

FINOVA CAPITAL PRIVATE LIMITED

08th ANNUAL REPORT 2022-23

FINOVA CAPITAL PRIVATE LIMITED

CIN: U65993RJ2015PTC048340

Regd. Office: 702, Seventh Floor, Unique Aspire, Plot No. 13-14, Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur -302021 (Rajasthan)

Corp. Office: Fourth Floor, Unique Aspire, Plot No. 13-14, Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur -302021 (Rajasthan)

Tel. No. 0141-4118202

Website: www.finova.in

Email Id: info@finova.in

CORPORATE INFORMATION

BOARD OF DIRECTORS

<p>Mr. Mohit Sahney Managing Director and CEO DIN: 07280918</p>	<p>Mrs. Sunita Sahney Executive Director DIN: 02395354</p>	<p>Mr. Arjun Dan Ratnoo Independent Director DIN: 00802613</p>	<p>Mr. Sathyan David Additional Director (Independent) DIN: 08386521</p>
<p>Mr. Aditya Deepak Parekh Nominee Director DIN: 02848538</p>	<p>Mr. Ravi Shankar Venkataraman Ganapathy Agrapharam Nominee Director DIN: 02604007</p>	<p>Mr. Ishaan Mittal Nominee Director DIN: 07948671</p>	

BOARD COMMITTEES

Audit Committee

Mr. Arjun Dan Ratnoo
Mr. Ishaan Mittal
Mr. Sathyan David

Nomination and Remuneration Committee

Mr. Arjun Dan Ratnoo
Mr. Aditya Deepak Parekh
Mr. Sathyan David

Risk Management Committee

Mr. Mohit Sahney
Mrs. Sunita Sahney
Mr. Ravi Sharma

Asset Liability Management Committee

Mr. Mohit Sahney
Mrs. Sunita Sahney
Mr. Ravi Sharma

IT Strategy Committee

Mr. Arjun Dan Ratnoo
Mrs. Sunita Sahney
Mr. Arpit Gupta

Corporate Social Responsibility Committee

Mr. Mohit Sahney
Mr. Arjun Dan Ratnoo
Mrs. Sunita Sahney

Executive Committee

Mr. Ravi Sharma
Mr. Mohit Sahney
Mrs. Sunita Sahney

KEY MANAGERIAL PERSONNEL

Mr. Ravi Sharma
Chief Financial Officer

Mr. Jaikishan Premani
Company Secretary and Compliance Officer
M. No. A42043

FINOVA CAPITAL PRIVATE LIMITED

CIN: U65993RJ2015PTC048340

Regd. Office: 702, Seventh Floor, Unique Aspire, Plot No. 13-14, Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur -302021 (Rajasthan)

Corp. Office: Fourth Floor, Unique Aspire, Plot No. 13-14, Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur -302021 (Rajasthan)

Tel. No. 0141-4118202 Website: www.finova.in Email Id: info@finova.in

PRIVATE EQUITY PARTNERS

SCI Investments V (Sequoia Capital)
SCI Growth Investments III (Sequoia Capital)
Faering Capital India Evolving Fund II
Faering Capital India Evolving Fund III
Norwest Capital, LLC
Maj Invest Financial Inclusion Fund III K/S

AUDITORS

STATUTORY AUDITORS

M/s S.N. Dhawan & Co LLP
Chartered Accountants
421, II Floor, Udyog Vihar, Phase IV,
Gurugram-122016 (Haryana)

SECRETARIAL AUDITORS

M/s V. M. & Associates
Company Secretaries
403, Royal World, S.C. Road
Jaipur - 302001 (Rajasthan)

INTERNAL AUDITORS

M/s Shah Patni & Co.
Chartered Accountants
SB-One, Bapu Nagar, J.L.N Marg,
Jaipur-302015 (Rajasthan)

DEBENTURE TRUSTEE

CATALYST TRUSTEESHIP LIMITED

Registered office: GDA House, S. No. 94 & 95
Bhusari Colony (Right), Kothrud
Pune - 411038 (Maharashtra)
Contact: +91 020 25280081
E-mail: dt@ctltrustee.com

REGISTRAR & SHARE TRANSFER AGENT

LINK INTIME INDIA PRIVATE LIMITED

Registered office: C-101, 1st Floor, 247 Park
Lal Bahadur Shastri Marg, Vikhroli (West)
Mumbai - 400083 (Maharashtra)
Contact: +91 022 4918 6000
E-mail: mumbai@linkintime.co.in

CONTACT DETAILS

REGISTERED OFFICE

702, Seventh Floor, Unique Aspire, Plot No. 13-14
Cosmo Colony, Amrapali Marg, Vaishali Nagar
Jaipur - 302021 (Rajasthan)
Contact: +91 141 4118202
Website: www.finova.in
E-mail: info@finova.in

CORPORATE OFFICE

Fourth Floor, Unique Aspire, Plot No. 13-14
Cosmo Colony, Amrapali Marg, Vaishali Nagar
Jaipur - 302021 (Rajasthan)
Contact: +91 141 4118201
Website: www.finova.in
E-mail: info@finova.in

FINOVA CAPITAL PRIVATE LIMITED

CIN: U65993RJ2015PTC048340

Regd. Office: 702, Seventh Floor, Unique Aspire, Plot No. 13-14, Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur -302021 (Rajasthan)

Corp. Office: Fourth Floor, Unique Aspire, Plot No. 13-14, Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur -302021 (Rajasthan)

Tel. No. 0141-4118202 Website: www.finova.in Email Id: info@finova.in



NOTICE

Notice is hereby given that the 08th Annual General Meeting ('AGM/Meeting') of the members of **Finova Capital Private Limited** will be held on **Thursday, June 15, 2023 at 11:00 A.M.** at the Registered Office of the Company situated at 702, Seventh Floor, Unique Aspire, Plot No. 13-14, Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur-302021(Rajasthan) to transact the following business:

Ordinary Business:

Item No.1: To adopt the Audited Financial Statements of the Company for the Financial Year ended on March 31, 2023 together with the reports of Board of Directors and Auditors thereon.

Special Business:

Item No. 2: To approve the limit for issuance of Non-Convertible Debentures on private placement basis under Section 42 and 71 of the Companies Act, 2013.

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

“RESOLVED THAT pursuant to the provisions of Section 42 and 71 and other applicable provisions, if any, of the Companies Act, 2013 ('Act') read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and all other applicable rules, regulations, directions, guidelines, circulars and notifications of the Reserve Bank of India ('the RBI') in this regard (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and pursuant to enabling provisions of Articles of Association of the Company, the consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the 'the Board' which term shall be deemed to include any Committee of the Board, constituted / to be constituted / reconstituted including the powers conferred by this resolution) to offer, issue and allot in one or more series/tranches, Non-convertible Debentures ('NCDs'), whether secured or unsecured and/or listed or unlisted including but not limited to subordinate debentures, bonds, and/or other debt securities as per Section 2(30) of the Act on private placement basis, during the period of one year from the date of passing of the Special Resolution by the Members, for an amount not exceeding Rs. 1000,00,00,000/- (Rupees One Thousand Crores Only) on such terms and conditions and at such times at par or at such premium, as may be decided by the Board to such person(s), including to one or more Company(ies), bodies corporate(s), statutory corporations, commercial banks, lending agencies, financial institutions, insurance companies, mutual funds, pension/provident funds and individuals, as the case may be or such other person(s) as the Board may decide so for onward lending business of the Company and general corporate purposes.

RESOLVED FURTHER THAT the aggregate amount of funds to be raised by issue of NCDs, subordinate debentures, bonds, and/or other debt securities etc. shall not exceed the overall borrowing limits of the Company, as approved by the Board from time to time.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things and to take all such steps as may be necessary, proper and expedient to give effect to this resolution.”

FINOVA CAPITAL PRIVATE LIMITED

CIN: U65993RJ2015PTC048340

Regd. Office: 702, Seventh Floor, Unique Aspire, Plot No. 13-14, Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur -302021 (Rajasthan)

Corp. Office: Fourth Floor, Unique Aspire, Plot No. 13-14, Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur -302021 (Rajasthan)

Tel. No. 0141-4118202

Website: www.finova.in

Email Id: info@finova.in

Item No. 3: To approve the appointment of Mr. Sathyan David (DIN: 08386521) as an Independent Director of the Company

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

“RESOLVED THAT pursuant to the provisions of Section 149, 150 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (‘Act’) read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and pursuant to relevant provisions of Articles of Association and on the recommendation of the Nomination and Remuneration Committee and the Board of Directors, Mr. Sathyan David (DIN: 08386521), who was appointed as an Additional Director (Independent) with effect from March 30, 2023 and whose term of office expires at this Annual General Meeting and who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) years upto March 29, 2028 and whose office shall not be liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things and to take all such steps as may be necessary, proper and expedient to give effect to this resolution.”

Item No. 4: To approve the re-appointment of Mr. Arjun Dan Ratnoo (DIN:00802613) as an Independent Director of the Company

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

“RESOLVED THAT pursuant to the provisions of Section 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (‘Act’) read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and pursuant to relevant provisions of Articles of Association and on the recommendation of the Nomination and Remuneration Committee and the Board of Directors, consent of the Members of the Company be and is hereby accorded for re-appointment of Mr. Arjun Dan Ratnoo (DIN: 00802613) as an Independent Director of the Company who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and who is eligible for re-appointment, to hold office for a second term of 5 (Five) years with effect from November 24, 2023 and whose office shall not be liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things and to take all such steps as may be necessary, proper and expedient to give effect to this resolution.”

FINOVA CAPITAL PRIVATE LIMITED

CIN: U65993RJ2015PTC048340

Regd. Office: 702, Seventh Floor, Unique Aspire, Plot No. 13-14, Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur -302021 (Rajasthan)

Corp. Office: Fourth Floor, Unique Aspire, Plot No. 13-14, Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur -302021 (Rajasthan)

Tel. No. 0141-4118202

Website: www.finoval.in

Email Id: info@finoval.in

Item No. 5: To approve alteration in Articles of Association of the Company

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

“RESOLVED THAT pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder and Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), consent of the Members of the Company be and is hereby accorded for altering the existing Articles of Association of the Company by way of insertion of Article 5(iii) and Article 5(iv) in the Part-A of Articles of Association of the Company as set out here in below:

Article 5(iii)

The Company may carry out consolidation and re-issuance of its debt securities, pursuant to and in terms of the provisions of Regulation 49(a) of Securities and Exchange Board of India (Issue and Listing Of Non-Convertible Securities) Regulations, 2021, as may be amended, from time to time.

Article 5(iv)

The Board shall have the power, on receipt of the nomination by the debenture trustee to appoint a Nominee Director on the Board of the Company, in the following circumstances:

- i. 2 (two) consecutive defaults in payment of interest to the debenture holders; or*
- ii. default in creation of security for debentures; or*
- iii. default in redemption of the debentures.*

Such Nominee Director may not be liable to retire by rotation nor be required to hold any qualification shares.

The Debenture Trustee may have the right to remove such Nominee Director so appointed and also in the case of death or resignation or vacancy for any reasons whatsoever in the Nominee Director/s so appointed, at any time appoint any other person as Nominee Director. Such appointment or removal shall be made in writing to the Company.

Such Nominee Director shall hold the office so long as such financial entity acting through debenture trustee holds or continues to hold debentures in the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things and to take all such steps as may be necessary, proper and expedient to give effect to this resolution.”

Date: May 02, 2023

Place: Jaipur

**By Order of the Board of Directors
For Finova Capital Private Limited**

Sd/-

Jaikishan Premani

Company Secretary and Compliance Officer

M. No.: A42043

**Registered Office: 702, Seventh Floor, Unique Aspire, Plot No. 13-14
Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur-302021 (Rajasthan)**

FINOVA CAPITAL PRIVATE LIMITED

CIN: U65993RJ2015PTC048340

Regd. Office: 702, Seventh Floor, Unique Aspire, Plot No. 13-14, Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur -302021 (Rajasthan)

Corp. Office: Fourth Floor, Unique Aspire, Plot No. 13-14, Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur -302021 (Rajasthan)

Tel. No. 0141-4118202

Website: www.finoval.in

Email Id: info@finoval.in

Notes:

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Business to be transacted at the Annual General Meeting is annexed hereto. The relevant details pursuant to Secretarial Standard on General Meetings ('SS-2') issued by the Institute of Company Secretaries of India in respect of Directors seeking appointment/ re-appointment at this Annual General Meeting are also annexed.
 2. ***A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING ('MEETING/ AGM') IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER. IF A PROXY IS APPOINTED FOR MORE THAN FIFTY MEMBERS, THE PROXY SHALL CHOOSE ANY FIFTY MEMBERS AND CONFIRM THE SAME TO THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. IN CASE, THE PROXY FAILS TO DO SO, ONLY THE FIRST FIFTY PROXIES RECEIVED BY THE COMPANY SHALL BE CONSIDERED AS VALID***
 3. The instrument appointing the proxy / proxies in order to be effective, should be duly stamped, filled, signed and must be deposited at the registered office of the Company not later than 48 hours before the commencement of the AGM. (Proxy Form is annexed to this Annual Report).
 4. During the period beginning 24 hours before the time fixed for the commencement of the AGM and until the conclusion of the Meeting, a Member would be entitled to inspect the proxies lodged, during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.
 5. Corporate Members/ Institutional Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the relevant Board Resolution/ Governing Body Resolution and Authorization letter together with their respective specimen signatures authorizing their representative(s) to attend and vote on their behalf at the Meeting.
 6. Members / Proxies / Authorized Representatives attending the Meeting are requested to bring the attendance slip, annexed herewith, duly completed and signed mentioning therein details of their DP ID and Client ID / Folio No.
 7. The Notice of 08th AGM along with the Annual Report for the Financial Year 2022-23 is being sent only through electronic mode to those entitled who have registered their e-mail addresses with the Company / their respective depository participant ('DP'). Accordingly, no physical copy of the Notice of 08th AGM and the Annual Report for the Financial Year 2022-23 will be sent to those who have not registered their e-mail addresses with the Company / DP. The Members/ Debenture Holders/ Debenture Trustees will be entitled to a physical copy of the Annual Report for the Financial Year 2022-23, free of cost, upon sending a request to the Company or its Registrar and Transfer Agent ('RTA') viz. Link Intime India Private Limited.
- The Notice of 08th AGM and the Annual Report are also available on the Company's website at http://www.finova.in/annual_report.php.
8. We urge members to support our commitment to environmental protection by choosing to receive the Company's communication through e-mail. Members holding shares in Demat mode, who have not registered their e-mail addresses are requested to register their e-mail addresses with their respective DP, and members holding shares in physical mode are requested to update their e-mail addresses with the Company at cs@finova.in.

FINOVA CAPITAL PRIVATE LIMITED

CIN: U65993RJ2015PTC048340

Regd. Office: 702, Seventh Floor, Unique Aspire, Plot No. 13-14, Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur -302021 (Rajasthan)

Corp. Office: Fourth Floor, Unique Aspire, Plot No. 13-14, Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur -302021 (Rajasthan)

Tel. No. 0141-4118202

Website: www.finova.in

Email Id: info@finova.in



9. A copy of Audited Financial Statements of the Company for the Financial Year ended on March 31, 2023 together with the Reports of Board of Directors and Auditors thereon is enclosed herewith.
10. Members seeking any information with regard to the Financial Statements, accounts or any matter to be placed at AGM are requested to write to the Company at cs@finova.in at least seven days before the date of AGM so as to enable the Management to keep the information ready at the meeting.
11. The Register of Directors and Key Managerial Personnel (KMP) and their shareholding maintained under Section 170 of the Companies Act, 2013 and Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the Members at the AGM.
12. All documents referred to in the accompanying Notice are open for inspection by the Members of the Company at the Registered Office of the Company between 11:00 A.M. and 05:00 P.M. on all working days (except Saturday(s), Sunday(s) and Public Holidays) up to the date of the AGM and during the continuance of the AGM.
13. The Company has obtained electronic connectivity services from Link Intime India Private Limited for dematerialization of its Preference and Equity Shares. Accordingly, the Company has been allotted ISINs from NSDL for Preference and Equity Shares. In this respect, the members of the Company are advised to get the shares held by them dematerialized. The brief procedure for dematerialization is stated below for your reference:
 - a) *Shareholders have to approach to their DP and fill the Demat Request Form and lodge it to the DP along with the original share certificate.*
 - b) *Further; DP will process the documents and generate the demat request electronically and will send the same to RTA system and will forward the documents to Issuer Company for further process / verification.*
 - c) *After receipt of the documents, Issuer Company shall provide the Demat Status Report and List of Authorised Signatories to RTA. On receipt of the Demat Status Report from Company, RTA will then verify the details and signature and process the Electronic Demat Request from system.*
 - d) *As soon as RTA process the Demat request from system, within couple of hours shares will be credited into respective shareholder's Demat account.*
14. With reference to SS-2, Route Map to the venue of AGM of the Company is annexed to this Notice.

Date: May 02, 2023

Place: Jaipur

**By Order of the Board of Directors
For Finova Capital Private Limited**

Sd/-

Jaikishan Premani

Company Secretary and Compliance Officer

M. No.: A42043

**Registered Office: 702, Seventh Floor, Unique Aspire, Plot No. 13-14
Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur-302021 (Rajasthan)**

FINOVA CAPITAL PRIVATE LIMITED

CIN: U65993RJ2015PTC048340

Regd. Office: 702, Seventh Floor, Unique Aspire, Plot No. 13-14, Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur -302021 (Rajasthan)

Corp. Office: Fourth Floor, Unique Aspire, Plot No. 13-14, Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur -302021 (Rajasthan)

Tel. No. 0141-4118202

Website: www.finova.in

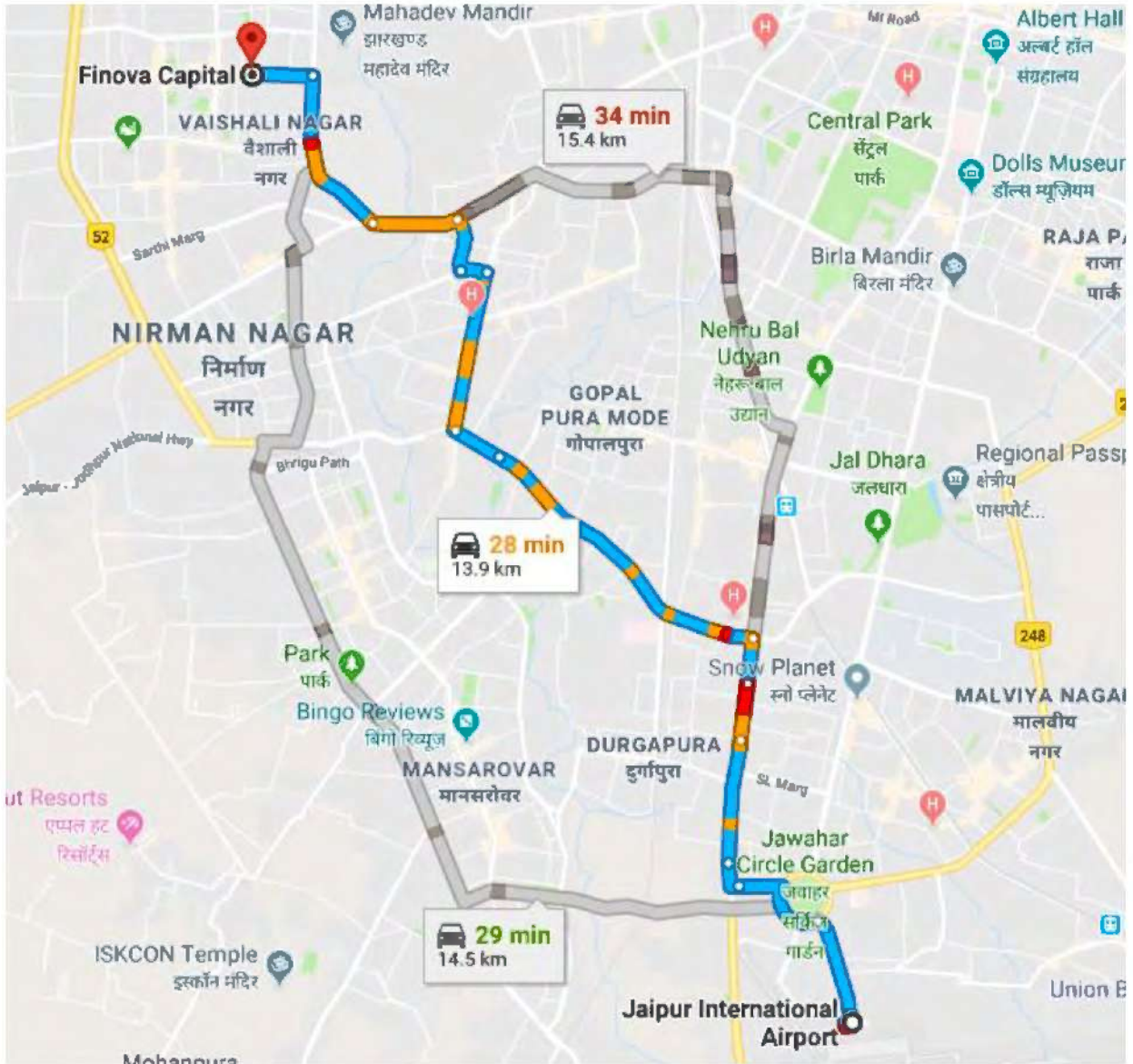
Email Id: info@finova.in

Route Map to the Venue of the Meeting

Venue of the Meeting: 702, Seventh Floor, Unique Aspire, Plot No. 13-14, Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur -302021 (Rajasthan)

Landmark: Amrapali Circle

Route Map: The Mark indicating the venue of Annual General Meeting



FINOVA CAPITAL PRIVATE LIMITED

CIN: U65993RJ2015PTC048340

Regd. Office: 702, Seventh Floor, Unique Aspire, Plot No. 13-14, Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur -302021 (Rajasthan)

Corp. Office: Fourth Floor, Unique Aspire, Plot No. 13-14, Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur -302021 (Rajasthan)

Tel. No. 0141-4118202 Website: www.finoval.in Email Id: info@finoval.in

Disclosure in terms of Clause 1.2.5 of Secretarial Standard on General Meetings ('SS-2') issued by the Institute of Company Secretaries of India with respect to Directors being appointed or re-appointed as set out in the Notice of Annual General Meeting

PARTICULARS	ARJUN DAN RATNOO	SATHYAN DAVID
Age	68 Years	65 Years
Qualifications	Bachelor of Commerce and Executive MBA	Masters in Economics
Experience	Over 38 Years	Over 36 Years
Terms and conditions of appointment/ re-appointment	Proposed to be re-appointed for a second term of 5 Years upto November 23, 2028 and not liable to retire by rotation	Proposed to be appointed for a term of 5 Years upto March 29, 2028 and not liable to retire by rotation
Remuneration last drawn	Rs. 2,60,000/- (Sitting Fees paid for attending Board and Committee meetings during the Financial Year 2022-23)	Nil and Not Applicable
Remuneration sought to be paid	Sitting Fees and Commission as approved by the Board of Directors from time to time as per the provisions of the Companies Act, 2013	Sitting Fees and Commission as approved by the Board of Directors from time to time as per the provisions of the Companies Act, 2013
Date of first appointment on the Board	November 24, 2018	March 30, 2023
Shareholding in the Company	Nil	Nil
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Nil and Independent of the Management of the Company	Nil and Independent of the Management of the Company
Number of Meetings of the Board attended during the Year (Financial Year 2022-23)	5	Nil as appointed in the Board Meeting held on March 30, 2023
Other Directorships, Membership/ Chairpersonship of Committee of other Boards	Nil	<p><u>Directorship</u></p> <ol style="list-style-type: none"> 1. OXYZO Financial Services Private Limited 2. Netzero Finance Private Limited 3. Infinity Fincorp Solutions Private Limited <p><u>Membership/ Chairpersonship of Committee</u></p> <p>OXYZO Financial Services Private Limited</p> <ol style="list-style-type: none"> i. Chairperson, Risk Management Committee ii. Chairperson, IT Strategy Committee iii. Member, Audit Committee

FINOVA CAPITAL PRIVATE LIMITED
CIN: U65993RJ2015PTC048340

Regd. Office: 702, Seventh Floor, Unique Aspire, Plot No. 13-14, Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur -302021 (Rajasthan)

Corp. Office: Fourth Floor, Unique Aspire, Plot No. 13-14, Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur -302021 (Rajasthan)

 Tel. No. 0141-4118202 Website: www.finova.in Email Id: info@finova.in

Explanatory Statement Pursuant to Section 102 of the Companies Act, 2013

The following statement sets out the material facts concerning the special business mentioned in the accompanying Notice to be transacted at the Meeting.

Item No. 2:

Your Company has been issuing debentures, which may be referred to as one of the option for raising money from time to time, for onward lending business of the Company and general corporate purposes, on terms and conditions as are appropriate and in the best interest of the Company and in due compliance with the applicable provisions of the Companies Act, 2013 ('the Act'), Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and Guidelines as issued by Reserve Bank of India etc. Accordingly, the Company, proposes to issue Non-convertible Debentures including bonds, and/or other debt securities as per Section 2(30) of the Act to various person(s) on private placement basis, at such terms and conditions and at such price(s) in compliance with the requirements of regulatory authorities, if any, and as may be finalized by the Board and/or Committee of Board. The amount to be raised by way of issue of listed or unlisted, secured/unsecured redeemable Non-convertible Debentures on a private placement basis shall not exceed Rs. 1000,00,00,000/- (Rupees One Thousand Crores Only) in aggregate, in one or more series/tranches on private placement basis

It may be noted that Rule 14 of Companies (Prospectus and Allotment of Securities) Rules, 2014 read with Section 42 of the Act, allows a Company to pass a Special Resolution once in a year for all the offer or invitation for Non-Convertible Debentures to be made during the year on private placement basis in one or more tranches.

It is to be noted that the Members of the Company have passed a Special resolution at their Annual General Meeting held on May 20, 2022 to approve the limit for issuance of non-convertible debentures on private placement basis under Section 42 and 71 of the Act upto an amount not exceeding Rs. 1000,00,00,000/- (Rupees One Thousand Crores Only) in aggregate in one or more tranches.

Hence, as per the aforesaid provision, the validity of the previous special resolution passed by the Members of the Company on May 20, 2022 expires on May 19, 2023.

Therefore, consent of the Members is accordingly sought in connection with the aforesaid issue of debentures/bonds from time to time and they are requested to enable and authorize the Board (including any Committee of the Board) to issue Non-convertible Debentures on private placement basis upto Rs.1000,00,00,000/-(Rupees One Thousand Crores Only) as stipulated above, in one or more tranches, during the period of one year from the date of passing of the Resolution set out at Item No. 2 of this Notice, within the overall borrowing limits of the Company, as approved by the Board.

The Board accordingly recommends the Resolution as set out at Item No. 2 of the Notice for the approval of the Members as **Special Resolution**.

None of the Directors or Key Managerial Personnel of the Company or their relatives is in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 2 of the accompanying Notice.

FINOVA CAPITAL PRIVATE LIMITED

CIN: U65993RJ2015PTC048340

Regd. Office: 702, Seventh Floor, Unique Aspire, Plot No. 13-14, Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur -302021 (Rajasthan)

Corp. Office: Fourth Floor, Unique Aspire, Plot No. 13-14, Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur -302021 (Rajasthan)

Tel. No. 0141-4118202

Website: www.finoval.in

Email Id: info@finoval.in

Item No. 3:

The Board of Directors of the Company appointed Mr. Sathyan David (DIN: 08386521) as an Additional Director (Independent) of the Company with effect from March 30, 2023 who in terms of the provisions of Section 161(1) of the Companies Act, 2013 ('Act') shall hold office upto the date of this Annual General Meeting and is eligible for the appointment as an Independent Director. Also, pursuant to the provisions of Section 150(2) read with Section 152 (2) of the Act, the appointment of Independent Director shall be approved by the Members of the Company in general meeting.

Considering his vast experience in financial risk management and corporate governance and expertise on subject matter in financial inclusion, Information Technology and banking & finance, and other related fields respectively the Board of Directors on the recommendation of the Nomination and Remuneration Committee has determined that the appointment of Mr. Sathyan David would be beneficial to the Company.

The Company has received a declaration from him to the effect that he meets the criteria of independence as provided in Section 149(6) of the Act and Rules framed thereunder. He has confirmed that he is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact his ability to discharge his duties. He has also confirmed that he is in compliance with Rules 6(1) and 6(2) of the Companies (Appointment and Qualification of Directors) Rules, 2014, with respect to the registration with the data bank of Independent Directors maintained by the Indian Institute of Corporate Affairs.

Mr. Sathyan David has also confirmed that he is not disqualified from being appointed as Director, in terms of the provisions of Section 164 of the Act and is not debarred to hold the office of a Director by virtue of any order passed by SEBI, RBI or any other authority and has given his consent to act as a Director of the Company. There is no inter se relationship between him and any other Board of Directors and other Key Managerial Personnel.

In the opinion of the Board, Mr. Sathyan David is a person of integrity, fulfils the conditions for appointment as an Independent Director specified in the Act and is independent of the Management of the Company.

In accordance with the recommendations of the Nomination and Remuneration Committee, the Board of Directors, at their meeting held on May 02, 2023 recommended appointment of Mr. Sathyan David as an Independent Director for a period of 5 years upto March 29, 2028.

The terms and conditions of appointment of Mr. Sathyan David are available for inspection by the Members of the Company at the Registered Office of the Company between 11:00 A.M. and 05:00 P.M. on all working days (except Saturday(s), Sunday(s) and Public Holidays) up to the date of the AGM and during the continuance of the AGM.

Additional information in respect of Mr. Sathyan David as per the relevant provisions of the Secretarial Standard on General Meetings are given in the "**Annexure-A**" to this Notice.

The Board of Directors recommends the resolution set out at item no. 3 of the Notice for the approval by the Members as **an Ordinary Resolution**.

FINOVA CAPITAL PRIVATE LIMITED

CIN: U65993RJ2015PTC048340

Regd. Office: 702, Seventh Floor, Unique Aspire, Plot No. 13-14, Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur -302021 (Rajasthan)

Corp. Office: Fourth Floor, Unique Aspire, Plot No. 13-14, Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur -302021 (Rajasthan)

Tel. No. 0141-4118202

Website: www.finova.in

Email Id: info@finova.in

Save and except, Mr. Sathyan David being appointee, none of the other Directors, Key Managerial Personnel of the Company and their relatives, are in any way, concerned or interested, financially or otherwise in the resolution as set out at item no.3 of the Notice.

Item No. 4:

Mr. Arjun Dan Ratnoo was appointed as an Independent Director of the Company, for a period of 5 (five) years with effect from November 24, 2018 to November 23, 2023, in terms of the provisions of Section 149 of the Companies Act, 2013 ('Act').

Accordingly, the first term of five years of Mr. Arjun Dan Ratnoo, as an Independent Director of the Company, will complete on November 23, 2023.

Based on the skills, competence and expertise in understanding, appreciation of long-term trends, strategic choices and experience in guiding and leading management teams, developing governance practices, contribution in the Board and Committee meetings and performance evaluation, the Board on the recommendation of the Nomination and Remuneration Committee, has determined that the re-appointment of Mr. Arjun Dan Ratnoo would be beneficial to the Company.

Accordingly, the Board of Directors, at their meeting held on May 02, 2023, approved his re-appointment as an Independent Director for a second consecutive term of five years from November 24, 2023 up to November 23, 2028, not liable to retire by rotation, subject to the approval of the Members by way of a Special Resolution.

The Company has received a declaration from him to the effect that he meets the criteria of independence as provided in Section 149(6) of the Act and Rules framed thereunder. He has confirmed that he is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact his ability to discharge his duties. He has also confirmed that he is in compliance with Rules 6(1) and 6(2) of the Companies (Appointment and Qualification of Directors) Rules, 2014, with respect to the registration with the data bank of Independent Directors maintained by the Indian Institute of Corporate Affairs.

Mr. Arjun Dan Ratnoo has also confirmed that he is not disqualified from being appointed as Director, in terms of the provisions of Section 164 of the Act and is not debarred to hold the office of a Director by virtue of any order passed by SEBI, RBI or any other authority and has given his consent to act as a Director of the Company. There is no inter se relationship between him and any other member of the Board and other Key Managerial Personnel.

In the opinion of the Board, Mr. Arjun Dan Ratnoo is a person of integrity, fulfils the conditions for appointment as an Independent Director specified in the Act and is independent of the Management of the Company.

The terms and conditions of re-appointment of Mr. Arjun Dan Ratnoo are available for inspection by the Members of the Company at the Registered Office of the Company between 11:00 A.M. and 05:00 P.M. on all working days (except Saturday(s), Sunday(s) and Public Holidays) up to the date of the AGM and during the continuance of the AGM.

Additional information in respect of Mr. Arjun Dan Ratnoo as per the relevant provisions of the Secretarial Standard on General Meetings are given in the "Annexure-A" to this Notice.

FINOVA CAPITAL PRIVATE LIMITED

CIN: U65993RJ2015PTC048340

Regd. Office: 702, Seventh Floor, Unique Aspire, Plot No. 13-14, Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur -302021 (Rajasthan)

Corp. Office: Fourth Floor, Unique Aspire, Plot No. 13-14, Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur -302021 (Rajasthan)

Tel. No. 0141-4118202

Website: www.finova.in

Email Id: info@finova.in

The Board of Directors recommends the resolution set out at item no. 4 of the Notice for the approval by the members as **Special Resolution**.

Save and except, Mr. Arjun Dan Ratnoo being appointee, none of the other Directors, Key Managerial Personnel of the Company and their relatives, are in any way, concerned or interested, financially or otherwise in the resolution as set out at item no. 4 of the Notice.

Item No. 5:

Securities and Exchange Board of India (Issue and Listing Of Non-Convertible Securities) Regulations, 2021 (**'SEBI NCS Regulations'**) read with SEBI Operational circular No. SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 (as updated) and SEBI/HO/DDHS/DDHS_Div1/P/CIR/2022/147 dated October 31, 2022 (hereinafter referred to as the 'SEBI Circular(s)') stipulates that in respect of private placement of debt securities, a maximum number of 14 International Securities Identification Number ('ISINs') maturing in any Financial Year shall be allowed, which comprises of 9 ISINs for plain vanilla debt securities (Secured and Unsecured) and 5 ISINs for structured and market linked debt securities.

The Regulation 49 (a) of SEBI NCS Regulation read with SEBI Circular(s) further provides that the issuer Company shall amend its Articles of Association ('Articles/AOA') to provide an enabling provision therein so as to ensure consolidation and re-issuance of debt securities.

Further SEBI vide its notification No. SEBI/LAD-NRO/GN/2023/119 ('SEBI Notification') dated February 2, 2023, amended the SEBI NCS Regulations, wherein it mandated that Articles of an issuer of debt securities should contain a clause authorising the Board of Directors of such issuer Company to appoint a person nominated by the Debenture Trustee(s) in terms of Regulation 15(1)(e) of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 as a Director on its Board. Further, in case Articles of issuer Companies whose debt securities are already listed on the date of SEBI Notification does not contain a provision for appointing a Nominee Director by Debenture Trustee, then such issuer companies should amend their AOA on or before September 30, 2023.

The Company has issued listed debt securities and hence the Company is required to incorporate relevant enabling provisions in its AOA, to carry out any consolidation and re-issuance of debt securities and for appointment of Nominee Director by the Debenture Trustee. In this respect, Board of Directors have proposed to alter the existing AOA of the Company by way of insertion of Article 5(iii) and Article 5(iv) after the Article 5(ii) in the Part-A of AOA of the Company.

Further, in terms of Section 14 of the Companies Act, 2013, approval of Members in General Meeting by way of Special Resolution is required to alter Articles of the Company.

Copy of the existing Articles, copy of altered Articles indicating the proposed amendments would be available for inspection by the Members of the Company at the Registered Office of the Company between 11:00 A.M. and 05:00 P.M. on all working days (except Saturday(s), Sunday(s) and Public Holidays) up to the date of the AGM and during the continuance of the AGM.

The Board accordingly recommends the Special Resolution as set out at Item No. 5 of the Notice for the approval of the Members.

FINOVA CAPITAL PRIVATE LIMITED

CIN: U65993RJ2015PTC048340

Regd. Office: 702, Seventh Floor, Unique Aspire, Plot No. 13-14, Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur -302021 (Rajasthan)

Corp. Office: Fourth Floor, Unique Aspire, Plot No. 13-14, Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur -302021 (Rajasthan)

Tel. No. 0141-4118202 Website: www.finoval.in Email Id: info@finoval.in



None of the Directors, Key Managerial Personnel of the Company and their relatives are in any way, concerned or interested, financially or otherwise in the resolution as set out at item no. 5 of the Notice.

Date: May 02, 2023
Place: Jaipur

By Order of the Board of Directors
For Finova Capital Private Limited

Sd/-
Jaikishan Premani
Company Secretary and Compliance Officer
M. No.: A42043

Registered Office: 702, Seventh Floor, Unique Aspire, Plot No. 13-14
Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur-302021 (Rajasthan)

FINOVA CAPITAL PRIVATE LIMITED

CIN: U65993RJ2015PTC048340

Regd. Office: 702, Seventh Floor, Unique Aspire, Plot No. 13-14, Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur -302021 (Rajasthan)

Corp. Office: Fourth Floor, Unique Aspire, Plot No. 13-14, Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur -302021 (Rajasthan)

Tel. No. 0141-4118202 Website: www.finova.in Email Id: info@finova.in



FORM No. MGT-11

Proxy Form

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

CIN: U65993RJ2015PTC048340

Name of the Company: Finova Capital Private Limited

Registered Office: 702, Seventh Floor, Unique Aspire, Plot No. 13-14 Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur -302021 (Rajasthan)

Name of the Member (s):

Registered address:

E-mail Id:

Folio No / Client Id:

DP Id:

I / We, being the member(s) of _____ shares of the above-mentioned Company, hereby appoint:

1. Name: _____ Address: _____

E-mail Id: _____ Signature: _____, or failing him/her

2. Name: _____ Address: _____

E-mail Id: _____ Signature: _____, or failing him/her

3. Name: _____ Address: _____

E-mail Id: _____ Signature: _____

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 08th AGM of the Company, to be held on **Thursday, June 15, 2023 at 11:00 A.M.** at its Registered Office situated at 702, Seventh Floor, Unique Aspire, Plot No. 13-14, Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur-302021 (Rajasthan) and at any adjournment thereof in respect of such resolutions as are indicated below:

Ordinary Business:

1. To adopt the Audited Financial Statements of the Company for the Financial Year ended on March 31, 2023 together with the reports of Board of Directors and Auditors thereon.

Special Business:

2. To approve the limit for issuance of Non-Convertible Debentures on private placement basis under Section 42 and 71 of the Companies Act, 2013.
3. To approve the appointment of Mr. Sathyan David (DIN: 08386521) as an Independent Director of the Company.
4. To approve the re-appointment of Mr. Arjun Dan Ratnoo (DIN: 00802613) as an Independent Director of the Company.
5. To approve alteration in Articles of Association of the Company.

Signed this _____ day of _____, 2023

Affix Revenue Stamp
here

Signature of Shareholder

Signature of Proxy Holder (s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the meeting.

FINOVA CAPITAL PRIVATE LIMITED

CIN: U65993RJ2015PTC048340

Regd. Office: 702, Seventh Floor, Unique Aspire, Plot No. 13-14, Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur -302021 (Rajasthan)

Corp. Office: Fourth Floor, Unique Aspire, Plot No. 13-14, Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur -302021 (Rajasthan)

Tel. No. 0141-4118202

Website: www.finoval.in

Email Id: info@finoval.in



ATTENDANCE SLIP

Registered Folio no.	
DP ID No.	
Client ID No.	
Number of shares	

I hereby record my presence at the 08th Annual General Meeting of the Company, held on Thursday, June 15, 2023 at 11:00 A.M. at its Registered Office situated at 702, Seventh Floor, Unique Aspire, Plot No. 13-14 Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur -302021 (Rajasthan)

**Name of the member/proxy
(In Block Letters)**

Signature of the member/proxy

Note: Please fill up the attendance slip and hand it over at the entrance of the meeting.

FINOVA CAPITAL PRIVATE LIMITED

CIN: U65993RJ2015PTC048340

Regd. Office: 702, Seventh Floor, Unique Aspire, Plot No. 13-14, Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur -302021 (Rajasthan)

Corp. Office: Fourth Floor, Unique Aspire, Plot No. 13-14, Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur -302021 (Rajasthan)

Tel. No. 0141-4118202 Website: www.finova.in Email Id: info@finova.in

BOARD'S REPORT

To
The Shareholders,
Finova Capital Private Limited

The Board of Directors of your Company are pleased to present the 08th Annual Report on the business, operations and state of affairs of the Company together with the Audited Financial Statements for the Financial Year ended on March 31, 2023.

1. Financial Performance of the Company

The Company's Financial performance for the Financial Year ended on March 31, 2023 is summarized below:

PARTICULARS	(Rs. in lakhs)	
	2022-23	2021-22
Income:		
Revenue from operations	33,246.81	18,329.07
Other Income	11.43	1.45
Total Income	33,258.24	18,330.52
Total Expenditure	21,440.17	14,468.06
Profit / (Loss) before Tax	11,818.07	3,862.46
Less: Tax expenses	2,980.60	961.87
Net Profit after Tax	8,837.47	2,900.59

The Financial Statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS), notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 and other relevant provisions of the Companies Act, 2013.

2. Brief Description of the Company's Working during the Year

Your Company is registered as a Non-Banking Financial Company pursuant to Certificate of Registration dated March 02, 2016 issued by the Reserve Bank of India under Section 45IA of the Reserve Bank of India Act, 1934 and is primarily engaged in financing of MSME Loan which is 100% backed by immovable property. It provides loans to unorganized, unreached MSME sector and currently focuses in the Semi Urban and Rural areas. These are credit worthy customers who may or may not have the income proof documents like IT return, salary slip and hence are financially excluded by other large mortgage Companies. To build a quality loan book, your Company endeavors to adopt superior underwriting practices backed by robust monitoring and recovery mechanism. Your Company is committed towards improving efficiency in all its processes and service levels for its customers.

During the Financial Year 2022-23, the Company has recorded Total Income of Rs. 33,258.24 Lakhs as against Rs. 18,330.52 Lakhs in Financial Year 2021-22. The total income comprised income from financing activities of Rs. 33,246.81 Lakhs and Other Income of Rs. 11.43 Lakhs. Further, total expenditure incurred during the Financial Year 2022-23 was Rs. 21,440.17 Lakhs as against Rs. 14,468.06 Lakhs in Financial Year 2021-22.

The Company's overall performance during the Financial Year 2022-23 was robust resulting in improvement in all operational and financial parameters. The Company recorded a profit after tax

of Rs. 8,837.47 Lakhs in Financial Year 2022-23 as compared to Rs. 2,900.59 Lakhs in Financial Year 2021-22 with tremendous growth of 204.68%.

The Company reported strong financial results due to its judicious pricing decisions, increase in its AUM, quality disbursements and better collection efficiency. Further, the Company was able to raise the necessary resources throughout the year to match the business and operational requirements, leveraging its relationships with banks and financial institutions, as well as forming new lender relationships.

Branch Expansion

The Company further expanded its geographical presence by reaching out to underserved/unserved semi urban/rural areas and increased its footprint by opening new branches and making it more accessible to its customers. During the year, the Company has strengthened its presence across 11 states with a network of more than 200 branches.

Gross Asset Under Management

During the Financial Year under review, your Company has achieved sizeable growth in gross Asset Under Management. The gross Asset Under Management as on March 31, 2023 stood at Rs. 1,62,875.71 Lakhs as against Rs. 94,819.35 Lakhs as on March 31, 2022 with an annual growth of 71.77%.

Disbursements

During the Financial Year under review, your Company has disbursed Rs. 89,731.46 Lakhs of loans as compared to 48,302.85 Lakhs in the previous year depicting a remarkable growth of 85.77%.

Your Company has not granted any loan against the Collateral of Gold Jewellery.

Capital Adequacy

As on March 31, 2023 the Capital adequacy ratio stood at 59.06% comprising of TIER I Capital Ratio of 58.64% and Tier II Capital Ratio of 0.42% well above the regulatory requirement of 15%.

Change in Nature of Business

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

A detailed analysis of the operational and financial performance is included in the Management Discussion and Analysis Report, which forms part of this Report as **Annexure I**.

3. Subsidiaries, Associates and Joint Ventures

The Company does not have any subsidiary, associate and joint venture Company within the meaning of Section 2(87) and 2(6) of the Companies Act, 2013.

4. Management Discussion and Analysis

A detailed analysis of the Company's performance is discussed in the Management Discussion and Analysis Report in accordance with the applicable provisions of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 which forms part of this Annual Report as **Annexure I**.

5. Reserves

Since the Company is a Non-Banking Financial Company registered with Reserve Bank of India ('RBI'), therefore as per Section 45IC of RBI Act 1934, the Company has transferred Rs. 1,770.51 Lakhs in Statutory Reserve Fund i.e., aggregating to 20% of its net profit for the Financial Year 2022-23.

Further, your Board of Directors does not propose to transfer any amount to general reserves of the Company.

6. Dividend

In order to fulfil the long-term requirements and enhancing the growth of business, your directors appraise to conserve the resources of the Company. Accordingly, your directors do not recommend any dividend for the Financial Year ended on March 31, 2023.

7. Material Changes and Commitments

There were no material changes and commitments affecting the financial position of the company, that have occurred between end of the Financial Year to which the Financial Statements relate and date of this report.

8. Resource Mobilisation

During the Financial Year 2022-23, the Company met its funding through diversified sources from Public Sector Banks, Private Sector Banks, Financial Institutions etc.

No interest payment or principal repayment of the term loans and Non-Convertible Debentures ('NCDs') was due and unpaid as on March 31, 2023. The Company has not received any grievances from the debt security holders. The assets of the Company which are available by way of security are sufficient to discharge the claims of the debt security holders as and when they become due.

Loans from Banks and Financial Institutions

During the Financial Year, the Company received aggregate fresh loan sanctions amounting to Rs. 62,400.00 Lakhs and has availed loans aggregating to Rs. 56,100.00 Lakhs. The outstanding loans from Banks and Financial Institutions as at March 31, 2023 were Rs. 97,290.51 Lakhs.

Non-Convertible Debentures

The Shareholders approved the Issuance of NCDs, aggregating upto Rs. 1000,00,00,000/- (Rupees One Thousand Crore only) on private placement basis, although, the Company have not raised any NCDs during the Financial Year 2022-23.

The NCDs of Company are listed on the Wholesale Debt Market segment of the BSE Limited in accordance with the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and the Company has been regular in compliance of various regulations issued by the Securities and Exchange Board of India and its payment obligations towards the NCDs.

During the Financial Year, the Company has not raised any funds from issuance of NCDs. The outstanding amount of NCDs as at March 31, 2023 was Rs. 4,933.05 Lakhs.

9. Credit Rating

During the Financial Year under review, your Company's credit rating was upgraded by CARE Ratings Limited to CARE A- with a stable outlook and by Acuite Ratings & Research Limited to ACUITE A with a stable outlook.

The ratings continue to reflect your Company's healthy earning profile, adequate capitalization, strong net worth base and steady improvement in its scale of operations. The Credit Rating details of the Company as on March 31, 2023 are as follows:

Sr. No.	Type of instrument	Rating	Name of credit rating agency
1.	Long term Bank Facilities	Acuite A/Stable	Acuite Ratings & Research Limited
2.	Non-Convertible Debentures	Acuite A/Stable	Acuite Ratings & Research Limited
3.	Principal Protected Market Linked Non-Convertible Debentures	Acuite PP-MLD A/Stable	Acuite Ratings & Research Limited
4.	Long term Bank Facilities	CARE A-/ Stable	CARE Ratings Limited

Note: During the Financial Year 2022-23, the Company has repaid the NCD (ISIN INE0D007012) in full and there is no outstanding under the said ISIN. Therefore, the ratings assigned to ISIN INE0D007012 by CARE Ratings Limited have been withdrawn due to such repayment.

10. Capital Structure

During the Financial Year under review, following changes took place in the Share Capital structure of the Company:

- A. The Company has issued and allotted 30,000 Series D-1 0.0001% Compulsorily Convertible Cumulative Preference Shares ('Series D-1 CCCPS') of Rs. 100/- (Re 1/- partly paid up) each at a price of Rs. 743.50/- per share which includes premium of Rs. 643.50/- on May 24, 2022. The Series D-1 CCCPS holders are entitled to a cumulative dividend of 0.0001%. Each CCCPS can be converted to Equity Shares at any time before the expiry of twenty years from the date of issue into equal number of Equity Shares;
- B. The Company has received balance unpaid amount of Rs. 174/- (consisting of Rs. 99/- per share towards face value and Rs. 75/- per share towards securities premium) per share on partly paid up 5,000 Series A-1 0.0001% Compulsorily Convertible Cumulative Preference Shares aggregating to an amount of Rs. 8,70,000/-;
- C. The Company has allotted 28,650 Equity Shares to the employees of the Company, who have exercised their stock options under the Employees Stock Option Plan 2018 and Employees Stock Option Plan 2020 on December 05, 2022. These shares rank pari-passu with the existing equity shares of the Company in all respects.

There were no changes in Authorized share capital of the Company during the Financial Year under review. After the aforementioned changes in the Share Capital of the Company, the Authorized and Paid-Up Share Capital as on March 31, 2023 stood at:

Authorized Share Capital – Rs. 141,00,00,000/-

Paid Up Share Capital – Rs. 130,46,79,940/-

11. Amendment in Articles of Association

In connection with the issue and allotment of the Equity shares and 0.0001% Series D Compulsorily Convertible Cumulative Preference Shares (“Series D CCCPS”) to the new and existing investors, the Company has entered into a shareholders’ agreement with SCI Investments V, SCI Growth Investments III, Norwest Capital LLC, Maj Invest Financial Inclusion Fund III K/S, Faering Capital India Evolving Fund II, Faering Capital India Evolving Fund III, Mr. Mohit Sahney, Mrs. Sunita Sahney and certain other shareholders on March 25, 2022 (‘Shareholders’ Agreement’) and pursuant to the terms and conditions of the Shareholders’ Agreement, the Company vide Special resolution passed by Shareholders of the Company on April 01, 2022, amended and adopted the Articles of Association (‘Articles/AOA’) of the Company, in order to incorporate the new provisions and rights set forth in the Shareholders’ Agreement. Accordingly, the Shareholders’ Agreement formed a substantive part of the AOA of the Company, as Part B.

Further Regulation 49 (a) of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (‘SEBI NCS Regulations’) provides that the issuer Company shall amend its Articles of Association to provide an enabling provision therein so as to ensure consolidation and re-issuance of debt securities. Furthermore, SEBI vide its notification No. SEBI/LAD-NRO/GN/2023/119 (‘SEBI Notification’) dated February 2, 2023, amended the SEBI NCS Regulations, wherein it mandated that Articles of an issuer of debt securities should contain a clause authorising the Board of Directors of such issuer Company to appoint a person nominated by the debenture trustee(s) in terms of Regulation 15(1)(e) of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 as a director on its Board.

Therefore, it is proposed to alter the AOA of the Company in the ensuing Annual General Meeting to incorporate relevant enabling provisions to carry out any consolidation and re-issuance of debt securities and for appointment of Nominee Director by the Debenture Trustee.

12. Directors and Key Managerial Personnel

Members of the Company’s Board of Directors are eminent persons of proven competence and integrity. Besides global experience, strong financial acumen, strategic astuteness and leadership qualities, they have a significant degree of commitment to the Company. They devote adequate time to meetings and preparation. The Board has identified core skills, expertise and competencies of the Directors in the context of the Company’s business for effective functioning and how the current Board of Directors is fulfilling the required skills and competencies. This is detailed at length in the report on Corporate Governance.

Your Company’s Board consists of leaders and visionaries who provide strategic direction and guidance to the Company. As on March 31, 2023, the Board comprises of 2 (Two) Executive Directors, 5 (Five) Non-Executive Directors out of which 2 (Two) are Independent Directors.

All the Directors of the Company have confirmed that they satisfy the fit and proper criteria as prescribed under the applicable RBI Directions and that they are not disqualified from being appointed as directors in terms of Section 164 of the Companies Act, 2013.

Changes in Directors

During the Financial Year under review, the following changes have occurred in the directorships of the Company:

1. Mrs. Sunita Sahney was re-appointed as Whole Time Director designated as Executive Director of the Company for a term of 5 years w.e.f May 30, 2022 by the Board of Directors on the recommendation of Nomination and Remuneration Committee in their respective Meetings held on April 29, 2022.
2. Mr. Sathyan David was appointed as Additional Director under Independent Category on the Board of the Company w.e.f March 30, 2023 by the Board of Directors on the recommendation of Nomination and Remuneration Committee in their respective Meetings held on March 30, 2023.

Further, pursuant to the recommendation of Nomination and Remuneration Committee, the Board of Directors at their Meeting held on May 02, 2023 have approved the:

1. Appointment of Mr. Sathyan David as an Independent Director for a term of 5 years subject to approval of Shareholders at the ensuing Annual General Meeting. His appointment as an Independent Director of the Company is placed before the Shareholders for consideration and approval.
2. Re-appointment of Mr. Arjun Dan Ratnoo as an Independent Director of the Company for a second term of 5 years subject to approval of shareholders at the ensuing Annual General Meeting. His re-appointment as an Independent Director of the Company is placed before the Shareholders for consideration and approval.

Your Board of Directors believes that Mr. Sathyan David and Mr. Arjun Dan Ratnoo are having requisite integrity, expertise, specialized knowledge, experience, proficiency and their appointment/re-appointment on the Board will support in broadening the overall expertise of the Board and will bring wide experience.

Changes in Key Managerial Personnel

During the Financial Year under review, no change took place in the Key Managerial Personnel of the Company.

Declaration by Independent Directors

The Company has received necessary declaration from the Independent Directors under Section 149(7) of the Companies Act, 2013, that they meet the criteria of Independence laid down in Section 149(6) of the Companies Act, 2013. The Independent Directors have affirmed compliance to the code for Independent Directors as prescribed in Schedule IV to the Companies Act, 2013. Based on the confirmation/ disclosures received from the Directors and on evaluation of the independence of directors during the Board evaluation process and assessing veracity of disclosures, the Board opined that Independent Directors are independent of the Management of the Company.

Further, pursuant to the provisions of the Companies (Creation and Maintenance of Databank of Independent Directors) Rules, 2019 and sub rule (1) and (2) of Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, the Independent Directors are registered with the Databank maintained under Indian Institute of Corporate Affairs (IICA). With regard to proficiency of the Independent Directors, ascertained from the online proficiency self-assessment test conducted by the IICA, as notified under sub section (1) of Section 150 of the Companies Act, 2013, the Company has taken on record the declarations submitted by Independent Directors that either they are exempt from appearing in the test or they have passed the exam as required by the IICA.

Annual Performance Evaluation

Pursuant to the provisions of section 178 of the Companies Act, 2013, Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India and Guide to Board Evaluation issued by the Institute of Company Secretaries of India, performance evaluation was carried out through a structured questionnaire prepared separately for the Board, Committees and individual Directors.

Information on the manner in which formal annual evaluation is made by the Board of its own performance and that of its Committees, Chairperson and Individual Directors is given in the report on Corporate Governance.

Nomination, Remuneration and Compensation Policy

Pursuant to the section 178(3) of the Companies Act, 2013 read with Guidelines on Compensation of Key Managerial Personnel (KMP) and Senior Management in NBFCs issued by the Reserve Bank of India, the Company has formulated Nomination, Remuneration and Compensation Policy. The Nomination, Remuneration and Compensation policy provides guidelines relating to the Appointment, Removal & Remuneration of Directors, Key Managerial Personnel and Senior Management Personnel. It also provides the manner for effective evaluation of performance of Board, its committees and individual directors. The Nomination, Remuneration and Compensation Policy is available on the website of the Company at <https://www.finoval.in/policies/83.pdf>.

During the Financial Year 2022-23, the Board of Directors have amended the Nomination and Remuneration Policy by aligning it with provisions of Guidelines on Compensation of Key Managerial Personnel (KMP) and Senior Management in NBFCs under its Scale Based regulatory framework and modified the name of the existing policy from Nomination and Remuneration Policy to Nomination, Remuneration and Compensation Policy.

Fit and Proper

The Company has adopted a Fit and Proper Policy for ascertaining the Fit and Proper criteria of Directors at the time of appointment and on a continuing basis, pursuant to the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued by the Reserve Bank of India.

All the Directors of the Company have confirmed that they satisfy the fit and proper criteria and that they are not disqualified from being appointed/continuing as Directors.

13. Number of Meetings of the Board of Directors

The Board meets at regular intervals to discuss and decide on the Company/business policy and strategy, apart from other Board businesses. The Board exhibits strong operational oversight with regular business presentations at meetings. The Board/committee meetings are pre-scheduled and an annual calendar of the meetings is circulated to the Directors well in advance to help them plan their schedules and ensure meaningful participation. Only in the case of special and urgent business, should the need arise, Board's approval is taken either by passing resolutions through circulation or convening meetings at shorter notice, as permitted by the law.

During the Financial Year under review, the Board met 6 (Six) times on April 29, 2022, July 27, 2022, October 31, 2022, December 01, 2022, January 31, 2023 and March 30, 2023. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and Secretarial Standard on Meetings of Board of Directors issued by the Institute of Company Secretaries of India and Company has complied with all applicable Secretarial Standards.

For further details, please refer report on Corporate Governance forming part of this Annual Report.

14. Compliance with Secretarial Standards

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

15. Board Committees

In accordance with the applicable provisions of the Companies Act, 2013, the circular(s), notification(s) and directions issued by the Reserve Bank of India and Company's internal corporate governance requirements, the Board has constituted the following Committees with specific terms of reference to focus on specific issues and ensure expedient resolution on diverse matters:

1. Audit Committee;
2. Nomination and Remuneration Committee;
3. Corporate Social Responsibility Committee
4. Asset Liability Management Committee;
5. Risk Management Committee;
6. IT Strategy Committee; and
7. Executive Committee

The details of Board Committees along with their composition, terms of reference, meetings held during the Financial Year and attendance thereat are provided in report on Corporate Governance forming part of the Annual Report.

Further, the composition of Audit Committee pursuant to the provisions of Section 177 of the Companies Act, 2013 is provided below:

Audit Committee

Name of member	Designation
Mr. Arjun Dan Ratnoo	Chairperson
¹ Mr. Sathyan David	Member
Mr. Ishaan Mittal	Member
² Mr. Mohit Sahney	Member

Note: 1. Mr. Sathyan David was inducted in the Audit Committee w.e.f. March 30, 2023;
2. Mr. Mohit Sahney ceased as member of Audit Committee w.e.f. March 30, 2023

All the recommendations of Audit Committee were approved and accepted by the Board during the year under review.

16. Statutory Auditors and Statutory Audit Report

The Reserve Bank of India (RBI) has issued Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) vide Circular RBI/2021-22/25 Ref. No. DoS.CD.AR G/SEC.01/08.91.001/2021-22 dated April 27, 2021 ('RBI Guidelines'). In accordance to which M/s S. N. Dhawan & Co. LLP, Chartered Accountants (FRN: 000050N/N500045), were appointed as the Statutory Auditors of the Company, to conduct the audit of the Company for the Financial Year 2021-22 and to hold office upto the conclusion of Annual General Meeting held in the Year 2022 to fill the casual vacancy created by previous Statutory Auditors of the Company M/s S.R. Batliboi & Associates LLP, Chartered Accountants, (FRN: 101049W/E300004) who expressed their inability to continue as Statutory Auditors of the Company

Thereafter M/s S.N. Dhawan & Co. LLP, Chartered Accountants (FRN: 000050N/N500045) were appointed as the Statutory Auditors of the Company to hold office for a balance period of 2 years from the conclusion of Annual General Meeting held on May 20, 2022 till the conclusion of Annual General Meeting to be held in the Calendar Year 2024.

As required under Section 139(1) of the Companies Act, 2013 and RBI Guidelines, the Company has obtained an eligibility certificate from the above-mentioned Auditors to the effect that they conform with the limits specified in the said Section and that they have not been disqualified in any manner from continuing as Statutory Auditors within the meaning of Section 141 of the Companies Act, 2013 and aforesaid RBI Guidelines.

The Audit Report on the Financial Statements for the Financial Year 2022-23 does not contain any qualifications, reservations or adverse remarks. The Notes to Financial Statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

17. Internal Auditors

Pursuant to the provisions of section 138 of the Companies Act, 2013, M/s Shah Patni & Co., Chartered Accountants, (FRN: 001055C) were appointed as Internal Auditors of the Company to conduct Internal Audit for the Financial Year 2022-23.

The Internal Auditors reports directly to the Audit Committee of the Board. The Audit Committee regularly reviews the audit findings as well as the adequacy and effectiveness of the internal control measures.

Further, the Board has approved the re-appointment of M/s Shah Patni & Co., Chartered Accountants, (FRN: 001055C) as Internal Auditors of the Company to carry out Internal Audit for the Financial Year 2023-24.

18. Secretarial Auditors and Secretarial Audit Report

M/s V. M. & Associates, Company Secretaries (FRN: P1984RJ039200) were appointed as the Secretarial Auditors of the Company by the Board of Directors at their meeting held on April 29, 2022 to carry out Secretarial Audit for the Financial year 2022-23 in terms of Section 204(1) of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The Auditors have submitted their Secretarial Audit Report in Form MR-3 for the Financial Year ended on March 31, 2023 which is annexed herewith and marked as **Annexure II** and your Directors are pleased to inform that the report does not contain any reservation, qualification or adverse remark.

Further, the Board has approved the re-appointment of M/s V. M. & Associates, Company Secretaries as Secretarial Auditors of the Company to carry out secretarial audit for the Financial Year 2023-24.

19. Reporting of Frauds by Auditors

During the period under review, neither the Statutory Auditors nor the Secretarial Auditors have reported under Section 143(12) of the Companies Act, 2013, any instances of fraud committed against the Company, the details of which need to be mentioned in the Board's Report.

20. Corporate Governance

In accordance with Scale Based Regulation (SBR): A revised regulatory framework for NBFCs issued by RBI dated October 22, 2021, the Company falls under the category of Middle Layer ('NBFC-ML') based on which the Company shall endeavour to make full disclosure in accordance with the requirement of Paragraph C of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 with effect from March 31, 2023. The Company is committed to maintaining the highest standards of corporate governance and adhering to the corporate governance requirements as set out by the Securities and Exchange Board of India.

The Report on Corporate Governance forms part of this Annual Report as **Annexure III**.

21. Corporate Social Responsibility

The Company believes that Corporate Social Responsibility is a way of creating shared value and contributing to social and environmental good. Our endeavour is to reach out to different sections of the society, with socially relevant projects, that benefit these communities and in small ways enhance the quality of their lives.

During the Financial Year 2022-23, the Company has reconstituted Corporate Social Responsibility (CSR) Committee in accordance with Section 135 of the Companies Act, 2013 with the following composition. The role of the CSR Committee inter-alia is to review the CSR policy and recommend activities to be undertaken by the Company towards CSR.

Name of member	Designation
Mr. Mohit Sahney	Chairperson
Mrs. Sunita Sahney	Member
Mr. Arjun Dan Ratnoo	Member

The Company also has CSR Policy which sets out the objective, areas, activities and the manner in which the expenditure on CSR obligation would be carried out by the Company and the same is available on the website of the Company at <https://www.finova.in/policies/74.pdf>. The Annual Report on CSR activities in terms of the requirements of the Companies (Corporate Social Responsibility Policy) Rules, 2014 ('CSR Rules') is annexed as **Annexure IV**, which forms part of this Report.

The policy encompasses the Company's philosophy for giving back to society as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for the welfare and sustainable development of the community. The CSR Policy, inter alia, covers the following:

- a) Areas of focus;
- b) Implementation of CSR Activities
- c) Funding and Monitoring Process

In terms of Section 135 of the Companies Act, 2013 read with CSR Rules, your Company has during the Financial Year 2022-23, spent two percent of the average net profits of your Company during the three preceding financial years in accordance with the CSR Policy and the Annual Action Plan approved by the Board of Directors, from time to time on the recommendation of the CSR Committee. Further, the Chief Financial Officer has certified that the funds disbursed for CSR activities have been used for the purpose and in the manner approved by the Board for Financial Year 2022-23.

22. Annual Return

Pursuant to section 92(3) read with Section 134(3)(a) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, the draft annual return of the Company for the financial year ended on March 31, 2023 in the prescribed Form MGT-7 is available on the Company's website at <https://www.finova.in/annual/37.pdf>.

23. Employee Stock Option Plan

Employee Stock Options have been recognized as an effective instrument to attract talent and align the interest of employees with that of the Company, providing an opportunity to the employees to share in the growth of the Company and to create long term wealth in the hands of employees, thereby acting as a retention tool.

Employees Stock Option Plan 2022

The Members of the Company have granted their approval in Extra-Ordinary General Meeting held on April 01, 2022 to introduce and implement Employees Stock Option Plan 2022 ('ESOP – 2022') to create, grant, offer, issue and allot to eligible employees at any time in one or more tranches, stock options not exceeding in aggregate of 2,83,116 (Two Lakh Eighty Three Thousand One Hundred and Sixteen) in accordance with the provisions of Section 62 (1) (b) of the Companies Act, 2013 read with Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014.

Further, the said ESOP – 2022 was amended by the Shareholders of the Company in the Annual General Meeting held on May 20, 2022 to create, grant, offer, issue and allot to eligible employees at any time in one or more tranches, stock options not exceeding in aggregate of 2,53,116 (Two Lakh Fifty-Three Thousand One Hundred and Sixteen).

Details of existing Employee Stock Option Plan 2018 (ESOP – 2018) Employee Stock Option Plan 2020 (ESOP – 2020) and ESOP – 2022 pursuant to the provisions of Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 for the Financial Year ended on March 31, 2023 are as under:

Particulars	ESOP – 2018						
Date of shareholders' approval	October 26, 2018						
Total number of options approved	2,11,642						
	Grant I	Grant II	Grant III	Grant IV	Grant V	Grant VI	Grant VII
Total number of options granted	1,03,900	23,000	78,500	76,500	13,582	6,390	2,250
Total number of options vested	1,03,900	23,000	54,950	15,300	2,716	-	-
Total number of options exercised	18,280	3,170	14,767	3,030	-	-	-
The total number of shares arising as a result of exercise of option	18,280	3,170	14,767	3,030	-	-	-
Total number of options lapsed	53,900	11,200	20,380	6,000	1,000	-	-
Total no. of options in force*	31,720	8,630	43,353	67,470	12,582	6,390	2,250
The exercise price (In Rs.)	175.00	175.00	360.97	708.78	708.78	806.00	813.00
Variation of terms of options	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Money realized by exercise of options (In Rs.)	31,99,000.00	5,54,750.00	53,30,443.99	21,47,603.40	-	-	-

* The Number of Options in force includes number of Options vested

Particulars	ESOP – 2020			
Date of shareholders' approval	January 16, 2021			
Total number of options approved	1,93,592			
	Grant I	Grant II	Grant III	Grant IV
Total number of options granted	1,89,850	29,492	39,750	9,500
Total number of options vested	37,970	5,898	-	-
Total number of options exercised	5,433	-	-	-
The total number of shares arising as a result of exercise of option	5,433	-	-	-
Total number of options lapsed	72,500	6,000	-	-
Total no. of options in force*	1,11,917	23,492	39,750	9,500
The exercise price (In Rs.)	708.78	708.78	806.00	813.00
Variation of terms of options	NIL	NIL	NIL	NIL
Money realized by exercise of options (In Rs.)	38,50,801.74	-	-	-

* The Number of Options in force includes number of Options vested

Particulars	ESOP – 2022	
Date of shareholders' approval	April 01, 2022 (amended on May 20, 2022)	
Total number of options approved	2,53,116	
	Grant I	Grant II
Total number of options granted	2,15,460	41,500
Total number of options vested	-	-
Total number of options exercised	-	-
The total number of shares arising as a result of exercise of option	-	-
Total number of options lapsed	19,600	16,000
Total no. of options in force*	1,95,860	25,500
The exercise price (In Rs.)	806.00	813.00
Variation of terms of options	NIL	NIL
Money realized by exercise of options (In Rs.)	-	-

* The Number of Options in force includes number of Options vested

Employee wise details of options granted during the Financial Year to:

a) Key Managerial Personnel (KMP)

Sr. No.	Name of the KMP	Options granted under ESOP - 2018	Options granted under ESOP - 2020	Options granted under ESOP - 2022
1.	Mr. Ravi Sharma, CFO	-	5,000	-
2.	Mr. Jaikishan Premani, CS	-	-	1,000

- b) Any other employee who received a grant of Options in any one year of Options amounting to five percent or more of Options granted during that year:

Sr. No.	Name of the Employee	Options granted under ESOP - 2018	Options granted under ESOP - 2020	Options granted under ESOP - 2022
1.	Mr. Sahil Taneja, President - Sales	-	-	25,000

- c) Identified employees who were granted Options, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant: None

24. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings/Out-Go

Your Company continuously strives to conserve energy, adopt environment friendly practices and employ technology for more efficient operations.

The particulars relating to the energy conservation, technology absorption, foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 are given in the **Annexure V** to this Report.

25. Internal Financial Control Systems

The Company believes that internal control is a necessary prerequisite of Governance and that freedom should be exercised within a framework of checks and balances. Therefore, the Company has a well-established internal control framework, which is designed to continuously assess the adequacy, effectiveness and efficiency of financial and operational controls. Periodic audit of all functions is carried out by the internal auditors thereby ensuring regulatory compliance of various applicable statutes as well as internal guidelines and policies.

The management is committed to ensure an effective internal control environment, commensurate with the size and complexity of the business, which provides an assurance on compliance with internal policies, applicable laws, regulations and protection of resources and assets. The Company policies are reviewed periodically in line with the dynamic business environment and regulatory requirements. The Board reviews adherence to internal control systems and internal audit reports.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the Internal, Statutory and Secretarial Auditors and external consultants and the reviews performed by management and the Audit Committee, Company has sound internal financial controls. These controls placed by the Company are commensurate with the nature and size of the business operations and are adequate and operating effectively.

26. Disclosure Under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has always believed in providing a safe and harassment free workplace for every individual through various interventions and practices. The Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment.

In accordance with Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has formed an Anti-Sexual Harassment Policy and has complied with provisions relating to the constitution of Internal Committee. All employees (permanent, temporary, trainees) are covered under this policy. The Internal Committee redresses the complaints pertaining to sexual harassment and any complaint which is received by the Committee is dealt with appropriate sensitivity and confidentiality in the most judicious and unbiased manner within the time frame as prescribed by the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The following is a summary of sexual harassment complaints received and disposed off during the Financial Year 2022-23:

- No. of complaints at the beginning of the year: NIL
- No. of complaints received during the year: Nil
- No. of complaints disposed of during the year: Nil
- No. of complaints at the end of the year: NIL

27. Risk Management

The Company has formulated and implemented a risk management framework in line with the risk management policy which encompasses practices relating to identification, assessment, monitoring and mitigation of various risks to key business objectives. The Risk management framework of the Company seeks to minimize adverse impact of risks on our key business objectives and enables the Company to leverage market opportunities effectively.

The various key risks to key business objectives and their mitigation are as follows:

Credit Risk: A risk of loss due to failure of a borrower/counterparty to meet the contractual obligation of repaying his debt as per the agreed terms is commonly known as risk of default.

The Company has a robust post sanction monitoring process to identify credit portfolio trends and early warning signals.

Operational Risk: Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people, systems, or from external events. Operational Risk includes legal risk but excludes strategic and reputational risks.

The Company follows established, well-designed controls, which include maker-checker principles, effective delegation of authority, and segregation of duties, Code of conduct, reconciliation, exception reporting and periodic MIS.

Liquidity Risk: It is the risk that the Company will be unable to meet its financial commitment to a Bank/Financial Institution in any location, any currency at any point in time. Liquidity risk can manifest in three different dimensions for the Company.

The Company has arranged for diversified funding sources and adopted a policy of availing funding in line with the tenor and repayment pattern of its receivables and monitors future cash flows and liquidity. The Company has developed internal control processes and contingency plans for managing liquidity risk.

Interest Rate Risk: It is the risk where changes in market interest rates might adversely affect the Company's financial condition. The short term/immediate impact of changes in interest rates are on the Company's Net Interest Income. On a longer term, changes in interest rates impact the cash flows on the assets, liabilities and off-balance sheet items, giving rise to a risk to the net worth of the Company arising out of all re-pricing mismatches and other interest rate sensitive positions.

The Company mitigates its interest rate risk by keeping a balanced mix of borrowings.

Reputation Risk: Reputation risk is the risk to earnings and capital arising from adverse perception of the image of the Company from the part of various stakeholders and regulators. This risk may arise from the Company's reputation getting impacted due to factors such as unethical practices, regulatory actions, customer dissatisfaction and complaints leading to negative publicity.

The Company manages this through a strict code of conduct policy for its employees, good corporate governance policies and an effective customer grievance mechanism. It communicates with its stakeholders regularly through appropriate engagement mechanisms to address stakeholder expectations and assuage their concerns, if any.

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 variables. Such changes in the values of financial instruments may result from changes in the interest rates, credit, and other market changes. The Company's exposure to market risk is primarily on account of interest rate risk and liquidity risk.

The Company regularly reviews its business model including interest rate risk and liquidity risk.

Strategic Risk: Strategic or business risk is the risk associated with the formulation and execution of an organisation's strategy.

Your Company's management of this risk is guided by diversification in its business through products for MSME, geographies, balanced growth while maintaining a healthy asset liability mix and prudent provisioning policies.

28. Deposits

Being a non-deposit taking Company, your Company has not accepted any deposits within the meaning of the provisions of Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 and provisions of the Companies Act, 2013 are not applicable on the Company.

29. Loans, Guarantees or Investments by the Company

Pursuant to Section 186(11) of the Companies Act, 2013 loans made, guarantees given or securities provided or acquisition of securities by a Non-Banking Financial Company in the ordinary course of its business are exempted from disclosure in the Annual Report. Further, the details regarding the loans given and investments made by the Company during the year under review have been covered under Notes to Accounts Nos. 4 and 5 of Audited Financial Statements for the Financial Year 2022-23.

30. Particulars of Contracts or Arrangements with Related Parties

The Company has adopted a Policy on dealing with Related Party Transactions for the purpose of identification, approving and monitoring of such transactions.

All the related party transactions that were entered during the Financial Year are done on an arm's length basis. Relevant Form AOC-2 for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 is given as **Annexure VI** to this Report. Further all the necessary details of transactions entered with the related parties are mentioned in the Note No. 38 of the Financial Statements for the Financial Year ended on March 31, 2023 in accordance with the Accounting Standards.

Policy on dealing with Related Party Transactions can be accessed on website of the Company through weblink <https://www.finoval.in/policies/50.pdf> and also forming integral part of the Annual Report as **Annexure VII**.

31. RBI Guidelines

The Company is registered with RBI as a NBFC-ND-SI. The Company has complied with and continues to comply with all applicable laws, rules, circulars and regulations, including the Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs dated October 22, 2021 and guidelines notified thereunder.

32. Significant and Material Orders Passed by Regulators or Courts or Tribunals Impacting the Going Concern Status of the Company and its Future Operations

During the period under review, no material orders have been passed by the Regulators/ Courts/Tribunals which would impact the going concern status of the Company and its future operations.

33. Whistle Blower Policy/Vigil Mechanism

As per Section 177(9) of the Companies Act, 2013 the Company is required to establish an effective Vigil Mechanism for Directors and employees to report genuine concerns. The Company as part of the 'vigil mechanism' has in place a Board approved 'Whistle Blower Policy' to deal with instances of fraud and mismanagement, if any. The Whistle Blower Policy has been placed on the website of the Company and can be accessed at <https://www.finoval.in/policies/71.pdf>.

This vigil mechanism of the Company is overseen by the Audit Committee and provides adequate safeguard against victimisation of employees and directors and also provides direct access to the Chairman of the Audit Committee in exceptional circumstances.

During the Financial Year under review, no whistle blower event was reported and mechanism is functioning well. No personnel have been denied access to the Chairperson of Audit Committee.

34. Information Technology

The Company has invested into technologies to drive its core system modernization, digital and data initiatives. The Company has standardized its core systems. This is in line with the Company's endeavour to improve customer experience and operational efficiencies.

The Information Technology team in the Company has continually focused on implementing a centralized and consolidated Information System to enable a smooth and swift flow of information and data across the system. This has enabled the Company to control the cost of operations and

provide improved services to customers. The Company has focused its efforts towards embracing state of the art technology solutions to support the Company's growth and enhance the efficiencies of its operations.

Further RBI has notified the Implementation of Core Financial Services Solution by Non-Banking Financial Companies (NBFCs) vide its circular dated February 23, 2022 ('CFSS Circular') akin to the Core Banking Solution (CBS) adopted by banks. The CFSS will ensure seamless customer interface in digital offerings and transactions relating to products and services with anywhere / anytime facility, provide centralized database and accounting records and will enable generate suitable MIS, both for internal purposes and regulatory reporting.

As per the CFSS Circular, the Company is mandatorily required to implement CFSS on or before September 30, 2025.

Your Company has focused its efforts towards smooth implementation of CFSS within the prescribed time limits.

35. Details of Application Made or any Proceeding Pending under the Insolvency and Bankruptcy Code, 2016 (31 Of 2016)

During the Financial Year under review, the Company has neither made any application nor any proceeding is pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016).

36. Human Resources

The Company believes that its employee are its biggest assets. The workforce at the Company has a right blend of youth and experience and the success of organization is based on the capability, passion and integrity of its people. Your Company continues to attract and retain talent that focuses on sustained superior performance, provide them opportunities to learn, realise their true potential and contribute positively to the success of the Company.

37. Other Disclosures

Other disclosures with respect to Board's Report as required under the Companies Act, 2013 and the Rules notified thereunder are either **NIL** or **NOT APPLICABLE**.

38. Directors' Responsibility Statement

Pursuant to clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, your Directors, confirm that:

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures from the same;
- b) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The directors had prepared the annual accounts on a going concern basis;



- e) The directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

39. Acknowledgement

Your directors take this opportunity to place on record their appreciation for the support extended by the Reserve Bank of India, Registrar of Companies, Securities and Exchange Board of India, other regulatory and Government Bodies, BSE Limited, Credit Rating Agencies Company's Auditors, Customers, debenture holders, debenture trustees, Bankers, Promoters and Shareholders.

The Board of Directors wish to thank the employees of the Company for their exemplary dedication and excellence displayed in conducting all operations.

The Board also wishes to place on record its appreciation and sincerely acknowledge the contribution and support from shareholders for their support.

**For and on Behalf of the Board of Directors
For Finova Capital Private Limited**

**Sd/-
Mohit Sahney
Managing Director and CEO
DIN: 07280918**

**Sd/-
Sunita Sahney
Executive Director
DIN: 02395354**

**Registered Office: 702, Seventh Floor, Unique
Aspire, Plot No. 13-14, Cosmo Colony, Amrapali Marg,
Vaishali Nagar, Jaipur – 302021 (Rajasthan)**

**Date: May 02, 2023
Place: Jaipur**

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Global economic review and outlook

The global economy is yet again at a highly uncertain moment, with the cumulative effects of the past three years of adverse shocks—most notably, the COVID-19 pandemic and Russia’s invasion of Ukraine—manifesting in unforeseen ways. Spurred by pent-up demand, lingering supply disruptions, and commodity price spikes, inflation reached multidecade highs last year in many economies, leading central banks to tighten aggressively to bring it back toward their targets and keep inflation expectations anchored.

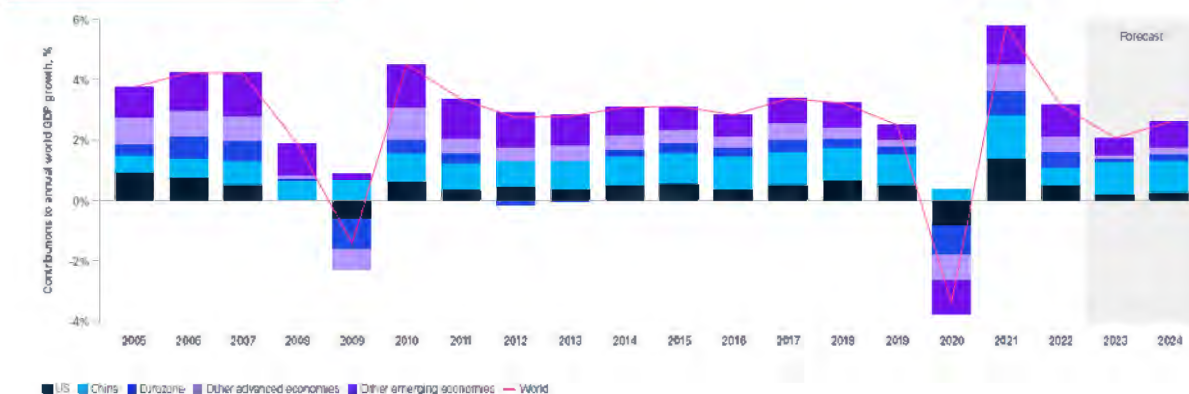
The stability of any financial system hinges on its ability to absorb losses without recourse to taxpayers’ money. The financial instability last fall in the gilt market in the United Kingdom and the recent banking turbulence in the United States with the collapse of a few regional banks illustrate that significant vulnerabilities exist both among banks and non-bank financial institutions. In both cases the authorities took quick and strong action and have been able to contain the spread of the crisis so far. Yet the financial system may well be tested again.

With monetary policy focused on moderating inflation while stabilizing financial markets, fiscal policy is left as the potential tool to boost economic growth. Unfortunately, the public finances have deteriorated significantly over the past three years. Governments have spent significant amounts on first shielding their economies from Covid-19 and subsequently on protecting households and businesses from higher energy prices. That left public debt at historically elevated levels, with less room for expansionary fiscal policy. The rise in interest rates has made these larger debt levels more costly to service, putting further pressure on government finances.

Some positive growth momentum in global economy is expected this year from the relatively smooth reopening of the Chinese economy following the lifting of Covid-related restrictions in December last year. The pressure on global supply chains has eased significantly in recent months, while shipping costs have dropped too. This should help alleviate some inflationary pressures and improve supply capacity.

Consumer demand is also expected to pick up this year, with excess savings – money saved during the pandemic when spending on certain services was not possible – still relatively high in China and Europe which could potentially be deployed once confidence returns. Indeed, consumer confidence has started to improve in Europe, although it remains at relatively low levels.

Global Growth Projections:



Source – Reports of IMF and KPMG

Indian economic review and outlook

The effects of the slowdown in global economic growth resulting from high inflation and the continuing war between Russia and Ukraine are also seen to be affecting India's economic performance. The country recorded muted growth of 4.4% in Q3 2022-23 compared to 6.3% in Q2 2022-23, with sluggish private consumption and exports being the major reasons behind that. The country's real GDP growth in the fiscal year 2022-23 is estimated at 7.0% in comparison to 9.1% in the prior year.

However, some demand indicators such as record sales of 3.8 million in the passenger vehicles segment in 2022-23, strong growth in tractor sales, and a rise in domestic air travel, continue to support economic growth.

Further despite the global slowdown, exports performed well, probably because of the depreciated currency against the dollar. While goods exports remained modest, India's services exports skyrocketed by 30% between April and February. A strong digitization drives the world over, cost-cutting measures by businesses to deal with the impending slowdown, and the growing trend of remote working increased demand for exports of services in technology, where India has a comparative advantage. Interestingly, the share of business and professional services in total services exports also increased as companies globally now prefer outsourcing a wide range of professions, such as accounting, audit, R&D, quality assurance, and after-sales service.

Despite the challenging macro-economic environment, it is expected that India to be one of the major beacons of growth, driven by strong domestic demand and government expenditure. The efforts of the Union Budget 2023-24 to improve the disposable income of taxpayers in the country is expected to boost consumption via an increase in discretionary spending. In addition, the strong capital expenditure push provided by the Union Budget, with an increased outlay of 37.4% in comparison to the fiscal year 2022-23, is expected to drive growth, investments, and job creation. The Government's reduction of over 39,000 compliances and decriminalization of over 3,400 legal provisions will also foster the ease of doing business in the country. Strong credit growth and resilience in financial markets are further expected to create an environment that supports investments.

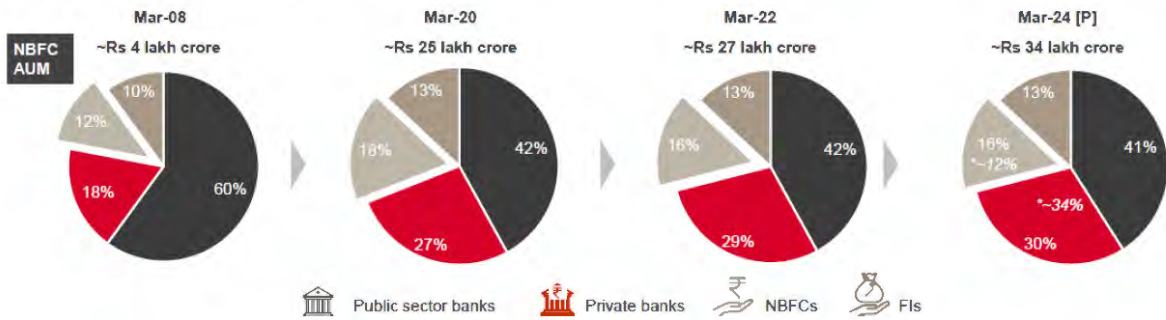
A robust domestic demand and favourable government initiatives are expected to help India remain as one of the fastest growing major economies globally. However, external challenges, such as a slowdown in the global economy and monetary tightening in advanced economies, are factors that could affect the country's growth.

Source – Reports of KPMG and Deloitte

NBFC Sector

After several challenging years, financial year 2022-23 has brought growth back into focus for NBFCs. NBFCs have demonstrated an innovative and resilient streak over the years, adapting efficiently, even during the COVID-19 pandemic, to an evolving credit landscape. Today, they are stronger, more resilient and well placed to tap growth opportunities. NBFCs had steadily increased their market share till recent years, with AUM accounting for as much as 18% of the overall credit pie in March 2019, up from 12% in March 2008. Several challenges over the past three fiscals lowered their share to 16% in fiscal 2022, with banks making bigger growth strides. However, NBFC growth is expected to pick up from here on, which should help sustain their ~16% AUM share. Increase in NBFCs' AUM from just Rs 3.6 lakh crore in March 2008 to almost Rs 27 lakh crore in March 2022, and expected to increase further, indicates the importance of the sector to overall credit delivery in the economy.

Share of NBFCs in overall credit

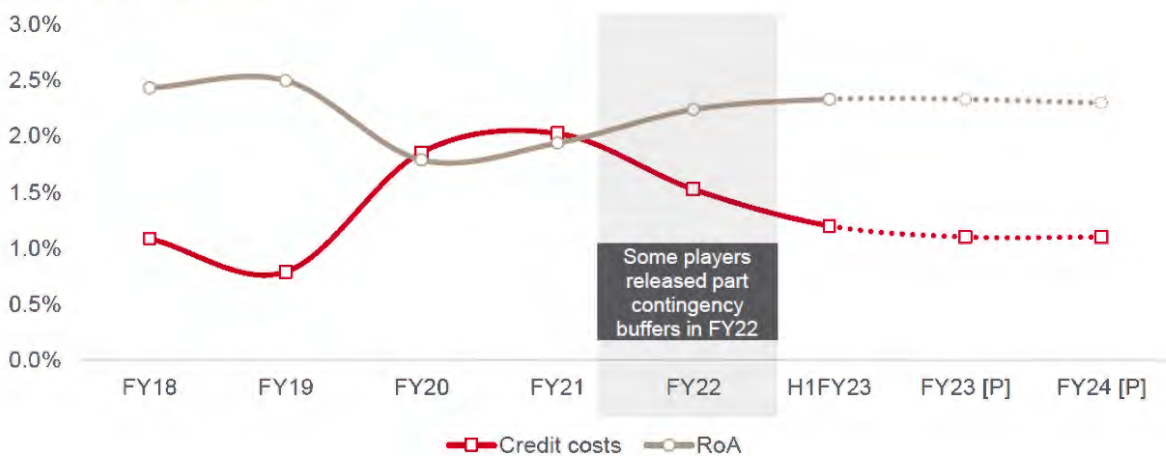


NBFCs are stronger and more resilient today, and better positioned in almost all operationally critical parameters. On the capital front, NBFCs have raised almost Rs 70,000 crore of equity in the past 3.5 years, which has materially improved gearing. The subdued business landscape in the past three fiscals also contributed to the better gearing. Provisioning levels also increased in the past couple of years, as NBFCs created management overlays to provide for uncertainty pertaining to the pandemic. Overall, the sector has stronger balance sheets.

While NBFCs are relatively well placed today as compared with the past few years, competition from banks and the rising interest rate scenario pose challenges. Competition from banks has intensified, especially in the traditional segments. The banking system has also gone through its fair share of cycles. Grappling with asset quality concerns, inadequate provisioning and weak capital buffers in 2018, the banking sector now has manageable non-performing assets (NPAs) with a healthy provision coverage ratio (PCR) and comfortable capital buffers; and is well placed to tap growth opportunities. At the same time, rising interest rates will limit the competitiveness of NBFCs in some segments. The repo rate has already been increased by 225 basis points (bps) this fiscal with another ~25 bps hike anticipated, taking the total tally for the fiscal to ~250 bps. This will impact the borrowing cost for NBFCs.

Another funding route that has helped NBFCs is securitisation, including through direct assignment. Here, too, banks account for the bulk of pool purchases, providing indirect funding to the NBFC sector. Though rise in borrowing cost will compress spreads, improvement in asset quality metrics should lead to better credit costs, which, in turn, should support earnings and growth prospects. Credit costs will also benefit from the substantial management overlays created by NBFCs, which will be dipped into.

Trends in RoA and credit costs



A few things bear watching though: global slowdown, inflation and the evolving regulatory framework, which could necessitate tweaks in business models, especially in new segments such as digital lending. Still, there is considerable potential for NBFCs to grow, given the scope for increase in financial inclusion and spread of formalised financial services.

Source – CRISIL ASSOCHAM report

Company's Performance Review – FY 2022-23

Financial and Operational Performance

1. Financial Performance

PARTICULARS	(Rs. in lakhs)	
	2022-23	2021-22
Income:		
Revenue from operations	33,246.81	18,329.07
Other Income	11.43	1.45
Total Income	33,258.24	18,330.52
Total Expenditure	21,440.17	14,468.06
Profit / (Loss) before Tax	11,818.07	3,862.46
Less: Tax expenses	2,980.60	961.87
Net Profit after Tax	8,837.47	2,900.59

2. Gross Asset under Management

The gross Asset Under Management as on March 31, 2023 stood at Rs. 1,62,875.71 Lakhs as against Rs. 94,819.35 Lakhs as on March 31, 2022 with an annual growth of 71.77%.

3. Net worth

Your Company's Net worth stood at Rs. 1,00,938.48 Lakhs as on March 31, 2023.

4. The Earnings per share

The Earnings per share (Basic) was Rs. 50.15/- in Financial Year 2022-23 as against Rs. 19.69/- in the previous year.

5. Disbursements

The Company disbursed Rs. 89,731.46 Lakhs of loans during Financial Year 2022-23 as compared to Rs. 48,302.85 Lakhs in the previous year.

6. Non-Performing Assets (NPA)

The Company conformed to a defined policy with procedures to address delinquencies and collections. As a result, Gross NPA and net NPA as on March 31, 2023 were 0.97% and 0.32% respectively as against 1.81% and 1.06% respectively in the previous Financial Year.

7. Capital Adequacy Ratio

As on March 31, 2023 the Capital adequacy ratio stood at 59.06% comprising of TIER I Capital Ratio of 58.64% and Tier II Capital Ratio of 0.42% well above the regulatory requirement of 15%.

Resource Mobilization

1. Loans from Banks and financial institutions

During the Financial Year 2022-23, the Company received aggregate fresh loan sanctions amounting to Rs. 62,400.00 Lakhs and has availed loans aggregating to Rs. 56,100.00 Lakhs. The outstanding loans from Banks and Financial Institutions as at March 31, 2023 were Rs. 97,290.51 Lakhs.

2. Non-Convertible Debentures (NCDs)

During the Financial Year, the Company has not raised any funds from issuance of NCDs. The outstanding amount of NCDs as at March 31, 2023 was Rs. 4,933.05 Lakhs.

Branch Network

Presently your Company is operating in 11 states namely Rajasthan, Madhya Pradesh, Delhi, Uttar Pradesh, Haryana, Chhattisgarh, Jharkhand, Bihar, Uttarakhand, Punjab and Odisha with the branch network of more than 200 branches. The Company would expand its Branches in these states to leverage the customer base for MSME business in rural and semi urban areas.

SCOT Analysis of the Company

Strengths	Challenges	Opportunities	Threats
Ability to appraise the informal segment with better asset quality	Overall economic downturn	Credit gap in rural and semi-urban regions	Economic vulnerability owing to global challenge due to Ukraine war and continued policy tightening by Central Banks
Strong liquidity cushion		Huge unserved and underserved markets	Inflation pressure
Positive ALM and no short-term borrowing			
Support of marquee Investors			

Human Resources

The Company believes that its competitive advantage lies in its people. The Company's people bring to the stage multi-sectoral experience, technological experience and domain knowledge.

The Company always takes decisions in alignment with the professional and personal goals of employees, achieving an ideal work-life balance and enhancing pride in association. The Company's employee count (on roll) stood at 1988 as on March 31, 2023.

Risk Management

Your Company, is exposed to various risks that are an inherent part of any financial service business. The Company has formulated and implemented a risk management framework in line with the Board approved risk management policy which encompasses practices relating to identification, assessment monitoring and mitigation of various risks to key business objectives.

The Company's risk management framework is well dimensioned and managed based on a clear understanding of various risks, disciplined risk assessment, measurement procedures and continuous monitoring. The Board of Directors has oversight on all risks assumed by the Company.

The Board has constituted Risk Management Committee. The Committee assist the Board in fulfilling its corporate governance oversight responsibilities with regard to the identification, evaluation and mitigation of operational, strategic and external environment risks.

The various key risks to business are as follows:

Credit Risk: A risk of loss due to failure of a borrower/counterparty to meet the contractual obligation of repaying his debt as per the agreed terms is commonly known as risk of default.

The Company has a robust post sanction monitoring process to identify credit portfolio trends and early warning signals.

Operational Risk: Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people, systems, or from external events. Operational Risk includes legal risk but excludes strategic and reputational risks.

The Company follows established, well-designed controls, which include maker-checker principles, effective delegation of authority, and segregation of duties, Code of conduct, reconciliation, exception reporting and periodic MIS.

Liquidity Risk: It is the risk that the Company will be unable to meet its financial commitment to a Bank/Financial Institution in any location, any currency at any point in time. Liquidity risk can manifest in three different dimensions for the Company.

The Company has arranged for diversified funding sources and adopted a policy of availing funding in line with the tenor and repayment pattern of its receivables and monitors future cash flows and liquidity. The Company has developed internal control processes and contingency plans for managing liquidity risk.

Interest Rate Risk: It is the risk where changes in market interest rates might adversely affect the Company's financial condition. The short term/immediate impact of changes in interest rates are on the Company's Net Interest Income. On a longer term, changes in interest rates impact the cash flows on the assets, liabilities and off-balance sheet items, giving rise to a risk to the net worth of the Company arising out of all re-pricing mismatches and other interest rate sensitive positions.

The Company mitigates its interest rate risk by keeping a balanced mix of borrowings.

Reputation Risk: Reputation risk is the risk to earnings and capital arising from adverse perception of the image of the company from the part of various stakeholders and regulators. This risk may arise from the company's reputation getting impacted due to factors such as unethical practices, regulatory actions, customer dissatisfaction and complaints leading to negative publicity.

The Company manages this through a strict code of conduct policy for its employees, good corporate governance policies and an effective customer grievance mechanism. It communicates with its stakeholders regularly through appropriate engagement mechanisms to address stakeholder expectations and assuage their concerns, if any.

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 variables. Such changes in the values of financial instruments may result from changes in the interest rates, credit, and other market changes. The Company's exposure to market risk is primarily on account of interest rate risk and liquidity risk.

The Company regularly reviews its business model including interest rate risk and liquidity risk.

Strategic Risk: Strategic or business risk is the risk associated with the formulation and execution of an organisation's strategy.

Your Company's management of this risk is guided by diversification in its business through products for MSME, geographies, balanced growth while maintaining a healthy asset liability mix and prudent provisioning policies.

Internal Control Systems and their Adequacy

The Company believes that internal control is a necessary prerequisite of Governance and that freedom should be exercised within a framework of checks and balances. Therefore, the Company has a well-established internal control framework, which is designed to continuously assess the adequacy, effectiveness and efficiency of financial and operational controls. Periodic audit of all functions is carried out by the internal auditors thereby ensuring regulatory compliance of various applicable statutes as well as internal guidelines and policies.

The management is committed to ensure an effective internal control environment, commensurate with the size and complexity of the business, which provides an assurance on compliance with internal policies, applicable laws, regulations and protection of resources and assets. The Company policies are reviewed periodically in line with the dynamic business environment and regulatory requirements. The Board reviews adherence to internal control systems and internal audit reports.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the Internal, Statutory, Secretarial and IS Auditors and external consultants and the reviews performed by management and the Audit Committee, Company has sound internal financial controls and are commensurate with the nature and size of the business operations and are adequate and operating effectively with no material weakness.

Credit Rating Upgrades

During the Financial Year under review, your Company's credit rating was upgraded by CARE Ratings Limited to the CARE A- with a stable outlook and by Acuite Ratings & Research Limited to ACUITE A with a stable outlook.

This reflects Company's financial strength and growth outlook.

The Credit Rating details of the Company as on March 31, 2023 are as follows:

Sr. No.	Type of instrument	Rating	Name of credit rating agency
1.	Long term Bank Facilities	Acuite A/Stable	Acuite Ratings & Research Limited
2.	Non-Convertible Debentures	Acuite A/Stable	Acuite Ratings & Research Limited
3.	Principal Protected Market Linked Non-Convertible Debentures	Acuite PP-MLD A/Stable	Acuite Ratings & Research Limited
4.	Long term Bank Facilities	CARE A-/Stable	CARE Ratings Limited

Note: During the Financial Year 2022-23, the Company has repaid the NCD (ISIN INE0D007012) in full and there is no outstanding under the said ISIN. Therefore, the ratings assigned to ISIN INE0D007012 by CARE Ratings Limited have been withdrawn due to such repayment.

The ratings continue to reflect your Company's healthy earning profile, adequate capitalization, strong net worth base and steady improvement in its scale of operations.

Cautionary Statement

This statement made in this section describes the Company's objectives, projections, expectation and estimations which may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Forward- looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized by the Company. Actual result could differ materially from those expressed in the statement or implied due to the influence of external factors which are beyond the control of the Company. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements on the basis of any subsequent developments.

**For and on Behalf of the Board of Directors
For Finova Capital Private Limited**

Sd/-
Mohit Sahney
Managing Director and CEO
DIN: 07280918

Sd/-
Sunita Sahney
Executive Director
DIN: 02395354

**Registered Office: 702, Seventh Floor, Unique
Aspire, Plot No. 13-14, Cosmo Colony, Amrapali
Marg, Vaishali Nagar, Jaipur – 302021 (Rajasthan)**

**Date: May 02, 2023
Place: Jaipur**

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

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

To,
The Members,
Finova Capital Private Limited
702, Seventh Floor, Unique Aspire
Plot No. 13-14 Cosmo Colony
Amrapali Marg, Vaishali Nagar
Jaipur– 302021 (Rajasthan)

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Finova Capital Private Limited** (hereinafter called '**the Company**'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on March 31, 2023 ('**Audit Period**') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on March 31, 2023 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -
- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 **(Not applicable to the Company during the Audit Period);**
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **(Not applicable to the Company during the Audit Period);**
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 **(Not applicable to the Company during the Audit Period);**
 - (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 **(Not applicable to the Company during the Audit Period);**
 - (h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018 **(Not applicable to the Company during the Audit Period);** and
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (vi) As confirmed, following other laws are specifically applicable to the Company for which the Management has confirmed that the Company has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively:
- (a) The Reserve Bank of India Act, 1934;
 - (b) Master Direction- Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016;
 - (c) Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs and guidelines notified thereunder;
 - (d) Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016;
 - (e) Master Direction - Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016;
 - (f) Master Direction - Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016;

- (g) Master Direction - Information Technology Framework for the NBFC Sector;
- (h) Master Direction – Know your Customer (KYC) Directions, 2016; and
- (i) Master Direction- Miscellaneous Non-Banking Companies (Reserve Bank) Directions, 2016.

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India;
- ii. The Listing Agreement entered into by the Company with BSE Limited.

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

We further report that

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

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance. Further, independent director was present at Board Meetings which were called at shorter notice to transact business which were considered urgent by the management in compliance of Section 173(3) of the Act. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the Audit Period the company has: -

- (i) Duly passed the resolution pursuant to Section 42 and 71 of the Act for approving the issue of Non-Convertible Debentures for an amount not exceeding Rs. 1000,00,00,000/- (Rupees One Thousand Crores Only) on a private placement basis in one or more tranches;

- (ii) Issued and allotted 30,000 (Thirty Thousand) partly paid-up 0.0001% Series D-1 Compulsorily Convertible Cumulative Preference Shares (“Series D-1 CCCPS”) having face value of Rs. 100/- (Rupees One Hundred Only) each, for cash, at an issue price of Rs. 743.50/- (Rupees Seven Hundred Forty Three and Fifty Paise Only) per share which includes premium of Rs. 643.50/- (Rupees Six Hundred Forty Three and Fifty Paise Only) per share aggregating to an amount of Rs. 2,23,05,000/- (Rupees Two Crore Twenty Three Lakh and Five Thousand Only) on private placement basis. The Company has received an amount of Re. 1.00/- (Rupee One Only) per Series D-1 CCCPS on such partly paid-up shares;
- (iii) Allotted 23,217 (Twenty Three Thousand Two Hundred and Seventeen) equity shares and 5,433 (Five Thousand Four Hundred and Thirty Three) equity shares of Rs. 10/- (Rupees Ten Only) per share to its employees upon exercise of vested options under Employees Stock Option Plan 2018 and Employees Stock Option Plan 2020 respectively;
- (iv) Adopted a new set of regulations (reinstated) in Articles of Association of the Company;
- (v) Approved the Employees Stock Option Plan 2022 with options exercisable into not more than 2,83,116 (Two Lakh Eighty Three Thousand One Hundred and Sixteen only) equity shares of the Company;
- (vi) Amended the Employees Stock Option Plan 2022 thereby revising the number of stock options from 2,83,116 (Two Lakh Eighty Three Thousand One Hundred and Sixteen only) to 2,53,116 (Two Lakh Fifty Three Thousand One Hundred and Sixteen only);
- (vii) Redeemed remaining face value amount of Rs. 6,66,667 (Rupees Six Lakh Sixty Six Thousand Six Hundred and Sixty Seven Only) per debenture on 150 (One Hundred and Fifty) Non-Convertible Debentures having original face value of Rs. 10,00,000/- (Rupees Ten Lakhs only) each, prior to its maturity (Early Redemption).

Place: Jaipur
Date: May 02, 2023
UDIN: F003355E000236170

For V. M. & Associates
Company Secretaries
(ICSI Unique Code P1984RJ039200)
PR 581 / 2019

Sd/-
CS Manoj Maheshwari
Partner
Membership No.: FCS 3355
C P No.: 1971

Note: This report is to be read with our letter of even date which is annexed as ‘Annexure A’ and forms an integral part of this report.

Annexure A

To,
The Members,
Finova Capital Private Limited
702, Seventh Floor, Unique Aspire
Plot No. 13-14 Cosmo Colony
Amrapali Marg, Vaishali Nagar
Jaipur– 302021 (Rajasthan)

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

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

Place: Jaipur
Date: May 02, 2023
UDIN: F003355E000236170

For V. M. & Associates
Company Secretaries
(ICSI Unique Code P1984RJ039200)
PR 581 / 2019

Sd/-
CS Manoj Maheshwari
Partner
Membership No.: FCS 3355
C P No.: 1971

CORPORATE GOVERNANCE REPORT

1. Our Philosophy on Code of Governance

Your Company has a firm conviction that good Corporate Governance practices are powerful enablers, which infuse trust and confidence, that attract and retain financial and human capital, thereby your Company adheres to the highest standards of governance and is committed to ethical values, sustainable business practices, driving positive change in the areas in which it operates and committed to transparency in all its dealings and creating shared value for all its stakeholders.

Your Company's philosophy of corporate governance places high emphasis on integrity and transparency to generate long-term value for its stakeholders and retain investor trust. The governance processes and practices ensure that the interest of all stakeholders is taken into account in a balanced and transparent manner and are firmly embedded into the culture and ethos of the organisation.

Your Company has an active, dynamic, experienced and a well-informed Board. Through the governance mechanism in the Company, the Board along with its committees undertakes its fiduciary duties towards all its stakeholders that support ethical leadership, sustainability and good corporate citizenship.

The corporate governance is reinforced through the Companies Act, 2013 ('the Act'), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR') to the extent applicable, Master Direction - Non-Banking Financial Company - Systemically Important Non- Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs dated October 22, 2021. Even so, your Company has not only committed to follow the Corporate Governance practices embodied in various regulatory provisions but also constantly strives to adopt and adhere to the emerging best practices and benchmarks itself against such practices.

Besides, in accordance with Scale Based Regulation (SBR): A revised regulatory framework for NBFCs issued by RBI dated October 22, 2021, the Company falls under the category of Middle Layer (hereinafter referred to as 'NBFC-ML') based on which the Company shall endeavour to make full disclosure in accordance with the requirement of Paragraph C of Schedule V of SEBI LODR with effect from March 31, 2023. Accordingly, this report is prepared in accordance with the Schedule V of SEBI LODR to the extent applicable.

2. Board of Directors

The Board of Directors ('Board') of the Company consists of leaders and visionaries who provide strategic direction and guidance to the Company. The day-to-day affairs of your Company is lead by the Management of your Company which includes Managing Director and CEO, Executive Director and functional heads, who function under the overall supervision and guidance of the Board.

The Board of your Company has an optimum combination of Executive and Non-Executive Directors. As on March 31, 2023, the Board comprised of 7 (seven) Directors with 2 (two) Executive Directors and 5 (five) Non-Executive Directors which includes 3 (three) Nominee Directors and 2 (Two) Independent Directors.

Composition of Board

The following table lays down the composition and category of Directors including their DIN, other directorships including names of listed companies where they serve as directors, Committee positions held by them in other Companies and their shareholding as on March 31, 2023 in the Company.

Sl. No	Name of Directors, Designation and DIN	Category	No. of Shares and convertible instruments held	Total Number of Directorships and Committee Positions held			Directorships in other listed Companies	
				Directors ^I	Committee Members ^{II}	Committee Chairpersonship ^{II}	Name of Equity Listed Companies	Category of Directorship
1	Mr. Mohit Sahney Managing Director and CEO DIN: 07280918	Promoter Executive Director	26,59,513 ^{III}	NIL	NIL	NIL	NIL	NIL
2	Mrs. Sunita Sahney Executive Director DIN: 02395354	Promoter Executive Director	7,62,382 ^{III}	NIL	NIL	NIL	NIL	NIL
3	Mr. Ravi Shankar Venkatarama Ganapathy Agraharam Nominee Director ^{IV} DIN: 02604007	Non-Executive Non-Independent Director	NIL	9	NIL	NIL	1. Go Fashion (India) Limited 2. Five-Star Business Finance Limited	1. Nominee Director 2. Director
4	Mr. Ishaan Mittal Nominee Director ^{IV} DIN: 07948671	Non-Executive Non-Independent Director	NIL	2	1	NIL	NIL	NIL
5	Mr. Aditya Deepak Parekh Nominee Director ^V DIN: 02848538	Non-Executive Non-Independent Director	NIL	10	NIL	NIL	NIL	NIL
6	Mr. Arjun Dan Ratnoo Independent Director DIN:	Non-Executive Independent Director	NIL	NIL	NIL	NIL	NIL	NIL

00802613								
7	Mr. Sathyan David Additional Director DIN: 08386521	Non-Executive Independent Director	NIL	3	1	NIL	NIL	NIL

Notes:

- I. The total number of Directorships of a Director excludes his/her Directorships in the Company, Section 8 Companies and Foreign Companies.
- II. Audit Committee and Stakeholders Relationship Committee have been considered for chairpersonship/ membership of Directors.
- III. Mr. Mohit Sahney holds 26,59,513 shares as on March 31, 2023 out of which 2,58,070 are Compulsorily Convertible Cumulative Preference Shares and Mrs. Sunita Sahney holds 7,62,382 shares as on March 31, 2023 out of which 2,58,070 are Compulsorily Convertible Cumulative Preference Shares.
- IV. Mr. Ravi Shankar Venkataraman Ganapathy Agraharam and Mr. Ishaan Mittal, Nominee Directors of the Company are representing SCI Growth Investments III and SCI Investments V, Equity Investors of the Company.
- V. Mr. Aditya Deepak Parekh, a Nominee Director of the Company is representing Faering Capital India Evolving Fund II and Faering Capital India Evolving Fund III, Equity Investors of the Company.

None of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Director by the Securities and Exchange Board of India, Ministry of Corporate Affairs, Reserve Bank of India or any such statutory authority.

The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Act read with the rules framed thereunder. Based on the disclosures received from all the Independent Directors, the Board after taking these declarations/disclosures on record and acknowledging the veracity of the same, concluded that the Independent Directors are persons of integrity and possess the relevant expertise, proficiency and experience to qualify and continue as Independent Directors of the Company and are Independent of the Management.

Further the Independent Directors declared that they are not appointed as an Independent Director on the Board of more than three NBFCs (NBFC-ML or NBFC-UL) pursuant to guidelines of Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs issued by the Reserve Bank of India on October 22, 2021.

None of the Independent Directors of the Company have resigned during the year under review.

Further, there is no relationship between the Directors inter-se except Mrs. Sunita Sahney, being spouse of Mr. Mohit Sahney.

Change in Composition of Board

The Board periodically reviews its composition to ensure that the same is closely aligned with the strategy and long-term needs of the Company. The following changes in the Composition of Board were recommended by the Nomination and Remuneration Committee and approved by the Board of the Company during the Financial Year under review:

Name of Directors	Nature of Change	Effective Date
Mr. Sathyan David	Appointed as an Additional Director (Independent) to hold office up to the 08 th AGM of the Company	w.e.f March 30, 2023
Mrs. Sunita Sahney	Re-appointed as Whole-time Director designated as Executive Director for another term of 5 years	w.e.f May 30, 2022

The Board has approved the appointment of Mr. Sathyan David, as an Independent Director of the Company for a term of 5 consecutive years from March 30, 2023 to March 29, 2028 and re-appointment of Mr. Arjun Dan Ratnoo, as an Independent Director of the Company for a second term of 5 consecutive years from November 24, 2023 to November 23, 2028 basis the recommendation of Nomination and Remuneration Committee at their respective meetings held on May 02, 2023 subject to the approval of shareholders of the Company.

Board Meetings

The Board Meetings are pre-scheduled and an annual calendar of the meetings is circulated to the Directors well in advance to help them plan their schedules and ensure meaningful participation. The Board Meetings are convened by giving appropriate notice well in advance and the Directors are provided with appropriate information in the form of detailed agenda notes in a timely manner, to enable them to deliberate on each agenda item and make an informed decision. The Board meets at least once in every quarter to review the quarterly results and other items on the agenda and additional meetings are held to address specific needs and business requirements of your Company. In case of business exigencies, the Board approvals are taken either by passing resolutions through circulation or convening meetings at shorter notice, as permitted by the law.

During the Financial Year 2022-23, your Board met 6 (Six) times on April 29, 2022, July 27, 2022, October 31, 2022, December 01, 2022, January 31, 2023 and March 30, 2023. The requisite quorum was present at all the Meetings and the maximum time gap between any two Board Meetings was not more than one hundred and twenty days.

The attendance of each Director at Board meetings held during the Financial Year 2022-23 and the previous AGM held on May 20, 2022 are as below:

Name of Directors	Board Meeting Dates						Number of Board Meetings		Previous AGM May 20, 2022
	1 April 29, 2022	2 July 27, 2022	3 October 31, 2022	4 December 01, 2022	5 January 31, 2023	6 March 30, 2023	Held during their tenure	Attended	
Mr. Mohit Sahney	P	P	P	P	P	P	6	6	P
Mrs. Sunita Sahney	P	P	P	P	P	P	6	6	P
Mr. Ravi Shankar Venkataraman Ganapathy Agraharam	LOA	LOA	P	P	P	P	6	4	A
Mr. Ishaan Mittal	P	P	P	LOA	P	P	6	5	A

Mr. Aditya Deepak Parekh	P	P	P	P	P	P	P	6	6	A
Mr. Arjun Dan Ratnoo	P	P	LOA	P	P	P	P	6	5	P
Mr. Sathyan David	NA	NA	NA	NA	NA	NA	NA	0	NA	NA

P = Present; A = Absent; LOA = Leave of Absence; NA = Not Applicable

Core Skills/ Expertise/ Competencies of the Board of the Company

The Board possess requisite qualifications, experience and competence that allow them to contribute effectively by actively participating in the Board and Committee Meetings. Having this framework, below mentioned is the matrix of core skills/expertise/competencies as required in the context of the business and sector for Company to function effectively and those actually available with the Board:

Core Skills/ Expertise/ Competencies	Name of Directors							
	Mr. Mohit Sahney	Mrs. Sunita Sahney	Mr. Ravi Shankar Venkataraman Ganapathy Agraharam	Mr. Ishaan Mittal	Mr. Aditya Deepak Parekh	Mr. Arjun Dan Ratnoo	Mr. Sathyan David	
Technical Skills								
Accounting and Finance		✓	✓	✓	✓	✓	✓	✓
ALM and Risk Management	✓	✓					✓	✓
Legal and Compliance								✓
Information Technology and Digital	✓			✓				✓
Strategic Development and Execution	✓	✓	✓	✓	✓	✓	✓	✓
Product and Sales Management	✓							
Industry Experience								
Financial Services sector in India	✓					✓	✓	✓
Knowledge of NBFC Sector	✓	✓	✓	✓	✓	✓	✓	✓
Personal Attribute								
Analytical skills to diagnose situation	✓	✓	✓	✓	✓	✓	✓	✓
Innovative thinker/ Visionary	✓	✓	✓	✓	✓	✓	✓	
Mentor	✓	✓	✓	✓	✓	✓	✓	✓

The detailed profile of the Directors is available on the Company's website at the web-link <https://www.finoval.in/bord-of-directors.php>.

3. Board Committees

In order to have a more focused attention on specific areas and take informed decisions within the framework of delegated authority and make specific recommendations to the Board on matters within their areas or purview, the Board has constituted various Committees. The decisions and recommendations of the Committees are placed before the Board for information or for approval, as required.

Further, during the year under review no instances have been observed where the Board has not accepted the recommendations of any of its Committee(s).

As on March 31, 2023, the Company has the following Committees of Board:

Board Committees as on March 31, 2023

Audit Committee	Nomination and Remuneration Committee	Risk Management Committee	Asset Liability Management Committee	IT Strategy Committee	Corporate Social Responsibility Committee	Executive Committee
Mr. Arjun Dan Ratnoo (Chairperson)	Mr. Arjun Dan Ratnoo (Chairperson)	Mr. Mohit Sahney (Chairperson)	Mr. Mohit Sahney (Chairperson)	Mr. Arjun Dan Ratnoo (Chairperson)	Mr. Mohit Sahney (Chairperson)	Mr. Ravi Sharma (Chairperson)
Mr. Sathyan David	Mr. Sathyan David	Mrs. Sunita Sahney	Mrs. Sunita Sahney	Mrs. Sunita Sahney	Mr. Arjun Dan Ratnoo	Mr. Mohit Sahney
Mr. Ishaan Mittal	Mr. Aditya Deepak Parekh	Mr. Ravi Sharma	Mr. Ravi Sharma	Mr. Arpit Gupta	Mrs. Sunita Sahney	Mrs. Sunita Sahney

Audit Committee

The Audit Committee ('AC' or 'Committee') provides an oversight of the Company's accounting and financial reporting processes and the audit of the Company's financial statements and assists the Board in oversight of (1) the Company's compliance with legal and regulatory requirements; (2) the integrity and credibility of the Company's financial statements; (3) the independent auditor's independence, performance and effectiveness of the audit process; and (4) the Company's internal financial controls and risk management systems.

Composition and Attendance

As on March 31, 2023, the Committee consists of three Members out of which two are Non - Executive Independent Directors and one is Non - Executive Nominee Director. All the Members of the Committee are financially literate and possess strong accounting and related financial management expertise. The Chairperson of the Committee is an Independent Director and was present at the 07th AGM of the Company to address the Shareholders' queries pertaining to Annual Accounts of the Company.

The composition and attendance of the Committee members at the Committee meetings held during the Financial Year 2022-23 are as follows:

Name of Members	Position held	Designation	Committee Meeting Dates				Number of Meetings	
			1	2	3	4	Held	Attended
			April 29, 2022	July 27, 2022	October 31, 2022	January 31, 2023	during their tenure	
Mr. Arjun Dan Ratnoo	Chairperson	Independent Director	P	P	P	P	4	4
*Mr. Mohit Sahney	Member	Managing Director and CEO	P	P	P	P	4	4
Mr. Ishaan Mittal	Member	Nominee Director	P	P	P	P	4	4
*Mr. Sathyan David	Member	Additional Director (Independent)	NA	NA	NA	NA	NA	NA

P = Present; A = Absent; LOA = Leave of Absence; NA = Not Applicable

*Mr. Mohit Sahney ceased as Member of the Committee and Mr. Sathyan David was appointed as Member with effect from March 30, 2023.

Brief Terms of reference of the Committee:

- Recommend the appointment including terms of appointment and removal of statutory, internal and secretarial auditors, fixation of audit fees and also to approve payment for other services.
- Review with independent auditors the nature and scope of audit coverage, to ascertain adequacy and appropriateness.
- Review the work of external auditors and internal auditors.
- Review and monitor the auditor's independence, performance, and effectiveness of the audit process.
- Reviewing with management and the independent auditors the audited/unaudited financial statements/results and auditor's report thereon before submission to the Board for approval.
- Review and comment on accounting policies and weaknesses in processes, the financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient, and credible and report to the Board on key observations and findings.
- Reviewing audit reports and taking appropriate actions on key audit findings.
- Review and recommend changes in accounting policies of the Company from time to time.
- Significant adjustments made in the financial statements arising out of the audit findings.
- Compliance with legal and regulatory requirements.
- Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances.
- Review the Company's arrangements for its directors and employees to raise concerns, in confidence, about possible wrongdoing in financial reporting, accounting, auditing or any other genuine concerns.
- Evaluation of internal financial controls and risk management systems.
- Review policies in relation to the implementation of the Code of Conduct for Prohibition of Insider Trading.
- Approval or any subsequent modifications of transactions of the Company with related parties and omnibus approval subject to the conditions as may be prescribed.
- Scrutiny of inter-corporate loans and investments.

- Valuation of undertakings or assets of the Company, wherever it is necessary.
- Monitoring the end use of funds raised through public offers and related matters.
- Ensure that an Information System Audit of the internal systems and processes is conducted at least once in year to assess operational risks faced by the Company.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee ('NRC' or 'Committee') has been vested with the authority to, inter alia, establish criteria for selection to the Board with respect to the competencies, qualifications, experience, track record and integrity, and recommend candidates for Board Membership, develop and recommend policies with respect to remuneration of Board, Key Managerial Personnel ('KMPs') and Senior Management Personnel ('SMPs') of the Company commensurate with the size, nature of the business and operations of the Company, establish succession plans, specify the criteria for performance evaluation of Board, its Committees and individual directors, recommend remuneration of Board, KMPs, SMPs to the Board, determine overall compensation policies of the Company, and administer the Employees' Stock Option Plans as may be formulated from time to time and take appropriate decisions in terms of the concerned Plan(s).

Composition and Attendance

As on March 31, 2023, the Committee consisted of three Members out of which two are Non - Executive Independent Directors and one is Non - Executive Nominee Director. The Committee comprises of all Non-Executive Directors and is headed by a Non-Executive Independent Director.

The composition and attendance of the Committee members at the Committee meetings held during the Financial Year 2022-23 are as follows:

Name of Members	Position held	Designation	Committee Meeting Dates				Number of Meetings	
			1 April 29, 2022	2 October 31, 2022	3 January 31, 2023	4 March 30, 2023	Held during their tenure	Attended
Mr. Arjun Dan Ratnoo	Chairperson	Independent Director	P	P	P	P	4	4
*Mr. Mohit Sahney	Member	Managing Director and CEO	P	P	P	P	4	4
Mr. Aditya Deepak Parekh	Member	Nominee Director	LOA	P	LOA	P	4	2
*Mr. Sathyan David	Member	Additional Director (Independent)	NA	NA	NA	NA	NA	NA

P = Present; A = Absent; LOA = Leave of Absence; NA = Not Applicable

*Mr. Mohit Sahney ceased as Member of the Committee and Mr. Sathyan David was appointed as Member with effect from March 30, 2023.

Brief Terms of reference of the Committee:

- Identify persons who are qualified to become directors and who may be appointed in senior management personnel in accordance with the criteria laid down, recommend to the Board their appointment and removal.
- Specify the manner for effective evaluation of performance of Board, its committees and individual directors and review its implementation and compliance.
- Formulation of criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, Key Managerial Personnel and Senior Management Personnel.
- To ensure Fit & Proper status of the proposed /existing directors.
- Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- Recommend to the Board, all remuneration, in whatever form, payable to senior management personnel.
- Administer, review and supervise the implementation of the Stock option plans approved by the Company.
- Ensure establishment of orderly succession for appointment to the board of directors and senior management personnel.

Risk Management Committee

The Risk Management Committee (“RMC” or “Committee”) is entrusted to ensure that appropriate methodology, processes and systems are in place to monitor, evaluate and manage risks associated with the business of the Company. The Committee shall be responsible for evaluating the overall risks faced by the Company including liquidity risk.

The Committee is constituted in line with the provisions of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

The composition and attendance of the Committee members at the Committee meetings held during the Financial Year 2022-23 are as follows:

Name of Members	Position held	Designation	Committee Meeting Dates		Number of Meetings	
			1	2	Held during their tenure	Attended
			April 29, 2022	October 31, 2022		
Mr. Mohit Sahney	Chairperson	Managing Director and CEO	P	P	2	2
Mrs. Sunita Sahney	Member	Executive Director	P	P	2	2
Mr. Ravi Sharma	Member	Chief Financial Officer	P	P	2	2

P = Present; A = Absent; LOA = Leave of Absence; NA = Not Applicable

Brief Terms of reference of the Committee:

- To formulate a detailed risk management policy which includes:
 - A framework for identification of internal and external risks specifically faced by the Company;
 - Measures for risk mitigation including systems and processes for internal control of identified risks;

- Business continuity plan.
- To approve a framework for evaluating the risks and materiality of all existing and prospective outsourcing and the policies that apply to such arrangements;
- To periodically review the central records of material outsourcing;
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company.
- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems.
- To periodically review the risk management policy including by considering the changing industry dynamics and evolving complexity.

Asset Liability Management Committee

The Asset Liability Management Committee (“ALCO” or “Committee”) is constituted to ensure adherence to the risk tolerance/ limits set by the Board as well as implementing the liquidity risk management strategy of the Company. The role of the Committee with respect to liquidity risk includes, inter alia, decision on desired maturity profile and mix of incremental assets and liabilities, sale of assets as a source of funding, the structure, responsibilities and controls for managing liquidity risk, and overseeing the liquidity positions.

The Committee is constituted in line with the provisions of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, consisting of the Company’s’ top management and chaired by Managing Director and CEO.

The composition and attendance of the Committee members at the Committee meetings held during the Financial Year 2022-23 are as follows:

Name of Members	of Position held	Designation	Committee Meeting Dates				Number of Meetings		
			1	2	3	4	Held during their tenure	Attended	
			April 29, 2022	July 25, 2022	October 31, 2022	January 31, 2023			
Mr. Sahney	Mohit	Chairperson	Managing Director and CEO	P	P	P	P	4	4
Mrs. Sahney	Sunita	Member	Executive Director	P	P	P	P	4	4
Mr. Sharma	Ravi	Member	Chief Financial Officer	P	P	P	P	4	4

P = Present; A = Absent; LOA = Leave of Absence; NA = Not Applicable

Brief Terms of reference of the Committee:

- To focus on the short term/ long term mismatches.
- To review and recommend to the Board, the public disclosure on liquidity risk in accordance with the Guidelines on Liquidity Risk Management Framework issued by the Reserve Bank of India.
- To ensure adherence to the risk tolerance/ limits set by the Board as well as implementing the liquidity risk management strategy of the Company.
- To review & management of liquidity gaps and structural liquidity of the Company.

- Funding and resource planning to review the effectiveness of the Asset Liability Management control.
- To review the asset and liability position and the liquidity position of the Company

IT Strategy Committee

The IT Strategy Committee (“IS” or “Committee”) is vested with the authority to review and amend the IT strategies in line with the corporate strategies, cyber security arrangements and any other matter related to IT Governance, more specifically including (1) Approving IT strategy and IT policy documents; (2) Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business; (3) Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable; (4) Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources; and (5) Ensuring proper balance of IT investments for sustaining NBFC’s growth and becoming aware about exposure towards IT risks and controls.

The Committee is constituted in line with the provisions of Master Direction - Information Technology Framework for the NBFC Sector. The Chairperson of the Committee is an independent director and Chief Information Officer & Chief Technology Officer are a part of the Committee.

The composition and attendance of the Committee members at the Committee meetings held during the Financial Year 2022-23 are as follows:

Name of Members	Position held	Designation	Committee Meeting Dates			Number of Meetings	
			1	2	3	Held during their tenure	Attended
			April 22, 2022	July 25, 2022	January 23, 2023		
Mr. Arjun Dan Ratnoo	Chairperson	Independent Director	P	P	P	3	3
Mrs. Sunita Sahney	Member	Executive Director	P	P	P	3	3
Mr. Arpit Gupta	Member	Chief Technology Officer and Chief Information Officer	P	P	P	3	3

P = Present; A = Absent; LOA = Leave of Absence; NA = Not Applicable

Brief Terms of reference of the Committee:

- To approve IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place.
- To ensure that management has implemented processes and practices that ensure that the IT delivers value to the business.
- To review organizational IT arrangements so that security concerns are appreciated, receive adequate attention and get escalated to appropriate levels in the hierarchy to enable quick action;
- To ensure that IT investments represent a balance of risks and benefits and that budgets are acceptable.
- To Monitor the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources.

- To Ensure proper balance of IT investments for sustaining Company's growth and becoming aware about exposure towards IT risks and controls.
- To review the working of IT Steering Committee.
- To review the functioning of Business Continuity Plan on the periodic basis.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee ("CSR" or "Committee") is vested with the authority to make contributions to CSR projects or programs to be implemented directly or through eligible executing agency(ies), of at least two percent of the Company's average net profits during the three immediately preceding Financial Years in pursuance of its CSR Policy for the Company's CSR initiatives.

The role of the Committee includes formulating and recommending the policy on CSR to the Board and an annual action plan in pursuance of Company's CSR policy including the list of CSR projects or programmes and amount of expenditure to be incurred on such CSR activities, the manner of execution of such projects and the modalities of utilization of funds and implementation schedules for the projects or programmes. The Committee is responsible for monitoring CSR policy, CSR initiatives, and progress on approved projects.

In consonance with the provisions of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors at their meeting held on April 29, 2022 had approved the re-constitution of CSR committee to govern the implementation of CSR activities of the Company.

The composition and attendance of the Committee members at the Committee meetings held during the Financial Year 2022-23 are as follows:

Name of Members	Position held	Designation	Committee Meeting Date	Number of Meetings	
			July 25, 2022	Held during their tenure	Attended
Mr. Mohit Sahney	Chairperson	Managing Director and CEO	P	1	1
Mr. Arjun Dan Ratnoo	Member	Independent Director	P	1	1
Mrs. Sunita Sahney	Member	Executive Director	P	1	1

P = Present; A = Absent; LOA = Leave of Absence; NA = Not Applicable

Brief Terms of reference of the Committee:

- To formulate and recommend the policy on CSR to the Board.
- To recommend the annual budget for the Company's CSR activities.
- To recommend annual action plan in pursuance of Company's CSR policy including the list of CSR projects or programmes and amount of expenditure to be incurred on such CSR activities, the manner of execution of such projects and the modalities of utilization of funds and implementation schedules for the projects or programmes.
- To monitor CSR policy, CSR initiatives and progress on approved projects.

Executive Committee

The Executive Committee (“EC” or “Committee”) manages the day-to-day business and operational affairs of the Company. The Committee is responsible to discharge the responsibilities of Board relating to routine, administrative, finance, borrowings, banking and other relevant matters that occurs between regularly scheduled meetings of Board.

During the FY 2022-23, the Committee met 19 (Nineteen) times on April 21, 2022, April 30, 2022, May 02, 2022, May 09, 2022, June 06, 2022, July 25, 2022, August 04, 2022, September 21, 2022, September 24, 2022, September 28, 2022, October 10, 2022, November 07, 2022, December 02, 2022, December 24, 2022, December 30, 2022, January 23, 2023, February 21, 2023, March 20, 2023 and March 24, 2023.

The composition and attendance of the Committee members at the Committee meetings held during the Financial Year 2022-23 are as follows:

Name of Members	Position held	Designation	Number of Meetings	
			Held during their tenure	Attended
Mr. Ravi Sharma	Chairperson	Chief Financial Officer	19	18
Mr. Mohit Sahney	Member	Managing Director and CEO	19	19
Mrs. Sunita Sahney	Member	Executive Director	19	19

Brief Terms of reference of the Committee:

- Borrow money and exercise all powers to borrow moneys and take all necessary actions connected therewith within the limit prescribed under the law and delegated by the Board.
- Investment of the funds of the Company as per Board approved Investment Policy of the Company.
- Managing the day-to-day business and affairs of the Company.
- Review of banking arrangements and taking all necessary actions connected therewith.
- Ensure connectivity with the depositories with respect to dematerialization/rematerialisation of securities of the Company.

Performance Evaluation

Pursuant to the provisions of Section 178 of the Act, Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India and Guide to Board Evaluation issued by the Institute of Company Secretaries of India and basis the criteria for evaluation of performance of Board, its committees and individual directors as approved by the Nomination and Remuneration Committee, an annual performance evaluation exercise was carried out.

A structured questionnaire for the evaluation of the Board, its committees and the individual directors including for the Chairperson (i.e., Managing Director who is generally elected as Chairperson of the Board) has been designed covering various aspects of the performance of the Board and its Committees.

The parameters assessed included various aspects of the Board’s functioning such as: effectiveness, information flow between Board members and management, quality and transparency of Board discussions, Board dynamics, Board composition and understanding of roles and responsibilities,

succession and evaluation, and possession of required experience and expertise by Board members, among other matters.

The performance of the committees was evaluated on the basis of their effectiveness in carrying out their respective mandates. Further, the performance evaluation of Directors was based on parameters such as participation and contribution to Board deliberations, keeping oneself abreast of organizational matters, trends, knowledge and understanding of relevant areas, among other matters and was reviewed by the Board for individual feedback. Furthermore, performance evaluation of Independent Directors was based on parameters such their Independence, their judgements and views and compliance of code of conduct.

In this context, the parameters evaluation framework and outcome of performance evaluation were discussed by the Nomination and Remuneration Committee and the Board at their meetings. The Directors expressed their satisfaction on the parameters of evaluation, the implementation of the evaluation exercise and the outcome of the evaluation process.

Remuneration to Directors

The Non-executive Independent Directors of the Company were paid sitting fees of Rs. 20,000/- (Rupees Twenty Thousand Only) for each of the Board and Committee meetings (viz. Audit Committee and Nomination and Remuneration Committee) attended. There are no other pecuniary relationships or transactions by Non-Executive Directors with the Company.

The Executive Directors of the Company were paid remuneration as approved by the Board, basis the recommendation of Nomination and Remuneration Committee. The elements of remuneration package of Executive Directors include salary, perquisites, allowances, benefits, amenities, retirals, viz. superannuation including gratuity and provident fund (being fixed component) and commission viz. performance linked incentive (being variable component), given basis the performance evaluation of the Executive Directors.

The tenure of office of the Managing Director and CEO and Executive Director is for 5 (Five) years from their respective dates of appointments and can be terminated by either party by giving prior 90 days' notice in writing. There is no separate provision for payment of severance fees.

The Company has not granted Stock Options under Employees Stock Option Plan to any of its directors during the Financial Year under review.

Further, the details of the remuneration paid to the Directors for the Financial Year ended on March 31, 2023 is as follows:

Amount in Rs.

Sr. No.	Name of Directors	Designation	Gross Salary	Commission	Stock Options	Others	Total Amount
Executive Directors							
1	Mr. Mohit Sahney	Managing Director and CEO	2,04,42,240	-	-	1,57,24,800	3,61,67,040
2	Mrs. Sunita Sahney	Executive Director	70,98,000	-	-	54,60,000	1,25,58,000
Non-Executive Non-Independent Directors							
3	Mr. Ravi Shankar	Nominee Director	-	-	-	-	-

	Venkataraman Ganapathy Agraharam							
4	Mr. Ishaan Mittal	Nominee Director	-	-	-	-	-	-
5	Mr. Aditya Deepak Parekh	Nominee Director	-	-	-	-	-	-
Non-Executive Independent Directors								
6	Mr. Arjun Dan Ratnoo	Independent Director	-	-	-	2,60,000	2,60,000	
7	Mr. Sathyan David	Additional Director (Independent)	-	-	-	-	-	-

Basis the recommendation of the Nomination and Remuneration Committee, the Board of Directors at their Meeting held on March 30, 2023 had approved the revised Nomination, Remuneration and Compensation Policy in accordance with the Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs read with Guidelines on Compensation of Key Managerial Personnel (KMP) and Senior Management in NBFCs issued by the Reserve Bank of India.

The Nomination, Remuneration and Compensation Policy can be accessed at the Company's website at the web-link: <https://www.finoval.in/policies/83.pdf>.

4. General Body Meetings

Details of last three Annual General Meetings and Special Resolutions passed thereat:

For the Financial Year	Date	Time	Venue	Special Resolutions passed
2021-22	May 20, 2022	11:00 A.M. (IST)	Fourth Floor, Unique Aspire, Plot No. 13-14, Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur-302021 (Rajasthan)	<ol style="list-style-type: none"> To approve the limit for issuance of Non-Convertible Debentures on private placement basis under Section 42 and 71 of the Companies Act, 2013. To approve amendment in Employee Stock Option Plan, 2022. To approve issuance of compulsorily convertible cumulative preference shares on private placement basis to Mr. Rahul Sahney, Chief Operating Officer of the Company.
2020-21	July 03, 2021	11:00 A.M. (IST)	Fourth Floor, Unique Aspire, Plot No. 13-14, Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur-302021 (Rajasthan)	To approve the limit for issuance of non-convertible debentures on private placement basis under section 42 and 71 of the Companies Act, 2013.
2019-20	July 20, 2020	11:00 A.M. (IST)	Fourth Floor, Unique Aspire, Plot No. 13-14, Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur-302021 (Rajasthan)	No Special Resolution was passed at the Annual General Meeting.

All the Resolutions moved at the last three Annual General Meetings were passed by the requisite majority of Members.

Postal Ballot

During the Financial Year 2022-23, no resolutions have been passed through postal ballot.

Further, there is no proposal to transact any business that requires the passing of resolution through postal ballot.

5. Means of Communication

The Company has established robust procedures to disseminate relevant information in a planned manner with its Shareholders, Debenture Holders, Debenture Trustee, Lenders and other Stakeholders, through the following means:

Publication of Quarterly Results: The Quarterly, Half-yearly and Annual Financial Results of the Company are submitted with the Stock Exchange where the securities of the Company are listed i.e. BSE Limited and published in the leading English newspaper viz., Business Standard simultaneously, they are also put on the Company's website and can be accessed at <https://www.finoval.in/financial-statements.php>.

Further, the Company's website <https://www.finoval.in/> contains a separate section "Investor Relations" wherein financial results, financial statements, corporate announcements, Annual Report, credit rating, compliance report and other disclosures are prominently available for the Investors and other stakeholders.

6. General shareholder information

1.	Annual General Meeting	Date: June 15, 2023 Time: 11:00 A.M. (IST) Venue: 702, Seventh Floor, Unique Aspire, Plot No. 13-14, Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur-302021 (Rajasthan)
2.	Financial Year	The Company follows the Financial Year starting from 01 st April to 31 st March every year
3.	Dividend payment date	The Board has not recommended dividend for the Financial Year 2022-23
4.	Listing on Stock Exchange	The Company has issued privately placed Non-Convertible Debentures, which are listed on Wholesale Debt Market Segment of BSE Limited at Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400 001 (Maharashtra).

Further, the Company has paid Annual Listing Fees to BSE Limited where its Non-convertible Debentures are listed.

No securities are suspended from trading on BSE Limited.

5.	Stock Code	The ISINs/Scrip Codes pertaining Non-Convertible Debentures, which are listed on Wholesale Debt Market Segment of BSE Limited are as below:
----	------------	---

ISIN	Scrip Code
INE0D007020*	960068
INE0D007053	960376
INE0D007079	960378

*The Company has fully redeemed the debentures on April 21, 2023.

6.	Registrar and Share Transfer Agent	Link Intime India Private Limited C-101, 1st Floor, 247 Park Lal Bahadur Shastri Marg, Vikhroli (West) Mumbai 400083 (Maharashtra) Tel No.: +91 22 4918 6200 Fax: +91 22 49186195 Website: www.linkintime.co.in E-mail Id: mumbai@linkintime.co.in
----	------------------------------------	---

7.	Share Transfer System	Share transfers in physical mode are processed and approved by the Board of Directors and share certificates duly endorsed are delivered within the time period prescribed under the Companies Act, 2013 and the rules notified thereunder, subject to documents being valid and complete in all respects.
----	-----------------------	--

All the Non-Convertible Debentures of the Company are in dematerialized form, hence there are no physical transfer of debentures.

An Annual Certificate of Compliance under Regulation 61(4) read with Regulation 40(9) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is obtained from M/s V. M. & Associates, Company Secretaries and a copy of the certificate is filed with the Stock Exchange within the prescribed time.

8.	Distribution of Shareholding	Distribution of Shareholding of the Company on fully diluted basis as at March 31, 2023:
----	------------------------------	--

Category	No. of shares	% of shareholding
Promoter and Promoter Group	34,21,895	18.74
Resident Individuals	13,56,995	7.43
Body Corporate	1,10,37,283	60.44
Mutual Funds/Financial Institutions/Banks	-	-
Foreign Institutional Investor/Foreign Portfolio Investor	-	-
Non-Resident Individuals/Foreign National	-	-
Alternate Investment Funds	24,44,564	13.39
Others	-	-
Total	1,82,60,737	100.00

Note: Numbers of Shares includes Equity shares and Compulsorily Convertible Cumulative Preference shares.

9.	Dematerialization of shares and liquidity	The Company is in the process of Dematerialisation of securities and had made the arrangements with National Securities Depositories Limited to establish electronic connectivity of shares for scrip-less trading.
----	---	---

The ISIN for the Equity Shares of the Company is INE0D001015. As on March 31, 2023, 97.98% of Equity Shares of the Company were held in dematerialized form.

10.	Address for Correspondence	Mr. Jaikishan Premani Company Secretary and Compliance Officer Finova Capital Private Limited Address: 702, Seventh Floor, Unique Aspire, Plot No. 13-14, Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur - 302021 (Rajasthan) Tel No.: 01414118233 Website: https://finova.in/ Email Id: jaikishan.premani@finova.in
-----	----------------------------	---

11.	Credit Ratings	The details of credit ratings obtained by the Company and outstanding as on March 31, 2023 along with outlook is provided below:
-----	----------------	--

Sr. No.	Name of credit rating agency	Type of instrument	Rating*
1.	Acuite Ratings & Research Limited	Long term Bank Facilities	Acuite A/Stable
2.	Acuite Ratings & Research Limited	Non-Convertible Debentures	Acuite A/Stable
3.	Acuite Ratings & Research Limited	Principal Protected Market Linked Non-Convertible Debentures	Acuite PP-MLD A/Stable
4.	CARE Ratings Limited	Long term Bank Facilities	CARE A-/ Stable

***Notes:**

1. Acuite Ratings & Research Limited has revised and upgraded existing credit ratings of Long-Term Bank Facilities, Non-Convertible Debentures and Principal Protected Market Linked Non-Convertible Debentures.
2. CARE Ratings Limited has revised and upgraded existing credit rating of Long-Term Bank Facilities.
3. During the Financial Year 2022-23, the Company has repaid the NCD (ISIN INE0D007012) in full and there is no outstanding under the said ISIN. Therefore, the ratings assigned to ISIN INE0D007012 by CARE Ratings Limited have been withdrawn due to such repayment.

7. Other Disclosures

a) Related Party Transactions

The related party transactions that were entered during the Financial Year were in the ordinary course of business and on an arm's length basis. There were no materially significant transactions made by the Company with the related parties either individually or taken together with the previous transactions which may have a potential conflict with the interest of the Company at large. All the related party transactions are placed before the Audit Committee and subsequently before the Board of Directors and/or Shareholders, as may be applicable for approval and are placed before the Audit Committee for review on quarterly basis. Further, as per the requirements of Ind-AS the transactions with related parties are disclosed in the Note No. 38 of the Financial Statements.

The policy on dealing with related party transactions is available on the Company's website and can be accessed at <https://finova.in/policies/50.pdf>.

b) Details of non-compliance, penalties, strictures imposed

There were no instances of non-compliance by the Company for which any penalties or strictures were imposed on the Company by the Stock Exchange, SEBI, or any statutory authority on any matter related to capital markets during the last three years.

c) Whistle Blower Policy/Vigil Mechanism

Pursuant to the provisions of Section 177(9) of the Act and Regulation 4(2)(d)(iv) of SEBI LODR, your Company has established a Whistle Blower Policy/Vigil Mechanism to deal with the cases of unethical behaviour in all its business activities, fraud, mismanagement and violation of Code of

Conduct of the Company. The policy provides for systematic mechanism to report the concerns and adequate safeguards against the victimization of Directors and Employees, who avail the mechanism, if any.

The Vigil Mechanism/Whistle Blower Policy is available on the Company's website and can be accessed at <https://www.finoval.in/policies/71.pdf>.

During the Financial Year 2022-23, no whistle blower event was reported. Also, no personnel have been denied access to the Chairperson of the Audit Committee.

d) Details of compliance with Mandatory requirements and adoption of non-mandatory requirements

The Company has complied with all the applicable mandatory requirements of SEBI LODR.

Further the Company has complied with provisions of Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs dated October 22, 2021 and guidelines notified thereunder.

e) Web-link where policy for determining “material” subsidiaries is disclosed

During the Financial Year, the Company does not have any Subsidiary Company. Hence formulation of Policy for determining Material Subsidiaries is not applicable to the Company.

f) Remuneration to Statutory Auditors

The details of total fees paid to M/s S.N. Dhawan & Co. LLP, Chartered Accountants (FRN: 000050N/N500045), Statutory Auditors of the Company during the Financial Year 2022-23 is given below:

Particulars	Amount (Rs. In Lakh)
Statutory Audit Fees (Including Limited Review)	18.75
Non- audit service (Mandatory Certificates)	1.25
Reimbursement of expenses	1.00
Total	21.00

g) Disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

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

In accordance with Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has formed an Anti-Sexual Harassment Policy and has complied with provisions relating to the constitution of Internal Committee. All employees (permanent, temporary, trainees) are covered under this policy. The Internal Committee redresses the complaints pertaining to sexual harassment and any complaint which is received by the Committee is dealt with appropriate sensitivity and confidentiality in the most judicious and unbiased manner within the

time frame as prescribed in Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The following is a summary of sexual harassment complaints received and disposed of during the Financial Year 2022-23:

Particulars	Number of complaints
Number of complaints filed during the Financial Year	0
Number of complaints disposed of during the Financial Year	0
Number of complaints pending as on the end of the Financial Year	0

- h) The Company has not provided any Loans and Advances in the nature of loans to firms/companies in which directors are interested.
- i) The Company has framed and adopted a Code of conduct to regulate, monitor and report trading by Designated persons and their immediate relatives in the listed securities of the Company as required under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. A policy containing procedures for conduct of inquiry in case of leakage of UPSI or suspected leakage of UPSI forms part of the Code of conduct to regulate, monitor and report trading by Designated persons. The Company has also formulated a Code of practices and procedures for fair disclosure of Unpublished Price Sensitive Information (UPSI) and the said code is available on the Company's website and can be accessed at <https://www.finoval.in/policies/42.pdf>.

**For and on Behalf of the Board of Directors
For Finova Capital Private Limited**

**Sd/-
Mohit Sahney
Managing Director and CEO
DIN: 07280918**

**Sd/-
Sunita Sahney
Executive Director
DIN: 02395354**

**Registered Office: 702, Seventh Floor, Unique
Aspire, Plot No. 13-14, Cosmo Colony, Amrapali Marg,
Vaishali Nagar, Jaipur – 302021 (Rajasthan)**

**Date: May 02, 2023
Place: Jaipur**

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

1. Brief outline on CSR Policy of the Company

The Company has a Board adopted Corporate Social Responsibility ('CSR') Policy, in accordance with the provisions of Section 135 of the Companies Act, 2013 ('the Act') read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 ('CSR Rules') and Schedule VII of the Act. The Company focuses its CSR efforts on such areas, where it could provide maximum benefits to the society at large and is committed to delivering sustainable solutions to equip and encourage healthcare and wellness, maximize human and social development and leverage the aspirations of youth, women and vulnerable sections of society. The policy encompasses the Company's philosophy for giving back to society as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programme for the welfare & sustainable development of the community.

Further, guided by the CSR Committee of the Board and in line with its CSR Policy, the Company has identified CSR thrust areas for undertaking CSR Projects/ programs. The Company gives preference to the areas around which the Company operates and the areas with identified needs for CSR spending.

Key highlights of the CSR Projects undertaken by the Company during the Financial Year 2022-23 are listed below:

Sl. No.	Sector	CSR Projects
1	Health Care & Wellness	Eradicating hunger, poverty and malnutrition, promoting health care with Akshaya Patra Foundation. Installation of water coolers at various appropriate places at which Company is operating its business operations, for making available safe drinking water to general public.
2	Education	Construction of room in Girls hostel at MBM Engineering College, Ajmer. Providing the Power Back Up UPS to Govt. School for their Computer labs.
3	Welfare and protection of Senior citizens	Extending facilities for senior Citizens by installation of water coolers at community centres including its repair & maintenance.
4	Environment	Plantation of Trees, plants and their Maintenance.

The Company believes that CSR is a way of creating shared value and contributing to social and environmental good. Our endeavour is to reach out to different sections of the society, with socially relevant projects, that benefit these communities and in small ways enhance the quality of their lives.

2. Composition of CSR Committee

Pursuant to the provisions of Section 135 of the Act read with the CSR Rules, if the amount to be spent by a Company under Section 135(5) of the Act, exceeds Rupees Fifty Lakh, the Company is required to constitute CSR committee.

Accordingly, in consonance with the provisions of Section 135 of the Act read with the CSR Rules, the Board of Directors at their meeting held on April 29, 2022 approved the re-constitution of CSR committee to govern the implementation of CSR activities of the Company.

The composition and attendance of the Committee members at the CSR Committee meeting held during the Financial Year 2022-23 are as follows:

Sl. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Mohit Sahney	Chairman, Managing Director & CEO	1	1
2.	Mr. Arjun Dan Ratnoo	Member, Independent Director	1	1
3.	Mrs. Sunita Sahney	Member, Executive Director	1	1

There was no change in the composition of the CSR committee during the year.

3. Provide the web-link(s) where Composition of CSR Committee, CSR Policy and CSR Projects approved by the board are disclosed on the website of the company:

The composition of the CSR Committee of the Company has been disclosed on the Company's website and can be accessed at <https://www.finoval.in/committees.php>, CSR Policy at <https://www.finoval.in/policies/74.pdf> and List of CSR projects approved by the Board can be accessed at <https://www.finoval.in/annual/32.pdf>.

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

- 5. (a) Average net profit of the company as per sub-section (5) of section 135:** Rs. 25,13,19,848/- (Rupees Twenty-Five Crore Thirteen Lakh Nineteen Thousand Eight Hundred and Forty-Eight Only)
(b) Two percent of average net profit of the company as per sub-section (5) of section 135: Rs. 50,26,396.95/- (Rupees Fifty Lakh Twenty-Six Thousand Three Hundred Ninety-Six and Ninety-Five Paisa Only)
(c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years: NIL
(d) Amount required to be set-off for the financial year, if any: Rs. 5,86,404/- (Rupees Five Lakh Eighty-Six Thousand Four Hundred and Four Only)
(e) Total CSR obligation for the financial year [(b)+(c)-(d)]: Rs. 44,39,992.95/- (Rupees Forty-Four Lakh Thirty-Nine Thousand Nine Hundred Ninety-Two and Ninety-Five Paisa Only) rounded off to Rs. 44,40,000/- (Rupees Forty-Four Lakh Forty Thousand Only)

- 6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project):** Rs. 44,30,491/- (Rupees Forty-Four Lakh Thirty Thousand Four Hundred and Ninety-One Only)
(b) Amount spent in Administrative Overheads: Rs. 46,724/- (Rupees Forty-Six Thousand Seven Hundred and Twenty-Four Only)
(c) Amount spent on Impact Assessment, if applicable: Not Applicable
(d) Total amount spent for the Financial Year [(a)+(b)+(c)]: Rs. 44,77,215/- (Rupees Forty-Four Lakh Seventy-Seven Thousand Two Hundred and Fifteen Only)

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

Total Amount Spent for the Financial Year (in Rs.)	Amount Unspent (In Rs.)				
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
44,77,215	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

(f) Excess amount for set off, if any: Rs. 37,215/- (Rupees Thirty-Seven Thousand Two Hundred and Fifteen Only)

Sl. No.	Particular	Amount (in Rs.)
(1)	(2)	(3)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	44,40,000*
(ii)	Total amount spent for the Financial Year	44,77,215
(iii)	Excess amount spent for the financial year [(ii)-(i)]	37,215
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	Nil
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	37,215

***Note:** The amount Includes the impact of setting off the excess amount of expenditure i.e., Rs. 5,86,404/- (Rupees Five Lakh Eighty-Six Thousand Four Hundred and Four Only).

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:
Not Applicable, since no amount is unspent for the preceding three Financial Years.

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

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Yes No

If yes, enter the number of Capital assets created/ acquired

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered address

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries).

9. **Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per subsection (5) of section 135:** Not Applicable, since the company has spent its obligation amount.

**For and on Behalf of the Board of Directors
For Finova Capital Private Limited**

Sd/-
Mohit Sahney
Managing Director and CEO
And Chairperson of CSR Committee
DIN: 07280918

Sd/-
Sunita Sahney
Executive Director

DIN: 02395354

Registered Office: 702, Seventh Floor,
Unique Aspire, Plot No. 13-14, Cosmo
Colony, Amrapali Marg, Vaishali Nagar Jaipur
– 302021 (Rajasthan)

Date: May 02, 2023
Place: Jaipur

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND
FOREIGN EXCHANGE EARNINGS/OUT-GO**

(A) Conservation of energy:

(i) **The steps taken or impact on conservation of energy:** The operations of the Company, being financial services related, doesn't require intense consumption of energy. However adequate measures have been initiated to reduce energy consumption further. The Company has been increasingly using information technology in its operations such as implementation of scan-based disbursements, paper less logins of loan applications, etc. to reduce the time and energy. Further, the Company has replaced most of its office desktops with laptops to reduce energy consumption since desktop consumes more electricity than laptops. The head office and branches of the Company have been retrofitted with LED lights to conserve electricity, as LED lights consume less electricity as compared to the conventional CFL and incandescent bulbs. Air Conditioners' temperature across all Offices are maintained at the optimum ambient temperature (24-25 degree Celsius) resulting into savings of energy.

(ii) **The steps taken by the company for utilizing alternate sources of energy:** Nil

(iii) **The capital investment on energy conservation equipment:** In view of the nature of the activities carried on by the Company, there is no capital investment on energy conservation equipment.

The Company is however, constantly pursuing its goal of technological up-gradation in a cost-effective manner for delivering quality customer service.

(B) Technology absorption:

(i) **The efforts made towards technology absorption:** N.A.

(ii) **The benefits derived like product improvement, cost reduction, product development or import substitution:** N.A.

(iii) **In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):** N.A.

(a) **The details of technology imported:** Nil

(b) **The year of import:** Nil

(c) **Whether the technology been fully absorbed:** N.A.

(d) **If not fully absorbed, areas where absorption has not taken place, and the reasons thereof:** N.A.

(iv) **The expenditure incurred on Research and Development:** NIL

(C) Foreign exchange earnings and Outgo:

There were no foreign exchange earnings and outgo during the Financial Year 2022-23. The aforesaid details are shown in the Note No. 45 (i) of the Financial Statements.

**For and on Behalf of the Board of Directors
For Finova Capital Private Limited**

Sd/-
Mohit Sahney
Managing Director and CEO
DIN: 07280918

Sd/-
Sunita Sahney
Executive Director
DIN: 02395354
Date: May 02, 2023
Place: Jaipur

Registered Office: 702, Seventh Floor, Unique
Aspire, Plot No. 13-14, Cosmo Colony, Amrapali Marg,
Vaishali Nagar, Jaipur – 302021 (Rajasthan)

FORM NO. AOC.2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of The Companies (Accounts) Rules, 2014)

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

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

(a)	Name(s) of the related party and nature of relationship	Nil
(b)	Nature of contracts/arrangements/transactions	Nil
(c)	Duration of the contracts / arrangements/transactions	Nil
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Nil
(e)	Justification for entering into such contracts or arrangements or transactions	Nil
(f)	Date of approval by the Board	Nil
(g)	Amount paid as advances, if any	Nil
(h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	Nil

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

(a)	(b)	(c)	(d)	(e)	(f)
Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts /arrangements/transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
Mr. Rahul Sahney (Brother of Mr. Mohit Sahney, Managing Director and Chief Executive Officer of the Company)	Appointment at office or place of Profit	Regular	Appointment of Mr. Rahul Sahney as Chief Operating Officer on monthly remuneration upto Rs. 25,00,000/- and overall annual remuneration upto Rs. 3,00,00,000/- (inclusive of all the benefits) as approved by the Board of Directors and Shareholders of the Company respectively. The Remuneration of Rs. 1,25,68,108/- was paid during the Financial Year 2022-23.	Board's Approval: April 29, 2022 Shareholders' Approval: May 20, 2022	--

For and on Behalf of the Board of Directors
For Finova Capital Private Limited

Sd/-
Mohit Sahney
Managing Director and CEO
DIN: 07280918

Sd/-
Sunita Sahney
Executive Director
DIN: 02395354

Registered Office: 702, Seventh Floor, Unique Aspire, Plot No. 13-14, Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur – 302021 (Rajasthan)

Date: May 02, 2023
Place: Jaipur

**POLICY ON DEALING
WITH RELATED PARTY
TRANSACTIONS
OF
FINOVA CAPITAL
PRIVATE LIMITED**

POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS

PREFACE

The board of directors (the “Board”) of Finova Capital Private Limited (“Company”) has adopted the following policy and procedures with regard to Related Party Transactions (as defined hereinafter) at its meeting held on June 01, 2021 to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable on the Company. The Company may enter into transactions with related parties to leverage scale, size and drive operational synergies while ensuring that such transactions are in compliance with the applicable legal requirements.

OBJECTIVE & PURPOSE OF POLICY

This Policy on dealing with Related Party Transactions is framed in consonance with the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (“Master Direction DNBR. PD. 008/03.10.119/2016-17”) dated September 01, 2016 (as updated from time to time) and is intended to ensure proper reporting, approval and disclosure of the concerned transactions between the Company and its Related Parties.

This policy deals with the review and approval mechanism of related party transactions keeping in mind the potential or actual conflict of interest that may arise because of such transactions.

DEFINITIONS

- 1) **“Act”** means the Companies Act, 2013 and shall include all rules, regulations, sub-ordinate legislations made thereunder, amendments, modifications and re-enactments thereof.
- 2) **“Audit Committee or Committee”** means a Committee of the Board of Directors of the Company constituted in terms of the Guidelines issued by RBI, Listing Regulations and the Act.
- 3) **“Arm’s Length Basis”** means a transaction between two Related Parties that is conducted as if they were unrelated so that there is no conflict of interest. For determining Arm’s Length Basis, reliance shall be placed on Indian Accounting Standard (Ind AS) 24.
- 4) **“Articles” or “AOA”** means the Articles of Association of the Company as may be amended from time to time as prescribed under the Transaction Documents.
- 5) **“Board of Directors” or “Board”** means the Board of Directors of the Company, as constituted from time to time.
- 6) **“Director”** shall mean a director on the Board;
- 7) **“Key Managerial Personnel”** means key managerial personnel as defined under the Companies Act, 2013 and includes:-

- a. Managing Director, or Chief Executive Officer or Manager
- b. Whole-time Director;
- c. Company Secretary;
- d. Chief Financial Officer;
- e. such other officer as may be prescribed

8) **“Material Related Party Transaction”** means a transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.

Further, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the company as per the last audited financial statements of the company shall be considered material.

9) **“Person(s)”** shall mean an individual, corporation, partnership, limited liability partnership, association, trust or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

10) **“Policy”** means this policy on dealing with Related Party Transactions of the Company.

11) **“Related Party”** means such party with reference to a company as defined in Section 2(76) of the Act and under the applicable accounting standards.

12) **“Related Party Transaction”** means any transaction involving any Related Party which is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

Explanation – A *“transaction”* with a related party shall be construed to include single transaction or a group of transactions in a contract.

13) **“Relative”** means relative as defined under sub-section (77) of section 2 of the Companies Act, 2013 and rules prescribed there under

APPROVAL OF RELATED PARTY TRANSACTIONS

- **Approval of the Audit Committee**

All Related Party transactions require prior approval of the Audit Committee whether entered in the ordinary course of business and at arm’s length basis or not.

Each proposed Related Party Transaction or any modifications thereof, shall be placed before the Audit Committee for prior approval in accordance with this Policy.

The Company may obtain omnibus approval from the Audit Committee for related party transactions, proposed to be entered into by the company subject to the following conditions, as

mentioned below, except for transactions in respect of selling or disposing of the undertaking of the company:

- a) The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:-
 - (i) Repetitiveness of the transactions (in past or in future);
 - (ii) Justification for the need of omnibus approval;
- b) The Audit Committee shall satisfy itself on the need for such omnibus approval and that such approval is in the interest of the Company;
- c) Such omnibus approval shall specify:
 - (i) The name/s of the related part(ies),
 - (ii) nature and duration of transaction(s),
 - (iii) maximum amount of transaction that can be entered into;
 - (iv) The indicative base price / current contracted price and the formula for variation in the price if any and;
 - (v) The material terms of the contract or arrangement including the value, if any;
 - (vi) Such other conditions as the Audit Committee may deem fit.

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding INR 1 Crore per transaction.

- d) Audit Committee shall review, atleast on a half yearly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given.
- e) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- f) In exceptional circumstances, where it is not feasible to seek prior approval of the Audit Committee, Board of Directors and / or shareholders, as the case may be, in respect of any Related Party Transaction, then it shall be ratified by the Audit Committee, Board of Directors and / or shareholders, as the case may be, within a period of three months of entering into Related Party Transaction.

In case, the same is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders and if the contract or arrangement is with a related party to any Director, or is authorized by any other Director, the Directors concerned shall indemnify the company against any loss incurred by it.

- **Approval of the Board of Directors of the Company**

As per the provisions of Section 188 of Companies Act, 2013, all kinds of transactions specified under the said Section and which are not in the ordinary course of business and at arm's length basis shall be placed before the Board for its approval on the recommendation of the Audit Committee.

In addition to the above, the following kinds of transactions with Related Parties are also placed before the Board for its approval:

- a) Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;
- b) Transactions which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view requires Board approval.
- c) Transactions meeting the materiality thresholds laid down in the Policy, which are intended to be placed before the shareholders for approval.

- **Approval of the Shareholders of the Company**

Any such Related Party Transactions that exceeds the thresholds as prescribed under the Companies Act, 2013 and the Rules framed there under shall also be placed for prior approval of shareholders at the general meeting.

- **Material Related Party Transaction**

All Material Related Party Transactions shall be placed for prior approval of shareholders through a Resolution. However, the Material Related Party Transactions entered into between the Company and its wholly owned subsidiaries, if any, shall not require prior approval of the shareholders.

REVIEW OF RELATED PARTY TRANSACTIONS

All the related party transactions entered into by the Company shall be reviewed by the Audit committee as well as Board atleast once in every financial year and as many times as it may deem fit.

To review a Related Party Transaction, the Committee and the Board will be provided with all relevant material information of the Related Party Transaction viz:

- a. The name of the Related Party and nature of relationship;
- b. The nature, duration of the contract and particulars of the contract or arrangement;
- c. The material terms of the contract or arrangement including the value, if any;

- d. Any other information relevant or important for the Audit Committee/Board to take a decision on the proposed transaction.

*** NOTE:**

If a member of the Audit Committee/Board or any member of company is interested in an item of business which is a Related Party Transaction under Section 188 of the Act proposed to be entered into by the company, he/she shall recuse himself and abstain from discussion and voting on the approval or ratification of such of the Related Party transaction. Further, such interested member shall also not be reckoned for the purpose of counting quorum of the meeting.

ASCERTAINING WHETHER RELATED PARTY TRANSACTIONS ARE IN THE ORDINARY COURSE OF BUSINESS

1. In order to determine whether a transaction is within the ordinary course of business or not, some of the principles that may be adopted to assess are as follows:
 - a) whether the transaction is in line with the usual transactions, customs and practices undertaken by the company to conduct its business operations and activities;
 - b) whether it is permitted by the Memorandum and Articles of Association of the company; and
 - c) whether the transaction is such that it is required to be undertaken in order to conduct the routine or usual transactions of a company.
2. The Company may also consider whether the transaction contemplated under the proposed contract or arrangement is either similar to contracts or arrangements which have been undertaken in the past, or, in the event that such transaction is being undertaken for the first time, whether the Company intends to carry out similar transactions in the future.
3. Whether the transaction value is within the reasonable range for similar types of other transactions, will also be an important consideration. An exceptionally large value transaction should invite closer scrutiny.

DISCLOSURE OF INTEREST OR CONCERN

1. All Related Party Transactions in which Directors are interested as defined in Section 184/188 of the Act shall be entered in with all the relevant particulars in register maintained in Form MBP 4 as prescribed in Rule 16 of the Companies (Meetings of Board and its Powers) Rules, 2014.
2. Further, every member / director of Audit Committee or Board who is interested in an item of business which is a Related Party Transaction under Section 188 of the Act proposed to be entered into by the company and transacted/approved at the meeting shall disclose in advance his/her interest / concern.
3. In accordance with provisions of Section 184(2) of the Act, if any director of a company is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into:

- a. with a body corporate in which such director or such director in association with any other director, holds more than two per cent shareholding of that body corporate, or is a promoter, manager, Chief Executive Officer of that body corporate; or
- b. with a firm or other entity in which, such director is a partner, owner or member, as the case may be;

Then, he/she shall disclose the nature of his/her concern or interest at the meeting of the Board in which such contract or arrangement is discussed and shall not participate in such meeting during the discussion of such contract or arrangement:

Provided that where any director who is not so concerned or interested at the time of entering into such contract or arrangement, he shall, if he becomes concerned or interested after the contract or arrangement is entered into, disclose his concern or interest forthwith when he becomes concerned or interested or at the first meeting of the Board held after he becomes so concerned or interested.

*** NOTE:**

A contract or arrangement entered into by the company without disclosure under section 184 (2) of the Act or with participation by a director who is concerned or interested in any way, directly or indirectly, in the contract or arrangement, shall be voidable at the option of the company.

POLICY ON GRANT OF LOANS TO DIRECTORS, SENIOR OFFICERS AND THEIR RELATIVES AND TO ENTITIES IN WHICH DIRECTORS OR THEIR RELATIVES ARE INTERESTED

In terms of para 3.2.3(c) of the circular on Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs issued on October 22, 2021 and further notified under circular on Loans and Advances – Regulatory Restrictions – NBFCs issued on April 19, 2022 by Reserve Bank of India, the Company shall have a Board approved policy on grant of loans to directors, senior officers and relatives of directors and to entities where directors or their relatives have major shareholding.

Summary of the guidelines as prescribed by the RBI on middle layer NBFCs are as follows

Sr. No.	Loans, Advances and Contracts	Description
1	<ol style="list-style-type: none"> 1. To Directors or their relatives; 2. Any firm in which any of their directors or their relatives is interested as a partner, manager, employee or guarantor; 3. Any company in which any of their directors, or their relatives is interested as a major shareholder, director, manager, employee or guarantor. 	Rs. 5 Crores and above – With the approval of Board Less than Rs. 5 Crores – Without approval of Board but to be reported to the Board
2	To Senior Officers	To be reported to the Board
3	To the relative of Senior Officer	-Shall not be sanctioned by the Senior Officer or Committee where he/ she is a member - To be sanctioned by the next

		higher sanctioning authority
--	--	------------------------------

In context to the above and pursuant to the said RBI guidelines, subsequent amendment is required to be made in the existing “Policy on dealing with Related Party Transactions” to incorporate the referencing of the “Policy on loan to Directors and senior officer”. The detailed policy is provided in Annexure.

DISCLOSURE / REPORTING

The Company shall disclose this Policy on its website and provide the web link in the Annual Report.

Further, in accordance with Section 134 (3) (h) of the Companies Act, 2013 and Master Direction DNBR. PD. 008/03.10.119/2016-17 issued by RBI, the company shall disclose in its Board’s report, the complete particulars/details of contracts or arrangements with related parties referred to in sub-section (1) of section 188 in the prescribed form.

SCOPE LIMITATION

In the event of any conflict between the provisions of this Policy and Companies Act, 2013 or any other statutory enactments, rules, the provisions of the Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

REVIEW AND AMENDMENTS

The Audit Committee, in its meeting, will oversee the implementation of the policy and review its functioning at the intervals as it may deem necessary.

Further, this policy may be amended subject to the approval of Board of directors on recommendation of Audit Committee of the Company, from time to time in line with the business requirement of the Company or any statutory enactment or amendment thereto.

This policy has been approved and adopted at the Board meeting held on October 31, 2022.

ANNEXURE

Policy on grant of loans to directors, senior officers and their relatives and to entities in which directors or their relatives are interested

 **PREFACE**

The Board of Directors (the “Board”) of Finova Capital Private Limited (“Company”) has adopted the following policy and procedures with regard to grant of loans to directors, senior officers and their relatives and to entities in which directors or their relatives are interested (as defined hereinafter) at its meeting held on October 31, 2022 to regulate transactions of granting loans and advances by the Company to its directors, senior officers and their relatives and to entities in which directors or their relatives are interested, based on the laws and regulations applicable on the Company. The Company may consider granting loans and advances by the Company to its directors, senior officers and their relatives and to entities in which directors or their relatives are interested while ensuring that such transactions are in compliance with the provision of this policy and applicable legal requirements.

 **OBJECTIVE & PURPOSE OF POLICY**

This “Policy on grant of loans to directors, senior officers and their relatives and to entities in which directors or their relatives are interested” is framed in consonance with the RBI notification on Loans and Advances – Regulatory Restrictions – NBFCs dated April 19, 2022 (RBI/2022-23/29 DOR.CRE.REC.No.25/03.10.001/2022-23) (“RBI Guidelines”).

This policy deals with the review and approval mechanism of granting loans and advances by the Company to its directors, senior officers and their relatives and to entities in which directors or their relatives are interested keeping in mind the potential or actual conflict of interest that may arise because of such transactions.

 **DEFINITIONS**

- 1) “Act” means the Companies Act, 2013 and shall include all rules, regulations, sub-ordinate legislations made thereunder, amendments, modifications and re-enactments of the.
- 2) “Audit Committee or Committee” means a Committee of the Board of Directors of the Company constituted in terms of the Guidelines issued by RBI, Listing Regulations and the Act.
- 3) “Board of Directors” or “Board” means the Board of Directors of the Company, as constituted from time to time.
- 4) “Control” means Control as defined under Clause (27) of Section 2 of the Companies Act, 2013.;
- 5) “Director” shall mean a director on the Board;
- 6) The term ‘loans and advances’ will not include loans or advances against -
 - a) Government securities
 - b) Life insurance policies
 - c) Fixed deposits

- d) Stocks and shares
- e) Housing loans, car advances, etc. granted to an employee of the Company under any scheme applicable generally to employees.

Provided that Company's interest/lien is appropriately marked with legal enforceability.

- 7) **"Major shareholder"** means a person holding 10 % or more of the paid-up share capital or five crore rupees in paid-up shares, whichever is lower.
- 8) **"Policy"** means this Policy on grant of loans to directors, senior officers and their relatives and to entities in which directors or their relatives are interested;
- 9) **"Relative"** means relative as defined under sub-section (77) of section 2 of the Companies Act, 2013 and rules prescribed there un\der.
- 10) **"Senior Officer"** shall have the same meaning as assigned to "Senior Management" under Section 178 of the Companies Act, 2013.

LOANS AND ADVANCES TO DIRECTORS

Guiding Principles

- I. Unless sanctioned by the Board of Directors on the basis of recommendation of Audit Committee, the Company shall not grant any loans and advances aggregating Rs. 5.00 crore (Rupees Five crores) and above to -
 - (i) its Directors (including the Chairman/ Managing Director, if any) or relatives of the directors;
 - (ii) any firm in which any of the Directors of the Company or their relatives are interested as a partner, manager, employee or guarantor; and
 - (iii) any company in which any of the Directors of the Company, or their relatives are interested as a major shareholder, director, manager, employee or guarantor.

Provided that Director or his/her relatives shall be deemed to be interested in a Company, being the subsidiary or holding company, if they are major shareholder or in control of the respective holding or subsidiary company.

Provided that the Director who is directly or indirectly concerned or interested in any proposal should disclose the nature of his/her interest to the Audit Committee and Board of Directors when any such proposal is discussed.

The Directors concerned shall recuse themselves from the meeting unless their presence is required by the other directors for the purpose of eliciting information and the Director so required to be present, shall not vote on any such proposal.

The proposals for credit facilities of an amount less than Rs. 5.00 crore (Rupees Five crores) to the borrowers may be sanctioned by the Sanctioning Authority in the Company under powers vested in such authority, but the matter should be reported to the Audit Committee and Board of Directors of the Company.

LOANS AND ADVANCES TO THE SENIOR OFFICERS

Guiding Principles

The Company shall abide by the following when granting loans and advances to their Senior Officers:

- (iv) Loans and advances sanctioned to the Senior Officers of the Company shall be reported to the Audit Committee and Board of Directors of the Company.
- (v) No Senior Officer or any Committee comprising, *inter alia*, a Senior Officer as member, shall, while exercising powers of sanction of any credit facility, sanction any credit facility to a relative of that Senior Officer. Such a facility shall be sanctioned by the next higher Sanctioning Authority under the delegation of powers.

DISCLOSURE REQUIREMENTS

In respect of grant of aforementioned loans to Directors and senior officers

- I. The Company shall obtain a declaration from the borrower giving details of the relationship of the borrower to directors/ senior officers of the Company for loans and advances aggregating Rupees five crore and above. The Company shall recall the loan if it comes to its knowledge that the borrower has given a false declaration.
- II. The Company shall disclose in their Annual Financial Statement, aggregate amount of such sanctioned loans and advances as per template provided in RBI Guidelines.

The above norms with respect to granting the loans to Directors and Senior officers will equally apply to awarding of contracts.

SCOPE LIMITATION

In the event of any conflict between the provisions of this Policy and Companies Act, 2013 or any other statutory enactments, rules, the provisions of the Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

REVIEW AND AMENDMENTS

The Audit Committee, in its meeting, will oversee the implementation of the policy and review its functioning at the intervals as it may deem necessary.

Further, this policy may be amended subject to the approval of Board of directors on recommendation of Audit Committee of the Company, from time to time in line with the statutory enactment or amendment thereto.

Version No.	Version Date	Types of changes	Prepared & Verified By	Date of Approval
V.1	May 24 , 2021	Original document	CS Namrata Sajjani	June 01 , 2021
V.2	October 31, 2022	Amended	Jaikishan Premani	October 31, 2022

INDEPENDENT AUDITOR'S REPORT

To the Members of
Finova Capital Private Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **Finova Capital Private Limited** ("the Company"), which comprise the balance sheet as at 31 March 2023, and the statement of Profit and Loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its profit, total 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 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 ("the ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	How our audit addressed the key audit matters
(a) Impairment of financial assets as at balance sheet date (expected credit losses)	
Ind AS 109 requires the Company to provide for impairment of its loan receivables (designated at amortised cost) using the expected credit loss (ECL) approach. ECL	Read and assessed the Company's accounting policies for impairment of financial assets and their compliance with

Key audit matters	How our audit addressed the key audit matters
<p>involves an estimation of probability weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances. In the process, a significant degree of judgement has been applied by the Management for:</p> <ul style="list-style-type: none"> - Staging of loans i.e., classification in 'significant increase in credit risk' ('SICR') and 'default' categories; - Estimation of behavioral life; - Determining macro-economic factors impacting credit quality of receivables; - Estimation of losses for loan products with no/ minimal historical defaults 	<p>Ind AS 109 and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines.</p> <p>Evaluated the reasonableness of the Management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction and validation.</p> <p>Assessed the criteria for staging of loans based on their past due status to check compliance with requirement of Ind AS 109. Tested a sample of performing (stage 1) loans to assess whether any SICR or loss indicators were present requiring them to be classified under higher stages.</p> <p>Assessed the additional considerations applied by the Management for staging of loans as SICR or default categories in view of Company's policy on one-time restructuring.</p> <p>Tested the ECL model, including assumptions and underlying computation. Assessed the floor/ minimum rates of provisioning applied by the Company for loan products with inadequate historical defaults.</p> <p>Tested assumptions used by the Management in determining the overlay.</p> <p>Assessed disclosures included in the financial statements in respect of expected credit losses.</p>
(b) Information Technology (IT) system controls	
<p>Financial accounting and reporting processes, especially in the financial services sector, are fundamentally reliant on IT systems and IT controls to process significant transaction volumes, hence we identified IT systems and controls over financial reporting as a key audit matter for the Company.</p> <p>Automated accounting procedures and IT environment controls, which include IT</p>	<p>We tested the design and operating effectiveness of the Company's IT access controls over the information systems that are important to financial reporting and various interfaces, configuration and other identified application controls.</p> <p>We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included</p>

Key audit matters	How our audit addressed the key audit matters
governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure reliable financial reporting	<p>testing requests for access to systems were reviewed and authorized.</p> <p>We tested the Company's periodic review of access rights. We also tested requests of changes to systems for approval and authorization. In addition to the above, we tested the design and operating effectiveness of certain automated controls that were considered as key internal controls over financial reporting.</p>

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 auditor's report thereon. These reports are expected to be made available to us after the date of this auditor's report.

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

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

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and shall comply with the relevant applicable requirement of SA 720 (Revised), 'The Auditor's Responsibilities Relating to Other Information.

Management's responsibility 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, total 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 specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial 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 is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either

intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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 are 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 with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the **Annexure A**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report to the extent applicable that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on 31 March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2023 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 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 Company being a private Company, Section 197 of the Act related to the managerial remuneration not applicable.
 - (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 as on 31 March 2023 -Refer Note 28 (d) 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. Refer Note 28 (e) to the financial statements.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company. Refer Note 28 (c) to the financial statements.
- iv.
 - a. The Management has represented that, to the best of it's 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 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 by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - b. The Management has represented, that, to the best of it's knowledge and belief, no funds which are material either individually or in the aggregate have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - c. Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (a) and (b) above, contain any material misstatement.
- v. The Company has not declared or paid any dividend during the year and has not proposed final dividend for the year.
- vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014, as amended is applicable for the Company only with effect from 1 April, 2023, therefore, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014, as amended, is not applicable.

For **S.N. Dhawan & Co LLP**
Chartered Accountants
Firm Registration No.: 000050N/N500045

Sd/-
Vinesh Jain
Partner
Membership No.: 087701
UDIN No.: 23087701BGWNHT3022

Place: Gurugram
Date: 02 May, 2023

**Annexure A to the Independent Auditor's Report
Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements'
Section of the Independent Auditor's Report of even date to the members of Finova Capital
Private Limited on the financial statements as of and for the year ended 31 March 2023**

i.

- (a) In respect of property, plant and equipment and intangible assets:
 - A. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
 - B. The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a regular program of physical verification of its 'Property, Plant and Equipment' under which 'Property, Plant and Equipment are verified in a phased manner, over a period of two years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain 'Property, Plant and Equipment' were verified during the year and according to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us, the Company does not hold any immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favor of the lessee) Accordingly, the provisions of clause 3(i)(c) of the Order are not applicable.
- (d) The Company has not revalued its Property, Plant and Equipment including Right of Use assets and intangible assets during the year, being under cost model. Accordingly, the provisions of clause 3(i)(d) of the Order are not applicable.
- (e) There are no proceedings which have been initiated or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) (as amended in 2016) and rules made thereunder.

ii.

- (a) According to the information and explanations given to us, the Company does not have any inventory. Accordingly, the provisions of clause 3(ii)(a) of the Order are not applicable.
- (b) According to the information and explanations given to us, during the year, the Company has not been sanctioned any working capital limits in excess of Rs. 500 lakhs, in aggregate from banks or financial institutions on the basis of security of current assets. Accordingly, the provisions of clause 3(ii) (b) of the Order are not applicable.

iii.

- (a) The Company's principal business is to give loans. Accordingly, the provisions of clause 3(iii)(a) of the Order are not applicable.
- (b) In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of all loans and advances in the nature of loans, investments made and security provided during the year are, prima facie, not prejudicial to the Company's interest. According to the information and

explanations given to us, the Company has not provided any guarantee during the year.

- (c) According to the information and explanations given to us, in respect of loans and advances in the nature of loans, the schedule of repayment of principal and payment of interest has been stipulated by the Company. Refer notes 4 and 43 to the financial statements for summarised details of such loans/advances which are not repaid by borrowers as per stipulations. Having regard to the nature of the Company's business and voluminous nature of loan transactions, it is not practicable to furnish entity-wise details of amount due, due date for repayment or receipt and the extent of delays.

Summary of loan assets categorized as credit impaired (stage 3) and loan assets categorized as those where credit risk has increased significantly since initial recognition (stage 2) as at the balance sheet date is as under:

Category of loan (gross)	Stage 2	Stage 3
	Rs./ Lakhs	Rs./Lakhs
Term loan	2,527.36	1,581.08

Further, except for those instances where there are delays or defaults in repayment of principal and / or interest as at the balance sheet date, in respect of which the Company has disclosed asset classification in note 4 to the financial statements in accordance with Indian Accounting Standards (Ind AS), the parties are generally repaying the principal amounts, as stipulated, and are also regular in payment of interest, as applicable, except for some delays.

- (d) In respect of loans and advances in the nature of loans, the aggregate amount of loans, where any instalment is overdue for more than 90 days as at 31 March 2023 is Rs. 1,581.08 Lakhs. In our opinion and according to the information and explanation made given to us, reasonable steps are being taken by the Company for recovery of overdue amount of principal and interest.
- (e) The Company's principal business is to give loans. Accordingly, the provisions of clause 3(iii)(e) of the Order are not applicable.
- (f) According to the information and explanations given to us and based on the audit procedures performed, the Company has not granted any loans or advances either repayable in demand or without specifying any terms or period of repayment during the year.
- iv. In our opinion and according to the information and explanations given to us, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits during the year and there are no amounts which are deemed to be deposits during the year within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Further the Company had no unclaimed deposits at the beginning of the year.

- vi. According to the information and explanations given to us, the Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products/ services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- vii.
- (a) In our opinion and according to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable. The operations of the Company during the year do not give rise to the liabilities of sales-tax, service tax, duty of customs, duty of excise and value added tax.
 - (b) According to the information and explanations given to us, there are no statutory dues referred to in sub-clause (a) that have not been deposited with the appropriate authorities on account of any dispute.
- viii. In our opinion and according to the information and explanations given to us, 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) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
 - (b) According to the information and explanations given to us, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
 - (c) In our opinion and according to the information and explanations given to us, the term loans were applied for the purpose for which the loans were obtained.
 - (d) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that funds raised on short-term basis have not been used for long-term purposes by the Company.
 - (e) The Company does not have any subsidiary, associate or joint venture during the year, and hence the reporting under clause 3(ix)(e) of the Order are not applicable.
 - (f) The Company does not have any subsidiary, associate or joint venture during the year, and hence the reporting under clause 3(ix)(e) of the Order are not applicable.
- x.
- (a) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the provisions of clause 3(x)(a) of the Order are not applicable.

- (b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally) during the year. Accordingly, provisions of clause 3 (x)(b) of the Order are not applicable.
- xi.
- (a) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or on the Company has been noticed or reported during the period covered by our audit.
- (b) To the best of knowledge No report under sub-section (12) of Section 143 of the Act has been filed in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 (as amended) with the Central Government, during the year and upto the date of this report.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- xii. The Company is not a Nidhi Company. Accordingly, the provisions of clause 3(xii)(a) to (c) of the Order are not applicable.
- xiii. In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with Section 188 of the Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards. Since, the Company is a private limited Company, therefore, the provisions of Section 177 of the Act are not applicable to the Company.
- xiv.
- (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date, and covering the period under audit.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them covered under Section 192 of the Act.
- xvi.
- (a) The Company is required to be registered under Section 45-IA of the RBI Act, 1934 and the Company has obtained the registration.
- (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration from the RBI as per the RBI Act, 1934.
- (c) The Company is not a Core Investment Company ("CIC") as defined in the regulations made by the Reserve Bank of India.
- (d) The Group has no CIC which are part of the Group. Accordingly, the provision of clause 3(xvi) (d) of the order are not applicable.
- xvii. The Company has not incurred any cash losses during financial year covered by our audit and in the immediately preceding financial year.

- xviii. There has been no resignation of the statutory auditors during the year.
- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx.
- (a) There is no unspent amount towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Act in compliance with the second proviso to sub-section (5) of Section 135 of the said Act.
- (b) There is no unspent amount towards Corporate Social Responsibility (CSR) on ongoing projects requiring a transfer to a special account in compliance with provision of sub-section (6) of Section 135 of the said Act.
- xxi. The Company did not have any subsidiary, associate or joint venture, accordingly, reporting under clause 3(xxi) of the Order is not applicable.

For **S.N. Dhawan & Co LLP**
Chartered Accountants
Firm Registration No.: 000050N/N500045

Sd/-
Vinesh Jain
Partner
Membership No.: 087701
UDIN No.: 23087701BGWNHT3022

Place: Gurugram
Date: 02 May, 2023

Annexure B

(Referred to in paragraph 2(f) under ‘Report on Other Legal and Regulatory Requirements’ of the Independent Auditor’s Report of even date to the members of Finova Capital Private Limited, on the financial statements for the year ended 31 March 2023)

Independent Auditor’s report on the Internal Financial Controls with reference to financial statements under 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 Finova Capital Private Limited (“the Company”) as of 31 March 2023 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 financial control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (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 the company’s 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 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 on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by the Institute of Chartered Accountants of India (“the ICAI”) and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were 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 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 includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to 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 system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2023, based on the internal financial control with reference to financial statement criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **S.N. Dhawan & Co LLP**
Chartered Accountants
Firm Registration No.: 000050N/N500045

Sd/-
Vinesh Jain
Partner
Membership No.: 087701
UDIN No.: 23087701BGWNHT3022

Place: Gurugram
Date: 02 May, 2023

FINOVA CAPITAL PRIVATE LIMITED
CIN- U65993RJ2015PTC048340
BALANCE SHEET AS AT 31 MARCH, 2023

Particulars	Note No.	As at 31 March , 2023 Rs. /Lakhs	As at 31 March , 2022 Rs. /Lakhs
ASSETS			
1 Financial assets			
(a) Cash and cash equivalents	2	1,288.87	6,558.43
(b) Bank balance other than cash and cash equivalents	3	35,245.79	35,158.03
(c) Loans	4	1,61,111.35	93,656.55
(d) Investments	5	7,007.88	21,663.84
(e) Other financial assets	6	203.12	149.16
Subtotal - financial assets (A)		2,04,857.01	1,57,186.01
2 Non- financial assets			
(a) Current tax assets		234.15	379.03
(b) Deferred tax assets (net)	27	874.95	586.52
(c) Property, plant and equipment	7(a)	951.17	489.22
(d) Right of use assets	7(b)	222.58	242.79
(e) Intangible assets under development	7(c)	6.08	30.46
(f) Capital-work-in progress	7(d)	-	103.76
(g) Other intangible assets	7(e)	125.98	83.89
(h) Other non- financial assets	8	41.95	92.88
Subtotal - non-financial assets (B)		2,456.86	2,008.55
Total - assets (A+B)		2,07,313.87	1,59,194.56
LIABILITIES AND EQUITY			
1 Financial liabilities			
(a) Payables			
1) Trade payables	9		
- total outstanding dues of micro enterprises and small enterprises		2.45	5.19
- total outstanding dues of creditors other than micro enterprises and small enterprises		2,574.81	1,952.02
2) Other payables			
- total outstanding dues of micro enterprises and small enterprises		-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		460.94	157.94
(b) Debt securities	10	4,933.05	6,465.33
(c) Borrowings (other than debt securities)	11	97,290.51	57,962.43
(d) Lease liabilities	7(f)	273.99	285.20
Subtotal - financial liabilities (C)		1,05,535.75	66,828.11
2 Non-financial liabilities			
(a) Current tax liabilities		340.03	-
(b) Provisions	12	204.85	103.39
(c) Other non-financial liabilities	13	294.76	416.52
Subtotal - non-financial liabilities (D)		839.64	519.91
3 Equity			
(a) Equity share capital	14	13,046.81	13,038.69
(b) Other equity	15	87,891.67	78,807.85
Subtotal - equity (E)		1,00,938.48	91,846.54
Total - liabilities and equity (C+D+E)		2,07,313.87	1,59,194.56

The accompanying notes are forming part of financial statements

In terms of our report attached
For S. N. Dhawan & CO LLP
Chartered Accountants
Firm's Registration No. 000050N/N500045

For and on behalf of Board of Directors of
FINOVA CAPITAL PRIVATE LIMITED

Sd/-
Vinesh Jain
Partner
Membership No. 087701
Place: Gurugram
Date: 02 May, 2023

Sd/-
Mohit Sahney
Managing Director & CEO
DIN: 07280918
Place: Jaipur
Date: 02 May, 2023

Sd/-
Sunita Sahney
Executive Director
DIN: 02395354
Place: Jaipur
Date: 02 May, 2023

Sd/-
Ravi Sharma
Chief Financial Officer
Place: Jaipur
Date: 02 May, 2023

Sd/-
Jaikishan Premani
Company Secretary
M. No: A42043
Place: Jaipur
Date: 02 May, 2023

FINOVA CAPITAL PRIVATE LIMITED
CIN- U65993RJ2015PTC048340
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2023

Particulars	Note No.	Year ended 31 March, 2023 Rs. /Lakhs	Year ended 31 March, 2022 Rs. /Lakhs
Revenue from operations			
(a) Interest income	16	32,082.40	17,585.06
(b) Fees and commission income	17	865.97	440.85
(c) Net gain on fair value changes	18	298.44	303.16
Total Revenue from operations (A)		33,246.81	18,329.07
Other income (B)	19	11.43	1.45
Total income (A+B)		33,258.24	18,330.52
Expenses			
(a) Finance costs	20	7,404.69	5,883.18
(b) Impairment on financial instruments	21	2,869.25	1,567.18
(c) Employee benefits expense	22	9,088.61	5,824.99
(d) Depreciation, amortization and impairment	23	354.92	222.86
(e) Other expenses	24	1,722.70	969.85
Total expenses (C)		21,440.17	14,468.06
Profit before tax (A+B-C)		11,818.07	3,862.46
Tax expense:			
(1) Current tax	26	3,263.95	1,132.58
(2) Deferred tax	27	(283.35)	(170.71)
		2,980.60	961.87
Profit for the year		8,837.47	2,900.59
Other comprehensive income			
Items that will not be reclassified to profit or loss			
(i) Re-measurement of net defined benefit plans	29	20.18	4.08
(ii) Income tax relating to items that will not be reclassified to profit and loss	27	(5.08)	(1.05)
Total other comprehensive income		15.10	3.03
Total comprehensive income for the year		8,852.57	2,903.62
Earnings per equity share			
Basic (Rs.)	25	50.15	19.69
Diluted (Rs.)		48.23	19.13
Nominal value per share (Rs.)		10.00	10.00

The accompanying notes are forming part of financial statements

In terms of our report attached

For S. N. Dhawan & CO LLP

Chartered Accountants

Firm's Registration No. 000050N/N500045

**For and on behalf of Board of Directors of
FINOVA CAPITAL PRIVATE LIMITED**

Sd/-

Vinesh Jain

Partner

Membership No. 087701

Place: Gurugram

Date: 02 May, 2023

Sd/-

Mohit Sahney

Managing Director & CEO

DIN: 07280918

Place: Jaipur

Date: 02 May, 2023

Sd/-

Sunita Sahney

Executive Director

DIN: 02395354

Place: Jaipur

Date: 02 May, 2023

Sd/-

Ravi Sharma

Chief Financial Officer

Place: Jaipur

Date: 02 May, 2023

Sd/-

Jaikishan Premani

Company Secretary

M. No: A42043

Place: Jaipur

Date: 02 May, 2023

FINOVA CAPITAL PRIVATE LIMITED
CIN- U65993RJ2015PTC048340
STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2023

A. Equity Share Capital

Particulars	Rs. /Lakhs
As at 1 April, 2021	10,161.21
Issue of share capital	2,877.48
As at 31 March, 2022	13,038.69
Issue of share capital	8.12
As at 31 March, 2023	13,046.81

B. Other Equity

	Reserves and surplus				Total
	Statutory reserves as per section 45 (IC) of the RBI Act. 1934	Share based payment reserve	Securities Premium	Retained earnings	
	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs
As at 1 April, 2021	797.07	42.19	30,583.72	2,605.82	34,028.80
Profit for the year (i)	-	-	-	2,900.59	2,900.59
Other comprehensive income for the year (ii)	-	-	-	3.03	3.03
Total Comprehensive Income for the year (i+ii)	-	-	-	2,903.62	2,903.62
Addition during the year	580.73	-	-	-	580.73
Transfer to reserve from retained earnings during the year	-	-	-	(580.73)	(580.73)
Share premium on issue of share capital	-	-	42,124.91	-	42,124.91
Premium utilised during the year for issue of shares	-	-	(354.73)	-	(354.73)
Share based payments	-	105.25	-	-	105.25
As at 31 March, 2022	1,377.80	147.44	72,353.90	4,928.71	78,807.85
Profit for the year (iii)	-	-	-	8,837.47	8,837.47
Other comprehensive income for the year (iv)	-	-	-	15.10	15.10
Total Comprehensive Income for the year (iii+iv)	-	-	-	8,852.57	8,852.57
Addition during the year	1,770.51	-	-	-	1,770.51
Transfer to reserve from retained earnings during the year	-	-	-	(1,770.51)	(1,770.51)
Share premium on issue of share capital	-	-	116.00	-	116.00
Share based payments	-	115.25	-	-	115.25
As at 31 March, 2023	3,148.32	262.69	72,469.90	12,010.76	87,891.67

Note:

i. During the year there has been no change in equity share capital and other equity on account of prior period errors

The accompanying notes are forming part of financial statements

In terms of our report attached
For S. N. Dhawan & CO LLP
Chartered Accountants
Firm's Registration No. 000050N/N500045

For and on behalf of Board of Directors of
FINOVA CAPITAL PRIVATE LIMITED

Sd/-
Vinesh Jain
Partner
Membership No. 087701
Place: Gurugram
Date: 02 May, 2023

Sd/-
Mohit Sahney
Managing Director & CEO
DIN: 07280918
Place: Jaipur
Date: 02 May, 2023

Sd/-
Sunita Sahney
Executive Director
DIN: 02395354
Place: Jaipur
Date: 02 May, 2023

Sd/-
Ravi Sharma
Chief Financial Officer
Place: Jaipur
Date: 02 May, 2023

Sd/-
Jaikishan Premani
Company Secretary
M. No: A42043
Place: Jaipur
Date: 02 May, 2023

FINOVA CAPITAL PRIVATE LIMITED
CIN- U65993RJ2015PTC048340
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2023

Particulars	Year ended March 31, 2023 Rs./Lakhs	Year ended March 31, 2022 Rs./Lakhs
A Cash flow from operating activities:		
Net profit before tax as per statement of profit and loss	11,818.07	3,862.46
Depreciation and amortisation of Property plant equipments, right of use assets and other intangible asset	354.92	222.86
Net gain on sale of current investments	(247.82)	(331.41)
Amortization of ancillary cost	133.85	293.79
(Reversal)/Provision for expected credit loss (ECL)	605.77	338.78
Loan assets written-off/ (written back)	2,263.48	1,228.40
Employee stock option expense	115.25	105.25
Loss on sale of property, plant and equipment	1.07	1.65
Fair value change of investments	(50.62)	28.25
Operating profit before working capital changes	14,993.97	5,750.03
Changes in working capital		
(Increase)/decrease in loans	(70,324.05)	(37,465.73)
(Increase)/decrease in bank balance other than cash and cash equivalents	(87.76)	(8,109.45)
(Increase)/decrease in other financial assets	(53.96)	775.52
(Increase)/decrease in non financial assets	(14.33)	(61.97)
(Increase)/decrease in trade and other payables	923.05	843.00
(Increase)/decrease in lease liabilities	(11.21)	(20.19)
(Increase)/decrease in provisions	121.64	(42.21)
(Increase)/decrease in other non-financial liabilities	(121.76)	260.96
Total of changes in working capital	(69,568.38)	(43,820.07)
Direct taxes paid	(2,789.20)	(1,351.64)
Net cash flow (used in) operating activities (A)	(57,363.61)	(39,421.68)
B Cash flow from investing activities:		
Inflow (outflow) on account of :		
Purchase of Property, plant and equipment (including capital work-in-progress)/ intangible assets	(646.42)	(374.92)
Purchase of Investments	(24,800.20)	(46,913.03)
Sale of Investments	39,754.60	36,115.42
Net cash flow from / (used in) investing activities (B)	14,307.98	(11,172.53)
C Cash flow from financing activities:		
Issue of equity shares (including share premium)	124.12	45,002.39
Share issue expenses	-	(354.73)
Proceeds from borrowings		
Bank Borrowings (bank borrowings other than debt securities)	56,100.00	40,100.00
Repayment of borrowings		
Debt securities	(1,507.76)	(1,985.96)
Bank Borrowings (bank borrowings other than debt securities)	(16,930.29)	(26,339.38)
Net Cash flow from financing activities (C)	37,786.07	56,422.32
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(5,269.56)	5,828.11
Cash and cash equivalents as at the beginning of the year	6,558.43	730.32
Cash and cash equivalents at the end of the year	1,288.87	6,558.43
Cash on hand	76.96	63.11
Balance with banks		
In current accounts	211.36	5,995.32
In deposit account	1,000.55	500.00
Total cash and cash equivalents	1,288.87	6,558.43
Operational Cash Flow from Interest		
Interest Received	26,849.98	13,716.27
Interest Paid	6,898.99	4,829.96

Note:-

- Cash flow statement has been prepared under indirect method as set out in the IND AS 7 " Cash Flow Statement".
- Previous year figures have been regrouped/reclassified wherever applicable.

The accompanying notes are forming part of financial statements

In terms of our report attached
For S. N. Dhawan & CO LLP
Chartered Accountants
Firm's Registration No. 000050N/N500045

**For and on behalf of Board of Directors of
FINOVA CAPITAL PRIVATE LIMITED**

Sd/-
Vinesh Jain
Partner
Membership No. 087701
Place: Gurugram
Date: 02 May, 2023

Sd/-
Mohit Sahney
Managing Director & CEO
DIN: 07280918
Place: Jaipur
Date: 02 May, 2023

Sd/-
Sunita Sahney
Executive Director
DIN: 02395354
Place: Jaipur
Date: 02 May, 2023

Sd/-
Ravi Sharma
Chief Financial Officer
Place: Jaipur
Date: 02 May, 2023

Sd/-
Jaikishan Premani
Company Secretary
M. No: A42043
Place: Jaipur
Date: 02 May, 2023

FINOVA CAPITAL PRIVATE LIMITED
CIN- U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENT

1 Corporate Information

Finova Capital Private Limited is a Private Limited Company ("The Company") and incorporated under the provisions of the Companies Act, 2013 having Corporate Identification No. is (CIN) U65993RJ2015PTC048340 on September 24, 2015.

The Company engaged in lending activities as Non-Banking Finance Company (NBFC) regulated by the Reserve Bank of India ('RBI'). The Company had obtained its licence from Reserve Bank of India (RBI) to operate as Non deposit Accepting Non Banking Financial Company (NBFC-ND) on March 02, 2016 vide registration No. RBI B-10.00236.

The registered office of the Company is located at 702, Seventh Floor, Unique Aspire, Plot No. 13-14, Cosmo Colony, Amrapali Marg, Vaishali Nagar, Jaipur-302021 (Rajasthan).

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 02 May, 2023.

1A Basis of preparation of Financial Statements

1A.1 Statement of compliance

The financial statements comply in all material aspects with Indian Accounting Standards ('Ind AS' or 'the Accounting Standards') notified under Section 133 of the Companies Act, 2013 (the Act) read with the [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

All amount disclosed in the financial statements and notes have been rounded off to the nearest Rupees in Lakhs as per the requirements of Schedule III, unless otherwise stated.

1A.2 Basis of preparation and presentation

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of Companies Act, 2013 (the act) along with other relevant provisions of the Act and the Master Direction - Non-Banking-Financial Company Systemically Important Non-Deposit taking Company and deposit taking company (Reserve bank) Directions, 2016 ('the NBFC Master Directions') issued by RBI. The financial statements have been prepared on a going concern basis.

The Company had prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 and the Master Directions - Non-Banking-Financial Company Systemically Important Non-Deposit taking Company (hereinafter referred as 'previous GAAP'). The financial statements are presented in Indian Rupees (INR) and all values are rounded to the lakhs, except when otherwise indicated.

The regulatory disclosures as required by Master Directions for Non-Banking Financial Company - Systemically Important Non-Deposit taking Company Directions, 2016 issued by the RBI ('RBI Master Directions') to be included as a part of the Notes forming part of the financial statements as prepared as per the requirements.

1A.3 Basis of measurement

The financial statements have been prepared on an accrual basis as a going concern and under the historical cost convention except for the assets and liabilities measured at fair value as follows:

- certain financial assets and liabilities and contingent consideration is measured at fair value;
- assets held for sale – measured at fair value less cost to sell;
- defined benefit plans – plan assets measured at fair value; and
- share-based payments – measured at fair value.

For information on the measurement of fair value and other policies refer note 1B.1.4 and 1B.15.4

1A.4 Presentation of financial statements

The Company presents its balance sheet 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.

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

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Company and/or its counterparties

1B Summary of significant accounting policies

1B.1 Use of estimates

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting year. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised. Although these estimates are based on the management's best knowledge of Current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future years.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

1B.1.1 Business Model Assessment

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

1B.1.2 Impairment of financial assets

The measurement of impairment losses across all categories, except asset valued at fair value through profit and loss account (FVTPL), of financial assets requires judgment, in particular, 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 Expected credit loss (ECL) calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgments and estimates include:

- The Company's internal model, which assigns Probability of defaults ('PDs') to the individual grades
- 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 Lifetime ECL 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 Probability of defaults ('PDs'), Exposure at Default ('EADs') and Loss given Defaults ('LGDs')

Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

1B.1.3 Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

1B.1.4 Fair value measurement of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

1B.1.5 Effective Interest Rate ('EIR') method

The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behavior and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

1B.2 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

1B.3 Revenue recognition

1B.3.1 Interest and similar income

Interest income is recorded using the effective interest rate ('EIR') method for all financial instruments measured at amortised cost, debt instruments measured at fair value through other comprehensive income ('FVOCI') and debt instruments designated at fair value through profit and loss ('FVTPL').

The EIR (and therefore, the amortised cost of the assets) is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter year, where appropriate, to the gross carrying amount of the financial asset. The calculation of the effective interest rate takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes transaction costs and fees that are an integral part of the contract but not future credit losses. 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.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets, other than credit-impaired assets under stage 3. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3,' the Company recognises interest income on receipts basis.

1B.3.2 Income other than interest

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

i. Fee and commission income

All other financial charges such as cheque return charges, legal charges, collection charges etc. are recognized on receipt basis. These charges are treated to accrue on realization, due the uncertainty of their realization.

ii. Other Income

Income on units of mutual funds is recognized on receipt basis as and when redeemed in cash based on the NAV of redemption date. The company also recognises gain on fair value change of mutual fund measured at FVTPL. All Other income is recognized on accrual basis of accounting principle.

1B.4 Property, plant and equipment

Property, plant and equipment are stated at acquisition cost (including incidental expenses directly attributable to bringing the asset to its working condition for its intended use) less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price, non-refundable taxes or levies, borrowing costs if capitalization criteria are met and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

1B.5 Intangible Assets

Intangible Assets are recognized only if it is probable that the future economic benefits that are attributable to assets will flow to the enterprise and the cost of the assets can be measured reliably. Computer software which is not an integral part of the related hardware is classified as an intangible asset. Intangible assets are measured and recorded at cost and carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets are amortized on a straight line basis over the estimated useful economic life as determined by management. The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

1B.6 Depreciation and amortization

Depreciation

Depreciation on property, plant and equipment's is calculated on straight line basis. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013 as under:

Particular	Useful Life (years)
Leasehold Improvements	3
Furniture and Fixtures	10
Vehicle	8
Computer, printers	3-6
Electrical installations	10
Office Equipment	5

Salvage Value of the assets has been taken @5% of Original Cost (except intangible assets) as prescribed in Schedule II.

Depreciation on assets acquired/ sold during the period is recognized on a pro-rata basis to the statement of profit and loss from/ upto the date of acquisition/ sale.

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

Amortization

The Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Company estimates the useful life of an intangible asset will not exceed five years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds five years, the Company amortizes the intangible asset over the best estimate of its useful life.

1B.7 Impairment of non-financial assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price 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 risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

1B.8 Leases

1B.8.1 Company as a lessee:

The Company's lease asset classes primarily consist of leases for land and buildings. 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:

- The contract involves the use of an identified asset
- The Company has substantially all the economic benefits from use of the asset through the period of the lease and
- The Company has the right to direct the use of the asset

1B.8.1.1 Measurement and recognition:

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease 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 Company also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Short term Lease:

The Company has elected not to recognise right of use asset and lease liabilities for short term leases of property that has lease term of less than 12 months and where the value of rent is less than Rs. 0.50 lakh per month. The Company recognises lease payment associated with these leases as an expense on a straight-line basis over lease term.

Under Ind AS 17: In the comparative period, as a lessee the Company classified leases that transfer substantially all the risk and reward of ownership as finance leases. Assets held under other leases are classified as operating lease and were not recognised in Company Balance sheet. Payment made under operating lease were recognised in profit and loss on a straight-line basis over the term of lease.

1B.8.2 Company as a lessor:

As a lessor the Company classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not

1B.9 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that 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 profit and loss net of any reimbursement. pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

1B.10 Contingent liabilities and assets

1B.10.1 Contingent liabilities

The Company does not recognize a contingent liability but discloses its existence in the financial statements Contingent liability is disclosed in the case of:

- A present obligation arising from past events, when it is not probable that an outflow of resources will not be required to settle the obligation
- A present obligation arising from past events, when no reliable estimate is possible.
- A possible obligation arising from past events, unless the probability of outflow of resources is remote.

Contingent liabilities are reviewed at each balance sheet date.

1B.10.2 Contingent assets

Contingent assets are not recognised. A contingent asset is disclosed, as required by Ind AS 37, where an inflow of economic benefits is probable.

1B.11 Employee benefits

1B.11.1 Defined contribution plan

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

1B.11.2 Defined benefit plan

The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated years mentioned under 'The Payment of Gratuity Act, 1972'. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation at each Balance Sheet date using the Projected Unit Credit Method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the year in which they occur. Remeasurements are not reclassified to profit or loss in subsequent years.

Past service costs are recognised in Profit or Loss on the earlier of: The date of the plan amendment or curtailment, and The date that the Company recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss: Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and Net interest expense or income.

1B.11.3 Compensated absences

Compensated absences are recognized as a liability and an expense when employees have rendered service that increases their entitlement to future compensated absences and the obligation can be estimated reliably. The liability is measured as the amount of the benefit that employees have earned at the reporting date that is expected to be paid out after the reporting period, using the remuneration rates that are expected to apply at the time the absence is taken.

1B.12 Foreign currencies

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

1B.13 Taxes

Tax expense comprises current and deferred tax. The income tax expense or credit for the period is the tax payable on the taxable income of the current period based on the applicable income tax rates adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses.

Current tax

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax

Deferred taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

FINOVA CAPITAL PRIVATE LIMITED
CIN- U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENT

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain, as the case may be, that sufficient future taxable income will be available

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 tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

1B.14 Earning per share

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity shareholders of the company (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as shared based payments, bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) 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 of the company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

1B.15 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

1B.15.1 Financial Assets

1B.15.1.1 Initial recognition and measurement

The financial asset is held within a business model with the objective 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 (SPPI) on the principal amount outstanding.

Financial assets, with the exception of loans and advances to customers, are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognised when funds are disbursed. The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention when acquiring them.

Accordingly, the Company measures bank balances, loans and advances, trade receivables and other financial instruments at amortised cost.

1B.15.1.2 Classification and subsequent measurement

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

For the purpose of subsequent measurement, financial assets are classified in three categories:

- Debt instrument at amortised cost
- Debt instrument at fair value through other comprehensive income (FVTOCI)
- Debt instrument and equity instruments at fair value through profit or loss(FVTPL)

1B.15.1.3 Debt instruments at amortised costs

A debt instrument is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit and loss.

1B.15.1.4 Debt instruments at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

1B.15.1.5 Debt instruments at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

1B.15.1.6 Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers 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 amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

1B.15.2 Financial Liabilities

1B.15.2.1 Initial recognition and measurement

Financial liabilities are classified and 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 designated as on initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense are recognised in Statement of profit and loss. Any gain or loss on derecognition is also recognised in Statement of profit and loss.

The Company's financial liabilities include loans, debentures and borrowings including bank overdrafts and trade & other payables.

Loans, Debenture and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of profit and loss.

1B.15.2.2 Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (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 financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

1B.15.2.3 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

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

1B.15.2.4 Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

1B.15.3 Reclassification of financial assets and liabilities

The Company doesn't reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

1B.15.4 Fair value measurement

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 are 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 year.

1B.15.5 Impairment of financial assets

1B.15.5.1 Overview of the impairment principles ('ECL')

The Company records allowance for expected credit losses for all loans and other debt financial assets not held at FVTPL, (in this section all referred to as 'financial instruments'). Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL) as outlined further in notes.

The 12months ECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on individual 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, whether credit risk of a financial asset has increased significantly since initial recognition and while determining this & estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available with the company. This includes both quantitative and qualitative information and analysis, including on historical experience and forward-looking information.

Based on the above process, the Company groups its loans into Stage 1, Stage 2, Stage 3, as described below:

Stage 1: When loans are first recognised, the group recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 or Stage 3

Stage 2: When a loan has shown a significant increase in credit risk since origination, the company records an allowance for the LTECLs. 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 LTECLs.

1B.15.5.2 The calculation of ECLs

The Company calculates ECLs based on a probability weighted scenarios and historical data 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 key elements of the ECL calculations are as follows:

- PD - The Probability of Default 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 year, if the facility has not been previously derecognised and is still in the portfolio.
- EAD - The Exposure at Default is the current exposure as on the reporting date.

- LGD - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on actual cash flows received from the financial asset, including from the realisation of any collateral and discounted by EIR. It is usually expressed as a percentage of the EAD.

The maximum year for which the credit losses are determined is the expected life of a financial instrument.

The mechanics of the ECL method are summarised below:

Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12mECL 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 an EAD and multiplied by the expected LGD.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument.

Stage 3: For loans considered credit-impaired, the Company recognizes the lifetime expected credit losses for these loans. The method is similar to that for stage 2 assets, with the PD set at 100%.

1B.15.5.3 Definition of Default

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

Loan accounts classified as NPAs may be upgraded as 'standard' asset only if entire arrears of interest and principal are paid by the borrower

Significant increase in credit risk

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

1B.15.5.4 Forward looking information

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

1B.15.5.5 Write-offs

1B.15.6 Collateral repossessed

Based on operational requirements, the Company's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category for capitalisation at their fair market value. The Company generally does not use the assets repossessed for the internal operations.

These repossessed assets which are intended to be realised by way of sale are considered equivalent to Stage 3 assets and the ECL allowance is determined based on the estimated net realisable value of the repossessed asset. The Company resorts to regular repossession of collateral provided against vehicle loans.

Financial assets are written off either partially or in their entirety only when the Company has no reasonable expectation of recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference recorded as an expense in the period of write off. Any subsequent recoveries are credited to impairment on financial instrument on statement of profit and loss.

1B.16 Share based payments

Equity-settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity settled share based payments is expensed on a straight line basis over the vesting year, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting year, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in Statement of Profit and Loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the Share Based Payments Reserve.

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

1B.17 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company's primary business segments are reflected based on the principal business carried out, i.e. lending activities as Non-Banking Finance Company (NBFC) regulated by the Reserve Bank of India ('RBI'). The risk and returns of the business of the Company is not associated with geographical segmentation, hence there is no secondary segment.

1C 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 March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1st, 2023, as below:

Ind AS 1 – Presentation of Financial Statements

The amendment requires companies to disclose their material accounting policies instead of their significant accounting policies. Accounting policy information is considered material when it can reasonably be expected to influence decisions of primary users of general-purpose financial statements. The Company does not expect this amendment to have a significant impact on its standalone financial statements.

Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 has been narrowed so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, on its standalone financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments help entities distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have a significant impact on its standalone financial statements.

FINOVA CAPITAL PRIVATE LIMITED
CIN- U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31 March , 2023 Rs. /Lakhs	As at 31 March , 2022 Rs. /Lakhs
2 CASH AND CASH EQUIVALENTS		
a. Cash in hand	76.96	63.11
b. Balance with banks		
- In current accounts	211.36	5,995.32
- In deposits where original maturity is less than 3 month	1,000.55	500.00
	1,288.87	6,558.43
3 BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS		
a. In deposit where original maturity is more than 12 months (Refer Note i below)	34,245.21	30,517.92
b. In deposit where original maturity is more than 3 months less than 12 months (Refer Note ii below)	1,000.58	4,640.11
	35,245.79	35,158.03
Notes		
i. In deposit where original maturity is more than 12 months include deposit under lien mark aggregating to	1,569.42	1,255.38
ii. In deposit where original maturity is more than 3 months less than 12 months include deposit under lien aggregating to	-	256.53
4 LOANS (At amortised cost)		
Term loans - gross	1,62,889.98	94,829.41
Less: Impairment loss allowance	1,778.63	1,172.86
	1,61,111.35	93,656.55
Summary of term loans based upon security		
Secured by tangible assets (Refer note 'a' below)	1,62,688.20	94,582.35
Unsecured	201.78	247.06
Term loans - Gross	1,62,889.98	94,829.41
Less: Impairment loss allowance	1,778.63	1,172.86
Term loans - Net	1,61,111.35	93,656.55
Summary of term loans based on geographical location		
Loans in India		
Public sector	-	-
Others	1,62,889.98	94,829.41
	1,62,889.98	94,829.41
Less: Impairment loss allowance	1,778.63	1,172.86
	1,61,111.35	93,656.55
Loans outside India	-	-
	1,61,111.35	93,656.55
Loan sanctioned but undisbursed amount	2,089.44	1,272.33
Loans include unsecured loans to employees	14.27	10.06
Loans include unsecured loans to micro and small medium enterprises	187.51	237.00
Management overlay provision	731.00	360.00
Loan to promoters, directors, Key managerial personnels and other related parties	-	-
Notes		
a. Loans granted by the Company are secured by equitable mortgage/registered mortgage of the property.		
b. The detailed information of impairment assessment and measurement approach given in Summary of significant accounting policies - note no. 1B.15.5		
c. The Company has defined risk assessment model in note no. 33.		

FINOVA CAPITAL PRIVATE LIMITED
CIN- U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Expected Credit Loss ('ECL')

An analysis of the changes in the gross carrying amount of loans secured by tangible assets and the corresponding Expected Credit Loss ('ECL') allowance, pertaining to all asset classes is provided below:

	Stage 1	Stage 2	Stage 3	Total
	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs
Gross Carrying amount as at 1 April, 2022	91,180.19	1,932.34	1,716.88	94,829.41
New Assets originated or increase in existing assets	89,734.23	-	-	89,734.23
Assets closed or repaid	(18,656.05)	(242.75)	(252.49)	(19,151.29)
Transfer from Stage 1	(4,542.79)	2,106.10	2,436.69	-
Transfer from Stage 2	532.06	(1,321.00)	788.94	-
Transfer from Stage 3	533.90	52.67	(586.57)	-
Write offs	-	-	(2,522.37)	(2,522.37)
Gross Carrying amount as at 31 March 2023	1,58,781.54	2,527.36	1,581.08	1,62,889.98

	Stage 1	Stage 2	Stage 3	Total
	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs
Gross Carrying amount as at 1 April, 2021	56,358.27	1,822.02	396.75	58,577.04
New Assets originated or increase in existing assets	48,317.89	-	-	48,317.89
Assets closed or repaid	(10,513.10)	(51.52)	(212.32)	(10,776.94)
Transfer from Stage 1	(3,845.25)	1,755.22	2,090.03	-
Transfer from Stage 2	785.95	(1,614.58)	828.62	-
Transfer from Stage 3	76.42	21.20	(97.62)	-
Write offs	-	-	(1,288.59)	(1,288.59)
Gross Carrying amount as at 31 March 2022	91,180.19	1,932.34	1,716.88	94,829.41

	Stage 1	Stage 2	Stage 3	Total
	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs
ECL Allowance as at 1 April, 2022	407.97	57.75	707.14	1,172.86
New Assets originated or increase in existing assets	216.62	2.12	1,004.08	1,222.82
Assets closed or repaid	(43.63)	(20.35)	(108.05)	(172.03)
Transfer from Stage 1	(46.25)	29.26	16.99	-
Transfer from Stage 2	13.57	(47.26)	33.69	-
Transfer from Stage 3	122.84	21.19	(144.03)	-
Write offs	-	-	(445.02)	(445.02)
ECL Allowance as at 31 March 2023	671.12	42.71	1,064.80	1,778.63

	Stage 1	Stage 2	Stage 3	Total
	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs
ECL Allowance as at 1 April, 2021	345.21	328.85	160.01	834.07
New Assets originated or increase in existing assets	544.81	-	-	544.81
Assets closed or repaid	(129.23)	-	(60.10)	(189.33)
Transfer from Stage 1	(370.42)	-	370.42	-
Transfer from Stage 2	17.88	(271.10)	253.22	-
Transfer from Stage 3	(0.28)	-	0.28	-
Write offs	-	-	(16.69)	(16.69)
ECL Allowance as at 31 March 2022	407.97	57.75	707.14	1,172.86

	As at 31 March , 2023	As at 31 March , 2022
	Rs. /Lakhs	Rs. /Lakhs

5 INVESTMENTS

At fair value through profit and loss

Investment in mutual funds (Refer Note i below)	7,007.88	21,663.84
	7,007.88	21,663.84
Investment outside India	-	-
Investments in India	7,007.88	21,663.84
	7,007.88	21,663.84

Note: -

- | | | |
|---|---|----------|
| i. Investment in mutual fund under lien towards from overdrat facility from banks | - | 1,242.08 |
| ii. As of 31 March, 2023, a payment of Rs. 2,000.00 lakhs was made for a mutual fund investment. Subsequently, on 3 April, 2023, securities were issued by the fund manager against this payment. | - | - |

6 OTHER FINANCIAL ASSETS

a. Security deposit	37.54	26.56
b. Other receivables	165.58	122.60
	203.12	149.16

Finova Capital Private Limited
CIN- U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

7 (a) PROPERTY PLANT AND EQUIPMENT

	Lease hold Improvements	Computer and printers	Office equipments	Electrical installations	Vehicles	Furniture and fixtures	Total
	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs
At cost							
As at 1 April, 2021	203.79	125.96	68.03	18.75	80.53	165.48	662.54
Additions	-	95.42	12.04	-	64.09	31.97	203.52
Disposals	-	7.06	0.35	-	-	-	7.41
As at 31 March, 2022	203.79	214.32	79.72	18.75	144.62	197.45	858.65
Additions	274.80	255.42	64.17	-	73.65	69.69	737.73
Disposals	0.12	45.16	0.23	0.78	-	0.08	46.37
As at 31 March, 2023	478.47	424.58	143.66	17.97	218.27	267.06	1,550.01
Depreciation							
As at 1 April, 2021	75.65	63.23	26.95	5.48	24.73	37.73	233.77
Charge for the year	59.10	40.20	13.01	1.75	10.80	16.80	141.66
Disposals	-	5.84	0.17	-	-	-	6.01
As at 31 March, 2022	134.75	97.59	39.79	7.23	35.53	54.53	369.42
Charge for the year	109.93	92.14	20.90	1.75	24.62	22.64	271.98
Disposals	0.19	41.78	0.17	0.38	-	0.04	42.56
As at 31 March, 2023	244.48	147.95	60.51	8.60	60.15	77.13	598.84
Net book value							
As at 31 March, 2022	69.04	116.73	39.93	11.52	109.09	142.92	489.22
As at 31 March, 2023	233.99	276.63	83.15	9.37	158.12	189.93	951.17

Note:

- i. Leasehold improvements consist of expenditures incurred for construction on the property obtained on lease, as disclosed in Note 7(b) - Right of use assets.
- ii. There has been no revaluation of Property, Plants, and Equipment during the current financial year or the previous financial year.
- iii. There is no proceeding initiated against the company for the properties under the Benami Transactions (Prohibition) Act, 1908 and the rules made thereunder.

Finova Capital Private Limited
CIN- U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

7 (b) RIGHT OF USE ASSETS

	Amount Rs. /Lakhs
At cost	
As at 1 April, 2021	379.17
Additions	21.67
As at 31 March, 2022	400.84
Additions	32.70
As at 31 March, 2023	433.54
 Depreciation	
As at 1 April, 2021	100.38
Charge for the year	57.67
As at 31 March, 2022	158.05
Charge for the year	52.91
As at 31 March, 2023	210.96
Net book value	
As at 31 March, 2022	242.79
As at 31 March, 2023	222.58

7 (c) INTANGIBLE ASSETS UNDER DEVELOPMENT

	Software	Total
	Rs. /Lakhs	Rs. /Lakhs
As at 1 April, 2021	21.63	21.63
Additions	30.46	30.46
Asset capitalized during the year	(21.63)	(21.63)
As at 31 March, 2022	30.46	30.46
Additions	5.43	5.43
Asset capitalized during the year	(29.81)	(29.81)
As at 31 March, 2023	6.08	6.08

Finova Capital Private Limited
CIN- U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Notes

i. Intangible asset under development ageing schedule as at 31 March, 2023: - Rs. /Lakhs

Particular	Amount in Intangible assets under development for a period				
	Less than 1 Years	Greater than 1 year but less than 2 Years	Greater than 2 year but less than 3 Years	More than 3 years	Total
Project in Progress	5.43	0.65	-	-	6.08

Intangible asset under development ageing schedule as at 31 March, 2022: - Rs./Lakhs

Particular	Amount in Intangible assets under development for a period				
	Less than 1 Years	Greater than 1 year but less than 2 Years	Greater than 2 year but less than 3 Years	More than 3 years	Total
Project in Progress	30.46	-	-	-	30.46

ii. The intangible asset under development does not include any projects that are temporarily shut down or under suspension.

7 (d) CAPITAL-WORK-IN PROGRESS

	Lease Hold Improvements	Total
	Rs. /Lakhs	Rs. /Lakhs
As at 31 March, 2022	103.76	103.76
As at 31 March, 2023	-	-

Notes:

i. Capital Work in progress ageing schedule as at 31 March, 2023: - Rs. /Lakhs

Particular	Amount in Capital Work in progress for a period				
	Less than 1 Years	Greater than 1 year but less than 2 Years	Greater than 2 year but less than 3 Years	More than 3 years	Total
Project in progress - Renovation in office building	-	-	-	-	-

Capital Work in progress ageing schedule as at 31 March, 2022: - Rs. /Lakhs

Particular	Amount in Capital Work in progress for a period				
	Less than 1 Years	Greater than 1 year but less than 2 Years	Greater than 2 year but less than 3 Years	More than 3 years	Total
Project in progress - Renovation in office building	103.76	-	-	-	103.76

Finova Capital Private Limited
CIN- U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

ii. Capital work in progress does not include any project which is temporarily shut down

7 (e) OTHER INTANGIBLE ASSETS

	Software	Copyright	Trademark	Total
	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs
As at 1 April, 2021	75.83	0.23	0.15	76.21
Additions	37.58	-	-	37.58
Disposals	0.68	-	-	0.68
As at 31 March, 2022	112.73	0.23	0.15	113.11
Additions	72.11	-	-	72.11
Disposals	-	-	-	-
As at 31 March, 2023	184.84	0.23	0.15	185.22
Amortization				
As at 1 April, 2021	5.40	0.17	0.11	5.68
Charge for the year	23.46	0.04	0.03	23.53
As at 31 March, 2022	28.86	0.21	0.14	29.21
Charge for the year	30.04	-	-	30.03
As at 31 March, 2023	58.90	0.21	0.14	59.24
Net book value				
As at 31 March, 2022	83.86	0.02	0.01	83.89
As at 31 March, 2023	125.94	0.02	0.01	125.98

Note

i. During the current financial year and in the previous financial year there is no revaluation of Intangible assets.

FINOVA CAPITAL PRIVATE LIMITED
CIN- U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

7 (f) Leases

The change in the carrying value of right to use assets are as follows

Particulars	As at	As at
	31 March, 2023	31 March, 2022
	Rs. /Lakhs	Rs. /Lakhs
Opening balance of right to use assets	242.79	278.79
Addition during the year	32.70	21.67
Depreciation/Amortization during the year	(52.91)	(57.67)
Closing balance of right to use assets	222.58	242.79

Movement in lease liability are as follows:

Opening Balance of Lease Liability	285.20	305.39
Addition during the year	31.75	18.86
Interest during the year	33.25	38.97
Payment of lease liability	(76.21)	(78.01)
Closing balance of lease liability	273.99	285.20

Amount recognised in profit and loss account are as follows:

Particulars	As at	As at
	31 March, 2023	31 March, 2022
	Rs. /Lakhs	Rs. /Lakhs
Finance Cost*	33.25	38.97
Depreciation Cost	52.91	57.67
Total	86.16	96.64

* The amount in Note 20 is disclosed net of Rs 1.25 lakhs interest income on security deposits.

Particulars	As at	As at
	31 March, 2023	31 March, 2022
	Rs. /Lakhs	Rs. /Lakhs
Total cash outflow for leases	76.21	78.01
Total	76.21	78.01

The table below provides details regarding the contractual maturities of lease liabilities as at 31 March, 2023 on an discounted basis

Particulars	As at	As at
	31 March, 2023	31 March, 2022
	Rs. /Lakhs	Rs. /Lakhs
Tenure		
Less than 1 year	55.92	39.49
1-3 Year	110.65	91.96
3-5 Year	78.35	85.52
More than 5 Year	29.07	68.23
Total	273.99	285.20

The company has paid following rent on amount of short term leases where the lease term was less than 12 months

Particulars	As at	As at
	31 March, 2023	31 March, 2022
	Rs. /Lakhs	Rs. /Lakhs
Short Term lease (including rent, rates and taxes)	278.58	157.89
Total	278.58	157.89

FINOVA CAPITAL PRIVATE LIMITED
CIN- U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31 March, 2023 Rs. /Lakhs	As at 31 March, 2022 Rs. /Lakhs
8 OTHER NON- FINANCIAL ASSETS		
a. Capital advance	2.12	67.38
b. Prepaid expenses	39.83	25.50
	41.95	92.88
9 PAYABLES		
a. Trade payable		
Total outstanding dues of Micro Enterprises and Small Enterprises (Refer Note i below)	2.45	5.19
Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	2,574.81	1,952.02
	2,577.26	1,957.21
b. Other payable		
Total outstanding dues of Micro Enterprises and Small Enterprises (Refer Note i below)	-	-
Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	460.94	157.94
	460.94	157.94
Total	3,038.20	2,115.15

Notes:

i. Trade payables and other payables ageing schedule as at 31 March, 2023: -		
a. Total outstanding dues of Micro Enterprises and Small Enterprises		
- undisputed	2.45	5.19
- disputed	-	-
	2.45	5.19
b. Aging of the trade payables - dues of Micro Enterprises and Small Enterprises		
Less than 1 year	2.45	5.19
1-2 years	-	-
2-3 years	-	-
more than 3 years	-	-
	2.45	5.19
ii. Total outstanding dues of Trade payables and other payables other than Micro Enterprises and Small Enterprises		
a. Total outstanding dues of Trade payables and other payables other than Micro Enterprises and Small Enterprises		
- undisputed	3,035.75	2,109.96
- disputed	-	-
	3,035.75	2,109.96
b. Aging of the trade payables - Trade payables and other payables other than Micro Enterprises and Small Enterprises		
Less than 1 year	3,035.75	2,109.96
1-2 years	-	-
2-3 years	-	-
more than 3 years	-	-
	3,035.75	2,109.96

FINOVA CAPITAL PRIVATE LIMITED
CIN- U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

As at 31 March, 2023	As at 31 March, 2022
Rs. /Lakhs	Rs. /Lakhs

iii. Details of dues of micro and small enterprises as defined under the MSMED Act, 2006

The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	2.45	5.19
Principal amount due to micro and small enterprises	-	-
Interest due on above	2.45	5.19
The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act 2006	-	-
The information have been disclosed based on the information available with the Company, the same have been relied upon by the auditor.		

10 DEBT SECURITIES
(At amortised cost)

Secured

Non Convertible Debentures (Refer Note iii below)	4,933.05	6,465.33
Unsecured	-	-
	4,933.05	6,465.33
Debt securities in India	4,933.05	6,465.33
Debt securities outside India	-	-
	4,933.05	6,465.33

Notes:

- i. Non convertible debenture are redeemable at par.
- ii. Details of Redeemable Non-Convertible Debentures (Secured)

S.No	ISIN No	Date of Allotment	Date of Redemption	Total number of debentures	Rate of Interest	Face Value	As at	As at
							31 March, 2023	31 March, 2022
							Rs. /Lakhs	Rs. /Lakhs
a.	INE0DTO07020	18-09-2020	21-04-2023	100	10.86%	10.00	1,004.17	1,003.16
b.	INE0DTO07079	24-12-2020	23-06-2023	1,000	11.85%	1.00	1,269.45	1,147.07
c.	INE0DTO07053	24-12-2020	24-12-2024	1,000	11.85%	1.00	1,269.04	1,147.07
d.	INE0DTO07046	29-10-2020	29-10-2023	40	12.40%	0.75	297.83	396.66
e.	INE0DTO07038	28-10-2020	28-10-2024	2,500	11.50%	0.44	1,092.56	1,710.97
f.	INE0DTO07012*	18-08-2020	18-08-2023	-	-	-	-	1,060.40
Total							4,933.05	6,465.33

* Debentures were redeemed prior to its maturity as on 27th April 2022.

- iii. All the secured, Non- Convertible Debentures issued by the Company are secured by way of exclusive hypothecation of specified loan assets as per the terms of Offer Documents. Further, the Company has maintained asset cover as stated in the offer document which is sufficient to discharge the principal amount at all times for the non-convertible debt securities issued.
- iv. The company has complied with all the covenants as per the debenture trust deed.

FINOVA CAPITAL PRIVATE LIMITED
CIN- U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31 March, 2023	As at 31 March, 2022
	Rs. /Lakhs	Rs. /Lakhs
11 BORROWINGS (OTHER THAN DEBT SECURITIES)		
At amortised cost and Secured		
Term loans		
a. From banks	74,176.94	44,721.46
b. From others	17,206.24	13,240.97
	91,383.18	57,962.43
Others		
a. Overdraft credit from bank	5,907.33	-
	5,907.33	-
	97,290.51	57,962.43
Borrowings in India	97,290.51	57,962.43
Borrowings outside India	-	-
	97,290.51	57,962.43

Notes

- a. Secured term loans from banks amounting to Rs. 74,176.94 lakhs (Previous year Rs. 44,721.46 lakhs) carry rate of interest in the range of 8.33% to 13.30% p.a (Previous year 8% to 13.50%). The loans are having tenure of 2.80 to 7 years from the date of disbursement and are repayable in monthly, quarterly and half yearly installments. Those loan are secured by hypothecation(exclusive charge) of the loans given by the Company. Quarterly returns or statement of current filed by the company with the bank are in agreement with books of accounts.
- b. Secured term loans from financial institutions amount to Rs.17,206.24 lakhs (Previous year Rs. 13240.97 lakhs) carry rate of interest in the range of 9.5% to 13.25% p.a (Previous year 8.95% to 13%). The loans are having tenure of 3.0 year to 6.0 years from the date of disbursement and are repayable in monthly, quarterly and half yearly installments. Those loan are secured by hypothecation(exclusive charge) of the loans given by the Company. Quarterly returns or statement of current filed by the company with the financial institutions are in agreement with books of accounts.
- c. The company has not defaulted in the repayment of dues to its lenders and the company does not have unsecured borrowings.
- d. The company has not declared as wilfuldefaulter by any of banks, financial institution or any other lender

FINOVA CAPITAL PRIVATE LIMITED
CIN- U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

e. Term of repayment of long term borrowing outstanding as at 31 March, 2023

Particulars	Interest rate Range	No. of Installments	As at 31 March, 2023	No. of Installments	As at 31 March, 2022
			Rs. /Lakhs		
				Rs. /Lakhs	
Secured repayment	monthly				
Less than 1 Year	Upto 10%	224	9,297.43	215	8,236.68
	More than 10% and upto 12%	314	8,279.82	262	4,866.01
	More than 12% and upto 14%	44	516.79	92	1,254.85
Due 1 to 3 years	Upto 10%	416	16,843.90	406	15,338.67
	More than 10% and upto 12%	488	12,099.49	364	7,152.44
	More than 12% and upto 14%	15	134.75	134	1,631.40
Due 4 to 5 years	Upto 10%	284	12,087.68	267	8,743.01
	More than 10% and upto 12%	155	3,501.08	133	2,398.94
	More than 12% and upto 14%	-	-	42	426.62
More than 5 years	Upto 10%	26	1,350.46	12	348.47
	More than 10% and upto 12%	9	115.00	35	527.62
Secured repayment	quarterly				
Less than 1 Year	Upto 10%	29	3,797.07	3	633.04
	More than 10% and upto 12%	8	1,602.48	8	403.72
	More than 12% and upto 14%	-	-	3	249.79
Due 1 to 3 years	Upto 10%	56	8,412.34	-	-
	More than 10% and upto 12%	12	2,232.26	16	3,219.50
	More than 12% and upto 14%	-	-	9	445.40
Due 4 to 5 years	Upto 10%	54	8,174.81	-	-
	More than 10% and upto 12%	3	467.23	7	1,085.09
	More than 12% and upto 14%	-	-	7	348.75
More than 5 years	Upto 10%	12	2,035.49	-	-
Secured half yearly repayment					
Less than 1 Year	More than 12% and upto 14%	3	218.66	2	220.18
Due 1 to 3 years	More than 12% and upto 14%	2	216.44	4	432.25
Total			91,383.18		57,962.43

f. Overdraft borrowings from the bank amounting to Rs. 5,907.33 lakhs as at 31 March, 2023 (For the year ended 31 March, 2022 (Nil) were secured by fixed deposit placed by the company, are repayable on demand and carry an interest rate of 7.75% p.a.

g. The charges which yet to be registered with Registrar of Companies (ROC) as at 31 March, 2023 are as follows:

Brief description of charge	Location of ROC	Due date for registration	Reason for delay in registration
Not applicable*			

* The HDFC Bank has sanctioned a term loan of Rs. 3,500 Lakh, of which the Company has availed Rs. 2,000 Lakh for this term loan. Deed of Hypothecation has been executed as on 28.03.2023 and the company is in process to file the charge with ROC.

h. The Company has been submitting monthly/quarterly receivable data to the lenders in accordance with the provisions of sanction letters. There are no discrepancies between the receivable/stock data submitted to the lenders and the Company's book of accounts and the company has complied with all the covenants as per the sanction letters.

FINOVA CAPITAL PRIVATE LIMITED
CIN- U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31 March, 2023 Rs. /Lakhs	As at 31 March, 2022 Rs. /Lakhs
12 PROVISIONS		
Provision for employee benefits		
a. Provision for gratuity (Refer Note 29)	150.71	103.39
b. Compensated absences	54.14	-
	204.85	103.39
13 OTHER NON-FINANCIAL LIABILITIES		
a. Statutory dues payable	264.81	211.91
b. Other non financial liabilities	29.95	204.61
	294.76	416.52

FINOVA CAPITAL PRIVATE LIMITED
CIN- U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31 March , 2023 Rs. /Lakhs	As at 31 March, 2022 Rs. /Lakhs
14 EQUITY SHARE CAPITAL		
Authorized share capital		
6,000,000 (31 March, 2022: 6,000,000) Equity Shares of Rs. 10/- each	600.00	600.00
13,500,000 ((31 March, 2022: 13,500,000) 0.0001% Compulsorily Convertible Cumulative Preference Shares ("CCCPS") of Rs. 100/- each	13,500.00	13,500.00
	14,100.00	14,100.00
Issued, subscribed , paid up capital and partly paid up capital		
Equity share capital		
5,110,010 (31 March, 2022: 5,081,360) Equity Shares of Rs. 10/- each fully paid up	511.01	508.14
Sub-total (A)	511.01	508.14
Compulsorily Convertible Cumulative Preference Shares		
Fully paid up		
Series A Compulsorily Convertible Cumulative Preference Share Capital		
3,330,425 (31 March, 2022: 3,330,425) 0.0001% Compulsorily Convertible Cumulative Preference Shares of Rs. 100/- each	3,330.42	3,330.42
Series B Compulsorily Convertible Cumulative Preference Share Capital		
2,817,399 (31 March, 2022: 28,17,399) 0.0001% Compulsorily Convertible Cumulative Preference Shares of Rs. 100/- each	2,817.40	2,817.40
Series C Compulsorily Convertible Cumulative Preference Share Capital		
3,500,212 (31 March, 2022: 3,500,212) 0.0001% Compulsorily Convertible Cumulative Preference Shares of Rs. 100/- each	3,500.21	3,500.21
Series A-1 Compulsorily Convertible Cumulative Preference Share Capital		
13,000 (31 March, 2022: 8,000) 0.0001% Compulsorily Convertible Cumulative Preference Shares of Rs. 100/- each	13.00	8.00
Series D Compulsorily Convertible Cumulative Preference Share Capital		
1,815,726 (31 March, 2022: 1,815,726) 0.0001% Compulsorily Convertible Cumulative Preference Shares of Rs. 100/- each	1,815.73	1,815.73
928,952 (31 March, 2022: 928,952) 0.0001% Compulsorily Convertible Cumulative Preference Shares of Rs. 100/- each	928.95	928.95
78,845 (31 March, 2022: 78,845) 0.0001% Compulsorily Convertible Cumulative Preference Shares of Rs. 100/- each	78.85	78.85
45,028 (31 March, 2022: 45,028) 0.0001% Compulsorily Convertible Cumulative Preference Shares of Rs. 100/- each	45.02	45.02
Partly Called-Up and Paid up Capital		
Series A-1 Compulsorily Convertible Cumulative Preference Share Capital		
15,000 (31 March, 2022: 20,000;) 0.0001% Compulsorily Convertible Cumulative Preference Shares of Rs. 100/- each Rs 1 Paid up	0.15	0.20
Series A-2 Compulsorily Convertible Cumulative Preference Share Capital		
18,000 (31 March, 2022: 18,000) 0.0001% Compulsorily Convertible Cumulative Preference Shares of Rs. 100/- each Rs 1 Paid up	0.18	0.18
Series C-1 Compulsorily Convertible Cumulative Preference Share Capital		
42,000 (31 March, 2022: 42,000) 0.0001% Compulsorily Convertible Cumulative Preference Shares of Rs. 100/- each Rs 1 Paid up	0.42	0.42
Series C Compulsorily Convertible Cumulative Preference Share Capital		
138,516 (31 March, 2022: 138,516) 0.0001% Compulsorily Convertible Cumulative Preference Shares of Rs. 100/- each Rs 1 Paid up	1.39	1.39
Series B Compulsorily Convertible Cumulative Preference Share Capital		
138,516 (31 March, 2022: 1,38,516) 0.0001% Compulsorily Convertible Cumulative Preference Shares of Rs. 100/- each Rs 1 Paid up	1.39	1.39
Series C-2 Compulsorily Convertible Cumulative Preference Share Capital		
239,108 (31 March, 2022: 239,108) 0.0001% Compulsorily Convertible Cumulative Preference Shares of Rs. 100/- each Rs 1 Paid up	2.39	2.39
Series D-1 Compulsorily Convertible Cumulative Preference Share Capital		
30,000 (31 March, 2022: NIL) 0.0001% Compulsorily Convertible Cumulative Preference Shares of Rs. 100/- each Rs 1 Paid up	0.30	-
Sub Total (B)	12,535.80	12,530.55
Total (A+B)	13,046.81	13,038.69

FINOVA CAPITAL PRIVATE LIMITED
CIN- U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

14.1 Terms/right attached to shares

(a) Equity Shares

The company has only one class of Equity Shares having face value of Rs. 10/- per share. Each holder of Equity share is entitled to one vote per share. In the event of liquidation of company, the holders of Equity Shares will be entitled to receive the 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 adjusted by the partly paid up value of the share, if applicable.

During the year ended on March 31, 2023. The company has issued 28,650 equity shares of Rs. 10/- each fully paid-up. 28,650 equity shares were allotted under the ESOP Scheme 2018 and ESOP Scheme 2020 by way of conversion of employee stock options into equity shares. (In the previous year ended on March 31, 2022. The company has issued 65,300 equity shares of Rs. 10/- each fully paid-up. 65,200 equity shares were allotted to the Norwest Capital, LLC and 100 equity shares were allotted to MAJ Invest Financial Inclusion Fund III K/S.)

(b) Preference Shares

The company issued 3,330,425 Series A CCCPS of Rs. 100/- each fully paid up. The CCCPS holders are entitled to dividend of 0.0001% cumulative. Each CCCPS can be converted to Equity Shares at any time before the expiry of Twenty years from the date of issue into such number of Equity Shares as per the Investment Agreement dated September 2, 2017.

The company issued 2,817,399 Series B CCCPS and 13,000 Series A-1 CCCPS of Rs. 100/- each fully paid up respectively, 15,000 Series A-1 CCCPS of Rs. 100/- each Rs-1 Paid up and 138,516 Series B CCCPS of Rs. 100/- Rs 1 Paid up. The CCCPS holders are entitled to dividend of 0.0001% cumulative. Each CCCPS can be converted to equity shares at any time before the expiry of twenty years from the date of issue into such number of equity shares as per the investment agreement dated March 6, 2019.

The company issued 3,500,212 Series C CCCPS of Rs. 100/- each fully paid up and 138,516 Series C CCCPS of Rs. 100/- each Re/-1 partly paid up. The CCCPS holders are entitled to a cumulative dividend of 0.0001%. Each CCCPS can be converted to Equity Shares at any time before the expiry of Twenty years from the date of issue into such number of Equity Shares as per the Investment Agreement dated September 21, 2020.

The company issued 138,516 Series B CCCPS of Rs. 100/- each Re/-1 partly paid up. The CCCPS holders are entitled to a cumulative dividend of 0.0001%. Each CCCPS can be converted to Equity Shares at any time before the expiry of Twenty years from the date of issue into such number of Equity Shares as per the Investment Agreement dated September 21, 2020.

The company issued 18,000 Series A-2 CCCPS of Rs. 100/- Re/-1 partly paid up and 42,000 Series C-1 CCCPS of Rs. 100/- Re/-1 partly paid up. The CCCPS holders are entitled to a cumulative dividend of 0.0001%. Each CCCPS can be converted to Equity Shares at any time before the expiry of Twenty years from the date of issue into such number of Equity Shares as per Private Placement Offer cum Application Letter dated January 16, 2021.

During the year ended March 31, 2022, the company has issued 2,39,108 Series C-2 CCCPS of Rs. 100/- (Re/-1 partly paid up). The CCCPS holders are entitled to a cumulative dividend of 0.0001%. Each CCCPS can be converted to equity shares at any time before the expiry of Twenty years from the date of issue into such number of Equity shares as per private placement offer cum application letter dated March 19, 2022.

During the year ended March 31, 2022, the company has issued 2,868,551 Series D CCCPS of Rs. 100/- fully paid up. The CCCPS holders are entitled to a cumulative dividend of 0.0001%. Each CCCPS can be converted to Equity Shares at any time before the expiry of Twenty years from the date of issue into such number of Equity Shares as per Private Placement Offer cum Application Letter dated March 24, 2022.

Further more, during the year ended March 31, 2023, the Company has issued and allotted 30,000 Series D-1 CCCPS of Rs. 100/- each (Re 1/- partly paid up). The CCCPS holders are entitled to a cumulative dividend of 0.0001%. Each CCCPS can be converted to Equity Shares at any time before the expiry of Twenty years from the date of issue into equal number of Equity Shares as per Private Placement Offer cum Application Letter dated May 20, 2022.

FINOVA CAPITAL PRIVATE LIMITED
CIN- U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

14.2 Reconciliation of share capital

Reconciliation of number of Equity Shares outstanding is set out below:

	As at 31 March, 2023		As at 31 March, 2022	
	No. of shares	Amount	No. of shares	Amount
	No's	Rs. /Lakhs	No's	Rs. /Lakhs
Equity Share at the beginning of year	50,81,360	508.14	50,16,060	501.61
Equity Shares issued during the year				
Share issued during the year of Rs. 10 each			65,300	6.53
Share issued under Employee stock option	28,650	2.87	-	-
Equity Share at the end of year	51,10,010	511.01	50,81,360	508.14

Reconciliation of number of Preference Shares outstanding is set out below:

Particulars	As at 31 March, 2023		As at 31 March, 2022	
	No. of shares	Amount	No. of shares	Amount
	No's	Rs. /Lakhs	No's	Rs. /Lakhs
Preference Share at the beginning of year	1,31,20,727	12,530.55	1,00,13,068	9,659.60
Preference Shares issued during the year				
- Fully paid up (Net)	-	-	28,68,551	2,868.56
- call money received	-	4.95	-	-
- partly paid up @ Rs. 1 per share	30,000	0.30	2,39,108	2.39
Preference Share at the end of year	1,31,50,727	12,535.80	1,31,20,727	12,530.55

14.3 Details of shareholders holding more than 5% shares in the Company

	As at 31 March, 2023		As at 31 March, 2022	
	No. of shares	% of holding	No. of shares	% of holding
Equity share capital				
Mohit Sahney	24,01,443	47%	26,00,000	51%
Prashant Gupta	5,35,798	10%	7,23,298	14%
Ravinder Singh Thakkar	5,42,899	11%	7,61,649	15%
Sunita Sahney	5,04,312	10%	5,56,980	11%
Norwest Capital, LLC	4,66,436	9%	-	0%
SCI Growth Investments III	3,87,384	8%	-	0%
Compulsorily convertible preference shares of Rs. 10 each fully paid up				
SCI Investments V	44,16,388	34%	44,16,388	34%
SCI Growth Investments III	29,30,203	22%	29,26,637	22%
Norwest Capital, LLC	18,16,779	14%	18,15,726	14%
Faering Capital India Evolving Fund II	15,51,076	12%	15,51,076	12%
MAJ Invest Financial Inclusion Fund III K/S	9,29,333	7%	9,28,952	7%
Faering Capital India Evolving Fund III	8,85,808	7%	8,85,808	7%

14.4 Details of promoters share holding

Name of the promoter	As at	As at	Movement	% change during the year
	31 March, 2023	31 March, 2022		
	No. of shares	No. of shares		
Equity share capital				
Mohit Sahney	24,01,443	26,00,000	(1,98,557)	(7.64%)
Sunita Sahney	5,04,312	5,56,980	(52,668)	(9.46%)
Compulsorily convertible preference shares of Rs. 10 each fully paid up				
Mohit Sahney	2,58,070	2,58,070	-	0.00%
Sunita Sahney	2,58,070	2,58,070	-	0.00%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

FINOVA CAPITAL PRIVATE LIMITED
CIN- U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31 March, 2023	As at 31 March, 2022
	Rs. /Lakhs	Rs. /Lakhs
15 OTHER EQUITY		
a. Securities premium	72,469.90	72,353.90
b. Statutory reserve fund under Section 45-IC of RBI Act, 1934	3,148.32	1,377.80
c. Share based payment reserve	262.69	147.44
d. Surplus in the statement of profit and loss	12,010.76	4,928.71
	87,891.67	78,807.85
a. Securities premium		
Opening balance	72,353.90	30,583.72
Add: premium on Shares issued during the year	116.00	42,124.91
Less: premium utilised during the year for issue of shares (net of tax)	-	(354.73)
Closing balance	72,469.90	72,353.90
b. Statutory reserve fund under section 45-IC of RBI Act, 1934		
Opening balance	1,377.80	797.07
Add: transfer from Surplus in the statement of profit and loss*	1,770.51	580.73
Closing balance	3,148.32	1,377.80
c. Share based payment reserve		
Opening balance	147.44	42.19
Add: Share Based Payments during the year	115.25	105.25
Closing balance	262.69	147.44
d. Surplus in the statement of profit and loss		
Opening balance	4,928.71	2,605.82
Add: Profit for the year	8,837.47	2,900.59
Add: Other comprehensive income for the year	15.10	3.03
Less: Transfer to reserve fund as per Section 45-IC of RBI Act, 1934	(1,770.51)	(580.73)
Closing balance	12,010.76	4,928.71
Total Reserves and Surplus	87,891.67	78,807.85

* This represents the transfer of 20% of the Net Profit after Tax in compliance with the provisions outlined in Section 45-IC of the Reserve Bank of India Act, 1934.

15.1 Nature and purpose of reserves

a. Securities Premium

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

b. Share based payment reserve

The "Share based payment reserve" represents the amount of reserve created by recognizing the compensation cost at the grant date fair value of stock options. These stock options have vested but have not been exercised by employees. This reserve is included in the Statement of Profit and Loss and represents the cost of the equity-settled share options granted to eligible employees of the Company.

c. Statutory reserve u/s 45-IC of RBI Act

The Statutory Reserve represents a reserve fund created in accordance with Section 45-IC of the RBI Act, 1934. It involves the transfer of a specified percentage of net profit each year before declaring any dividends. The reserve fund can only be utilized for limited purposes as specified by the RBI from time to time. Furthermore, every utilization of the reserve fund must be reported to the RBI within a specified period from the date of such utilization.

d. Retained earnings

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

e. During the year there has been no change in equity share capital and other equity on account of prior period errors.

FINOVA CAPITAL PRIVATE LIMITED
CIN- U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	Year ended 31 March 2023 Rs. /Lakhs	Year ended 31 March 2022 Rs. /Lakhs
16 INTEREST INCOME (measured at amortised cost)		
a. Interest on loans	29,181.72	16,199.49
b. Interest on deposits with banks	2,900.68	1,385.57
	32,082.40	17,585.06
17 FEES AND COMMISSION INCOME		
a. Fee income	865.97	440.85
	865.97	440.85
18 NET GAIN ON FAIR VALUE CHANGES		
On trading portfolio		
a. Investment in mutual fund at fair value through profit and loss	298.44	303.16
Total Net gain/(loss) on fair value changes	298.44	303.16
Analysis of fair value changes		
a. Realised	247.82	331.41
b. Unrealised	50.62	(28.25)
Total Net gain/(loss) on fair value changes	298.44	303.16
19 OTHER INCOME		
a. Miscellaneous Income	11.43	1.45
	11.43	1.45
20 FINANCE COSTS		
Interest on financial liabilities (measured at amortised cost) on		
- Borrowings	6,760.04	5,001.65
- Debt securities	575.29	814.96
- Lease liability	32.00	38.97
Others- Bank charges	37.36	27.60
	7,404.69	5,883.18
21 IMPAIRMENT ON FINANCIAL INSTRUMENTS		
a. Loan assets	605.77	338.78
b. Loan assets written off (net of recoveries)	2,263.48	1,228.40
	2,869.25	1,567.18
22 EMPLOYEE BENEFITS EXPENSE		
a. Salaries and wages	8,354.79	5,373.08
b. Contribution to provident and other funds	416.14	259.50
c. Share based payments to employees	115.25	105.25
d. Gratuity expense	67.50	46.29
e. Compensated absences	54.14	-
f. Staff welfare expenses	80.79	40.87
	9,088.61	5,824.99

FINOVA CAPITAL PRIVATE LIMITED
CIN- U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	Year ended 31 March 2023 Rs. /Lakhs	Year ended 31 March 2022 Rs. /Lakhs
23 DEPRECIATION, AMORTIZATION AND IMPAIRMENT		
a. Depreciation on property plant and equipments	271.98	141.66
b. Depreciation on right of use assets	52.91	57.67
c. Amortisation of intangible assets	30.03	23.53
	354.92	222.86
24 OTHER EXPENSES		
a. Rent, rates and taxes	287.03	191.01
b. Repair and maintenance expenditure	18.87	12.08
c. Technology expenses	333.54	145.58
d. Printing and stationery	59.66	43.20
e. Business/sales promotion expenses	18.27	11.02
f. Auditors Fee (Refer Note 24.1 below)	22.80	19.62
g. Legal and professional charges	59.53	31.58
h. Postage, telegram and telephone expenditure	172.36	83.42
i. Corporate social responsibilities expenses	44.77	35.67
j. Office and general expense	224.33	120.77
k. Travel and conveyance	356.41	183.65
l. Electricity charges and water charges	47.31	34.36
m. Insurance	9.64	6.52
n. Loss on sale of fixed assets	1.07	1.65
o. Directors setting fees	2.94	3.00
p. Miscellaneous expenses	64.17	46.72
	1,722.70	969.85
24.1 Audit fees, limited review , other services (certification fee)		
a. Audit fees	11.99	10.90
b. Certifications	1.36	1.36
c. Limited review	8.45	7.33
d. Out of pocket expense	1.00	0.03
	22.80	19.62
24.2 Amount spent towards corporate social responsibility ('CSR')		
a. Gross amount unspent for the last year/ (excess)	(5.86)	-
b. Gross amount required to be spent by the company during the year	50.26	29.81
Gross amount required to be spent after adjustment of previous year excess amount by the company during the year	44.40	29.81
c. Amount spent during the year (See note below)	44.77	35.67
d. Excess amount spent utilized in current year	-	-
e. Short amount spent during the year	-	-
Paid in cash	44.77	35.67
Yet to be paid in cash	-	-
	44.77	35.67
Nature of CSR Activities		
- Installation of water coolers	20.54	0.54
- Plantation	12.67	-
- Providing basic facility for community	11.54	0.43
- Donating oxygen concerntrator	-	4.00
- Promoting health care by donating for COVID Vaccination	-	30.00
- Advertisement and administrative expenses	0.02	0.70
	44.77	35.67

FINOVA CAPITAL PRIVATE LIMITED
CIN- U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	Year ended 31 March 2023	Year ended 31 March 2022
	Rs. /Lakhs	Rs. /Lakhs
25 EARNING PER SHARE		
Net profit/ (loss) for calculation of basic EPS and diluted EPS	8,837.47	2,900.59
Weighted average number of equity shares in calculating basic EPS		
Equity shares/CCPS (in lakhs)	176.23	147.29
Weighted average number of equity shares/CCPS for computation of Diluted EPS (in lakhs)	183.22	151.60
Earning per equity share		
- Basic	50.15	19.69
- Diluted	48.23	19.13
26 TAX EXPENSES		
A. The major components of income tax expense are :		
Current Income Tax:		
Current Income Tax Charge	3,263.95	1,132.58
Deferred Tax :		
Relating to the origination and reversal of temporary differences	(283.35)	(170.71)
Income tax expense reported in Profit & Loss	2,980.60	961.87
Deferred tax relating to the OCI		
Net loss/(gain) on re-measurement of defined benefit Plan	5.08	1.05
	2,985.68	962.92
B. Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate:		
Accounting Profit before tax as per profit and loss	11,818.07	3,862.46
Income tax Rate (%)	25.17	25.17
At India's statutory income tax rate of 25.17%(31 March 2022 : 25.17%)	2,974.37	972.12
Tax effect of: -		
CSR Expenses	12.65	8.97
Short term capital gain	-	(26.54)
Other*	(6.42)	7.33
At India's statutory income tax rate of 25.17%(31 March 2022 : 25.17%)	2,980.60	961.87
Tax on other comprehensive Income	5.08	1.05
Total Tax expense at effective tax rate	2,985.68	962.92

*Other includes - expenses disallowed under income tax and capital nature expenses and tax true-up for the previous years.

FINOVA CAPITAL PRIVATE LIMITED
CIN- U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

27 COMPOSITION OF DEFERRED TAX BALANCES

Deferred tax assets/liabilities	As at	Charged/ (credited)	As at
	31 March, 2022		31 March, 2023
	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs
Deferred tax assets			
Difference between tax depreciation and depreciation/amortisation charged in financial statement	13.97	6.86	20.83
Provision for gratuity	26.02	11.91	37.93
Provision for compensated absences	-	13.63	13.63
Impairment on loans	268.51	29.27	297.78
Impact of EIR and ECL adjustments on financial asset	364.58	275.56	640.14
Employee stock option outstanding	10.62	(10.62)	-
Impact of lease assets	4.76	2.19	6.95
Preliminary expense to be written off	2.00	0.13	2.13
Gross deferred tax asset (Total A)	690.46	328.93	1,019.39
Deferred tax liability			
Unrealised Gain	5.92	6.82	12.74
Impact of EIR adjustments on financial liabilities	98.02	33.69	131.71
Gross deferred tax liability (Total B)	103.94	40.51	144.45
Net deferred tax assets (Total A- Total B)	586.52	288.43	874.95

Deferred tax assets/liabilities	As at	Charged/ (credited)	As at
	31 March, 2021		31 March, 2022
	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs
Difference between tax depreciation and depreciation/amortisation charged in financial statement	8.08	5.89	13.97
Provision for gratuity	15.40	10.62	26.02
Impairment on loans	209.14	59.37	268.51
Impact of EIR and ECL adjustments on financial	243.54	121.04	364.58
Employee stock option outstanding	10.62	-	10.62
Impact of lease assets	9.88	(5.12)	4.76
Preliminary expense to be written off	2.00	-	2.00
Gross deferred tax asset (Total A)	498.66	191.80	690.46
Deferred tax liability			
Unrealised Gain	13.39	(7.47)	5.92
Impact of EIR adjustments on financial liabilities	70.51	27.51	98.02
Gross deferred tax liability (Total B)	83.90	20.04	103.94
Net deferred tax asset (Total A- Total B)	414.76	171.76	586.52

Reconciliation with statement of profit/ (loss)	As at	As at
	31 March, 2023	31 March, 2022
	Rs. /Lakhs	Rs. /Lakhs
Amount recognized in profit/ (loss) statement	(283.35)	(170.71)
Amount recognized in OCI statement	(5.08)	(1.05)
	(288.43)	(171.76)

FINOVA CAPITAL PRIVATE LIMITED
CIN- U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

28 COMMITMENT AND CONTINGENCIES

- a. The estimated value of contracts remaining to be executed on capital amount and not provided for (net of advances) amount to Rs. Nil (previous year Rs. Nil).
- b. The Company has other commitments for services in normal course of business, the Company's operations does not give raise to any commitments for purchase of goods and employee benefits.
- c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- d. The Company does not have any pending litigations which would impact its financial position in its financial statements. Contingent liabilities Rs. Nil (Previous year Rs. Nil).
- e. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

29 EMPLOYEE BENEFIT PLAN:

i. Defined contribution plan

The Company makes contribution towards provident fund (PF) and employee state insurance (ESI) as defined contribution retirement plan for the qualifying employees. The provident fund plan is operated by the Regional Provident Fund Commissioner and the Company contributes a specified percentage of payroll cost to the said schemes to fund the benefits. Similarly, contribution is made at a specified percentage in case of Employee State Insurance.

	Year ended 31 March, 2023	Year ended 31 March, 2022
	Rs. /Lakhs	Rs. /Lakhs
a. Provident fund	356.84	218.41
b. Employee state insurance	59.29	41.09
	416.14	259.50

ii Gratuity and other post-employment benefit plans

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on cessation of employment and it is computed in accordance with the rules as prescribed under the payment of Gratuity Act, 1972.

In accordance with applicable India laws, the Company provides gratuity, a defined benefit retirement plan ("Gratuity Plan") covering certain categories of employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement or termination of employment. The amount of payment is based on the respective employee's last drawn salary and the years of employment with the Company.

The following tables summarize the components of net benefits expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans.

	Year ended 31 March, 2023	Year ended 31 March, 2022
	Rs. /Lakhs	Rs. /Lakhs

Changes in the present value of the defined benefit obligation are as follows:

a. Opening defined benefit obligation	103.39	61.18
b. Current service cost	60.00	41.86
c. Interest cost on benefit obligation	7.50	4.44
d. Benefits paid during the year	-	-
e. Remeasurement (gain)/loss on obligation	(20.18)	(4.08)
	150.71	103.39

Net defined benefit liability

a. Present value of defined benefit obligation	150.71	103.39
b. Fair value of plan assets	-	-
Plan liability	150.71	103.39

Net employee benefit expense recognized in the employee cost

a. Current service cost	60.00	41.86
b. Interest cost	7.50	4.44
c. Return on plan assets	-	-
Net expense recognised in employee benefit expenses	67.50	46.29

Remeasurement (gains)/ loss recognised in other comprehensive income:

a. Remeasurement (gain) / loss on obligations arising from changes in financial assumptions	(2.32)	(0.87)
b. Remeasurement (gain) / loss on obligations arising from changes in experience adjustments	(17.86)	(3.21)
	(20.18)	(4.08)

FINOVA CAPITAL PRIVATE LIMITED
CIN- U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	Year ended 31 March, 2023	Year ended 31 March, 2022
The principle assumptions used in determining gratuity obligations for the Company are shown below:		
a. Discount rate	7.50%	7.25%
b. Salary escalation rate	5.00%	5.00%
c. Withdrawal rate	5.00%	5.00%
d. Mortality	IALM 2012-14	IALM 2012-14

Sensitivity Analysis:

A quantitative sensitivity analysis for significant assumption is as shown below:

	31 March 2023	31 March 2022
	Rs. /Lakhs	Rs. /Lakhs
a. Effect of 1% change in assumed discount rate		
+1% increase	136.22	93.34
- 1% decrease	167.85	115.28
b. Effect of 1% change in assumed salary escalation rate		
+1% increase	167.06	115.43
- 1% decrease	136.78	93.06
c. Effect of 1% change in assumed withdrawal rate		
+ 1% increase	151.72	103.71
- 1% decrease	149.04	102.68

30 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair values of Financial Instruments not measured at fair value

The carrying amounts and fair value of the Company's financial instruments are reasonable approximations of fair values at financial statement level.

Valuation techniques

The Management has assessed that cash and cash equivalents, bank balances other than cash and cash equivalents, other financial assets, trade payable, lease liability, and other financial liabilities approximate their carrying amounts primarily due to their short-term maturities.

The fair value of financial assets and liabilities is determined based on the amount at which the instrument could be exchanged in a current transaction between willing parties, excluding forced or liquidation sales. The following methods and assumptions were used to estimate the fair value of financial assets and liabilities:

- Loans: Since most loans are frequently repriced, their carrying value is considered equivalent to their fair value as the interest rates on loans reflect current market pricing.
- Debt securities and borrowings (other than debt securities): These are fixed-rate borrowings, and their fair value is determined by discounting the expected future contractual cash flows using current market interest rates applicable to similar new loans. The carrying value is deemed to approximate the fair value for fixed-rate borrowings at the financial statement level.

FINOVA CAPITAL PRIVATE LIMITED
CIN- U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Fair values of hierarchy

The following table provides the fair value measurement hierarchy of the company's asset and liabilities.

31 March, 2023					
Particulars	Fair value through profit and loss	Fair Value through other comprehensive income	Amortised cost	Total carrying value	Total fair value
	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs
Financial assets					
Investment in mutual fund	7,007.88	-	-	7,007.88	7,007.88
Cash and cash equivalents	-	-	1,288.87	1,288.87	1,288.87
Bank and bank other than cash & cash equivalents	-	-	35,245.79	35,245.79	35,245.79
Loans (fixed rate)	-	-	1,61,111.35	1,61,111.35	1,61,111.35
Other financial asset	-	-	203.12	203.12	203.12
Total	7,007.88	-	1,97,849.13	2,04,857.01	2,04,857.01
Financial liabilities					
Trade payables	-	-	3,038.20	3,038.20	3,038.20
Debt securities	-	-	4,933.05	4,933.05	4,933.05
Borrowing other than Debt securities	-	-	97,290.51	97,290.51	97,290.51
Lease liability	-	-	273.99	273.99	273.99
Total	-	-	1,05,535.75	1,05,535.75	1,05,535.75

31 March, 2022					
Particulars	Fair value through profit and loss	Fair Value through other comprehensive income	Amortised cost	Total carrying value	Total fair value
	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs
Financial assets					
Investments in mutual funds	21,663.84	-	-	21,663.84	21,663.84
Cash and cash equivalents	-	-	6,558.43	6,558.43	6,558.43
Bank and bank other than cash & cash equivalents	-	-	35,158.03	35,158.03	35,158.03
Loans (fixed rate)	-	-	93,656.55	93,656.55	93,656.55
Other financial asset	-	-	149.16	149.16	149.16
Total	21,663.84	-	1,35,522.17	1,57,186.01	1,57,186.01
Financial liabilities					
Trade payables	-	-	2,115.15	2,115.15	2,115.15
Debt securities	-	-	6,465.33	6,465.33	6,465.33
Borrowing other than Debt securities	-	-	57,962.43	57,962.43	57,962.43
Lease liability	-	-	285.20	285.20	285.20
Total	-	-	66,828.11	66,828.11	66,828.11

The following methods and assumptions were used to estimate fair values:

- a) The fair value of the Company's interest-bearing borrowings, which are measured at amortized cost, was determined using a discount rate that reflects the entity's discount rate at the end of the reporting period.
- b) The fair value of investments in mutual funds was determined by referencing their value as of the reporting date, using a level-1 technique.
- c) The fair value of other financial assets and liabilities was estimated either by referencing the net asset value as of the reporting date or by discounting future cash flows using rates currently applicable to debt with similar terms, credit risk, and remaining maturities. This estimation involves a level - 3 technique.

FINOVA CAPITAL PRIVATE LIMITED
CIN- U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

31 CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity and preference capital, share premium, and all other reserves attributable to the shareholders of the Company, net of intangible assets. The Company maintains an actively managed capital base to cover risks inherent in the business, meet the capital adequacy requirements of the Reserve Bank of India (RBI), maintain a strong credit rating, healthy capital ratios, and support business growth while maximizing shareholder value. The adequacy of the capital is monitored by the Board in accordance with the regulations issued by the RBI.

The Company manages its capital structure in response to changes in economic conditions and the requirements of financial covenants. Capital is monitored using a gearing ratio, which is calculated as total debt divided by net worth. The Company's policy is to maintain a reasonable capital adequacy ratio in the range of 30-40% in the imminent year, exceeding the stipulated requirement of 15% set by the RBI. The Company has consistently complied with the capital requirements prescribed by the RBI throughout the reported period.

	<u>As at</u>	<u>As at</u>
	<u>31 March, 2023</u>	<u>31 March, 2022</u>
	<u>Rs. /Lakhs</u>	<u>Rs. /Lakhs</u>
Debt	1,02,223.56	64,427.76
Net Worth	1,00,938.48	91,846.54
Debt to Net Worth (In time)	1.01	0.70

32 RISK MANAGEMENT

The Company's principal financial liabilities consist of borrowings, which are primarily used to finance its operations. On the other hand, the Company's principal financial assets include loans and cash and cash equivalents, which are directly generated from its operations.

As a lending institution, the Company is exposed to various risks associated with the lending business and the operating environment. The primary objective of the Company's risk management processes is to measure and monitor the risks it faces and to implement policies and procedures to address those risks. The Company has a robust risk governance structure in place, which includes a board and risk management committee with clearly defined charters and oversight from senior management. The board oversees the risk management process and monitors the Company's risk profile directly, as well as through its subcommittees such as the Asset Liability Management Committee and the Risk Management Committee. The key risks faced by the Company include liquidity risk, credit risk, concentration risk, market risk, interest rate risk, operational risk and foreign currency risk. The objectives and policies related to these risks are analyzed in Note 33 below."

FINOVA CAPITAL PRIVATE LIMITED
CIN- U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

33 RISK MANAGEMENT - OBJECTIVE AND POLICIES

(a) Liquidity risk

Liquidity risk refers to the risk that the Company may face difficulty in meeting its financial obligations, primarily related to financial liabilities. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available as needed. Liquidity risk may arise due to potential challenges in fulfilling payment obligations when they become due, resulting from mismatches in the timing of cash flows under normal and stressed circumstances. These mismatches can occur due to differences in the maturity profile of the Company's assets and liabilities. Liquidity risk can also arise from unexpected increases in the cost of funding an asset portfolio or the inability to sell a position in a timely manner and at a reasonable price.

To manage liquidity risk, the Company maintains adequate cash reserves and available credit facilities, continually monitors forecasted and actual cash flows, and aligns the maturity profiles of its financial assets and liabilities.

In order to mitigate this risk, management has established diversified funding sources and follows a funding policy aligned with the tenor and repayment pattern of its receivables. The Company monitors future cash flows and liquidity on a daily basis, utilizing internal control processes and contingency plans specifically designed to manage liquidity risk. This includes assessing expected cash flows and the availability of unencumbered receivables that can be used to secure funding if necessary through assignment.

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial liabilities

Maturity profile of Financial liabilities as at 31 March, 2023			
Particulars	Borrowings	Payables	Lease Liabilities
	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs
1 Day to 31 Days / One month	9,125.85	3,038.20	4.24
Over 1 month to 2 month	1,654.70	-	4.28
Over 2 month to 3 month	3,291.71	-	4.33
Over 3 month to 6 month	6,298.11	-	13.87
Over 6 month to 1 year	12,713.98	-	29.20
Over 1 year to 3 years	41,407.47	-	110.65
Over 3 years to 5 years	24,230.79	-	78.35
Over 5 years	3,500.95	-	29.07
	1,02,223.56	3,038.20	273.99

Maturity profile of Financial liabilities as at 31 March, 2022			
Particulars	Borrowings	Payables	Lease Liabilities
	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs
1 Day to 31 Days / One month	1,752.71	2,115.15	-
Over 1 month to 2 month	1,229.04	-	-
Over 2 month to 3 month	1,419.71	-	-
Over 3 month to 6 month	4,577.77	-	-
Over 6 month to 1 year	9,560.29	-	39.49
Over 1 year to 3 years	32,009.73	-	91.96
Over 3 years to 5 years	13,002.40	-	85.52
Over 5 years	876.12	-	68.23
	64,427.76	2,115.15	285.20

FINOVA CAPITAL PRIVATE LIMITED
CIN- U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Change in liability arising from financing activities

	As at 31 March, 2022	Cash flows	Other*	As at 31 March, 2022
	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs
Debt securities	6,465.33	(1,507.76)	(24.52)	4,933.05
Borrowings	57,962.43	39,169.71	158.37	97,290.51
	64,427.76	37,661.95	133.85	1,02,223.56
	As at 31 March, 2021	Cash flows	Other*	As at 31 March, 2022
	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs
Debt securities	8,451.29	(1,940.21)	(45.75)	6,465.33
Borrowings	43,908.02	14,153.51	(99.10)	57,962.43
Total	52,359.31	12,213.30	(144.85)	64,427.76

* Other column includes amortisation of transaction cost.

(b) Credit risk

Credit risk arises when a borrower is unable to meet their financial obligations to the Company as per the loan agreement. This may occur due to an incorrect assessment of the borrower's repayment capacity or due to uncertainties in the future. To effectively manage credit risk, it is crucial to establish appropriate credit risk policies and processes.

The Company has implemented comprehensive and well-defined credit policies across all products and areas to mitigate associated risks. Prudent lending practices are given utmost importance, and suitable measures have been implemented for risk mitigation. These measures include verifying credit history through credit information bureaus, conducting cash flow analysis, physically verifying a customer's business and residence, performing field visits, and ensuring required insurance coverage.

Furthermore, the Company has established a post-sanction monitoring process to identify trends in the credit portfolio and early warning signals.

(c) Concentration of Risk/Exposure

Concentration of credit risk arise when a number of counterparties or exposures have comparable economic characteristics, or such counterparties are engaged in similar activities or operate in same geographical area or industry sector so that collective ability to meet contractual obligations is uniformly affected by changes in economic, political or other conditions.

The company has divided loan portfolio on the following subcategories :

	As at 31 March, 2023		As at 31 March, 2022	
	Amount	%	Amount	%
	Rs. /Lakhs		Rs. /Lakhs	
Micro and small medium enterprise loans	1,48,868.66	91.39%	86,916.44	91.66%
Home loans	14,007.05	8.60%	7,902.91	8.33%
Others	14.27	0.01%	10.06	0.01%
	1,62,889.98	100.00%	94,829.41	100.00%

FINOVA CAPITAL PRIVATE LIMITED
CIN- U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31 March, 2023		As at 31 March, 2022	
	Amount	%	Amount	%
	Rs. /Lakhs		Rs. /Lakhs	
Rajasthan	1,20,180.83	73.78%	74,267.97	78.32%
Madhya Pradesh	17,532.88	10.76%	10,477.83	11.05%
Delhi (NCR)	5,903.47	3.62%	4,147.27	4.37%
Jharkhand	2,928.40	1.80%	1,651.39	1.74%
Haryana	4,263.92	2.62%	1,834.35	1.93%
Chhattisgarh	6,528.20	4.01%	2,116.17	2.23%
Uttarkhand	1,552.76	0.95%	319.08	0.34%
Bihar	1,652.80	1.01%	13.63	0.01%
Punjab	942.40	0.58%	1.72	0.00%
Uttar Pradesh	1,379.20	0.85%	-	0.00%
Odisha	25.13	0.02%	-	0.00%
	1,62,889.98	100.00%	94,829.41	100.00%

(d) 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 variables. Such changes in the values of financial instruments may result from changes in the interest rates, credit, and other market changes. The Company's exposure to market risk is primarily on account of interest rate risk and liquidity risk.

(e) Interest rate risk

The Company is subject to interest rate risk, primarily since it lends to customers at rates and for maturity years that may differ from funding sources. Interest rates are highly sensitive to many factors beyond control, including the monetary policies of the Reserve Bank of India, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. In order to manage interest rate risk, the Company seek to optimize borrowing profile between short-term and long-term loans. The Company adopts funding strategies to ensure diversified resource-raising options to minimize cost and maximize stability of funds. Assets and liabilities are categorized into various time buckets based on their maturities and asset liability management committee supervise an interest rate sensitivity report periodically for assessment of interest rate risks.

Change in interest rate affects Company's earnings (measured by NII or NIM) and corresponding net worth, Hence it is essential for the Company to not only quantify the interest rate risk but also to manage it proactively. The Company mitigates its interest rate risk by keeping a balanced mix of borrowings. The Company lends at fixed rate of interest thus, the company is not exposed to interest rate risk on loans.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the Company's statement of profit and loss:

Particulars	Year Ended 31 March, 2023		Year Ended 31 March, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs
Borrowings (Floating)				
Increase in basis points (+/- 1%)	(850.34)	(850.34)	(471.84)	(471.84)
Decrease in basis points (+/- 1%)	850.34	850.34	471.84	471.84

FINOVA CAPITAL PRIVATE LIMITED
CIN- U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(f) Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. Operational risk is associated with human error, system failures and inadequate procedures and controls. It is the risk of loss arising from the potential that inadequate information system; technology failures, breaches in internal controls, fraud, unforeseen catastrophes, or other operational problems may result in unexpected losses.

The Company recognizes that operational risk event types that have the potential to result in substantial losses includes Internal fraud, External fraud, employment practices and workplace safety, clients, products and business practices, business disruption and system failures, damage to physical assets, and finally execution, delivery and process management.

The Company cannot expect to eliminate all operational risks, but it endeavors to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of concurrent audit.

The company has put in place a robust Disaster Recovery (DR) plan and Business Continuity Plan (BCP) is further put in place to ensure seamless continuity of operations including services to customers, when confronted with any adverse events.

(g) Foreign currency risk

Fluctuations in foreign currency exchange rates may have an impact on the statement of profit and loss, the statement of change in equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the Company.

The increase/ (decrease) in foreign currency exchange rates are not expected to have any significant impact in these financial statements.

(h) ECL Sensitivity to future economic condition

	As at 31 March, 2023 Rs. /Lakhs	As at 31 March, 2022 Rs. /Lakhs
Gross carrying amount of loans	1,62,889.98	94,829.41
Reported ECL	1,778.63	1,172.86
Reported ECL coverage	1.09%	1.24%
Reported ECL including Management Overlay	1,778.63	1,172.86
Management Overlay	731.00	360.00
Reported ECL excluding Management overlay	1,047.63	812.86
ECL amounts for alternate scenario		
Upside Scenario (10%)	1,152.39	894.15
Downside Scenario (10%)	942.87	731.57
ECL coverage ratio by scenario		
Upside Scenario (10%)	0.71%	0.94%
Downside Scenario (10%)	0.58%	0.77%

FINOVA CAPITAL PRIVATE LIMITED
CIN- U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

34 COLLATERAL AND OTHER CREDIT ENHANCEMENT

While collateral can be an important means of mitigating credit risk, it is the policy of the Company to lend based on the customer's ability and intention to meet repayment obligations through cash flow resources, rather than primarily relying on collateral and other credit risk enhancements. The Company ensure that the Company hold the first and exclusive charge on all collateral for almost all loans granted. MSME and HL Loans secured against immovable property at the time of origination. The value of the property at the time of origination is determined by obtaining a valuation report from valuers appointed / empanelled by the Company. Security interest in favor of the Company is established through the deposit of title deeds by equitable or registered mortgage.

The Company does not seek any other form of credit enhancement beyond the measures mentioned above. All loans classified as secured are secured by tangible collateral. In the event of any surplus remaining after the settlement of outstanding debt through the sale of collateral, it is returned to the borrower

35 MATURITY ANALYSIS AT 31 MARCH, 2023 AND 31 MARCH, 2022

	As at 31 March, 2023			As at 31 March, 2022		
	Amount	Current	Non Current	Amount	Current	Non Current
	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs
ASSETS						
Financial assets						
Cash and cash equivalents	1,288.87	1,288.87	-	6,558.43	6,558.43	-
Bank balance other than cash and cash equivalents	35,245.79	1,000.58	34,245.21	35,158.03	4,640.11	30,517.92
Loans	1,61,111.35	25,060.47	1,36,050.88	93,656.55	16,319.22	77,337.33
Investments	7,007.88	7,007.88	-	21,663.84	21,663.84	-
Other financial assets	203.12	165.58	37.54	149.16	26.56	122.60
Subtotal (A)	2,04,857.01	34,523.38	1,70,333.63	1,57,186.01	49,208.16	1,07,977.85
Non- financial assets						
Current tax assets	234.15	234.15	-	379.03	379.03	-
Deferred tax assets (net)	874.95	-	874.95	586.52	-	586.52
Property, plant and equipment	951.17	-	951.17	489.22	-	489.22
Right of use assets	222.58	-	222.58	242.79	-	242.79
Intangible assets	125.98	-	125.98	83.89	-	83.89
Intangible assets under	6.08	6.08	-	30.46	30.46	-
Capital work in progress	-	-	-	103.76	103.76	-
Other non- financial assets	41.95	41.95	-	92.88	92.88	-
Subtotal (B)	2,456.86	282.18	2,174.68	2,008.55	606.13	1,402.42
Total assets	2,07,313.87	34,805.56	1,72,508.31	1,59,194.56	49,814.29	1,09,380.27
LIABILITIES						
Financial liabilities						
Payables	3,038.20	3,038.20	-	2,115.15	2,115.15	-
Debt securities	4,933.05	3,464.78	1,468.27	6,465.33	2,675.24	3,790.09
Borrowings (other than debt securities)	97,290.51	29,619.58	67,670.93	57,962.43	15,864.28	42,098.15
Lease liabilities	273.99	55.92	218.07	285.20	39.49	245.71
Subtotal (A)	1,05,535.75	36,178.47	69,357.28	66,828.11	20,694.16	46,133.95
Non-financial liabilities						
Current tax liabilities	340.03	340.03	-	-	-	-
Provisions	204.85	-	204.85	103.39	-	103.39
Other Non-financial liabilities	294.76	294.76	-	416.52	416.52	-
Subtotal (B)	839.64	634.79	204.85	519.91	416.52	103.39
Equity						
Equity share capital	13,046.81	-	13,046.81	13,038.69	-	13,038.69
Other equity	87,891.67	-	87,891.67	78,807.85	-	78,807.85
Subtotal (C)	1,00,938.48	-	1,00,938.48	91,846.54	-	91,846.54
Total liability (A+B+C)	2,07,313.87	36,813.26	1,70,500.61	1,59,194.56	21,110.68	1,38,083.88

36 Transactions with struck off companies

The Company has not engaged in any transactions with companies that have been struck off under Section 248 of the Companies Act, 2013, or Section 560 of the Companies Act, 1956. We have complied with the provisions and regulations specified under these acts in relation to transactions with such companies

FINOVA CAPITAL PRIVATE LIMITED
CIN - U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

37 STOCK OPTION

The Company has established several share-based payment schemes for its employees, namely the Employee Stock Option Plan 2018, Employee Stock Option Plan 2020, and Employee Stock Option Plan 2022. The grants awarded under these schemes are presented as follows:

	ESOP Scheme 2018 (I)	ESOP Scheme 2018 (II)	ESOP Scheme 2018 (III)	ESOP Scheme 2018 (IV)	ESOP Scheme 2018 (V)	ESOP Scheme 2018 (VI)	ESOP Scheme 2018 (VII)
Date of grant	01-Nov-18	07-Jan-19	03-Jul-19	04-Jun-21	12-Nov-21	31-Oct-22	31-Jan-23
Date of Board / Compensation Committee approval	01-Nov-18	07-Jan-19	03-Jul-19	04-Jun-21	12-Nov-21	31-Oct-22	31-Jan-23
Options approved				211642			
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity
Graded vesting period:							
One year from the date of grant	20%	20%	20%	20%	20%	20%	20%
On expiry of one year from the 1st vesting date	20%	20%	20%	20%	20%	20%	20%
On expiry of two years from the 1st vesting date	30%	30%	30%	30%	30%	30%	30%
On expiry of three years from the 1st vesting date	30%	30%	30%	30%	30%	30%	30%
Exercise period				5 years from each vesting date			
Vesting conditions				Continuous service			
Weighted average remaining contractual life (in years)	4.59	4.77	5.26	7.18	7.62	8.59	8.84
Weighted average exercise price per option (in Rs.)	175.00	175.00	360.97	708.78	708.78	806.00	813.00
Weighted average fair value of stock options granted	35.50	35.21	82.92	122.03	117.18	181.43	185.91
For the year ended 31 March, 2023							
Options outstanding at the beginning of the year	39,040	13,550	58,220	70,500	12,582	-	-
Granted during the year	-	-	-	-	-	6,390	2,250
Forfeited during the year	-	-	-	-	-	-	-
Exercised during the year	7,320	2,220	10,647	3,030	-	-	-
Expired/Lapsed during the year	-	2,700	4,220	-	-	-	-
Outstanding at the end of the year	31,720	8,630	43,353	67,470	12,582	6,390	2,250
Exercisable at the end of the year	31,720	5,180	26,103	11,070	2,516	-	-
For the year ended 31 March, 2022							
Options outstanding at the beginning of the year	43,840	13,550	62,680	-	-	-	-
Granted during the year	-	-	-	76,500	13,582	-	-
Forfeited during the year	-	-	-	-	-	-	-
Exercised during the year	-	-	-	-	-	-	-
Expired/Lapsed during the year	4,800	-	4,460	6,000	1,000	-	-
Outstanding at the end of the year	39,040	13,550	58,220	70,500	12,582	-	-
Exercisable at the end of the year	24,400	9,200	20,960	-	-	-	-

FINOVA CAPITAL PRIVATE LIMITED
CIN - U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	ESOP Scheme 2020 (I)	ESOP Scheme 2020 (II)	ESOP Scheme 2020 (III)	ESOP Scheme 2020 (IV)	ESOP Scheme 2022 (I)	ESOP Scheme 2022 (II)
Date of grant	04-Jun-21	12-Nov-21	31-Oct-22	31-Jan-23	31-Oct-22	31-Jan-23
Date of Board / Compensation Committee approval	04-Jun-21	12-Nov-21	31-Oct-22	31-Jan-23	31-Oct-22	31-Jan-23
Options approved		193592			253116	
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity
Graded vesting period:						
One year from the date of grant	20%	20%	20%	20%	20%	20%
On expiry of one year from the 1st vesting date	20%	20%	20%	20%	20%	20%
On expiry of two years from the 1st vesting date	30%	30%	30%	30%	30%	30%
On expiry of three years from the 1st vesting date	30%	30%	30%	30%	30%	30%
Exercise period		5 years from each vesting date				
Vesting conditions		Continuous service				
Weighted average remaining contractual life (in years)	7.18	7.62	8.59	8.84	8.59	8.84
Weighted average exercise price per option (in Rs.)	708.78	708.78	806.00	813.00	806.00	813.00
Weighted average fair value of stock options granted	122.03	117.18	181.43	185.91	181.43	185.91
For the year ended 31 March, 2023						
Options outstanding at the beginning of the year	1,54,100	23,492	-	-	-	-
Granted during the year	-	-	39,750	9,500	2,15,460	41,500
Forfeited during the year	-	-	-	-	-	-
Exercised during the year	5,433	-	-	-	-	-
Expired/Lapsed during the year	36,750	-	-	-	19,600	16,000
Outstanding at the end of the year	1,11,917	23,492	39,750	9,500	1,95,860	25,500
Exercisable at the end of the year	18,037	4,698	-	-	-	-
For the year ended 31 March, 2022						
Options outstanding at the beginning of the year	-	-	-	-	-	-
Granted during the year	1,89,850	29,492	-	-	-	-
Forfeited during the year	-	-	-	-	-	-
Exercised during the year	-	-	-	-	-	-
Expired/Lapsed during the year	35,750	6,000	-	-	-	-
Outstanding at the end of the year	1,54,100	23,492	-	-	-	-
Exercisable at the end of the year	-	-	-	-	-	-

FINOVA CAPITAL PRIVATE LIMITED
CIN - U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Computation of fair value of options granted during the year ended 31 March, 2023

The company measure the cost of Employee Stock option using the fair value method and has calculated fair value of option at the time of grant using Black-scholes pricing model with the following assumptions:

Particulars	Grant - I				Grant - II			
	Tranch 1	Tranch 2	Tranch 3	Tranch 4	Tranch 1	Tranch 2	Tranch 3	Tranch 4
Life of the options granted (years)	1 Years	2 Years	3 Years	4 Years	1 Years	2 Years	3 Years	4 Years
Risk-free interest rate (%)	6.99%	7.15%	7.25%	7.32%	6.99%	7.01%	7.14%	7.24%
Fair value of the option (Rs.)	92.39	135.89	208.32	244.24	102.03	136.43	213.26	247.15
Share price on the date of grant (Rs.)	805.79	805.79	805.79	805.79	812.53	812.53	812.53	812.53
Exercise price (Rs.)	805.79	805.79	805.79	805.79	812.53	812.53	812.53	812.53
Expected volatility (%)	19.81%	16.42%	22.63%	20.58%	22.82%	16.77%	23.69%	21.11%
Expected dividend rate (%)	-	-	-	-	-	-	-	-

Computation of fair value of options granted during the year ended 31 March, 2022

The company measure the cost of Employee Stock option using the fair value method and has calculated fair value of option at the time of grant using Black-scholes pricing model with the following assumptions:

Particulars	Grant - I				Grant - II			
	Tranch 1	Tranch 2	Tranch 3	Tranch 4	Tranch 1	Tranch 2	Tranch 3	Tranch 4
Life of the options granted (years)	1 Years	2 Years	3 Years	4 Years	1 Years	2 Years	3 Years	4 Years
Risk-free interest rate (%)	4.10%	4.67%	5.12%	5.45%	3.83%	4.39%	4.86%	5.34%
Fair value of the option (Rs.)	56.14	92.74	128.3	163.05	60.32	97.29	132.70	168.98
Share price on the date of grant (Rs.)	708.78	708.78	708.78	708.78	708.78	708.78	708.78	708.78
Exercise price (Rs.)	708.78	708.78	708.78	708.78	708.78	708.78	708.78	708.78
Expected volatility (%)	14.56%	14.56%	14.56%	14.56%	16.52%	16.52%	16.52%	16.52%
Expected dividend rate (%)	-	-	-	-	-	-	-	-

Particulars	31 March, 2023	31 March, 2022
	Rs. /Lakhs	Rs. /Lakhs
Expenses charged for the period	115.25	105.25
Employee stock options outstanding balance	262.69	147.44

FINOVA CAPITAL PRIVATE LIMITED
CIN- U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

38 RELATED PARTY DISCLOSURE

A. Name of the related parties and nature of relationship

Relationship	Name of Related party
Key Managerial Personnel	1. Mr. Mohit Sahney (Managing Director & CEO)
	2. Mrs. Sunita Sahney (Executive Director)
	3. Mr. Ravi Sharma (Chief Financial Officer) (w.e.f. February 19, 2021)
	4. Ms. Namrata Sajjani (Company Secretary) (upto July 6, 2021)
	5. Mr. Jaikishan Premani (Company Secretary) (w.e.f. November 12, 2021)
Relatives of Key Managerial Personnel and other parties	1. Mr. Rahul Sahney (Chief Operating Officer)
	2. Mr. Rohit Sahney
	3. Mrs. Santosh Sahney
	4. Mr. Aryaman Sahney
	5. Ms. Advika Sahney
	6. Mr. Rampal Borana
	7. Mrs. Suman Choudhary
	8. Mrs. Shobha Choudhary
	9. Mrs. Priyanka Choudhary
	10. Mr. Hari Singh Choudhary
	11. Mrs. Usha Choudhary
	12. Mrs. Jyoti Sharma
	13. Mr. Bal Krishan Sharma
	14. Mrs. Anusuya Sharma
	15. Mrs. Rajni Sharma
	16. Mrs. Nisha Sharma
	17. Master Avighna Sharma
	18. Mohit Sahney HUF
	19. Mr. Ganesh Premani
	20. Mrs. Usha Premani
	21. Mrs. Priyanka Thawani
	22. Mrs. Harsha Sabdhani
	23. Mr. Jatin Sajjani
	24. Mr. Vinay Sajjani
	25. Mrs. Hemlata Sajjani
	26. Master Adhvit Sharma

B. Details of transactions during the year with related parties

Name of the employee	Nature	(Rs. /Lakhs)			
		Key Managerial Personnel		Relatives of Key Managerial Personnel and other parties	
		31 March, 2023	31 March, 2022	31 March, 2023	31 March, 2022
Mr. Mohit Sahney	Remuneration	204.42	157.25	-	-
Mrs. Sunita Sahney	Remuneration	70.98	54.60	-	-
Mr. Rahul Sahney	Remuneration	-	-	49.38	42.32
Mr. Ravi Sharma	Remuneration	29.55	29.20	-	-
Mr. Jaikishan Premani	Remuneration	10.01	4.85	-	-
Ms. Namrata Sajjani	Remuneration	-	4.74	-	-
Mr. Mohit Sahney	Incentive	157.25	65.52	-	-
Mrs. Sunita Sahney	Incentive	54.60	22.75	-	-
Mr. Rahul Sahney	Incentive	-	-	50.05	16.25
Mr. Ravi Sharma	Incentive	10.14	7.13	-	-
Mr. Jaikishan Premani	Incentive	1.68	-	-	-
Mrs. Sunita Sahney	Expenses Reimbursement	0.60	0.60	-	-
Mr. Rahul Sahney	Expenses Reimbursement	-	-	26.25	15.23
Mr. Jaikishan Premani	Expenses Reimbursement	1.80	-	-	-
Mr. Ravi Sharma	Expenses Reimbursement	6.60	-	-	-
Mr. Ravi Sharma	Perquisites	11.12	-	-	-
Mr. Rahul Sahney	CCPS Acquired	-	-	9.00	-
Mr. Ravi Sharma	ESOP Exercised	8.63	-	-	-

C. Details of outstanding balances at the end of the year with related parties

Name of the employee	Nature of Expenses				
		Key Managerial Personnel		Relatives of Key Managerial Personnel and other parties	
		31 March, 2023	31 March, 2022	31 March, 2023	31 March, 2022
Mr. Rahul Sahney	Remuneration / Reimbursement	-	-	5.21	3.39
Mr. Ravi Sharma	Remuneration / Reimbursement	2.84	2.19	-	-
Mr. Jaikishan Premani	Remuneration / Reimbursement	0.92	0.82	-	-

FINOVA CAPITAL PRIVATE LIMITED
CIN- U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

39 PROVISIONS AND CONTINGENCIES

	As at 31 March, 2023	As at 31 March, 2022
	Rs. /Lakhs	Rs. /Lakhs
Break-up 'provision and contingencies' shown under the head Expenditure in statement of profit and loss		
a. Provision for depreciation on investment	-	-
b. Provision towards Non-Performing Asset ('NPA') (expected credit loss on stage 3 assets)	357.66	547.13
c. Provision made towards income tax (net of deferred tax)	2,980.60	961.87
d. Other provision and contingencies	121.64	46.29
e. Provision for standard assets (expected credit loss on Stage 1 and Stage 2 assets)	248.11	(208.34)
	3,708.01	1,346.94

40 CONCERNTRATION OF ADVANCES

Total advance to twenty largest borrowers	Rs. /Lakhs	550.08	649.76
Percentage of advances to twenty largest borrowers to total advances of the NBFC	%	0.34%	0.69%

41 CONCERNTRATION OF EXPOSURE

Total exposure to twenty largest borrowers/customers	Rs. /Lakhs	550.08	649.76
Percentage of exposure to twenty largest borrowers/customers to total exposure of the NBFC on borrowers/customers	%	0.34%	0.69%

42 CONCERNTRATION OF NPA

Total exposure to top four NPA account	Rs. /Lakhs	74.42	101.07
--	------------	-------	--------

43 SECTOR WISE NPA'S

Sectors	Percentage of NPAs to Total Advances in that Sector		Percentage of NPAs to Total Advances in that Sector	
	As at 31 March, 2023		As at 31 March, 2022	
	Rs. /Lakhs	%	Rs. /Lakhs	%
Agriculture and allied activities	-	0.00%	-	0.00%
Micro and small medium enterprise loans	1,478.86	0.99%	1,572.12	1.81%
Corporate borrowers	-	0.00%	-	0.00%
Services	-	0.00%	-	0.00%
Unsecured personal loans	-	0.00%	-	0.00%
Home Loan	102.22	0.73%	144.74	1.83%

44 MOVEMENT OF NPA'S

Sector		As at	
		31 March, 2023	31 March, 2022
i. Net NPA's to Net Advance	%	0.32%	1.08%
ii. Movement of NPAs (Gross)			
a. Opening Balance	Rs. /Lakhs	1,716.86	396.75
b. Additions during the year	Rs. /Lakhs	1,512.76	1,584.81
c. Reductions during the year	Rs. /Lakhs	(1,648.54)	(264.70)
d. Closing Balance	Rs. /Lakhs	1,581.08	1,716.86
iii. Movement of Net NPAs			
a. Opening Balance	Rs. /Lakhs	1,009.72	236.74
b. Additions during the year	Rs. /Lakhs	479.16	930.57
c. Reductions during the year	Rs. /Lakhs	(972.60)	(157.59)
d. Closing Balance	Rs. /Lakhs	516.28	1,009.72
iv. Movement of provision for NPAs (Excluding provision on standard assets)			
a. Opening Balance	Rs. /Lakhs	707.14	160.01
b. Additions during the year	Rs. /Lakhs	1,033.60	654.24
c. Write-off/Write back of excess provision	Rs. /Lakhs	(675.94)	(107.11)
d. Closing Balance	Rs. /Lakhs	1,064.80	707.14

FINOVA CAPITAL PRIVATE LIMITED
CIN- U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

45 Disclosures as per Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

a. CAPITAL

Particulars	Numerator	Denominator	As at	As at 31 March,	Variance
			31 March, 2023	2022	
a. CRAR (%)	Adjusted Tier I and Tier II Capital	Risk weighted Assets	59.06%	78.45%	-19.39%
b. CRAR-Tier I Capital (%)	Adjusted Tier I Capital	Risk weighted Assets	58.64%	78.05%	-19.41%
c. CRAR-Tier II Capital (%)	Adjusted Tier II Capital	Risk weighted Assets	0.42%	0.40%	0.02%
d. Liquidity coverage ratio	Highly qualified Liquid assets	Net Cash outflow	(see note below)		
e. Amount of subordinated debt raised as Tier-II capital			-	-	0.00%
f. Amount raised by issue of Perpetual Debt Instruments			-	-	0.00%

Basis of ratios

	As at	As at 31 March,
	31 March, 2023	2022
	Rs. /Lakhs	Rs. /Lakhs
a. Adjusted Tier I Capital	99,669.06	91,052.79
b. Adjusted Tier II Capital	713.83	465.72
c. Total Capital	1,00,382.89	91,518.51
d. Risk Weighted Assets	1,69,975.20	1,16,657.22
e. Highly qualified liquid assets	Not applicable	
f. Net cash outflow in next 30 calendar days	Not applicable	

Note:

The Reserve Bank of India (RBI) issued a circular dated 4.11.2019, introducing guidelines on liquidity risk management for non-banking financial companies (NBFCs). These guidelines include the Liquidity Coverage Ratio (LCR), which is applicable to non-deposit taking NBFCs with an asset size exceeding Rs. 5,00,000 lakhs. However, the Company does not meet the criteria for LCR applicability, and therefore, the disclosure provisions related to LCR are not applicable to the Company.

b. INVESTMENTS

	As at	As at
	31 March, 2023	31 March, 2022
	Rs. /Lakhs	Rs. /Lakhs
1. Value of Investments		
(i) Gross value of investments		
(a) In India	7,007.88	21,663.84
(b) Outside India	-	-
	7,007.88	21,663.84
(ii) Provisions for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
	-	-
(iii) Net Value of Investments		
(a) In India	7,007.88	21,663.84
(b) Outside India	-	-
	7,007.88	21,663.84
2. Movement of provisions held towards depreciation on Investments		
(i) Opening Balance	-	-
(ii) Add: Provisions made during the year	-	-
(iii) Less: Write-off/ write-back of excess provisions	-	-
(iv) Closing balance	-	-

FINOVA CAPITAL PRIVATE LIMITED
CIN- U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

c. DERIVATIVES

i Forward rate agreement / interest rate swap

During both the financial year 2022-23 and the financial year 2021-22, the Company did not enter into any transactions or have any exposure in forward rate agreements or interest rate swaps. Therefore, no disclosure is applicable in this regard.

ii Exchnage traded interest rate (IR) derivatives

During both the financial year 2022-23 and the financial year 2021-22, the Company did not enter into any transactions or have any exposure in exchange-traded interest rate (IR) derivatives. Therefore, no disclosure is applicable in this regard.

iii Disclosures on risk exposure in derivatives

During both the financial year 2022-23 and the financial year 2021-22, the Company did not enter into any transactions or have any exposure in derivatives. Therefore, the disclosures on risk exposure in derivatives - Qualitative Disclosure, are not applicable, and no disclosure is made in the financial statements.

d. EXPOSURE

i. Exposure to real estate sector

The company has exposure to real estate sector as on March 31, 2023 which is given herein below:

Particulars	As at 31 March, 2023	As at 31 March, 2022
	Rs. /Lakhs	Rs. /Lakhs
a. Direct exposure (fund and non fund based)		
i. Residential mortgages-		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.	14,007.05	7,902.91
ii. Commercial real estate-		
Lending fully secured by commercial real estates (Office buildings, retail space, multi-purpose commercial purpose commercial premises, multi family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels land acquisition, development and construction etc.).	-	-
iii. Investment is mortgage Backed Securities (MBS) and other securitized exposures-		
Residential	-	-
Commercial real estate	-	-
b. Indirect exposure (fund and non fund based)		
Total exposure to real estate sector	14,007.05	7,902.91

ii. Exposure to capital market

During the financial years 2022-23 and 2021-22, as well as at the year-end, the Company did not have any exposure in the capital market through direct investments in equity shares, convertible bonds, convertible debentures, and units of equity-oriented mutual funds. This includes investments in funds that are not exclusively focused on corporate debt, advances given against shares, bonds, debentures, or other securities, or clean basis loans provided to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds.

Additionally, there were no advances granted for other purposes where shares, convertible bonds, convertible debentures, or units of equity-oriented mutual funds were taken as primary security. Furthermore, there were no advances provided for other purposes to the extent secured by collateral securities of shares, convertible bonds, convertible debentures, or units of equity-oriented mutual funds where the primary security did not fully cover the advances.

The Company also did not have any secured or unsecured advances to stockbrokers and did not issue guarantees on behalf of stockbrokers and market makers.

Moreover, loans were not sanctioned to corporates against the security of shares, bonds, debentures, or other securities, or on a clean basis, for meeting the promoter's contribution to the equity of new companies in anticipation of raising resources. There were no bridge loans provided to companies against expected equity flows/issues. Lastly, the company had no exposures to venture capital funds, whether registered or unregistered.

iii. Details of financing of parent company products

The Company does not participate in the financing of its parent company's products. As a result, no disclosures regarding such financing are made in the financial statements.

iv. Details of single borrower limit (SGL) / Group Borrower Limit (GBL) exceeded by the applicable NBFC

During the current year as well as the previous year, the Company has maintained compliance with the prudential exposure limits throughout the entire duration. Consequently, there is no requirement for disclosure in the notes to the accounts concerning any exposures where the applicable NBFC may have exceeded the prudential exposure limits. The determination of exposure limits has been conducted by considering the higher value between the sanctioned limit and the entire outstanding amount.

v. Unsecured advances

- a. According to RBI regulations, it is mandatory to disclose unsecured advances in the financial statements. Unsecured advances refer to loans where the collateral provided, such as rights, licenses, authorizations, and similar assets for projects, including infrastructure projects, are not considered tangible security. Such advances must be classified as unsecured and disclosed accordingly. However, the Company does not have any such unsecured advances where the rights, licenses, authorizations, and similar assets provided as collateral for projects, including infrastructure projects, are involved. In addition, the Company has unsecured advances totaling Rs. 201.78 Lakhs (Previous year Rs. 247.06 Lakhs), which have been provided to Micro and small medium enterprises and employees of the Company. It should be noted that these advances do not fall within the aforementioned category of unsecured advances and therefore have separate considerations.
- b. According to RBI regulations, it is a requirement to disclose the total amount of advances that have utilized intangible securities, such as charges over rights, licenses, authority, etc., as collateral. The estimated value of these intangible collaterals should also be disclosed. However, in the case of the Company, there have been no instances of financing unsecured loans that involve such intangible collateral. Therefore, there is no need to differentiate or provide separate disclosure for these loans as they do not exist within the Company's portfolio.

e. MISCELLANEOUS

- i. The Company is engaged in lending activities as Non-Banking Finance Company (NBFC) regulated by the Reserve Bank of India ('RBI'). The Company had obtained its licence from Reserve Bank of India (RBI) to operate as Non deposit Accepting Non Banking Financial Company (NBFC-ND) on March 02, 2016 vide registration No. RBI B-10.00236. The Company has not obtained registration from any other financial sector regulators apart from the Reserve Bank of India. As a result, no disclosure is required regarding registration with other regulators in the notes to the financial statements.
- ii. During the financial year, the Company did not incur any penalties imposed by the Reserve Bank of India or any other regulators. Therefore, there is no requirement to disclose any penalties information in the financial statements.
- iii. During the financial year, the Company did not record any prior period items and did not make any changes in accounting policies. As a result, there is no requirement for disclosure regarding such items in the financial statements.
- iv. Apart from non-performing assets, the Company has not deferred revenue recognition due to uncertainty or any other circumstances.
- v. The information regarding the credit ratings assigned by credit rating agencies and any changes or migration of ratings during the year is disclosed in Note 48 of the notes to the financial statements.

FINOVA CAPITAL PRIVATE LIMITED
CIN- U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

f. Additional disclosure

- i. Provisions and Contingencies: The information regarding provisions and contingencies is disclosed in Note 39 of the notes to the financial statements.
- ii. During the current year, the Company has only transferred an amount from the Surplus in the statement of profit and loss to the Statutory Reserve Fund, as required under section 45-IC of the RBI Act, 1934. There have been no drawdowns from the reserve during the year.
- iii. The Company is registered as a non-deposit accepting NBFC, and as a result, it has not accepted any deposits. Therefore, there is no requirement for disclosure regarding deposits in the financial statements.
- iv. The disclosure of Concentration of Advances, Concentration of Exposures, Concentration of Non-Performing Assets (NPAs), Sector-wise NPAs, and the Movement of NPAs is provided in Note 40, Note 41, Note 42, Note 43, and Note 44, respectively, of the notes to the financial statements.
- v. The Company does not have any joint ventures or subsidiaries abroad. As a result, there is no requirement for disclosure regarding joint ventures or subsidiaries abroad in the financial statements.
- vi. The Company does not have any off-balance sheet Special Purpose Vehicles (SPVs) sponsored, whether domestic or overseas. Therefore, there is no requirement for disclosure regarding off-balance sheet SPVs in the financial statements.
- vii. The disclosure of complaints is provided in Note 46 of the notes to the financial statements.
- viii. The Company does not have any exposure to gold loans, and it is not involved in gold auctions.
- ix. The Company have no loan account past due 90 days which is not treated as impaired.

g. Sectoral exposure

Sectors	As at 31 March, 2023			As at 31 March, 2022		
	Total exposure (included on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to Total exposure in that Sector	Total exposure (included on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to Total exposure in that Sector
	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs
Agriculture and allied activities	-	-	-	-	-	-
Industry						
- Micro and small medium enterprise loans	1,48,868.66	1,478.86	0.99%	86,916.44	1,572.12	1.81%
- Corporate borrowers	-	-	-	-	-	-
Services	-	-	-	-	-	-
Personal loans						
- Unsecured	14.27	-	-	10.06	-	-
Others						
- Home Loan	14,007.05	102.22	0.73%	7,902.91	144.74	1.83%

h. Intra-group exposures

There is no intra-group exposures during the year 2022-23 (For the Year 2021-22 Nil).

i. Unhedged foreign currency exposure

The Company is required to disclose details of its unhedged foreign currency exposures. However, there were no outstanding foreign currency exposures at the year-end and in the previous year. The accounting policy for foreign currencies is disclosed in Note 1B.12 - Foreign Currencies, and further details can be found in Note 33 - Risk Management - Objective and Policies.

The summary of expenditure in foreign currency are as follows:

	31 March, 2023	31 March, 2022
	Rs. /Lakhs	Rs. /Lakhs
Reimbursement of charges	-	15.32
Purchase of goods and services	-	-
	-	15.32

- j. The Company did not generate any earnings in foreign currency during the reporting period.
- k. The disclosure of related parties is provided in Note 38 of the notes to the financial statements.
- l. The Company has no exposure of Securitisation of Standard Assets and The Company has no Transfer of Loan Exposures as at 31 March, 2023 as well as at 31 March, 2022.
- m. During the year, the Company has not assigned any loan and have no exposure on the assignment of assets accordingly there is no disclosure made in the financial statements.
- n. During the year, the Company has neither purchased nor sold any non performing asset accordingly there is no disclosure made in the financial statements.

FINOVA CAPITAL PRIVATE LIMITED
CIN- U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

O. ASSET LIABILITY MANAGEMENT MATURITY PATTERN OF ASSET AND LIABILITY

i. The disclosure of asset liability management maturity pattern as at 31 March, 2023 are as follows:

	1 to 7 days	8 to 14 days	15 days to 30 /31 days	Over 1 month upto 2 Month	Over 2 months upto 3 months	Over 3 month and up to 6 month	Over 6 Month and up to 1 year	Over 1 year and up to 3 years	Over 3 years and up to 5 years	Over 5 years	Total
	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs
Deposits	-	-	-	-	-	-	-	-	-	-	-
Advances	1,015.78	254.89	3,262.00	1,775.76	1,808.08	5,488.89	11,455.06	51,830.06	54,867.50	29,353.33	1,61,111.35
Investments	7,007.88	-	-	-	-	-	-	-	-	-	7,007.88
Borrowings	408.96	350.54	8,366.34	1,654.70	3,291.71	6,298.11	12,713.98	41,407.47	24,230.79	3,500.96	1,02,223.56
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-

ii. The disclosure of asset liability management maturity pattern as at 31 March, 2022 are as follows:

	1 to 7 days	8 to 14 days	15 days to 30 /31 days	Over 1 month upto 2 Month	Over 2 months upto 3 months	Over 3 month and up to 6 month	Over 6 Month and up to 1 year	Over 1 year and up to 3 years	Over 3 years and up to 5 years	Over 5 years	Total
	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs	Rs. /Lakhs
Deposits	-	-	-	-	-	-	-	-	-	-	-
Advances	645.42	234.07	1,599.06	1,193.39	1,229.22	3,735.77	7,682.29	33,136.57	31,870.03	12,330.73	93,656.55
Investments	21,663.84	-	-	-	-	-	-	-	-	-	21,663.84
Borrowings	408.96	350.54	993.20	1,229.04	1,419.71	4,577.77	9,560.29	32,009.73	13,002.40	876.12	64,427.76
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-

Notes:

i. Advances as disclosed above are net of ECL provisions.

FINOVA CAPITAL PRIVATE LIMITED
CIN- U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

46 DISCLOSURE OF CUSTOMER COMPLAINTS

1. Complaints received from customers

Particulars	31 March, 2023	31 March, 2022
1 Number of complaints pending at beginning of the year	-	3
2 Number of complaints received during the year	68	17
3 Number of complaints disposed during the year	68	20
3.1 Of which, number of complaints rejected	10	-
4 No. of complaints pending at the end of the year	-	-

Maintainable complaints received from Office of Ombudsman

Particulars	31 March, 2023	31 March, 2022
5 Number of maintainable complaints received from Office of Ombudsman during the year	32	17
5.1 Of 5, number of complaints resolved in favour by Office of Ombudsman during the year	-	-
5.2 Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman during the year	32	17
5.3 Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against during the year	-	-
6 Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

2. Top five grounds of complaints received by the NBFCs from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
31 March, 2023					
Ground - 1 Updation of credit bureau reports related	-	22	2100%	-	-
Ground - 2 Foreclosure (FC) Letter Related	-	11	450%	-	-
Ground - 3 Waiver required in FC Charges/ Other Charges	-	11	57%	-	-
Ground - 4 Loan Documents/NOC Required	-	5	100%	-	-
Ground - 5 Staff behaviour	-	3	50%	-	-
Others	-	16	220%	-	-
Total	-	68	300%	-	-
31 March, 2022					
Ground - 1 Updation of credit bureau reports related	1	1	0%	-	-
Ground - 2 Foreclosure (FC) Letter Related	-	2	0%	-	-
Ground - 3 Waiver required in FC Charges/ Other Charges	1	7	40%	-	-
Ground - 4 Loan Documents/NOC Required	-	-	-100%	-	-
Ground - 5 Staff behaviour	1	2	-33%	-	-
Others	-	5	25%	-	-
Total	3	17	-6%	-	-

47 TRANSACTION WITH NON-EXECUTIVE DIRECTORS

Name of non-executive director	Transaction type	31 March, 2023	31 March, 2022	(Rs./Lakhs)
a. Arjun Dan Rathoo (Independent Director)	Fee for attending board committee meeting	2.94	3.00	
		2.94	3.00	

48 DETAILS OF RATINGS ASSIGNED BY CREDIT RATING AGENCIES AND MIGRATION OF RATING DURING THE YEAR

Instrument	Rating agency	Date of rating assigned	Rating valid upto	2022-23	2021-22
Bank Loan	ACUITE	30-Sep-22	28-Nov-23	ACUITE A/Stable	ACUITE A-/Stable (Reaffirmed)
Bank Loan	CARE	15-Sep-22	14-Sep-23	CARE A-; Stable	CARE BBB+; positive
Non-Convertible Debentures - Listed	ACUITE	30-Sep-22	28-Nov-23	ACUITE A/Stable	ACUITE A-/Stable (Reaffirmed)
Non-Convertible Debentures - MLD	ACUITE	30-Sep-22	28-Nov-23	ACUITE PP-MLD A/ Stable	ACUITE PP-MLD A-/ Stable (Reaffirmed)
Non-Convertible Debentures - Proposed	ACUITE	30-Sep-22	28-Nov-23	ACUITE A/Stable	ACUITE Provisional A /Stable (Reaffirmed)
Non-Convertible Debentures - Listed	CARE	26-Nov-21	30-Nov-22	NA	CARE BBB+; positive

FINOVA CAPITAL PRIVATE LIMITED
CIN- U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

49 DETAILS OF IMPAIRMENT LOSS ALLOWANCE RESERVE

Details of impairment loss allowance reserve as at 31 March 2023: -

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount	Provision for loss allowances as per Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Variance
1	2	3	4	(5)=(3)-(4)	6	(7)=(4)-(6)
		(Rs. /Lakhs)	(Rs. /Lakhs)	(Rs. /Lakhs)	(Rs. /Lakhs)	(Rs. /Lakhs)
Performing assets						
Standard	Stage 1	1,58,781.54	671.12	1,58,110.42	635.13	35.99
	Stage 2	2,527.36	42.71	2,484.65	10.11	32.60
Subtotal		1,61,308.90	713.83	1,60,595.06	645.23	68.60
Non-performing assets (NPA)						
Substandard (A)	Stage 3	1,578.41	1,062.13	516.27	157.84	904.29
Doubtful						
Up to 1 year	Stage 3	2.67	2.67	-	0.53	2.14
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful (B)		2.67	2.67	-	0.53	2.14
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA (C) = (A+B)		1,581.08	1,064.80	516.27	158.37	906.43
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal (D)		-	-	-	-	-
Total (C - D)	Stage 1	1,58,781.54	671.12	1,58,110.42	635.13	35.99
	Stage 2	2,527.36	42.71	2,484.65	10.11	32.60
	Stage 3	1,581.08	1,064.80	516.27	158.37	906.43
Grand Total		1,62,889.98	1,778.63	1,61,111.35	803.61	975.02

*Loss allowances (Provision) as required under Ind AS 109 is greater than the provision required as per IRACP norms, hence the Company is not required to create impairment reserve.

Details of impairment loss allowance reserve as at 31 March 2022: -

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount	Provision for loss allowances as per Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Variance
1	2	3	4	(5)=(3)-(4)	6	(7)=(4)-(6)
		(Rs. /Lakhs)	(Rs. /Lakhs)	(Rs. /Lakhs)	(Rs. /Lakhs)	(Rs. /Lakhs)
Performing assets						
Standard	Stage 1	91,170.13	407.97	90,762.16	364.68	43.29
	Stage 2	1,932.34	57.75	1,874.59	7.73	50.02
Subtotal		93,102.47	465.72	92,636.75	372.40	93.31
Non-performing assets (NPA)						
Substandard (A)	Stage 3	1,421.61	618.56	803.04	142.16	476.40
Doubtful						
Up to 1 year	Stage 3	295.27	88.58	206.69	59.05	29.53
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful (B)		295.27	88.58	206.69	59.05	29.53
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA (C) = (A+B)		1,716.88	707.14	1,009.73	201.21	505.93
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal (D)		-	-	-	-	-
Total (C - D)	Stage 1	91,170.13	407.97	90,762.16	364.68	43.29
	Stage 2	1,932.34	57.75	1,874.59	7.73	50.02
	Stage 3	1,716.88	707.14	1,009.73	201.21	505.93
Grand Total		94,819.35	1,172.86	93,646.49	573.62	599.24

*Loss allowances (Provision) as required under Ind AS 109 is greater than the provision required as per IRACP norms, hence the Company is not required to create impairment reserve.

FINOVA CAPITAL PRIVATE LIMITED
CIN- U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

50 As required in terms of paragraph 19 of Master Direction - Non-Banking Financial Company - Systemically Important Non Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

I. Schedule to the Balance Sheet

S.No	Particulars	Rs./ Lakhs	
		Amount Outstanding	Amount Overdue
Liabilities side			
1	Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:		
a	Debtures : Secured	4,933.05	-
	Debtures : Unsecured (other than falling within the meaning of public deposits*)	-	-
b	Deferred Credits	-	-
c	Term Loans (other than debt securities)	97,290.51	-
d	Inter corporate loans and borrowings	-	-
e	Commercial Paper	-	-
f	Public Deposit	-	-
g	Other loans (lease liability)	273.99	-
2	Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid)		
a	In the form of Unsecured debtures	-	-
b	In the form of partly secured debtures i.e. debtures where there is a shortfall in the value of security	-	-
c	Other public deposits	-	-
Assets side			
3	Break-up of Loans and Advances including bills receivables *		Amount Outstanding
a	Secured		1,62,688.20
b	Unsecured		201.78
4	Break up of Leased Assets and stock on hire and other assets counting		-
1	Lease assets including lease rentals under sundry debtors		
(a)	Financial lease		-
(b)	Operating lease		-
2	Stock on hire including hire charges under sundry debtors		
(a)	Assets on hire		-
(b)	Repossessed Assets		-
3	Other loans counting towards asset financing activities		
(a)	Loans where assets have been repossessed		-
(b)	Loans other than (a) above		-
5	Break up of investments		
	Current Investments		
1	Quoted		
(i)	Shares		-
	(A) Equity		-
	(B) Preference		-
(ii)	Debtures and Bonds		-
(iii)	Units of Mutual Funds		7,007.88
(iv)	Government Securities		-
(v)	Others (Please specify)		-
2	Unquoted		
(i)	Shares		
	(A) Equity		-
	(B) Preference		-
(ii)	Debtures and Bonds		-
(iii)	Units of Mutual Funds		-
(iv)	Government Securities		-
(v)	Others		-

FINOVA CAPITAL PRIVATE LIMITED
CIN- U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	Amount Outstanding
Assets side	
Long Term Investments	
1 Quoted	
(i) Shares	
(A) Equity	-
(B) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of Mutual Funds	-
(iv) Government Securities	-
(v) Others (Please specify)	-
2 Unquoted	
(i) Shares	
(A) Equity	-
(B) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of Mutual Funds	-
(iv) Government Securities	-
(v) Others - Units of Alternative Investment Fund & Security Receipts in Asset Reconstruction Company	-

6 Borrower group-wise classification of assets financed as in (3) and (4) above:

Category	Amount net of provision		
	Secured	Unsecured	Total
a Subsidiaries	-	-	-
b Companies in the same group	-	-	-
c other related parties	-	-	-
Other than related parties	1,62,688.20	201.78	1,62,889.98
Total			

7 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)

Category	Market Value	Book value (net of provisions) #
Related Party		
a Subsidiaries	-	-
b Companies in the same group	-	-
c other related parties	-	-
Other than related parties	-	-
Total	-	-

8 Other information

Particulars	Amount
Gross Non Performing Assets	
a. Related parties	-
b. Other than related parties	1,581.08
Net Non Performing Assets	
a. Related parties	-
b. Other than related parties	516.28

* Net of impairment loss allowance

Book value is carrying value as per IND AS

FINOVA CAPITAL PRIVATE LIMITED
CIN- U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

51 DETAILS IN RESPECT OF RESOLUTION FRAMEWORK FOR COVID-19 RELATED STRESS' AND 'MICRO, SMALL AND MEDIUM ENTERPRISES (MSME) SECTOR — RESTRUCTURING OF ADVANCES

The Company has restructured the accounts as per RBI circular circulars DBR.No.BP.BC.100/21.04.048/2017-18 dated February 07, 2018, DBR.No. BP.BC. 108/21.04.048/2017-18 dated June 6, 2018, circular DBR.No.BP.BC.18/21.04.048/2018-19 dated January 1, 2019, circular DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020 and DOR.No.BP.BC/4/21.04.048/2020-21 dated August 06, 2020

Disclosure made vide Notification RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 06, 2020 pertaining to Resolution Framework for COVID-19 related Stress read with RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated May 05, 2021 pertaining to Resolution Framework - 2.0

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
	(A)	(B)	(C)	(D)	(E)
Personal Loans	8.75	0.00	0.00	0.42	8.33
Business Loans	8.43	0.00	0.00	0.49	7.94
Small Business	0.00	0.00	0.00	0.00	0.00
Total	17.18	0.00	0.00	0.91	16.27

52 DISCLOSURE OF LIQUIDITY RISK

a. Funding concentration based on significant Counterparty as at 31 March, 2023

(Rs. /Lakhs)			
Number of significant counterparties	Amount	% Of Total Deposit	% Of Total Liabilities
28	98,527.20	-	92.62%

Funding concentration based on significant Counterparty as at 31 March, 2022

(Rs. /Lakhs)			
Number of significant counterparties	Amount	% Of Total Deposit	% Of Total Liabilities
30	61,966.46	-	92.01%

b. Top 20 large deposits (amount in Rs lakhs and % of Total Deposits)

The company does not take the deposits hence - Nil.

c. Top 10 borrowings

Particulars	31 March, 2023	31 March, 2022
	(Rs. /Lakhs)	(Rs. /Lakhs)
Total Value of top 10 Borrowings	64,007.55	35,672.96
% of Total Borrowings	62.62%	55.37%

d. Funding concentration based on significant Instrument/Product

Particulars	31 March, 2023		31 March, 2022	
	Amount	% Of Total Liabilities	Amount	% Of Total Liabilities
	(Rs. /Lakhs)		(Rs. /Lakhs)	
a. Term Loans	91,383.18	85.91%	57,962.43	86.06%
b. Non-Convertible Debentures	4,933.05	4.64%	6,465.33	9.60%
c. Overdraft facilities	5,907.33	5.55%	-	0.00%
	1,02,223.56	96.10%	64,427.76	95.66%

e. Stock ratios

Name of the Instrument/Product	%
i. a. Commercial Papers as a % of Total Public Funds	NIL
b. Commercial Papers as a % of Total Liabilities	NIL
c. Commercial Papers as a % of Total Assets	NIL
ii. a. Non-Convertible Debentures (original maturity of less than one year) as a % of Total Public Funds	NIL
b. Non-Convertible Debentures (original maturity of less than one year) as a % of Total Liabilities	NIL
c. Non-Convertible Debentures (original maturity of less than one year) as a % of Total Assets	NIL
iii. a. Other Short-Term Liabilities as a % of Total Public Funds	NIL
b. Other Short-Term Liabilities as a % of Total Liabilities	34.61%
c. Other Short-Term Liabilities as a % of Total Assets	17.76%

f. Institutional set-up for liquidity risk management

The Board has the overall responsibility for management of liquidity risk. The Board decides the strategy, policies and procedures to manage liquidity risk in accordance with the liquidity risk tolerance/limits approved by it. The Asset Liability Management Committee (ALCO) is responsible for ensuring adherence to the risk tolerance/limits set by the Board as well as implementing the liquidity risk management strategy. The role of the ALCO with respect to liquidity risk includes, inter alia, decision on desired maturity profile and mix of incremental assets and liabilities, responsibilities and controls for managing liquidity risk, and overseeing the liquidity positions at an entity level.

FINOVA CAPITAL PRIVATE LIMITED
CIN- U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

53 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and postemployment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/ interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

54 OPERATING SEGMENTS

The Company is engaged in the business segment of Financing, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated and to assess its performance, and for which discrete financial information is available. Further other business segments do not exceed the quantitative thresholds as defined by the Ind AS 108 on "Operating Segment". Hence, there are no separate reportable segments, as required by the Ind AS 108 on "Operating Segment".

The Company operates in single segments only. There are no operations outside India and hence there is no external revenue or assets which require disclosure

55 The disclosures in respect of fraud as per the Master Direction DNBS. PPO.01/66.15.001/2016-17, dated September 29, 2016.

There was 1 case (Previous Year: Nil) amounting to Rs. 36.82 Lakhs (Previous year: Nil) reported as fraud during the year.

Particulars	Less than INR 1 Lakhs		More than INR 1 Lakhs less than 25 Lakhs		Above INR 25 Lakh		Total	
	Number of instances	Rs. /Lakhs	Number of instances	Rs. /Lakhs	Number of instances	Rs. /Lakhs	Number of instances	Rs. /Lakhs
Person Involved								
Staff	-	-	-	-	1	36.82	1	36.82
Outsiders	-	-	-	-	-	-	-	-
Total	-	-	-	-	1	36.82	1	36.82
Type of Fraud:								
Cash Mishandling	-	-	-	-	1	36.82	1	36.82
Others	-	-	-	-	-	-	-	-

56 OTHER STATUTORY INFORMATION

- a. During the current financial year, company has not undertaken any transactions with the companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956.
- b. There are no such transaction which are not recorded in the books of account earlier and have been surrendered or disclosed as income during the current financial year in the tax assessments under the Income tax act, 1961.
- c. The company does not possess any Benami property, and there are no pending proceedings initiated against the company for holding any Benami property.
- d. The Company does not have any charges or satisfactions that are yet to be registered with the Registrar of Companies (ROC) beyond the statutory period.
- e. The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year
- f. The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall
 - a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
 - b. provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- g. During the year, company has not sanctioned any working capital or working capital limit, hence not required to submit quarterly stock statement with th banks/financial institutions
- h. The Company have not received any fund from any person or entity, including foreign entity (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

57 Estimates and associated assumptions applied in preparing these financial statements, especially for determining the impairment allowance for the Company's financial assets(Loans), are based on historical experience and other emerging/forward looking factors on account of the pandemic. The Company believes that the factors considered are reasonable under the current circumstances. The Company has used estimation of potential stress on probability of default and exposure at default due to COVID-19 situation in developing the estimates and assumptions to assess the impairment loss allowance on loans. Given the dynamic nature of the pandemic situation, these estimates are subjects to uncertainty and may be affected by severity and duration of the pandemic. In the event, the impacts are more severe or prolonged than anticipated, this will have a corresponding impact on the carrying value of financial value of the financial assets, the financial position and performance of the Company.

58 During the financial year 2022-23, the Income-Tax department issued an order under section 263 for the Assessment Year (AY) 2018-19, even though the assessment had already been closed on March 15, 2021 under section 143(3) of the Income Tax Act, 1961, with the acceptance of the return income filed by the assessee. However, the company is currently in the process of re-submitting the data with the revised order. As of March 31, 2023, the company does not have any liability in this regard.

59 The Reserve Bank of India (RBI) has introduced the Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs ('the Framework') through Circular No. RBI/2021-22/112 DOR.CRE.REC.No.60/03.10.001/2021-22 issued in October 2021. Under this Framework, NBFCs are categorized into different layers, namely Base Layer (NBFC-BL), Middle Layer (NBFC-ML), Upper Layer (NBFC-UL), and Top Layer (NBFC-TL).

The Company has been classified as a "Middle Layer" NBFC in accordance with the Framework.

60 The Company does not qualify as a Large Corporate based on the criteria outlined in SEBI Circular SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021.

FINOVA CAPITAL PRIVATE LIMITED
CIN- U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

61 Disclosure on significant ratios:

Particulars	Numerator	Denominator	As at	As at	Variance (%)
			31 March 2023	31 March 2022	
Debt-Equity Ratio,	[(Debt securities+ Borrowings (other than Debt Securities))]	Total equity	1.01	0.70	44.37%
Net profit margin	Net profit after tax	Total revenue from operations	26.63%	15.84%	68.08%
Total debts to total assets	[(Debt securities+ Borrowings (other than Debt Securities))]	Total assets	49.31%	40.47%	21.84%
Gross Non-Performing Assets	Gross Stage III loans EAD	Gross total loans EAD	0.97%	1.81%	-46.39%
Net Non-Performing Assets	(Gross Stage III loans EAD - Impairment loss allowance for Stage III)	(Gross total loans EAD-Impairment loss allowance for Stage III)	0.32%	1.07%	-70.26%
Asset cover ratio (no. of times)	Amount of secured assets	Secured debt	1.67	1.63	2.48%
Provision coverage ratio (%)	Impairment loss allowance for Stage III	Gross Stage III loans EAD	67.35%	41.19%	63.51%

Basis of ratios

	Year ended 31 March 2023	Ratio	Year ended 31 March 2022	Ratio
a. Debt-Equity Ratio				
Total debt	1,02,223.56	1.01	64,427.76	0.70
Total equity (Equity share capital+ other equity)	1,00,938.48		91,846.54	
b. Net profit margin				
Net profit after tax (total comprehensive income)	8,852.57	26.63%	2,903.62	15.84%
Total revenue from operations	33,246.81		18,329.07	
c. Total debts to total assets				
Debt securities+ Borrowings (other than lease liabilities)	1,02,223.56	49.31%	64,427.76	40.47%
Total assets	2,07,313.87		1,59,194.56	
d. Gross Non-Performing Asset				
Gross Stage III loans EAD	1,581.08	0.97%	1,716.88	1.81%
Gross total loans EAD	1,62,889.98		94,819.35	
e. Net Non-Performing Assets				
(Gross Stage III loans EAD - Impairment loss allowance for Stage III)	516.27	0.32%	1,009.73	1.07%
(Gross total loans EAD-Impairment loss allowance for Stage III)	1,61,825.17		94,112.20	
f. Asset cover ratio (no. of times)				
Amount of secured assets	1,62,688.20	1.67	94,582.35	1.63
Secured debt	97,290.51		57,962.43	
g. Provision coverage ratio (%)				
Impairment loss allowance for Stage III	1,064.80	67.35%	707.14	41.19%
Gross Stage III loans EAD	1,581.08		1,716.88	

FINOVA CAPITAL PRIVATE LIMITED
CIN- U65993RJ2015PTC048340
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

62 Events after the reporting period

There are no significant events or matters occurring after the balance sheet date that require disclosure in the financial statements

63 The figures for the previous year have been regrouped and rearranged to align with the current year's classification.

The accompanying notes are forming part of financial statements
In terms of our report attached

For S. N. Dhawan & CO LLP

Chartered Accountants

Firm's Registration No. 000050N/N500045

For and on behalf of Board of Directors of
FINOVA CAPITAL PRIVATE LIMITED

Sd/-

Vinesh Jain

Partner

Membership No. 087701

Place: Gurugram

Date: 02 May, 2023

Sd/-

Mohit Sahney

Managing Director & CEO

DIN: 07280918

Place: Jaipur

Date: 02 May, 2023

Sd/-

Sunita Sahney

Executive Director

DIN: 02395354

Place: Jaipur

Date: 02 May, 2023

Sd/-

Ravi Sharma

Chief Financial Officer

Place: Jaipur

Date: 02 May, 2023

Sd/-

Jaikishan Premani

Company Secretary

M. No: A42043

Place: Jaipur

Date: 02 May, 2023