive income								
Due to change in temporary differences	**–**	**–**	**–**	**–**	**–**	**(2,430,574)**	**–**	**(2,430,574)**
Balance as at 31st March 2024	**19,986,436**	**2,516,849**	**(8,885,481)**	**–**	**(23,023,761)**	**(12,280,460)**	**–**	**(24,116,990)**

As at 31st March 2023

	Accelerated Depreciation for Tax Purposes							
	Property, Plant and Equipment	**Intangible Assets**	**Right of Use Assets**	**Lease Rentals**	**Impairment of Loans and Receivables**	**Defined Benefit Plan Obligation**	**Others**	**Total**
Balance as at 1st April 2022	11,183,186	1,791,923	(12,217,434)	5,015,292	(23,885,966)	(6,321,255)	750,388	(23,683,867)
Profit or loss (Note no. 11.1)								
Due to rate change	2,795,796	447,981	(3,054,359)	1,253,823	(5,971,491)	(1,580,314)	(750,388)	(6,858,952)
Due to change in temporary differences	4,096,261	(422,727)	10,168,495	(6,015,453)	(3,564,947)	(2,006,531)		2,255,098
Other comprehensive income								
Due to rate change	**–**	**–**	**–**	**–**	**–**	**(8,780)**	**–**	**(8,779)**
Due to change in temporary differences	**–**	**–**	**–**	**–**	**–**	**648,066**	**–**	**648,066**
Balance as at 31st March 2023	**18,075,244**	**1,817,178**	**(5,103,297)**	**253,661**	**(33,422,405)**	**(9,268,814)**	**–**	**(27,648,433)**

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024 (contd.)

30. STATED CAPITAL

Issued and Fully Paid-Ordinary Shares	No. of Shares	Rs.
Balance as of 1 April 2022	**145,639,098**	1,908,247,125
Issued during the Period	–	–
Balance as of 31 March 2023	**145,639,098**	1,908,247,125
Balance as of 1 April 2023	**145,639,098**	1,908,247,125
Issued during the Period	–	–
Balance as of 31 March 2024	**145,639,098**	1,908,247,125

31. RESERVES

	2024 LKR	2023 LKR
Statutory Reserve Fund		
Opening Balance as at 1 April	**48,178,464**	**43,758,990**
Addition during the year	**4,881,019**	**4,419,474**
Closing Balance as at 31 March	**53,059,484**	48,178,464

The company's reserve fund is maintained in accordance with Direction No. 1 of 2003 issued by the Central Bank of Sri Lanka under the Finance Business Act No. 42 of 2011.

32. CASH AND CASH EQUIVALENTS FOR THE PURPOSE OF CASH FLOW STATEMENT

Components of cash and cash Equivalents	2024 LKR	2023 LKR
Favorable Cash & Cash Equivalents Balance		
Cash and Bank Balance (Note 13)	**110,767,720**	165,583,696
Investment in Mutual Fund	**1,001,278,217**	
Investment in Government Securities (Note 14)	–	157,808,254
Investment in FD with short Term Maturities (Note 15)	**100,000,000**	–
Investment in Reverse Repurchase Agreements	**1,002,994,685**	
	2,215,040,622	323,391,950
Un-Favorable Cash & Cash Equivalents Balance		
Bank Over Draft (Note 24)	**902,296,255**	71,476,867
	902,296,255	71,476,867
Total Cash and Cash Equivalents for the Purpose of Cash Flow Statement	**1,312,744,367**	251,915,083

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024 (contd.)

33. ANALYSIS OF FINANCIAL ASSETS & LIABILITIES BY MEASURMENT BASIS

As at 31 March 2024	Financial Assets at Fair Value Income Statement LKR	Financial Assets at Fair Value Other Comprehensive Income LKR	Financial Assets and Liabilities at Amortized Cost LKR	Total LKR
Financial Assets				
Cash & Bank Balances	**–**	**–**	**110,767,720**	**110,767,720**
Investment in Government Securities	**–**	**–**	**1,819,024,328**	**1,819,024,328**
Investment in Unit Trust Funds	**1,001,278,217**	**–**	**–**	**1,001,278,217**
Placements with Other Banks & Financial Institutions	**–**	**–**	**355,848,060**	**355,848,060**
Lease Rental Receivables	**–**	**–**	**2,864,129,749**	**2,864,129,749**
Loans and Advances	**–**	**–**	**1,173,631,285**	**1,173,631,285**
Gold Advances	**–**	**–**	**4,505,162,573**	**4,505,162,573**
Financial Investments-measured at Fair Value through OCI	**–**	**457,700**	**–**	**457,700**
Other Financial Assets	**–**	**–**	**29,495,526**	**29,495,526**
Total Financial Assets	**1,001,278,217**	**457,700**	**10,858,059,241**	**11,859,795,158**
Financial Liabilities				
Interest Bearing Borrowings	**–**	**–**	**3,843,671,591**	**3,843,671,591**
Due to the Customers	**–**	**–**	**5,204,224,178**	**5,204,224,178**
Other Financial Liabilities	**–**	**–**	**547,160,170**	**547,160,170**
Total Financial Liabilities	**–**	**–**	**9,595,055,940**	**9,595,055,940**

As at 31 March 2023	Financial Assets at Fair Value Income Statement LKR	Financial Assets at Fair Value Other Comprehensive Income LKR	Financial Assets and Liabilities at Amortized Cost LKR	Total LKR
Financial Assets				
Cash & Bank Balances	–	–	165,583,696	165,583,696
Investment in Government Securities	–	–	458,137,517	458,137,517
Placements with Other Banks & Financial Institutions	–	–	445,268,915	445,268,915
Lease Rental Receivables	–	–	2,374,025,383	2,374,025,383
Loans and Advances	–	–	798,812,852	798,812,852
Gold Advances	–	–	3,950,688,495	3,950,688,495
Financial Investments-measured at Fair Value through OCI	–	457,700	–	457,700
Other Financial Assets	–	–	24,340,891	24,340,891
Total Financial Assets	–	457,700	8,216,857,749	8,217,315,449
Financial Liabilities				
Interest Bearing Borrowings	–	–	1,989,957,781	1,989,957,781
Due to the Customers	–	–	3,487,076,917	3,487,076,917
Other Financial Liabilities	–	–	379,280,751	379,280,751
Total Financial Liabilities	–	–	5,856,315,450	5,856,315,450

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024 (contd.)

34. FAIR VALUE OF FINANCIAL INSTRUMENTS

34.1 Determination of Fair Value and Fair Value Hierarchy

The company use the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

Level 1 : Quoted prices in active markets for identical assets and liabilities.

Level 2 : Other technique for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 : Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

34.2 Financial Instruments regularly measured using Fair Value - recurring items

a) Financial Investments - Measured at Fair Value through Profit/ Loss

Investment in Unit Trust Funds	Fair Value Hierarchy	Carrying Amount LKR	Fair Value LKR
As at 31 March 2024	**Level 1**	**1,000,000,000**	**1,001,278,217**
As at 31 March 2023	**Level 1**	**–**	**–**

The Investment in Unit Trust Funds are measured at market value as on 31 March 2024 and hence are classified as Level 1 hierarchy.

b) Financial Investments - Measured at Fair Value through other comprehensive income

Investment in Unquoted Equity instruments	Fair Value Hierarchy	Carrying Amount LKR	Fair Value LKR
As at 31 March 2024	**Level 3**	**457,000**	**457,000**
As at 31 March 2023	**Level 3**	**457,000**	**457,000**

Equity instruments at fair value through OCI primarily consist of unquoted equity securities. Unquoted equity securities are carried at cost since it is the most reasonable value available to represent the price of such securities and hence classified as Level 3 hierarchy.

34.3 Fair Value of the Financial Instrument Carried at Amortized Cost

Set out below is a comparison, by class, of the carrying amount and fair value of the Company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair value of non-financial assets and liabilities.

As at 31 March 2024	Level	Carrying Amount LKR	Fair Value LKR
Financial Assets			
Lease Rentals Receivable	Level 02	2,864,129,749	2,852,389,258
Loans and Advances	Level 02	1,173,631,285	1,176,194,388
Financial Liabilities			
Interest Bearing Borrowings	Level 02	2,941,375,336	2,964,853,047

As at 31 March 2023	Level	Carrying Amount LKR	Fair Value LKR
Financial Assets			
Lease Rentals Receivable	Level 02	2,374,025,383	2,095,629,218
Loans and Advances	Level 02	798,812,852	763,441,751
Financial Liabilities			
Interest Bearing Borrowings	Level 02	1,918,480,914	1,959,936,050

For the following list of Financial Instrument whose carrying amount is a reasonable approximation of fair value because, for example, they are short-term in nature or reprice to current market rates frequently.

Assets

Cash and Bank Balances
Investment in government Securities
Investment in Unit Trust Funds
Placements with Banks and Other Financial Institutions
Gold Advances
Other Financial Assets

Financial Liabilities

Bank Overdraft
Due to the Customers
Other Financial Liabilities

35. CURRENT AND NON CURRENT ANALYSIS OF ASSETS & LIABILITIES

Table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled.

As at 31 March 2024	**Within 12-Months LKR**	**After 12-Months LKR**	**Total LKR**
ASSETS			
Cash and Bank Balances	**110,767,720**	**–**	**110,767,720**
Investment in Government Securities	**1,819,024,328**	**–**	**1,819,024,328**
Financial Investments-Measured at Fair Value Through PL	**1,001,278,217**	**–**	**1,001,278,217**
Placements with Banks and Other Financial Institutions	**355,848,060**	**–**	**355,848,060**
Gold Advances	**4,505,162,573**	**–**	**4,505,162,573**
Lease Rentals Receivable and Loans and Advances	**1,858,573,074**	**2,179,187,959**	**4,037,761,033**
Other Financial Assets	**17,234,451**	**12,261,076**	**29,495,526**
Other Non Financial Assets	**178,055,010**	**10,441,342**	**188,496,352**
Financial Investments-Measured at FVOCI	**–**	**457,700**	**457,700**
Property, Plant and Equipment	**–**	**534,360,642**	**534,360,642**
Intangible Assets	**–**	**43,094,228**	**43,094,228**
Deferred Tax Assets		**24,116,990**	**24,116,990**
Total Assets	**9,845,943,432**	**2,803,919,938**	**12,649,863,370**

	Within 12-Months LKR	**After 12-Months LKR**	**Total LKR**
LIABILITIES			
Interest Bearing Borrowings	**3,296,177,973**	**547,493,618**	**3,843,671,591**
Due to the Customers	**4,935,690,952**	**268,533,225**	**5,204,224,177**
Other Financial Liabilities	**271,747,123**	**275,209,591**	**546,956,714**
Other Non Financial Liabilities	**67,585,280**		**67,585,280**
Current Tax Liabilities	**5,942,625**		**5,942,625**
Retirement Benefit Liability	**–**	**49,036,778**	**49,036,778**
Total Liabilities	**8,577,143,952**	**1,140,273,212**	**9,717,417,164**
Net Assets	**1,268,799,480**	**1,663,646,726**	**2,932,446,206**

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024 (contd.)

As at 31 March 2023	Within 12-Months LKR	After 12-Months LKR	Total LKR
ASSETS			
Cash and Bank Balances	165,583,696	–	165,583,696
Investment in Government Securities	458,137,517	–	458,137,517
Placements with Banks and Other Financial Institutions	445,268,915	–	445,268,915
Gold Advances	3,950,688,495	–	3,950,688,495
Lease Rental Receivables and Loans and Advances	1,481,552,723	1,691,285,512	3,172,838,234
Other Financial Assets	15,612,072	8,728,819	24,340,892
Other Non Financial Assets	44,748,960	14,032,183	58,781,143
Financial Investments- Measured at Fair Value through OCI	–	457,700	457,700
Inventories	–	–	–
Property, Plant and Equipment	–	470,357,459	470,357,459
Intangible Assets	–	18,047,136	18,047,136
Deferred Tax Assets		27,648,433	27,648,433
Total Assets	**6,561,592,378**	**2,230,557,242**	**8,792,149,620**
LIABILITIES			
Interest Bearing Borrowings	1,693,140,116	296,817,665	1,989,957,781
Due to the Customers	3,257,263,796	229,813,120	3,487,076,917
Other Financial Liabilities	147,745,201	231,535,550	379,280,751
Other Non Financial Liabilities	37,393,905		37,393,905
Current Tax Liabilities	32,921,837		32,921,837
Retirement Benefit Liability	–	30,896,045	30,896,045
Total Liabilities	**5,168,464,855**	**789,062,380**	**5,957,527,235**
Net Assets	**1,393,127,523**	**1,441,494,862**	**2,834,622,384**

36. COMMITMENT AND CONTINGENCIES

There were no significant capital commitment and contingencies as of the reporting date.

36.1 Litigation Against Company

The company does not have contingent liabilities in respect of legal claims arising in the ordinary course of business.

36.2 Assets Pledged

The following assets have been pledged as security for liabilities.

Nature of Assets	Nature of Liability	Carrying Amount Pledged 2024 LKR.	Carrying Amount Pledged 2023 LKR.	Included Under
Lease Rentals Receivable *	Bank Loans and Overdrafts	1,321,738,844	2,289,046,071	Lease Rentals Receivable
Loan Receivable*	Bank Loans and Overdrafts	343,760,366	423,411,966	Loan Receivable
Gold Advances*	Bank Loans and Overdrafts	4,253,763,231	2,462,704,804	Loan Receivable
		5,919,262,441	**5,175,162,841**	Loan Receivable

*The receivables and cash flows that have been included in securitization transactions are only available for payment of the debt and other obligations issued or arising in the securitization transactions. However, the Company hold the right to the excess cash flows not needed to pay the debt and other obligations issued or arising in each of the securitization transactions.

37. EVENT OCCURRING AFTER THE REPORTING DATE

Subsequent to the reporting date, no circumstances have arisen which would require adjustment or disclosure in financial statement.

38. RELATED PARTY TRANSACTIONS

The company carries out transactions in the ordinary course of business with the parties who are defined as “Related Parties” in LKAS-24-Related Party Disclosures.

Terms and Conditions

All such transactions entered into with the related parties are on an arms’ length basis and are comparable with what is applied to the transactions with unrelated customers with similar credit standing.

Details of related party transactions which the company had during the year are as follows:

38.1 Transactions with Key Managerial Personnel (KMPs)

The Company has identified and disclosed personnel those having authority and responsibility for planning, directing and controlling the activities of the company as “Key Management Personnel” in accordance with LKAS 24-”Related Party Disclosures’. Accordingly, Board of Directors, Chief Executive Officer, Members of Corporate Management team have been identified as “Key Management Personnel’.

38.1.1 Compensation to KMP

	2024 LKR	2023 LKR
Short Term Employment Benefits	**43,638,044**	36,992,968
Post Employment Benefits	**–**	–
	43,638,044	36,992,968

In addition to the above, the Company has also paid non cash benefits such as vehicles and fuel to key management personnel in line with the approved employment benefits of the Company.

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024 (contd.)

38.1.2 Transaction with KMP and their Close Family Members

Aggregate value of transactions with KMP and their CFM are disclosed below. These transactions are carried out at Arm's length prices.

	2024 LKR	2023 LKR
Fixed Deposits accepted during the year	**–**	–
Fixed Deposits held at the end of the year	**–**	–
Interest paid during the year	**–**	–

38.2 Transaction, arrangements and agreements involving with Entities which are controlled, and/or jointly controlled by the KMP's and their CFMs or shareholders

	Nature of Relationship	**Amount of the Transactions had During the year LKR**	**Outstanding Receivable/ (Payable) Balance as at 31-03-2024 LKR**	**Outstanding Receivable/ (Payable) Balance as at 31-03-2023 LKR**
Ideal Motors (Pvt) Ltd.	Affiliate Company			
Vehicle Repair Services		227,966	**–**	–
Trade Advance for City Pickups		271,741,000		
Other Purchases & Services		22,619,078	**–**	**–**
Ideal Automobile (Pvt) Ltd	Affiliate Company			
Fixed Deposits placed with the Company		50,000,000	**236,263,657**	186,263,657
Interest Expenses on Fixed Deposits		36,583,805	**1,381,762**	1,617,603
Ideal Premier (Pvt) Ltd	Affiliate Company			
Vehicle Repair Services		2,226,822	–	–
Ideal First Choice (Pvt) Ltd	Affiliate Company			
Vehicle Repair Services		126,023	–	–
Prompt Express Private Limited	Affiliate Company			
Lease and Loan Receivables		–	24,913,224	54,423,171
Courier Service Charges		3,327,495	607,520	632,268
Ideal Drive Private Limited	Affiliate Company			
Vehicle Hire Expense		4,899,564	–	–
E M G Logistics Pvt Ltd	Affiliate Company			
Fixed Deposits placed with the Company		48,567,399	–	48,567,399
Interest Expenses on Fixed Deposits		36,583,805	–	493,685
Mahindra & Mahindra	Affiliate Company			
Trade Mark Fee		376,000	–	–

39. CAPITAL

The Company maintains capital in order to cover risks inherent in the business and meet the capital adequacy requirements of Central Bank of Sri Lanka . The adequacy of the Company's capital is monitored based on the measures, rules and ratios adopted by Central Bank of Sri Lanka.

39.1 Capital Management

The primary objective of Company's capital management policy is to ensure that the Company complies with externally imposed capital requirements and healthy capital ratios in order to support its business and to maximize shareholders' value.

Regulatory Capital

The Company manages its capital considering the regulatory capital requirements. The Central Bank of Sri Lanka(CBSL) sets and monitors capital requirements for licensed finance companies. Accordingly, finance companies in Sri Lanka need to maintain a minimum total capital adequacy ratio of 12.5% and a minimum core capital adequacy ratio (Tier I) of 8.5%.The Company has always maintained the Capital Adequacy Ratio above the minimum regulatory requirements. The company's Tier I and Tier II capital adequacy ratios as at the end of the financial year stood at 39.02% and 40.04% respectively.

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024 (contd.)

40. RISK MANAGEMENT

40.1 Introduction

Risk is inherent in the company's activities, but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the company's continuing profitability and each individual within the company is accountable for the risk exposures relating to his or her responsibilities.

RISK MANAGEMENT FRAMEWORK

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has delegated its authority to Integrated Risk Management Committee (IRMC) which is responsible for developing and monitoring Company's risk management policies. The Committee is headed by an Independent Non-Executive Director and is comprised of Executive and Non-Executive Directors and Officers performing Executive functions. Meetings of IRMC are held regularly, and the Board of Directors are duly updated of its activities.

RISK MANAGEMENT AND REPORTING

Monitoring and controlling risks is primarily performed based on policies, limits & thresholds established by the Company. These limits reflect the business strategy and market environment of the Company as well as the level of risk that the Company is willing to accept.

40.2 Credit Risk

Credit risk is the risk arise due to the uncertainty in counterparty's ability to meet its obligations. The risk of loss of principal or loss of a financial reward stemming from a borrower's failure to repay a loan or otherwise meet a contractual obligation. The company considers a financial instrument defaulted for impairment calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

40.2.1 Credit Quality of Financial Assets :

The following table sets out information about credit quality of leases and loans measured at amortized cost primarily based on days past due information. The amount represents gross carrying amount.

Particulars	31st March 2024	31st March 20223
Gross carrying value of Lease Rental Receivables		
Neither Past due nor impaired	**1,543,486,709**	665,189,258
Past Due but not impaired		
30 days past due	**571,069,761**	455,494,155
31-90 days past due	**584,202,430**	833,587,566
Impaired (more than 90 days)	**258,291,063**	599,224,738
Total Gross carrying value as at reporting date	**2,957,049,964**	2,553,495,716

Particulars	31st March 2024	31st March 20223
Gross carrying value of Loans and Advances		
Neither Past due nor impaired	**926,942,183**	251,983,980
Past Due but not impaired		
30 days past due	**157,155,745**	112,999,736
31-90 days past due	**59,655,503**	202,548,041
Impaired (more than 90 days)	**73,562,674**	302,710,086
Total Gross carrying value as at reporting date	**1,217,316,104**	870,241,843

40.2.2 Analysis of Risk Concentration

40.2.2.1 Industry Analysis

The following table shows the risk concentration by industry for the components of the Statement of Financial Position.

Sector wise Break Down as at 31 March 2024	Cash & Bank Balances	Investment in Government Securities at Amortized cost	Placement with Bank & Other Financial Institutions	Lease Rental Receivable, and Loans and Advances	Financial Investments- Measured at Fair Value through OCI	Gold Advances	Other Financial Assets	Total Financial Assets
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Agriculture	–	–	–	155,467,844	–	–	–	155,467,844
Manufacturing	–	–	–	82,178,113	–	–	–	82,178,113
Construction	–	–	–	94,270,057	–	–	–	94,270,057
Financial Services	110,767,720	1,819,024,328	355,848,060	26,501,994	–	–	–	2,312,142,102
Trading	–	–	–	200,260,970	–	–	–	200,260,970
Hotels	–	–	–	29,214,127	–	–	–	29,214,127
Services	–	–	–	–	457,700	–		457,700
Transport	–	–	–	3,223,465,451	–	–	–	3,223,465,451
Consumer	–	–	–	226,402,478	–	4,530,164,582	29,495,526	4,786,062,587
Total	**110,767,720**	**1,819,024,328**	**355,848,060**	**4,037,761,034**	**457,700**	**4,530,164,582**	**29,495,526**	**10,883,518,951**

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024 (contd.)

Provincial break down for lease and loan receivables within Sri Lanka as follows.

Province	Lease Rental Receivables	Loans & Advances	Gold Advances
Central	121,801,609	26,374,629	557,922,767
North Central	354,854,923	650,417,189	121,898,873
North Western	288,458,515	125,715,767	187,637,478
Northern	160,851,349	25,319,844	1,007,879,770
Sabaragamuwa	182,351,360	8,248,026	188,891,895
Southern	325,994,273	81,718,795	395,680,487
Uva	522,217,849	20,455,590	727,079,331
Western	1,000,520,084	279,066,265	1,343,173,979
Total	**2,957,049,963**	**1,217,316,104**	**4,530,164,580**

Sector wise Break Down as at 31 March 2023	Cash & Bank Balances	Investment in Government Securities at Amortized cost	Placement with Bank & Other Financial Institutions	Lease Rental Receivables, and Loans and Advances	Financial Investments-Measured at Fair Value through OCI	Gold Advances	Other Financial Assets	Total Financial Assets
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Agriculture	–	–	–	233,519,242	–	–	–	233,519,242
Manufacturing	–	–	–	45,794,715	–	–	–	45,794,715
Construction	–	–	–	145,530,881	–	–	–	145,530,881
Financial Services	165,583,696	458,137,517	445,268,915	8,041,880	–	–	–	1,077,032,008
Trading	–	–	–	178,840,812	–	–	–	178,840,812
Hotels	–	–	–	15,596,463	–	–	–	15,596,463
Services	–	–	–	–	457,700	–		457,700
Transport	–	–	–	2,559,614,724	–	–	–	2,559,614,724
Consumer	–	–	–	236,798,844	–	3,971,326,248	24,340,891	4,232,465,982
Total	**165,583,696**	**458,137,517**	**445,268,915**	**3,423,737,560**	**457,700**	**3,971,326,248**	**24,340,891**	**8,488,852,527**

Provincial break down for lease rental receivables within Sri Lanka as follows.

Province	Lease Rental Receivables	Loans & Advances	Gold Advances
Central	98,174,826	23,155,694	294,590,457
North Central	169,735,615	83,082,655	161,463,347
North Western	406,994,974	87,364,576	221,681,067
Northern	202,505,319	17,499,768	931,005,484
Sabaragamuwa	271,024,314	7,300,983	116,274,144
Southern	295,852,812	97,755,262	420,024,749
Uva	522,394,624	19,999,123	814,841,509
Western	586,813,233	534,083,783	1,011,445,491
Total	**2,553,495,717**	**870,241,843**	**3,971,326,248**

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024 (contd.)

40.3 Liquidity Risk & Funding Management

Liquidity risk refers to the possibility of Company not having sufficient cash to meet its payment obligations. This arises primarily due to mismatches in the maturity profile of Company's assets and liabilities. Adequate liquidity is critical to meet the Company's financial commitment and to accommodate additional funding needs of the growing business volumes.

The Company's primary objective in liquidity risk management is to ensure adequate funding for its businesses throughout market cycles.

Furthermore the Company maintains the statutory liquid assets ratio at its required level as a method to measure and control the liquidity risk.

40.3.1 Analysis of Financial Assets and Liabilities by Remaining Contractual Maturities

The table below summarizes the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities.

As at 31st March 2024	On Demand LKR	Less Than 3 Months LKR	3 to 12 Months LKR	1 to 5 years LKR	Over 5 Years LKR	Total LKR
Financial Assets						
Cash and Bank Balances	110,767,720	–	–	–	–	110,767,720
Placements with Banks and Other Financial Institutions	–	257,004,795	101,416,667	–	–	358,421,461
Investment in Government Securities	1,002,994,685	375,000,000	490,000,000	–	–	1,867,994,685
Financial Investments-Measured at Fair Value through P/L	1,001,278,217	–	–	–	–	1,001,278,217
Gold Advances	1,324,963,032	3,088,083,209	118,760,029	5,025		4,531,811,295
Lease Rentals Receivable	175,393,943	349,555,586	1,276,270,563	1,983,379,020	350,232	3,784,949,344
Loans and Advances	57,749,123	137,277,620	601,107,181	649,728,263	7,598,528	1,453,460,715
Financial Investments-Measured at Fair Value through OCI	–	–	–	–	457,700	457,700
Other Financial Assets	–	9,576,512	7,657,938	5,471,124	6,789,952	29,495,526
Total Financial Assets	**3,673,146,720**	**4,216,497,722**	**2,595,212,378**	**2,638,583,431**	**15,196,412**	**13,138,636,663**
Financial Liabilities						
Interest Bearing Borrowings	–	2,252,541,093	1,103,228,131	693,740,813	–	4,049,510,037
Due to the Customers	–	1,581,072,424	3,646,089,452	362,534,610	–	5,589,696,487
Other Financial Liabilities	–	243,199,488	–	–	–	243,199,488
Obligation to Make the Lease Payment	–	16,812,921	49,571,430	252,674,784	166,649,904	485,709,039
Total Financial Liabilities	**–**	**4,093,625,926**	**4,798,889,014**	**1,308,950,207**	**166,649,904**	**10,368,115,051**
Total Net Financial Assets/ (Liabilities)	**3,673,146,720**	**122,871,795**	**(2,203,676,636)**	**1,329,633,224**	**(151,453,492)**	**2,770,521,611**

As at 31st March 2023	On Demand LKR	Less Than 3 Months LKR	3 to 12 Months LKR	1 to 5 years LKR	Over 5 Years LKR	Total LKR
Financial Assets						
Cash and Bank Balances	165,583,696	–	–	–	–	165,583,696
Placements with Banks and Other Financial Institutions	–	24,620,114	468,991,912			493,612,026
Investment in Government Securities	–	165,000,000	328,000,034	–	–	493,000,034
Gold Advances	–	3,900,684,135	70,172,673	469,440		3,971,326,248
Lease Rentals Receivable	220,523,520	314,350,533	916,179,827	1,790,003,965	–	3,241,057,845
Loans and Advances	153,490,720	294,255,388	217,437,621	214,986,693	1,294,237	881,464,658
Financial Investments-Measured at Fair Value through OCI	–	–	–	–	457,700	457,700
Other Financial Assets	–	13,921,689	1,690,383	4,162,603.06	4,566,216	24,340,891
Total Financial Assets	**539,597,936**	**4,712,831,859**	**2,002,472,450**	**2,009,622,701**	**6,318,153**	**9,270,843,098**

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024 (contd.)

As at 31st March 2023	On Demand LKR	Less Than 3 Months LKR	3 to 12 Months LKR	1 to 5 years LKR	Over 5 Years LKR	Total LKR
Financial Liabilities						
Interest Bearing Borrowings	–	1,294,497,129	536,038,778	365,426,459	–	2,195,962,366
Due to the Customers	–	1,786,360,256	1,783,245,376	340,034,622	–	3,909,640,254
Other Financial Liabilities	–	128,014,969	–	–	–	128,014,969
Obligation to Make the Lease Payment		14,040,411	39,410,018	195,662,605	173,790,305	422,903,339
Total Financial Liabilities	**–**	**3,222,912,765**	**2,358,694,172**	**901,123,685**	**173,790,305**	**6,656,520,928**
Total Net Financial Assets/ (Liabilities)	**539,597,936**	**1,489,919,094**	**(356,221,722)**	**1,108,499,016**	**(167,472,153)**	**2,614,322,170**

40.4 Interest Rate Risk

Interest rate risk is a key constitute of the market risk exposure of the Company due to adverse and unanticipated movements in future interest rate which arises from core business activities; granting of credit facilities, accepting deposits and issuing debt instruments.

Due to the nature of operations of the Company, the impact of interest rate risk is mainly on the earnings of the Company rather than the market value of portfolios. Several factors give rise to interest rate risk; among these are term structure risk, which arises due to the mismatches in the maturities of assets and liabilities; basis risk which is the threat to income arises due to differences in the bases of interest rates.

Excessive movements in market interest rate could result in severe volatility to Company's net interest income and net interest margin. Company's exposure to interest rate risk is primarily associated with factors such as;

Interest Rate Risk Exposure on Financial Assets & Liabilities

The table below analyses the Company's interest rate risk exposure on financial assets & liabilities. The Company's assets & liabilities are included at carrying amount and categorized by the earlier of contractual repricing or maturity dates.

		Interest Bearing				
As at 31st March 2024	Total As at 31-03-2024 LKR	Less Than 3 Months LKR	3 to 12 Month LKR	1 to 5 years LKR	Over 5 Years LKR	Non Interest Bearing LKR
Financial Assets						
Cash and Bank Balances	110,767,720	–	–	–	–	110,767,720
Investment in Government Securities and Placements with Banks	2,174,872,372	1,622,707,839	552,164,533	–	–	–
Financial Investments-Measured at Fair Value Through PL	1,001,278,217	1,001,278,217	–	–	–	–
Gold Advances	4,531,811,295	4,413,046,241	118,760,029	5,025	–	–
Lease Rentals Receivable	2,957,049,962	381,118,082	968,944,709	1,606,987,171	–	–
Loans and Advances	1,217,316,104	156,970,541	488,144,774	572,200,789	–	–
Financial Investments-Measured at Fair Value through OCI	457,700					457,700
Other Financial Assets	24,340,891	4,897,876				19,443,015
Total Financial Assets	**12,017,894,261**	**7,580,018,796**	**2,128,014,046**	**2,179,192,984**	**–**	**130,668,435**
Financial Liabilities						
Interest Bearing Borrowings	3,843,671,591	2,223,365,538	1,072,812,435	547,493,618	–	–
Due to the Customers	5,204,224,178	1,651,814,568	3,283,876,384	268,533,225	–	–
Other Financial Liabilities	546,956,715	250,221,868	21,525,256	141,279,887	133,929,704	–
Total Financial Liabilities	**9,594,852,483**	**4,125,401,974**	**4,378,214,075**	**957,306,730**	**133,929,704**	**–**
Interest Sensitivity Gap	**2,423,041,778**	**3,454,616,822**	**(2,250,200,029)**	**1,221,886,255**	**(133,929,704)**	**130,668,435**

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024 (contd.)

		Interest Bearing				
	Total As at 31-03-2023	**Less Than 3 Months**	**3 to 12 Month**	**1 to 5 years**	**Over 5 Years**	**Non Interest Bearing**
As at 31st March 2023	**LKR**	**LKR**	**LKR**	**LKR**	**LKR**	**LKR**
Financial Assets						
Cash and Bank Balances	165,583,696	–	–	–	–	165,583,696
Investment in Government Securities and Placements with Banks	903,406,432	160,572,123	742,834,309	–	–	–
Gold Advances	3,971,326,248	3,900,684,135	70,642,113	–		
Lease Rentals Receivable	2,553,495,717	412,141,696	666,349,439	1,475,004,582		
Loans and Advances	870,241,842	436,523,292	217,437,621	216,280,929		
Financial Investments-Measured at Fair Value through OCI	457,700					457,700
Other Financial Assets	24,340,891	4,897,876				19,443,015
Total Financial Assets	**8,488,852,527**	**4,914,819,123**	**1,697,263,482**	**1,691,285,512**	**–**	**185,484,411**
Financial Liabilities						
Interest Bearing Borrowings	1,989,958,106	1,264,844,608	428,295,833	296,817,665	–	–
Due to the Customers	3,487,076,918	1,746,722,802	1,510,540,995	229,813,120	–	–
Other Financial Liabilities	379,280,752	132,054,510	15,690,692	94,799,993	136,735,557	–
Total Financial Liabilities	**5,856,315,776**	**3,143,621,920**	**1,954,527,520**	**621,430,778**	**136,735,557**	**–**
Interest Sensitivity Gap	**2,632,536,751**	**1,771,197,202**	**(257,264,039)**	**1,069,854,733**	**(136,735,557)**	**185,484,411**

41. OPERATING SEGMENTS

Entity-Wide Disclosures: Analysis of Gross Income on Product Basis

	Finance Lease	**Gold Loan**	**Loans and Advances**	**Other**	**Total**
As at 31st March 2024	**LKR**	**LKR**	**LKR**	**LKR**	**LKR**
Interest Income	574,634,047	1,183,588,966	154,281,660	241,113,370	2,153,618,043
Commission Income				10,249,062	10,249,062
Other Income	9,293,591	74,157,350	5,194,301	56,528,033	145,173,275
	583,927,638	**1,257,746,316**	**159,475,961**	**307,890,465**	**2,309,040,380**

	Finance Lease	**Gold Loan**	**Loans and Advances**	**Other**	**Total**
As at 31st March 2023	**LKR**	**LKR**	**LKR**	**LKR**	**LKR**
Interest Income	641,168,494	807,982,594	239,486,405	116,662,455	1,805,299,948
Commission Income				13,067,675	13,067,675
Other Income	–	88,672,799	–	17,238,933	105,911,732
	641,168,494	**896,655,393**	**239,486,405**	**146,969,063**	**1,924,279,355**

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2024 (contd.)

42. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Sri Lanka Accounting Standards LKAS 7 (Statement of Cash Flows), requires an entity to disclose information that enables users of Financial Statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Accordingly, changes in liabilities arising from financing activities for the year ended 31 March 2024 are disclosed below.

	Securitization Borrowing LKR	**Bank Borrowing LKR**
Balance as at 01 April 2023	480,833,580	1,437,647,334
Net cash flows from financing activities	119,166,420	861,565,880
Non cash changes		
Foreign exchange movements	–	–
Amortization of loan origination costs	(9,896,736)	–
Accrual for interest expense	26,416,026	25,642,832
Balance as at 31 March 2024	616,519,290	2,324,856,046

INDEPENDENT AUDITORS' REPORT

To the Members of
Mahindra Finance CSR Foundation

REPORT ON THE AUDIT OF THE IND AS FINANCIAL STATEMENTS

OPINION

We have audited the accompanying Ind AS Financial Statements of **Mahindra Finance CSR Foundation** ("the Company"), which comprise the Balance sheet as at March 31, 2024, the Statement of Income and Expenditure, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of material accounting policy and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS Financial Statements give the information required by the Companies Act, 2013, as amended ('the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, and its financial performance, its cash flows and the changes in equity for the year ended on that date.

BASIS FOR OPINION

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

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the Financial Statements and our auditors' report thereon.

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

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Section 143(3)(i) mandates the auditor to comment on whether the Company has adequate internal financial controls over financial reporting of the Company and the operating effectiveness of such controls. In terms of paragraph 5 of Ministry of Corporate Affairs notification number G.S.R. 583 (E) dated June 13, 2017, and as amended from time to time, exemption has been provided to private limited companies fulfilling certain criteria mentioned in the notification, from the applicability of requirement of reporting in terms of section 143(3)(i). As the Company meets the relevant criteria specified in the said notification for the Financial Year 2020-21, the requirement of Section 143(3)(i) is not applicable to the Company and accordingly no report has been made under the said clause.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements for the financial year ended March 31, 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As requirements by the Companies (Auditor's Report) Order, 2016/2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, is not applicable to the Company, no comment on report specified in paragraphs 3 and 4 of the Order is made;
2. As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

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

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

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

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

   f) With respect to the adequacy of the internal financial controls with reference to Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure A. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to Standalone Financial Statements.

   g) With respect to other matters to be included in auditor's report in accordance with the requirements of section 197(16) of the Act, as amended, we report that in our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any remuneration to its directors during the year.

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

      i. The Company does not have any pending litigations which would impact its financial position;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

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

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

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

(c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

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

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

For **B.K. KHARE & CO.**
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 24111212BKERUT1630

Mumbai, April 19, 2024

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls with reference to financial statements Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of **Mahindra Finance CSR Foundation** ("the Company") as of March 31, 2024 in conjunction with our audit of the Ind AS 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 the 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements of the Company 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 Act, 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 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, to the best of our information and according to the explanations given to us, 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 criteria for internal financial control with reference to financial statements 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 **B.K. KHARE & CO.**
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 24111212BKERUT1630

Mumbai, April 19, 2024

BALANCE SHEET AS AT 31 MARCH 2024

INR Lakhs

Particulars	Note	As at 31 March 2024	As at 31 March 2023
ASSETS			
Financial Assets			
a) Cash and cash equivalents	1	**0.90**	1.98
b) Bank balances other than cash and cash equivalents		**–**	–
c) Other current assets		**–**	–
		0.90	1.98
Non-financial Assets			
a) Current tax assets (Net)	2	**–**	0.81
b) Other non-financial assets	3	**–**	0.01
		–	0.82
Total Assets		**0.90**	2.80
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
a) Other payables	4	**0.45**	0.45
b) Other financial liabilities	5	**0.20**	0.20
		0.65	0.65
Non-Financial Liabilities			
a) Other non-financial liabilities	6	**0.05**	0.05
		0.05	0.05
EQUITY	7		
a) Equity share capital		**0.10**	0.10
b) Other equity		**0.10**	2.00
		0.20	2.10
Total Liabilities and Equity		**0.90**	**2.80**

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration No: 105102W

For and on behalf of the Board of Directors
Mahindra Finance CSR Foundation

Shirish Rahalkar
Partner
Membership No: 111212

Manish Sinha
Director
[DIN: 06481081]

Vivek Karve
Director
[DIN: 06840707]

Mumbai
19th April, 2024

Mumbai
19th April, 2024

STATEMENT OF INCOME AND EXPENDITURE FOR PERIOD ENDED 31 MARCH 2024

INR Lakhs

	Particulars	Note	Period ended 31 March 2024	Period ended 31 March 2023
I	**Revenue receipts (Donations)**	8	**–**	20.30
II	**Other Income**	9	**0.05**	–
III	**Total income (I+II)**		**0.05**	20.30
	Expenses			
	i) Finance costs	10	**–**	–
	ii) Corporate Social Responsibility expenses	11	**–**	20.30
	iii) Other Expenses	12	**1.95**	0.75
IV	**Total expenses (IV)**		**1.95**	21.05
V	**Excess of income over expenditure (III-IV)**		**(1.90)**	(0.75)
VI	**Earnings per equity share (face value Rs. 10/- per equity share)**	13		
	Basic (Rupees)		**(190.00)**	(75.00)
	Diluted (Rupees)		**(190.00)**	(75.00)

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration No: 105102W

For and on behalf of the Board of Directors
Mahindra Finance CSR Foundation

Shirish Rahalkar
Partner
Membership No: 111212

Manish Sinha
Director
[DIN: 06481081]

Vivek Karve
Director
[DIN: 06840707]

Mumbai
19th April, 2024

Mumbai
19th April, 2024

STATEMENT OF CHANGES IN EQUITY FOR PERIOD ENDED 31 MARCH 2024

A. Equity share capital

INR Lakhs

Particulars	Amount
Issued, Subscribed and fully paid up:	
Balance as at 1 April 2022	0.10
Changes during the year:	
i) Fresh allotment of shares	–
ii) Allotment of shares by ESOS Trust to employees	–
Balance as at 31 March 2023	0.10
Balance as at 1 April 2023	0.10
Changes during the year:	
i) Fresh allotment of shares	**–**
ii) Allotment of shares by ESOS Trust to employees	**–**
Balance as at 31 March 2024	**0.10**

B. Other Equity

Particulars	**Reserves and Surplus**									
	Statutory reserves as per Section 45-IC of the RBI Act, 1934	**Capital redemption reserves**	**Securities premium reserve**	**General reserves**	**Debenture Redemption Reserves (DRR)**	**Employee stock options outstanding**	**Retained earnings**	**Debt instruments through OCI**	**Equity instruments through OCI**	**Total**
Balance as at 1 April 2022	–	–	–	–	–	–	2.75	–	–	2.75
Profit/(loss) for the year							–			–
Other Comprehensive Income / (loss)							–	–	–	–
Total Comprehensive Income for the year	–	–	–	–	–	–	–	–	–	–
Excess of income / (expenditure) for the current period			–				(0.75)			(0.75)
Balance as at 31 March 2023	–	–	–	–	–	–	2.00	–	–	2.00

STATEMENT OF CHANGES IN EQUITY FOR PERIOD ENDED 31 MARCH 2024 (Contd.)

Particulars	Reserves and Surplus									
	Statutory reserves as per Section 45-IC of the RBI Act, 1934	**Capital redemption reserves**	**Securities premium reserve**	**General reserves**	**Debenture Redemption Reserves (DRR)**	**Employee stock options outstanding**	**Retained earnings**	**Debt instruments through OCI**	**Equity instruments through OCI**	**Total**
Balance as at 1 April 2023	–	–	–	–	–	–	2.00	–	–	2.00
Profit/(loss) for the year							–			–
Other Comprehensive Income / (loss)							–	–	–	–
Total Comprehensive Income for the year	–	–	–	–	–	–	–	–	–	–
Excess of income / (expenditure) for the current period			–				(1.90)			(1.90)
Balance as at 31 March 2024	–	–	–	–	–	–	0.10	–	–	0.10

As per our report of even date attached.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration No: 105102W

For and on behalf of the Board of Directors
Mahindra Finance CSR Foundation

Shirish Rahalkar
Partner
Membership No: 111212

Manish Sinha
Director
[DIN: 06481081]

Vivek Karve
Director
[DIN: 06840707]

Mumbai
19th April, 2024

Mumbai
19th April, 2024

STATEMENT OF CASH FLOWS FOR PERIOD ENDED 31 MARCH 2024

INR Lakhs

	Particulars	Period ended 31 March 2024	Period ended 31 March 2023
A)	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Excess of income / (expenditure) for the current period	**(1.90)**	(0.75)
	Adjustments to reconcile profit before tax to net cash flows:		
	Add: Non-cash expenses	**–**	–
	Less: Income considered separately	**–**	–
	Income from investing activities	**–**	–
	Operating profit before working capital changes	**(1.90)**	(0.75)
	Changes in -		
	Other financial assets	**–**	–
	Other financial liabilities	**–**	–
	Trade and other payables	**–**	(0.01)
	Trade and other receivables	**0.01**	–
	Other non-financial assets	**–**	(0.01)
	Other non-financial liabilities	**–**	–
	Cash used in operations	**0.01**	(0.02)
	Income taxes paid (net of refunds)	**0.81**	–
	NET CASH USED IN OPERATING ACTIVITIES (A)	**(1.08)**	(0.77)
B)	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of investments at amortised cost	**–**	–
	Proceeds from sale of investments measured at amortized cost	**–**	–
	Interest received	**–**	–
	NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES (B)	**–**	–
C)	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Issue of equity shares	**–**	–
	NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES (C)	**–**	–
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**(1.08)**	(0.77)
	Cash and Cash Equivalents at the beginning of the year	**1.98**	2.75
	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (refer note 1)	**0.90**	1.98
	Components of Cash and Cash Equivalents		
	Balances with banks in current accounts	**0.90**	1.98
	Term deposits with original maturity up to 3 months	**–**	–
	Total	**0.90**	1.98

Notes :

The above Statement of Cash Flow has been prepared under the 'Indirect method' as set out in Ind AS 7 on 'Statement of Cash Flows'.

As per our report of even date attached.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration No: 105102W

For and on behalf of the Board of Directors
Mahindra Finance CSR Foundation

Shirish Rahalkar
Partner
Membership No: 111212

Manish Sinha
Director
[DIN: 06481081]

Vivek Karve
Director
[DIN: 06840707]

Mumbai
19th April, 2024

Mumbai
19th April, 2024

SIGNIFICANT ACCOUNTING POLICIES

1 COMPANY INFORMATION

Mahindra Finance CSR Foundation ('the Company'), incorporated in India, is a public limited company, headquartered in Mumbai dated April 2, 2019. The Company has received license under Section 8 (1) of the Companies Act, 2013. The Company is established to undertake, by itself or joining, collaborating with, or participating in, projects that, support, promote and enhance: education, including special education, especially among children, women, elderly and the differently abled; employment, vocational skills, and sustainable livelihood; curative and preventive healthcare measures; sanitation and availability of safe drinking water; measures eradicating hunger, poverty and malnutrition; sustainability environmental and ecological balance; protection of flora and fauna, animal welfare, agro forestry; conservation of natural resources; maintenance of quality of soil, air and water; including but not limited to, rehabilitation efforts prior, during and or after natural disasters. The objective of the Company is to work, contribute towards all activities outlined by, but not restricted to, Section 135, Schedule VII of the Companies Act, 2013, the related rules and the amendments thereto from time to time.

Further, the company received its registration under section 12AA of the Income Tax Act 1961 on 29 November, 2019 and certificate under section 80G of the Income Tax Act,1961 on 24 December, 2019 valid from 3 June, 2019.

None of the objects of the Company will be carried out on commercial basis. The Company is a subsidiary of Mahindra & Mahindra Financial Services Limited.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of accounting

These financial statements are the company's first Ind–AS financial statement. The financial statements have been prepared on a historical cost convention and on an accrual basis.

2.2 Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR' or 'Rs.') which is also the Company's functional currency. All amounts are rounded-off to the nearest lakh, unless otherwise indicated.

2.3 Revenue recognition

The revenue is measured on actual receipt basis of donations received.

2.4 Provisions

Provisions are recognised when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Notes forming part of the Financial Statements

INR Lakhs

1 Cash and cash equivalents

	31 March 2024	31 March 2023
Cash on hand	**–**	–
Balances with banks in current accounts	**0.90**	1.98
Term deposits with original maturity up to 3 months	**–**	–
	0.90	1.98

2 Non-financial Assets

	31 March 2024	31 March 2023
Current tax assets (Net)	–	0.81
	–	0.81

3 Other non-financial assets

	31 March 2024	31 March 2023
Other receivables	**–**	0.01
	–	0.01

4 Other payables

	31 March 2024	31 March 2023
total outstanding dues of creditors other than micro enterprises and small enterprises	**0.45**	0.45
	0.45	0.45

5 Other financial liabilities

	31 March 2024	31 March 2023
Provision for expenses		
Trademark expense	**–**	–
Legal professional / regulatory exp	**0.20**	0.20
Audit fees payable	**–**	–
Other financial liabilities	**–**	–
	0.20	0.20

6 Other non financial liabilities

	31 March 2024	31 March 2023
Statutory dues and taxes payable	**0.05**	0.05
	0.05	0.05

7 Equity Share capital

	31 March 2024	31 March 2023
Authorised:		
1,000 (31 Mar 2021: 1,000) Equity shares of Rs.10/- each	**0.10**	0.10
Issued, Subscribed and paid-up:		
1,000 (31 Mar 2021: 1,000) Equity shares of Rs.10/- each fully paid up	**0.10**	0.10
Issued, Subscribed and paid-up Share capital	**0.10**	0.10

Notes forming part of the Financial Statements as at 31 March 2024

INR Lakhs

		As at 31 March 2024		As at 31 March 2023	
		No. of shares	**INR Lakhs**	**No. of shares**	**INR Lakhs**
a)	**Reconciliation of number of equity shares and amount outstanding:**				
	Issued, Subscribed and paid-up:				
	Balance at the beginning of the year	**1,000**	0.10	**1,000**	0.10
	Add : Fresh allotment of shares:	**–**	–	**–**	–
	Balance at the end of the year	**1,000**	0.10	**1,000.00**	0.10
b)	Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries / associates:				
	Holding company : Mahindra & Mahindra Financial Services Limited	**1,000**	0.10	**1,000**	0.10
	(Equity shares of Rs. 10/- each)				
	Percentage of holding (%)	**100%**	100%	**100%**	100%

Other Equity	**31 March 2024**	31 March 2023
Surplus in Statement of Profit and Loss:		
Balance as at the beginning of the year	**2.00**	2.75
Add : Excess of income / (expenditure) for the current period transferred from Statement of Income and Expenditure	**(1.90)**	(0.75)
Balance Loss carried to Balance Sheet	**0.10**	2.00
Less : Allocations & Appropriations :	**–**	–
Balance as at the end of the period	**0.10**	2.00
Total	**0.10**	2.00

8 Revenue receipts

	31 March 2024	31 March 2023
Donations received	**–**	20.30
(from MMFSL)		
	–	20.30

9 Other Income

	31 March 2024	31 March 2023
Interest Income	**0.05**	–
	0.05	–

10 Finance costs

	31 March 2024	31 March 2023
Bank charges	**–**	–
	–	–

11 Corporate Social Responsibility expenses

	31 March 2024	31 March 2023
Educational assistance	**–**	20.30
	–	20.30

12 Other Expenses

	31 March 2024	31 March 2023
Auditor's fees and expenses	**0.50**	0.59
Legal and professional charges	**0.45**	0.15
Trademark expense	**1.00**	0.01
	1.95	0.75

13 Earning Per Share (EPS)

	31 March 2024	31 March 2023
Profit / (Loss) for the period	**(1.90)**	(0.75)
Weighted average number of Equity Shares	**1,000**	1,000
Basic Earnings per share (Rs.) (Face value of Rs. 10/- per share)	**(190.00)**	(75.00)
Diluted Earnings per share (Rs.)	**(190.00)**	(75.00)

14 Related party disclosure:

i) As per Ind AS 24 on ‘Related party disclosures’, the related parties of the Company are as follows:

a)	Ultimate Holding Company	Mahindra & Mahindra Limited
b)	Holding Company	Mahindra & Mahindra Financial Services Limited
c)	Fellow Subsidiaries: (entities with whom the Company has transactions)	Not applicable
d)	Joint Ventures / Associates (entities with whom the Company has transactions)	Not applicable
e)	Key Management Personnel:	Mr. Vivek Karve (Director) Mr. Manish Sinha (Director) Mr. Raul Rebello (Director)

ii) The nature and volume of transactions of the Company during the year with above related parties were as follows:

Sr. No.	Particulars	For the year ended	Ultimate Holding Company	Holding Company	Fellow subsidiaries	Joint Ventures / Associates	KMP/Directors of the Company
1	Donations received	**31/3/2024**	**–**	**–**	**–**	**–**	**–**
		31/3/2023	–	20.30	–	–	–
2	Other expenses	**31/3/2024**	**1.00**	**–**	**–**	**–**	**–**
		31/3/2023	0.01	–	–	–	–

iii) Balances as at the end of the period - Nil

Signatures to Notes 1 to 14

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration No: 105102W

For and on behalf of the Board of Directors
Mahindra Finance CSR Foundation

Shirish Rahalkar
Partner
Membership No: 111212

Manish Sinha
Director
[DIN: 06481081]

Vivek Karve
Director
[DIN: 06840707]

Mumbai
19th April, 2024

Mumbai
19th April, 2024

mahindra FINANCE

Stock Exchange Codes

NSE:	M&MFIN
BSE:	532720
Bloomberg:	MMFS:IN

Mahindra & Mahindra Financial Services Limited
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General Disclosures: GRI 102-3

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