

The background of the cover features large, bold, yellow letters 'PD' in a serif font. The 'P' is on the left and the 'D' is on the right, both partially cut off by the edges of the page. The letters are a vibrant yellow color.

# REPORT 2023-2024

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*“The path to success  
is to take massive,  
determined action.”*

## AB RUKNA NAHI

### Reporting Principles

The financial and statutory data disclosed in this Report is in line with the requirements of the Companies Act, 2013; Indian Accounting Standards; the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and the Secretarial Standards.

### Forward-looking Statement

Certain statements in this Report relating to the Company's business operations and prospects may be forward-looking statements. These statements can be identified by usage of words such as 'believes', 'estimates', 'anticipates', 'expects', 'intends', 'may', 'will', 'plans', 'outlook' and other words of similar meaning in connection with a discussion of future operating or financial performance. These forward-looking statements are dependent on assumptions, data or methods that may be incorrect or imprecise and hence may be incapable of being realised. Such statements are not guaranteed of future operating, financial and other results, but constitute our current expectations based on reasonable assumptions. The Company's actual results could materially differ from those projected in any forward-looking statements due to various future events, risks and uncertainties some of which are beyond our control. The Company does not assume any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.





# SUNIL AGARWAL

Managing Director & CEO

# DEAR SHAREHOLDERS,

The fiscal year 2023-24 presented its share of global challenges, but it also highlighted new opportunities for growth and leadership. While the world grappled with ongoing conflicts in the Middle East and Ukraine, as well as geopolitical tensions, including with China, these difficulties also underscored the strength and resilience of nations like India. Despite the economic uncertainties that affected nearly every country — from rising energy and food prices to inflation and market volatility — India stood out as a beacon of hope and stability, reinforcing its position as a global leader.

In this evolving landscape, India's role on the world stage has never been more vital. Our country has risen to the occasion, demonstrating unity and a commitment to working with other democracies to protect our shared values, including the freedom of enterprise. India continues to inspire confidence among global investors, shining as a symbol of opportunity and optimism.

Paisalo, with its extensive operations across multiple states, is proud to play a part in this success story. Even amidst last year's global banking turmoil, the Indian economy proved its resilience. Consumers remained confident and the markets are now anticipating a soft landing. This stability has been fuelled by strategic government spending and proactive RBI policies. As we move forward, there is an exciting opportunity to accelerate spending on green initiatives, strengthen global supply chains, enhance military capabilities and manage rising costs. While these efforts may lead to some inflationary pressures, they also promise to drive sustainable growth and innovation.

FY2024 was an outstanding year for Paisalo. We achieved record revenue, reflecting the strength and potential of our business model. Our company generated INR 6,587 million in revenue and INR 1,790 million in net income, with a return on equity (ROE) of 13.40%. These results underscore our commitment to excellence and our ability to thrive in dynamic environments. We expanded our market share, made significant investments in products, people and technology and maintained our focus on disciplined risk management.

Throughout the year, our lending philosophy and guiding principles proved their worth, allowing us to support our clients through both good and challenging times. This unwavering commitment resulted in broad-based growth across the firm, with our Customer Franchise

reaching 4.2 million+. In 2023-24, we extended credit totalling INR 35,902 million to clients across the country, playing a crucial role in driving economic progress.

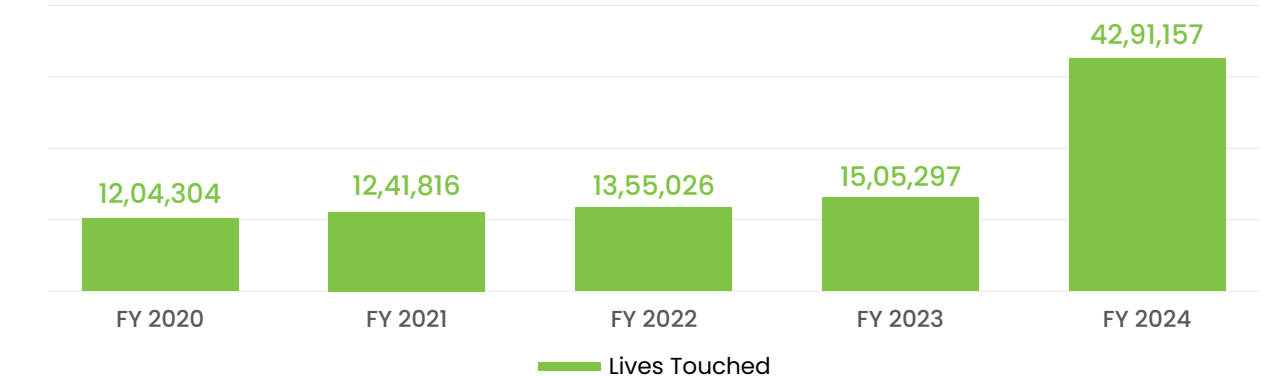
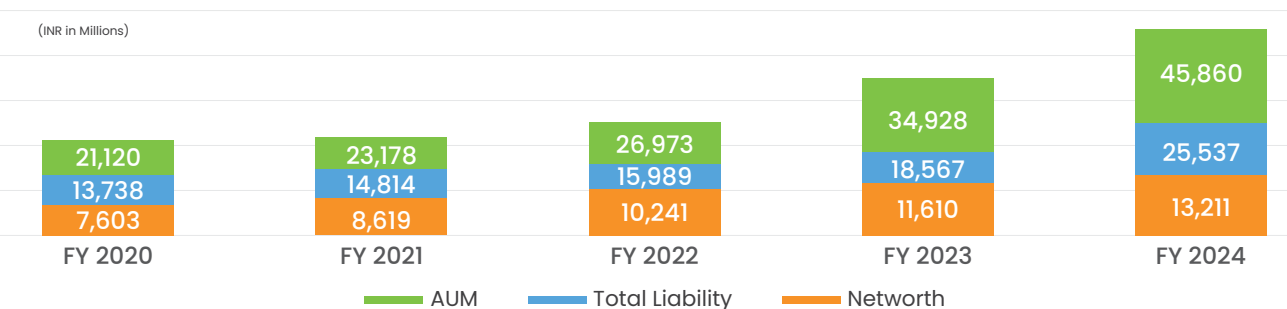
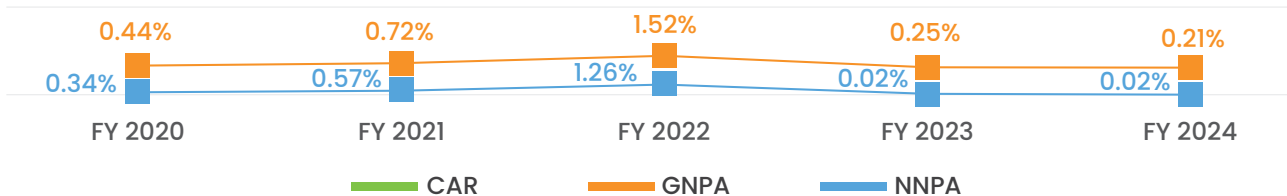
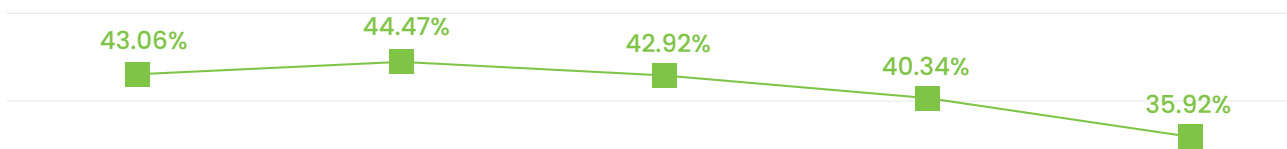
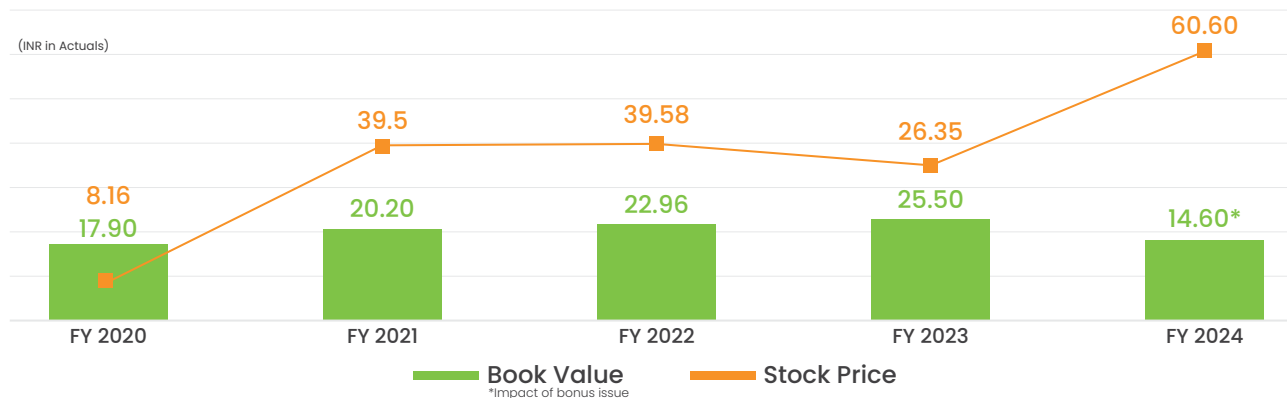
Our commitment to corporate responsibility remains strong. We continue to champion a more inclusive economy, supporting workforce training programs, financing low-income households and small businesses and investing in Unbanked Rural Centres. These initiatives demonstrate how businesses and government leaders can collaborate to create meaningful change.

Paisalo's success is built on the foundation of our key principles and strategies, which have guided us through decades of growth and enabled effective capital management, including dividends. I am incredibly proud of our company's resilience and the achievements of our employees nationwide. Despite the challenges of recent years, we have never wavered in our dedication to serving our clients and communities. As advocates of co-lending, we understand its transformative power to unite people and help them achieve their aspirations. Our work makes a difference and we are united by a shared purpose: to empower individuals, homeowners and small businesses across the country.

The challenges of the past have only made us stronger. While the last two decades have brought unprecedented events, including the global financial crisis and a pandemic, Paisalo has continued to accomplish extraordinary things.

As we look to the future, each of our businesses is on track to become the best in the country. We are increasing our market share, achieving strong financial results and maintaining an unwavering focus on serving our clients, communities and shareholders with distinction. The strengths embedded in Paisalo— the expertise and cohesion of our people, our long-standing client relationships, our innovative technology and products, our growing presence in 21 states and our successful co-lending model — are unmatched. These strengths empower us to consistently support our clients and communities, invest in our future and seize the opportunities that lie ahead.

The following charts illustrate the gains and improvements we have made over the years.



# EMBRACING TIMELESS PRINCIPLES FOR A BRIGHTER FUTURE

Reflecting on the past three decades, since I began as CEO in 1989, it's clear that our success is rooted in the core pillars we've consistently upheld. Our unwavering financial discipline has been key to navigating challenges and maintaining stability. Our ongoing investment in innovation has kept us at the cutting edge, allowing us to meet our clients' evolving needs with forward-thinking solutions. Most importantly, our deep commitment to helping clients and communities has always been the driving force behind everything we do. We understand the profound impact we can have on individuals' lives and the growth of communities and this understanding fuels our dedication to making a positive difference.

Our achievements are not just about the strength of our financial offerings—they're about our people. It is our people who have driven our resilience and success. By continually developing our workforce, nurturing their talents and providing them with the necessary support, we've built a team capable of rising above challenges and delivering exceptional results. Your dedication and unwavering commitment to serving borrowers and communities have been the foundation of our success over the years. As we look ahead, our vision is clear. We will continue to uphold our financial discipline, invest in innovation and develop our people—these elements are the bedrock of our commitment to helping borrowers and communities across the country. Together, we will move forward, empowering individuals, supporting businesses and contributing to the prosperity and well-being of our society. Your commitment and contributions make me immensely proud and I am confident that our collective efforts will lead us to even greater accomplishments in the years to come.

In addition to our core values, several timeless principles at Paisalo deserve our continued focus and attention:

First, while our stock is held by large institutions, pension plans, mutual funds and individual investors, we must remember that the ultimate beneficiaries are the individuals within our communities. Over 150 million people in the country invest in stocks and many of them, in various capacities, hold Paisalo shares. Among these investors are veterans, teachers, police officers, firefighters, healthcare workers, senior citizens and those saving for significant life goals like a home, education, or retirement. As a management team, we bear the immense responsibility of serving our shareholders, understanding the impact our work has on these individuals and their aspirations.

Second, while our focus isn't solely on short-term stock price, we recognize that our long-term stock performance reflects the progress we've made. This progress is a result

of our continuous investments in people, systems and products, regardless of the circumstances. These strategic investments will continue to shape our future, positioning us for sustainable growth and prosperity in the decades ahead.

Third, our success and achievements are deeply rooted in our commitment to our shareholders. We know that shareholder value is built and sustained by nurturing a healthy and vibrant company—one that takes care of its customers, employees and communities. Neglecting any of these stakeholders would undermine our foundation. We've learned that it's possible to show compassion for our employees and communities while upholding shareholder value. Striking the right balance fosters long-term success and creates shared value for all.

Fourth, we've consistently shared with you, our shareholders, the basic principles and strategies we use to build this company—from maintaining a strong balance sheet and investing in and nurturing talent to fully satisfying regulators, continually improving risk, governance and controls and serving customers and clients while uplifting communities. Adhering to these principles and strategies allows us to drive organic growth and manage our capital effectively, including dividends, as we have consistently demonstrated over the past decades.

Fifth, it's important to highlight two critical points. We aim to build enduring businesses and we are not a conglomerate—our businesses rely on and benefit from each other. Both factors contribute to generating our returns.

Sixth, all of our company's success is made possible by the extraordinary conditions created by our silent partner—the Indian Government. We encourage all shareholders to express gratitude whenever they see the Indian flag. As a healthy and thriving company, we are committed to giving back and fulfilling our tax obligations responsibly to maximize our positive impact. Over the past 10 years, we have paid INR 2,965.10 million in taxes, exemplifying our commitment to contributing to the nation's progress.

Finally, at the heart of our success are our people. They are the ones who serve our borrowers and communities, build the technology, make the strategic decisions, manage risks and drive innovation. Whatever challenges and opportunities the future holds, having a great team—one with courage, intelligence, integrity and the capability to navigate complex situations while maintaining high standards of professional excellence—ensures our prosperity now and in the future.



# EMBRACING CHALLENGES AND OPPORTUNITIES

Every year, I take the opportunity to share our perspective on the key challenges and opportunities that lie ahead for Paisalo. One of the most transformative developments on the horizon is the impact of artificial intelligence (AI), a field where India is poised to lead.

While the full extent and speed at which AI will reshape our business and society remain uncertain, we are confident that its impact will be revolutionary, much like the great technological leaps that have marked history. For India, AI has the potential to be as transformational as the advent of the Internet.

## The Transformative Power of Artificial Intelligence in India

Since we began our AI journey at Paisalo this year, we've significantly bolstered our capabilities. We now have a small, dedicated team and we're continuously trying to attract top talent from across the country. This focus aligns with India's growing prominence as a global hub for AI innovation.

Already, AI and ML are delivering tangible value across our operations. We've rolled out predictive AI in crucial areas like fraud detection and risk management, seeing immediate benefits. We're also exploring generative AI (GenAI) to transform software development, customer service, operations and overall productivity. We envision a future where GenAI redefines our business processes, driving efficiency and innovation across the board.

Our investment in AI is not merely a cost; it's an investment that fuels growth. As AI becomes more integral to our operations, we anticipate it will enhance virtually every role within Paisalo. While AI may alter some job categories, it will also create new opportunities, reflecting India's dynamic job market. As we've done before, we are committed to retraining and redeploying our workforce, ensuring that our employees continue to thrive in this evolving landscape.

India's vast and diverse data landscape, combined with AI, offers us unique insights that can revolutionize how we manage risk and serve our customers. To fully leverage this potential, we're committed to maintaining high-

quality, accessible data, supported by the necessary high-performance computing power.

Recognizing the strategic importance of AI, we've established the Business Intelligence Unit (BIU), reporting directly to Santanu Agarwal and me. This decision underscores our belief in AI's critical role in Paisalo's future and India's potential as a leader in this space. By embedding data and analytics into our decision-making processes, we are setting the stage for continuous learning, improvement and innovation.

Of course, we remain vigilant about the risks associated with AI. Our risk and control framework try to ensure that we stay ahead of AI-related challenges, particularly as India's regulatory environment evolves. We're also trying to incorporate AI into our security measures to counteract potential threats, ensuring that our systems remain resilient.

## Advancing with On-Premises Computing

Our transition to on-premises computing is essential for fully harnessing our capabilities, including the power of our data. The on-premises model offers numerous benefits: it accelerates service delivery, reduces computing costs, provides extensive computing power and allows us to swiftly adopt new technologies. This approach aligns with India's push for self-reliance in critical technological infrastructure.

Our investment of approximately INR 113.50 million in new, modern on-premises centre in India reflects our commitment to efficiency and innovation. This centre is 45% more efficient than our legacy systems, with the potential for even greater improvements as we continue to refine and enhance our technology infrastructure.

## Navigating Economic Uncertainty with Optimism for India

While predicting economic trends is challenging, we are preparing for a wide range of potential outcomes. Despite current geopolitical and economic uncertainties, many key indicators in India are positive, including inflation trends. However, we remain mindful of factors that could drive inflation in the future, such as ongoing fiscal spending, global trade restructuring and energy costs.

We are strategically preparing for a broad range of interest rate scenarios and their associated economic impacts on Paisalo and the Indian market. Our approach encompasses the full spectrum of potential outcomes:

- 1. Strong Economic Growth with Moderate Inflation:** In this scenario, we anticipate that higher interest rates may arise due to increased demand for capital. This environment could present opportunities for Paisalo to expand its operations and drive growth, supported by a robust Indian economy.
- 2. Challenging Economic Conditions:** On the other hand, we must also consider the possibility of stagflation, where economic stagnation coincides with rising inflation. This situation could lead to elevated interest rates, higher credit losses, reduced business volumes and more challenging market conditions. Stagflation would pose significant challenges, but we believe our risk management strategies are designed to reduce and or mitigate its effects.

Our preparedness for these varied economic scenarios ensures that Paisalo remains resilient and adaptable. We are confident that, regardless of the economic conditions, our foundational strategies will enable us to continue to perform atleast. This preparedness also means we can maintain our commitment to supporting clients and communities across India, helping them navigate their own challenges and seize opportunities.

As we move forward, we remain committed to innovation, resilience and the well-being of our employees, customers and shareholders. Together, we will navigate the challenges and seize the opportunities that lie ahead, ensuring that Paisalo continues to thrive and grow in India's rapidly evolving landscape.



# UNDERSTANDING THE COMMUNITY

Paisalo takes immense pride in our daily efforts to connect with individual clients and micro, small and mid-sized businesses across nearly every district in India. This ongoing dialogue is more than just business—it’s about building trust and establishing strong roots within the communities we serve. We firmly believe that as an NBFC, earning the trust of our communities is paramount. At Paisalo, we are committed to uplifting the areas where we operate, understanding that our success is intertwined with the prosperity of these communities. We believe that when communities thrive, so do we and this philosophy not only enhances our business but also contributes to the broader economic well-being and long-term shareholder value.

Our approach is clear: whether driven by the goodness of our hearts or by sound business strategy, we focus on delivering measurable outcomes. Over the years, many of our initiatives, such as advancing unbanked rural centres, have been born from this commitment. Our recent INR 45 million investment in our Business Correspondent Channel underscores that investing in communities is not just a moral obligation but also a smart business strategy. As we aim to become one of the largest NBFCs in the regions we operate, we recognize the importance of collaboration with local communities to gain market share and drive mutual growth.

**Pioneering Business Models and Strategies**

Paisalo’s partnership with SBI as a banking correspondent has served as a crucial incubator, helping us refine our approach to deploying business resources, leveraging skilled craftsmanship and maintaining low-cost operations with minimal equity investments. This partnership has not only helped us perfect our business correspondent model but also highlighted the importance of promoting opportunities both within and beyond our organization. As shareholders, you can take pride in our focus on fostering economic opportunity and driving innovation for all stakeholders.

Some of our key initiatives include:

- **Business Strategy Group (BSG):** We have established BSG across the company, connecting over 2,000 employees to encourage constant product development and innovation. This group fosters networking and has led to initiatives such as Access

to Small Ticket Size Working Capital Demand Loans, a Temperature-Controlled Water Bottle project, an Employee Referral Program and the NextGen Leader Coaching program for early-career professionals.

- **Distribution Point Development:** To empower entrepreneurs and small businesses, we have expanded our distribution point network to 1,203 locations, doubling our reach. These points, linked to branches focused on underserved communities, offer coaching, debt access and business growth support. We expect to mentor over 5,000 business owners in the upcoming fiscal year, helping them improve operations, grow revenue and connect with the local business community.
- **Work Skills Development:** Recognizing the untapped talent in local communities, we have designed and deployed a training program to help bridge the skills gap for high-demand jobs. This program has already made a significant impact in communities like Siwan, Niphad and Kheragarh, connecting us with skilled workers and fostering local economic growth.
- **Community Branches:** We need to consider the unique needs of communities across the country more thoughtfully. Companies of all sizes need to show up, listen and make the right investments and decisions to earn a neighbourhood’s trust. Impact is most effective when it is local. A local bank branch, especially in a low-income neighbourhood, can be successful only when it fits the community’s needs. That is why over the last several years we have shifted our approach to how we offer access to financial education, as well as low-cost lending products and services, to help borrowers by making Paisalo truly Available-Aware-Affordable; especially in Unbanked Rural Centres.

We are delivering this approach through our High Tech-High Touch Model, unique spaces in the heart of semi-urban and rural communities. We have total 2455 touchpoints across 21 states in FY24. These touchpoints host grassroot community events, small business mentoring sessions and financial health seminars. We have hosted community leaders and small business customers who have shared their sense of pride and optimism about what these touch-points mean for their community. Our employees are always at the front and

at the centre of these events, connecting people to one another and forging new relationships.

Being the Lender of choice for all is our goal and we want everyone to feel welcomed here and be able to contribute to our core mission to the best of their ability.

By documenting our purpose, our primary aim is to invigorate our employees, distinguish our company from competitors and inspire our organization to foster innovation on behalf of our clients, colleagues and communities. We firmly believe that this clarity of purpose will propel us forward, enabling us to better serve our stakeholders and contribute meaningfully to their success

**Expanding Our Footprint in Rural India**

With 279 branches and 973 Customer Service Points (CSPs) across 21 states, Paisalo is proud to be a significant presence in rural communities. Having serviced nearly 4.29 million consumers in these areas, they are now accessing over INR 45.86 billion in loans, conducted INR 12.64 billion in customer-initiated transactions, INR 6.28 billion in AEPS Transactions, 67,855 Savings Bank Account opened, 84,063 social security scheme extended and benefiting from our additional financial service offerings. As we expanded into 11 new states post FY2022 and during FY2024 with added one additional National Business Correspondent tie-up with Bank of India. By increasing our touchpoints, we are confident in our ability to become a leading lender and BAAS provider in these communities, fuelling local economies and advancing inclusive economic growth.

Particulars	Units	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24
Number of Active CSPs	(Numbers)	497	529	628	973
Number of Small Savings Bank Account Opened	(Numbers)	15,404	17,212	14,366	20,873
Number off Cross Selling Accounts (Micro Pension, Micro Insurance, Recurring Deposits, Term Deposits)	APY (Numbers)	2,461	3,532	3,015	3,759
	PMJJBY (Numbers)	5,110	3,436	3,152	8,480
	PMSBY (Numbers)	12,803	11,439	10,007	16,842
Number of Customer Initiated Transactions	(Numbers)	356,162	523,302	601,163	764,425
Amount of Customer Initiated Transactions	(₹ In Millions)	₹ 2,008.11	₹ 2,757.55	₹ 3,404.67	₹ 4,477.94
Amount of AEPS Transactions	(₹ In Millions)	₹ 1,002.81	₹ 1,396.19	₹ 1,711.54	₹ 2,175.22
Amount of Micro ATM Debt card Transactions	(₹ In Millions)	₹ 41.31	₹ 104.67	₹ 170.78	₹ 270.78
Amount of Loan Deposits	(₹ In Millions)	₹ 27.98	₹ 34.00	₹ 42.93	₹ 58.48
Amount of Recurring Deposit Remittances	(₹ In Millions)	₹ 0.01	₹ 0.01	₹ 0.02	₹ 0.02
Amount of Home Branch Cash Deposits (Cash In)	(₹ In Millions)	₹ 102.87	₹ 122.15	₹ 164.36	₹ 207.71
Amount of Cash Withdrawals (Cash Out)	(₹ In Millions)	₹ 169.49	₹ 235.69	₹ 293.16	₹ 428.09
Amount of Non Home Branch Cash Deposits (Tatkal Remittances)	(₹ In Millions)	₹ 621.81	₹ 799.90	₹ 930.43	₹ 1,220.69
Amount of IMPS Remittances	(₹ In Millions)	₹ 1.66	₹ 1.15	₹ 0.77	₹ 0.76
Amount of Account-to-Account Fund Transfer	(₹ In Millions)	₹ 39.02	₹ 61.75	₹ 89.21	₹ 113.52
Average Account Balance Maintained with CSP	(₹ in Actuals)	₹ 1,605.17	₹ 2,419.56	₹ 2,866.81	₹ 3,262.51



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) ENGAGEMENT

Paisalo is not only committed to social equity but also recognizes the critical importance of our role in Environmental, Social and Governance (ESG) efforts. Addressing climate change requires coordinated action, including appropriate policies around taxes, infrastructure and technology. While the path to achieving our aspirations may be challenging, we are hopeful that innovations like carbon capture and other technologies will emerge. This technological progress will require collaboration between private enterprise and government-funded research and development.

To ensure Paisalo plays a meaningful role in advancing ESG goals and fulfilling our Business Responsibility and Sustainability Reporting (BRSR) obligations, we have partnered with PwC. This collaboration will guide and align our efforts across various working groups, involving hundreds of dedicated employees, to drive positive change and sustainability across our operations.

Paisalo's commitment to diversity, equity, inclusion and environmental stewardship is unwavering. We believe that by upholding these values, we will not only contribute to a more just and sustainable future for India but also enhance our ability to serve our customers, innovate and achieve long-term success. Together, we are building a brighter future for all.

## A Commitment to Inclusivity and ESG

At Paisalo, we are committed to diversity, equity and inclusion. We believe in equal treatment, opportunity and access for all and we strive to create an inclusive environment that fosters innovation, smarter decisions and better financial results. Our dedication to these values is also reflected in our efforts to tackle climate challenges through our ESG initiatives. By partnering with PwC to guide our work on the ESG and BRSR reports, we are ensuring that our efforts align with the highest standards and contribute to a sustainable future.

## Commitment to Inclusion

At Paisalo, we are deeply committed to advancing inclusion within our organization and across the communities we serve. As India's regulatory landscape evolves, we will

continuously review our programs, language and actions to ensure full compliance while maintaining the core of our initiatives. We are proud that our efforts have been well-received in the cities and towns where we operate and we firmly believe that these initiatives make us a more inclusive company. Inclusivity leads to innovation, smarter decisions and better financial results—not just for Paisalo, but for the broader economy as well.

As a properly regulated NBFC, Paisalo plays a vital role in protecting and enhancing India's financial system. We are transparent with regulators and are dedicated to combating financial crimes like terrorism financing and tax evasion through strict adherence to KYC and anti-money laundering laws. Our commitment extends to safeguarding our customers—protecting their data, minimizing fraud and mitigating cyber risks while also providing essential financial education.

## Understanding Equity and Our Role in Social Issues

When we talk about equity at Paisalo, we refer to equal treatment, opportunity and access for all—not necessarily equal outcomes. We recognize the importance of addressing social and economic disparities, whether related to wealth or health and strive to provide everyone with a fair chance to succeed, regardless of their background. We are committed to ensuring that every employee at Paisalo feels welcomed and valued.

Our stance on social issues reflects our core values. We are proud to be a patriotic, free-enterprise and free-market capitalist organization that operates within the boundaries of proper regulation. While we respect diverse opinions on various laws and requirements, we adhere to our own informed views and values. We believe in the principles of democracy, including freedom of speech and expression and we stand firmly against discrimination and hate. Our employees represent a vibrant mix of cultures, beliefs and backgrounds and we fully support their right to freedom of speech. However, we maintain a strict Code of Conduct that prohibits intimidation, threats and prejudicial behaviour or speech.

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# MANAGEMENT LESSONS

I am committed to continuous learning, drawing from the rich tapestry of experiences, observations and lessons that come from both within our organization and the broader business landscape in India.

## The Importance of Long-Term Vision

While short-term data is important, it's crucial to keep an eye on long-term trends that could shape the future. In India's context, with its unique economic challenges and opportunities, understanding the long-term impacts of factors like fiscal spending, infrastructure development and global trade dynamics is vital. By adopting a "future back" approach—imagining desired future outcomes and working backward to identify current actions—we can better navigate the complexities of long-term planning and risk management.

## The Power of Comprehensive Assessment

To effectively manage any business situation, a thorough and complete assessment is essential. In India's competitive and dynamic market, understanding your competitors, their distribution strategies, economic models and innovations is crucial. Equally important is knowing your customers, their evolving preferences and the strengths and weaknesses within your own operations, including costs and employee capabilities. Additionally, factors like technology, risk and motivation play a pivotal role. By leveraging research, data and analytics at a granular level, we can ensure our strategies are well-informed and adaptable, setting the stage for success.

## Embrace Truth-Seeking Over Confirmation Bias

In a country as diverse as India, holding on to rigid beliefs can limit growth and innovation. It is essential to be open to new information, even if it challenges long-held views. When confronted with differing opinions, especially from within our own teams or the communities we serve, we should seek out the truths in their perspectives. This approach not only deepens understanding but also helps avoid binary thinking, enabling more nuanced and effective decision-making.

## The Value of Being on the Ground

Regular engagement through client meetings, branch visits and interactions with employees and customers is invaluable. In the diverse and rapidly changing Indian market, these road trips and visits are not just routines—they are opportunities for constant learning and the refinement of best practices. Employees, when approached with genuine curiosity, offer critical insights into what is working well and what needs improvement. This openness to feedback fosters a culture of humility, where admitting mistakes and challenging the status quo become pathways to continuous improvement.

## The Role of Process in Decision-Making

A robust decision-making process is key to finding the best solutions. Ensuring that the right people are involved, sharing information openly and fostering an environment where debate is encouraged leads to better outcomes. While crowdsourcing intelligence via committee meetings and seeking consensus can be beneficial, it's also important to recognize the right path. Leadership requires the ability to act decisively when needed, avoiding the pitfalls of herd mentality and poor compromises.

## Decision-Making: A Balance of Deliberation and Action

Effective decision-making is about knowing when to deliberate and when to act swiftly. In a fast-paced market like India, where conditions can change rapidly, it is crucial to distinguish between decisions that require careful thought and those that benefit from quick action. Encouraging our teams to think like decision-makers and empowering them to act with confidence, fosters a proactive culture. A useful exercise is to regularly identify and confront difficult decisions, using structured reflection to make progress, even if it's just the next logical step.

## The Indispensable Role of Heart

Heart matters. It's the unseen force that drives teams to perform beyond expectations, much like the spirit seen in great sports teams. At Paisalo, our success is deeply tied to the fair treatment of our employees, many of whom have been with us for years. When people know that their



leaders genuinely care, it inspires a level of commitment and effort that can make the difference between good and great.

#### **Building Trust with All Stakeholders**

Building trust is not just good corporate governance—it's essential for long-term success in India's complex business environment. Treating all stakeholders ethically and earning their respect is fundamental to maximizing shareholder value and contributing to a healthy society. In the long run, a business that is trusted by its employees, customers and even competitors "the" one that will thrive.

#### **Leadership: Trust, Vision and Heart**

True leadership at Paisalo goes beyond assessment and action—it's about earning trust and respect every day. Employees need to know that their leaders have no ulterior motive and are committed to doing the right thing.

This trust is built by consistently demonstrating integrity, admitting mistakes and sharing credit while taking responsibility for failures.

Communication of vision is not just a corporate jargon; it's about being in the trenches with your team, simplifying complex ideas and inspiring action. A clear, coherent and consistent vision helps to combat the inertia of bureaucracy and ensures that the organization moves forward with confidence and unity.

These management lessons I believe are not just theories but practical guidelines that have been tested and proven in the unique context of India. As Paisalo continues to grow and evolve, these principles will continue evolving and will remain central to our journey, driving us towards sustained success and positive impact.

## ***In Closing***

*As Paisalo marks over 30 years of its journey, I am filled with immense pride and gratitude. The path we've travelled has been extraordinary, with each challenge turning into an opportunity that has shaped us into the resilient and innovative company we are today. I want to extend my deepest appreciation to our dedicated management team, whose unwavering commitment has guided us through every phase and to the many who have contributed to building this remarkable institution.*

*To our 2,409 employees and their families, my heartfelt thanks. Your dedication and hard work are the foundation of Paisalo's success. Through these letters, I hope our shareholders and stakeholders have gained insights into what it takes to thrive in a rapidly changing world. More importantly, I hope you share in the pride of what we've accomplished — not just as a leading NBFC but as a company deeply rooted in the communities we serve.*

*As we look ahead, I am confident that our collective efforts will continue to drive Paisalo's growth and impact, ensuring a brighter future for all.*

*Thank you for your trust, support and partnership.*

*Sunil Agarwal*

*Managing Director and CEO*

# ***Paisalo's Promise***



At Paisalo, our promise is to empower India's unbanked population through accessible and inclusive financial solutions. Our company is committed to bridging the gap between financial institutions and the underserved, thereby creating avenues for economic growth and social upliftment. We firmly believe in enabling individuals and communities to become self-reliant and nurturing an action-oriented spirit through our services and communication. Looking forward, Paisalo envisions itself as the leading non-banking financial company (NBFC) dedicated to serving the unbanked population of India. We aspire to create a future where every individual, regardless of their socio-economic

background, has equal access to financial resources and services. To achieve this, we leverage technology, promote financial literacy and embrace a customer-centric approach. Our goal is to become the trusted lender for our customers, empowering them to attain financial independence and enhance their quality of life. Together, we are actively building a financially inclusive India where every dream finds support and every endeavour receives the opportunity to thrive. With our relentless efforts and unwavering commitment, we are driving positive change, enabling the unbanked population to unlock their full potential and contribute to the nation's progress.





# Mrs. Semma

Semma, a fifth-grade dropout, dreamed of a better life for her family. Her daily wage labourer husband struggled to provide even basic necessities. Determined to improve their circumstances, Semma and her husband took a loan from Paisalo and started a tailoring unit in their small living room. The initial days were challenging, but Semma's determination and resilience shone through. With hard work and perseverance, their business began to grow.

The couple provided their children with a quality education and even built a new home. Their once-dim prospects had brightened, thanks to their hard work and a little bit of courage. Semma's story became an inspiration to many in her community. She proved that even the most challenging circumstances can be overcome with determination and a positive attitude.



# Mrs. Saroj

Saroj, a mother of two, dreamed of a better life for her family. With plenty of time at home, she decided to start a tailoring business. However, financial constraints posed a significant challenge. Determined to overcome this obstacle, Saroj turned to Paisalo for loan. With the borrowed funds, she set up a small tailoring unit in her home. The initial days were tough, as she struggled to attract customers and manage her finances.

But Saroj's perseverance paid off. She honed her tailoring skills and gradually built a loyal customer base. With each passing day, her business grew, allowing her to provide her children with a better education. Saroj's transformation was remarkable. Her small tailoring venture had not only given her financial independence but also a sense of accomplishment.





# COMPANY AT A GLANCE

AUM  
₹ 45,860 Million

NET Worth  
₹ 13,211 Million

Disbursement  
₹ 35,902 Million

Gross NPA  
0.21%

Net NPA  
0.02%

Credit Rating  
AA (Stable Outlook) and A1+

PAT  
₹ 1,790 Million

Capital  
Adequacy Ratio  
35.92%

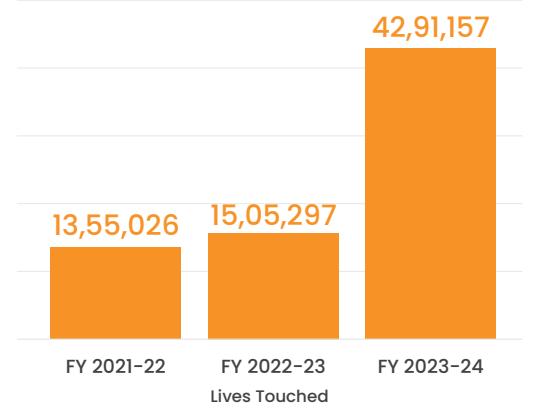
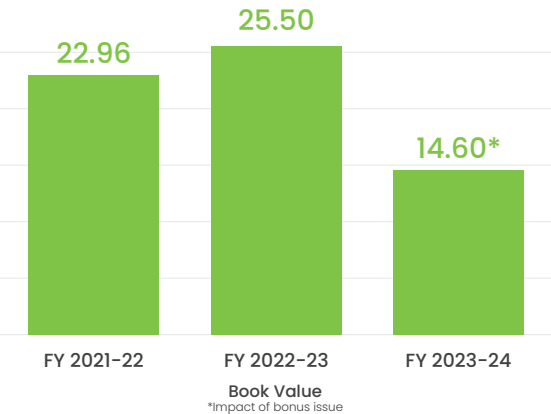
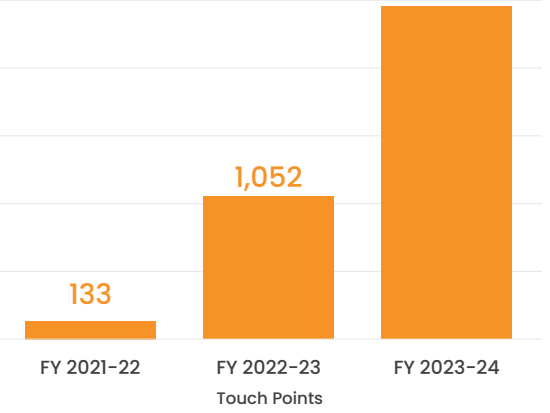
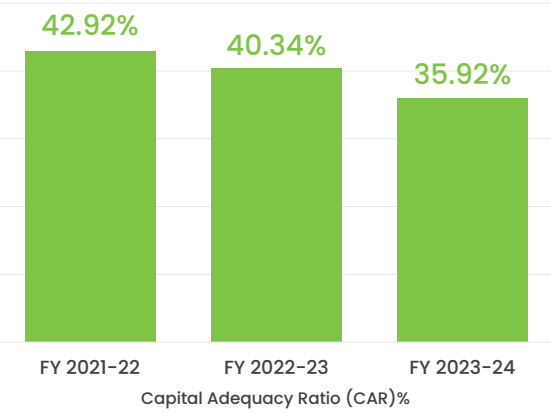
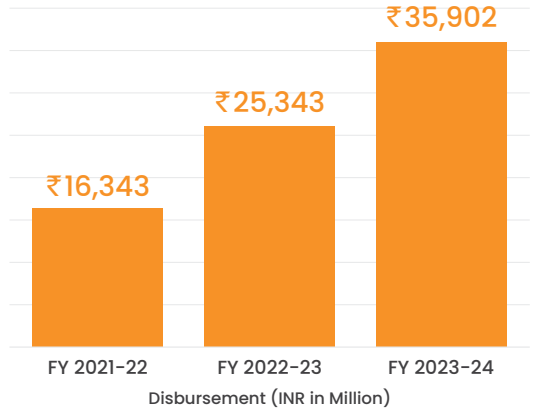
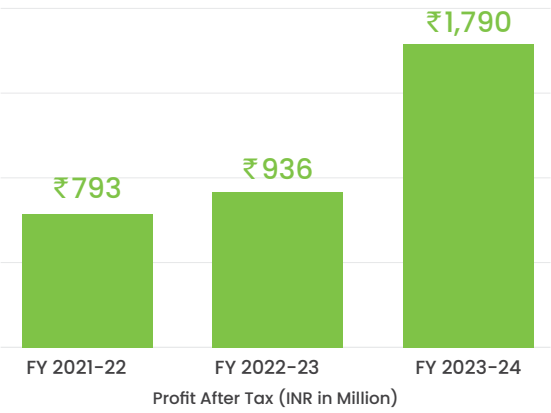
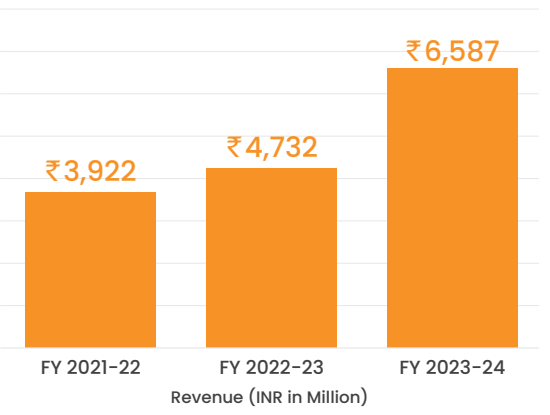
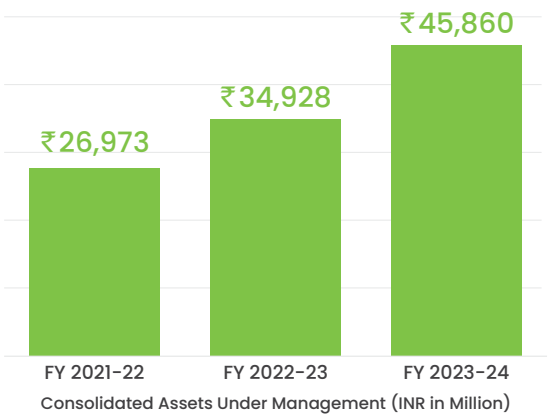
Debt-Equity Ratio  
1.87

Lives Touched  
42,91,157

Touch Points  
2,455

Employees  
2,409





# अब रुकना नहीं





# 3 YEARS FINANCIAL HIGHLIGHTS

Sr. No.	Parameters	2022	2023	2024
1	AUM*	₹ 26,973	₹ 34,928	₹ 45,860
2	Revenue from Operations*	₹ 3,922	₹ 4,732	₹ 6,587
3	PAT*	₹ 793	₹ 936	₹ 1,790
4	Cash Accrual*	₹ 825	₹ 963	₹ 1,824
5	Net worth	₹ 10,241	₹ 11,610	₹ 13,211
6	Total Debt	₹ 15,989	₹ 18,567	₹ 25,537
7	Debt Equity Ratio	1.56	1.58	1.87
8	Gross NPA	1.52%	0.25%	0.21%
9	NET NPA	1.26%	0.02%	0.02%
10	ROA	3.09%	3.02%	4.53%
11	ROE	7.69%	7.90%	13.40%
12	CAR	42.92%	40.34%	35.92%
13	Bad Debts written off Net	₹ 363	₹ 441	₹ 418
14	Bad Debts Recovered	₹ 120	₹ 177	₹ 405
15	Book Value	₹ 22.96	₹ 25.50	₹ 14.60**
16	Touch Points	133	1052	2455

₹ in Millions  
\*\*Impact of Bonus Issue 1:1  
\*Consolidated figures



# ESG AT A GLANCE

## Decent Work and Economic Environment

₹ 6,587 Mn Revenue	42,91,157 Customer Serviced
₹ 1,790 Mn PAT	6,06,294 Women Customers
13.40% ROE	6,550 Pincodes Digital Presence
4.53% ROA	05 Independent Directors
2,455* Touch Points	21 States
150+ Years Experience Board of Directors	66,000 Small and medium businesses helped
2,409 Jobs Created	

\*Branches-279, CSPs- 973, Distribution Points- 1,203

## Industry, Innovation and Infrastructure

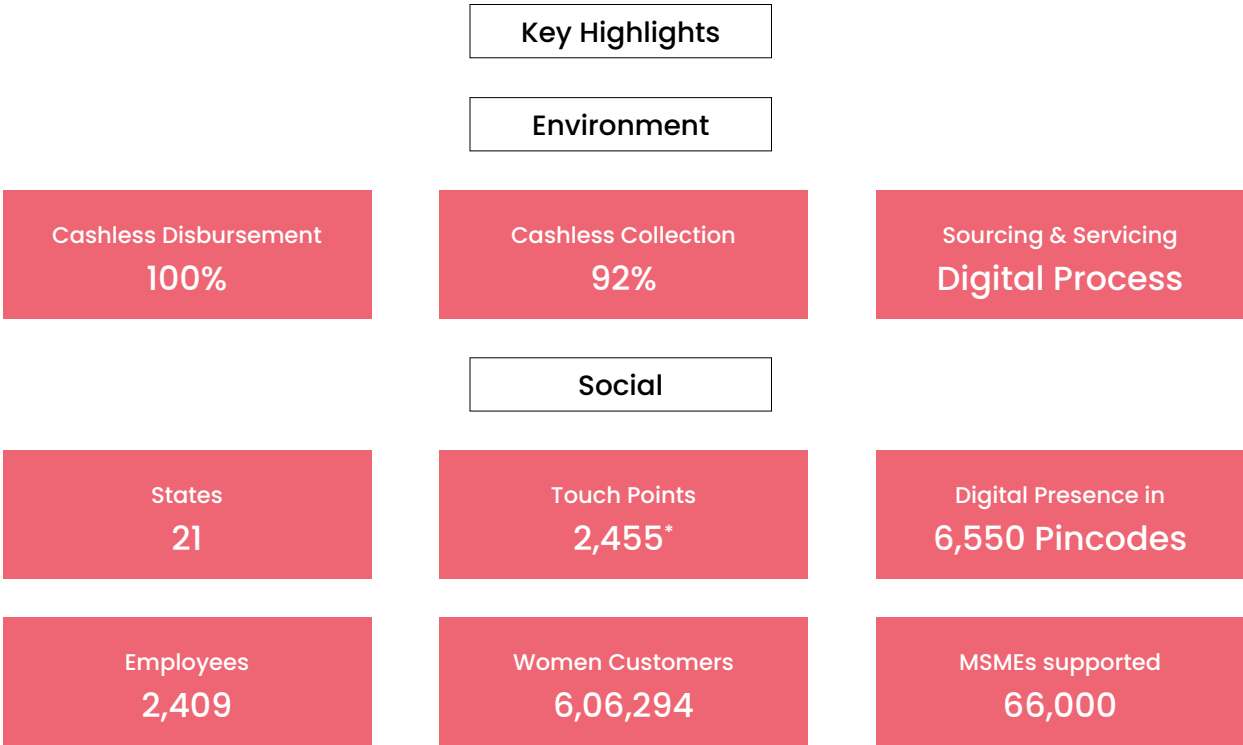
Centralized process, real time credit credential and character check

 Climate Action	 Responsible Consumption and Production
 Reduced Inequalities	 Gender Equality
 Peace, justice and strong institutions	 Health and Well being
<b>PAPER</b> Consumption Minimal	<b>CASHLESS</b> Disbursement 100%
<b>SOURCING</b> and Servicing Digital Process	<b>CASHLESS</b> Collection 92%

Financing for a Sustainable and Resilient Tomorrow

At Paisalo, we recognize that sustainable and responsible growth is integral to our business strategy. We are acutely aware that accelerated business expansion must not come at the expense of environmental degradation, social inequality, or compromised governance. Our commitment extends beyond the financial outcomes to encompass how we conduct our business and the impact we have on the world around us.

As we look to the future, integrating Environmental, Social and Governance (ESG) factors is central to our vision of responsible growth. Our ESG framework reflects our dedication to balancing our responsibilities to the environment, shareholders and the communities we serve.



\*Branches-279, CSPs- 973, Distribution Points- 1,203

Material Topics: The Cornerstone of Our Commitment

Customer Support and Satisfaction

We are dedicated to providing exceptional customer support and ensuring high levels of satisfaction through responsive service and continuous improvements tailored to meet our clients’ needs.

Employee Upskilling

Our commitment to employee upskilling focuses on providing ongoing training and development opportunities, empowering our workforce to adapt and thrive in a rapidly evolving industry.

Financial Inclusion

Paisalo strives to enhance financial inclusion by offering accessible lending solutions that support underserved communities, promoting equitable economic opportunities for all.

Data Security and Privacy

We prioritize the protection of customer data through robust security measures and stringent privacy protocols, safeguarding sensitive information against breaches and unauthorized access.


Local Employment Generation

Our operations contribute to local economic development by creating job opportunities, thereby supporting community growth and enhancing regional prosperity.

Climate Change

We are actively addressing climate change through sustainable practices and investments, aiming to reduce our carbon footprint and support environmental resilience for future generations.

United Nations Sustainable Development Goals (UN SDG) Mapping

SDG Goal	Positive contributions
<b>Goal 1. No Poverty</b> 	By providing financial services to underserved populations, companies like Paisalo can contribute to reducing poverty. Paisalo’s small ticket size loans basically aim to provide financial assistance to the weaker sections of society to make them self-independent and to earn them a livelihood. Paisalo has touched 4.29 million lives and has acquired around 0.82 million new customers through their services. They have approx. 2,409 employees across India.
<b>Goal 5. Gender Equality</b> 	<p>Paisalo has 6,06,294 women entrepreneurs and have encouraged over 7,00,000+ women entrepreneurs through unsecured loans with a median ticket size of about INR 27,000. Women customers account for approximately 58% of the total customer base and they account for roughly 91% of the lending customer base.</p> <p>Paisalo has provided employment to 77 women leading to an improvement in financial security for women.</p>
<b>Goal 8: Decent work and Economic Growth</b> 	<p>As of March 31, 2024, the company has reached around 4.29 million people across 21 states in India. Throughout the year, it acquired around 1.02 million new customers.</p> <p>By the end of FY 2024, Paisalo employed a total of 2,409 individuals, including 2,332 men and 77 women.</p>
<b>Goal 9: Industry, Innovation &amp; Infrastructure</b> 	<p>By addressing the unique needs of the underserved populations while leveraging technology to enhance accessibility and efficiency, Paisalo is driving innovation in the finance industry. It offers digital platforms for loan applications, payments and account management and reduces the barrier to entry, thus speeding up the financial process for customers. Its commitment to simplifying financial processes through technology and customer-centric services makes it easier for people from all walks of life to access financial support.</p> <p>Paisalo has provided loans to over 66,000 small and medium-sized businesses in sectors such as education, retail, pharma, electrical, chemical etc.</p>
<b>Goal 10: Reduced Inequalities</b> 	Paisalo’s total geographic footprint stood at to 2,455 touch points (279 Branches + 973 Business Correspondent CSPs +1,203 Distribution Points) across 21 states. By extending its financial services to rural and remote areas, Paisalo ensures that individuals and communities who traditionally lack access to formal banking services can participate in the financial system. This expansion plays a crucial role in bridging the gap between urban and rural populations, providing equal opportunities.



<div>Goal 13 : Climate Action</div> <div></div>	<p>Paisalo is actively contributing to green financing by offering electric vehicle (EV) loans, which support the transition to low-carbon economy. By making EV financing more accessible, Paisalo is supplementing Government of India in making mode of transportation completely green by 2030. Paisalo meet the needs of a wide range of customers, including individuals and small businesses, making it easier for them to switch to electric vehicles.</p> <p>By financing EVs for small business owners and gig workers (such as delivery drivers and small transport operators), Paisalo enables them to access cost-effective and efficient means of transportation. This, in turn, enhances their income potential, overall financial stability and help them improve their livelihoods through green financing solutions.</p>
<div>Goal 17: Partnership for the goals</div> <div></div>	<p>Paisalo has co-lending partnerships with Bank of Baroda, Karnataka Bank, Punjab National Bank (PNB), State Bank of India (SBI) and UCO Bank, along with a business correspondent partnership with SBI and Bank of India (BOI). These partnerships are crucial for amplifying access to credit to majority of Indians and bridging the finance gap in industries that are traditionally capital scarce.</p> <p>Additionally, Paisalo has a wholly owned subsidiary company named Nupur Finvest Private Limited.</p>

Our Employees

Our People: Driving Success Together

Our employees serve as the essential force and act as the catalysts for success to create impact through their skills, knowledge and dedication. We recognize that a motivated and well-supported workforce is key to achieving its business objectives and maintaining a competitive edge in the market.

At the end of March 2024, our total headcount stood at 2,409, comprising of permanent full-time employees (FTE). The below table provides a detailed insight/breakdown of our full-time employees by age, gender and employee category.

Total no. of CSPs 973	Total Correspondents 1,203	Increase in CSPs 541
Increase in Employment 46%	Total Employees 2,409	% increase in female employees 20%

Employee Hierarchy	Age Group			Gender		Total
	<30	30-50	>50	Male	Female	
Senior Management	1	3	3	6	1	7
Middle Management	2	8	0	8	2	10
Junior Management	33	95	25	145	8	153
Non-Management	1,325	893	21	2,173	66	2,239
Total Permanent Employees	1361	999	49	2,332	77	2,409

Nurturing Talent

To support our expanding operations and fuel the growth strategy, Paisalo has been actively enhancing its workforce. With a larger team, Paisalo aims to improve customer service, streamline operations and ensure that we meet the needs of our broadening customer reach. During the year, our employee strength grew by 46% with addition of more than 700 permanent employees

Category	Age Group			Gender		Total
	<30	30-50	>50	Male	Female	
Number of New Recruits	1068	472	4	1478	66	1544

Employee Turnover

Category	<30yrs		30-50		>50		Total Gender Wise		Grand Total
	Male	Female	Male	Female	Male	Female	Male	Female	
Number of Employee Turnover	23.5%	1.02%	3.73%	0.2%	-	-	27.23%	1.22%	28.45%

Local Employment Generation: Driving Local Prosperity

As a part of its broader Corporate Social Responsibility (CSR) and business strategy, Paisalo has been playing a significant role in local employment generation. We focus on creating opportunities that not only drive our own growth but also contribute to the economic development of the communities in which we operate.

As Paisalo expands its footprint/touchpoints across various cities and states, especially in rural and semi-urban areas, we create numerous job opportunities for local residents. We hire Correspondents at various Customer Service Points (CSPs) from the local community ensuring that they are familiar with the local culture, language and need of the population to be served. By recruiting locally, we expand employment opportunities to individuals, where formal job opportunities are traditionally limited and helps in reducing migration to urban areas, thus supporting the local economy.

In multiple cases, the correspondents also operate the CSPs allowing them to develop entrepreneurial skills, generate additional income and possibly create more jobs with their communities. Through these efforts, Paisalo is contributing to the socio-economic upliftment of the communities it serves by generating local employment opportunities.

Employee Welfare and Well-being: Nurturing Talent and Fuelling Growth

At Paisalo, we focus on the well-being of our employees while driving our business growth and enhancing our service capabilities. We provide clear career growth pathways and opportunities for advancement within the organization. Paisalo recognizes the values of a diverse workforce and is committed to providing equal opportunities in employment and creating an inclusive workplace and work culture in which all employees and workers are treated with respect & dignity.

Zero complaints on Working conditions & Health and Safety.	81.4% Employees trained on On-skill upgradation.	INR 6.7 Mn spent on well-being measures on Employees.
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Category	Male	Female	Total
Employees that were entitled to parental leave	2,332	77	2,409
Employees that took parental leave	1	3	4
Employees that returned to work in the reporting period after parental leave ended	1	3	4
Employees that returned to work after parental leave ended that were still employed 12 months after their return to work	1	3	4
Return to work rate of employees that took parental leave	100%	100%	100%
Retention rate of employees that took parental leave	100%	100%	100%

New employees undergo comprehensive onboarding and training programs to ensure they are well-equipped to perform their roles effectively. This includes familiarizing them with Paisalo’s policies, systems and most importantly, our customer service standards. We also invest in ongoing training and development programs including technical training, leadership development and workshop on industry trends to enhance the skills of our employees and help them advance in their careers.

Paisalo also provides a robust benefits plan comprising of health insurance, retirement plans and other financial security measures to support the overall well-being of its employees. We offer flexible working arrangements and paid leave policies to help employees manage their professional and personal responsibilities. We also engage with our employees through regular feedback mechanisms, surveys and engagement activities to ensure that their needs and concerns are addressed. This helps us to foster a positive work environment encouraging employees to build long-term careers with us.



Paisalo has also established mechanisms for addressing employee grievances to ensure a fair and transparent work environment. We offer counselling and support services to help employees cope with any workplace challenges and provide guidance on navigating the grievance process. Paisalo has a committee to address grievances related to Human Rights issues which is well defined in the grievance redressal policy for its employees. This along with the other mechanisms as mentioned in the vigil policy ensure grievances and concerns are confidential and can be made anonymously without fear of any retaliation.

Our Customers

Reaching the Unbanked and Underserved with a High Tech-High Touch Approach

At Paisalo, we are committed to empowering lives one loan at a time through our unique High Tech-High Touch approach. We aim to make a meaningful impact by delivering accessible and tailored financial solutions to those who need them the most. With a dedication to serving the underserved and the unbanked, our approach leverages cutting-edge technology and a personalized touch to transform the financial landscape for millions of individuals and businesses across India. Here is a quick glance at the impact we have created on ground, as of March 31, 2024:



Our operational model is centered around providing small-ticket size loans that cater to the income generation needs of individuals in rural and semi-urban areas. These loans, ranging from ₹ 10,000 to ₹ 2,00,000, are pivotal in supporting activities such as dairy farming, handicrafts, small-scale trading and other livelihood-generating ventures. Through our extensive network of 279 branches and 2455 touchpoints across 21 states, we ensure that these services are accessible even in the most remote regions. Among these, 4.29 million are valued customers who have benefitted from our various financial products and services.

Financial Inclusion: A Core Focus

Paisalo’s strategic partnerships with major banks such as State Bank of India, Punjab National Bank, Bank of Baroda and UCO Bank have enhanced our ability to offer co-lending schemes. These collaborations not only reduce effective interest rates but also align our offerings with the RBI’s priority sector lending rates, making financial assistance more affordable for our target demographic.

Our in-house proprietary digital platform, which harnesses the power of artificial intelligence (AI) and machine learning (ML), enables us to efficiently serve this underserved population. With a strong presence through over 2,455 touchpoints across 21 states, we are steadily expanding our geographical reach to serve more individuals and businesses.

Supporting Micro, Small and Medium Enterprises (MSMEs)

A cornerstone of our impact is our support for Micro, Small and Medium Enterprises (MSMEs). Over the past year, by offering working capital loans ranging from ₹25 lakhs to ₹5 crores we have extended our support to 66,000 MSME businesses, helping them scale and contribute to economic growth. Our tailored financial products, including working capital loans and priority sector lending, are designed to address the unique challenges faced by these businesses while creating indirect job opportunities. This contribution is instrumental in bridging the gap between financial institutions and MSMEs, facilitating access to crucial funding and promoting economic resilience.

Empowering Women Entrepreneurs

We believe, women play a crucial role in driving transformative change and Paisalo is proud to have supported 6,06,294 women customers. Among these, a significant subset comprises women entrepreneurs who are at the forefront of innovation and entrepreneurship.

Our initiatives are tailored to empower women entrepreneurs by providing them with the financial tools and resources necessary to succeed. We recognize the unique challenges that women face in the business world and are committed to addressing these through targeted financial products and support services.



The success stories of women entrepreneurs who have thrived with the support of Paisalo are a testament to the effectiveness of our initiatives. These stories not only highlight individual achievements but also underscore the transformative impact of empowering women through targeted financial and non-financial support. Our goal is to create a more inclusive and equitable business environment where women can flourish and contribute to sustainable economic development. Through these efforts, we aim to enhance the economic independence of women, drive community development and inspire future generations of female business leaders.

Customer Support and Satisfaction

Customer satisfaction is integral to Paisalo’s operational ethos. We recognize that the longevity and success of Non-Banking Financial Companies (NBFCs) hinge on their ability to deliver exceptional customer service. Therefore, we have implemented robust mechanisms to ensure that our customers’ needs and concerns are addressed promptly and effectively to enhance the overall customer experience. To ensure that we consistently meet and exceed our customers’ expectations, we have implemented several measures:



Tailored Products and Services

Our product offerings are meticulously designed to meet the diverse needs of our customer base. From MSME loans to vehicle loans and small income generation loans, each product is crafted to address specific financial requirements. We adhere to all disclosure requirements and proactively communicate with our customers through various channels,



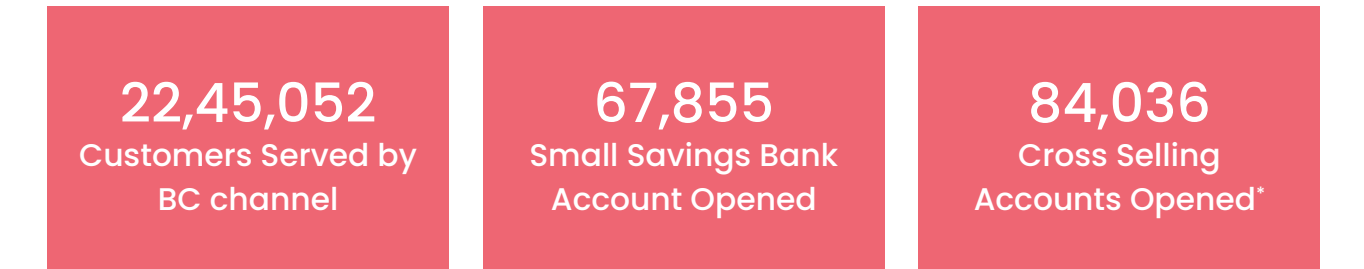
including our website and newsletters, to educate them about safeguarding against financial fraud.

Ensuring Customer Safety and Satisfaction

Paisalo’s commitment to customer safety is evident in our proactive approach to communication and education. By providing clear guidance on protecting against financial fraud, we aim to empower our customers with the knowledge needed to make informed decisions. Furthermore, our emphasis on customer satisfaction is reflected in our ongoing efforts to tailor our products and services to meet the evolving needs of our clientele.

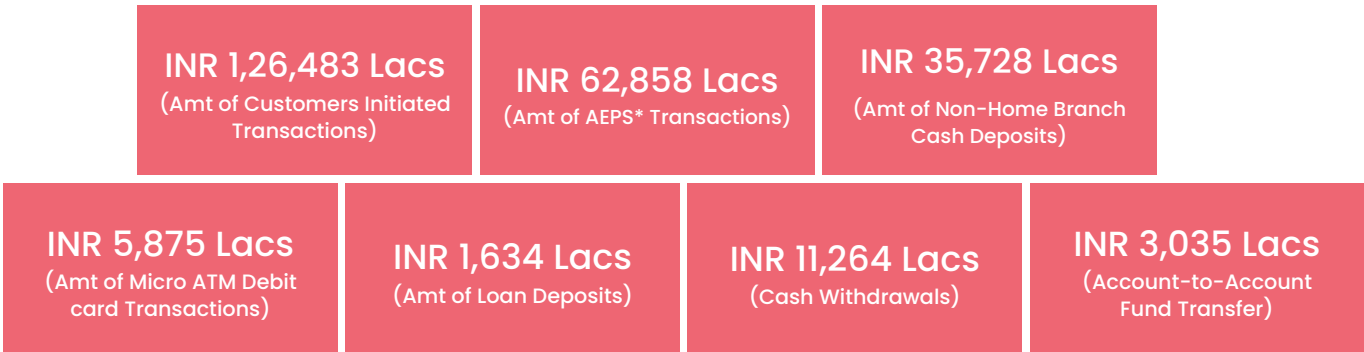
Business Correspondents: Catalysts for the last-mile Impact

Paisalo’s Business Correspondent (BC) channel is a pivotal element in the company’s strategy to extend financial services to the unbanked and underserved populations across India. By partnering with local business correspondents, Paisalo has been able to significantly enhance its reach, particularly in the rural and semi-urban areas where access to formal banking services is limited.



\*Includes Micro Pension, Micro Insurance, Recurring Deposits, Term Deposits covering Atal Pension Yojana (APY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana

These correspondents act as the face of Paisalo in local communities, by identifying potential borrowers, assisting with the documentation process and providing ongoing support throughout the loan lifecycle. The personalized services such loan disbursements, collections and account management not only simplifies the process for the borrowers but also helps them in educating about responsible borrowing and financial effectiveness. BCs offer ongoing customer support, addressing any issues or concerns that customers may have regarding their loans or other financial services. The correspondents also promote the use of digital payment methods among customers, by helping to set up and use mobile banking applications, enabling them to conduct transactions securely and conveniently.



\*Aadhaar Enabled Payment

Through their tireless efforts, Paisalo’s Business Correspondents are driving financial inclusion by breaking down barriers, building trust and transforming the lives of individuals and communities. They are acting as catalysts of change and helping to create an inclusive financial system where everyone can make informed decisions, leading to better financial outcomes and improved livelihoods.

Corporate Social Responsibility (CSR)



Paisalo’s CSR initiatives are driven by a keen sense of responsibility and a desire to make a tangible difference. It encompasses a wide range of critical areas, including food distribution, clothing, medical treatment, technology upgrades and free education. Our goal is to provide meaningful assistance and resources to those in need, ensuring that our efforts contribute to the overall well-being of the communities we touch.

Despite our extensive CSR efforts, it is important to note that none of these projects were specifically targeted at the designated aspirational districts identified by government bodies. Our focus has been broader, aimed at reaching a diverse range of underrepresented groups across various regions.

As we continue to explore new avenues for impact, we remain dedicated to addressing the needs of marginalized communities and contributing to their development.

SL. No.	CSR Projects	No. of persons benefited from CSR Projects	% Of beneficiaries from vulnerable and marginalized groups
1	Distribution of Food and clothes (Madhya Pradesh, Uttar Pradesh)	251	100
2	Aid for medical treatment (Uttar Pradesh)	40	100
3	Distribution of Educational Device (Delhi, Uttar Pradesh)	25	100
4	Aid for treatment of animals (Uttar Pradesh)	NA	NA
5	Aid to Solar drying system to mitigate the post-harvest losses of agricultural produce (Maharashtra)	20	100
6	Aid for treatment of physically disabled (“Specially Abled”) peoples (Rajasthan)	15	100
7	Financial Support for Eye Surgeries of Homeless senior citizens (Delhi)	20	100
8	Financial support to upgrade the technology and parts required for manufacturing of prosthesis (Uttar Pradesh)	10	NA
9	Contribution towards Eye Surgeries and Spectacles Distribution to Citizens of deprived communities (Delhi)	25	100
10	Free education of kids in poorest slums (Delhi, Uttar Pradesh & Rajasthan)	90	100
11	Sponsorship for underprivileged students (Maharashtra)	30	100
12	Aid for development of the Olympic Sports Shooting (Maharashtra)	NA	NA

Environment Stewardship

Promoting Clean Mobility and Enabling Green Transition

India, as the world’s fourth largest car manufacturer, stands at a critical juncture in its journey towards a sustainable future. The rapid adoption of Electric Vehicles (EVs) represents a significant opportunity not only for reducing emissions but also for fostering economic growth and expanding export potential. By 2030, India’s EV fleet is projected to avoid approximately 5 million tonnes (Mt) of CO<sub>2</sub> emissions. This impact could expand dramatically by 2050, with potential reductions ranging from 110 to 380 Mt CO<sub>2</sub>, contingent on the growth of the EV fleet and the pace of decarbonization in the power sector.\*

Furthermore, air pollution remains one of India’s most pressing environmental challenges, with 35 of the world’s 50 most polluted cities located within its borders. Road transport is a major contributor to this issue, accounting for 12% of the nation’s energy-related CO<sub>2</sub> emissions and 20–30% of urban air pollution. As India strives to meet the growing demand for private mobility and goods transport, road transport emissions could potentially double by 2050 if current trends continue. By promoting EV adoption, Paisalo plays a crucial role in mitigating these challenges, improving air quality and enhancing public health.\*

At Paisalo, we are deeply committed to environmental stewardship and the responsible management of resources. Our initiatives in reducing emissions, managing water and minimizing waste are integral to our mission of fostering a more sustainable future. Here is a glimpse of the green footprint we have created till date:



Note: \* As per Executive Summary Transitioning India’s Road Transport Sector (International Energy Agency)

Paisalo is at the forefront of India’s green transition, actively contributing to the reduction of carbon emissions through its innovative financing solutions for Electric Vehicles (EVs). The company’s dedication to supporting the adoption of EVs plays a crucial role in addressing the country’s significant emission challenges.

By financing EVs, Paisalo is facilitating a reduction in the overall carbon footprint, with these vehicles offering approximately 30% lower emissions\* compared to traditional Internal Combustion Engine vehicles. As India increasingly incorporates renewable energy into its power grid, the environmental benefits of EVs are set to grow even further, highlighting Paisalo’s pivotal role in this green transition.

Energy		
Particulars	Unit	Consumption
Total electricity consumption	GJ	7,914.69
Total fuel consumption	GJ	50,586.37
From non-Renewable sources	GJ	58,501.06

Emissions		
Particulars	Unit	Consumption
Scope 1	tCO2	752.16
Scope 2	tCO2	0
Total Emissions	tCO2	752.16

The widespread adoption of EVs not only offers immediate emission reductions but also supports India’s long-term environmental goals. As renewable energy sources become more prevalent in India’s energy mix, the environmental benefits of EVs will further increase. This transition will help mitigate climate change, reduce health care costs associated with pollution and enhance overall quality of life for the population.

Greening our Operations

Water Stewardship

Paisalo is committed to sustainable water management practices, which are essential in addressing water scarcity challenges. At our Registered Office, we have implemented advanced water-saving measures, including water harvesting systems and smart water dispensers and meters. These initiatives are designed to minimize water wastage and promote responsible consumption.

Water withdrawal and consumption		
Water withdrawal from all areas		
Particulars	Unit	Consumption
Ground water	KL	1150.36
Third-party water	KL	545.33
Water stress areas	KL	0
Total water withdrawal	KL	1,695.69
Total water consumption	KL	1,633.30

Reducing Environmental Footprint and Promoting Sustainability

Paisalo is contributing to environmental conservation by adopting and promoting cashless processes across its operations. The shift to digital process streamlines financial transactions, making them faster, more secure and more efficient, while also supporting the broader goal of environmental sustainability. This approach not only aligns with Paisalo’s commitment to green practices but also encourages customers to adopt digital financing solutions.

By reducing paper usage, Paisalo supports forest conservation and biodiversity preservation and lowers the company’s overall environmental footprint. This transition encourages other organizations to adopt similar practices, contributing to a collective effort towards a greener, more sustainable future.

Waste Generated		
Particulars	Unit	Consumption
Plastic waste	Metric tonnes	0
E-waste	Metric tonnes	0.06
Total waste generated	Metric tonnes	0.06

By embracing digitalization, promoting green financing and reducing reliance on paper and physical resources, Paisalo is actively contributing to environmental conservation. Through these initiatives, Paisalo is paving the way for a greener, more sustainable future, while reinforcing its role as a forward-thinking and responsible financial institution.

Corporate Governance

Board of Directors

The Board of Directors serves as the governing body of the organization, providing strategic direction to ensure its long-term success and sustainability. Comprising of 9 experienced professionals and industry experts, our Board is responsible for setting the vision and mission, approving major policies and strategic initiatives and monitoring the overall performance. Each member of the board brings a wealth of knowledge and diverse perspectives, contributing to informed decision-making and robust governance. The Board also ensures compliance with regulatory requirements, assesses risks and supports senior management in achieving organizational goals.



Name	Type
Mr. Sunil Agarwal	Managing Director
Mr. Harish Singh	Executive Director
Mr. Anoop Krishna	Executive Director
Mr. Santanu Agarwal	Deputy Managing Director
Mr. Gauri Shankar	Independent Director
Mr. Vijay Ronjan	Independent Director
Mr. Raman Aggarwal	Independent Director
Ms. Nisha Jolly	Independent Director
Mr. Naresh Kumar Jain	Independent Director

Our Committees

The Board of Directors has established various specialized committees to enhance oversight and ensure effective governance within the organization. Each committee plays a crucial role in supporting the Board’s objectives and ensuring our success through diligent and strategic guidance.

The Committee Members are selected/appointed based on their expertise, experience and relevance to the committee’s objectives. Each committee reports its findings and recommendations to the Board, maintaining transparency and accountability. Our structured approach helps to ensure that the committees are effective in their roles and contribute positively to the company’s goals and needs.





**Staying True to our Values and Ethics**

**ESG Strategy**

Paisalo’s ESG Strategy is focused on creating sustainable value by integrating responsible practices across its operations. By incorporating and embedding ESG into its core operations, Paisalo aims to drive long-term positive impact for its stakeholders and the communities it serves.

The ESG team led by the ESG Head under the guidance of Deputy Managing Director is dedicated to play a key role in developing strategies by engaging with stakeholders, conducting regular assessments and reporting on the progress. Keeping themselves updated with evolving regulations and standards related to environmental protection, social responsibility and governance, the team works collaboratively to implement and monitor ESG initiatives across the organization.

**Code of Conduct**

The Code of Conduct at Paisalo serves as a guiding framework for ethical behaviour and professional integrity within the organization. It outlines the standards and expectations for all employees, ensuring that their actions reflect the company’s core values of honesty, respect, transparency and accountability. The Code covers a wide range of areas, including compliance with laws and regulations, fair treatment of customers and colleagues, confidentiality of sensitive information and the prohibition of any form of discrimination, harassment, or corruption.

**Business Ethics**

Paisalo is deeply committed to upholding the highest standards of business ethics in all its operations. The company promotes a culture of ethical behaviour among its employees, partners and stakeholders by enforcing strict compliance with legal regulations and policies. Paisalo prioritizes fair treatment, honesty and respect in all business dealings, maintaining a zero-tolerance stance on corruption, fraud and unethical practices.

**Human Rights**

Human rights are a fundamental cornerstone of Paisalo’s operations. The company places immense importance on respecting and promoting human rights in all aspects of its business. This commitment is reflected in Paisalo’s dedication to provide fair and inclusive financial services that empower individuals and communities, particularly those who are underserved or vulnerable. Paisalo ensures that its operations adhere to principles that safeguard human dignity, equality and freedom. By prioritizing human rights, Paisalo not only fosters a positive and ethical working environment, but also contributed to the broader goal of social justice and well-being of the larger community.

**Business Continuity and Disaster Management**

To ensure the uninterrupted delivery of its financial services, Paisalo stows a high priority on business continuity and disaster management. The company has implemented a comprehensive Business Continuity Plan that outlines the strategies to follow in the event of natural disasters, technological failures, or other crisis. The disaster management framework at Paisalo focuses on proactive measures and has established clear communication channels to ensure that all stakeholders are informed and supported during any disruptions.

**Data Privacy**

Data privacy is a top priority at Paisalo, reflecting the company’s commitment to protecting the personal and financial information of its customers, employees and partners. Paisalo has implemented stringent data privacy measures including the use of advanced encryption technologies, secure data storage solutions and regular audits to ensure compliance with data protection laws and regulations.

**Anti-bribery and Anti-Corruption**

Paisalo is firmly committed to highest standards of integrity and ethical conduct, with a zero-tolerance policy towards bribery and corruption. The company has established clear guidelines and procedures for reporting and investigating any suspected incidents of bribery or corruption, with protections in place for whistleblowers to ensure they can report concerns without fear of retaliation.

# CORPORATE INFORMATION

Board of Directors

**Mr. Sunil Agarwal**  
Managing Director &  
Chief Executive Officer

**Mr. Harish Singh**  
Executive Director &  
Chief Financial Officer

**Mr. Anoop Krishna**  
Executive Director

**Mr. Santanu Agarwal**  
Deputy Managing Director

**Mr. Naresh Kumar Jain**  
Independent Director

**Mr. Gauri Shankar**  
Independent Director

**Mr. Raman Aggarwal**  
Independent Director

**Mrs. Nisha Jolly**  
Independent Director

**Mr. Vijuy Ronjan**  
Independent Director

**Mr. Dharmendra Singh Gangwar\***  
Additional Independent Director

Key Managerial Personnel

**Mr. Manendra Singh**  
Company Secretary & Chief  
Compliance Officer

Statutory Auditors

**M/s Manish Goyal & Co.**  
Chartered Accountants  
(Firm Registration no. 006066C)

Committees

Audit Committee

**Mr. Gauri Shankar**  
Chairman

**Mr. Harish Singh**  
Member

**Mr. Vijuy Ronjan\*\***  
Member

**Mr. Naresh Kumar Jain\***  
Member

Stakeholders Relationship  
Committee

**Mr. Naresh Kumar Jain\***  
Chairman

**Mr. Raman Aggarwal**  
Member

**Mr. Vijuy Ronjan**  
Member

**Mr. Dharmendra Singh Gangwar\*\***  
Chairman

Nomination and  
Remuneration Committee

**Mr. Raman Aggarwal**  
Chairman

**Mrs. Nisha Jolly**  
Member

**Mr. Dharmendra Singh Gangwar\*\***  
Member

Risk Management  
Committee

**Mr. Gauri Shankar**  
Chairman

**Mr. Harish Singh**  
Member

**Mr. Santanu Agarwal\*\***  
Member

**Mr. Gaurav Chaubey**  
Member

Asset Liability  
Management Committee

**Mr. Harish Singh**  
Chairman

**Mr. Santanu Agarwal\*\***  
Member

**Mr. Gaurav Chaubey**  
Member

**Mr. BVSKT Bhaskar**  
Member

Corporate Social  
Responsibility Committee

**Mr. Harish Singh**  
Chairman

**Mr. Sunil Agarwal**  
Member

**Mr. Vijuy Ronjan**  
Member

IT Strategy Committee

**Mrs. Nisha Jolly**  
Chairman

**Mr. Harish Singh**  
Member

**Mr. Santanu Agarwal**  
Member

**Mr. Gaurav Chaubey\*\***  
Member

**Mr. Sushant Sharma**  
Member

IT Steering Committee

**Mr. Harish Singh**  
Chairman

**Mr. Santanu Agarwal**  
Member

**Mr. Gaurav Chaubey\*\***  
Member

**Mr. Sushant Sharma**  
Member

Operations and Finance  
Committee

**Mr. Harish Singh**  
Chairman

**Mr. Sunil Agarwal**  
Member

**Mrs. Nisha Jolly**  
Member

**Mr. Santanu Agarwal\*\***  
Member

**Mr. Anurag Sinha\*\***  
Member

Fraud Monitoring Committee<sup>§</sup>

**Mr. Dharmendra Singh Gangwar**  
Chairman

**Mr. Sunil Agarwal**  
Member

**Mr. Harish Singh**  
Member

**Mr. Raman Aggarwal**  
Member

Bankers/Financial Institutions

Bank of Baroda

State Bank of India

Union Bank of India

Punjab National Bank

Indian Bank

Bank of Maharashtra

Bank of India

UCO Bank

IDBI Bank

CSB Bank

Karnataka Bank

Dhanlaxmi Bank

Canara Bank

Indian Overseas Bank

South Indian Bank

Indian Renewable Energy Development  
Agency

Registrar and Transfer Agent

**Alankit Assignments Ltd.**

Alankit Hosue

4E/2, Jhandewalan Extension,

New Delhi-110055

Tel: +91-11-4254 1955

Email: ramap@alankit.com

Website: www.alankit.com

Listing of Securities

Equity Shares :

National Stock Exchange of India  
Limited (NSE)

BSE Limited (BSE)

Secured Non – Convertible Debentures :

BSE Limited (BSE)

Depository Receipts :

Societe De La Bourse De Luxembourg

Registration Number

Corporate Identification Number(CIN):  
L65921DL1992PLC120483

RBI Registration Number:

B-14.02997

\*Ceased to be the Chairman/Member of the Committees w.e.f. conclusion of Board Meeting held on August 9, 2024.

\*Appointed as an Additional Independent Director of the Company w.e.f. July 25, 2024.

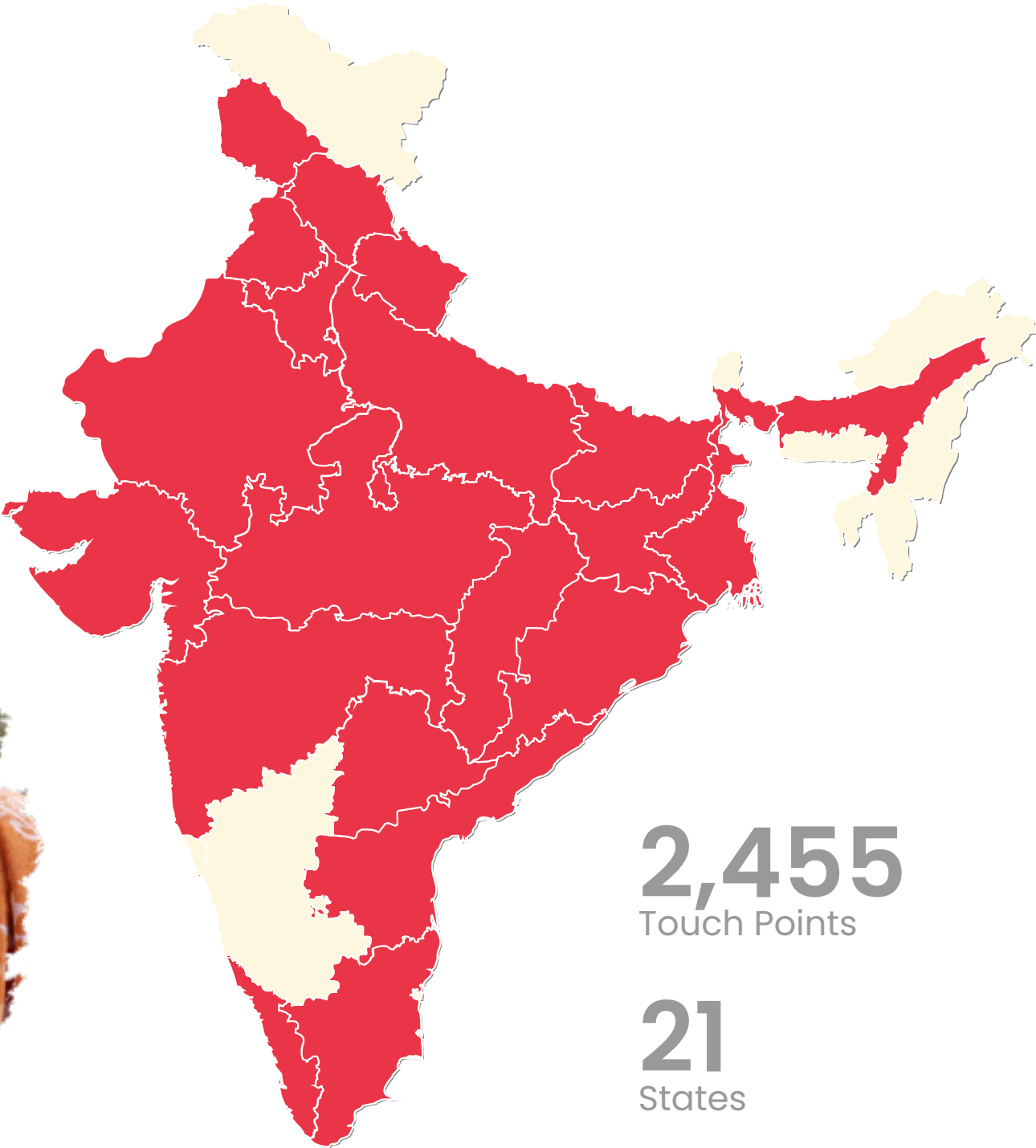
\*\*Appointed as Chairman/Member of the Committees w.e.f. conclusion of Board Meeting held on August 9, 2024.

§Committee formed on August 9, 2024.

-For Committee Composition as on March 31, 2024 Please refer Corporate Governance Section of this Annual Report.



# Our Presence



2,455  
Touch Points

21  
States

42,91,157  
Lives Touched

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



# Board of Directors



**Mr. Sunil Agarwal**  
*Managing Director & CEO*



**Mr. Naresh Kumar Jain**  
*Independent Director*



**Mr. Harish Singh**  
*Executive Director & CFO*



**Mr. Anoop Krishna**  
*Executive Director*



**Mr. Vijay Ronjan**  
*Independent Director*



**Mr. Gauri Shankar**  
*Independent Director*



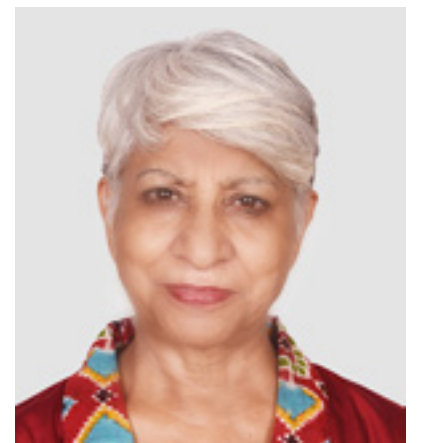
**Mr. Santanu Agarwal**  
*Deputy Managing Director*



**Mr. Raman Aggarwal**  
*Independent Director*



**Mr. Dharmendra Singh Gangwar**  
*Additional Independent Director*



**Mrs. Nisha Jolly**  
*Independent Director*



# KEY MANAGEMENT TEAM



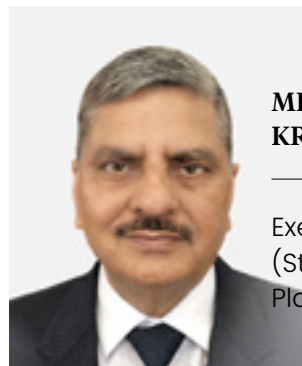
**MR. SUNIL  
AGARWAL**

Managing  
Director & CEO



**MR. HARISH  
SINGH**

Executive Director  
(Operations) & CFO



**MR. ANOOP  
KRISHNA**

Executive Director  
(Strategy &  
Planning)



**MR. ANURAG  
SINHA**

Chief Operating Officer  
& Chief Information  
Securities Officer



**MR. SANTANU  
AGARWAL**

Deputy  
Managing  
Director



**MR. MANENDRA  
SINGH**

Company Secretary &  
Chief Compliance Officer



**MR. GAURAV  
CHAUBEY**

Chief Risk  
Officer



**MR. SAMRESH  
AGARWAL**

Chief Recovery  
Officer



**MS. NISHTHA  
SHARMA**

VP Marketing



**MR. BVSKT  
BHASKAR**

SVP Business



**MR. SUSHANT  
SHARMA**

EVP IT



**MR. S.G.  
DUBEY**

VP Legal



**MR. RAJEEV  
SETH**

Strategy Head



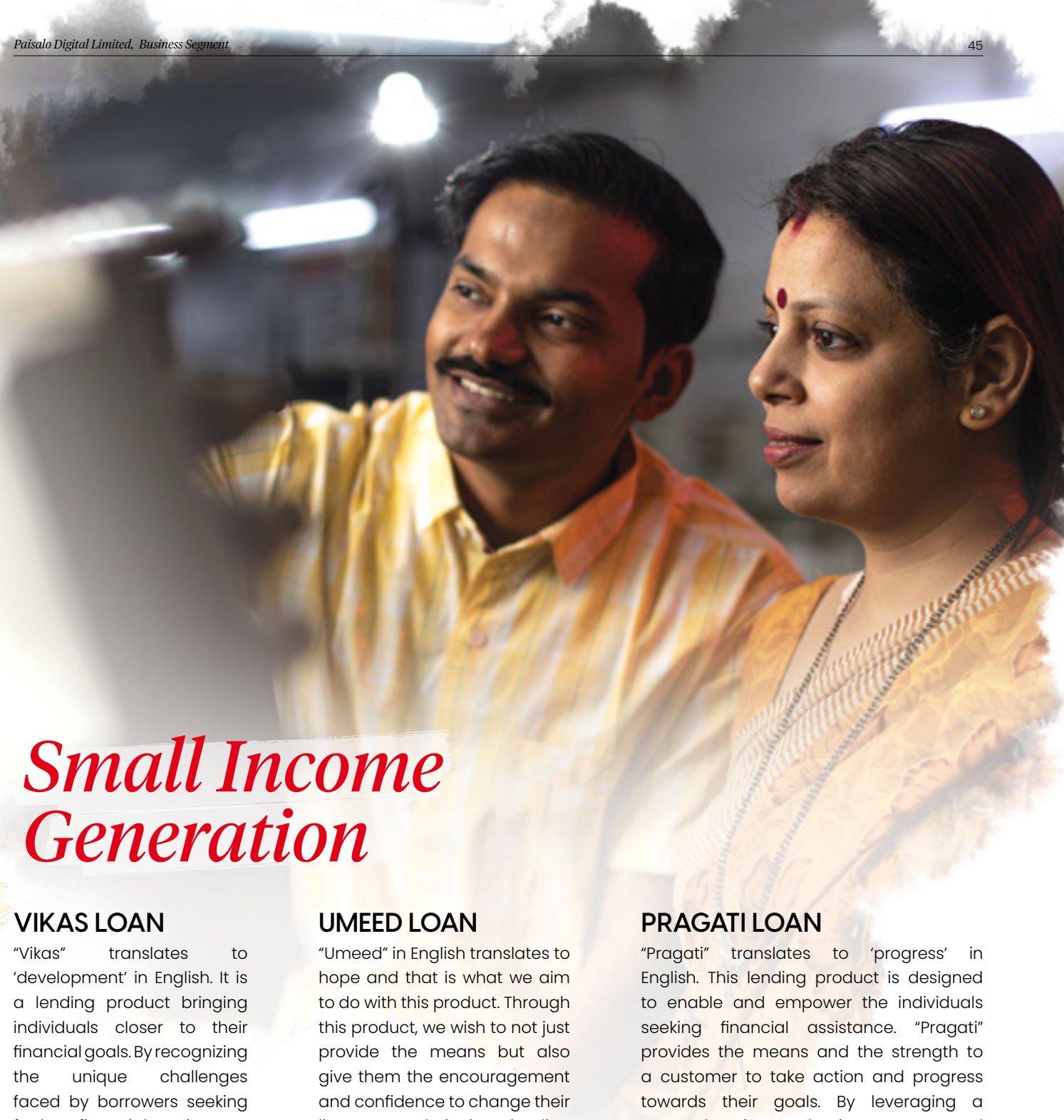
**MR. MITHUN KUMAR  
SINGH RATHORE**

VP Legal





# Business Segment



## Small Income Generation

### VIKAS LOAN

“Vikas” translates to ‘development’ in English. It is a lending product bringing individuals closer to their financial goals. By recognizing the unique challenges faced by borrowers seeking further financial assistance, “Vikas” aims to focus on their potential and development. Through our technological tools and seamless process, there is an ease of access and quick approvals. With “Vikas,” borrowers can embark on a path of financial empowerment and personal growth.

### UMEED LOAN

“Umeed” in English translates to hope and that is what we aim to do with this product. Through this product, we wish to not just provide the means but also give them the encouragement and confidence to change their lives. It revolutionizes lending by bridging the gap between regulated traditional institutions and underserved communities. Using the high tech, high touch approach and alternative indicators, “Umeed” assesses credit worthiness beyond traditional metrics, unlocking opportunities for individuals. We simplify the application process by providing quick responses and transparent terms.

### PRAGATI LOAN

“Pragati” translates to ‘progress’ in English. This lending product is designed to enable and empower the individuals seeking financial assistance. “Pragati” provides the means and the strength to a customer to take action and progress towards their goals. By leveraging a comprehensive evaluation process and using digital tools, the product assesses creditworthiness beyond traditional ways and takes into account the basic intentions and potential of the individual. The streamlined application process ensures ease of access, with timely approvals. “Pragati” promotes their financial progress, fostering long-term stability and inclusion. It represents a transformative solution for individuals seeking to achieve their goals and contribute to their overall economic well-being.





## Business Correspondent

Paisalo Digital Limited entered into a Business Correspondent Agreement with State Bank of India as National BC (Code-1A99) of SBI. The larger aim is provide seamless banking solutions to unbanked and underbanked groups at an affordable cost, promoting financial inclusion as a whole. BCs enable us to expand outreach and offer a range of banking services at a low cost. BCs, thus, are an integral part of a business strategy for achieving greater financial inclusion. Under the agreement with SBI as the National Business correspondent, the Company is permitted to

perform a variety of banking activities via its CSP outlets. The financial services offered by BCs range from Account Opening, Savings Bank Deposits, Fixed Deposits, Recurring Deposits, Remittances, Micro Pension, Micro Insurance, Micro Credit and Recovery, etc.; or any other product as approved by RBI/DFS/Bank.

Currently, our presence through Bank CSP is in 975 locations across 21 states. In financial year 2023-24. Recently commenced, 25 new codes with Bank of India.



## Mobility Loan

### DO KA DUM LOAN

"Do Ka Dum" is a lending product offering financing solutions specifically designed for two-wheeler purchases. Recognizing the significance of two-wheelers for personal transportation and economic empowerment, "Do Ka Dum" provides accessible loans to enable individuals to own their own two-wheelers. With the plethora of existing products in the market, we have designed this product representative of our triple A strategy -AVAILABLE, AWARE, AFFORDABLE. Prioritizing customer relationships and ease of business is what truly distinguishes it from our competitors.

### RAFTAAR LOAN

"Raftaar" translates to 'speed' in English. It is a unique lending product catering to small vehicle owners. Recognizing the importance of these vehicles for transportation and livelihoods, "Raftaar" provides accessible loans to empower small vehicle owners. The product was designed keeping in mind the pace of change and the size of the competition that a customer faces. Through this product we aim to propel him in the right direction and achieve his goals.

Through our high tech, high touch approach we understand the customer's requirements, his credit history and his intentions.

### GATI LOAN

"Gati" translates to 'pace' in English. It is a lending product specifically designed to promote financial inclusion by providing financing solutions for auto rickshaw drivers. With a focus on empowering this segment of the population, "Gati" offers accessible loans tailored to the unique needs of auto rickshaw drivers, enabling them to expand their businesses, upgrade their vehicles and improve their livelihoods.

The simplified application process ensures quick approvals and customer satisfaction. By promoting financial inclusion for auto rickshaw drivers, "Gati" serves as a catalyst for economic growth, empowering individuals to drive to their dreams.

### READY STEADY GO LOAN

"Ready Steady Go" is a lending product built around a customer who wants to buy a pre-owned car. We at Paisalo recognise wants and needs of every kind and hence aim to provide the means to achieve them. We extend our seamless process and high tech, high touch approach to implement this product for our customers.





## Corporate Loan

Corporate Loan is a lending product that promotes financial progression by providing Business loans upto 500 lakhs. Designed to empower entrepreneurs and business owners, CL offers accessible financing solutions to fuel business growth and expansion. With a streamlined

application process, the product ensures ease of access to capital for entrepreneurs and business owners. CL empowers entrepreneurs and business owners to realize their ambitions, drive economic growth and contribute to the overall development of their communities.

## Entrepreneurial Loan

### UDAAN LOAN

“Udaan” translates to ‘fly’ in English. It is a lending product that promotes financial progression by providing Small Business loans of up to 20 lakhs. Designed to empower entrepreneurs and small business owners, “Udaan” offers accessible financing solutions to fuel business growth and expansion. With a streamlined application process and quick approvals, the product ensures ease of access to

capital for underserved entrepreneurs. “Udaan” not only helps existing small business owners but also a customer who wishes to do something of their own from scratch like female homemakers. “Udaan” empowers entrepreneurs to realize their ambitions, drive economic growth and contribute to the overall development of their communities.



# MANAGEMENT'S DISCUSSION AND ANALYSIS

## GLOBAL ECONOMY: MACROECONOMIC SCENARIO

### GLOBAL ECONOMY: MACROECONOMIC SCENARIO

The credit sector is pivotal to the economic framework of any country, influencing growth, stability and development through financial intermediation. The Union Budget of 2024-25, presented by Finance Minister in July 2024, underscores the significance of this sector in India. With comprehensive measures aimed at bolstering the Micro, Small and Medium Enterprises (MSME) sector, skilling initiatives, educational loans and agricultural financing, the budget reflects India's commitment to fostering economic growth through enhanced credit availability.

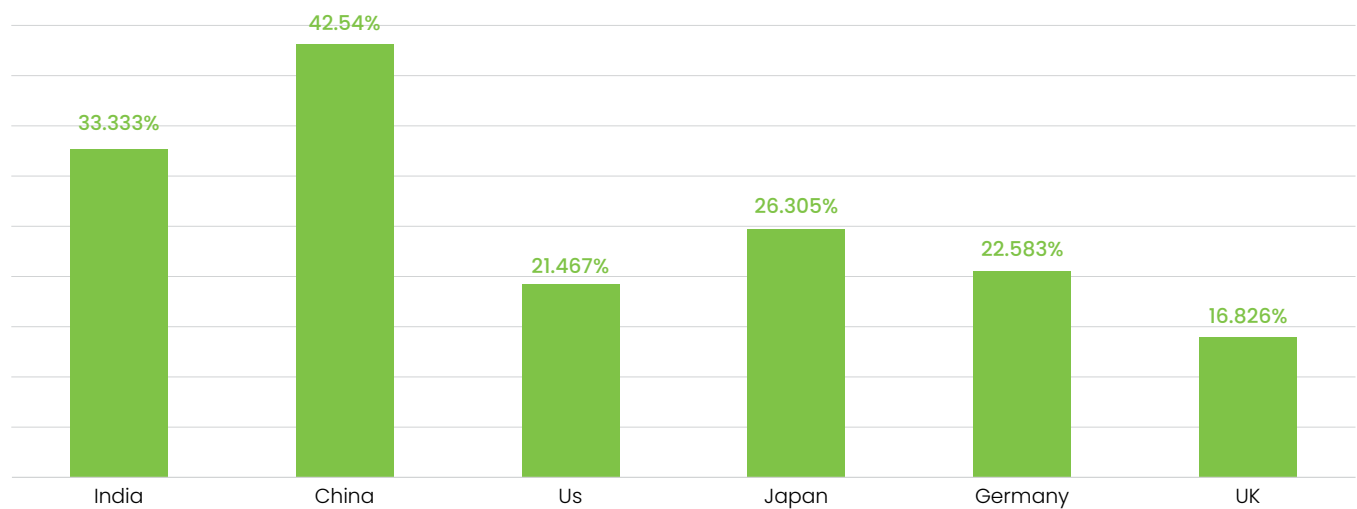
For MSMEs, the introduction of a Credit Guarantee Scheme and a new assessment model for MSME credit marks a significant shift towards facilitating easier access to credit. This is crucial for India's economic fabric, as MSMEs are a major contributor to employment and GDP. GoI initiatives are aimed at creating a skilled workforce, which is essential for sustaining economic growth and competitiveness. Additionally, the focus on agriculture financing indicates a holistic approach to economic development, ensuring support for sectors that are vital to the rural economy.

As per the IMF Global Economic Outlook Update April 2024, India's GDP is expected to grow at 6.8%, driven by stable consumption demand and steadily improving investment demand. According to the National Council of Applied Economic Research (NCAER), the growth will be driven primarily by six sectors: private sector capital formation, green transition financing, MSME development, agricultural transformation, Education and skill development and enhanced state capacity, all of which are being supported as per the latest budget.

External global risks are high such as the ongoing Russia-Ukraine War, Escalations in the Middle East and geopolitical rivalry between the U.S. and China and potential policy shifts due to elections in over 70 countries. However, India's constant Cash Reserve Ratio and Repo Rate indicate stable monetary policy with RBI striking a balance between controlling inflation and supporting economic growth. It also suggests that banks will continue to lend within their existing capacity while they may maintain or lower interest rates. India has been maintaining a consistent repo rate indicating RBI's confidence in the stability of the economy, no immediate inflationary pressure and most importantly, a predictable environment for borrowers and lenders.

The CPI is also expected to decline marginally to 4.9% in FY25 due to softening in prices of certain components.

Investment as a percentage of GDP

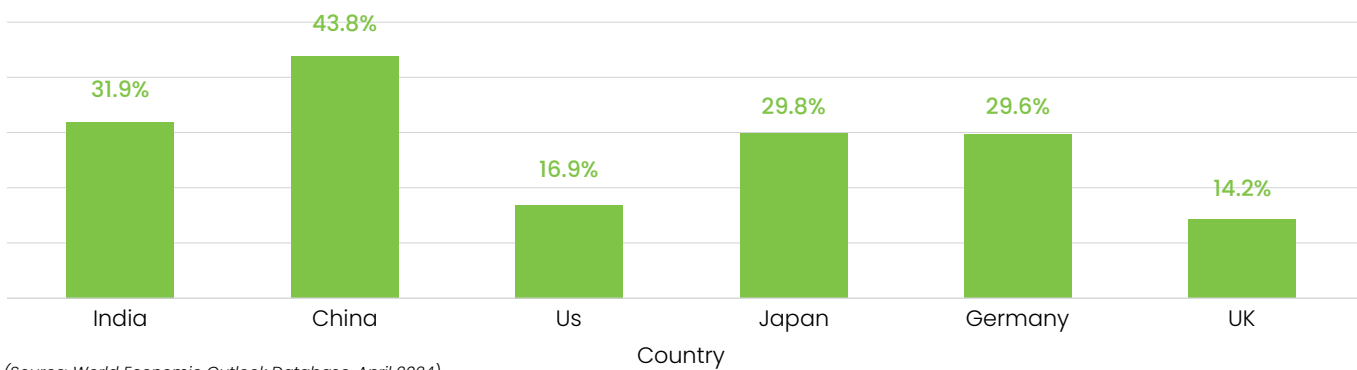


(Source: World Economic Outlook Database, April 2024)

Investment as a percentage of GDP indicates the proportion of GDP spent on investments by a country. Among the top economies under analysis here, China has the highest share. This has twin implications to it. This has mainly been the contribution of growing financial services, industrials and consumer goods in China and their impact on investments. In India, about 1/3rd of GDP is allocated to investments. This is mainly driven by the manufacturing sector, coupled with heavy investments in energy and technology. Further, India has been flagged as one of the most investor friendly countries, thus attracting foreign investments. Given India’ huge population relative to the economies under consideration and the widespread disparities in the regional infrastructure in the country, a further boost to spending in this parameter shall help. In Japan, an end to deflation and a rise of corporate dynamism can account for the rise in the investment levels in recent years. On the other hand, countries like the US and UK exhibit high levels of consumption and consequently, comparatively lower levels of investment than the other economies.

Gross National Savings

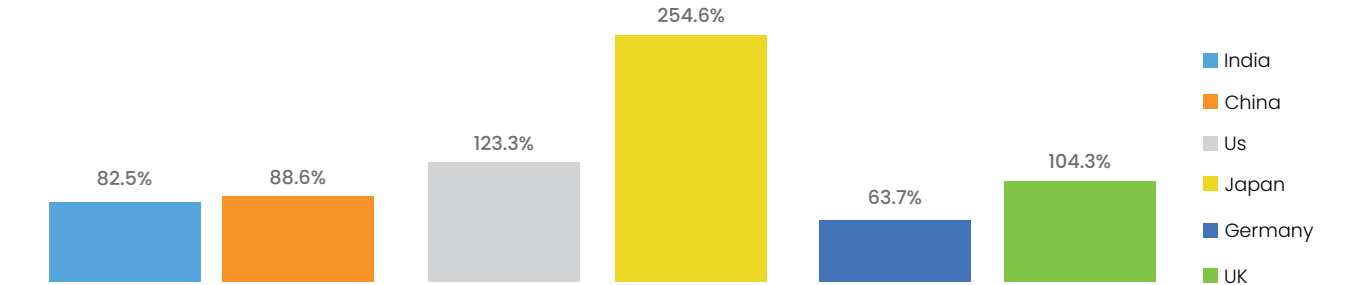
Gross National Savings indicates the percentage of the GDP being saved by the population for the future. An increase in this percentage indicates an increase in the savings and an increasing adoption of a cautious approach with respect to spending in the population.



(Source: World Economic Outlook Database, April 2024)

Higher gross national savings reflect a conservative nature adopted by the Indian population as compared with other countries, apart from China. People in countries like US, UK, Japan and Germany are likely to invest more and save less. According to an SBI report, Households in India saved a massive Rs 7.1 lakh crores as a precautionary tool during the COVID-19 pandemic. However, post pandemic, there has been a significant dip in household savings in India. The net financial savings of Indian households fell to about 5.3% of the GDP compared to 7.2% in the previous year. Lower savings is detrimental to the Indian economy as the government depends on bank deposits, cash in banks and equity investments to finance its capital investments on physical assets such as infrastructure. A dip then can squeeze the funds flow in India. China, on the other hand has one of the highest national savings rates in the world with the household sector as the main driver of the high savings. Savings as a precautionary tool in emerging economies such as India and China reflect on the of social security policies and job security in the market economies. It also points to inadequate social transfers, a lack of progressivity in taxation and a limited social safety net due to income inequalities in the two Asian countries.

Government Debt



(Source: World Economic Outlook Database, April 2024)

Government Lending measures the difference between a government’s total revenues and total expenditures. It indicates whether the government is running a surplus or deficit. A deficit indicates that the government is spending more than it earns and requiring borrowing to cover the gap. A higher debt as a percentage of GDP indicates an increased amount committed to repayment of borrowings. Japan has the highest government debt as a percentage of GDP at 254.6%. This implies that the size of the borrowings of Japan is more than 2.5 times of its size of GDP, which is an alarming concern for the economy. Next in line is the US, whose borrowings are nearly 1.2x of its GDP, yet an alarming figure. The UK has debt almost at par with its GDP which is again an unsafe sign for the economy. China and India are relatively better off than the other 3 with GDP exceeding the debt by 12-18 points. Best off among them is India with debt forming 82.5% of GDP. This is a relatively controlled debt position for the Indian economy.

Macro-Economic Variables

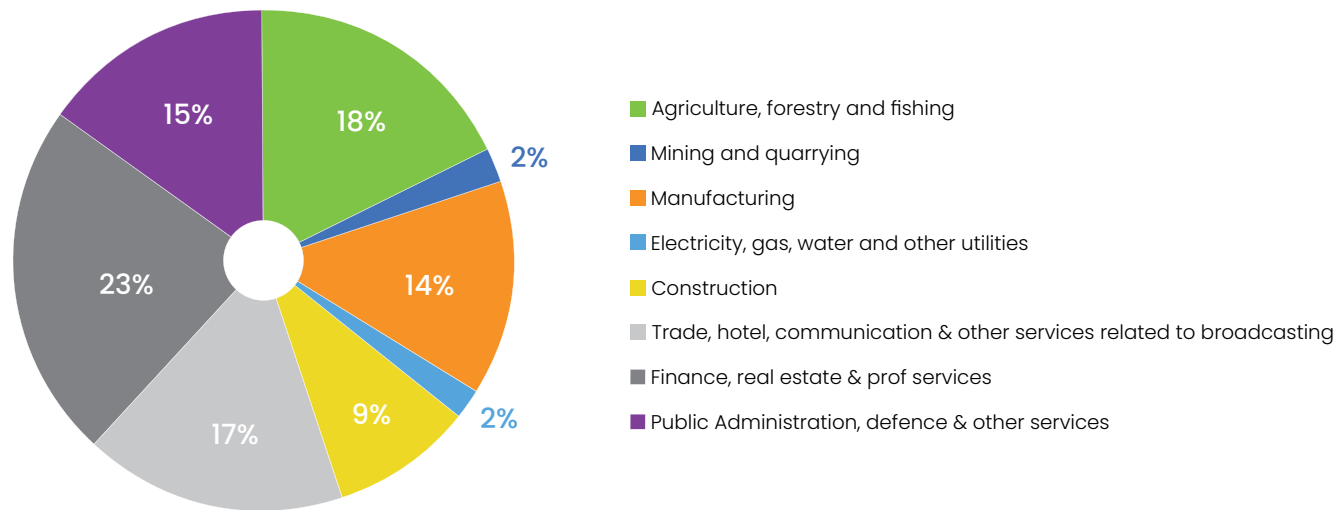
The underlying table provides the financial data for India for major macroeconomic variables for the FY24 and the projections for FY25.

Macro Variables	FY24	FY25 (E)	Rationale for Outlook
GDP	8.2%	6.5%-7%	The global trade outlook remains positive, with cautions regarding escalation of geopolitical conflicts leading to supply chain disruptions, higher commodity prices, inflationary pressures and consequent influence on RBI’s monetary policy stances.
CPI Inflation	5%	4.9%	The CPI is expected to decline marginally in FY25 due to softening in prices of certain components included in the CPI.
WPI Inflation	3.36%	-7.01%	Efforts by the GoI coupled with stringent inflation policies can be attributed to account for the steady decline in WPI since the pandemic.
Population	139.50 crores	146.71 crores	Based on the past trends, the ever-increasing Indian population is projected to witness a marginal decline in FY25. This maybe accounted to rapid spread of awareness regarding population control.
Per Capita Growth	6.7%	5.83%	With the projected GDP growth rate less than the estimated rate for FY24 coupled and a marginal decline in the Indian population, a reasonable decline in the PCI for FY25 is projected.
Current Account Deficit (CAD)	0.7%	-0.6%	The Current Account Deficit (CAD) is a measurement of the country’s exports in goods and services. It indicates a situation where the net payments on account of imports exceed the net receipts on account of exports of goods and services. The decrease in CAD can be accounted to rising software and business service exports, coupled with a fall in imports leading to a net services receipt on a YoY basis.

Financial data for India for major macroeconomic variables for the FY24 and the projections for FY25.

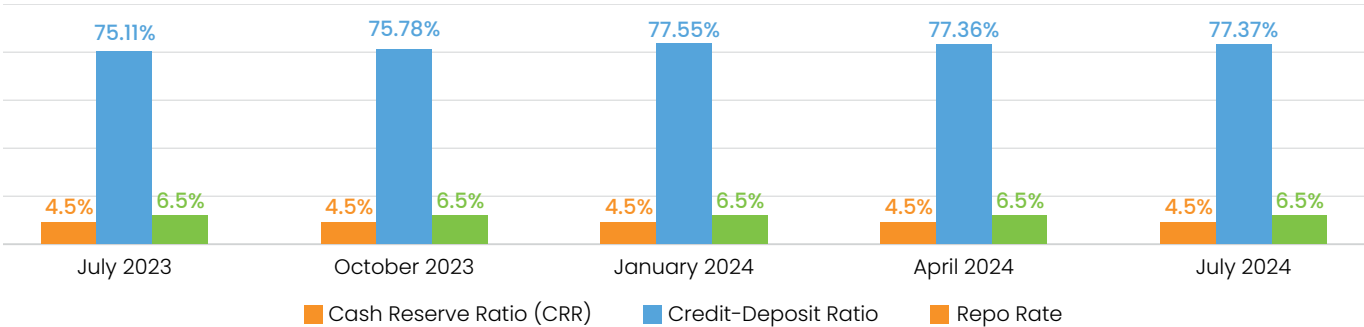


Sectoral Contribution towards GDP



(Source: Press Release, MoSPI, 2023-24)

RBI Rates



(Source: RBI Statistical Supplements, 2023-2024)

Cash Reserve Ratio (CRR) is the percentage of a bank’s net demand and time liabilities (NDTL) that must be kept in the form of reserves with RBI. It helps ensure that banks have enough liquidity to meet withdrawal demands and is a tool for controlling inflation and regulating the money supply. A constant CRR (4.5%) indicates stable monetary policy with RBI striking a balance between controlling inflation and supporting economic growth. It also suggests that banks can continue to lend within their existing capacity while they may maintain or lower interest rates.

Credit Deposit Ratio (CDR) shows the proportion of a bank’s total deposits that are given out as loans. A high CDR indicates that a larger portion of deposits is being used for lending. Minor variations in India’s CDR suggest that the lending practices and deposit inflows in India are relatively stable. The fluctuations within such a narrow range reflect a balance between the demand for loans and the availability of deposits and effective credit risk management.

Repo Rate is the rate at the white RBI lends short-term funds to commercial banks against securities. It’s a crucial tool to manage liquidity, control inflation and stimulate economic activity. An increase in repo rate increases the borrowing cost for commercial banks and thereby lead to higher interest rates for loans. India has been maintaining a consistent repo rate indicating RBI’s confidence in the stability of the economy, no immediate inflationary pressure and most importantly, a predictable environment for borrowers and lenders.

Global Risks

Even though resilient economies and improving financing conditions would support the stabilization of the credit sector but there are certain global risks.

- **Geopolitical Uncertainty:** The ongoing Russia-Ukraine War would disrupt global supply chains, trade and investment flows. It introduces volatility in commodity prices, particularly energy, which can lead to broader economic instability and affect borrowers’ ability to service debt. Escalations in the Middle East can further disrupt global oil supplies and

trade routes, leading to increased market volatility and economic uncertainty. Furthermore, ongoing trade disputes and geopolitical rivalry between the U.S. and China can affect global supply chains, market sentiment and economic policies, potentially leading to trade restrictions and increased costs for businesses.

- **Cybersecurity Risks:** The rising frequency and sophistication of cyberattacks, both criminal and state-sponsored, pose significant risks to financial stability. Successful attacks can lead to substantial financial losses, data breaches and operational disruptions. Increased digitization and the introduction of Artificial Intelligence (AI) create new vulnerabilities and the potential for systemic risks if critical infrastructure is compromised.
- **Economic and Political Uncertainty:** With over 70 elections in roughly 40 countries this year, political outcomes can introduce new uncertainties and potential policy shifts. The U.S. elections, in particular, could have significant global ramifications, affecting geopolitical stability and economic policies. Increasing protectionist policies can constrain global trade and economic growth, leading to disruptions in global supply chains and impacting the creditworthiness of companies reliant on international trade.

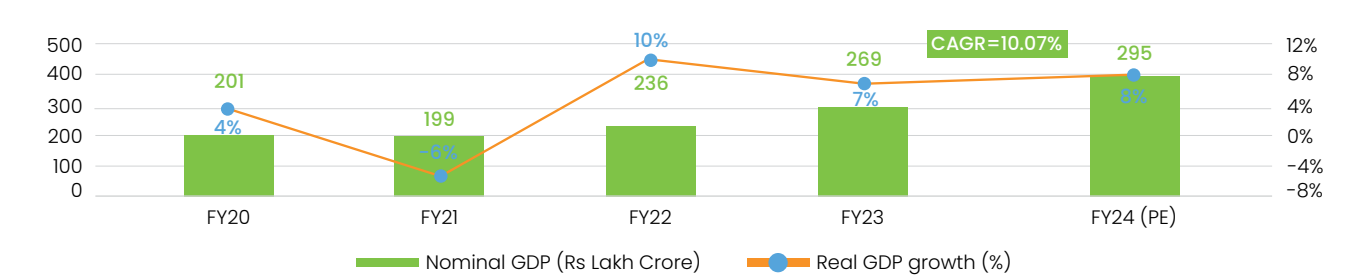
Micro, Small and Medium Enterprises

- **Credit Guarantee Scheme:** For facilitating term loans to MSMEs for purchase of machinery and equipment without collateral or third-party guarantee, a credit guarantee scheme was announced. The scheme will operate on pooling of credit risks of such MSMEs. A separately constituted self-financing guarantee fund will provide, to each applicant, guarantee cover up to INR 100 crore, while the loan amount may be larger. The borrower will have to provide an upfront guaranteed fee and an annual guaranteed fee on the reduced loan balance. The collateral-free credit guarantee is aimed at improving financial assistance to the MSME sector, bolstering its contribution to the Indian economy.
- **New assessment model for MSME credit:** Public sector banks will build their in-house capability to assess MSMEs for credit, instead of relying on external assessment. They will also take a lead in developing or getting developed a new credit assessment model, based on the scoring of digital footprints of MSMEs in the economy. This is expected to be a significant improvement over the traditional assessment of credit eligibility based only on asset or turnover criteria. In an important step towards formalization of the MSMEs, it will also cover MSMEs without a formal accounting system.
- **Credit Support to MSMEs during Stress Period:** The budget introduced a new mechanism for facilitating continuation of bank credit to MSMEs during their stress period. While being in the ‘special mention account’ (SMA) stage for reasons beyond their control, MSMEs need credit to continue their business and to avoid getting into the NPA stage. Credit availability will be supported through a guarantee from a government promoted fund. This shall provide the requisite support to the MSMEs in difficult periods, avoiding their shut down and consequent loss of employment due to the same.
- **MUDRA Loans:** The limit of MUDRA loans will be enhanced to INR 20 lakh from the current INR 10 lakh for those entrepreneurs who have availed and successfully repaid previous loans under the ‘Tarun’ category. This shall provide greater financial assistance to young entrepreneurs seeking to establish their business units, without the hassle of collateral. Enhanced scope for mandatory onboarding in Trade Receivables Discounting System (TReDS): This involves a proposed reduction in the turnover threshold of buyers for mandatory onboarding on the TReDS platform from INR 500 crore to INR 250 crore. This measure will bring 22 more CPSE (Central Public Service Enterprises) and 7000 more companies onto the platform. Medium enterprises will also be included in the scope of the suppliers. This measure shall help facilitate MSMEs to unlock their working capital by converting their trade receivables into cash at a lower threshold than before, thus helping in circularity of cash flow in the business.
- **Skilling:** The Model Skill Loan Scheme will be revised to facilitate loans up to INR 5 lakh with a guarantee from a government promoted Fund. This measure is expected to help 25,000 students every year.
- **Education:** Financial support for loans up to INR 10 lakh for higher education in domestic institutions. This shall help the section of youth who have not been eligible for any benefit under government schemes and policies E-vouchers for this purpose will be given directly to 1 lakh students every year for annual interest subvention of 3 per cent of the loan amount. The measures aim at bolstering literacy in the country.

INDIAN ECONOMY OVERVIEW

This section provides a comprehensive overview of India’s economic landscape. It offers an in-depth examination of India’s economic performance over the past five years, focusing on key metrics such as GDP growth and its comparative analysis with the world’s leading economies. The primary drivers of economic expansion, including increasing private consumption and growth of per capita income are explored. The growth of Digital Public Infrastructure is highlighted, with emphasis on initiatives like the JAM trinity, advancements in the payments infrastructure and the widespread adoption of digital payments.

India’s GDP in last five years



(Source: GDP growth, Pg 9, 2024)

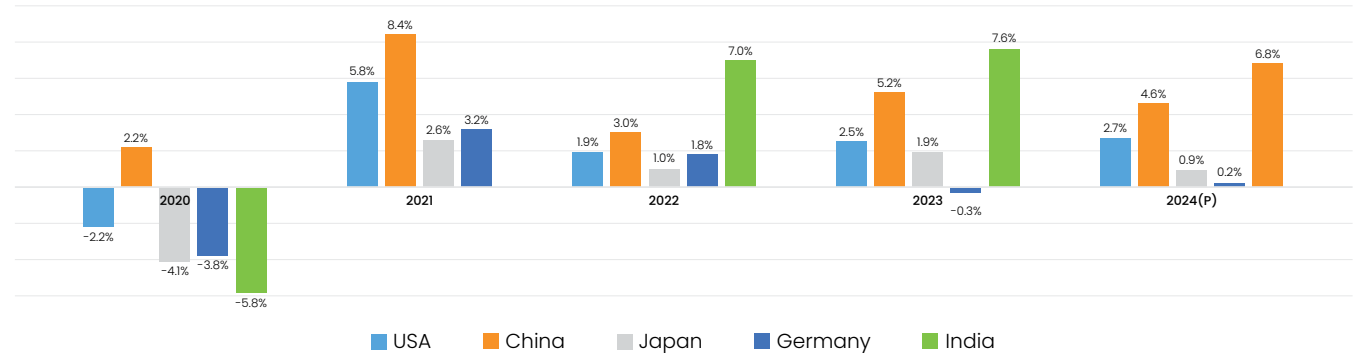
The Indian economy demonstrated resilience in the face of the COVID-19 pandemic. After a contraction of -6% in 2020, triggered by nationwide lockdowns, the Gross Domestic Product (GDP) has consistently shown robust recovery since 2021. The GDP has grown steadily from INR 236 lakh crore in 2021-22 to INR 295 lakh crore (provisional estimates) in 2023-24, showcasing the economy’s adaptability.

Notably, the Indian economy grew with a CAGR of 10.07% between 2019 to 2024, highlighting a strong recovery. This upswing can be attributed to various factors, including:

- Increased government spending on infrastructure and welfare schemes
- Rising global demand, positively impacting the manufacturing and information technology sectors
- Effective monetary policies implemented by the government.

The GDP growth rate has fluctuated significantly over the five-year period, reflecting the economy’s volatile response to challenges. The COVID-19 pandemic caused a sharp contraction in 2020-21, but government stimulus measures and pent-up consumer demand drove a strong recovery in 2021-22. As the economy adjusted post-recovery, growth moderated to 7% in 2022-23, indicating a return to stability. The latest growth rate of 8% in 2023-24 suggests a sustained recovery, with the economy demonstrating resilience.

India GDP growth in comparison with top five economies of the world



(Source: IMF, World Economic Outlook, 2024)

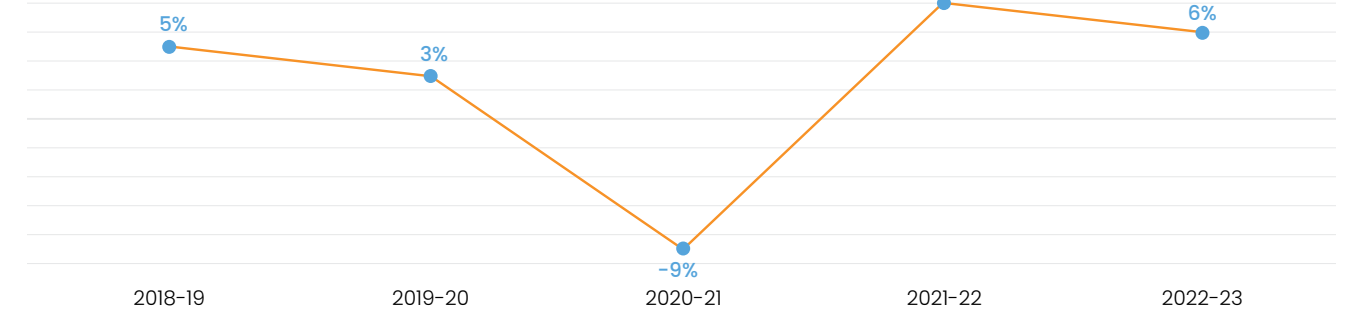
India’s real GDP growth has been growing since 2021, with a current rate of 7.6%. A comparison of major economies from 2020 to 2023 reveals significant variations in growth rates, influenced by the pandemic and recovery efforts.

- 2020: All countries experienced negative growth, with India the most affected (-5.8%).
- 2021: China and India led the recovery, with India achieving the highest growth rate (9.7%) due to robust stimulus measures.
- 2022: Growth rates stabilised, with India maintaining a high growth rate (7%), driven by domestic demand.
- 2023: India continued to outperform, with growth driven by increased government spending on infrastructure and welfare schemes, as well as export growth. In contrast, Germany faced a contraction (-0.3%) due to declining exports.

Growth drivers of Indian economy in last five years

India’s economic growth is driven by several factors, including population growth, consumption and per capita income. Consumption has been a significant driver, fuelled by rising incomes, urbanisation and increased consumer confidence, which boosts spending across various sectors. The per capita income has shown a steady increase, except for a dip during the COVID-19 pandemic, reflecting improved living standards and economic prosperity.

Growth of per capita income in India



(Source: MOSPI, Per capita income, 2023)

The COVID-19 pandemic caused a 9% drop in living standards in 2020, leading to job losses and economic hardship. However, the economy bounced back strongly in 2021, growing 8%, as businesses reopened, creating jobs and boosting the demand for goods and services.

Reforms by the Indian government leading to growth of Digital Public Infrastructure (DPI)

India has made substantial strides in enhancing the payment infrastructure crucial for fostering a cashless economy. This report explores pivotal elements, such as the JAM trinity (Jan Dhan, Aadhaar, Mobile), the extensive utilisation of debit and credit cards and the expansion of PoS (Point-of-Sale) terminals, micro-ATMs, PPIs (Prepaid Payment Instruments) and QR codes (Quick response codes). It also evaluates transaction volumes across UPI, BBPS (Bharat Bill Payment System) and FASTag, illustrating the rapid adoption of digital payments. These advancements have significantly bolstered convenience, reduced reliance on cash and promoted greater financial inclusion.

Infrastructure layer

JAM Trinity

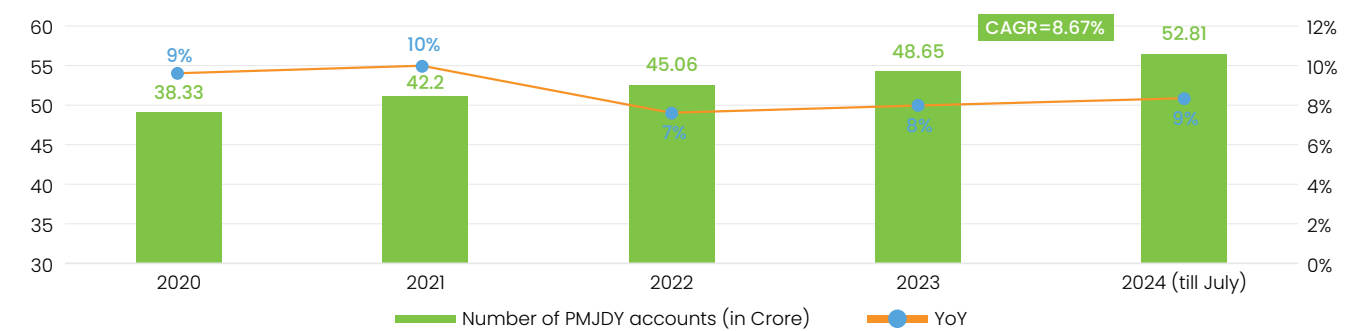
138 crores	94 crores	89 crores	52 crores
Aadhaar registration (June’24)	Internet subscribers (Dec’23)	Mobile devices users (Apr’24)	Jan Dhan Bank accounts (June ’24)

Table 2 JAM Trinity

Digital payments transactions (FY 2023-24)

16,443 Cr	7760 Cr	352 Cr
Total digital payments transactions	UPI P2M	FASTag
186 Cr	165 Cr	2 Cr
PoS-based credit card transactions (10 Cr credit cards issued as of Mar’24)	PoS-based debit card transactions (96 Cr debit cards issued as of Mar’24)	AePS P2M (Bhim Aadhaar Pay)

Digital India - Growth of PMJDY accounts penetration



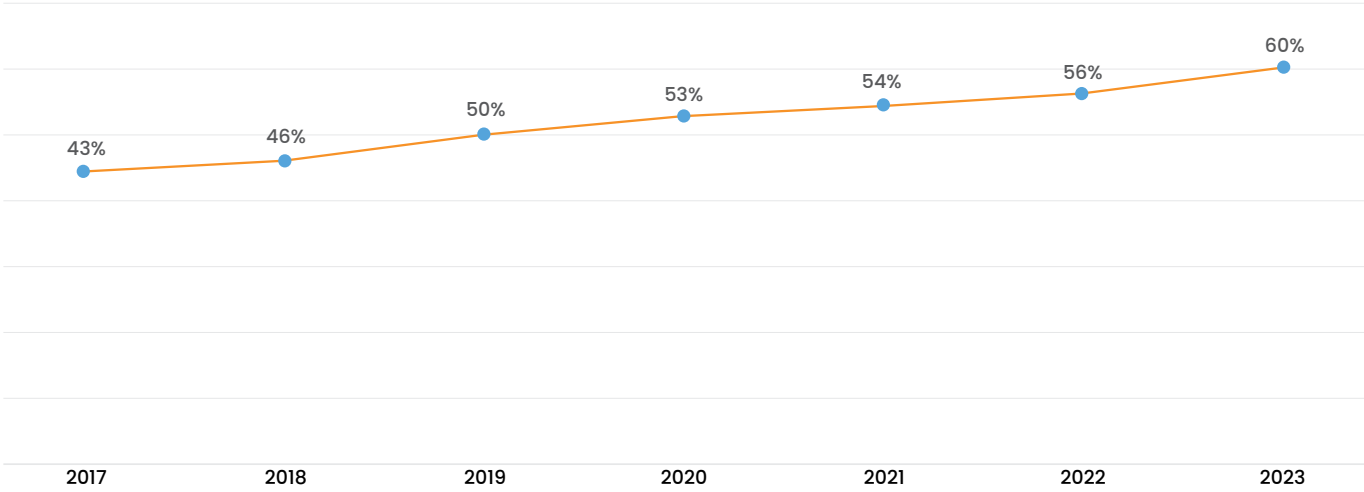
(Source: Pradhan Mantri Jan Dhan Yojana)



The government’s PMJDY scheme is boosting financial digitisation, with CAGR of 8.67%. By simplifying account opening with less paperwork, the government has made it easier for people to join. This has led to a surge in PMJDY accounts and successful efforts to include more people in digital banking.

The scheme provides dual benefits – ensuring access to financial services and digitising the financial hemisphere. Currently, there are 52.8l crores beneficiaries of PMJDY and still increasing at a consistent rate.

RBI's FI (Financial Inclusion) - Index growth



(Source: RBI report – Chart-1, Section-IV)

To achieve the financial inclusion goals and objectives, the measurement and evaluation of financial inclusion assumes importance. Towards this direction, a composite FI-Index was constructed and published by the RBI in August 2021. The FI-Index comprises of three broad sub-indices – Access (35%), usage (45%) and quality (20%) – with each of these consisting of various dimensions The FI-Index for March 2023 rose to 60.1 from 56.4 in March 2022, with growth witnessed across all the sub-indices.

RBI's recent decisions in financial sector

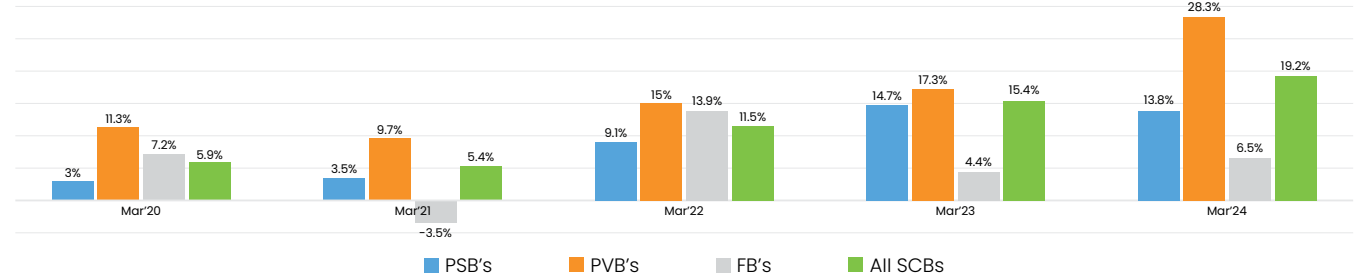
RBI in regards to financial sector has taken decisions in the following domains:

- Monetary policy – It was decided by the Monetary Policy Committee with that under the Liquidity adjustment facility (LAF), policy repo rate unchanged at 6.50%.
- Moreover, decision regarding the standing deposit facility (SDF), the rate remains unchanged at 6.25% and marginal standing facility (MSF) and the Bank rate at 6.75%.
- Banking regulations- proposed measures:
  - Mahila Samman Bachat Patras – The scheme allows women to open one-time new small savings deposit facility up to Rs 2 Lakh for a period of 2 years.
  - New regulations as per Ministry of Finance, all Public Sector Banks (PSBs) are now allowed and eligible to issue the Mahila Samman Savings certificate.
  - Benefit for senior citizens – The deposit has increased from Rs 15 lakh to Rs 30 lakh as in 2023-24. Moreover, as for the Monthly Income Account Scheme, the limit for maximum deposit has been proposed to increase from Rs 4.5 lakh to Rs 9 lakh for joint account.
- Digital payments and financial inclusion
  - Universal access to financial services – Self Regulatory Organisation(s) (SRO) for Fintech sector has been an important measure to enforce and establish directions for data privacy, security and protection.
  - Considering the advent of the technological landscape and need for provisions for safety, such SRO will ensure that guidelines provided the relevant Acts by RBI to the extent applicable.

Credit growth in India

This section delves into the evolving landscape of credit growth in India, spotlighting key trends and developments over the past five years. It looks at how various sectors, including agriculture, industry and services, have driven overall credit expansion. The chapter also covers patterns in personal loans and retail lending, offering a thorough analysis of the factors behind this growth. By providing these insights, the chapter aims to shed light on the broader implications of credit growth for India’s economy.

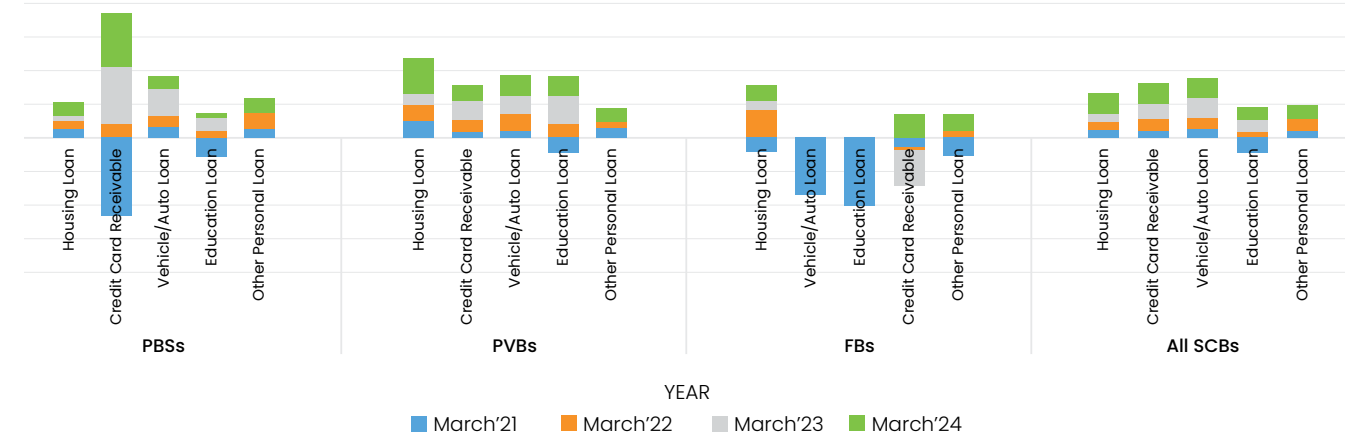
Overall credit growth in India



(Source: Reserve Bank of India – Reports (rbi.org.in) Sec 2.4)

Private sector banks (PVBs) have shown a substantial increase, averaging 16% growth year-on-year over the last 5 years and peaking in 2024 with 28% year-on-year growth, driven by their aggressive lending strategies and efficient risk management, indicating a robust post-pandemic economic recovery. On the other hand, public sector banks (PSBs) have displayed modest growth, averaging around 9% over the last 5 years due to their conservative approach and focus on cleaning up non-performing assets (NPAs). Foreign Banks (FBs) have seen a downfall in 2021 due to the pandemic but have seen an y-o-y growth as a post-pandemic economic recovery.

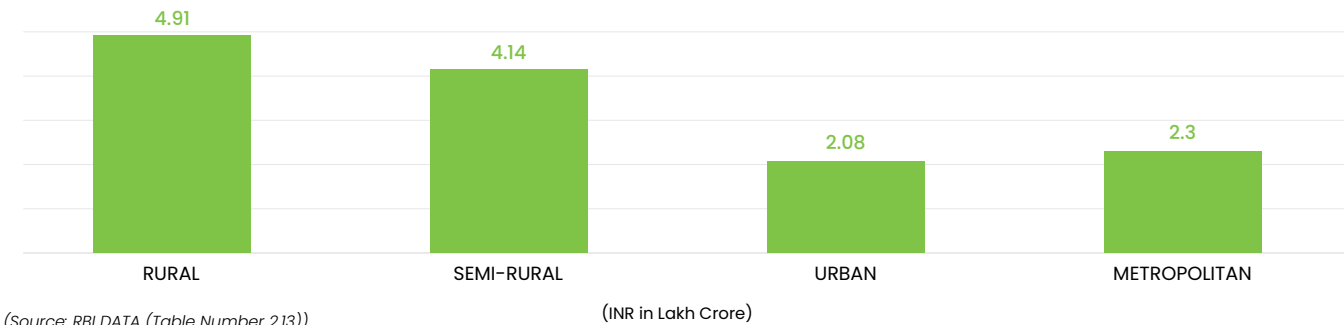
Growth of personal loans in last five years



(Source: Reserve Bank of India – Reports (rbi.org.in) Sec 2.4)

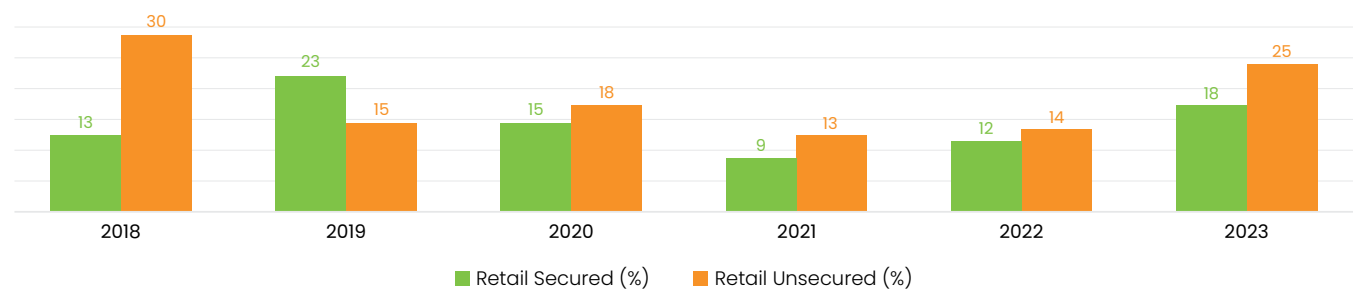
Vehicle/auto loans and housing loans have been the fastest-growing categories, averaging 20.1% and 18.5% growth respectively over the last four years, indicating increased borrowing for asset creation. Credit card receivables have also grown at 17.6%, reflecting a preference for short-term credit. Public sector banks have driven credit card growth, with 93% in 2023 and 77.9% in 2024, likely due to their reach in semi-urban areas where digital financial literacy is rising. The private sector banks have led housing loan growth, with 76.3% in 2024, compared to 12.1% by public banks. This can be attributed to private banks offering competitive rates, quicker processing and appealing to customers seeking home ownership. The growth of educational loans by private sector banks, from -1.2% in March 2021 to 52.9% in March 2024, highlights a significant shift towards supporting higher education financing. The proliferation of digital lending platforms and fintech innovations has made it easier for individuals to obtain other personal loans, driving growth by 19.9% in 2024. This growth has been broad-based, with both traditional banks and NBFCs playing a crucial role in meeting the diverse credit needs of consumers across the country.

Region wise distribution of credit to small borrowers



The analysis of credit distribution to small borrowers in India shows targeted support based on regional needs. Rural areas receive the highest allocation at ₹4.91 lakh crores, reflecting efforts to enhance financial inclusion and support agriculture. Semi-urban regions follow with ₹4.14 lakh crores, focusing on developing peri-urban economies and micro-enterprises. Urban areas receive ₹2.08 lakh crores, aimed at addressing the diverse financial needs and supporting small businesses. Metropolitan regions are allocated ₹2.30 lakh crores, fostering startups, SMEs and service sector enterprises, crucial for innovation and economic growth.

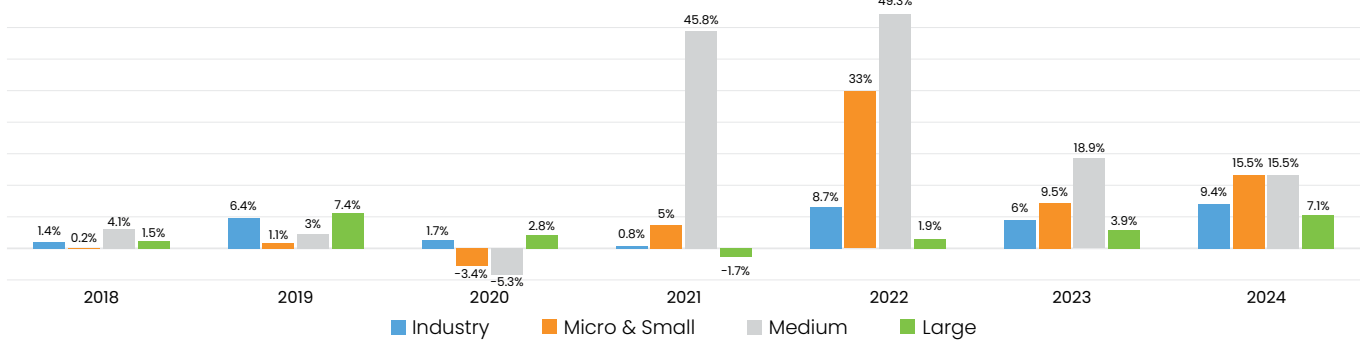
Trends of retail lending



The growth in retail unsecured loans has consistently surpassed secured loans due to higher profit margins, quicker processing times and the rising demand from India’s expanding middle class. In 2020 and 2021, the retail-secured loans growth rate declined to a low of 9% during the COVID-19 pandemic, before recovering to 18% in 2023. However, retail unsecured loans were more volatile. The unsecured segment peaked at 30% in 2018, then dropped to 15% in 2019. It rebounded to 25% by 2023. Both secured and unsecured components have registered growth rates higher than the overall bank credit growth.

Banks continue to prioritise the retail segment due to its historically low delinquency and slippage rates, which reflect higher credit quality compared to other segments. The consistent growth in retail credit and minimal delinquencies indicate that the prominence of retail credit within the overall credit growth aligns with long-term trends.

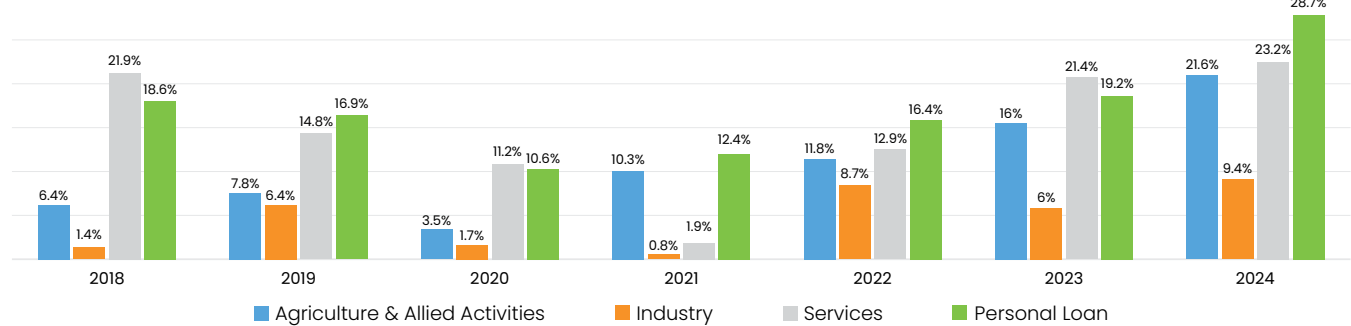
Growth of MSME lending



In 2020, the COVID-19 pandemic led to a sharp decline in the medium segment, resulting in negative growth. However, 2021 saw a strong recovery, with the medium segment and micro and small segments experiencing significant loan growth spikes of up to 50% and 30%, respectively, driven by government support and stimulus measures.

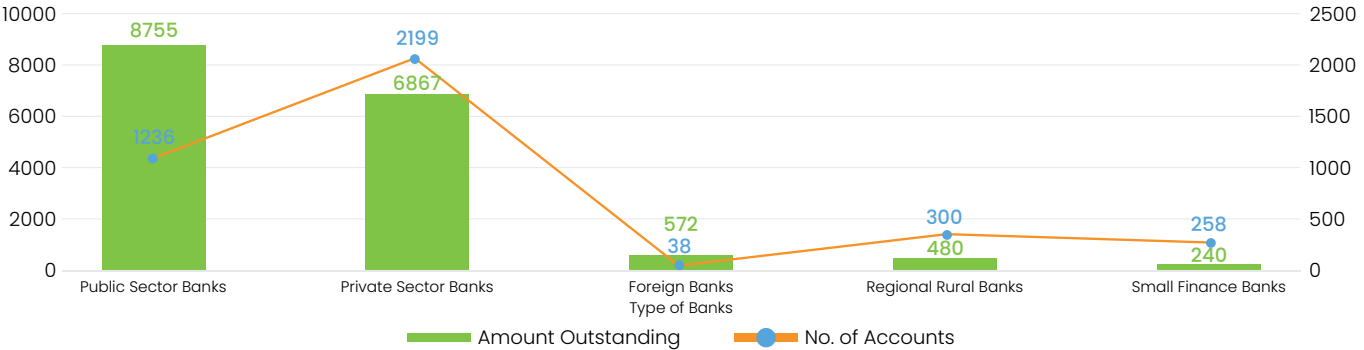
By 2023 and 2024, growth rates across all segments stabilised, with the medium segment peaking again at around 15% and the industry and large segments maintaining consistent, moderate growth, indicating a balanced recovery across the economy.

Growth of sector-wise credit by banks



Personal loans saw a significant growth, peaking at 28.7% in 2024, driven by increased consumer borrowing and confidence post-pandemic, supported by government stimulus. The services sector also experienced strong growth, reaching 23.2% in 2024, indicating a recovery and expansion in service-oriented industries. The pandemic caused a notable slowdown in 2020, but the subsequent recovery shows the effectiveness of economic policies. Industry and agriculture showed steady, moderate growth, indicating resilience.

Type of Bank Giving Credit In Terms of Account and Amount



The private sector banks have the highest number of accounts while the small finance banks have the highest amount outstanding. This indicates that the small finance banks offer maximum amount of credit while private banks offer efficiency in opening of accounts for credit. The foreign banks have lowest number of accounts and regional rural banks account for least amount outstanding, signifying the low availability of funds for credit.

GROWTH OF CREDIT THROUGH NBFCs

This chapter focuses on the important role Non-Banking Financial Companies (NBFCs) play in credit growth in India. It discusses the scale-based regulation of NBFCs and the effect of regulatory changes on NBFCs. The chapter also highlights the trends in activity-based credit, personal loans and Gross Net Performing Assets (GNPA). It covers the various sources of borrowing by NBFCs and evaluates their asset quality, offering a comprehensive view of their contribution and resilience in the financial sector.

Classification of NBFCs

Type of NBFC	Nature of Activity/Principal Business
Investment and Credit Company (ICC)	Engaged in lending and investment activities.
Infrastructure Finance Company (IFC)	Provides loans specifically for infrastructure projects.
Infrastructure Debt Fund (IDF)	Facilitates long-term debt financing for infrastructure projects.



Core Investment Company (CIC)	Invests in equity shares, preference shares, debt, or loans of associated companies.
NBFC – Micro Finance Institution (NBFC-MFI)	Offers collateral-free loans and advances to small borrowers.
NBFC – Factor	Specializes in factoring, or financing of receivables.
Non-Operative Financial Holding Company (NOFHC)	Establishes new banks in the private sector through its promoters or promoter groups.
Mortgage Guarantee Company (MGC)	Provides guarantees for mortgage loans.
Asset Reconstruction Company (ARC)	Acquires and manages financial assets sold by banks and other financial institutions.
Peer-to-Peer Lending Platform (P2P)	Offers an online platform to connect lenders and borrowers for fund mobilization.
Account Aggregator (AA)	Gathers and organizes customer financial information for easy access and retrieval.
Housing Finance Company (HFC)	Provides financing for housing purposes.

Classification of NBFCs by Activity under the New Regulatory Framework<sup>43</sup>

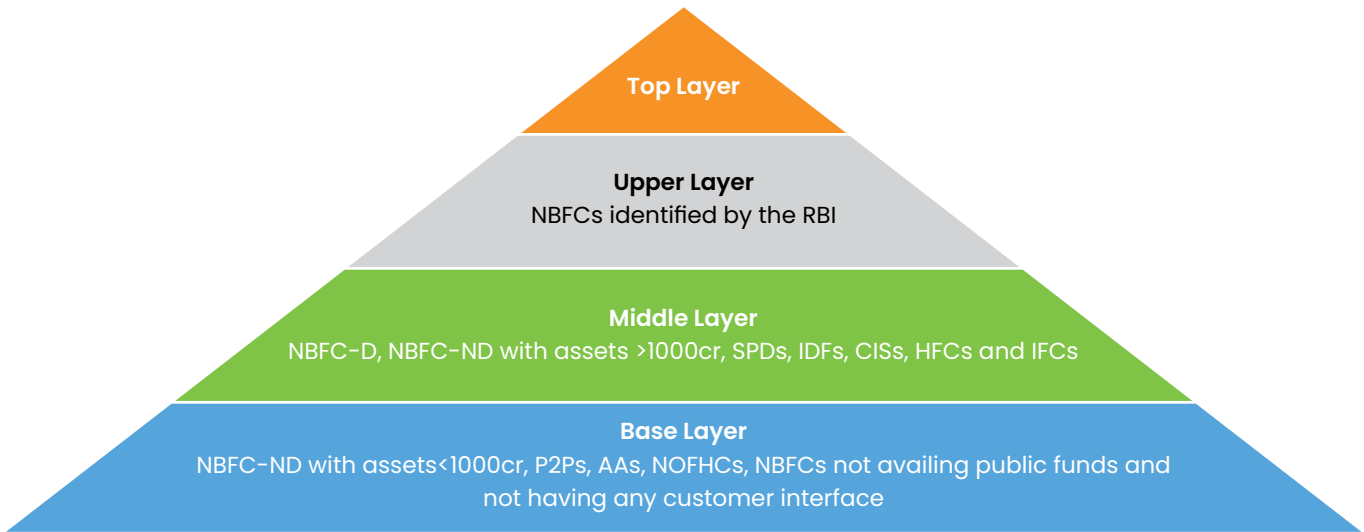
Scale-based regulation for NBFCs

From October 2022, the Scale Based Regulation (SBR) for NBFCs was introduced, classifying them into four tiers: Base Layer (NBFC-BL), Middle Layer (NBFC-ML), Upper Layer (NBFC-UL) and Top Layer (NBFC-TL) based on the NBFC’s size, activities and risk levels.

The Upper Layer includes the ten largest NBFCs by asset size and others selected by specific criteria, with 15 NBFCs (including five Housing Finance Companies) currently in this layer, subject to stricter regulations. The Top Layer remains empty unless a significant risk is identified in the Upper Layer, warranting a move to the Top Layer.

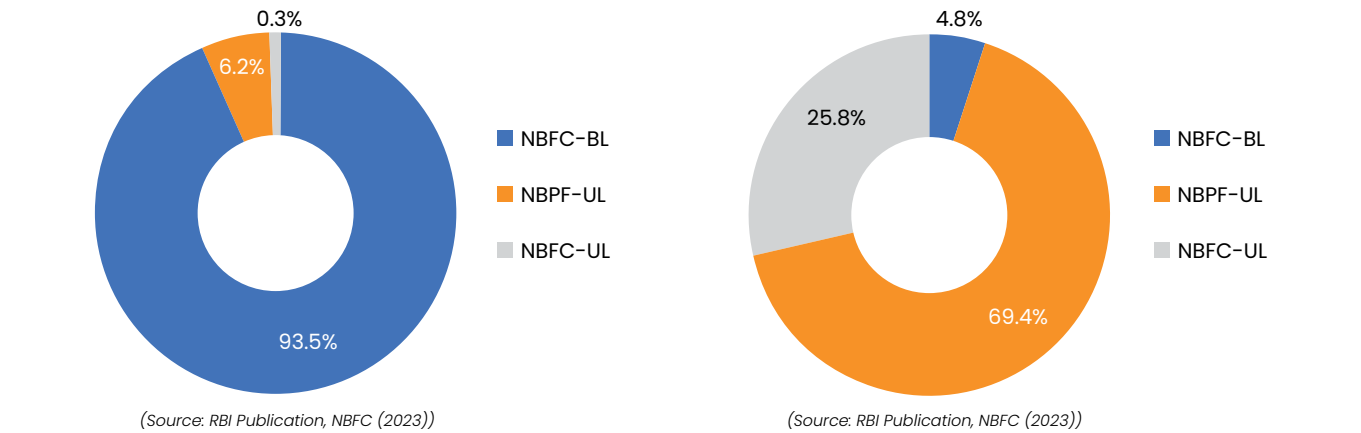
NBFCs in the Middle and Upper Layers must conduct internal capital assessments similar to the Internal Capital Adequacy Assessment Process (ICAAP) used by commercial banks under Basel-III norms, considering various risks including credit risk, operational risk, market risk, etc to determine capital levels. The Upper Layer must also manage large exposure risks. The Prompt Corrective Action (PCA) framework, effective from October 2022, will extend to government NBFCs (except those in the Base Layer) from October 2024.

New NBFCs need a minimum of ₹10 crore in net owned funds (NOF) to start operations. Existing NBFC-ICCs, NBFC-MFIs and NBFC-Factors must raise their NOF to ₹10 crore by March 2027.



(Source: RBI Publication, NBFC (2022))

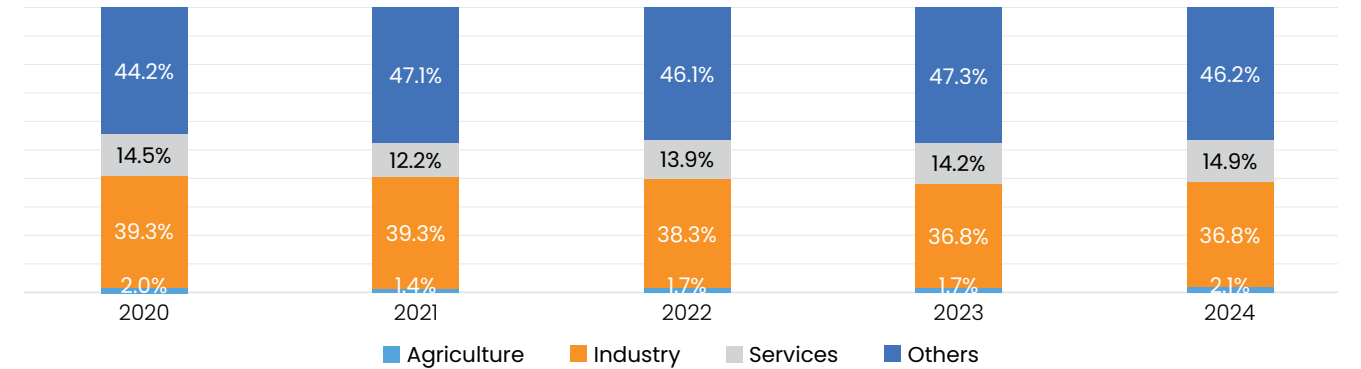
Distribution of NBFC (at end-March 2022)



The NBFC sector in India has experienced rapid growth, extending financial services to previously underserved groups through specialized products. However, this expansion has led to increased interconnectedness with the broader financial system, prompting regulatory action. To address this, the Reserve Bank has introduced a tiered regulatory framework, scaling requirements to the size and complexity of NBFCs.

As of March 2022, the majority of NBFCs (94%) fell under the smaller NBFC-BL category, yet they accounted for only 5% of total assets. In contrast, a small fraction of NBFCs (6%) held a significant 95% of total assets, indicating a high level of market concentration. In response, the Reserve Bank has implemented increasingly stringent regulations for larger NBFCs to ensure stability and mitigate potential risks. Whereas As on September 30, 2023, NBFCs in the base, middle and upper layers constituted 6 per cent, 71 per cent and 23per cent of the total assets of NBFCs, respectively.

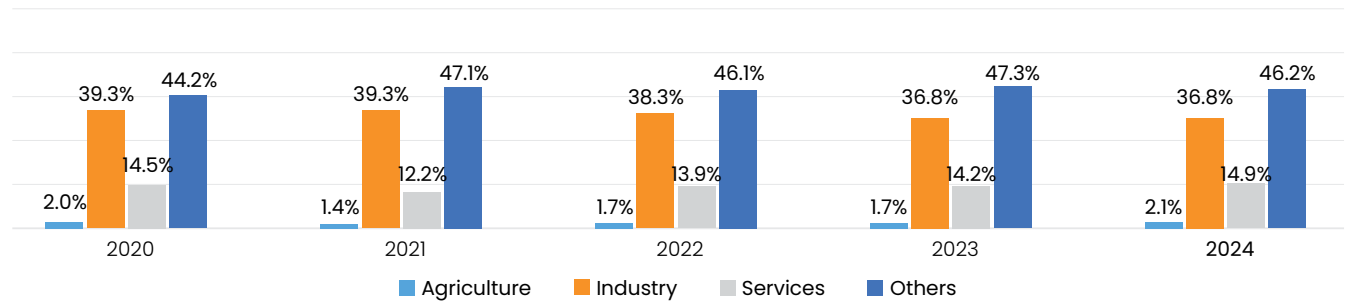
Distribution of NBFC credit across Sectors



(Source: Reserve Bank of India – Reports (rbi.org.in))

The distribution of NBFC credit across sectors from 2020 to 2024 remained relatively stable. The agriculture sector maintained a steady 2% share, while the industry sector’s share slightly decreased from 14.5% to 14.9%, despite fluctuations. Services saw a drop from 39.3% to 36.8%. The most notable change was in the “Others” category which included personal loans, retail loans etc, growing from 44.2% to 46.2%, showing a CAGR of approximately 1.1%. This trend indicated NBFCs’ increasing focus on diversifying credit into emerging or non-traditional sectors, reflecting strategic shifts to capitalize on new opportunities and manage risks better.

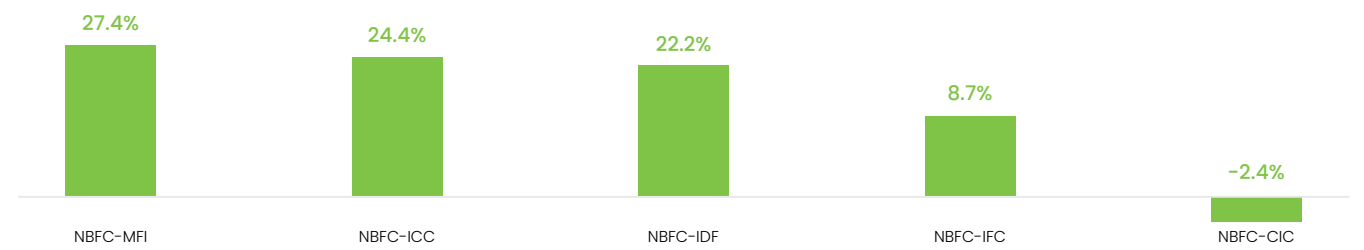
Sectoral credit growth by NBFCs



(Source: Reserve Bank of India – Reports (rbi.org.in) Sec 2.52)

The NBFC has maintained a significant credit growth over the last five years, with the highest credit dispersed in the other personal loan sector of over 40% over the past 5 years. Subsequently the industry sector has received the maximum credit around 38~39% followed by service sector and agricultural sector with roughly 14% and 2% respectively over the years. This growth has mostly been contributed by the government’s NBFC. Personal loan includes segments such as vehicle loan, loan against loan, microfinance/SHGs.

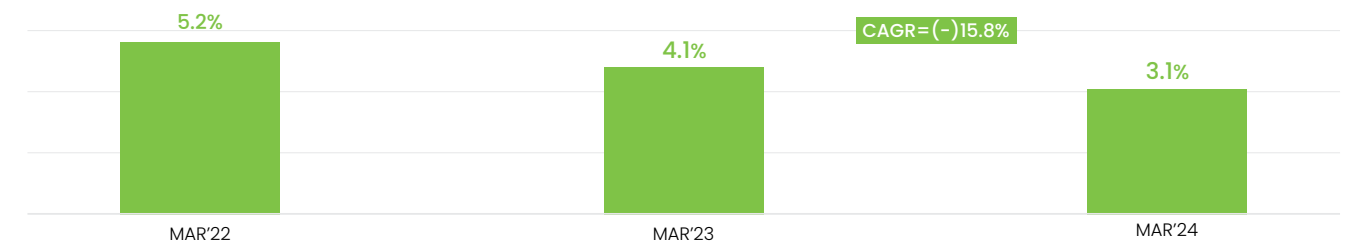
Growth of activity-based credit of NBFC



(Source: Reserve Bank of India – Reports (rbi.org.in) Sec2.52)

The activity-based credit growth of NBFCs in the post-pandemic years reveals contrasting trends across different categories. NBFC-MFIs, the largest category by activity, have seen accelerated credit growth at 27.4%, showing an enhanced focus on financial inclusion, followed by 24.2% growth in NBFC-Investment and Credit Companies (ICCs), indicating a strong recovery and increased demand for investment and credit services. Conversely, infrastructure finance companies (IFCs) have experienced a deceleration in credit growth. This slowdown can be attributed to delayed infrastructure projects, funding constraints and cautious lending practices in the face of economic uncertainties. The negative growth rate for Core Investment Companies (NBFC-CICs) in 2024 can be attributed to adverse market conditions like economic slowdowns or equity market volatility, which have impacted their decisions.

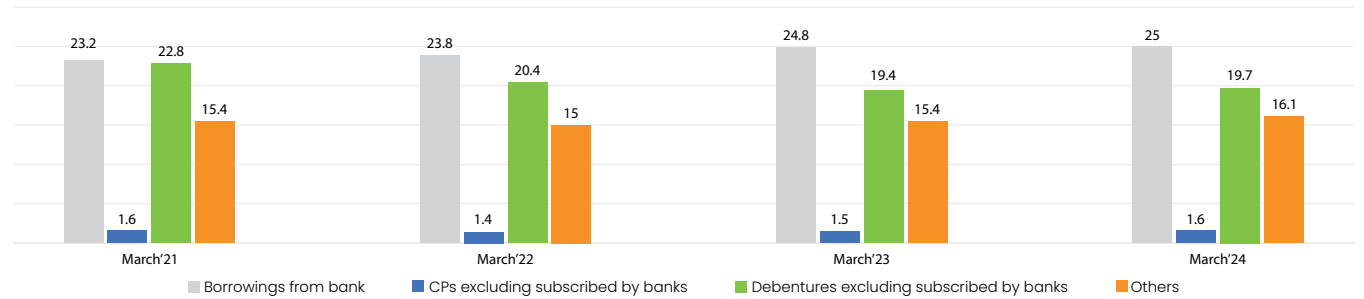
Trends of personal loans Gross Net Performing Assets (GNPA) through NBFCs



(Source: RBI Report (2024, s~2.54))

The Gross Net Performing Assets (GNPA) in personal loans through NBFCs continued to fall post the pandemic, showing a CAGR of (-)15.8%. This indicates that the quality of assets is improving and there are fewer defaults. As of March 2024, the GNPA stands at 3.1% of the total GNPA across all NBFCs.

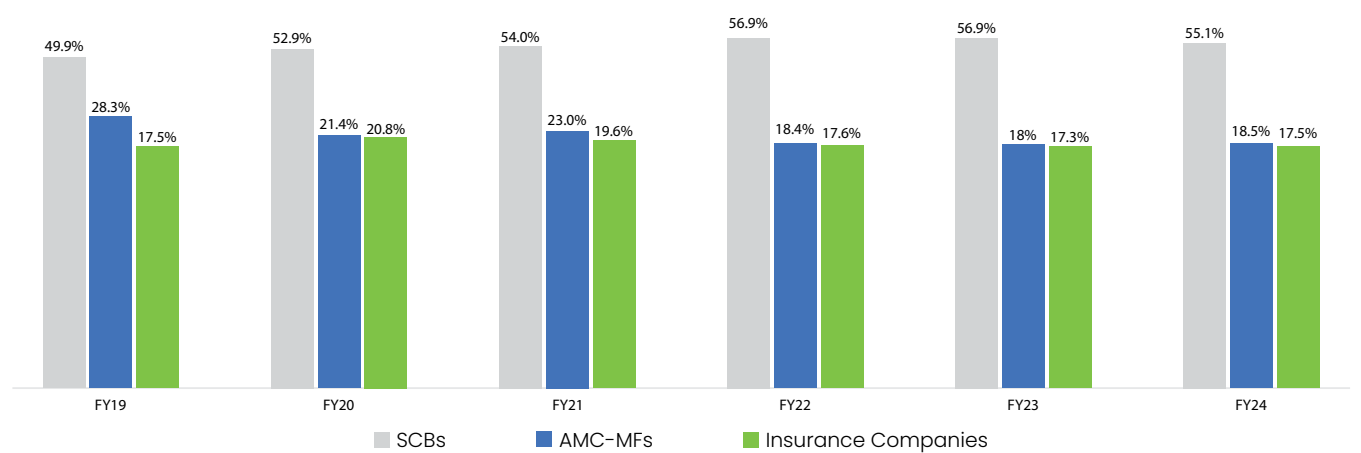
Source of borrowings from banks



(Source: RBI Report (2024, t~2.7))

The borrowing from banks is gradually increasing over the last four years, while resource mobilisation through debentures is declining (included in total borrowings from banks and has declined from 3% in 2021 to 2.1% in 2024) and through CPs, remains almost unchanged. In March 2024, about four-fifths of the funds sourced from banks are secured.

Share of Top Three Lenders for NBFC

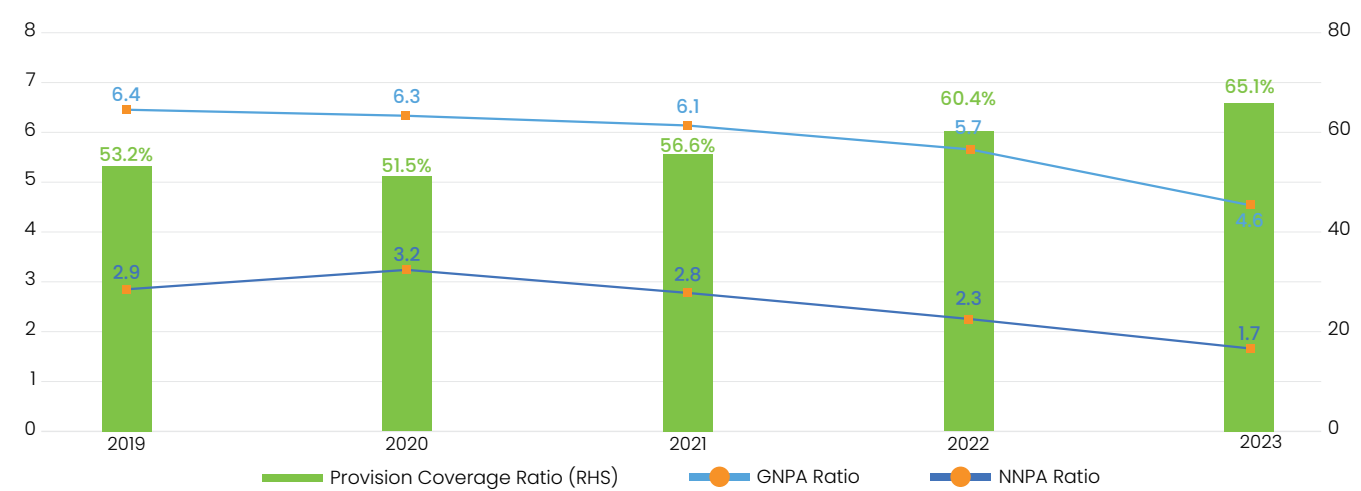


(Source: Reserve Bank of India – Reports (rbi.org.in))

The share of top three lenders for NBFCs from FY19 to FY24 have remained relatively constant. SCBs dominate, increasing their share from 49.9% to 55.1%, with a CAGR of 2.0%. AMC-MFs show a declining trend from 28.3% to 18.5%, with a negative CAGR of 8.2%. Insurance companies maintain a stable yet low share around 17-18%. This trend highlights SCBs’ growing importance as primary lenders to NBFCs, while AMC-MFs’ involvement decreases, indicating a shift in their investment strategies. Insurance companies remain consistent but less influential in NBFC lending.

Asset quality of NBFCs

In the Fiscal year 2023, NBFCs experienced a significant improvement in asset quality, thanks to better collection processes and an upturn in economic conditions. Despite previous challenges from aggressive growth, regulatory changes and the impacts of COVID-19, the sector successfully reduced Gross Non-Performing Assets (GNPA) by the end of the fiscal year.



(Source: Non-banking financial institutions, RBI (2023, s~2.9))

- The RBI granted NBFCs an extension until 30 September 2022 to meet the new NPA norms, requiring that loan accounts classified as NPAs be upgraded to standard assets only if all arrears of interest and principal were fully paid by the borrower.
- In the fiscal year 2022-23, the asset quality of NBFCs saw notable improvement, with reduced slippages contributing to a five-year low in the GNPA ratio. The Provision Coverage Ratio (PCR) also increased significantly, from 51.5% at the end of March 2020 to 65.1% by the end of March 2023.
- This rise reflects a stronger financial buffer against potential loan defaults, enhancing NBFCs’ stability and investor confidence by the end of September 2023.



- Improvements were evident, with GNPA and NNPA ratios declining to 4.1% and 1.5% , respectively. This ongoing reduction demonstrates a sustained improvement in asset quality, suggesting a positive trend in the sector’s health.

Growth of the co-lending sector

This section explores the norms and various models of co-lending. It highlights the sector’s rapid expansion fuelled by new technologies and strategic partnerships. It examines the extent of co-lending adoption among major banks like SBI, Central Bank of India and Canara Bank, showcasing their pivotal roles in advancing these practices. Through these insights, the chapter aims to provide a clear understanding of the factors fuelling the growth of co-lending in India.

The RBI’s identification of priority sectors like agriculture, MSMEs, education and housing marked the beginning of a journey to increase credit flow and support economic growth. To achieve this, the RBI issued guidelines for banks to lend to these priority sectors, known as Priority Sector Lending (PSL). However, banks faced challenges in lending to these sectors, including limited reach in rural areas, higher risk perception and higher operational costs.

To address these challenges, the RBI recognized the need for collaboration between banks and NBFCs. This led to the introduction of the Co-Lending Model (CLM), which allowed banks to partner with NBFCs to co-lend to priority sectors. The CLM offered several benefits, including increased credit reach in rural areas, shared risk and rewards between banks and NBFCs, lower operational costs and improved recovery rates.

As a result, banks and NBFCs entered into co-lending agreements, leveraging each other’s strengths to lend to priority sectors. This partnership enabled banks to meet their PSL targets more efficiently and effectively, amplifying priority sector lending. In essence, the Co-Lending Model evolved from the Priority Sector Lending guidelines as a solution to address the challenges faced by banks in lending to priority sectors. By collaborating with NBFCs, banks can increase credit flow to underserved areas, share risks and improve recovery rates.

Partnership-Based Lending (PBL) or Co-Lending Model (CLM) is a collaborative arrangement where one party originates a loan and another party takes on a larger proportion (typically 80-100%) of the loan on their books. The originator retains a smaller share (usually 20%) and handles collections and loan activities. This model enables smaller NBFCs and fintechs to leverage larger partners’ balance sheets, expanding their customer base with less capital.

Key highlights of Co-Lending Norms:

- Co-lending banks take their share of individual loans on a back-to-back basis.
- NBFCs retain at least 20% of individual loans on their books.
- Banks and NBFCs must formulate Board-approved policies for CLM and publish them on their websites.
- Master agreements may allow banks to either mandatorily take their share of loans or retain discretion to reject certain loans after due diligence.
- CLM is not applicable to foreign banks with fewer than 20 branches.

The co-lending market in India experienced substantial growth in FY23, with assets exceeding INR 25,000 crore, more than four times the near INR 5,000 crore disbursed in FY22. Leading this expansion were the State Bank of India (SBI) and Bank of Baroda. This surge was driven by 16 new partnerships between banks and non-banking financial companies (NBFCs) in the latter half of FY23, spanning various sectors, such as housing finance, SME and consumer finance. Key banks, like Bank of Baroda, have embraced co-lending to tap into new customer segments, leveraging partnerships with established NBFCs and fintechs. The bank has also developed a digital platform to facilitate these tie-ups. Yubi Co. Lend, a dedicated co-lending marketplace, reported a 250% increase in gross transaction volume, handling over 3.5 million transactions worth more than INR 9,000 crore in FY23, up from INR 3,000 crore in FY22. This growth reflects the broader trend of public sector banks increasingly engaging in co-lending to reach underserved segments, supported by central bank guidelines aimed at improving credit flow at affordable rates.

Banks have multiple partnership options with NBFCs to achieve PSL goals, including:

- 1 Priority Sector Lending Certificates (PSLC)
- 2 Securitization
- 3 Business Correspondent (BC) model
- 4 Co-Lending model

**Models of Co-Lending:** The RBI emphasised on co-lending by banks and NBFCs to the priority sector to improve the flow of credit to the unserved and underserved sector of the economy. It released a notification in November 2020 highlighting co-lending models.

**Co-Lending Model I(CLM1):** Under this model, loan is originated and disbursed by both banks and NBFC. It is proportionately

reflected in the balance sheet as per the terms of agreements, thus ensuring shared participation in the lending process.

**Co-Lending Model 2 (CLM2):** The NBFC originates and disburses the entire loans initially post which up to 80% of the amount is reimbursed by banks. This appears in banks’ balance sheet on back-to-back basis, allowing banks to meet priority sector lending while the NBFC focuses on customer reach and loan origination.

Emphasis of Gol on Co-lending Sector

The Department of Financial Services (DFS) has recommended the formulation of a committee on Co-Lending, led by the State Bank of India (SBI). This initiative aims to optimize co-lending practices and enhance credit flow to Micro, Small and Medium Enterprises (MSMEs).

The SBI-led Co-Lending Committee, comprising six members, held its first meeting on May 31, 2024. The committee’s primary objectives are to streamline co-lending practices and address existing credit gaps. It aims to promote financial inclusion for MSMEs through synergistic partnerships between banks and Non-Banking Financial Companies (NBFCs).

This initiative underscores the growing importance of the co-lending sector in driving economic growth and financial inclusion. By leveraging the strengths of banks and NBFCs, the co-lending model has the potential to increase credit access for MSMEs, thereby supporting their growth and development.

The committee is expected to play a crucial role in shaping the future of co-lending in India in the following areas

- Developing standardized co-lending guidelines
- Enhancing risk management practices
- Fostering greater collaboration between banks and NBFCs

The Co-Lending Sector Initiative marks a significant step towards enhancing credit access for MSMEs. By optimizing co-lending practices and promoting financial inclusion, this initiative has the potential to drive economic growth and support the development of a vibrant MSME ecosystem.

Adoption of technology in co-lending

- **e-KYC (Electronic Know Your Customer) and Aadhaar ID verification** to streamline the customer verification process, preventing identity fraud and reducing the need for physical documents and in-person verification.
- **e-Sign** to facilitate paperless operations by allowing customers to sign documents electronically.
- **Unique credit score card using artificial intelligence and machine learning** to evaluate the creditworthiness of customers by analysing a variety of data points, such as payment history, demographics, age and location, to predict the likelihood of default and assign low-risk or high-risk scores to customers.
- **Account aggregators** to get financial information relevant to the borrower, including deposits, investments, insurance, pension schemes, credit instruments, etc.
- **Loan origination systems (LOS) and loan management system (LMS)** to enable seamless and real-time tracking of all stages of the loan lifecycle, from application to disbursement and repayment, ensuring that the data is accurate and up to date, reducing processing times and minimising errors.
- **Fetch credit history from credit bureaus** to provide a detailed history of a customer’s credit behaviour, including past loans, credit card usage and repayment history, supplementing the unique credit score for comprehensive evaluation.
- **Proprietary application** to offer multiple loan repayment methods, such as QR codes, SMS-based links and voice-based payments, enhancing convenience for customers.
- **Management information system** to provide management with real-time data on business parameters, including loan disbursement, collection trends and field officer activities.
- **Enterprise resource planning (ERP)** solutions offer a centralised platform for managing financial data, ensuring accurate and timely reporting and supporting strategic decision-making through detailed financial insights.

Growth drivers of co-lending sector

The factors supporting the co-lending sector include:

- **Regulatory support:** The RBI has been a major proponent of the co-lending model. The RBI’s notifications and circulars

have facilitated the collaboration between banks and NBFCs to extend loans to priority sector borrowers. This regulatory backing aims to harmonise lending efforts across various sectors and improve financial inclusivity.

- **Cost efficiency:** The co-lending model combines the low cost of funds from banks with the operational efficiency and agility of NBFCs. This synergy reduces the overall cost of lending, making loans more affordable and accessible to end-users, particularly in the priority sector.
- **Market potential:** India has significant potential for expansion as a retail credit market. The co-lending model enables banks to create priority sector assets without committing extra resources, while NBFCs benefit from building a high-quality loan book and maintaining profitability.
- **Inclusive growth:** The co-lending model supports inclusive growth by targeting sectors that are often underserved by traditional financial institutions. This includes SMEs, agriculture and housing. By leveraging the strengths of both banks and NBFCs, the model aims to uplift these sectors from economic hardships.
- **Technological integration:** The integration of technology by NBFCs allows for better reach and service delivery to remote areas. This technological advancement, combined with the robust financial backing of banks, enhances the efficiency and effectiveness of lending and borrowing in the priority sector.
- **Enhanced credit access:** The co-lending model addresses the credit access crisis for SMEs and retail customers. By pooling resources and expertise, banks and NBFCs can extend credit to segments that traditionally face challenges in securing loans due to stringent compliance and collateral requirements.

Large banks opting for co-lending

Almost all scheduled commercial banks (except regional rural banks and small finance banks) are increasingly entering into co-lending partnerships with NBFCs, particularly targeting priority sectors. These collaborations aim to combine the extensive financial resources and regulatory expertise of banks with the specialised market knowledge and agility of NBFCs. By working together, these institutions can enhance their lending capabilities, reach a broader customer base and provide more efficient and accessible credit solutions. This trend reflects a strategic shift in the financial industry to better serve underserved segments, such as agriculture, retail and MSME thereby promoting economic growth and financial inclusion.

State of Indian MSME market

India’s MSME sector has grown significantly, totalling to estimated 630 lakhs in 2023. These small businesses play a vital role in supporting large corporations and serving end-users directly. By providing employment opportunities in rural areas, reducing regional disparities and promoting equitable wealth distribution, MSMEs drive socio-economic development. Currently, they contribute substantially to India’s economy, accounting for 30% of GDP and over 40% of exports thereby fuelling economic growth and development.

The RBI has aligned its definition of MSMEs with the MSMED Act, 2006, based on investments in plant and machinery. To expand the definition and account for inflation, the Government revised the investment limits and introduced a turnover-based criteria in June 2020, eliminating the distinction between manufacturing and services sectors. This move brought more enterprises under the MSME umbrella. Further, in June 2021, the Government included retailers and wholesalers in the MSME definition, enabling them to access priority sector lending benefits, register on the Udyam portal, participate in government tenders and avail financing options. This expansion is expected to have a positive long-term impact.

Revised definition and classification of MSMEs					
Old definition of MSMEs based on Micro, Small and Medium Enterprises Development (MSMED) Act 2006			➔	Revised definition of MSMEs as a part of the Atmanirbhar Bharat Abhiyaan relief package (July 2020)	
Types of enterprises	Manufacturing enterprises	Services enterprises		Types of enterprises	Investment in plant and machinery
Micro enterprises	Investment of INR 2.5 Mn or below	Investment of INR 1 Mn or below		Micro enterprises	Investment below INR 10 Mn
Small enterprises	Investment in the range of INR 2.5 Mn – INR 50 Mn	Investment in the range of INR 1 Mn – INR 20 Mn		Small enterprises	Investment below INR 100 Mn
Medium enterprises	Investment in the range of INR 50 Mn – INR 100 Mn	Investment in the range of INR 20 Mn – INR 50 Mn		Medium enterprises	Investment below INR 500 Mn
				Turnover	
				Annual turnover less than INR 50 Mn	
				Annual turnover less than INR 500 Mn	
				Annual turnover less than INR 2.5 Bn	

Revised definition and classification of MSMEs

S.No	Component	Share in MSME Sector
1	Micro	99.46%
2	Small	0.52%
3	Medium	0.02%

Percentage hare of each component in MSMEs

India’s MSME sector supports a vast workforce of approximately 1110 lakh individuals, with around 381 lakh engaged in trade activities and 360 lakh in manufacturing. Notably, small and medium-sized manufacturing enterprises are predominantly found in rural areas, while trading and other operational enterprises are mostly concentrated in urban centres. This dichotomy highlights the sector’s diverse geographic footprint, with rural areas driving manufacturing growth and urban areas dominating trade and commerce.

Government initiatives addressing structural issues in the MSME market

Micro, small and medium enterprises (MSMEs) are driving forces propelling the Indian economy towards global standards. MSMEs employ over 2 crore people. Due to government initiatives and technology innovation, the MSME sector has seen exponential growth, accounting for 46% of India’s total exports. To help and foster MSME, the Ministry of MSME has launched and implemented various schemes offering credit support, new enterprise development, skill development and training and market assistance to MSMEs through initiatives.

MSME credit demand largely met by informal sources

The potential market for residential property-backed small business lending is estimated at INR 20-25 lakh crore . The substantial gap between the supply and demand for credit and the number of affected enterprises highlights a significant opportunity in MSME financing. Various players, including but not limited to universal banks, small finance banks, traditional NBFCs, new age fintechs, MFIs and local money lenders – strive to meet the financing needs of MSMEs by offering secured or unsecured loans across different tenures.

Key formal players in this segment include credit lending companies like Five Star Finance, Vistaar Financial, Veritas Finance and AU Small Finance Bank, etc.

Despite the significant opportunity that exists in the market, the MSME sector is largely financed by informal sources of credit because factors such as lack of collateral, complex loan processing in formal credit lending institutions, soaring interest rates in the market, etc.

Key Industry Parameters for overall MSME loans

- **Collateral:** As an important criterion for acquiring MSME loans, in 2010, RBI had instructed for Collateral free limit to Scheduled Commercial Banks. The loan limit was Rs 10 lakh for the same.
- **As for the new scheme:** Credit Guarantee Scheme for Micro & Small Enterprises (CGTMSE), launched in 2023, collateral free credit facility has extended the limit up to Rs 2 crore.
- **Additional charges:** While applying for loans, a service fee or a guarantee fee is charged by credit institutions. The fee is charged on certain slab which has been renewed on or after 1 April 2023:

Slab	Standard rate (% P.A)
0-10 lakh	0.37%
Above 10-50 lakh	0.55%
Above 50 lakh-1 crore	0.60%
Above 1-2 crore	1.20%
Above 2-5 crore	1.35%

Service Fees/Guarantee Fees based on slabs

- **Digital financing:** For the overall growth of MSMEs due to its ability to enhance access to capital, reduction of costs and promotion of financial inclusion, digital financing becomes a key industry parameter for MSME loan lending.  
*(Source: MSME digital financing)*



Moreover, fostering financial inclusion and faster disbursement serves a growing number of MSME borrowers. In order to facilitate and enable the ease of doing business, several digital initiatives have been launched so far which include MSME SAMADHAAN for filing application in regard to delayed payments by concerned departments, ENACH, CKYC etc.

Growth drivers for MSME loans

MSME loans being a vital component of Indian economy, significantly contributes to economic development by fostering entrepreneurship, generating employment and increasing exports. Following are the growth drivers for MSME loans:

- **Government initiatives:** As in 2024, there are around 17 schemes initiated for the growth of MSMEs and providing easy access to credit as mentioned in Sec. 5.3. These schemes overall have aimed to provide an ecosystem for growth and innovation hub in rural areas because of which there has been an increase in the number of MSMEs to 630 lakhs.
- **Increase in demand for credit:** As of 9 August 2023, there have been over 630 lakh MSMEs; the sector is growing at a faster pace, increasing the demand for credit to expand the business and technological innovations in existing businesses.
- **Exploring untapped market and emerging new business:** As of 2023, 61% of geographical areas are yet to be explored by NTC lenders seeking loans between Rs 50 lakh and Rs 1 crore for different domains in MSEs including retail trade, wholesale trade, textiles etc.
- **Increase in NTC (New-to-credit) borrowers:** In order to increase their customer share early on, NTC lenders are encouraged to expand further credit. Furthermore, the initiation of financial inclusion strategies by government of India, MSMEs in remote geographies present better opportunities for NTC growth. These geographies include states like Uttar Pradesh, Maharashtra and Karnataka.

Furthermore, Haryana, Delhi and Kerala showcase great growth potential considering they are highly competitive market.

Credit Guarantee Fund Scheme extended to cover NBFCs

Credit Guarantee Scheme for Micro & Small Enterprises (CGTMSE) facilitates collateral free credit to MSMEs, or third party guarantee free loans to MSEs, especially in the absence of collateral.

Eligible MSEs can now offer collateral/third-party guarantee-free credit facilities to new and existing Micro and Small Enterprises (including Service Enterprises), both for fund-based and non-fund-based needs. These facilities come with a maximum credit limit of Rs. 2 crores under the scheme. Recently, the scheme’s guarantee coverage has been extended to include selected NBFCs and Small Finance Banks.

Moreover, in respect of MSE (Micro and Small Enterprises) Retail Trade, limit for the coverage of credit facility is up to Rs 1 crore.

Following are the responsibilities of NBFCs in regard to this scheme:

- An NBFC, which is also known as member lending institution (MLI), is eligible to evaluate credit applications using prudent banking judgement and due diligence.
- These institutions are responsible for recovering the full amount from the borrowers even after the Trust (CGFTMSE) pays a guarantee claims simultaneously exercising necessary precautions to initiate the process.
- Furthermore, MLIs avoid creating any charges on guaranteed securities and secure the Trust’s right to lost defaulted borrowers on its website.

Micro credit to entrepreneurs and small business owners

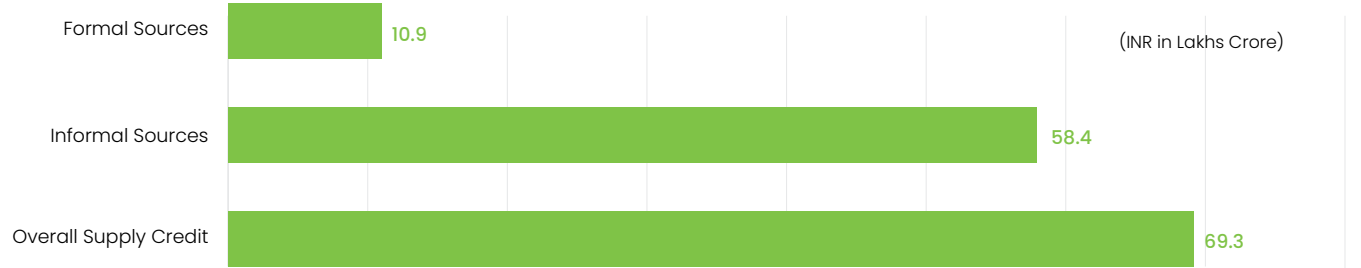
This chapter focuses on the growth and impact of micro credit for entrepreneurs and small business owners over the past five years. It examines the role of initiatives like the Mudra scheme in expanding access to credit and highlights the development of the MSME sector, particularly the micro segment. The chapter also explores the credit gap in the micro sector, various sources of credit for micro-entrepreneurs and the significance of Self-Help Groups (SHGs) in rural India. Through these insights, the chapter aims to provide a detailed understanding of the micro credit landscape in India.

Growth in credit gap for micro sector – Total Addressable Market (TAM)

- The MSME sector in India faces a significant credit gap, particularly in the micro segment of MSME. Despite increased financing efforts, the micro sector continues to struggle with unmet credit needs.
- According to a report released by the World Bank, the total addressable credit demand for MSMEs is estimated to be INR 69 lakh crore in 2018.
- For micro enterprises, the addressable credit demand for both manufacturing and services enterprises is significant. The manufacturing enterprises have a credit demand of INR 5 lakh crore. For services enterprises, the credit demand for

- micro enterprises is INR 6 lakh crore.
- Despite increased financing, the addressable credit gap in the MSME sector is substantial. For micro enterprises, the potentially addressable credit gap is INR 8 lakh crore.
  - This gap represents a significant portion of the total addressable demand, highlighting the need for enhanced formal credit flow to micro enterprises.

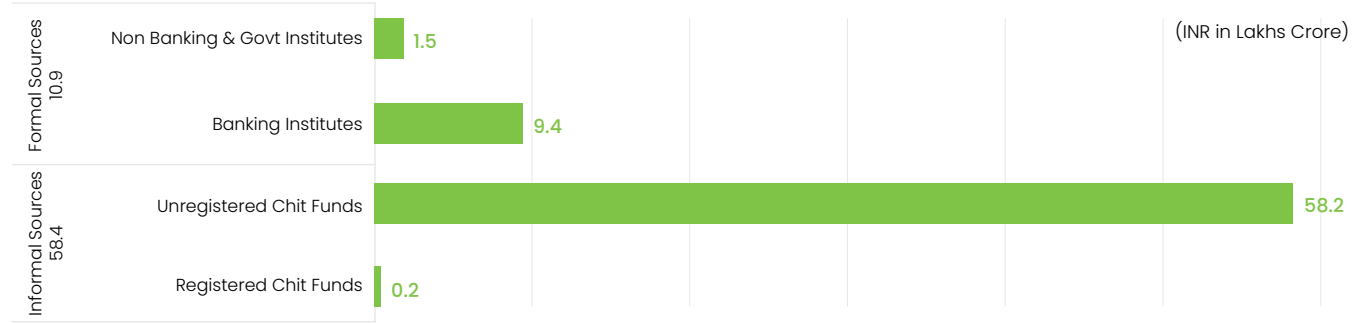
Sources of credit for micro entrepreneurs



(Source: World Bank Document)

The supply of credit to the MSME sector in India is given for working capital or to meet their long-term fixed asset needs. According to a report released by the World Bank, the total addressable credit supply for MSMEs is INR 69.3 lakh crore in 2018. Out of the total credit supply, the informal credit supply dominates with a total of INR 58.4 lakh crore with both registered and unregistered chit funds. However, the total supply by registered chit fund only amounts to INR 0.2 lakh crore and INR 58.2 lakh crore comes from unregistered chit fund that includes moneylenders, friends, family and non-institutional sources as of 2018.

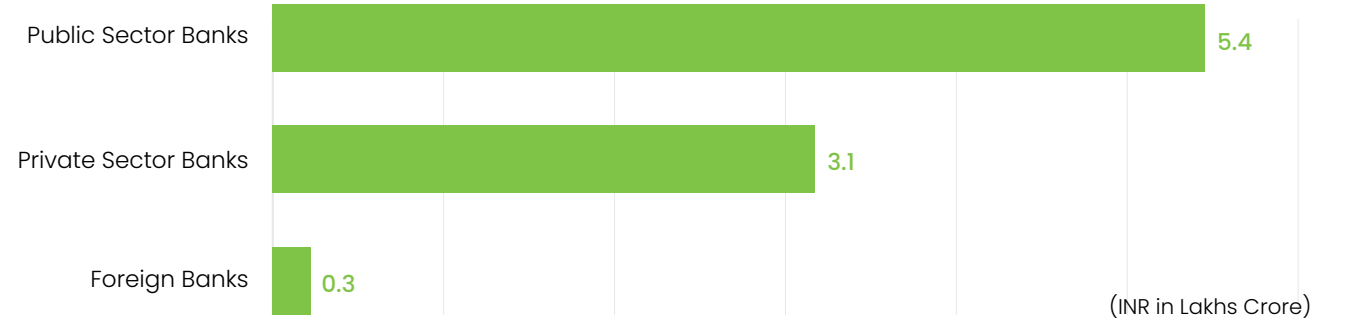
Credit from formal and informal sector



(Source: World Bank Document)

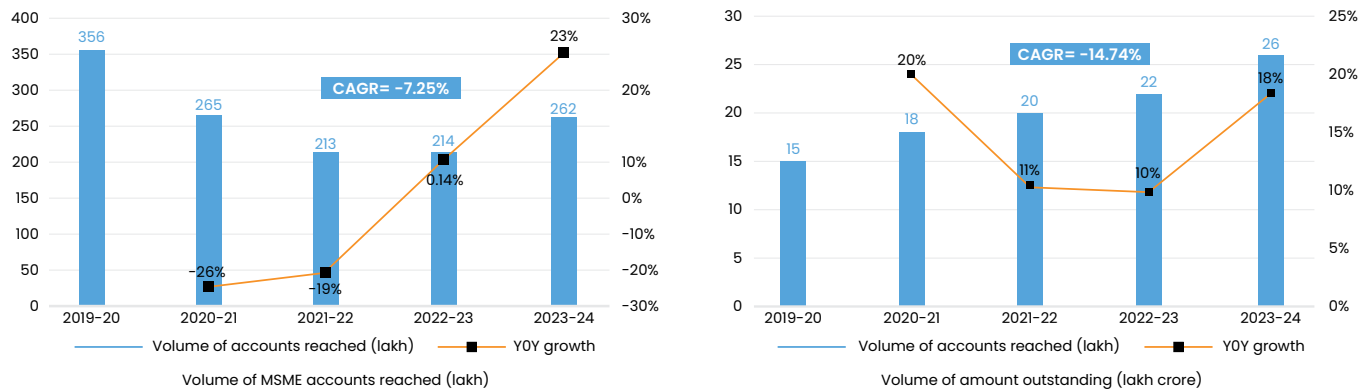
Only INR 10.9 lakh crore comes from formal sources, which included INR 9.4 lakh crore from banking institutes and the remaining INR 1.5 lakh crore from non-banking and government institutes.

Credit to MSME from banking sector



(Source: World Bank Document)

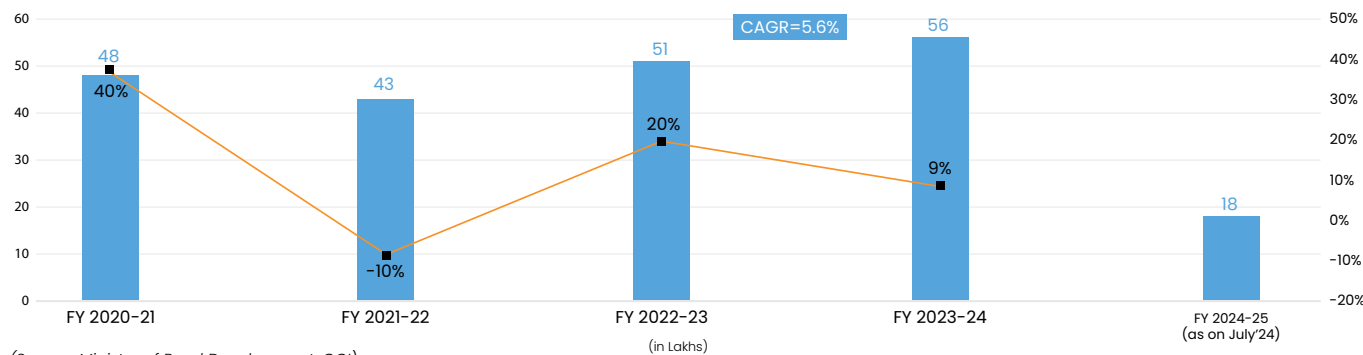
It is also noted that public banks lead the banking industry share by providing INR 5.4 lakh crore whereas public and foreign banks only provide INR 3.1 lakh crore and INR 0.3 lakh crore, respectively.



The value of loans has been growing over the last five years, with a CAGR of 14.74%. The value of loans declined in 2020-21 due to the COVID-19 pandemic but surged post-2021, indicating a pickup in credit creation and economic growth. This suggests that the pandemic's impact on the economy has been mitigated.

The volume of loans extended also shows a similar trend, with a YoY growth rate of 18% as of FY 2023-24. After contracting post-2019, the volume growth rate improved significantly from -26% in 2020-21 to -19% in 2021-22, indicating a strong recovery post-pandemic. This growth in loan volume and value highlights the importance of bank credit to MSMEs in promoting financial inclusion and supporting economic growth, particularly in the post-pandemic era.

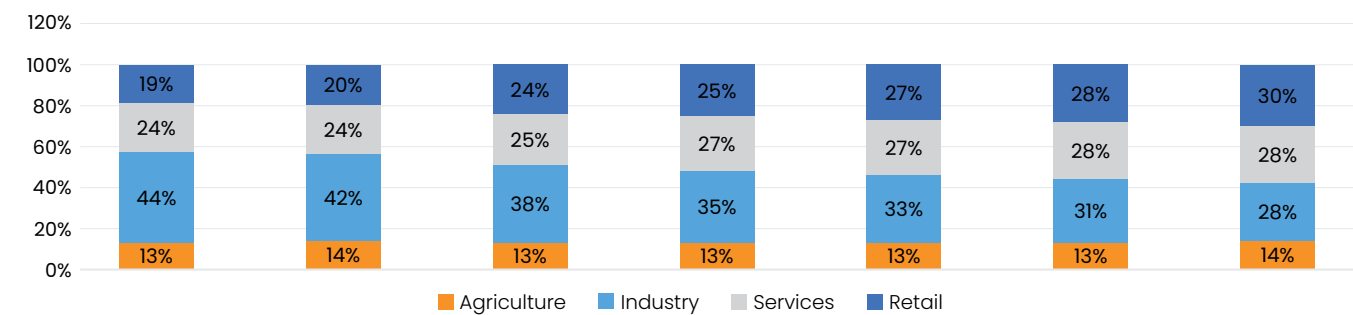
#### SHGs a major segment for micro credit in rural India



(Source: Ministry of Rural Development, GOI)

The number of self-help groups (SHGs) availing loans has shown a fluctuating trend over the past five years, with an overall upward trajectory. After a decline from 48 lakh in FY 2020-21 to 43 lakh in FY 2021-22, the number increased to 51 lakh in FY 2022-23 and further to 56 lakh in FY 2023-24. This growth momentum continues in FY 2024-25, with 18 lakh SHGs availing loans as of July 2024, indicating a strong demand for microfinance and a vibrant entrepreneurship ecosystem. This steady growth suggests a significant expansion of microfinance in supporting entrepreneurship and small business growth, enabling more individuals to access capital.

#### Sector wise growth of micro credits: Agriculture, industry, services and retail



(Source: B.w.-Industry-Report-on-Small-Business-Loans-in-India-from-CRISIL-Limited.pdf (fivestargroup.in))

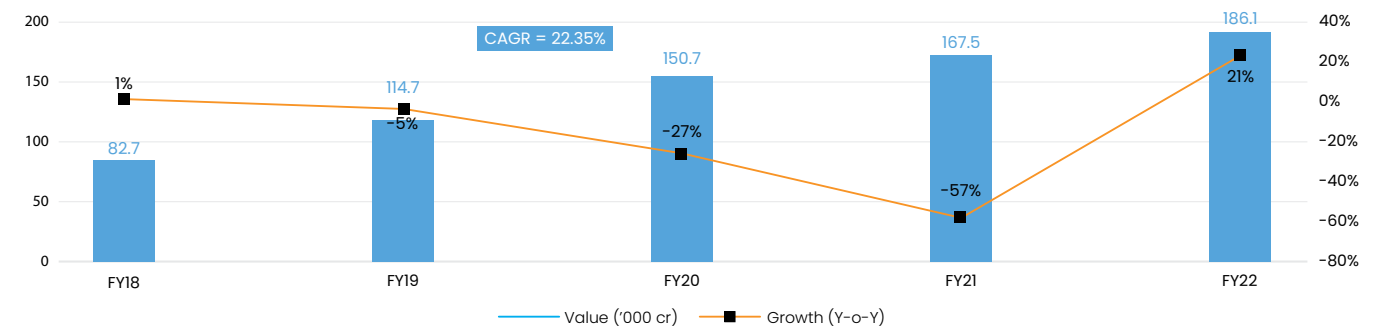
There is a notable shift in banking credit distribution from FY15 to FY21:

- Retail loans increasing from 19% to a projected 30%, reflecting a strong CAGR of 7.9%. This growth is driven by rising consumer demand and favourable credit conditions.
- The services sector also grew steadily, from 24% to 28%, with a CAGR of 2.6%, indicating an expanding need for financial support in this industry.

- The industry sector saw a decline from 44% to 31%, with a negative CAGR of -5.7%, highlighting a shift in demand of micro credit from the industry to retail sector.
- The agriculture sector remained stable at around 13-14%, showing a consistent CAGR of 1.2%, indicating modest growth in micro credit.

These trends highlight a dynamic shift towards retail and services.

#### Value and YoY growth of micro credit for entrepreneurs - small business loans (ticket size < 10 lakhs)



(Source: Industry Report on Small Business Loans in India from CRISIL Limited Pg 80)

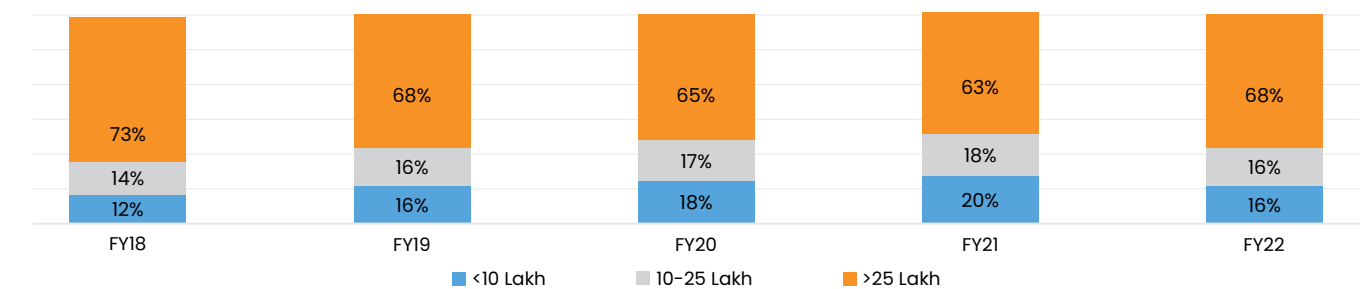
The value of disbursements has consistently increased from INR 82.7 thousand crore in FY18 to INR 186.1 thousand crore in FY22.

The YoY growth rate has been volatile, ranging from -57% in FY21 to 21% in FY22.

The growth rate recovered significantly in FY22, indicating a strong rebound in small business loan disbursements.

The increasing disbursements suggest a growing demand for small business loans, potentially driven by increasing entrepreneurship and business expansion.

#### Increase of small business loans (ticket size <10 lakhs) in last five years

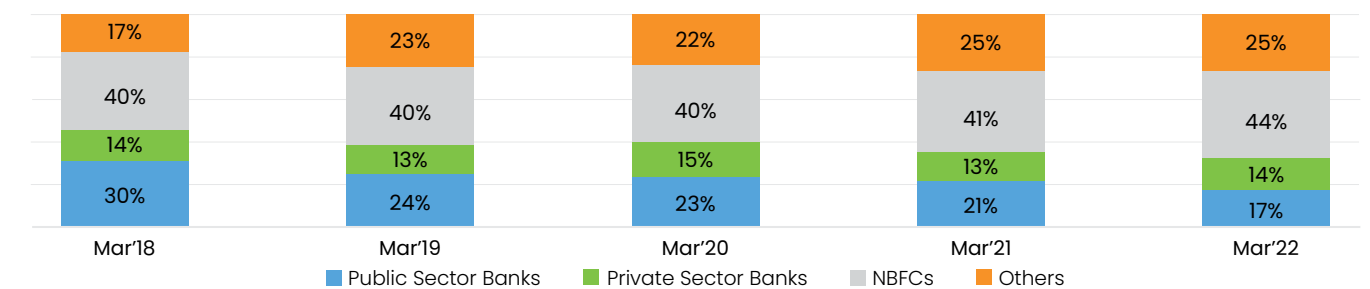


(Source: Industry Report on Small Business Loans in India from CRISIL Limited Pg 80)

The share of loans with a ticket size of more than INR 25 lakh have decreased from 73% in FY18 to 63% in FY21, before increasing slightly to 68% in FY22. The share of loans with a ticket size of INR 10-25 lakhs has remained relatively stable, fluctuating between 14% and 18% during the period.

The share of loans with a ticket size of less than INR 10 lakhs have increased from 12% in FY18 to 20% in FY21, before slightly decreasing to 16% in FY22, indicating a shift towards more affordable and manageable loan amounts. Additionally, there is a growing demand for smaller ticket size loans, driven by increasing financial inclusion and accessibility.

#### Share of lender types in small business loans (<10 lakh): NBFC is major contributor

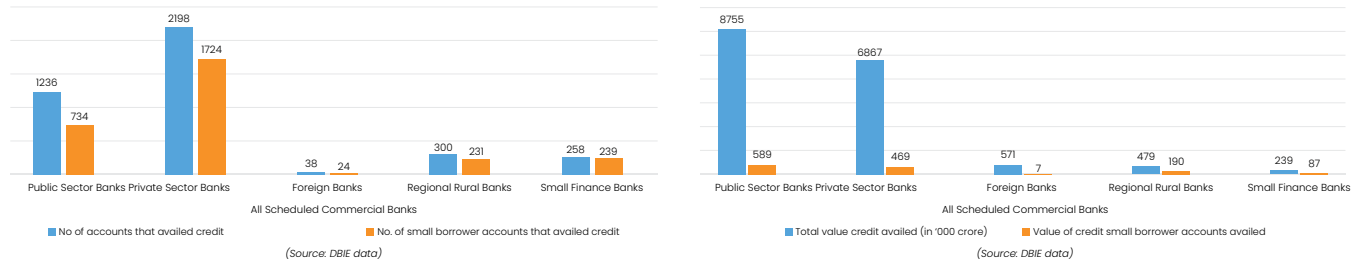


(Source: Industry Report on Small Business Loans in India from CRISIL Limited Pg 93)



The market share of PSBs has consistently decreased from 30% in March 2018 to 17% in March 2022. While the share of NBFCs has increased from 40% in March 2018 to 44% in March 2022, making them the dominant players in the lending market. PVBs have maintained a relatively stable market share, fluctuating between 13% and 15% during the period.

It can be observed that NBFCs have capitalised on the opportunities in the lending market, leveraging their agility and customer-centric approach.



The data shows that PSBs and PVBs dominate the total value of credit availed, with INR 87,755 thousand crore and INR 68,670 thousand crore, respectively. However, when it comes to credit availed by small borrower accounts, their share is relatively small, at 6.7% and 6.8%, respectively. This suggests that these banks have a larger portfolio of bigger borrowers.

In contrast, regional rural banks and small finance banks have a significantly higher share of credit availed by small borrower accounts, at 39.7% and 36.4%, respectively. This indicates that these banks are more focused on serving small borrowers. Foreign banks have a negligible share of credit availed by small borrower accounts, at just 1.2%. Overall, the data highlights the importance of smaller banks in serving small borrowers, while larger banks have a more diverse portfolio. The data reveals that PVBs have the highest number of accounts that availed credit (2,198 lakh), followed by PSBs (1,236 lakh). However, when it comes to the number of small borrower accounts that availed credit, PVBs again lead with 1,724 lakhs accounts, followed by PSBs with 734 accounts. This suggests that PVBs are more active in serving small borrowers.

But small finance banks have the highest percentage (92.7%) of small borrower accounts that availed credit, followed closely by PVBs (78.4%) and regional rural banks (77.3%), indicating their strong focus on serving small borrowers. In contrast, PSBs have a relatively lower percentage (59.4%) despite having the largest number of accounts that availed credit. Foreign banks have a minimal presence with a moderate percentage (63.2%) of small borrower accounts, suggesting their limited involvement in small borrower lending. Overall, smaller banks are more focused on serving small borrowers, while larger banks have a more diverse portfolio.

#### Regulatory and Supervision Guidelines

Several regulatory and supervisory guidelines were issued during the year in line with global best practices towards strengthening of governance, risk management practices and capital buffers. The regulatory guidelines included: (a) default loss guarantee in digital lending; (b) framework for compromise settlements and technical write-offs; (c) prudential norms for classification, valuation, operations of investment portfolios of commercial banks; (d) minimum capital requirements for operational risk; and (e) establishment of an umbrella organisation for UCBs. A draft disclosure framework on climate related financial risks was released in February 2024 for public consultation.

On the supervision side, the Reserve Bank actively engaged with supervised entities (SEs) to ensure execution of best practices related to governance and assurance functions and compliance with the extant guidelines. The Reserve Bank undertook a comprehensive onsite cyber risk assessment of major SEs. The coverage of information technology (IT) examination was expanded to cover more UCBs and select NBFCs, with close follow up of compliance in identified risk areas. The implementation of DAKSH (Reserve Bank's advanced supervisory monitoring system), a SupTech tool, considerably streamlined the communication and dissemination of threat intelligence to SEs. The Prompt Corrective Action (PCA) framework, introduced on December 14, 2021 for NBFCs (except government NBFCs), has been extended to government NBFCs (except those in Base Layer) and it would be applicable with effect from October 1, 2024.

#### The Department of Non-Banking Supervision (DNBS) continued to closely monitor the NBFCs

DNBS had set the following goals for supervision of NBFCs in FY24:

- Application of machine learning (ML) techniques for improving nowcasting and forecasting of gross domestic product (GDP);
- Strengthening the analysis of transmission to lending rates of non-banking financial companies (NBFCs) and sectoral lending by them and
- A review of the working of the external benchmark system for loans in monetary policy transmission.

The Department of Supervision (DoS) initiated a host of measures to further strengthen both onsite and offsite supervision, including streamlining onsite assessments of supervised entities (SEs) related to know your customer (KYC)/anti-money laundering (AML) and cyber/information technology (IT) risks; revamping stress testing model; strengthening of early warning signal (EWS) and fraud risk management system (FRMS); and strengthening supervisory engagements with SEs. The Consumer Education and Protection Department (CEPD) continued its efforts towards enhancing customer protection and grievance redress mechanism and harmonising the instructions applicable to the various regulated entities (REs) on the Internal Ombudsman (IO) scheme.

(Source: RBI Annual Report-2023-24)

#### Supervisory Measures

A unified DoS has been operationalized in which the supervision of NBFCs is being undertaken in a holistic manner under one umbrella Department.

The Department had set out the following supervisory goals in 2023-24:

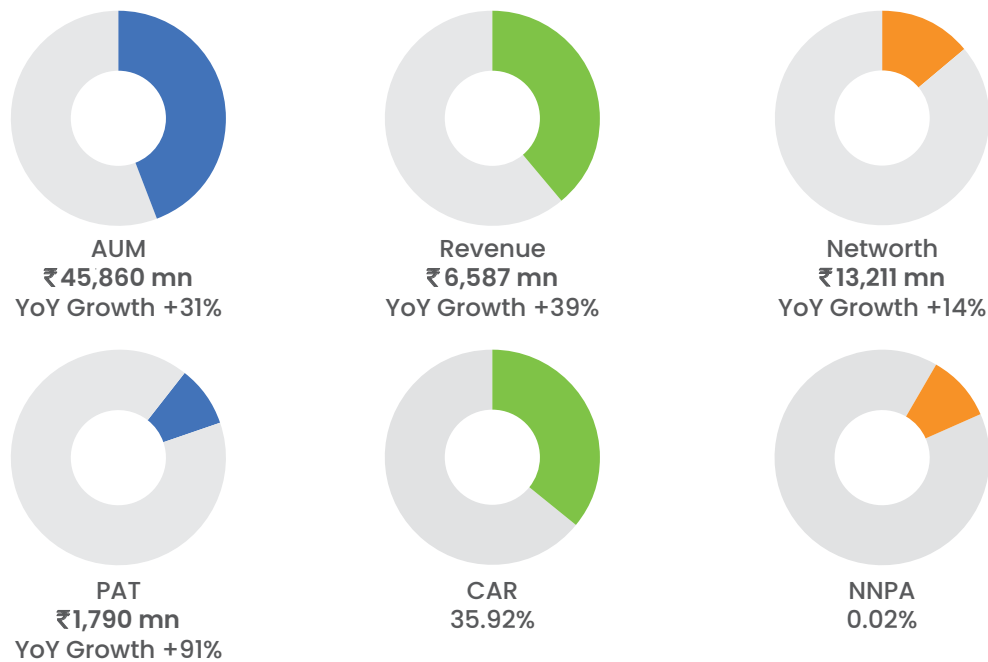
- A comprehensive review of supervisory processes, including that for rating models, based on internal and external inputs;
- Calibrated harmonisation of the supervisory approach for NBFCs by phased introduction of process audit and compliance testing;
- Streamlining and strengthening onsite assessment related to KYC/ AML and Cyber/IT risks;
- Implementing various analytics and SupTech initiatives for strengthening of supervision; and
- Strengthening of cyber security across including setting-up of cyber range for conducting cyber drill, examining feasibility of implementing Cyber Sectoral Security Operations Centre (S-SOC) and conducting phishing simulation exercises.

#### COMPANY'S BUSINESS OVERVIEW

With a 32+ years standing, our Company providing convenient and easy loans to the financially excluded at bottom of India's economic pyramid. In the FY 24, Company registered a consistent performance in all key financial parameters including business growth especially in small loan segment and improved key financial indicators. For the year under consideration, Company's consolidated revenue from operation was INR 6,587.46 Million and total disbursement was INR 35,902 Million, Company's total Assets Under Management stood at INR 45,860 Million as on March 31, 2024.

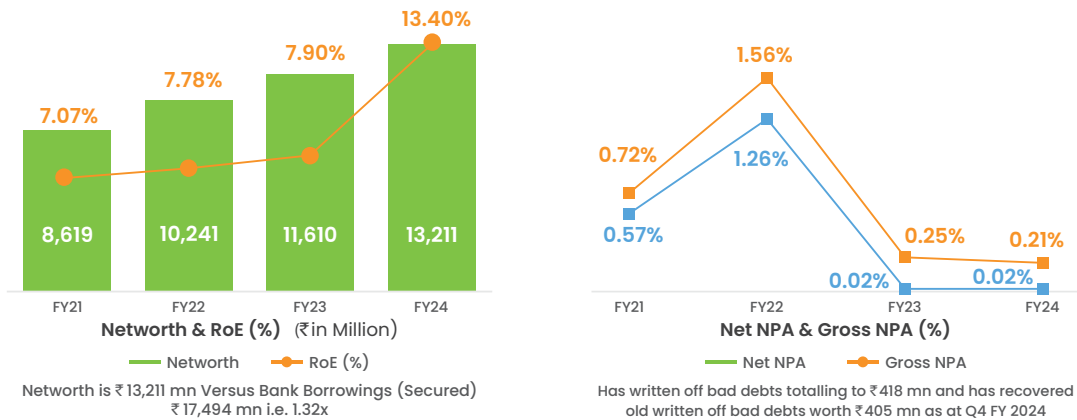
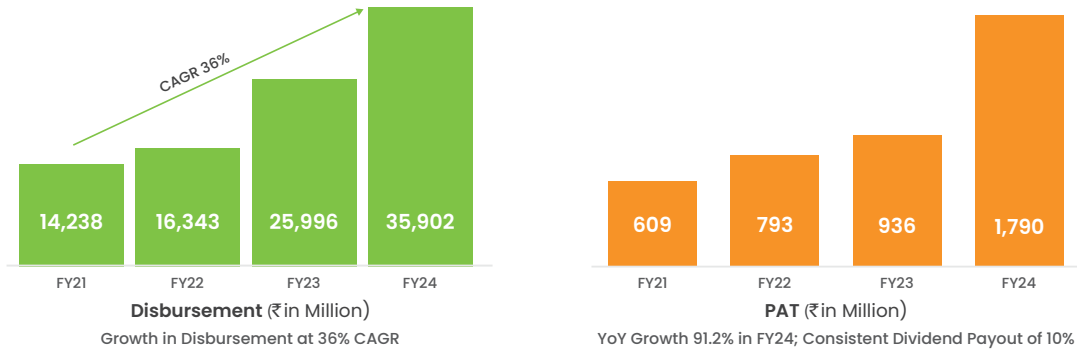
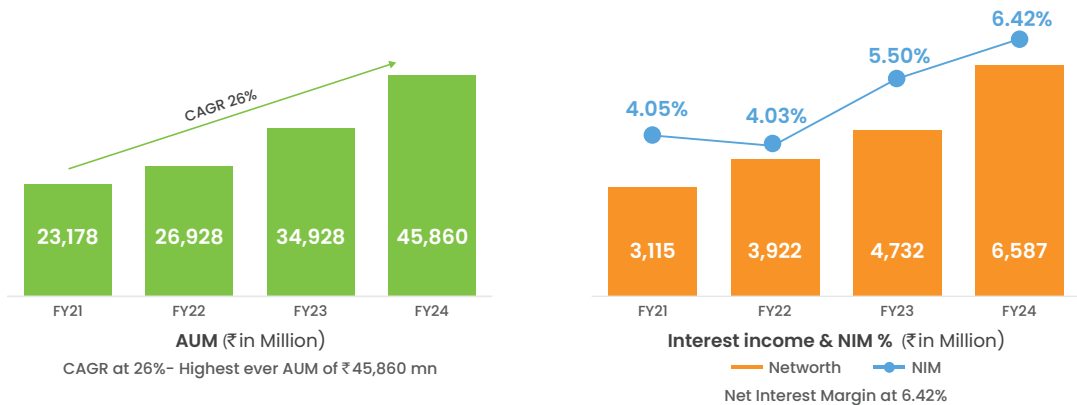
#### Financial & Operation Performance

Financial Year 2023-24 was a good year across all financial and portfolio metrics. Delivered AUM growth of 31% and highest ever customer franchise at 4.2 Million. Given the AUM growth momentum, robust portfolio metrics and a scalable stack, we are confident about growth and portfolio metrics for future.



We, at Paisalo, are perusing our business transformation with belief that the purpose of any business transformation is that it should result in stranger's growth momentum, better customers experience, lower credit risk, lower ALM risk and improved liquidity.

- ✓ Highest ever AUM of ₹45,860 Million
- ✓ Total geographic footprint stood at 2,455 touch points across 21 states. The company added 1,403 touch points in FY24.
- ✓ The company has posted 91.12% increase in PBT and 91.24% increase in PAT YoY.
- ✓ GNPA and NNPA stood at 0.21% and 0.02%. The Company expects its GNPA and NNPA to stay within the Long-Term outlook of below 2%.
- ✓ Written of bad debts totalling to INR 418 Million and has recovered old written of bad debts worth ₹405 Million as at FY 2024.
- ✓ The Tangible Network is INR 13,211 Million versus Bank Borrowings (secured) INR 17,494 million, i.e., 1.32 times.
- ✓ Capital Adequacy remained strong at 35.92%.
- ✓ In FY 2024, the company delivered annualized RoE of 13.40% as against 7.90% in FY 2023.
- ✓ In FY 2024, the company delivered annualized RoA of 4.53% as against 3.02% in FY 2023.
- ✓ Customers franchise stood at 4.29 million as of 31<sup>st</sup> March 2024 as compared to 1.50 million as of 31<sup>st</sup> March 2023.
- ✓ The company has entered into a Business Correspondent Agreement with 'Bank of India' to provide services of Business Correspondent. Expecting roll-out to start from Q2 FY2025 onwards.



PARTICULARS	FY 2021	FY 2022	FY 2023	FY 2024
AUM	₹23,178	₹26,973	₹34,928	₹45,860
Interest Income	₹3,115	₹3,922	₹4,732	₹6,587
NIM	4.05 %	4.03 %	5.50 %	6.42 %
PAT	₹609	₹793	₹936	₹1,790
Cash Accrual	₹646	₹819	₹950	₹1,824
Net worth	₹8,619	₹10,241	₹11,610	₹13,211
Total Debt	₹14,814	₹15,989	₹18,567	₹25,537
Debt Equity Ratio	1.72	1.46	1.58	1.87
Gross NPA	0.72 %	1.56 %	0.25 %	0.21 %
NET NPA	0.57 %	1.26 %	0.02 %	0.02 %
ROA	2.66 %	3.09 %	3.02 %	4.53 %
ROE	7.07 %	7.78 %	7.90 %	13.40 %
CAR	44.47 %	42.92 %	40.34 %	35.92%
No. of fully paid Equity Shares	₹4,22,92,199	₹4,39,12,199	₹44,90,21,990	₹89,80,43,980
Face Value	₹10	₹10	₹1	₹1
Book Value of Equity share	₹20.20	₹23.00	₹25.50	₹14.60**

Co-Lending Model

Paisalo Digital Ltd. has entered into co-lending or co-origination loan agreements with several banks, including State Bank of India, Bank of Baroda, UCO Bank, Punjab National Bank and Karnataka Bank.



This partnership capitalizes on Paisalo Digital's extensive distribution network and the bank's lower cost of funds, allowing for increased lending to the priority sectors that generate income.

Under Co-Lending, Paisalo is allowed a service charge within the range on 5.4%–7% which allows us to offset our operating expenditure and gives us ability to generate upfront fee income from borrower.

Paisalo is one of the leaders in the market in providing small-ticket income generation loans through co-lending arrangements.

CO-LENDING  
OUR STRENGTH

Co-lending paves the way of combining bank's lower cost of funds and Paisalo's lower cost of operations to serve the unbanked population of our country.

- Lowest cost of lending
- Availability of credit
- Extremely simple and easy product
- Door step delivery & collection
- Increases efficiency
- Saves time and energy

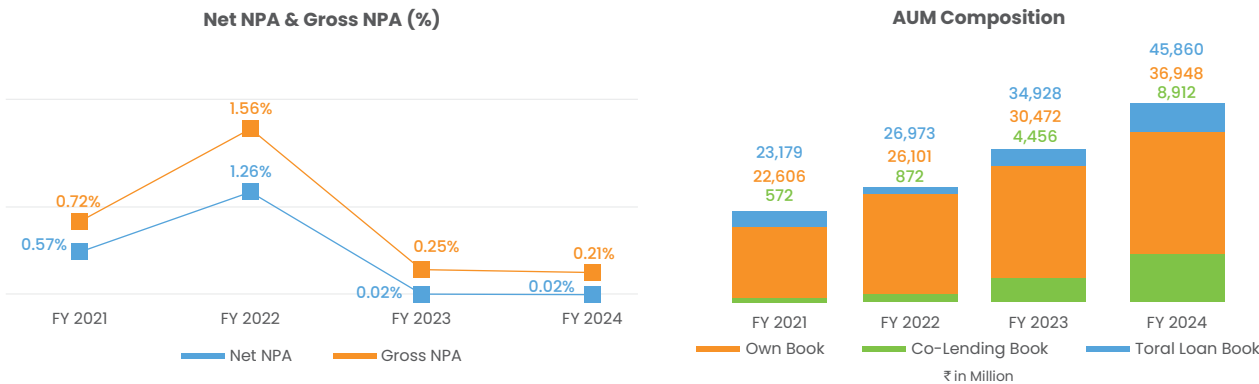


Lower Risk Profile & Competitive Advantage

Under Co-Lending Paisalo maintain a lower risk profile, setting it apart from peers in the market. This differentiation is attributed to our strategic partnership with banks, which enables us to access lower cost funding while leveraging Paisalo’s high tech, high-touch underwriting and recovery capabilities.

Through our digital underwriting platform, we combine the advantages of bank capital with our specialized risk management expertise, creating a position in the small ticket size co-lending segment within the Indian market.

This collaboration empowers us to capture market share, capitalizing on the vast and largely untapped opportunities in the lending sector.



Asset Liability Management

The company is continuously following a prudent policy for matching funding of assets, which transforms into a robust Asset–Liability Stability. Asset Liability Management Maturity pattern of certain items of Assets and Liabilities as on March 31, 2024.

Asset Liability Management Maturity pattern of certain items of Assets and Liabilities as on March 31, 2024:

₹ in Million										
	Upto 14 days	Over 14 days to 1 month	Over 1 month & Upto 2 months	Over 2 months & Upto 3 months	Over 3 months & Upto 6 months	Over 6 month & upto 1 year	Over 1 year & Upto 3 years	Over 3 years & upto 5 years	Over 5 Years	Total
Deposits	—	—	—	—	—	—	—	—	—	—
Advances	713.80	909.00	1673.50	1457.60	4605.80	7889.00	13894.70	5345.20	364.60	36853.20
Investments (Bank FDR)	—	—	—	—	—	—	27.90	—	—	27.90
Borrowings	13.80	428.50	566.50	506.80	1874.90	4767.40	10408.00	3021.60	2968.10	24555.60
Foreign Currency Assets	—	—	—	—	—	—	—	—	—	—
Foreign Currency Liabilities	—	—	—	—	—	—	—	—	—	—

Capital Adequacy Ratio

The company’s strength lies in its healthy capital structure. Our Company is among those few NBFCs who are low leveraged. As of March 31, 2024, the Company’s Capital Risk Adequacy Ratio (CRAR) stood at 35.92 %.

Particulars		FY24
i)	CRAR %	35.92%
ii)	CRAR – Tier I Capital %	32.77%
iii)	CRAR – Tier II Capital %	3.16%
iv)	Amount of subordinated debt raised as Tier-II Capital (₹ in Million)	890.00
v)	Liquidity Coverage Ratio	2.78
vi)	Amount raised by issue of Perpetual Debt Instruments	Nil

Asset Quality

Asset quality is the criteria where the Company stands far ahead from its peers as for last several years. Company has a policy of writing off its overdue advances. However, recovery efforts in such accounts are continued. The Standard Assets as on the date of Balance Sheet stood at ₹ 36,776.60 Million and Sub–Standard Assets stood at ₹ 76.50 Million.

Movement of NPAs

			(₹ in Million)	
Particulars			FY24	FY23
(i)	Net NPAs to Net Advance (%)		0.02%	0.02%
(ii)	Movement of NPAs (Gross)			
	(a)	Opening balance	69.63	356.93
	(b)	Additions during the year	6.90	0.10
	(c)	Reductions during the year	—	287.41
	(d)	Closing balance	76.53	69.63
(iii)	Movement of Net NPAs			
	(a)	Opening balance	5.55	295.61
	(b)	Additions during the year	6.18	—
	(c)	Reductions during the year	5.55	290.06
	(d)	Closing balance	6.18	5.55
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)			
	(a)	Opening balance	64.08	61.32
	(b)	Provisions made during the year	6.27	31.49
	(c)	Write -back of excess provisions	—	28.73
	(d)	Write off	—	—
	(e)	Closing Balance	70.35	64.08

Sector wise NPAs (Write Offs)

Sr. No.	Category	% of Write offs to Total Advances	
		FY24	FY23
1	Agriculture & Allied activities	0.18	0.24
2	MSME	0.30	0.46
3	Corporate Borrowers	0.55	1.41
4	Services	0.01	0.18
5	Unsecured Personal Loans	—	—
6	Auto Loans	0.05	—
7	Other Personal Loans (LAP)	0.05	0.04
	Total	1.14	2.33

Issue of Bonus Equity Shares

Pursuant to resolution passed by the Shareholder of the Company on March 8, 2024, Company has allotted 44,90,21,990 (Forty Four Crores Ninety Lakhs Twenty One Thousand Nine Hundred and Ninety only) fully paid up Equity Shares of ₹1/- (Rupee One only)each as Bonus Issue on March 21, 2024 in 1:1 ratio i.e. 1 (One) Equity Share for every 1 (One) fully paid up equity share of ₹1/- (Rupee One only) each to the Shareholders holding equity shares on record date i.e. March 20, 2024.

Share Capital

The Authorized Share Capital of the Company stood at ₹1,25,00,00,000.00 consisting of 1,20,00,00,000 Equity Shares of ₹1/- (Rupee One only) each and 50,00,000 Preference Shares of ₹10/- (Rupees Ten only) each. Consequent to allotment of Bonus Equity Shares, the Issued Share Capital, Subscribed Share Capital and Paid-up Share Capital of the Company has been increased and accordingly as on March 31, 2024, the same stood as under:

Issued Share Capital	₹ 89,81,68,980 .00 Consisting of 89,81,68,980 Equity Shares of face value of ₹1/- each
Subscribed Share Capital	₹ 89,81,68,980 .00 Consisting of 89,81,68,980 .00 Equity Shares of face value of ₹1/- each
Paid-up Share Capital	₹ 89,80,43,980.00 Consisting of 89,80,43,980 Equity Shares of face value of ₹1/- each fully paid-up and INR 62,500 for 1,25,000 forfeited equity shares of face value of ₹1/- each (amount originally paid-up @ INR 0.50 each)

Shareholders’ Funds

As on March 31, 2023, Company has only one class of outstanding issued share capital i.e. Equity Shares of face value ₹1/- each and on March 31, 2024, total fully paid capital was stood at ₹ 898.04 Million and Other equity Stood at ₹ 12,249.14 Million. The Book value of per equity share of the Company stood at ₹14.60/- as on March 31, 2024.

Credit Rating

M/s Infomerics Valuation and Rating Pvt. Ltd. assigned following rating to Company’s instruments:

Sr. No.	Instrument/Facility	Amount (INR in Million)	Rating Assigned
1	Fund Based Facilities from Banks- Long Term	21000.00	IVR AA/Stable Outlook (IVR Double A with Stable Outlook)
2	Non-Convertible Debentures	2350.00	
3.	Commercial Paper	4500.00	IVR A1+ (IVR A One Plus)

Risk Management

Risk Management at the Company includes risk identification, risk assessment, risk measurement and risk mitigation with its main objective to minimize negative impact on profitability and capital. The Company is exposed to various risks that are an inherent part of any financial service business. The Company is committed towards creating an environment of increased risk awareness at all levels. The Company has policies and procedures in place to assess, measure, monitor and manage these risks systematically across all its portfolios. The risks that could have significant influence on the Company and Company’s strategy to mitigate such risks are:

Credit Risk	
Associate risk	The risk of loss to the Company from the failure of customers or counterparties to fully honour their obligations to the Company, including the whole and timely payment of principal, interest and other receivables. It is measured as the amount at risk due to repayment default by customers or counterparties to the Company. Various metrics such as instalment default rate, overdue position, instalment moratorium, restructuring, onetime resolution plan, debt management efficiency, credit bureau information etc. are used as leading indicators to assess credit risk.

Strategy to mitigate such risk	Company has a strong governance framework in place for identifying, assessing, measuring, monitoring, controlling and reporting credit risks in a timely and efficient manner. Fixing up the responsibility of business units for effective credit risk governance. Continuously aligning credit and debt management policies and resourcing, obtaining external data from credit bureaus and reviews of portfolios and delinquencies by senior and middle management team observe early warning signs of delinquency and ensuring proactive measures to maintain asset quality. Customize risk measurement approaches for various portfolio segments/ sub-segments.
Liquidity Risk	
Associate risk	<p>The risk that the Company is unable to meet its contractual or contingent obligations or that it does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets. Funding risk arises from:</p> <ul style="list-style-type: none"><li>✓ Inability to raise incremental borrowings and deposits to fund business requirement or repayment obligations</li><li>✓ When long term assets cannot be funded at the expected term resulting in cash flow mismatches</li><li>✓ Amidst volatile market conditions impacting sourcing of funds from banks and money markets</li></ul>
Strategy to mitigate such risk	<p>Liquidity Risk measure, monitored and managed by the Company as under It is measured by:</p> <ul style="list-style-type: none"><li>✓ Identification of gaps in the structural and dynamic liquidity statements.</li><li>✓ Assessment of incremental borrowings required for meeting the repayment obligation, the Company’s business plan and prevailing market conditions.</li><li>✓ Liquidity Coverage Ratio (LCR) in accordance with guidelines.</li></ul> <p>It is monitored by:</p> <ul style="list-style-type: none"><li>✓ Assessment of the gap between visibility of funds and the near term liabilities given current liquidity conditions and evolving regulatory framework for NBFCs.</li><li>✓ A constant calibration of sources of funds in line with emerging market conditions in banking and money markets.</li><li>✓ Periodic reviews of liquidity position, LCR and stress tests assuming varied ‘what if’ scenarios and comparing probable gaps with the liquidity buffers maintained by the Company.</li></ul> <p>It is managed by:</p> <ul style="list-style-type: none"><li>✓ Constitution of Assets and Liability Management Committee (ALCO) in line with the guidelines issued by the RBI, for looking after the liquidity position of the Company against the Company’s financial obligations.</li><li>✓ Holding optimum levels of liquidity to manage business requirements and maturing debt obligations.</li><li>✓ Projected cashflow planning in discussion with business to have adequate flow of funds.</li><li>✓ Obtain longer maturity debt to manage the asset-liability mismatch.</li><li>✓ Diversified and sustainable funding mix.</li></ul>



Technology Risk	
Associate risk	The risk that comes from lack of up-to-date systems, system failure and continuously changing cyber threat landscape.
Strategy to mitigate such risk	<div>To mitigate technology risk Company has taken following steps:</div> <div><div>✓ In-house dedicated team of experienced IT professionals responsible to robust the IT infrastructure of the Company.</div><div>✓ Constantly monitoring systems for uptime and health.</div><div>✓ Continuously upgrading in technology and security system.</div><div>✓ Creation of disaster recovery system for seamless operations.</div><div>✓ Reviewing and monitoring data and systems for security.</div><div>✓ IT System Audit from independent IT Auditor to check the IT and Security system.</div><div>✓ Real Time back of data in back-up server(s) located at different place from main server.</div><div>✓ Effective monitoring &amp; controls</div><div>✓ Tested disaster management system</div></div>
Operational Risk	
Associate risk	Operational risk is the risk arising from inadequate or failed internal processes, people or systems, or from external events.
Strategy to mitigate such risk	The Company manages operational risks through comprehensive internal control systems and procedures laid down around various key activities in the Company viz. loan acquisition, customer service, IT operations, finance function etc. Internal Audit also conducts a detailed review of all the functions from time to time, this helps to identify process gaps on timely basis. Further IT and Operations have a dedicated compliance and control units within the function who on continuous basis review internal processes. This enables the Management to evaluate key areas of operational risks and the process to adequately mitigate them on an ongoing basis. Further, the Company has put in place a robust Disaster Recovery (DR) plan and Business Continuity Plan (BCP) to ensure continuity of operations including services to customers.

Internal Control Systems and Audit

Company’s internal control system is designed to ensure operational efficiency, compliance with laws and regulations and accuracy and promptness in financial reporting. The Company has proper and adequate internal controls systems to ensure that all activities are monitored and controlled against any unauthorized use or disposition of assets, misappropriation of funds and to ensure that all the transactions are authorized, recorded, reported and monitored correctly. For correctness and accuracy, the process of job rotation is followed in different departments. The Company has adequate working infrastructure having computerization in all its operations including accounts and MIS. The internal control system is supported by an internal audit process for reviewing the design, adequacy and effectiveness of the Company’s internal controls, including its systems, processes and procedures to ensure compliance with regulatory directives. Internal Audit Reports are discussed with the Management and are reviewed by the Audit Committee of the Board, which also reviews the adequacy and effectiveness of the internal controls in the Company. The Company has various committee including Risk Management Committee and the Asset and Liabilities Management Committee to review and oversee critical aspects of the Company’s operations. Further, to strengthen the internal control system, Chief Compliance Officer has been appointed, under whose supervision, the compliance function shall, among others, be responsible for identification and assessment of compliance risk, provide guidance on related matters and monitor and test compliance across the Company. The Company has implemented controls through systems and processes ensuring a robust control framework. The Internal Audit department and compliance function review the business unit’s adherence to internal processes and procedures as well as to regulatory and legal requirements providing timely feedback to management for corrective

action, including minimising the design risk, if any. The Audit Committee of the Board also reviews the performance of the audit and compliance functions and reviews the effectiveness of controls and compliance with regulatory guidelines. In the opinion of Board and the Senior Management, Internal Control System of the Company is commensurate with its size and the nature of its operations.

Fraud Monitoring and Control

The Company has put in place a Whistle Blower Policy and Fraud Detection and Prevention Policy that fixes the responsibility of various officials inside the organization to oversees implementation of fraud prevention measures. Frauds are investigated to identify the root cause and relevant corrective steps are taken to prevent recurrence.

Human Resource Development

The Human Resource (HR) function in the Company remains focused on improving organizational effectiveness, developing frontline leaders, promoting employee empowerment and maintaining stability and sustainability amidst growth and a rapidly changing business environment. As at Paisalo we believes that “happy employees are the key for Company’s success”. The Company has a work environment that inspires people to do their best and encourages an ecosystem of teamwork, continuous learning and work-life balance. In an increasingly competitive market for talent, the Company continues to focus on attracting and retaining the right talent. The Company fosters work-life balance and condemns any kind of unfair treatment in the workplace. Regulation and compliance have remained as the major focus area for the Management of the Company. The Company enforces a strict compliant and ethical culture with adequate channels for raising concerns supported by a grievance handling mechanism. As on March 31, 2024, Employees head count stood at 2409.

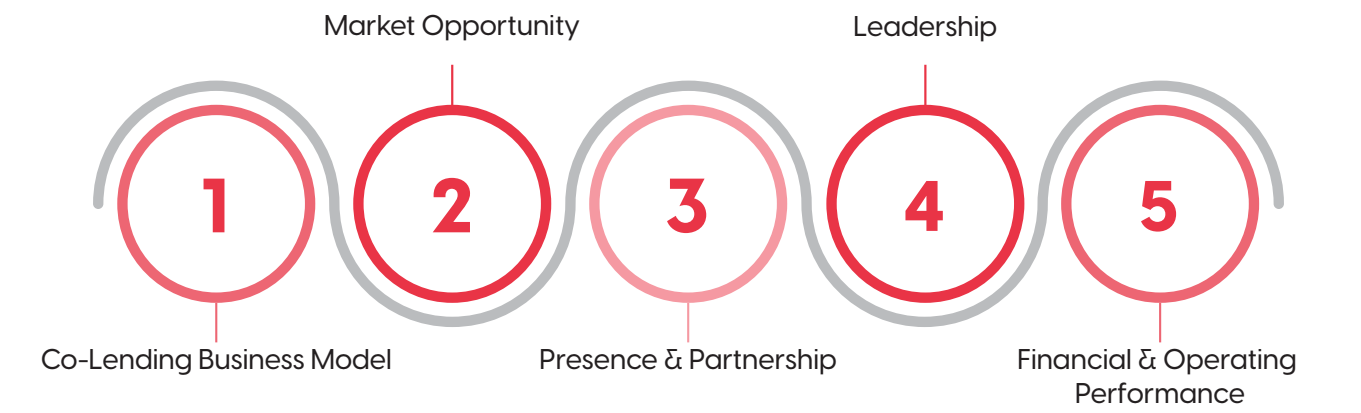
Swot Analysis

In the pyramid of development, the bottom most layer needs to be strengthened through financial inclusion by serving the financing needs through employment and income generation loans to the economically weaker sections. Non-Banking Financial Companies (NBFCs) provides loans and other financial services to the public, forming an integral part of the Indian financial ecosystem. NBFCs are providing boost to the generation of employment and wealth through providing credit to millions of underbanked and unbanked individuals and businesses across the country, these companies provide them an opportunity to be a part of the financial mainstream and contribute towards development of Indian economy.

Strengths

What sets NBFCs apart from traditional banks is their ground-level understanding of their customers’ profile and their credit needs. These insights add to their ability to innovate and customize products as per their clients’ needs. This is why NBFCs are often able to carve their niche based on their customer profile. One of the biggest opportunities for NBFCs is its new to credit investment customers. Rural sector has limited ground presence of banks and other institutional credit financial services and whatever banks are present in these sector as regulated by legislation, have rely on banking and credit history while assessing the loan and cannot provide loans or financial services to the people who do not qualify for the bank loan. They have emerged as a lucrative segment as far as NBFCs concerned. To serve this segment, NBFCs have to build the entire machinery in a different way. They need to implement unique models to assess the creditworthiness of applicants and lend them with comparatively less paperwork

Our Key Strengths



What do we Stand for

- ✓ Disruption – Revolutionizing and Disrupting Rural Credit
- ✓ High Tech : High Touch– Engage and transact without friction to deliver a sustainable business model
- ✓ Innovation– Focus on continuous innovation to transform customer experience and create growth opportunities
- ✓ Business Construct – Deliver a sustainable NNPA of <2%

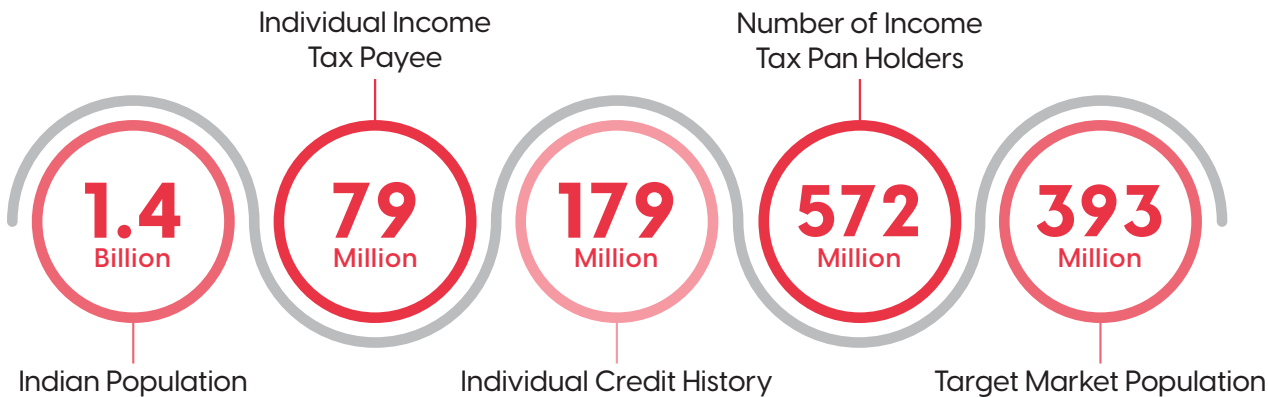
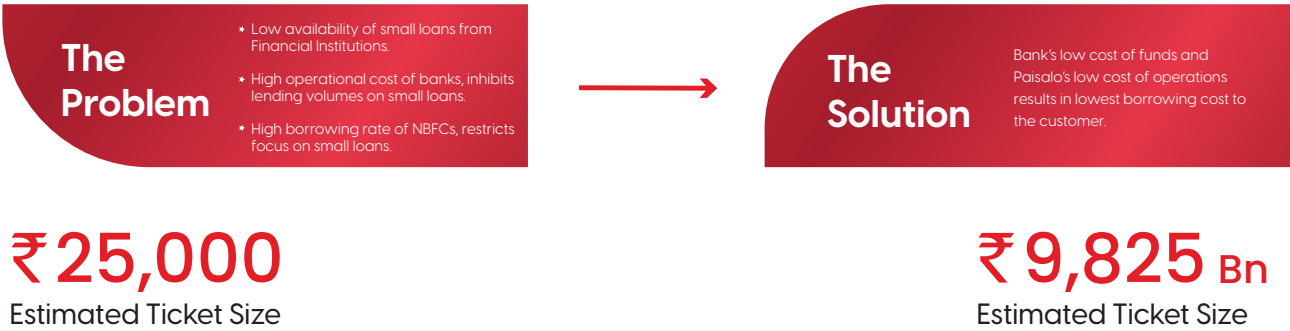
Key strategic differentiators

- ✓ Leader with a huge Early Mover advantage in “Co-Lending”
- ✓ A Unique and Scalable business model
- ✓ In-house Proprietary Digital Platform uses Data, AI and ML
- ✓ Serviced 4.2 Mn+ customers
- ✓ Team of 2409 managing 2455 touch points in 21 states
- ✓ Offering easiest and cheapest product in its market segment
- ✓ Capital Adequacy remained strong at 35.92%

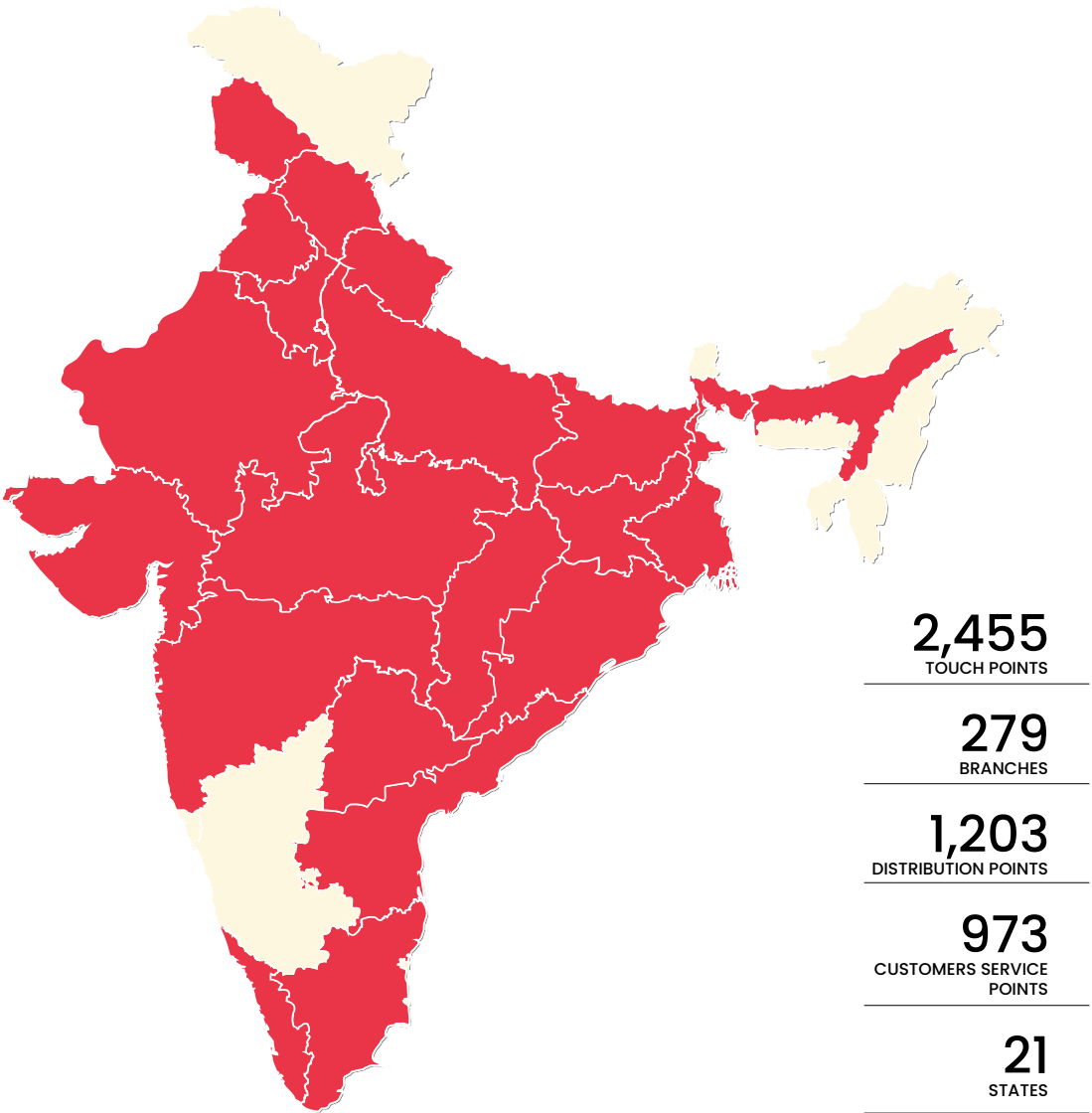
Opportunities

The Micro, Small and Medium Enterprises (MSMEs) which contributes around 30% to the Indian GDP, 48% to exports and provides employment to around 11 crore people is facing credit gap of around Rs 20-25 lakh crore. Less than 40% of MSMEs avail credit from formal financial systems and therefore depend on costly and unreliable credit. As a result, there’s a big opportunity in the coming years for the NBFCs to capture this unserved sector and partner in India’s growth story. This is because banks often find it expensive or unviable to serve these segments which new-age NBFCs are serving on the back of advanced technology and better reach in the remote corners of the country. This offers a good opportunity to NBFCs to diversify their assets by remotely offering products which otherwise required expensive physical distribution.

Market Opportunity



Our Presence & Partnerships



Strategic alliance with State Bank of India and Bank of India as Business Correspondent partners

Seamless banking solutions to unbanked & underbanked groups at an affordable cost, promoting financial inclusion

SERVICES OFFERED AS A BUSINESS CORRESPONDENT		
ACCOUNT OPENING	RECURRING DEPOSITS	MICRO INSURANCE
SAVINGS BANK DEPOSITS	REMITTANCES	MICRO CREDIT
FIXED DEPOSITS	MICRO PENSION	RECOVERY



**Weaknesses**

Fund requirement: NBFCs in India actively seek diverse funding avenues to meet their financial needs. Availability of fund a major challenge that NBFCs face in its smooth functioning, Banks and Capital Market are the major source of fund for NBFCs. There are no other economically efficient options for NBFCs for its funding requirements.

Lack of education among people: The most of population in India is uneducated and unaware with the norms and processing of NBFCs. This can be challenge to NBFC sector at various levels. People hesitate at first to take loan from NBFCs and even after taking loan from NBFCs people not familiar with the processing of NBFCs that may cause NBFCs to indulge extra manpower and fund to make people educate about the NBFCs.

Due Diligence: The due diligence is important to optimize the default risk. Since the customers who avail borrowings from NBFCs do not have any credit history, it becomes quite difficult to verify their financial credentials. Therefore, NBFCs have to deploy additional resources for on-ground visits, psychoanalytic tests, reference checks and so on.

All this adds to the operational cost and makes it tough to service this segment. However, this due diligence is critical to optimize the default Risk. Several Representative Bodies: In the current times, there are several representative bodies for NBFCs. This is quite a challenge for NBFCs as the NBFC sector is still in developing stage and presence of several representative bodies poses a challenge for NBFCs. There is a need to ensure that every segment of NBFCs are adequately represented in an apex body in a way that it promotes the balances growth of the NBFC sector.

Business risk management: NPAs have been a challenge not only for Indian banks but also for NBFCs. With new to credit customers, despite all the possible measures, the risk remains higher compared with those customers who have a strong credit history. Therefore, NBFCs have to continuously work on checks and balances to make sure that the EMIs are on time, customer records remain up to date and any red alerts are notified immediately.

**Threats**

Threats refer to components that have the potential to damage an organization. For example, unfavourable government policies, drastic decline in revenue. Other common threats include things like rising costs for materials, increasing competition and tight labour supply and so on.

- ✓ Global Uncertainty in the Financial Ecosystem: The world is going through difficult economic times at the moment. The international banking sector has all been affected by trade wars, protectionist policies and economic downturns. If the world’s economic conditions do not change, the financial service industry will face a bleak future.
- ✓ Government Policies: Government regulations can directly affect the banking sector of a country, these government policies might be unfavourable for the Company.
- ✓ Lack of Proper Cyber Security Systems: The rapid adoption of automation, digitalization and emerging technologies such as AI has raised concerns about the cyber security and privacy. Whether it is data storage, monetary transactions, or personal information, everything is stored digitally. This makes the finance sector a primary target for hackers who are seeking to benefit financially by leveraging flaws in the digital infrastructure. NBFCs need to create a robust system to address these treats.

**Outlook**

According to an SBI report that highlights the growing strengths of country’s financial sector, India’s non-banking financial sector has grown to become the third largest in the world, next only to the United States and the United Kingdom. Further, NBFCs hold a crucial role in the Indian economy by financing MSMEs, start-ups and infrastructure projects, thus promoting inclusive growth. They are essential to the financial system and vital for India’s aspiration to become a leading global economy.

The RBI is continuing its efforts to strengthening the financial system including reducing the differences between Banks and NBFCs, enforcing the regulatory measures that ensured the financial sector remained well cushioned against economic shocks. More policy reforms are expected to improve governance, risk management, liquidity management and asset quality for both types of regulated institutions. These measures have not only helped in maintaining stability but also in fostering growth and innovation with the sector. For continuous growth and development, NBFCs must also adopt higher technology and digital practices, improve supervision and reporting and implement customer protection measures.

The future of NBFCs in India looks promising. Despite occasional economic slowdowns, the sector continues to expand and improve operations. NBFCs have outperformed banks in year-on-year growth rates due to lower operating expenses, allowing them to offer competitive interest rates. NBFCs lead in developing innovative financial products and solutions.

They are more flexible in lending and investment options, offering value-added services such as P2P lending, factoring and bill payment solutions. As youths adapt to the new economy, they will be key players in this growth.

At the NBFC Summit 2024, organised by Confederation of Indian Industry, on 9 February 2024, Mr Rajeshwar Rao, Deputy Governor of the Reserve Bank of India, in conclusion remark of his speech mentioned that the NBFC sector is an important stakeholder of the Indian financial sector. Strengthened regulation and enhanced oversight of the NBFC sector is the best testimony of the importance of the NBFCs in not only the financial system but overall economy. It’s time that NBFC sector comes out of its own shadow as well as that of the banking sector and NBFCs will play a significant role in achieving the dream of a \$5 trillion economy going forward.

**Forward Looking Statements**

Certain statements in this Management Discussion and Analysis may be forward-looking and are stated as may be required by applicable 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 and actual results may vary from those expressed or implied, depending upon economic conditions, Government policies and other incidental/related factors, external and internal factors, which are beyond the control of the management. Hence the Company assumes no responsibility in respect of forward-looking statements that may be amended or modified in future on the basis of subsequent developments, information or events.



To  
The Members,  
Paisalo Digital Limited

It is our pleasure to present the 32<sup>nd</sup> Annual Report together with the Audited Standalone and Consolidated Financial Statements for the Financial Year ended March 31, 2024. This report read with Corporate Governance Report and Management Discussion & Analysis includes macro-economic scenario, governance philosophy, financial performance of the Company, business overview, opportunity and threats and various initiative taken by the Company.

Company Overview

Paisalo Digital Limited, is a Public Limited Company incorporated on March 5, 1992 under the Companies Act, 1956 and has its registered office at Delhi, India. It is registered as a Non-Deposit taking Non-Banking Finance Company vide the Reserve Bank of India (‘RBI’) registration number B-14.02997 and classified as Non-Deposit Taking Systemically Important Middle Layer NBFC. The Company launched its Initial Public Offering of equity share and was listed on UP Stock Exchange; Ahmedabad Stock Exchange and Delhi Stock Exchange in the year 1996. Subsequently, shares of the Company got listed on BSE Limited (‘BSE’) in the year 2007 and National Stock Exchange of India Limited (‘NSE’) in the year 2009. At currently equity shares are listed on BSE and NSE and Secured Non-Convertible Debt Securities of the Company are listed on BSE.

Financial Highlights

The Standalone financial performance of the Company for the Financial Year 2023–24 is summarized below: (₹ in Million)

Particulars	FY 2024	FY 2023	% change over FY2023
Total Revenue	6050.43	4229.72	43.05
Less: Total operating expenses & Provisions	1214.06	663.71	82.92
Pre-impairment operating profit	4836.37	3566.01	35.62
Less: Impairment on financial instruments	24.66	445.41	-94.46
Profit before Interest, Depreciation & Taxes (PBIDT)	4811.71	3120.60	54.19
Less: Depreciation	33.96	32.87	3.33
Less: Interest & Finance Charges	2398.23	1803.55	32.97
Profit Before Exceptional items and Tax	2379.51	1284.19	85.29
Exceptional items	-5.83	45.89	-112.71
Profit Before Tax	2385.34	1238.30	92.63
Less: Tax Expense	615.16	321.38	91.41
Profit After Tax (PAT)	1770.19	916.93	93.06
Statutory Reserve pursuant to Section 45-IC of the RBI Act, 1934	354.04	183.39	93.06
Transfer to General Reserve	1250.00	630.00	98.41
Earnings per Share (EPS) (₹) Basic	3.83	2.06	85.92
Earnings per Share (EPS) (₹) Diluted	3.83	2.06	85.92
Net Worth	13,210.58	11,609.99	13.79
Assets Under Management (AUM)	43,320.88	32,203.70	34.52



Results of Operations and State of Company's Affairs

Revenue from operations for the year ended March 31, 2024 has increased by 43.05 % at INR 6,050.43 Million over the corresponding previous year. The Net Profit of your Company for the financial year ended March 31, 2024 stood at INR 1770.19 Million as against the Net Profit of INR 916.93 Million for the financial year ended March 31, 2023. Accordingly, the Net Profit for the financial year ended March 31, 2024 reflects a growth of 93.06 % over the corresponding Profit for the financial year ended March 31, 2023.

Transfer to Reserves

Under Section 45IC of the Reserve Bank of India Act, 1934, Non-Banking Financial Companies (NBFC) are required to transfer a sum not less than 20% of its net profits every year to Reserve Fund before declaration of any dividend. Accordingly, the Company has transferred INR 354.04 Million (previous year INR 183.39 Million) to Statutory Reserve. Further, INR 1250.00 Million has been transferred to General Reserve for financial year 2023-24.

Pursuant to provisions of Companies Act, 2013 read with relevant rules thereunder, the Company, being a NBFC, is exempt from creating debenture redemption reserve in respect of privately placed debentures including the requirement to invest up to 15% of the amount of debentures maturing during the next financial year. However, the Company maintains sufficient liquidity buffer to fulfill its obligations arising out of debentures.

Subsidiary Company

The Company has only one Wholly Owned Subsidiary viz. Nupur Finvest Private Limited, a registered Non-Deposit taking Non-Banking Finance Company. Nupur Finvest Private Limited is engaged in finance activities. At the year ended March 31, 2024, the net worth of the Company stood at INR 580.08 Million. During the reporting period, the subsidiary reported income of INR 539.63 Million and Profit Before Tax (PBT) and Profit After Tax (PAT) at INR 26.50 Million and INR 19.55 Million respectively. During the FY 2023-24, no new Subsidiary was incorporated/acquired. The Company neither has any Associate Company nor has entered into a Joint Venture with any other Company.

The Financial Statement of Subsidiary Company is also available in a downloadable format under the Investor Section on the Company's website at [www.paisalo.in](http://www.paisalo.in).

Pursuant to the provisions of Regulation 16 of SEBI (LODR) Regulations, 2015, Company has a Policy for Determining of Material Subsidiary which is available at Company's website at [https://www.paisalo.in/pdf/corporate\\_governance/Policy\\_for\\_determining\\_material\\_subsidary.pdf](https://www.paisalo.in/pdf/corporate_governance/Policy_for_determining_material_subsidary.pdf)

Consolidated Financial Statements

In compliance with the applicable provisions of Companies Act, 2013 including applicable Accounting Standard on Consolidated Financial Statements, this Annual Report also includes Consolidated Financial Statements for the Financial Year ended March 31, 2024.

Consolidated financial performance of the Company financial year ended March 31, 2024 is summarized below:

(₹ in Millions)			
Particulars	FY 2024	FY 2023	% change over FY2023
Revenue from Operations	6,587.46	4,731.89	39.21
Less: Expenditure	4,180.38	3,424.24	22.08
Exceptional Item	-4.76	45.29	-110.51
Profit Before Tax (PBT)	2,411.84	1,262.37	91.06
Tax Expenses	622.11	326.19	90.72
Net Profit After Tax (PAT)	1789.73	936.19	91.17
Total Comprehensive Income for the Period	1789.73	936.19	91.17
Earnings per Share of Re. 1 each (EPS) (INR)	3.87	2.1	84.29
AUM	45,860.3	34,928	52.33
Capital Adequacy Ratio	35.92%	42.66%	-15.80

Review of Operations

Paisalo is engaged in the business of providing convenient and easy loan to financially excluded at bottom of India's economic pyramid through its numbers of financial products which inter-alia includes SME & MSME Loans, Income Generation Loans for business/self-employment purpose and Business Correspondent. The Company has served more than **4.29 Lakhs** customers since its inception and expanded it presence in 21 States of the Country with 2455 touch points. During the period under review, Company's total disbursements reached to INR 35,902.40 Million and it has posted 91.17 % increase in the Net Profit after tax for FY 24 over FY 23. During this period Gross NPA and Net NPA stood at 0.21% and 0.02% respectively.

Paisalo is one of the leading NBFC in the market in providing small-ticket income generation loans through co-lending arrangements for this company has entered into co-lending agreements with several banks including State Bank of India, Bank of Baroda, UCO Bank, Punjab National Bank and Karnataka Bank. This partnership capitalizes on Paisalo's distribution network and the bank's low cost of funds, allowing to serve the unbanked population of the country. Through our digital underwriting platform, we combine the advantages of bank capital with our specialized risk management expertise, creating a position in the small ticket size co-lending segment and allow us to maintain lower risk profile, setting it apart from peers in the market.

Key Ratio

The Key Ratio for Financial Year ended March 31, 2024:

Current Ratio	3.87
Debt- Equity Ratio	1.87
Debt Service Coverage Ratio	0.78
Return on Equity Ratio	13.46
Net Capital Turnover Ratio	0.49
Net Profit Ratio	39.42
Return on Capital Employed	12.69
Return on Investments	0.16

Net Worth and Capital Risk Adequacy Ratio (CRAR)

The Net Worth of the Company (Standalone) increased to INR 13210.58 Million as on March 31, 2024 from INR 11,609.99 Million as on March 31, 2023.

The Capital Risk Adequacy Ratio (CRAR) stood at 35.92% as on March 31, 2024 as against 40.34 % as on March 31, 2023, which is much above the requirement as stipulated by Reserve Bank of India.

Awards and Recognition

For the period under review, Company was awarded by Financial Inclusion Department of State Bank of India, Head Office Lucknow, for "Best Achiever" in PMSBY, PMJDY, APY and Financial Inclusion Department of State Bank of India, LHO Kolkata for "Best Performance" ACC enrolled with eKYC (%) & "1<sup>st</sup> Runner Up" Total A/c Enrolment (%).

Issue of Bonus Equity Shares

Pursuant to resolution passed by the Shareholder of the Company on March 8, 2024, Company has allotted 44,90,21,990 (Forty Four Crores Ninety Lakhs Twenty One Thousand Nine Hundred and Ninety only) fully paid up Equity Shares of Re. 1/- (Rupee One only)each as Bonus Issue on March 21, 2024 in 1:1 ratio i.e. 1 (One) Equity Share for every 1 (One) fully paid up Equity Share of Re. 1/- (Rupee One only) each to the Shareholders holding equity shares on record date i.e. March 20, 2024.

Share Capital

The Authorized Share Capital of the Company stood at INR 1,25,00,00,000.00 consisting of 1,20,00,00,000 Equity Shares of Re. 1/- (Rupee One only) each and 50,00,000 Preference Shares of Rs. 10/- (Rupees Ten only) each. Consequent to allotment of Bonus Equity Shares, the Issued Share Capital, Subscribed Share Capital and Paid-up Share Capital of the Company has been increased and accordingly as on March 31, 2024, the same stood as under:

1.	Issued Share Capital	INR 89,81,68,980.00 Consisting of 89,81,68,980 Equity Shares of face value of INR 1/- each
2.	Subscribed Share Capital	INR 89,81,68,980.00 Consisting of 89,81,68,980 Equity Shares of face value of INR 1/- each

3.	Paid-up Share Capital	INR 89,80,43,980.00 Consisting of 89,80,43,980 Equity Shares of face value of INR 1/- each fully paid-up and INR 62,500 for 1,25,000 forfeited equity shares of face value of INR 1/- each (amount originally paid-up @INR 0.50 each)
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Debt Securities/Instruments and Utilization of Fund Raised from it

During the year under review, Company has raised INR 1,377.50 Million by issuing Listed Secured Rated Non-Convertible Debentures on private placement basis and INR 1,011.00 Million by issuing Unlisted Unsecured Unrated Non-Convertible Debentures on private placement basis. The fund raised from such issue were utilized for the financing activities. In case of Secured Debentures, an asset cover of at least 110% is maintained at all times.

During the year, the Company has also raised funds for short term purpose through listed/unlisted Commercial Papers.

The Fund so raised during the year from debt securities/instruments had been utilized for the same purpose as mentioned in the Offer Letters.

As on March 31, 2024 outstanding debt securities/instruments were as under:

1.	Non Convertible Debentures	INR 5,578.50 Million
2.	Commercial Papers	INR 720.00 Million

Bank Finance

Your Company raised funds for its working capital and business requirements from various Banks and the total amount of Bank loan outstanding as on March 31, 2024 was **INR 17,494.45 Million as against INR 13,017.52 Million** on March 31, 2023.

Timely Repayment of Debt Liabilities

During the year under review, the Company has duly serviced all its debts obligations in time. During the year the Company has also make payment of interest and principal amount on Non-Convertible Debentures as per the terms of issue(s).

Accordingly, there is no event of default of interest/principal payment during the year.

Dematerialisation of Equity Shares

Equity Shares of the Company are compulsorily tradable in demat form. As on March 31, 2024, 99.99% of the Equity Shares of total outstanding fully paid-up equity shares of the Company are in Dematerialized form and only 20,010 Equity Shares of INR 1/- each out of total Equity Shares were in physical form.

Dividend Distribution Policy

In terms of Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company had formulated a Dividend Distribution Policy of the Company, which sets out the parameters and circumstances to be considered by the Board in determining the distribution of dividend to its shareholders and/or retaining profit earned. The policy is available on the website of the Company at [https://paisalo.in/pdf/corporate\\_governance/Dividend\\_Distribution\\_Policy.pdf](https://paisalo.in/pdf/corporate_governance/Dividend_Distribution_Policy.pdf)

Dividend

RBI vide its circular dated June 24, 2021 has laid down a framework for declaration of dividend by NBFCs. Accordingly, the Board of Directors, after taking into account various aspects and in compliance with the said circular, recommend for consideration of the members at the ensuing Annual General Meeting ('AGM'), payment of final dividend of INR 0.10 (10%) per equity shares of face value of INR 1.00. The dividend recommended is in accordance with the principles and criteria set out in the Company's dividend distribution policy. Total dividend proposed for the year does not exceed the ceilings specified in said circular/ RBI Master Directions.

The dividend, if declared, at the ensuing AGM will be taxable in the hands of the Members of the Company pursuant to Income Tax Act, 1961.

Unclaimed Dividend and Unclaimed Shares

Pursuant to Rule 5(8) of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, your company furnished a statement / information through Form IEPF 2 to the Ministry of Corporate Affairs, of the unclaimed dividends amounting to INR 1,33,607.38 as on the date of financial year ended on March 31, 2023. During the year under review, there was an amount of INR 20,451.00 of unpaid and unclaimed dividend for a period of 7 years from the date it was lying in the unpaid dividend, accordingly, pursuant to provisions of Section 124(5) of the Companies Act, 2013, INR 20,451.00 have been transferred in the Investor Education and Protection Fund (IEPF) of the Central Government in November 8, 2023.

The Company has uploaded the details of unclaimed dividend on the Company's website at <https://www.paisalo.in> and also on website specified by the Ministry of Corporate Affairs <http://www.iepf.gov.in/IEPF/services.html>. IEPF is holding 11,740 Shares of the Company, at the end of the year under review.

Deposit

Your Company is registered with the Reserve Bank of India (RBI), as a Non-Deposit taking Systemically Important Middle Layer NBFC (NBFC-ND-SI) under Section 45-IA of the RBI Act, 1934. Your Directors hereby report that the Company has not accepted any public deposits during the year under review and it continues to be a Non-Deposit taking Non-Banking Financial Company in conformity with the guidelines of the RBI. As such, no amount of principal and interest was outstanding during the year.

Further during the year under review, the Company has neither invited nor accepted any deposits from the public within the meaning of Section 73 of the Companies Act, 2013 ("the Act") read with the Companies (Acceptance of Deposits) Rules, 2014.

Credit Rating

M/s Infomerics Valuation and Rating Pvt. Ltd. assigned following rating to Company's instruments:

Sr. No.	Instrument/Facility	Amount (INR in Million)	Rating Assigned
1	Fund Based Facilities from Banks- Long Term	21000.00	IVR AA/Stable Outlook (IVR Double A with Stable Outlook)
2	Non-Convertible Debentures	2350.00	
3.	Commercial Paper	4500.00	IVR A1+ (IVR A One Plus)

Board of Directors, Key Managerial Personnel (KMP) and Board Meetings

The Company's Board is duly constituted and is in compliance with the requirements of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, RBI's Corporate Governance provisions as applicable on the Company and provisions of the Articles of Association of the Company. The Company's Board has been constituted with requisite diversity, wisdom and experience commensurate to the business of your Company. As on March 31, 2024, The Board of Directors of the Company consist of 9 (Nine) Directors, out of whom five are Non-Executive Independent Directors.

Details of the Directors are as follows:

S. No.	Name of Directors	DIN	Designation as Director	Category
1.	Mr. Sunil Agarwal	00006991	Managing Director	Executive Director
2.	Mr. Harish Singh	00039501	Whole Time Director	Executive Director
3.	Mr. Anoop Krishna	08068261	Whole Time Director	Executive Director
4.	Mr. Santanu Agarwal	07069797	Deputy Managing Director	Executive Director
5.	Mr. Gauri Shankar	06764026	Independent Director	Non-Executive Director
6.	Mr. Naresh Kumar Jain	01281538	Independent Director	Non-Executive Director
7.	Mr. Raman Aggarwal	00116103	Independent Director	Non-Executive Director
8.	Mrs. Nisha Jolly	08717762	Independent Director	Non-Executive Director
9.	Mr. Vijuy Ronjan	09345384	Independent Director	Non-Executive Director

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



**Appointment/Reappointment of Directors:**

**Executive Director**

During the year under review, Shareholders vide their resolutions dated May 5, 2023 confirmed the reappointments of :

1. Mr. Sunil Agarwal as Managing Director of the Company for a period of five years commencing from February 20, 2023,
2. Mr. Anoop Krishna as Whole-Time Director designated as Executive Director for a period of three years commencing from February 23, 2023,
3. Mr. Harish Singh as Whole-Time Director designated as Executive Director and Chief Financial Officer for a period of five years commencing from August 1, 2023.

**Independent Director**

Shareholders vide their resolution dated May 5, 2023 has appointed Mr. Nirmal Chand (DIN: 10041305) as Independent Director, who was previously appointed as an Additional Director by the Board on March 27, 2023.

**Cessation of Director**

During the year under review, Mr. Nirmal Chand (DIN: 10041305) ceased to be the Director of the Company w.e.f. July 19, 2023 as he resigned from the Directorship due to potential conflict of interest as provided by him in his resignation letter dated July 19, 2023. The Board places on record its sincere appreciation for the valuable contribution made by him during his short tenure as Independent Director on the Board of the Company.

**Recommendation for Reappointment of Independent Directors**

In terms of Section 149 (10) of the Companies Act, 2013, an Independent Director shall hold office for a term upto five consecutive years on the Board of the Company but shall be eligible for re-appointment on passing of a Special Resolution by the Shareholders of Company, accordingly, based on the recommendation of Nomination and Remuneration Committee of the Company, the Board of Directors recommends re-appointment of Mr. Raman Aggarwal and Mr. Vijuy Ronjan as Independent Directors, whose first terms are completing on October 14, 2024 and October 7, 2024 respectively, for second consecutive term of 5 years, for approval through Special Resolution by Shareholders of the Company.

Brief particulars of Mr. Raman Aggarwal and Mr. Vijuy Ronjan as required under the Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India and Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided in the Notice convening the 32<sup>nd</sup> Annual General Meeting of the Company.

**Retirement by Rotation**

During the year under review, Mr. Anoop Krishna (DIN 08068261), who retired at the 31<sup>st</sup> Annual General Meeting, was re-appointed as an Executive Director of the Company.

In terms of Section 152 of Companies Act, 2013, Mr. Santanu Agarwal, Executive Director (DIN 07069797), is liable to retire by rotation at the 32<sup>nd</sup> Annual General Meeting and being eligible for re-appointment, offers himself for re-appointment as Director. The Board of Directors of the Company in its meeting held on August 09, 2024 based on the recommendation of Nomination and Remuneration Committee recommended to the Members re-appointment of Mr. Santanu Agarwal as a Director of the Company, liable to retire by rotation.

Brief particulars of Mr. Santanu Agarwal as required under the Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India and Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements Regulations, 2015 is provided in the Notice convening the 32nd Annual General Meeting of the Company.

**Retirement of Mr. Naresh Kumar Jain as an Independent Director**

Section 149 (11) of the Companies Act, 2013 provides that no person can hold office of Independent Director for more than two consecutive terms. Accordingly whereas Mr. Naresh Kumar Jain whose two consecutive terms of ten years as Independent Director is being completing on August 13, 2024 and pursuant to Section 149 (11) of the Companies Act, 2013, he can not be re-appointed for further term, hence his current association with the Company as Independent Director will end on August 13, 2024. The Board of Directors appreciate the valuable services rendered by him and is grateful for his advices and guidance to the Board and Management of the Company during his tenure as an Independent Director and wishes him for his healthy and prosperous life ahead.

**KMPs**

Save and except as stated above, there are no other changes in the KMPs during financial year 2023-24.

**Declaration of Independence by Independent Directors & adherence to the Company's Code of Conduct for Independent Directors**

Pursuant to Section 149 (7) of the Companies Act, 2013, all Independent Directors had given declaration and necessary confirmation of eligibility under Section 149(6) of the Companies Act, 2013 and that they qualify to be Independent Directors pursuant to the Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014. In terms of Regulation 25(8) of SEBI Listing Regulations, the Independent Directors have confirmed their eligibility as per Regulation 16 (1) (b) of Listing Regulations and that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Further, the Board has ensured the veracity of the disclosures and opines that there has been no change in the circumstances which may affect their status as Independent Directors of the Company and the Board is satisfied of the integrity, expertise and experience (including proficiency in terms of Section 150(1) of the Act and applicable rules thereunder) of all Independent Directors on the Board. Further, all the Independent Directors have affirmed that they have adhered and complied with the Company's Code of Conduct for Independent Directors which is framed in accordance with Schedule IV of the Act. All the Directors meet the 'Fit and Proper' criteria as per the policy of the Company and as stipulated by RBI.

**Meetings of Board**

During the year under review, a total of Six Meetings of the Board of Directors of the Company were held, i.e., on April 27, 2023; May 11, 2023; July 24, 2023; October 26, 2023; January 31, 2024 and February 22, 2024. Details of Board composition and Board Meetings held during the financial year 2023-24 have been provided in the Corporate Governance Report which forms part of this Report.

**Audit Committee**

The Company has an Audit Committee duly constituted in accordance with the provisions of Section 177 of the Companies Act, 2013, RBI Guidelines and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. All the members of the Committee have expertise in finance and have knowledge of accounting and financial management. The scope of the activities of the Audit Committee, as set out in Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and read with Section 177 of the Companies Act, 2013 and the RBI Regulations for NBFCs. The composition of the Committee is as follows: Mr. Gauri Shankar, (Independent Director), Chairman; Mr. Naresh Kumar Jain (Independent Director), Member and Mr. Harish Singh (Executive Director), Member.

The detailed composition of the Audit Committee & its terms of reference and the details of meetings attended by the Audit Committee members are provided in Corporate Governance Report which forms part of the Annual Report. During the year under review, all the recommendations of the Audit Committee were accepted by the Board of Directors of the Company.

**Stakeholders Relationship Committee**

The Stakeholder Relationship Committee of the Board consists of Independent Directors namely Mr. Naresh Kumar Jain, as Chairperson and Mr. Raman Aggarwal, Mr. Vijuy Ronjan as Members of the Committee. The composition, terms of reference and details of meetings held during the year are disclosed in the Report on Corporate Governance.

**Nomination and Remuneration Committee**

The Nomination and Remuneration Committee ('NRC') recommends to the Board the suitability of candidates for appointment as Director/Managing Director, Key Managerial Personnel and the remuneration packages payable to them. The composition of the Nomination and Remuneration Committee & its terms of reference and the details of meetings attended by the members are provided in Corporate Governance Report which forms part of the Annual Report.

**Annual Evaluation of Board, its Committees and Individual Directors:**

Pursuant to the provisions of Section 178 of the Companies Act, 2013 and Regulation 17(10) read with Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI guidance note on Board Evaluation for listed companies issued vide circular (Ref. no. SEBI/HO/CFD/CMD/ CIR/P/2017/004) dated January 5, 2017, The Board has carried out an annual evaluation of its own performance, the Board Committees and individual Directors. Through a structured questionnaire feedback from each Director was obtained as a part of performance evaluation. Basis on the feedback received from the Directors, the Board and the Nomination and Remuneration Committee reviewed the performance of the individual Directors, the Managing Director including various Committees established by the Board at their respective meetings.

The performance evaluation of individual Directors, including the Managing Director, was conducted based on several criteria. These included professional conduct, fulfillment of roles and responsibilities, effective discharge of duties, contributions to Board/Committees/Senior Management, preparedness on agenda items and their contribution to decision-making processes. Similarly, the performance evaluation of the Board as a whole and its Committees involved

soliciting feedback from Directors and Committee Members. This feedback encompassed various criteria such as the structure and composition of the Board, effectiveness of Board processes, adequacy of information provided, clarity of roles and responsibilities, opportunities for professional development, functioning of both the Board and its Committees, establishment and determination of Committee responsibilities and the quality of the relationship between the Board and management. These evaluations are integral to ensuring continuous improvement and effectiveness in governance practices within the Company.

The Independent Directors in their separate meeting held on January 31, 2024 under Regulation 25(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Schedule IV of the Companies Act, 2013 had:

- i. reviewed the performance of Non-Independent Directors and the Board of Directors as a whole;
- ii. reviewed the performance of the Managing Director of the Company, taking into account the views of executive and non-executive Directors; and
- iii. assessed the quality, quantity and timelines of flow of information between the Company management and the Board of Directors that was necessary for the Board of Directors to effectively and reasonably perform their duties.

The entire performance evaluation process was completed to the satisfaction of Board. With the spirit of wealth creation for the Stakeholders of the Company, your Directors are committed to give their efforts towards the development of the Company.

**Policy on Directors Appointment and Remuneration**

To manage the Company's affairs in effectively and efficiently, the Company has always maintained balanced composition of Executive and Independent Non-Executive at Board level. All appointments at Board level are made adhering to the mandates of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and guidelines issued by the Reserve Bank of India.

Generally, Managing Directors and Whole-Time Directors (Executive Directors) are appointed for a term of not more than five years. Independent Directors serve a term of up to five consecutive years on the Board. Based on their performance evaluation, eligibility for reappointment and recommendations by the Nomination and Remuneration Committee, Independent Directors may be reappointed by the Board for another consecutive term upto five years, subject to Shareholders' approval. Candidates considered for Board appointments undergo through evaluation based on criteria including personal and professional ethics, integrity, values and character; understanding and alignment with the Company's vision, mission and values; prominence in their respective fields; professional skills, knowledge, expertise and financial literacy. Additional competencies and skills deemed essential for effective governance are also taken into account during the evaluation process.

In addition to the above, the candidature of an Independent Director is also evaluated in terms of the criteria for determining independence as stipulated under Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, guidelines issued by RBI and other applicable regulations or guidelines. In case of re-appointment of Director, the Board shall take into consideration the results of the performance evaluation of the Directors and their engagement level. All appointments at senior level are strictly based on meritocracy. Directors, Key Managerial Personnel and Senior Management Personnel retire in accordance with the provisions of the Companies Act, 2013 and the Company's policies. The Company has Remuneration Policy for Directors, KMPs and other employees, which is reviewed by the Board of Directors of the Company, time to time, the policy represents the overarching approach of the Company for the remuneration of Director, KMPs and other employees.

The relevant Policy(ies) have been uploaded on the website of the Company and can be accessed through the link <https://paisalo.in/home/investorrelation>.

**Compliance with the Code of Conduct of Board of Directors and Senior Management**

The Board of Directors and Senior Management of the Company have complied with the Company's Code of Conduct applicable to Board of Directors and Senior Management. In this regard declaration signed by the Managing Director is annexed and forms part of this Report.

**Directors' Responsibility Statement**

Pursuant to the requirement under Section 134(3)(c), read with Section 134(5) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, the Directors, to the best of their knowledge and belief, hereby confirm that:

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departure has been made in following the same;
- b) appropriate accounting policies have been selected and applied consistently and judgements and estimates made 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 of the Company for that period;

- c) proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 have been taken for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- d) the annual accounts have been prepared on a going concern basis;
- e) internal financial controls to be followed by the Company had been laid down and such internal financial controls are adequate and operating effectively; and
- f) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

**Auditors & Audit Reports**

**Statutory Auditor and Statutory Audit Report:**

On April 27, 2021 Reserve Bank of India (RBI) vide its notification RBI/2021-22/25 Ref. No. DoS. CO. ARG/SEC.01/08.91.001/2021-22 inter alia, providing the Eligibility Criteria of Statutory Auditors for appointment of Statutory Central Auditors (SCAs)/ Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs including HFCs).

In terms para 8 of said guidelines, the Company can appoint Statutory Auditor for a continuous period of three years, therefore, the Company in the 29<sup>th</sup> Annual General Meeting held on September 25, 2021 appointed M/s Manish Goyal & Co., Chartered Accountants as the Statutory Auditors of the Company until the conclusion of the 30<sup>th</sup> Annual General Meeting of the Company to fill the casual vacancy which arouse due to the resignation of M/s D Tayal & Jain, Chartered Accountants in lieu of the aforesaid guidelines. Accordingly, the Company in the 30<sup>th</sup> Annual General Meeting reappointed M/s Manish Goyal & Co., Chartered Accountants as the Statutory Auditors of the Company for a further period of two years commencing from the conclusion of the 30<sup>th</sup> Annual General Meeting until the conclusion of the 32<sup>nd</sup> Annual General Meeting of the Company.

Since the tenure of M/s Manish Goyal & Co., Chartered Accountants will be expiring in the ensuing Annual General Meeting to be held in the year 2024 therefore, the Company has received consent from M/S Saket Jain & Co. Accordingly, to comply with the provisions of aforesaid guidelines regarding appointment of Statutory Auditor and on the recommendation of the Audit Committee, Board of Directors of the Company has recommended to appoint M/S Saket Jain & Co., Chartered Accountants, having Firm Registration no. 014685N who is fulfilling the eligibility norms as per RBI Guidelines, the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as Statutory Auditors of the Company for a period of three year commencing from the conclusion of 32<sup>nd</sup> Annual General Meeting till the 35<sup>th</sup> Annual General Meeting of the Company. The aforesaid appointment will be placed before the Members, at 32<sup>nd</sup> Annual General Meeting for their approval.

The Report given by the Statutory Auditor M/s Manish Goyal & Co., Chartered Accountants, on the financial statement of the Company for the financial year 2023-24 is part of the Annual Report. The Notes on financial statements referred to in the Auditors Report are self-explanatory and do not call for any further comments under Section 134 of the Companies Act, 2013. There are no qualifications, reservations, adverse remarks or disclaimers in Auditor's Report for the financial year 2023-24.

**Secretarial Auditor and Secretarial Audit Report of the entity:**

Pursuant to Section 204 of the Act read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company had appointed M/s. Satish Jadon & Associates, Practicing Company Secretaries for conducting Secretarial Audit for the financial year ended March 31, 2024 and to submit Secretarial Audit Report in Form No. MR-3. There are no qualifications, reservations, adverse remarks or disclaimers made by the Secretarial Auditors, in their Audit Report for the financial year 2022-23.

Pursuant to Regulation 24A(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Circular No. CIR/CFD/CMD1/27/2019 dated February 8, 2019, issued by the Securities and Exchanges Board of India, Nupur Finvest Private Limited a Material Subsidiary of the Company has obtained Secretarial Audit Report for financial year ended March 31, 2024 from M/s. Satish Jadon & Associates, Practicing Company Secretary.

Copy of the Secretarial Audit Reports received from M/s. Satish Jadon & Associates in the prescribed Form No. MR-3 are annexed to this Board's Report and marked as **Annexure A**.

There are no qualifications, reservations, adverse remarks or disclaimer in the above Secretarial Audit Reports.

Pursuant to circular No. CIR/CFD/CMD1/27/2019 dated February 8, 2019, issued by the Securities and Exchanges Board of



India and Regulation 24A(2) of SEBI (LODR) Regulations, 2015, the Company has obtained Secretarial Compliance Report for financial year ended March 31, 2024, from Practicing Company Secretary on compliance of all applicable SEBI Regulations and circular/guidelines issued thereunder and the copy of same has been submitted with the Stock Exchanges within the prescribed due date.

**Fraud Reported by Auditors under Section 143(12)**

During the period under review, neither the Statutory Auditors nor the Secretarial Auditors have reported to the Audit Committee/Board or Central Government any instances of fraud in the Company by its officers or employees under Section 143(12) of the Companies Act, 2013 and therefore, no detail is required to be disclosed under Section 134(3)(ca) of the Act.

**Secretarial Standards**

During the year under review, the Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

**Maintenance of Cost Records**

The maintenance of cost records, for the services rendered by the Company, is not required pursuant to Section 148 (1) of the Companies Act, 2013 read with Rule 3 of the Companies (Cost Records and Audit) Rules, 2014.

**Particulars of Loans, Guarantees or Investments Under Section 186 of Companies Act, 2013**

Being RBI registered Non-Banking Financial Company and engaged in the business of giving loans in ordinary course of its business, accordingly, pursuant to Section 186(11) of the Companies Act, 2013 the provisions of Section 186, except Sub-Section 1 of the said Section, shall not apply on the Company, hence disclosure under Section 134 (3) (g) of the Companies Act, 2013, of particulars of the loans given securities provided under Section 186 of the Companies Act, 2013 is not applicable to the Company.

The details of Investment made by the Company have been disclosed in the note no. 6 of the Standalone Financial Statement for the year ended March 31, 2024. The Company has given its guarantee only for the credit facilities availed by its Wholly Owned Subsidiary M/s. Nupur Finvest Private Limited.

**Particulars of Contracts or Arrangements with Related Parties**

The Board of Directors of the Company has formulated a policy on materiality of Related Party Transactions and dealing with Related Party Transactions (“RPT Policy”), pursuant to the applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. The same is displayed on the website of the Company. This policy deals with the review and approval of related party transactions. All related party transactions are placed before the Audit Committee for review and approval.

Since all related party transactions entered into by your Company were in the ordinary course of business and also on an arm’s length basis, therefore details required to be provided under the provisions of Section 134(3)(h) of the Companies Act, 2013 in the prescribed Form AOC-2 is not applicable to the Company. The Directors draw attention of the Members to note no. 37 of the Notes to Standalone Financial Statements for the year ended March 31, 2024 which sets out details of Related Party Transactions pursuant to Indian Accounting Standard -24 (Ind AS-24).

Policy on materiality of related party transactions and on dealing with related party transactions is displayed on the website of the Company at [https://paisalo.in/pdf/corporate\\_governance/Policy\\_on\\_related\\_party\\_transactions.pdf](https://paisalo.in/pdf/corporate_governance/Policy_on_related_party_transactions.pdf).

**Change in the Nature of Business, if any**

During the period under review, there was no change in the nature of business of the Company.

**Material Changes and Commitments, if any, Affecting the Financial Position of the Company**

There have been no material changes and commitments affecting the financial position of the Company which occurred between the end of the financial year and the date of this Report.

**Information on Material orders Passed by the Regulators or Courts or Tribunal**

During the period under review, there were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and the Company’s operations in future. Furthermore, no penalties were imposed by the RBI during the year under review.

**Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo**

As the Company is engaged in the financial services activities, its operations are not energy intensive nor does it require adoption of specific technology and hence information in terms of Section 134(3)(m) of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, to the extent applicable, are as follows:

- being a Non-banking Finance Company, the particulars regarding conservation of energy and technology absorption as required to be disclosed pursuant to the Rule 8(3) of the Companies (Accounts) Rules, 2014 are not relevant to its activities.
- Foreign Exchange earnings for the Company during the financial year under review was nil and Company’s Foreign Exchange outgo during the financial year under review was INR 2,34,352 /–as against INR 2,31,219/– in the previous year

**Corporate Social Responsibility**

Your Company aspire to contribute positively to the community’s wellbeing as a part of Company’s vision and accordingly carries CSR initiatives in pursuant with Schedule VII of the Companies Act, 2013. In compliance with Section 135 of the Companies Act, 2013 read with Rules made thereunder and as amended from time to time, the Company has established the Corporate Social Responsibility Committee (“CSR Committee”) and formulated Company’s CSR Policy, which is available on the website of the Company. The Company undertakes its CSR initiatives directly and/or through partnering with a trust/foundation, qualified to undertake CSR activities in accordance with Schedule VII of the Companies Act, 2013 (includes amendments thereto).

For the financial year 2023-24 the Board of Directors of the Company in their meeting held on May 11, 2023 approved INR 21.10 Million as the budget for CSR activities. During the financial year 2023-24, Company has spent INR 21.11 Million CSR fund in various activities. which are disclosed in the Annual Report on CSR activities for financial year ended March 31, 2024 under Section 135 annexed with this report as **Annexure B**.

Composition of CSR Committee is disclosed in Corporate Governance Section of this Annual Report as part of Board’s Report.

**Business Responsibility and Sustainability Report**

In adherence to Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. SEBI/HO/CFD/CMD-2/P/CIR/2021/562 dated May 10, 2021, the Business Responsibility and Sustainability Report (BRSR) for Financial Year 2024, outlining the Environmental, Social and Governance (ESG) initiatives of your Company, is an integral part of this Annual Report. Additionally, this report provides comprehensive insights into the diverse ESG endeavours undertaken by your Company.

A comprehensive “Business Responsibility and Sustainability Report” (BRSR), formatted as per SEBI guidelines, detailing the Company’s initiatives, actions and processes towards ESG endeavours, is appended as **Annexure C** and forms part of this Report and can also be accessed on the Company’s website at [www.paisalo.in](http://www.paisalo.in).

**Internal Financial Control**

The Company is steadfast in its commitment to enhance the effectiveness of internal financial controls and processes. This dedication aims to facilitate the efficient conduct of business operations, ensure the security of assets, prevent and detect frauds and errors, maintain the accuracy and completeness of accounting records and ensure the timely preparation of reliable financial information.

The Company has implemented robust internal controls to ensure the accuracy and completeness of accounting records and the timely preparation of reliable financial information. These controls are aligned with the size, scale and complexity of operations and ensure compliance with relevant policies and statutes. As the organization grows and operations become more intricate, these controls also enhance the prevention and detection of frauds and errors. The Board of Directors is of the opinion that the Internal Financial Controls pertaining to the financial statements are adequate.

The Company’s internal control framework is reinforced through a comprehensive program of internal and external audits, along with regular reviews by management. This structured approach ensures the reliability of financial and other records for preparing financial information and maintaining asset accountability. Competent professionals have been engaged by the company to conduct internal audits, evaluating the adequacy and effectiveness of its internal financial control system.

The Internal Audit team operates to assist the Audit Committee and Risk Management Committee. They conduct thorough reviews of risk assessments and associated management action plans. The findings from Internal Audit Reports and risk-

related reports are periodically reviewed by both Committees.

Furthermore, the efficacy of internal control systems undergoes periodic testing by Internal Auditors, while the Internal Control over financial reporting is tested and certified by Statutory Auditors.

The Company's Internal Financial Control System is continuously adapted to accommodate the evolving business landscape and to adhere to applicable laws, regulations, statutory and accounting requirements. Throughout the year, there have been no significant observations indicating inefficiencies or inadequacies in these controls.

**Risk Management**

NBFCs are mandated to establish a robust framework for Risk Management Systems. In compliance with this requirement, our Company has not only constituted an Audit Committee but also established a Risk Management Committee and an Assets Liability Management Committee. The functioning and meeting frequencies of these Committees are detailed in the Report on Corporate Governance, which is an integral part of this report.

These Committees are instrumental in enabling the Board to effectively address risks associated with our business. They have developed and implemented a comprehensive Risk Management Policy aimed at ensuring sustainable business growth with stability. This proactive approach includes reporting, evaluating and resolving risks inherent in our operations. The Policy delineates identification of key events/risks impacting the business objectives of the Company and attempts to develop strategies to ensure timely evaluation, reporting and monitoring of key business risks. This framework, inter alia, provides the set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving Risk Management throughout the Company. It covers principles of risk management, risk governance with roles and responsibilities, business control measures, principle risks and business continuity plan.

Our Company adheres to a disciplined risk management process and makes business decisions based on a balanced risk-reward paradigm.

**Human Resources**

Company's industrial relations continued to be harmonious during the period under review. The Company strives to provide the best work environment with ample opportunities to grow and explore. Healthy, cordial and harmonious industrial relations have been maintained by the Company at all levels.

**Disclosures as per the Provision of Section 197 (12) of Companies Act, 2013**

Disclosure pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed as **Annexure D** of this Report. As per the provisions of Section 136(1) of the of the Companies Act, 2013, the reports and accounts are being sent to the Members of the Company excluding the information regarding employee remuneration as required pursuant to Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The same is available for inspection and any Member interested in obtaining such information may write an email to the Company Secretary at cs@paisalo.in and the same will be furnished on such request. The Board of Directors affirm that the remuneration paid to employees of the Company is as per the Remuneration Policy of the Company.

**Compliance with Provisions of Sexual Harassment of Women at Work Place (Prevention, Prohibition & Redressal) Act, 2013**

The Company is committed to providing and promoting a safe and healthy work environment for all its employees. In adherence to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("POSH Act"), the Company has formulated a Policy for Prevention, Prohibition and Redressal of Sexual Harassment at Work Place . The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under ("POSH Act").

Throughout the financial year 2023–24, the Company received no complaints from employees concerning sexual harassment.

**Compliance of Reserve Bank of India Guidelines**

Paisalo Digital Limited is categorized as a Non–Deposit taking Systemically Important Middle Layer Non–Banking Finance Company. The Company continues to fulfil all the norms and standards laid down by RBI pertaining to non-performing assets, capital adequacy, statutory liquidity assets, etc. The Company has compliance with the applicable provisions of Master Directions – Non-Banking Financial Company Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions 2016 and Master Direction – Reserve Bank of India (Non-Banking Financial

Company – Scale Based Regulation) Directions, 2023 and all other applicable directions/regulations/circulars of RBI during the Financial Year 2023–24

**Annual Return**

In accordance with the provisions of Section 92(3) read with Section 134(3) (a) of the Act and the applicable rules, Annual Return of the Company for the financial year March 31, 2024, in the prescribed form, is hosted on website of the Company at [https://paisalo.in/pdf/annual\\_report/MGT-7\\_PAISALO\\_2023-24.pdf](https://paisalo.in/pdf/annual_report/MGT-7_PAISALO_2023-24.pdf).

**Management Discussion and Analysis**

The Management Discussion and Analysis report for the year under review as required under Regulation 34(2)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided as a separate section forming part of this Annual Report.

**Vigil Mechanism/Whistle Blower Policy**

Company in accordance with the provisions of Section 177(9) of Companies Act, 2013 read with Rule 7 of Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has established a vigil mechanism through the Company's Whistle Blower Policy to deal with instances of fraud and mismanagement and to enable the Directors and Employees of the Company to report genuine concerns, about unethical behaviour, actual or suspected fraud or violation of Code of Conducts. The Policy also provide adequate safeguards against victimisation and make provision for direct access to the Chairman of the Audit Committee. The Policy is available on the website of the Company at www.paisalo.in. Details of vigil mechanism/whistle blower are included in the Corporate Governance Report, forming part of this Report.

During the financial year 2023–24, no cases under this mechanism have been reported.

**Listing with Stock Exchanges**

The equity shares (ISIN INE420C01059) of the Company are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). The listing fees payable to both the exchanges for the Financial Year 2024–25 have been paid. The Secured Rated NCDs issued on Private Placement basis are listed on WDM segment of BSE.

**Prevention of Insider Trading**

The Company has implemented a Code of Conduct for Prevention of Insider Trading to regulate securities trading by Directors and designated employees. As part of this framework, the Company utilizes software with a structured digital database to maintain records of individuals with whom unpublished price sensitive information has been shared. This database includes details of the information shared and the names of such individuals, along with their Permanent Account Numbers (PAN). Company is also complied with the extending framework for restricting trading by Designated Persons ("DPs") by freezing PAN at security level.

The full text of the Code of Conduct for Prevention of Insider Trading is accessible on the Company's website at: [https://www.paisalo.in/pdf/corporate\\_governance/policy/Code\\_of\\_conduct\\_for\\_prevention\\_of\\_Insider\\_Trading\\_24.pdf](https://www.paisalo.in/pdf/corporate_governance/policy/Code_of_conduct_for_prevention_of_Insider_Trading_24.pdf)

**Disclosures Under the Insolvency and Bankruptcy Code, 2016**

No application for Bankruptcy under the Insolvency & Bankruptcy Code, 2016 ("IBC") was made against the Company during the financial year under review.

Further, there are no details required to be reported with regard to difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions as your Company has not done any settlement with any Bank or Financial Institutions since its inception.

**Corporate Governance**

Your Company believes that good corporate governance is the basis for sustainable growth of the business and effective management of relationship among constituents of the system and always works towards strengthening this relationship through corporate fairness, transparency and accountability. Your Company give prime importance to reliable financial information, integrity transparency, fairness, empowerment and compliance with law in letter and spirit.

In compliance with the provisions of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 read with Schedule V to the said Regulations, the Report on Corporate Governance for the financial year ended



March 31, 2024 forms an integral part of this report and is set out as separate section of this Report. The certificate from the Secretarial Auditor of the Company confirming compliance with the conditions of Corporate Governance is annexed to the Report on Corporate Governance.

Certificate from the Managing Directors and Chief Financial Officer

The certificate received from Mr. Sunil Agarwal, Managing Director & CEO and Mr. Harish Singh, Executive Director & Chief Financial Officer with respect to the financial statements and other matters as required under Part B of Schedule II to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this Report.

Acknowledgments

Your Board expresses sincere gratitude for the unwavering support and cooperation extended by all regulatory authorities of the Governments. Additionally, we extend heartfelt thanks to our Banks and other stakeholders, whom we consider indispensable partners in our journey of progress.

We deeply appreciate the tireless dedication of our employees and staff, including the management team led by the Executive Directors, who consistently demonstrate exemplary leadership in achieving commendable business performance year after year, despite challenges in the business environment.

To our esteemed Members, we are grateful for your steadfast support and trust. We also wish to acknowledge and commend the invaluable contributions of our Non-Executive Independent Directors. Their strategic guidance, wealth of knowledge, experience and wisdom have played a pivotal role in enabling the Company to make informed decisions and achieve its business objectives. Looking ahead, we anticipate and value your continued support and cooperation.

Place : New Delhi

Date : August 09, 2024

For & on behalf of the Board of Directors of Paisalo Digital Ltd.

Sd/-

Sunil Agarwal

Managing Director & CEO

DIN : 00006991

Sd/-

Harish Singh

Executive Director

DIN : 00039501

ANNEXURE ‘A’

To,

The Members,

M/s Paisalo Digital Limited

(CIN: L65921DL1992PLC120483)

CSC, Pocket 52, CR Park, Near Police Station,

New Delhi-110019

Our Secretarial Audit Report of even date is to be read along with this letter.

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.

We have followed the audit practices and process 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 process and practices, we followed, provide a reasonable basis for our opinion.

We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

Where ever required, we have obtained the management representation about the Compliance of the laws, rules and regulations and happening of events etc.

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 procedure on test basis.

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.

Date : 02/07/2024

Place : Agra

For Satish Jadon & Associates

Sd/-

Satish Kumar Jadon

Company Secretary

Membership No. F9512

CoP No. 9810

P.R. No. 1028/2020

UDIN : F009512F000649415

FORM NO. MR-3

Secretarial Audit Report for the Financial Year Ended March 31, 2024

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

To,  
The Members,  
M/s Paisalo Digital Limited  
(CIN : L65921DL1992PLC120483)  
CSC, Pocket 52, CR Park, Near Police Station,  
New Delhi-110019

We, Satish Jadon & Associates, have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s **Paisalo Digital Limited** (hereinafter called ‘the Company’). The 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.

Our responsibility is to express an opinion on the compliance of the applicable laws and maintenance of record based on audit. We have conducted the audit in accordance with the applicable Auditing Standards issued by the Institute of Company Secretaries of India. The Auditing Standards require that the Auditor shall comply with statutory and regulatory requirements and plan and perform the audit to obtain reasonable assurance about the compliance with applicable laws and maintenance of records.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2024 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent and in the manner reported hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2024 according to the applicable provisions of:

- i. The Companies Act, 2013 (“the Act”) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
- 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;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act,1992 (‘SEBI Act’) to the extent applicable to the Company:
  - a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - d) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
  - 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 (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;
  - h) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2021;
  - i) 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; and

Amongst the various laws which are applicable to the Company, based on the nature of business activities of the Company, following are the laws which are specifically applicable to the Company:

- i. Reserve Bank of India Act, 1934 and Rules, Regulations, Circulars, Directions and Guidelines prescribed thereunder;
- ii. Non-Banking Financial Company–Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016,
- iii. Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023

We have also examined on test check basis the relevant documents and records maintained by the Company and the Returns filed by the Company with the Reserve Bank of India (‘RBI’). The Company is generally regular in filing the Returns with the RBI.

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

- i. Secretarial Standards issued by the Institute of Company Secretaries of India covered under the Companies Act, 2013; and
- ii. Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

We report that during the year under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except an instance of non-submission of prior intimation of Board Meeting to stock exchanges under Regulation 50(1)(d) of SEBI (LODR) Regulations, 2015 for raising fund by way of issuance of non-convertible securities for this Company has received notice vide email dated October 30, 2023, from BSE for payment of fine for Rs. 5,000 (excluding GST). The Company has paid the requisite fine. .

We further report that the Board of Directors of the Company is duly constituted with proper combination of Executive Directors, Non-Executive Directors & 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 and Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. All decisions at Board Meetings and Committee Meetings were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be. .

We have relied on the representation made by the Company and its officers for 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 compliance of applicable financial laws including Direct and Indirect Tax Laws by the Company has not been reviewed in this Secretarial Audit since the same has been subject to review by the Statutory Auditors and other designated professionals of the Company.

We further report that during the audit period the Company, in compliance with applicable provisions of various Act, Rules, Regulations and Guidelines, has

- i. allotted Secured Listed Non-Convertible Debentures amounting to Rs. 137.75 Crores and Unsecured Unlisted Non-Convertible Debentures amounting to Rs. 101.10 Crores on Private Placement basis from time to time;
- ii. issued Commercial Papers amounting to face value of Rs. 180.00 Crores from time to time; and
- iii. allotted 44,90,21,990 equity shares of Re. 1.00 each as bonus equity shares on March 21, 2024, to the existing shareholders of the Company holding shares at the closing of business hours on the Record Date i.e. March 20, 2024 in the ratio of 1:1 i.e 1 (One) Bonus Equity Share of Re. 1/- (Rupee One only) each for every 1 (One) fully paid-up Equity Share of Re. 1/- (Rupee One only) each held by them, by capitalization of Rs 44,90,21,990/- standing to the credit of the Company’s General Reserve Account as per the Audited financial statement of the Company as at March 31, 2023.

We further report that during the audit period Members of the Company:

- i. vide their resolution dated May 5, 2023, approved re-appointment of Mr. Sunil Agarwal as Managing Director of the Company for a period of five years commencing from February 20, 2023;



- ii. vide their resolution dated May 5, 2023, approved re-appointment of Mr. Harish Singh as Whole-time Director designated as Executive Director and Chief Financial Officer for a period of five years commencing from August 1, 2023;
- iii. vide their resolution dated May 5, 2023, approved re-appointment of Mr. Anoop Krishna as Whole-time Director designated as Executive Director for a period of three years commencing from February 23, 2023;
- iv. vide their special resolution dated May 5, 2023, approved appointment of Mr. Nirmal Chand as a Non-Executive Independent Director of the Company for a period of three years commencing from March 27, 2023;
- v. vide their resolution dated March 8, 2024, approved issue of 44,90,21,990 (Forty Four Crores Ninety Lakhs Twenty One Thousand Nine Hundred and Ninety only) Equity Shares as Bonus Shares of face value of Re 1/- (Rupee One only) each, in the proportion of 1:1 i.e 1 (One) Bonus Equity Share of Re. 1/- (Rupee One only) each for every 1 (One) fully paid-up Equity Share of Re. 1/- (Rupee One only) each; and
- vi. vide their special resolution dated March 30, 2024, approved raising of funds and issuance of securities upto Rs. 1260 Crores through qualified institutional placement basis or through any other permissible mode, in one or more tranches

We further report that in 31st Annual General Meeting of the Company, held on September 21, 2023, Members of the Company passed following Special Resolutions for:

- i. fixation of borrowing power of the Board of Directors u/s 180 (1) (c) of the Companies Act, 2013 for an amount not exceeding to Rs. 4,500 Crores (Indian Rupees Four Thousand Five Hundred Crores) ;
- ii. authorization to Board of Directors u/s 180 (1) (a) of the Companies Act, 2013 to create charges on movable and immovable properties of the Company; and
- iii. approval to issue Non-Convertible Securities/Debentures through private placement.

Date : 02.07.2024  
Place : Agra

For Satish Jadon & Associates  
sd/-  
Satish Kumar Jadon  
Company Secretary  
Membership No. F9512  
CoP No. 9810  
P.R. No. 1028/2020  
UDIN : F009512F000649415

To,  
The Members,  
M/s Nupur Finvest Private Limited  
(CIN: U67120DL1995PTC231086)  
101, CSC, Pocket 52, CR Park,  
Near Police Station, New Delhi-110019

Our Secretarial Audit Report of even date is to be read alongwith this letter.

Maintenance of Secretarial Records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these Secretarial Records based on our audit.

We have followed the audit practices and process 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 Record. We believe that the process and practices, we followed provide a reasonable basis for our opinion.

We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

Where ever required, we have obtained the Management representation about the Compliance of the laws, rules and regulations and happening of events etc.

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 procedure on test basis.

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.

Date : 2.07.2024  
Place : Agra

For Satish Jadon & Associates  
Company Secretaries  
sd/-  
Satish Kumar Jadon  
Membership No. F9512  
CoP No.9810  
P.R. No. 1028/2020  
UDIN : F009512F000648260

FORM NO. MR-3

Secretarial Audit Report of Nupur Finvest Private Limited for the Financial Year Ended March 31, 2024

[Pursuant to section 204 of Companies Act, 2023 and Rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
M/s Nupur Finvest Private Limited  
(CIN: U67120DL1995PTC231086)  
101, CSC, Pocket 52, CR Park,  
Near Police Station, New Delhi-110019

We, Satish Jadon & Associates, have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s Nupur Finvest Private Limited** (hereinafter called ‘the Company’). The 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.

Our responsibility is to express an opinion on the compliance of the applicable laws and maintenance of record based on audit. We have conducted the audit in accordance with the applicable Auditing Standards issued by the Institute of Company Secretaries of India. The Auditing Standards require that the Auditor shall comply with statutory and regulatory requirements and plan and perform the audit to obtain reasonable assurance about the compliance with applicable laws and maintenance of records.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2024, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent and in the manner reported hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2024 according to the applicable provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under;
- ii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

Amongst the various laws which are applicable to the Company, based on the nature of business activities of the Company, following are the laws which are specifically applicable to the Company:

- i. The Reserve Bank of India Act, 1934 and Rules, Regulations, Circulars, Directions and Guidelines prescribed thereunder;
- ii. Non-Banking Financial Company–Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016,
- iii. Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023

We have also examined on test check basis the relevant documents and records maintained by the Company and the Returns filed by the Company with the Reserve Bank of India (‘RBI’). The Company is generally regular in filing the Returns with the RBI.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India under the provisions of Companies Act, 2013.

We have relied on the representation made by the Company and its officers for the systems and mechanisms formed by the Company for compliances under applicable Act, Rules, Laws and Regulations to the Company. During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above.

We further report that compliance of applicable financial laws including Direct and Indirect Tax Laws by the Company has not been reviewed in this Secretarial Audit since the same has been subject to review by the Statutory Auditors and other designated professionals of the Company.

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.

Adequate notice is given to all Directors to schedule the Board & Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. All Decisions at Board Meetings and Committee Meetings were carried out unanimously or majority as recorded in the minutes of the meetings of the Board of Directors or Committees of Board, as the case may be.

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 Members of the Company:

- i. vide their special resolution dated September 20, 2023, approved issue of non-convertible debentures through private placement.

Date : 02.07.2024  
Place : Agra

For Satish Jadon & Associates  
Company Secretaries  
Sd/-  
Satish Kumar Jadon  
Membership No. F9512  
CoP No.9810  
P.R. No. 1028/2020  
UDIN : F009512F000648260



ANNEXURE 'B'																										
Annual Report on CSR Activities for Financial Year Ended March 31, 2024																										
1.	A Brief outline of the Company's CSR Policy	: At PAISALO, we are very conscious that accelerated growth in our businesses cannot come at the cost of deteriorating environment, social inequality, or unfaithful governance. We remain deeply committed to reducing our environmental footprint and creating positive social impact, while upholding the highest standards of governance and stakeholder returns.  We believes that the things which are better for stakeholders and planet are best for us.  The Company classifying only those projects/programmes as CSR that are over and above the Company's normal course of business and/or not related to the benefitting to the Company's employees and their relatives and which are in line with the broad-based list of activities, areas or subjects that are set out under schedule VII of the Companies Act, 2013 and Rules made thereunder. Company's CSR policy outlined the CSR projects/programmes that can be undertake by the Company under Company's CSR activities and serve as guidance define the role and responsibilities of Board and CSR Committee and it serve as guide document which helps execution and monitoring of CSR projects/programmes of the Company. For more information please refer CSR policy at: <a href="https://paisalo.in/pdf/corporate_governance/CSR_Policy.pdf">https://paisalo.in/pdf/corporate_governance/CSR_Policy.pdf</a>  For the financial year ended March 31, 2024, Company spent INR 21.11 Million towards various CSR activities.																								
2.	The Composition of the CSR Committee	: <table><tr><th rowspan="2">Sr. No.</th><th rowspan="2">Name of Director</th><th rowspan="2">Designation (Nature of Directorship)</th><th colspan="2">Number of meetings of CSR Committee during the year</th></tr><tr><th>Held</th><th>Attended</th></tr><tr><td>1</td><td>Mr. Harish Singh</td><td>Chairman (Executive Director)</td><td>1</td><td>1</td></tr><tr><td>2</td><td>Mr. Sunil Agarwal</td><td>Member (Managing Director)</td><td>1</td><td>1</td></tr><tr><td>3</td><td>Mr. Vijuy Ronjan</td><td>Member (Independent Director)</td><td>1</td><td>1</td></tr></table>			Sr. No.	Name of Director	Designation (Nature of Directorship)	Number of meetings of CSR Committee during the year		Held	Attended	1	Mr. Harish Singh	Chairman (Executive Director)	1	1	2	Mr. Sunil Agarwal	Member (Managing Director)	1	1	3	Mr. Vijuy Ronjan	Member (Independent Director)	1	1
Sr. No.	Name of Director	Designation (Nature of Directorship)	Number of meetings of CSR Committee during the year																							
			Held	Attended																						
1	Mr. Harish Singh	Chairman (Executive Director)	1	1																						
2	Mr. Sunil Agarwal	Member (Managing Director)	1	1																						
3	Mr. Vijuy Ronjan	Member (Independent Director)	1	1																						
3.	Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company	: Web-link of Composition of Committee <a href="https://paisalo.in/home/investorrelation">https://paisalo.in/home/investorrelation</a> Web-link of CSR Policy: <a href="https://paisalo.in/pdf/corporate_governance/policy/CSR_Policy_24.pdf">https://paisalo.in/pdf/corporate_governance/policy/CSR_Policy_24.pdf</a> Web-link of CSR activities undertaken by the Company during the year: <a href="https://paisalo.in/pdf/annual_report/FY_2024.pdf">https://paisalo.in/pdf/annual_report/FY_2024.pdf</a>																								
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 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable	: Impact assessment report was not applicable in FY 2023-24 for the CSR projects undertaken by the Company.																								

5	(a)	Average net profit of the company as per Section 135(5) of the Companies Act, 2013	:	INR 1054.36 Million			
	(b)	Two percent of average net profit of the company as per section 135(5) of the Companies Act, 2013	:	INR 21.10 Million			
	(c)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years	:	Nil			
	(d)	Amount required to be set off for the financial year if any	:	Nil			
	(e)	Total CSR obligation for the financial year (a+b-d)	:	INR 21.10 Million			
6.	(a)	Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project)	:	INR 21.11 Million			
	(b)	Amount spent on Administrative Overheads	:	Nil			
	(c)	Amount spent on Impact Assessment, if applicable	:	Nil			
	(d)	Total amount spent for the Financial Year (a+b+d)	:	INR 21.11 Million			
	(e)	CSR amount spent or unspent for the financial year:					
		Total Amount Spent for the Financial Year (INR in Million)	Amount Unspent (INR in Million)				
			Total Amount transferred to Unspent CSR Account as per Section 135(6) of the Companies Act, 2013		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5) of the Companies Act, 2013		
			Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
			21.11	Nil	NA	NA	Nil
	(f)	Excess amount for set off, if any:					
		Sr. No.	Particular			Amount (INR in Millions)	
		(i)	Two percent of average net profit of the company as per Section 135(5) of the Companies Act, 2013			INR 21.10 Million	
		(ii)	Total amount spent for the Financial Year			INR 21.11 Million	
		(iii)	Excess amount spent for the financial year [(ii)-(i)]			INR 0.01 Million	
		(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)]			INR 0.01 Million	

7.	Details of Unspent Corporate Social Responsibility amount for the preceding three financial years:								
	Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135 (6) of the Companies Act, 2013 (INR in Millions)	Balance Amount Unspent CSR Account under Section 135(6) (INR in Millions)	Amount spent in the Financial Year (INR in Millions)	Amount transferred to any fund specified under Schedule VII as per second proviso of Section 135(6), if any.		Amount remaining to be spent in succeeding financial year. (INR in Millions)	Deficiency, if any
						Amount (INR in Millions)	Date of transfer		
		Not Applicable							
8.	Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:		:	No					
If Yes, enter the number of Capital assets created/ acquired: Not Applicable Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:									
	Sr. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of			
	(1)	(5)	(3)	(4)	(5)	the registered owner			
						CSR Registration Number, if Applicable	Name	Registered address	
	Not Applicable								
9.	Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per Section 135(5) of the Companies Act, 2013		:	N.A.					

Place : New Delhi  
Date : August 09, 2024

For & on behalf of the Board of Directors of Paisalo Digital Ltd.

Sd/-  
Sunil Agarwal  
Managing Director & CEO  
DIN : 00006991

Sd/-  
Harish Singh  
Executive Director  
DIN : 00039501

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT



ANNEXURE ‘C’

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1.	Corporate Identity Number (CIN) of the Listed Entity	L6592IDL1992PLC120483
2.	Name of the Entity	Paisalo Digital Limited
3.	Year of Incorporation	1992
4.	Registered office address	CSC Pocket-52, CR Park Near Police Station, New Delhi, Delhi-110019
5.	Corporate address	Paisalo House, 74, Gandhi Nagar, NH-2, Agra-282003
6.	E-mail	delhi@paisalo.in
7.	Telephone	+91 11 43518888
8.	Website	www.paisalo.in
9.	Financial year for which reporting is being done	2023-24
10.	Name of the Stock Exchange(s) where shares are listed	1.National Stock Exchange of India (NSE) 2.BSE Limited (BSE)
11.	Paid-up Capital	INR 898.10 Million
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Name and designation of the person- Manendra Singh Chief Compliance Officer & Company Secretary Contact details- +91 11 43518888 Email ID-cs@paisalo.in
13.	Reporting boundary Are the disclosures under this report made on a standalone basis (i.e., only for the entity) or on a consolidated basis (i.e., for the entity and all the entities which form a part of its consolidated financial statements, taken together)	Disclosures made in this report are on a standalone basis.
14.	Name of assurance provider	Paisalo has not engaged with any third party for obtaining external assurance
15.	Type of assurance obtained	Not Applicable

II. Products/services

1. Details of business activities (accounting for 90% of the entity’s turnover):

SL. No.	Description of Main Activity	Description of Business Activity	% Of Turnover of the Entity (FY 2023-24)
1.	Financial Services	The company being a Non-Banking Financial Institution is engaged in providing loans for supporting business’, small and medium enterprises and the purchase of vehicles.	100%
<b>Corporate Loan</b> Paisalo offers small business Income Generation Loans to support business enterprises and income enhancement activities of the clients like purchasing seeds, fodder, cattle, etc.		<b>MSME &amp; SME</b> Paisalo offers customizable MSME, SME and Commercial loans based on the borrower’s profiles.	<b>VEHICLE</b> Paisalo offers asset base funding (E vehicles & Used Car) to credit deprived section of the society with best price and services in rural semi urban cities servicing the financial need of real BHARAT.

2. Products/Services sold by the entity (accounting for 90% of the entity’s Turnover) (need to collect)

SL. No.	Product/Service	NIC Code	% Of Total Turnover Contributed
1.	Small Income Generation Loans	65923	27.52
2.	MSME and SME Commercial Loans		68.51
3.	Vehicle Loans		3.97

III. Operations

3. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of operational locations	Number of offices#	Total
National	*Not applicable	279 (2,455 touch points**)	279 (2,455 touch points**)
International		Nil	Nil

\*PAISALO and its subsidiaries provides financial services and does not undertake any manufacturing activity.  
#Includes all the branches, registered and head offices as of March 31, 2024.  
\*\*Total geographic footprint stood at to 2455 touch points (279 Branches + 973 Business Correspondent CSPs +1203 Distribution Points) across 21 states.

4. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	21*
International (No. of Countries)	0

\* Total geographic footprint stood at 2455 touch points\* (279 Branches + 973 Business Correspondent CSPs +1203 Distribution Points) across 21 states

b. What is the contribution of exports as a percentage of the total turnover of the entity? (Please check the response)

Paisalo is a Non-Banking Financial Company (NBFC) that offers financial services to underserved individuals in India. The company focuses solely on the domestic market and does not export its products or services internationally.

c. A brief on types of customers

During the year, the Company acquired over 8.18 lakh new customers and accordingly the total customer base is around 43 lakh as of March 31, 2024. Supported by the given trends Paisalo has been focusing on customer

experience transformation and creating growth avenues. Paisalo understands that the bottom most layer of the society need the most amount of financial strengthening through employment and income generation loans. Paisalo mainly focuses on income generation loans that includes priority sector lending and corporate loans for working capital. Paisalo's small ticket size loans basically aim to provide financial assistance to the weaker sections of society to make them self-independent and to earn them a livelihood.

#### IV. Employees

##### 5. Details as at the end of Financial Year:

###### a. Employees and workers (including differently abled):

SL. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
Employees						
1.	Permanent (D)	2,409	2,332	96.80%	77	3.20%
2.	Other than Permanent(E)	0	0	0	0	0
3.	Total employees (D + E)	2,409	2,332	96.80%	77	3.20%
Workers						
4	Permanent (F)	The Company does not employ any 'workers'.				
5	Other than Permanent (G)					
6	Total employees (F + G)					

###### b. Differently abled Employees:

SL. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
Employees						
1.	Permanent (D)	1	1	100%	0	0
2.	Other than Permanent (E)	0	0	0	0	0
3.	Total employees (D + E)	1	1	100%	0	0

###### c. Differently abled Workers:

SL. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
Workers						
1.	Permanent (D)	The company does not employ any 'workers'.				
2.	Other than Permanent (E)					
3.	Total workers (D+E)					

##### 6. Participation/Inclusion/Representation of women

Category	Total	No. and percentage of Females	
	(A)	No. (B)	% (B/A)
Board of Directors	9	1	11.11%
Key Management Personnel (KMP)*	5	0	0%

\*Key Management Personnel are as defined under Section 2(51) of the Companies Act, 2013 and includes Managing Director and Executive Directors also.

##### 7. Turnover rate for permanent employees and workers

Category	FY 2023-24			FY 2022-23			FY 2021-22		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	27.23%	1.22%	28.45%	49.23%	0.38%	49.61%	31.42 %	0 %	31.42 %
Permanent Workers*	The Company does not employ any 'workers'								

Note: Total Turnover rate= (Total employees departed/Average number of employees) \*100

#### V. Holding, Subsidiary and Associate Companies (including joint ventures)

##### 8. (a) Names of holding / subsidiary / associate companies / joint ventures

SL. No.	Name of the holding/ subsidiary/associate companies/joint ventures (A)	Indicate whether holding/Subsidiary/ Associate/Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1.	Nupur Finvest Private Limited	Subsidiary Company	100%	No

Note: Nupur Finvest Private Limited (NFPL) was incorporated in 1995 and is registered with RBI in 2008 as a non-deposit taking NBFC. It is wholly owned subsidiary of Paisalo Digital Limited (PDL). NFPL lending business primarily focused on two major segments: i) Small Finance Division, ii) SME Loan Division.

#### VI. CSR Details

##### 9. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No) –

SL. No.	Particulars	Details
1	Whether CSR is applicable as per section 135 of Companies Act, 2013	Yes
2	Turnover (FY 2023-24) in Mn	INR 6050.43
3	Net worth (FY 2023-24) in Mn	INR 13,210.58

#### VII. Transparency and Disclosures Compliances

##### 10. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

The Company has identified its external and internal stakeholders through stakeholder mapping and periodic stakeholder engagement exercises. The Company has implemented a grievance redressal mechanism and customer feedback form to address grievances from external and internal stakeholders.

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in place (Yes/No)	FY 2023-24			FY 2022-23		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Investors (other than shareholders)	Yes	0	0	Nil	0	0	Nil
Shareholders	Yes	0	0	Nil	0	0	Nil
Employees	Yes	0	0	Nil	0	0	Nil
Customers	Yes	10	0	Nil	0	0	Nil
Government and Regulators	Yes	0	0	Nil	0	0	Nil

Value Chain Partners	Yes	0	0	Nil	0	0	Nil
Communities	Yes	0	0	Nil	0	0	Nil
Other (please specify)	No	0	0	Nil	0	0	Nil

1. Investors (Other than Shareholders) means Debenture holders of the Company.
2. As a principle, in line with policies, practices and processes, Paisalo engages with its stakeholders and strives to redress their grievance in a just, fair and equitable manner and if warranted takes corrective measures. There are certain policies which are internal documents and are not accessible to public, in addition to the policies available on Company's website at <https://paisalo.in/home/investorrelation>, regarding conduct with stakeholders, including grievance mechanisms.

11. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format:

SL. No.	Material issues identified	Indicate Risk/ Opportunity	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implication of the risk or opportunity (Indicate positive/ negative implications)
1	Financial Inclusion	Opportunity	Non-Banking Financial Companies (NBFCs) have been at the forefront of financial inclusion in the Country, lending to underserved segments such as small businesses and rural households. NBFCs have played an important role in deepening access to formal credit and promoting inclusive growth. NBFCs have reached out to rural, semi-urban and metro areas, where access to formal credit is often limited. The expertise that NBFCs provide is underwriting risk with the nuanced ability to assess income and repayment capability over the tenor of the loan. Furthermore, NBFCs address the gap between the Banks and the consumers by offering low-ticket loan amounts tailored product with less paperwork to suit the relevant needs of the customer.	Nil	<b>Positive-</b> Paisalo is engaged in the business of providing convenient and easy loans to the financially excluded at the bottom of India's economic pyramid. Experience in serving more than 4 million customers and use of modern technology viz. in-house proprietary digital platform uses data AI and ML gives edge to the Company to touch the lives of unbanked underserved population of the country with a huge early mover advantage in "Co-Lending" Paisalo giving its services through 2000+ touch points in 21 states of the Country and continuously increasing its footprints in other geographical areas of the Country.
2	Climate Change	Opportunity	Climate change is a global collective action problem. India with more than 17% of the global population has contributed only about 4% of the global cumulative greenhouse gas emissions between 1850 and 2019. Reports from various sources, including Intergovernmental Panel on Climate Change, highlight that the challenges faced	Nil	<b>Positive-</b> Paisalo through its lending product specifically designed to promote financial inclusion by providing financing solutions for Electric Vehicles, which reduces air pollution considerably and reduce overall carbon footprints. To achieve Sustainable Development Goals, Government is

			due to global warming are mainly due to cumulative historical and current greenhouse gas emissions of the developed countries. Even though, we are not part of the problem, India is part of the solution and is doing more than its fair share. India is a Party to the United Nations Framework Convention on Climate Change, its Kyoto Protocol and Paris Agreement. Under the Paris Agreement in 2015, India had submitted its Nationally Determined Contribution (NDC) balancing the concerns and priorities of climate change. Government of India is implementing several programmes and schemes including the National Action Plan on Climate Change (NAPCC) which comprises missions in specific areas of solar energy, energy efficiency, water, sustainable agriculture, Himalayan ecosystem, sustainable habitat, green India and strategic knowledge for climate change.		promoting use of Electric Vehicles that shall promote customers to avail Paisalo services.
3	Customer Support and Satisfaction	Risk	Without customer satisfaction Non-Banking Finance Companies cannot survive in their business. Hence, customer satisfaction is essential for NBFCs. An unsatisfactory Customer experience may pose a risk to business continuity, while a positive customer experience can ensure enhanced profits and brand reputation.	To mitigate this kind of risk, we at Paisalo have mechanisms to collect feedback from the Customers about the financial products of the Company and its services, on regular intervals and focus on prompt issue resolution. We provide adequate training to our staff to provide better service to our customers and for ensuring customer satisfaction. We also tried to provide tailored product to satisfy the need of the Customers.	Negative



4	Data Security and Privacy	Risk	The Company has huge personal data related to its borrowers. The data breach through any form or mode may be a cause of regulatory action, financial loss, loss of reputation and loss of customer trust.	To mitigate data security and privacy risks, the Company has implemented several measures such as strict access controls, encryption of sensitive data, regular security audits. In addition to that the Company has framed a well-defined information security and data privacy policy and provides training to its employee on data handling practices.	Negative
5	Regulatory Compliance	Risk	Evolving consumer awareness demands easy access to nutritional information through clear labelling practices to help them make informed food choices.	Regulatory compliance can be broadly defined as the adherence to laws, regulations and guidelines created by Government and Regulator applicable to Corporates, it helps to ensure that they are operating within the legal boundaries. Non-compliance of applicable regulatory compliance can result in significant financial and reputational consequences for the corporate.	Negative
6	Employee Upskilling	Opportunity	Emphasizing and catalyzing on employee potential can foster both professional and personal growth. It also helps employees view themselves as a valuable asset and highlights the company's priority towards employee welfare.	Nil	<b>Positive-</b> Paisalo provides its employees trainings on continuous basis covering various aspects of the business. Some of these topics include risk management, operational controls, reconciliation of accounts and compliance with various regulatory requirements. The company also conducts a one-week induction program for new joiners providing them on the job training and explaining them the functionalities of the entire business and various lines of services.

7	Local Employment Generation	Opportunity	Ensures that employment generation is inclusive and benefits all the segments of local population which also provides economic benefits to the community.	Nil	<b>Positive-</b> Paisalo strives to be a pioneer in rural employment generation and support livelihoods. Currently, more than 50% of the company's workforce belong to the rural geographies.
8	Regulatory Compliance	Risk	Adherence to regulatory compliance is crucial for companies, as it ensures their operations conform to the laws and ethical standards. Failure to comply can result in significant consequences, both financially and reputationally and can result in the loss of brand credibility and consumer trust.	Paisalo ensures that it adheres to regulatory compliance by implementing comprehensive programs such as policies, procedures and required controls. It conducts periodical internal audits to ensure compliance and identify areas of improvement.	Negative

## SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping business demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

The Company has put in place structures, policies and processes conforming to below mentioned National Guidelines on Responsible Business Conduct (NGRBC) Principles:

SL. No.	Principle Description	Reference of Paisalo Policies /Procedure/Standard/Assessment
1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.	<ul style="list-style-type: none"> <li>• Anti-bribery policy and Anti-corruption policy (ABAC)</li> <li>• Whistle blower policy</li> <li>• Nomination and Remuneration Policy</li> <li>• Grievance Redressal Policy</li> </ul>
2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle	<ul style="list-style-type: none"> <li>• Business Continuity &amp; Disaster Management plan</li> <li>• Grievance Redressal Policy</li> </ul>
3	Businesses should promote the well-being of all employees.	<ul style="list-style-type: none"> <li>• Freedom of Association and Collective Bargaining</li> <li>• Equal Opportunity policy</li> <li>• Diversity and Inclusion Policy</li> <li>• Policy on Board Diversity</li> <li>• Nomination and Remuneration Policy</li> <li>• Grievance Redressal Policy</li> </ul>
4	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.	<ul style="list-style-type: none"> <li>• Stakeholder Engagement Policy</li> <li>• Grievance Redressal Policy</li> </ul>
5	Businesses should respect and promote human rights.	<ul style="list-style-type: none"> <li>• Human Rights Policy</li> <li>• Grievance Redressal Policy</li> </ul>
6	Businesses should respect, protect and make efforts to restore the environment.	<ul style="list-style-type: none"> <li>• Environmental Policy</li> <li>• Product Stewardship Policy</li> <li>• Policy on Sustainable Supply chain and Responsible sourcing</li> <li>• Business Continuity &amp; Disaster Management plan</li> <li>• Grievance Redressal Policy</li> </ul>
7	Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner	<ul style="list-style-type: none"> <li>• Stakeholder Engagement Policy</li> <li>• Grievance Redressal Policy</li> </ul>
8	Businesses should support inclusive growth and equitable development	<ul style="list-style-type: none"> <li>• Corporate Social Responsibility Policy</li> <li>• Grievance Redressal Policy</li> </ul>
9	Businesses should engage with and provide value to their customers and consumers in a responsible manner	<ul style="list-style-type: none"> <li>• Customer Care Policy or Mechanism</li> <li>• Information and cyber-security and data privacy Policy</li> <li>• Grievance Redressal Policy</li> </ul>

Disclosure Questions	P1 Business Ethics	P2 Product Responsibility	P3 Wellbeing of Employees	P4 Stakeholders Engagement	P5 Human Rights	P6 Environment	P7 Responsible Advocacy	P8 Inclusive Growth	P9 Customer Value
<b>Policy and management processes</b>									
<b>1.</b> a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y Read with note i	Y	Y	Y	Y Read with note ii	Y Read with note ii	Y	Y
b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
c. Web Link of the Policies, if available	www.paisalo.in#								
<b>2.</b> Whether the entity has translated the policy into procedures. (Yes/No)	Yes. The Company has translated the policies and imbibed the same into procedures and practices of the Company, as applicable.								
<b>3.</b> Do the enlisted policies extend to your value chain partners? (Yes/No)	No	No	No	No	No	No	No	No	No
	The company does not have any policies extending to its value chain partners. However, the Company ensures that its partners in the value chain participate in responsible and sustainable business conduct depending upon their means and resources. For this purpose, the Board of Paisalo has approved Fair Practice Code, Whistle Blower Policy, etc. enabling /requiring participation of value chain partners.								
<b>4.</b> Name of the national and international codes/certifications/ labels/ standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g., SA 8000, OHSAS, ISO, BIS) mapped to each principle.	All policies have been developed based on industry practices, as per the regulatory requirements.								
<b>5.</b> Specific commitments, goals and targets set by the entity with defined timelines, if any.	<p>We don't have mandated targets, commitments, or evaluation process for assessing advancement towards achieving all the principles of the National Guidelines on Responsible Business Conduct (NGRBC). We have started our journey of building our policies and developing various processes. Once all if this is in place, we will inculcate ESG objectives and targets in our upcoming reporting periods. We recognise the need to align our ESG efforts with our business goals and in this regard, we endeavour for:</p> <ul style="list-style-type: none"> <li>• Environment restoration - plantation, migration to electric vehicles, including develop more financial products for e-vehicle finance segment, water conservation.</li> <li>• Opening of additional branches in rural and backward areas.</li> <li>• Gender Equality- development of our income generation financial products, designed to create employment for women customers at rural areas.</li> </ul>								
<b>6.</b> Performance of the entity against specific commitments, goals and targets along with reasons in case the same are not met.	Paisalo aims to provide updates on the company's performance in the upcoming years. We will communicate our achievements, financial results and strategic advancements as and when we progress towards our future goals.								
<b>Governance, leadership and oversight</b>									
<b>7. Statement by Director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)</b>  Dear Stakeholders,  I am pleased to present the BRSR report for Paisalo Digital Limited (Paisalo), being a systemically important Non-Banking Finance Company, we do our business in a responsible and sustainable manner. We always endeavour to identify key ESG issues and have identified Ethical Business Conduct, Efficient and Transparent Customer Service, Corporate Governance, Risk Management, engagement with Communities and Environmental Footprint to be some of the most important issues.  Our range of credit solutions includes small income generation loan, customizable MSME, SME and Commercial loans, E-vehicle loans and Corporate loans for working capital requirements. We recognise that we have the dual responsibility of ensuring sustainable finance and protect the environment in our day-to-day activities. To that end, as a corporate entity, we, with the aim of creating self-employment, eco-friendly environment & efficient transportation across India, stepped up and entered the EV financing industry in 2022. Paisalo has always supported and fulfilled the dreams of the underserved section of the society by providing them financial solutions. The focus is to improve the living of the groups of people living in rural or semi-urban areas and support the government of India in making mode of transportation completely green by 2030.									

Additionally, we have transitioned to digital processes to reduce paper wastage and embraced energy-efficient lighting fixtures and gadgets to conserve energy. Water-saving measures such as water harvesting to minimize water wastage.

At Paisalo, we understand the significance of social responsibility. Regarding this we have undertaken initiatives to support education, healthcare and skill development for underprivileged sections of society through our CSR scheme.

We, believe that the Corporate Governance is based on creating and sustaining a deep relationship of trust and transparency with all stakeholders. We consider our stakeholders as partners in our journey forward and we are committed to ensure their wellbeing, despite business challenges and economic volatilities.

Our Corporate Governance norms reflect our commitment to compliance to regulatory requirements as there exists a fundamental link with the organization of business, corporate responsibility and shareholders' wealth maximization and realize the significance of sound governance practices to the long-term growth of the organization. We have imbibed the good corporate practices in our business as we built it for the long haul. It is an optimum combination of policies, process and practices, which governs the affairs of a Company in pursuant of its business goal. Our Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values. We adhere to established policies and frameworks that guide ethical decision-making in all our engagements. Our commitment to employee welfare is unwavering, as we provide comprehensive benefits. We also conduct skill development workshops to encourage the professional growth of our employees.

At PAISALO, we are very conscious that accelerated growth in our businesses cannot come at the cost of deteriorating environment, social inequality or unfaithful governance.

How we do our business is as important as what we do. With sustainable and responsible growth being the future of business growth, we are making the necessary changes to embrace all or some parts of ESG in the upcoming years. Our ESG reflects our responsibility to Environment, Shareholders and the Communities in which we operate.

Thank you for your continued support and partnership.

Sincerely,

Sunil Agarwal

Paisalo Digital Limited Director and CEO

8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy/policies	Name – Mr. Sunil Agarwal Designation – Managing Director and CEO DIN –00006991																	
9. Does the entity have a specified Committee of the Board/Director responsible for decision making on sustainability related issues? (Yes/No). If yes, provide details.	No.  However, the Company's business responsibility performance is reviewed by the Board of Directors on an annual basis. In addition, the Risk Management Committee also assesses risks pertaining to certain principles of Business Responsibility as identified by the Chief Risk Officer of the Corporation.																	
10. Details of Review of NGRBCs by the Company:																		
Subject for Review	Indicate whether review was undertaken by Director/ Committee of the Board/Any other Committee									Frequency (Annually/Half yearly/Quarterly Any other– please specify)								
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Performance against above policies and follow up action	All the Company policies are reviewed for efficacy and necessary changes periodically or on a need basis by department heads, business heads, senior management personnel and placed before the Board of Directors as and when required																	
Compliance with statutory requirements of relevance to the principles and rectification of any non-compliances	The Company is in compliance with the extant regulations, as applicable.																	
11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide the name of the agency.	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	No, Paisalo does not carry out evaluation through external agency.								

12. If answer to question (1) above is “No” i.e. not all Principles are covered by a policy, reasons to be stated:									
Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1. The entity does not consider the Principles material to its business (Yes/No)	Not Applicable								
2. The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
3. The entity does not have the financial or/human and technical resources available for the task (Yes/No)									
4. It is planned to be done in the next financial year (Yes/No)									
5. Any other reason (please specify)									

\*Some policies of the Company are internal documents and are not accessible to the public. These policies have been formally communicated to the concerned employees of the Company.

- Notes:
- i. The core business area is to provide financial services and hence this principle has limited applicability. However, we strive to comply with all the applicable regulations in respect of our operations.
  - ii. We comply with applicable environmental regulations in respect of our office premises. We along with our employees take initiative to reduce consumption of energy and also make continuous efforts to ensure that there is an optimum utilisation of the available resources with minimum or no wastage at all.
  - iii. The Company and/or its subsidiary entities are the members of various industry associations, through which they provide various suggestions with respect to healthy development of the financial market.
  - iv. Policies and processes are subject to internal audit and internal reviews from time to time.



SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as “Essential” and “Leadership”. While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities who aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

- I. Principle 1: Businesses should conduct and govern themselves with integrity and in a manner that is Ethical, Transparent and Accountable

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors (BoD)	The Company carries out training programs for its Directors, as required under the SEBI Listing Regulations and on an ongoing basis to keep the Directors and KMPs well informed on matters relating to the industry, business models and risks associated with the business of the Company and its mitigation and management, governing regulations, information technology including cyber security, their roles, rights and responsibilities and major developments and updates on the Company, etc. Declaration and affirmation to the Code of Conduct by all the Directors and Senior Management's is communicated to all Stakeholders by the Managing Director, through the Annual Report.		100%
Key Managerial Personnel (KMP)			
Employees other than BoD and KMPs	Employees of the company undergo various training programmes throughout the year. Training helps the employees update their knowledge and awareness regarding changes and modifications in technology, techniques, regulations and norms. Existing Employees under-go periodical training programmes to make them familiar with the latest developments in KYC, Cyber Crimes and Securities, Data Security, Fraud prevention, code of conduct and work ethics etc. All new employees undergo continuous on the job training to help them understand the procedures and operational guidelines specific to Paisalo.		100%
Workers	Not Applicable, as Paisalo does not employ any workers.		

Note: Paisalo is in the process of developing ESMS (Environment and Social Management System). All the trainings and awareness programs will be undertaken by the company as part of implementation of ESMS from the following year onwards.

2. Details of fines/penalties/punishment/ award/compounding fees/settlement amount paid in proceedings (by the entity or by Directors/KMPs) with regulators/law enforcement agencies/judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity’s website):

(Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as disclosed on the entity’s website):

Monetary					
	NGRBC Principle*	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the case	Has an appeal been preferred? (Yes/No)
Penalty/Fine	There have been no cases leading to any penalty/fine, settlement or compounding fee for Paisalo in FY 2024				
Settlement					
Compounding fee					
Non-monetary					
	NGRBC Principle*	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the case		Has an appeal been preferred? (Yes/No)
Imprisonment	There have been no cases leading to any Imprisonment or Punishment for Paisalo in FY 2024				
Punishment					

\*For penalty/fine/settlement imposed/ levied other than NGRBC Principle please refer Corporate Governance Report which forms part of Annual Report 2024

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Case details	Name of the regulatory/enforcement agencies/judicial institution
Not applicable	

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Our Policies, Code of Conduct, Fair Practice Code and Ethics applies to all Directors, officers and employees of the Company and informs our approach to sustainability and how we conduct ourselves day-to-day-with each other, our customers, our shareholders, our employees, our neighbouring communities and our customers. The purpose of which is to protect and enhance the Company’s reputation for integrity and fair dealing by setting forth standards for employees’ behaviour within the Company and outside. The employees of the Company are encouraged to ensure transparency in their conduct with stakeholders. As part of the Code, the employees of the Company can also report genuine concerns about any unethical behaviour, financial irregularities including fraud or suspected fraud through the Whistle Blower Policy. The Company’s Code for prevention of insider trading ensures that the employees do not handle unpublished price sensitive information in an unethical manner. The Codes conforms to the Company’s values of ethics and transparency by following a practice of timely disclosure of important information. The policies and codes are available at Company’s website in Investor Relation section at <https://paisalo.in/home/investorrelation>.

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/corruption:

Case details	FY 2023-24	FY 2022-23
Directors	0	0
KMPs	0	0
Employees	0	0
Workers	Not Applicable	Not Applicable

6. Details of complaints with regard to conflict of interest:

Case details	FY 2023-24	FY 2022-23
Number of complaints received in relation to issues of Conflict of Interest of the Directors	0	0
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	0	0

7. Provide details of any corrective action taken or underway on issues related to fines / penalties /action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

No corrective action was pursued pertaining to the above parameters during the year under review as there were no cases of corruption or conflict of interest.

8. Number of days of accounts payables ((Accounts payable \*365)/Cost of goods/services procured) in the following format:

	FY 2023-24	FY 2022-23
Number of days of accounts payables	25	21

9. Openness of business

Provide details of concentration of purchases and sales with trading houses, dealers and related parties along-with loans and advances & investments, with related parties, in the following format:

As Paisalo operates within the financial services industry and does not engage in the trading of goods, details regarding the concentration of purchases and sales with trading houses, dealers and related parties, as well as loans, advances and investments with related parties, are not applicable.

Leadership Indicators

1. Awareness programs conducted for value chain partners on any of the principles during the financial year.

Paisalo is in the process of developing ESMS (Environment and Social Management System). All the trainings and awareness programs will be undertaken by the company as part of implementation of ESMS from the following year onwards.
2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If yes, provide details of the same.

Yes. The Company has processes in place to prevent conflict of interests. According to the Company's Code of Conduct the Directors and Senior Management shall avoid any personal or financial dealings with the company except to the extent allowed under the extant laws and they shall always avoid conflict of interests while dealing with the company and its employees, vendors and in case of any conflicts of interest, they shall bring the same to the notice of the company as soon as possible.

II. Principle 2: Businesses should provide goods and services in a manner that is Sustainable and Safe

Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	FY 2023-24	FY 2022-23	Details of improvements in environmental and social impacts
R&D	Not Applicable	Not Applicable	Not Applicable
Capex	0	0	0

As a method of promoting the Government of India's twin objectives of -'Digital India' and 'Financial Inclusion' and continuously make a capital expenditure in specific technologies Paisalo uses Artificial Intelligence and Machine Learning to provide smart and easy loans.

Paisalo is a NBFC indulged in financial activities, operations of the Company is technology driven and frequent updation in technology is required to keep pace with the market. For this Paisalo has invested INR 21.80 million on IT Infrastructure modernisation in FY 2024. Adoption of digital platforms not only brings in increased efficiency of operations but also ensures substantially reduced consumption of paper contributing to Sustainability.

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

As Paisalo is involved in the business of financial products and services. the company does not consume significant raw materials or produce tangible goods. Our focus is on financing and addressing the needs of individuals. Consequently, we do not maintain records or have a policy in place for sustainable sourcing currently.

- b. If yes, what percentage of inputs were sourced sustainably?

Not Applicable

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

Paisalo, as a financial services provider, does not generate any hazardous or other types of waste typically associated with its products or services, thus having no waste to reclaim. However, we are committed to sustainability and actively encourage our staff to use resources efficiently, particularly by reusing paper whenever possible across all company offices.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Extended Producer Responsibility (EPR) does not directly apply to Paisalo's activities, as the company operates within the financial services sector. Consequently, we are not subject to EPR regulations.

Leadership Indicators

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format.

As the company operates in the financial services sector, it does not necessitate LCA.
2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products/services, as identified in the Life Cycle Perspective/Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

The nature of Paisalo's business, being involved in financial services sector, has no significant social or environmental concerns and/or risks.
3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry)

Not applicable.
5. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled and safely disposed of.

Not applicable.

6. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.  
Not applicable.
- III. Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1. a. Details of measures for the well-being of employees:

Category	% of employees covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities*	
		Number (B)	%(B/A)	Number (C)	%(C/A)	Number (D)	% (D/A)	Number (E)	%(E/A)	Number (F)	%(F/A)
Permanent Employees											
Male	2,332	1,802	77.27%	2,332	100%	NA	NA	2,332	100%	Nil	Nil
Female	77	57	74.03%	77	100%	77	100%	NA	NA	Nil	Nil
Total	2,409	1,859	77.17%	2,409	100%	77	100%	2,332	100%	Nil	Nil
Other than Permanent Employees											
Male	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Female	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

\*The Maternity Leave benefit has been extended to all female employees of the Company.  
\*\*The Paternity Leave benefit has been extended to all male employees of the Company.  
\*\*\*We do not have any provisions of Day care facilities for Employees.

c. Details of measures for the well-being of workers:

Category	% of employees covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		Number (B)	%(B/A)	Number (C)	%(C/A)	Number (D)	%(D/A)	Number (E)	%(E/A)	Number (F)	%(F/A)
Permanent Employees											
Male	Not Applicable as Paisalo does not employ any workers.										
Female											
Total											
Other than Permanent Employees											
Male	Not Applicable as Paisalo does not employ any workers.										
Female											
Total											

d. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format:

	FY 2023-24	FY 2022-23
Cost incurred on wellbeing measures as a % of total revenue of the company	0.11%	0.02%

Note: We aim to establish an Environmental and Social Management System (ESMS) to guide our policies from top management to lower-level employees, ensuring an ideal procedure.

2. Details of retirement benefits.

Benefits	FY 2023-24			FY 2022-23		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	71.44%	0	Yes	76.77%	0	Yes
Gratuity	100%	0	Yes	100%	0	Yes
ESI	77.17%	0	Yes	93.23%	0	Yes

Note: PF, Gratuity and ESI are as per the prevailing norms governed by the relevant Act.

3. Accessibility of workplaces: Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.  
Paisalo premises/offices are accessible to differently abled employees and various measures are in place to ease their accessibility to services.
4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.  
Yes, The Policy is available internally to all the employees of the Company. Paisalo recognizes the values of a diverse workforce and is committed to providing equal opportunities in employment and creating an inclusive workplace and work culture in which all employees and workers are treated with respect & dignity. (<https://paisalo.in/>)

5. Return to work and Retention rates of permanent employees and workers that took parental leave:

Gender	Permanent employees		Permanent workers*	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100%	100%	Not Applicable	
Female	100%	100%		
Total	100%	100%		

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and workers? If yes, give details of the mechanism in brief.

Permanent workers	Not Applicable
Other than permanent workers	Not Applicable
Permanent employee	Yes.  Paisalo enables employees to work without fear of prejudice, gender discrimination and harassment. It has zero tolerance towards any non-compliance of these principles. Paisalo has these policies the likes of which include ‘Code of Conduct’, ‘Whistle blower policy/vigil mechanism’ and ‘Policy on Sexual Harassment for Women at Workplace’ serving as grievance mechanisms for its employees to report or raise their concerns confidentially, anonymously and without fear of any retaliation. Paisalo strives to create a fair, open and transparent culture where employees can openly present their views and transparently communicates its policies and practices such as plans, compensation, performance metrics, performance pay grids and calculation, career enhancements, compliance and other processes.
Other than permanent employee	Not Applicable



**7. Membership of employees and worker in association(s) or Unions recognized by the listed entity:**

Category	FY 2023-24			FY 2022-23		
	Total employees/ workers in respective category (A)	No. of employees/ workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees/ workers in respective category (C)	No. of employees/ workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Total Permanent Employees	None of Paisalo's Employees are part of any Employee Union or Association.					
Male						
Female						
Total Permanent Workers	Not Applicable					
Male						
Female						

**8. Details of training given to employees and workers:**

Category	FY 2023-24					FY 2022-23				
	Total (A)	On Health and Safety Measures		On Skill Upgradation		Total (D)	On Health and Safety Measures		On Skill Upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Permanent Employees										
Male	2,332	0	0	1910	81.91%	1,586	0	0	1,298	81.84%
Female	77	0	0	52	67.53%	64	0	0	41	64.06%
Total	2,409	0	0	1,962	81.44%	1,650	0	0	1339	81.15%
Permanent Workers										
Male	Not Applicable									
Female										
Total										

**9. Details of performance and career development reviews of employees and workers:**

Category	FY 2023-24 Current Financial Year			FY 2022-23 Previous Financial Year		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Permanent Employees						
Male	Performance appraisal of the eligible employees is conducted during the year.					
Female						
Total						
Permanent Workers						
Male	Not Applicable					
Female						
Total						

**10. Health and safety management system:**

- a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, what is the coverage of such a system?**

Paisalo is committed to providing a safe and healthy workplace by minimizing the risk of accidents, injury and exposure to health risks and it complies with applicable laws and regulations with respect to safety at workplace.

Paisalo trains its employees on safety protocols and conducts periodic trainings on fire safety and evacuation drills for its employees. Various facilities available at Paisalo's registered head offices and branch premises such as proper ventilation, branch hygiene & sanitation, emergency exits, first aid box, etc. ensure that the employees' safety is taken well care of in the office environment. Although the Company is engaged in the financial sector and has no occupational health and safety hazards directly associated with its business operations, Paisalo sends periodic internal communication and alerts to employees and conducts awareness sessions on health and safety related aspects such as to always wear a helmet, eat healthy, drink enough water, stay on the move, choose to use the stairs, etc.

- b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**

Paisalo is in the process of developing ESMS (Environment and Social Management System). All the trainings and awareness programs will be undertaken by the company as part of implementation of ESMS from the following year onwards.

- c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks.**  
Same as above.

- d. Do the employees/ workers of the entity have access to non-occupational medical and healthcare services?**

Yes, Paisalo provides its employees with a broad range of non-occupational insurance options, including group term insurance, health insurance and accidental insurance policies.

**11. Details of safety related incidents, in the following format:**

Safety Incident/Number	Category	FY 2023-24	FY 2022-23
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employee	0	0
	Worker	Not Applicable	Not Applicable
Total recordable work-related injuries	Employee	0	0
	Worker	Not Applicable	Not Applicable
No. of fatalities	Employee	0	0
	Worker	Not Applicable	Not Applicable
High consequence work-related injury or ill-health (excluding fatalities)	Employee	0	0
	Worker	Not Applicable	Not Applicable

**12. Describe the measures taken by the company to ensure a safe and healthy workplace.**

Company has proper arrangement for fire extinguishers, ventilation and safe & purified drinking water at its offices.

**13. Number of complaints on the following made by employees and workers:**

Category	FY 2023-24			FY 2022-23		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	0	0	Not Applicable	0	0	Not Applicable
Health & Safety	0	0	Not Applicable	0	0	Not Applicable

14. Assessments for the year:

Aspect	% Of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	0
Working Conditions	0

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks /concerns arising from assessments of health & safety practices and working conditions.

No corrective actions related to health and safety parameters were necessary during the year under review, as no safety-related incidents occurred.

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

(A) Yes. The company, regardless of whether death occurred during work or otherwise, covers all its employees with a life Insurance cover of Rs.10 lacs each.

(B) No, since the company has no workers, the same in not applicable in our case.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

A robust accounts department at our Agra office headed by CFO is available at the company. All statutory liabilities are earmarked. Timely deposit of statutory dues like TDS / EPF / ESI contributions for employees and others are done by the company. The system has two stage monitoring to avoid any omissions. There have not been any penal actions against the company in the past.

3. Provide the number of employees / workers having suffered high consequence work related injury/ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

Category	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2023-24	FY 2022-23	FY 2023-24	FY 2022-23
Employee	0	0	0	0
Worker	Not Applicable, as the company does not have any workers.			

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

Yes, the company does provide counselling to exiting staff and suggestions for alternative options of re-employment.

5. Details on assessment of value chain partners:

Category	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	100%
Working Conditions	100%

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

No corrective actions related to the above mentioned parameters were necessitated by the Company during the year under review.

IV. Principle 4: Businesses should respect the interests of and be responsive to all its stakeholders.

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

The company defines its key stakeholders as those who are significantly impacted by the company’s operations, or those who can significantly impact the company’s activities. This includes employees, shareholders, investors, customers, channel partners, regulators, lenders and Society. Paisalo understands the impact of its policies, decisions, products & services and associated operations on its stakeholders. In line with its policies, practices and processes, Company engages with its stakeholders and strives to resolve differences with them in a just, fair, equitable and consistent manner and if warranted takes corrective measures.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group:

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually Half yearly/Quarterly/ others– please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Shareholder & Investor	No	Multiple channels– physical and digital including quarterly investor presentations, press releases and communications through Stock Exchanges etc.	Annual/Quarterly Need based	To inform about the performance, major developments and other relevant updates regarding the Company.
Vulnerable Customer	Yes	Multiple channels– physical and digital including in-person meetings SMS, email and Website	Need based	To inform about the new financial products, change in interest rate, if any and servicing throughout the lifecycle of product and address queries/grievances that the customer may have.
Customer	No	Multiple channels – physical and digital including SMS, email, Website and in person meeting	Need based	To inform about the new financial products, change in interest rates, if any and servicing throughout the lifecycle of product and addressing queries/ grievances that the customer may have.
Government and Regulators	No	Multiple channels physical and digital through Email, Physical letter	Need based	To update on various compliances and to seek approvals or clarifications.

Employees	No	Multiple channels – physical through letters and digital through Email, website, social media groups, digital info platforms.	Daily	To share updates about the Company, its products, regulatory compliance related requirements and health & safety related information.
Value Chain Partners	No	Multiple channels – physical and digital including in-person meetings, emails.	Frequent and need based	To further strengthen the business relationship and share updates about the Company.

**Leadership Indicators**

- 1. Provide the processes for consultation between stakeholders and the Board on economic, environmental and social topics or if consultation is delegated, how feedback from such consultations is provided to the Board.**

Feedback of such consultations are communicated via discussions in the board meetings, annual general meetings and special meetings.

- 2. Whether stakeholder consultation is used to support the identification and management of environmental and social topics (Yes / No). If so, provide details of instances as to how the input received from stakeholders on these topics were incorporated into the policies and activities of the entity.**

Yes, regular stakeholder consultation has helped identify key material ESG issues.

- 3. Provide details of instances of engagement with and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.**

Paisalo has taken up several CSR initiatives and activities for the benefit of different segments of the society, with focus on the underrepresented, poor and marginalized class.

**V. Principle 5: Businesses should respect and promote human rights****Essential Indicators**

- 1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:**

Category	FY 2023-24			FY 2022-23		
	Total (A)	No. of employees/ workers covered (B)	% (B/A)	Total (C)	No. of employees/ workers covered (D)	% (D/C)
Employees						
Permanent	2,409	0	0	1650	0	0
Other than permanent	0	0	0	0	0	0
Total Employees	2,409	0	0	1650	0	0
Workers						
Permanent	Not Applicable as Paisalo does not employ any workers.					
Other than permanent						
Total Workers						

Note: All employees who work for Paisalo must commit to the principles laid down in Paisalo's code of conduct and follow them which amongst other things includes principles of mutual respect, privacy, equal opportunities and non- discrimination, health, safety and environment, sexual harassment.

- 2. Details of minimum wages paid to employees and workers, in the following format.**

Category	FY2023-24					FY-2022-23				
	Total (A)	Equal to Minimum Wage		More than minimum Wage		Total (D)	Equal to Minimum Wage		More than minimum wage	
		No.(B)	%(B/A)	No.(C)	%(C/A)		No.(E)	%(E/D)	No.(F)	%(F/D)
Employees										
Permanent										
Male	2,332	6	0.26%	2,326	99.74%	1,586	3	0.19%	1,583	99.81%
Female	77	0	0	77	100%	64	0	0%	64	100%
Other than Permanent										
Male	0	0	0.00	0	0.00	0	0	0.00	0	0.00
Female	0	0	0.00	0	0.00	0	0	0.00	0	0.00
Total Employees	2409	6	0.25%	2403	99.75%	1650	3	0.18%	1647	99.82%
Workers										
Permanent	Not Applicable as Paisalo does not employ any workers.									
Male										
Female										
Other than Permanent										

- 3. a. Details of remuneration/salary/wages, in the following format:**

**Median remuneration / wages**

Category	Male		Female	
	Number	Median remuneration/ salary/wages of respective category (Rs. In Lakh)	Number	Median remuneration/ salary/wages of respective category
Board of Directors (BoD)*	8	150.00	1	0.00
Key Managerial Personnel (KMP)\$	1	15.31	0	0.00
Employees other than BoD and KMP	2327	2.70	77	2.68
Workers	Not Applicable as Paisalo does not employ any workers.			

\*The remuneration of Board of Directors includes the remuneration paid to Executive Directors.

\$ Excluding 4 KMP already covered under Board of Directors.

- b. Gross wages paid to females as % of total wages paid by the entity, in the following format:**

	FY 2023-24	FY 2022-23
Gross wages paid to females as % of total wages	3%	2%

- 4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)**

Yes, Paisalo has a Whistle officer/committee that acts as a focal point responsible for addressing any issues related to human rights.

- 5. Describe the internal mechanisms in place to redress grievances related to human rights issues.**

Paisalo has a committee to address grievances related to Human Rights issues which is well defined in the grievance



redressal policy for its employees. This along with the other mechanisms as mentioned in the vigil policy ensure grievances and concerns are confidential and can be made anonymously without fear of any retaliation. As a workplace Paisalo aims to be free from violence, harassment, intimidation and/or any other unsafe or disruptive conditions, either due to external or internal threats. Paisalo also has zero tolerance towards and prohibits all forms of slavery, coerced labour, child labour, human trafficking, violence or physical, sexual, psychological or verbal abuse. As a matter of policy, Paisalo does not hire any employee or engage with any agent or vendor against their free will.

6. Number of Complaints on the following made by employees and workers:

Aspect	FY 2023-24			FY 2022-23		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	No complaints have been received under these categories.					
Discrimination at workplace						
Child Labour						
Forced Labour/Involuntary Labour						
Wages						
Other human rights related issues						

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

	FY 2023-24	FY 2022-23
Total Complaints reported under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	0	0
Complaints on POSH as a % of female employee/workers	0	0
Complaints on POSH upheld	0	0

8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

Yes. The Whistle Blower and Vigil Mechanism policies at Paisalo ensures that no harm will be caused to the whistleblower/complainant in any way for reporting in good faith any suspected or potential violation of Company's code for employees which includes aspects of discrimination and harassment. Confidentiality of the complainant is maintained to ensure that he/she is protected. The mechanism provides for adequate safeguards against victimization of Directors/employees/customers who avail this mechanism.

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Paisalo will be implementing Human Rights Policy commitments. Even though human rights requirements are not currently included in business agreements and contracts, Paisalo values human rights and incorporates them into its business practices. Paisalo is committed to developing a Human Rights Policy to ensure that its business operations respect human rights.

10. Assessments of the year

Aspects	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	0.00
Forced labour	0.00
Sexual harassment	0.00
Discrimination at workplace	0.00
Wages	0.00
Others – please specify	0.00

Note: Company is in compliance with the laws, as applicable.

11. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 10 above.

Not Applicable

Leadership Indicators

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.

Paisalo will be implementing Human Rights Policy commitments. Even though human rights requirements are not currently included in business agreements and contracts, Paisalo values human rights and incorporates them into its business practices. Paisalo is committed to developing a Human Rights Policy to ensure that its business operations respect human rights.

2. Details of the scope and coverage of any Human rights due-diligence conducted.

Same as above

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Our premises/offices are accessible to differently abled visitors wherever they are visiting.

4. Details on assessment of value chain partners:

Human right	% of value chain partners (by value of business done with such partners) that were assessed
Child labour	100%
Forced/involuntary labour	100%
Sexual harassment	100%
Discrimination at workplace	100%
Wages	100%
Others–please specify	0

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

No corrective actions related to above mentioned parameters was necessitated by the Company during the year under review.

VI. Principle 6: Businesses should respect and make efforts to protect and restore the environment.

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity:

Parameter	Unit	FY 2023-24	FY 2022-23*
From renewable sources (in gigajoules)			
Total electricity consumption (A)	GJ	0	0
Total fuel consumption (B)	GJ	0	0
Energy consumption through other sources (C)	GJ	0	0
Total energy consumption from renewable sources (A+B+C) (GJ)	GJ	0	0
From non-renewable sources (in gigajoules)			
Total electricity consumption (D)	GJ	7914.69	6678.72
Total fuel consumption (E)**	GJ	50586.37	22,684.22

Energy consumption sources (F) through other sources	GJ	0	0
Total energy consumed from non-renewable sources (D+E+F)	GJ	58501.06	29362.94
Total energy consumed (A+B+C+D+E+F)	GJ	58501.06	29362.94
Energy intensity per rupee of turnover (Total energy consumption/revenue from operations)	GJ/lakh (INR)	0.97	0.69
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed/ Revenue from operations adjusted for PPP)	GJ/PPP unit	0.00022	0.00014
Energy intensity in terms of physical output			
Energy intensity (optional) – the relevant metric may be selected by the entity			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.  
The company did not conduct any independent assessment by an external agency.

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.  
Not Applicable

3. Provide details of the following disclosures related to water.

Parameter	Unit	FY 2023-24	FY 2022-23
Water withdrawal by source (in kilolitres)			
(i) Surface water	KL	0	0
(ii) Groundwater	KL	1150.36	837.99
(iii) Third party water	KL	545.33	272.37
(iv) Seawater / desalinated water	KL	0	0
(v) Others	KL	0	0
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	KL	1695.69	1110.36
Total volume of water consumption (in kilolitres)	KL	1633.30	1075.20
Water intensity per rupee of turnover (Water consumed/ turnover)	KL/lakh (INR)	0.03	0.03
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption / Revenue from operations adjusted for PPP)	KL/PPP Unit	0.00007	0.00006
Water intensity in terms of physical output	-	-	-
Water intensity (optional) – the relevant metric may be selected by the entity	-	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.  
No, the Company did not carry out independent assessment by an external agency.

4. Provide the following details related to water discharged:

Parameter	FY 2023-24	FY 2022-23
Water discharge by destination and level of treatment (in kilolitres) *		
(i) To Surface water • No treatment • With treatment– please specify level of treatment	Considering the nature of the company's business operation, this is Not Applicable.	
(ii) To Groundwater • No treatment • With treatment– please specify level of treatment		
(iii) To Seawater • No treatment • With treatment– please specify level of treatment		
(iv) Sent to third parties • No treatment • With treatment– please specify level of treatment		
(v) Others • No treatment • With treatment– please specify level of treatment		
Total water discharged (in kilolitres)		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.  
No, the Company did not carry out independent assessment by any external agency.

5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.  
No, the Company has not implemented a mechanism for Zero Liquid Discharge.

6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Unit	FY 2023-24	FY 2022-23
NO <sub>x</sub>	-	0	0
SO <sub>x</sub>	-	0	0
Particulate matter (PM 10)	-	0	0
Persistent organic pollutants (POP)	-	0	0
Volatile organic compounds (VOC)	-	0	0
Hazardous air pollutants (HAP)	-	0	0
Others – Process Emission (HCL)	-	0	0
Acid Mist	-	0	0

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.  
No, the Company did not carry out independent assessment by any external agency.

7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2023-24	FY 2022-23
Scope 1	Metric tons of CO2 equivalent	752.16	337.31
Scope 2	Metric tons of CO2 equivalent	0	0
Total	Metric tons ofCO2 equivalent	752.16	337.31
Total Scope 1 and Scope 2 emissions per rupee of turnover in lakhs	tc02/lakh	0.01	0.01
Total Scope 1 and Scope 2 emission intensity (optional)– the relevant metric may be selected by the entity	-	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.  
No, the Company did not carry out independent assessment by any external agency.

8. Does the entity have any project related to reducing Greenhouse Gas emission? If yes, then provide details.

No, Paisalo does not have any specific project to reduce Green House Gas emissions but Paisalo has undertaken various steps on environmental sustainability in its operational activities such as:

**Reducing paper consumption and recycle/reuse of papers:** It has been an endeavour of Paisalo over last many years to keep reducing paper consumption across all its business operations. Further, Paisalo also endeavours to recycle and reuse paper, wherever possible.

**Design of Company’s office Infrastructure to less consumption of electricity:** Paisalo always endeavours to use power in a more efficient and effective manner, to extend this, the registered and head office infrastructure are designed to use direct sun light for lighting the offices premises. Electric equipment are also energy efficient/ star rated so that also saves natural resources and reduces green House Gas emission.

**Ozone-friendly air conditioners:** Installed ozone-friendly air conditioners manufactured with R32 refrigerant – resulting in lower carbon emissions.

**Company’s product a contribution to reduce Green House Gas emission:** Electric Vehicles are undoubtedly a major step towards CLEAN & GREEN India and also the most innovative and efficient way of using electric energy without causing harm to the environment. Company designed its product especially to finance electric vehicles with the aim of improving the living of the groups of people in rural or semi-urban areas and support the government of India in making the mode of transportation completely green by 2030.

9. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2023-24	FY 2022-23
Total Waste generated (in metric tons)		
Plastic waste (A)	0	0
E-waste (B)	0.06	0.05
Bio-medical waste (C)	-	-
Construction and demolition waste (D)	-	-
Battery waste (E)	-	-
Radioactive waste (F)	-	-
Other Hazardous waste. Please specify, if any. (G)	-	-
Food & Beverage waste (G.1)	0	0
Other Non-hazardous waste generated (H)	0	0
Total (A+B+C+D+E+F+G+H)	0.06	0.05

For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tons)

Category	FY 2023-24	FY 2022-23
(i) Recycled (Oil & Plastic)	0	0
(ii) Re-used	0	0
(iii) Other recovery operations	0.06	0.05
Total	0.06	0.05

For each category of waste generated, total waste disposed by nature of disposal method (in metric tons)

Category of waste	FY 2023-24	FY 2022-23
(i) Incineration	0	0
(ii) Landfilling	0	0
(iii) Other disposal operations	0	0
Total	0	0

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.  
No, the Company did not carry out independent assessment by any external agency.

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

Paisalo being a financial services provider, considering the nature of its business, there is no hazardous or toxic waste generation. The company significantly avoids the usage of plastic bottles and disposable cutlery, cups, plates, spoons, as well as zero usage of single-use plastics. Food waste is disposed by approved authority i.e. Municipal Corporation. We have also replaced paper napkins to promote the use of reusable cotton napkins.

11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals /clearances are required, please specify details:

Not Applicable as Company does not have any operation/office in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required hence the company is in compliance with all the parameters stated above and no observations/fines/penalties/action have been imposed by any regulatory agencies on it.

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Not applicable, since the company’s nature of business or projects does not have an impact on the environment.

13. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

Paisalo and its business operations (including head office and all of its branches) is in compliance with environmental norms applicable to the nature of its business.

Leadership Indicators

1. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

Paisalo does not conduct any of its operations in areas of water stress.

2. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY 2023-24	FY 2022-23
Total Scope 3 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF6, NF3, if available)	Metric tons of CO <sub>2</sub> equivalent	-	-
Total Scope 3 emissions per rupee of turnover		-	-
Total Scope 3 emission intensity (optional)– the relevant metric may be selected by the entity		-	-

Note: We strive to conduct Scope 3 emission assessment in the coming years.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No, the Company did not carry out independent assessment by any external agency.

3. With respect to the ecologically sensitive areas reported at Question 11 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not Applicable.

4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Not Applicable.

5. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

Yes, Paisalo has a robust Business Continuity and Disaster Management plan in place to ensure it delivers its services to the needy and ensures minimal disruption.



6. **Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.**  
Since the company operates in the financial services industry and considering the inherent nature of operations, there have been no documented/known adverse effects on environmental resources resulting from the company's activities.

7. **Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.**  
Not Applicable.

VII. **PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.**

**Essential Indicators**

1. **a. Number of affiliations with trade and industry chambers/ associations.**  
The company is an affiliated member of the three chambers/associations as stated in 1 b.
- b. List the top 10 trade and industry chambers/associations (determined based on the total members of such a body) the entity is a member of/affiliated to.**

Sl. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Finance Industry Development Council (FIDC)	National
2	National Chamber of Commerce	National
3	Delhi Hire Purchase & Leasing Companies Associations	State

2. **Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.**  
No corrective action was necessitated by the Company during the year under review as there were no issues related to anti-competitive conduct by the company.

**Leadership Indicators**

1. **Details of public policy positions advocated by the entity:**  
There are no public policy positions that have been advocated by the company.

VIII. **PRINCIPLE 8: Businesses should promote inclusive growth and equitable development.**

**Essential Indicators**

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**  
Not applicable
2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:**  
As the company operates in the financial services sector, it has not undertaken any projects related to rehabilitation and resettlement; therefore, this is not applicable.
3. **Describe the mechanisms to receive and redress grievances of the community.**  
The Company has laid down the appropriate grievance redressal mechanism within the organization to resolve disputes arising in this regard. Such a mechanism ensures that all disputes arising out of the decisions of the functionaries are heard and disposed of at least at the next higher level.
- The Board shall periodically review the compliance of the Fair Practices Code and the functioning of the grievance redressal mechanism at various levels of management.

- Response to a complaint would be given within a maximum period of one month from the date of complaint unless the nature of complaint requires verification of voluminous facts and figures.
- Details of Branch Heads: Details of Branch Heads of the Company is the following:
  - Grievance Redressal Officer (GRO):

Name	Address	Contact No. and Email	
Mr. Anurag Sinha	CSC, Pocket 52, CR Park, Near Police Station, New Delhi-110019	Mob. No.	9837727603
		Ph.No	01143518888
		Fax No	01143518816
		Email.ID	Anurag.sinha@paisalo.in

- The Company shall display at all its branches/places where business is transacted the above details of Grievance Redressal Officer viz. contact details (Telephone/Mobile nos. as also email address) who can be approached by the public for resolution of complaints against the company.
- If the complaint/dispute is not redressed within a period of one month, the customer may appeal to the Officer- in Charge as per the below mentioned contact details:-

Officer & Designation	Address	Contact No. and Email	
The Manager, (Department of Non-Banking Supervision), Reserve Bank of India	6, Sansad Marg, RBI Building, P.B. no. 123, New Delhi-110001	Ph.No	011-23714456
		Fax No	011-23713672
		Telex.No	031-66361

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

	FY 2023-24	FY 2022-23
Directly sourced from MSMEs/ small producers	Not Applicable	
Sourced directly within India		

5. **Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost.**

	FY 2023-24	FY 2022-23
Rural	56%	58%
Semi-urban	29%	26%
Urban	9%	11%
Metropolitan	6%	5%

**Leadership Indicators**

1. **Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above)**  
Not Applicable
2. **Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**  
The company has undertaken various CSR activities amounting to Rs. 21.11 million for the FY23-24, covering areas such as food distribution, clothing, medical treatment, technology upgrades and free education. However, none of these projects were directly focused on designated aspirational districts as identified by government bodies.
3. **(a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)**

Paisalo belongs to the financial services sector and hence does not have any significant procurement from the suppliers comprising of marginalized or vulnerable groups.

(b) From which marginalized /vulnerable groups do you procure?

As Paisalo operates in the financial services sector, it does not have significant procurement from marginalized or vulnerable groups; therefore, this is not applicable.

(c) What percentage of total procurement (by value) does it constitute?

As Paisalo operates in the financial services sector and provides financial solutions to people, it does not have any suppliers; therefore, this is not applicable.

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

The Company does not derive any benefits from intellectual properties owned or acquired based on traditional knowledge.

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Not Applicable

6. Details of beneficiaries of CSR Projects:

SL. No.	CSR Projects	No. of persons benefited from CSR Projects	% Of beneficiaries from vulnerable and marginalized groups
1	Distribution of Food and clothes (Madhya Pradesh, Uttar Pradesh)	251	100
2	Aid for medical treatment (Uttar Pradesh)	40	100
3	Distribution of Educational Device (Delhi, Uttar Pradesh)	25	100
4	Aid for treatment of animals (Uttar Pradesh)	NA	NA
5	Aid to Solar drying system to mitigate the post-harvest losses of agricultural produce (Maharashtra)	20	100
6	Aid for treatment of physically disabled ("Specially Abled") peoples (Rajasthan)	15	100
7	Financial Support for Eye Surgeries of Homeless senior citizens (Delhi)	20	100
8	Financial support to upgrade the technology and parts required manufacturing of prosthesis (Uttar Pradesh)	10	NA
9	Contribution towards Eye Surgeries and Spectacles Distribution to Citizens of deprived communities (Delhi)	25	100
10	Free education of kids in poorest slums (Delhi, Uttar Pradesh & Rajasthan)	90	100
11	Sponsorship for underprivileged student's (Maharashtra)	30	100
12	Aid for development of Olympic Sports Shooting (Maharashtra)	NA	NA

IX. PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner.

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

The company has a code for dealings with its customers complaints. Company deals with its customers in a professional, fair and transparent manner.

The complaints can be raised through the following modes:

- Customers can raise complaints/requests by calling the Call Centre/Branch/Head Office/Registered Office.
- Customers can raise complaints/requests by sending e-mail to the designated Customer Care/Grievances mail IDs.

All the issues raised by customers through various modes such as Call centre/Branch/mails/ letters etc., are redressed by the Branches. In case of delay in redressal of complaint by the Branch, then the same is tried to be redressed in the following manner:

1	Regional Manager tries to redress the complaints if the complaint is not redressed at branch level.
2	If Regional Manager is unable to redress the complaints, then complaint is referred to Zonal Business Head for redressal.
3	If the complaint is still pending, then its goes to Grievance Redressal officer for appropriate resolution.

The Company responds to the customer within a maximum period of 30 days from the date of receipt of the complaint. If the customer has not received any response within 30 days or if the customer is not satisfied with the response, then he/she can raise a complaint with the Reserve Bank of India (RBI) either through:

- RBI CMS Portal or RBI Contact Centre as given below: - RRBI CMS Portal: <https://cms.rbi.org.in>
- RBI Contact Centre Phone Number: 14440
- RBI Postal Address: Reserve Bank of India Centralised Receipt and Processing Centre, 4th Floor, Sector 17, Chandigarh – 160017

For the customer's feedback Company has a two-sided communication policy where customers can give their response through personal communication with Company's personnel or in writing by email or letters to the Company's officers.

2. Turnover of products and/ services as a percentage of turnover from all products / service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	Not Applicable
Safe and responsible usage	100%
Recycling and/or Safe Disposal	Not Applicable

Company deals with its customers according to its Fair Practice Code and always adheres to provide all relevant information about the company's products to its customers and none of the company's products withhold any relevant information needed by the customers.

3. Number of consumer complaints in respect of the following:

	FY 2023-24		Remarks	FY 2022-23		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	0	0	None			None
Advertising	0	0		0	0	
Cyber-security	0	0		0	0	
Delivery of essential services	0	0		0	0	
Restrictive Trade Practices	0	0		0	0	
Unfair Trade Practices	0	0		0	0	
Others	10	0		6	0	

4. Details of instances of product recalls on account of safety issues:

Aspect	Number	Reason for Recall
Voluntary recall /Mock recall	0	Not Applicable
Forced recall	0	Not Applicable

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Company has adopted an Information Technology Policy which inter alia included guidelines for Cyber Security, Privacy policy and Outsourcing of Information Technology. The Company has Data Privacy Policy in place and same is available on the website of the Company. The Company is compliant with ISO/IEC 27001:2013 Information security management system. The Company also complies with the applicable regulatory framework and guidelines (viz. RBI’s Master Direction – Information Technology Framework for the NBFC Sector).

Privacy policy link <https://paisalo.in/>

6. Provide details of any corrective actions taken or underway on issues relating to advertising and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products/services.

No corrective actions taken or underway on issues relating to advertising and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls and there was no penalty/ action also taken by regulatory authorities on safety of products/services.

7. Provide the following information relating to data breaches:

- a. Number of instances of data breaches – There have been no instances of data breaches in the FY 2023-24
- b. Percentage of data breaches involving personally identifiable information of customers – NIL
- c. Impact, if any, of the data breaches – NIL

Leadership Indicators

1. Channels/platforms where information on products and services of the entity can be accessed (provide web link, if available).

The key financial offerings of Paisalo can be found on the company’s website- [www.paisalo.in](http://www.paisalo.in).

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

They provide loans like MSME Loans, Vehicle Loans and Small Income Generation Loans to underserved populations in India. The company adheres to all disclosure requirements concerning its services. To prioritize customer safety, the company proactively communicates through its website and newsletters to educate and guide customers on protecting themselves against financial frauds.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

Although the services offered by Paisalo are not considered essential services, we ensure our consumers are continuously informed about the risks and benefits of our offerings.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/ Not Applicable) If yes, provide details in brief.

Yes. Paisalo ensures transparency in all aspects of its loan offerings. All the terms and conditions related to our loans are mentioned in the documents shared with the customers. Our website provides details of the different types of loans and its ticket sizes.

5. Did your entity carry out any survey about consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

Paisalo always put the interest of customers at high priority in its’ business conduct. The company periodically conducts various surveys to understand consumer satisfaction related to its services.

6. Provide the following information relating to data breaches:

- a. Number of instances of data breaches along-with impact  
Nil, the company does not have any instances of data breaches in the current financial year.
- b. Percentage of data breaches involving personally identifiable information of customer  
Nil, the company does not have any instances of data breaches in the current financial year.

ANNEXURE ‘D’

Details pertaining to employees pursuant to section 197(12) of the companies act, 2013 read with rule 5(1) of the companies (appointment and remuneration of managerial personnel) rules, 2014

SL. No.	Particular	Relevant Information
1.	Ratio of the remuneration of each Director to the median remuneration of the employees of the company for the financial year	Mr. Sunil Agarwal (Managing Director & CEO)–145.98:1 Mr. Anoop Krishna (Executive Director)–16.91:1 Mr. Harish Singh (Executive Director & CFO)– 12.24:1 Mr. Santanu Agarwal (Deputy Managing Director)– 66.76:1 No other Directors are in receipt of remuneration
2.	Percentage increase in remuneration of each Director, CFO, CEO, Company Secretary or Manager, if any, in financial year	<u>Director</u> Mr. Sunil Agarwal (Managing Director & CEO)–3.02% Mr. Anoop Krishna (Executive Director)–15.15% Mr. Harish Singh (Executive Director & CFO)–0.00% Mr. Santanu Agarwal (Deputy Managing Director) –13.69% <u>Key Managerial Person</u> Mr. Manendra Singh (Company Secretary & Chief Compliance Officer)–26.53%
3.	Percentage increase in the median remuneration of employees in the financial year	0.54%
4.	The number of permanent employees on the rolls of company	2409 as on March 31, 2024
5.	Average percentile increases already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	During the financial year 2023–2024, Employees remuneration increased by 50.66% as against the 2.43% increase in Managerial Remuneration.

It is hereby confirmed that the remuneration paid to the Directors and other employees are as per remuneration policy of the Company.

Date : August 09, 2024

For & on behalf of the Board of Directors of  
Paisalo Digital Ltd.

Sd/–  
Sunil Agarwal  
Managing Director & CEO  
DIN:00006991

Sd/–  
Harish Singh  
Executive Director  
DIN : 00039501



**Corporate Governance**

Corporate Governance is an approach in which the corporations are managed in an ethical, accountable, transparent and fair way, with the blend of both legal and management practices, to imbed the same in the decision making process of a Company and to communicate the same accurately and timely, in such a way that both stakeholders expectations and legal standards are met.

Corporate governance is a tool for good business ethics which lead to guides how a company is directed and its relationship with its shareholders and stakeholders. With the right structure and systems in place, good corporate governance enables companies to create an environment of trust, transparency and accountability, which promotes long-term patient capital and supports economic growth and financial stability.

Since Corporate Governance also provides the framework for attaining a Company’s objectives, it encompasses practically every sphere of management, from action plans and internal controls to performance measurement and corporate disclosure. It is a set of processes, customs, policies, rules, regulations and laws by which companies are managed in the best interest of the stakeholders. Corporate Governance is related to satisfy the spirit of the law and not just the letter of law.

The increased regulatory burdens imposed on companies in recent years bring new challenges from operational, regulatory and compliance perspectives and have added to the costs and complexity of overseeing and managing a corporation’s business. With these evolving laws and rules Our Company has continued adapting and refining its governance practices.

**Our Governing Principles on Corporate Governance**

Corporate Governance is a process that aims to allocate corporate resources in a manner that maximizes value for all stakeholders, shareholders, investors, employees, customers, suppliers, environment and the community at large and holds those at the helms to account by evaluating their decisions on transparency, inclusivity, equity and responsibility. To ensure this process the Company has designed policies and Committees to strengthen the ability of the Board of Directors to supervise the management and to enhance long-term shareholders value.

Our Corporate Governance norms reflect our commitment towards compliance of regulatory requirements as there exists a fundamental link with the organization of business, corporate responsibility and shareholders’ wealth maximization and realize the significance of sound governance practices to the long term growth of the organization. It is an optimum combination of policies, process and practices, which governs the affairs of a Company in pursuant of its business goal. Our Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values.

Following are the core guiding principles of Company’s Corporate Governance framework:

1. Constituting an effective Board of Directors, in terms of composition, size, varied expertise and commitment so as to enable them to skilfully discharge their responsibilities and duties
2. Ensuring timely flow of information to the Board and its Committees to enable them to discharge their functions efficiently
3. Establishment of a sound system of Risk Management and Internal Control
4. Managing, developing and implementing corporate strategy and operates the Company’s business under the Board’s oversight, with the goal of producing sustainable long-term value creation
5. Independent analysis and verification of Company’s financial information, to safeguard the integrity of same
6. Timely and balanced disclosure of all material information, concerning the Company, to all its stakeholders
7. Transparency in Board’s processes and independence in the functioning of Boards
8. Fair and equitable treatment of all its stakeholders including employees, customers, shareholders and investors
9. Accountability to stakeholders with a view to serve the stakeholders
10. Ensuring Compliance with applicable rules and regulations

**Company’s Philosophy of Corporate Governance:**

Paisalo Digital Limited is also committed to ensure accountability, transparency and fairness in all its transactions and meets the expectations of all stakeholders and to ensure that various aspects should be properly and timely communicated to various stakeholders.

Corporate Governance at Paisalo Digital Limited has a strong legacy of fair, transparent and ethical governance practices. As a good corporate citizen, the Company is committed to sound corporate practices based on conscience, openness, fairness, professionalism and accountability in building confidence of its various stakeholders in it thereby paving the way for its long term success. We believe that our company shall go beyond adherence to regulatory framework. Our corporate

CORPORATE  
GOVERNANCE  
REPORT

structure, business, operations and disclosure practices aligned to our Corporate Governance Philosophy. Transparency, accountability, fairness and intensive communication with stakeholders are integral to our functioning. We consider our stakeholders as partners in our journey forward and we are committed to ensure their wellbeing, despite business challenges and economic volatilities.

**Company’s Existing Governance Practices**

Some of the key elements that form the basis of our Corporate Governance frame work are as under:

- Code of Conduct for Board Members and Senior Managerial Personnel
- Fair Practice Code
- Corporate Social Responsibility Policy
- Code for Independent Directors
- Fraud Detection Policy
- Vigil Mechanism–Whistle Blower policy
- Policy on Related Party Transaction
- Risk Management Policy
- Nomination and Remuneration Policy
- Code of Conduct for Prevention of Insider Trading
- Policy on Prevention of Money Laundering
- Policy for determining material events and information
- Policy on Material Subsidiaries
- Documents Preservation and Archival Policy
- Policy for determining Material Subsidiary
- Investment Policy
- Policy for appointment of Statutory Auditors
- Resource Planning Policy
- Credit Policy
- Dividend Distribution Policy
- Penal Charges Policy

All the above measures ensure that the Organization is governed in an ethical and transparent manner. The Company has complied with the requirements of the Corporate Governance as laid down under the provisions of Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and RBI Directions as applicable to the Company.

**Board Structure & Directors:**

The Companies Act of 2013, SEBI (Listing Obligations and Disclosure Requirements)Regulations, 2015 and RBI guidelines on corporate governance, briefly outlines the appointment and qualifications of Directors on the Board of the Company. The Board of Directors is the top-performing decision-making authority of any company. The decisions of the Board of Directors give direction to the Company to achieve specific goals in a time-bound manner. Accordingly, Board composition encompasses issues such as who is on the Board and the skills mix of the Board. It involves both structural and cultural issues and Board effectiveness depends on obtaining the right mix of skills and experience. Board compositions influenced by Legal requirements including the organization’s constitution and purpose; Size of Board; Director competencies; Terms of office for Directors; and the structure of the shareholding.

Stable Board with long-serving, committed members will have the advantage of a thorough knowledge of the Company and its mission. Building the right Board requires an understanding of Director competencies, which involves consideration of the Directors’ experience, skills, attributes and capabilities. Director competencies encompass two distinct areas: technical competencies and behavioural competencies. Technical competencies are Director’s technical skills and experience (‘what you need to know and are able to do’) such as accounting or legal skills, industry knowledge, experience in strategic planning and corporate governance. Behavioural competencies are Director’s capabilities and personal attributes (‘how you apply what you know and your personal and interpersonal skills’) and include, for example, an ability to positively influence people and situations; an ability to assimilate and synthesis complex information; time availability; honesty and integrity; and high ethical standards.

Since the Directors are the trustee for the Company hence one of the key responsibilities of them is to safeguard and protect the interests of its stakeholders and act as per the Articles of the Company. The Board of Directors also faces challenges, which inter alia includes meeting regulatory compliances, shareholder’s interests, technology disruption, market competition and the latest in focus, the ESG factor, i.e., environmental, social and governance factors, which the Board has to cover up in its Board Report.

To perform the responsibilities effectively, our Board comprises of distinguished members with rich experience, mainly in the area of finance, law and accounting with optimum combination of Executive and Independent Directors. As of March 31, 2024, the Board of Directors of the Company consisted of nine members of which five were Independent Directors, who do fulfil the criteria of ‘Independence’ as laid down in the Companies Act, 2013, RBI Guidelines and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Independent Directors bring independent judgment in the Board’s deliberation and decisions. Considering the stringent requirement of the skill-sets on the Board, experience persons, having an independent standing in their respective field/profession and who can effectively contribute to the Company’s business and policy decisions, are considered by the Nomination & Remuneration Committee for appointment as Independent Directors on the Board. The number of Directorships and memberships held in various Committees of other companies by such persons is also considered. The Board considers the recommendations of the Nomination & Remuneration Committee and takes appropriate decisions regarding continuance of and induction of new skill sets at the Board level to ensure the availability of these experienced professionals to guide the Company in an ever-evolving business environment.

None of Independent Director on the Board of the Company is a Non-Independent Director of another Company on the Board of which any Non-Independent Director of the Company is an Independent Director and none of the Independent Director of the Company is serving as an Independent Director in more than seven/three listed entities as required under Regulation 17A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, none of the Directors of the Company is a member in more than ten Committees or is acting as Chairperson of more than five Committees (Committees being Audit Committee and Stakeholder Relationship Committee), across all the Indian Public Limited Companies in which he/she is Director. Furthermore, the necessary annual disclosures have been submitted by the Directors to the Company, regarding Committee positions held by them in other public Companies. All the Non-Executive Independent Directors and Managing Director are not liable to retire by rotation.

**Brief profile of members of Board of the Company as on March 31, 2024 is as under:**

**Mr. Sunil Agarwal (Managing Director & CEO)**

Mr. Sunil Agarwal is a founder member, Promoter, Managing Director & CEO of the Company with an experience of over three decades. He is responsible for the Company’s strategic decision making along with Company’s financial activities. He embarked his journey into finance business at a very young age of 20 years. At a nascent age he established this Company, the success of which is contributed to his arduous work and commitment. At present Company is doing its business from many branches in the various states of the Country, which is instrumental in steering the Company’s growth story across the country. With his leadership skills and positive attitude, Company is growing and expected to grow bigger and better.

**Mr. Anoop Krishna (Executive Director)**

Mr. Anoop Krishna is a banking veteran. He started his career in the year 1982 as a Probationary Officer and retired as Chief General Manager Corporate Banking in 2017. He headed the Corporate Accounts Group for SBI in Delhi. Prior to his superannuation on December 31, 2017, he was heading the Mid Corporate Group of State Bank of India as Chief General Manager for Northern and Eastern India based out of SBI Corporate Centre, Mumbai. He has brought with him a rich and varied experience of leading a large team of people operating into complex financial structure. Currently, he as an Executive Director is responsible for Strategic Planning for funding to the Company.

**Mr. Harish Singh (Executive Director & CFO)**

Mr. Harish Singh is a Fellow Member of Institute of Chartered Accountants of India and holds Master degree in Commerce. He has a rich experience of more than two decades in the areas of Audit, Taxation, Corporate Advisory Services, Financial Management and Fund Raising etc. He is well-versed with the provisions of other statutory laws with proficiency in steering system implementation. He is a keen analyst with exceptional relationship management & negotiation skills with proven abilities in liaising with the various regulatory authorities. He is engaged with the Company as an Executive Director & CFO of the Company and strengthens the operation and finance department of the Company with his rich experience and specialization.

**Mr. Santanu Agarwal (Deputy Managing Director)**

Mr. Santanu Agarwal is B.Com., LL.B. Graduate from Amity University, Noida. Mr. Santanu started his business journey as Chief Innovation Officer of the Company in December 2017 and on May 6, 2022 he was inducted on the Board of the Company as Deputy Managing Director. He is well skilled in Negotiation, Business Planning, Analytical Skills and Risk Management. He has a flair for technology and has been a driving force behind the transformation of the Company to a fully digital NBFC in operations.

He has successfully lead the Company in negotiation, finalization, implementation and execution of Co-Lending agreements with State Bank of India, Punjab National Bank and Bank of Baroda. He was instrumental in getting the National Business Correspondent Agreement with SBI and other Public Sector Banks. He has been featured in number of interaction/ interviews on CNBC TV18, ET Now and was featured in the prestigious “Forbes 30 under 30” list of Year 2020-2021.Prior to joining the Company he worked in various algorithmic trading and forex trading organizations in Singapore and Hong Kong. Currently, he is responsible for negotiation with various agencies, Business Planning, IT Strategy and Risk Management in the Company.

**Mr. Gauri Shankar (Independent Director)**

Mr. Gauri Shankar having 40+ years’ of experience in Banking and Finance, served as Managing Director and Chief Executive Officer of Punjab National Bank in 2015 and also served the Punjab National Bank as Executive Director. Prior to joining Punjab National Bank, he worked with Bank of India in various positions, which include General Manager of various department viz. Finance (CFO), National Banking Group North (Operations), Asset Recovery, Learning and Development (HR) and Strategy and Planning. He is double Graduate in Science & Commerce. He has vast experience in domestic and international operations of banking sector. He worked in Bank of India’s Singapore and Jakarta Operations. He also worked as DGM and Zonal Manager of Lucknow Zone. While in PNB, he was Chairman of PNB’s wholly owned subsidiary Punjab National Bank (International) Limited, London and Director in the other subsidiaries and JVs (for different periods) namely PNB Housing Finance Limited, PNB Gilts Ltd. and Punjab National Bank Kazakhstan.

At present he is also associated with few companies as an Independent Director.

**Mrs. Nisha Jolly (Independent Director)**

Mrs. Nisha Jolly, a retired Banker aged about 72 years, did her B.Sc and B.Ed. from Delhi University and M.Sc. Genetics from Govind Ballabh Pant University of Agriculture & Technology. She is also a Certified Associate of Indian Institute of Bankers. She joined Punjab National Bank in 1976, as Management Trainee & got retired in 2012 as Chief Manager. In her 34 Years of Service in the Bank, she had varied experiences. She worked at field level in Branches as Officer, Manager and Senior Manager. She is well aware about Banking Routine, Loans & Advances & Foreign Exchange related work. She was also involved in framing General Policies for the Bank. Currently she is associated with Non-Government Organization (NGO). She is associated with the Company as an Independent Woman Director.

**Mr. Naresh Kumar Jain (Independent Director)**

Mr. Naresh Kumar Jain, Independent Director, is a Fellow Member of Institute of Company Secretaries of India and Law and Science Graduate. He has rich experience in the areas of Legal Compliances, Legal Management, Secretarial Functions, Statutory Compliances, Listing and Corporate Governance. He is well-versed with the provisions of Companies Act, SEBI Regulations, FEMA, NBFC and other statutory laws. He has also been the Secretary and Chief Executive Officer of the Institute of Company Secretaries of India. He as an Independent Director strengthens the Company’s Board with his vast experience and specialization in Legal and Compliance matters.

**Mr. Raman Aggarwal (Independent Director)**

Mr. Raman Aggarwal is the Director of Finance Industry Development Council (FIDC) – A Representative body of Assets and Loan Financing Non-Banking Finance Companies. He has experience to work as Consultant to the World Bank, Consultant to Nomura Research Institute Consulting & Solutions India P Ltd., Area Head – NBFCs at Council for International Economic Understanding (CIEU) and Advisor, Shriram Transport Finance Ltd., which is one of the leading NBFCs. He has more than 29 years of working experience in the NBFC sector.

He was awarded the “Man of Excellence” Award by Indian Achievers’ Forum in 2021, “Best NBFC Exemplary Leader” Award at the ET NOW BFSI Awards and “100 Top Most Influential BFSI Leaders” award at the World BFSI Congress in 2018 & 2019. He has addressed major events and seminars, like Global Convention on Corporate Governance and Sustainability at London, IFC’s Financial Infrastructure Workshop for Da Afghanistan Bank, EuroFinance India, The Economic Times Summit on Financial Inclusion, National Summit on NBFCs and World Auto Congress organized by ASSOCHAM.

Mr. Raman is Masters in Urban Planning from School of Planning &Architecture, New Delhi and Bachelor of Civil Engineering from Thapar Institute of Engineering and Technology, Patiala. He has also undertaken a Special Training Programme for the Personnel of Non-Banking Finance Companies at RBI College of Agricultural Banking, Pune.

**Mr. Vijay Ronjan (Independent Director)**

Mr. Vijay Ronjan, Independent Director, is having 35+ years’ Experience of banking with India’s largest Lender, State Bank of India. He was a Chief General Manager with State Bank of India, possessing over 35 years of banking experience in the Indian banking industry and having demonstrated a strong track record of performance and leadership initiatives. As the

leader of various teams at SBI from time to time, he has displayed superior interpersonal skills and capability of resolving multiple and complex issues, while also motivating the staff to consistently perform at peak levels at the same time. He places a strong reliance on the use of business analytics and a collective team approach for business improvement and implementation of best practices. He played a pivotal role during the merger of associate banks with State Bank of India and also played a crucial role in planning and coordinating thereafter structural changes in the merger affected offices. He also had the opportunity to work in various roles like Retail, Human Resources, International Banking, Forex Business and Risk Management.

**Familiarization Program for Independent Directors:**

In accordance with requirements of Schedule IV of the Companies Act, 2013 and Regulation 25(7) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, meetings with management team of the Company have been conducted by the Company to make understand the Independent Directors about the business of the Company. Through meetings and interaction among Senior Managements and Independent Directors, Company has made its best effort to ensure that the Independent Directors understand their roles, rights, responsibilities in the Company etc.

The Familiarization Program for Independent Directors of the Company is available on the website of the Company i.e. [www.paisalo.in](http://www.paisalo.in).

**Key Board Skills, Expertise and Competencies:**

As on March 31, 2024, the Board comprised of qualified members who bring in the required skills, competence and expertise to enable them to effectively contribute in the deliberations at Board and Committee meetings. The below matrix summarizes a mix of skills, expertise and competencies expected to be possessed by our individual Directors, which are key to corporate governance and Board effectiveness:



Board Member	CORE SKILLS/ COMPETENCIES/ EXPERTISE							
	Strategy and planning	Policy Development	Governance, Risk and Compliance	Financial Performance	Communications	Commercial Experience	Technology	Executive management
	Ability to think strategically; identify and critically assess strategic opportunities and threats. Develop effective strategies in the context of the strategic objectives of the Company's relevant policies and priorities.	Ability to identify key issues and opportunities for the Company within the finance industry and develop appropriate policies to define the parameters within which the Company should operate.	Experience in the application of corporate governance, principles Ability to identify key risks to the Company in a wide range of areas including legal and regulatory compliance and monitor risk and compliance management frameworks and systems.	Qualifications and experience in accounting and/or finance and the ability to: Analyse key financial statements; Critically assess financial viability and performance; Contribute to strategic financial planning; Oversee budgets and the efficient use of resources; Oversee funding arrangements and accountability.	Experience in, or a thorough understanding of, communication with industry groups and/or end users through a range of relevant communication channels.	A broad range of commercial/ business experience, preferably in the finance business systems, practices and improvement.	Knowledge and experience in the strategic use and governance of information management and information technology within the Company.	Experience at an executive level including the ability to appoint and evaluate the performance of Senior Managerial Personnel; oversee strategic human resource management including workforce planning.
Mr. Sunil Agarwal	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Anoop Krishna	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Harish Singh	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Santanu Agarwal	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Gauri Shankar	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Naresh K. Jain	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Raman Aggarwal	✓	✓	✓	✓	✓	✓	✓	✓
Mrs. Nisha Jolly	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Vijay Ronjan	✓	✓	✓	✓	✓	✓	✓	✓

Board Procedure and Meeting

The Board meets at least once in a quarter to review the quarterly performance and the financial results. The Board Meetings are scheduled in advance and the notice of each Board Meeting is given in writing to each Director. All the items on the agenda are accompanied by notes giving comprehensive information on the related subject and in certain matters such as financial/ business plans, financial results, detailed presentations are made. The Company also provides the facility to the Board Members to participate in the meeting through video conferencing mode or other audio-visual means and provides all the necessary information to enable the Directors to participate through video conferencing mode or other audio visual means. The Board's role, functions, responsibility and accountability are clearly defined and to enable the Board to discharge its responsibilities effectively, the members of the Board are briefed about the overall performance of the Company.

During the year under review, 6 (Six) Board Meetings were held on April 27, 2023; May 11, 2023; July 24, 2023; October 26, 2023; January 31, 2024 and February 22, 2024. The quorum for the meeting of the Board of Directors is one-third of the Board of Directors or three Directors, whichever is higher, with atleast one Independent Director being present and during the year, the requisite quorum was present for all Board meetings. The following table illustrates composition of the Board, attendance of the Directors at the Board Meetings held during the year under review and at the last Annual General Meeting ('AGM'), number of Directorships and committee positions held in other public companies, their shareholding in the Company's shares or other convertible instruments and names of other listed entities in which Directorship is held, including category of Directorships, as on March 31, 2024:

S. No.	Name of Director	Director Identification Number	Category	No. of Shares/convertible Instruments held in Company as on March 31, 2024	Board meeting held in FY 2023-24 during Director's tenure	Attendance at Board meeting	Attendance at Last AGM held on September 21, 2023	No. of Directorship held in other Companies <sup>1</sup>	Committee Positions in other Public Companies <sup>2</sup>			Name of other listed Entity (ies) where Director held Directorship alongwith category
									As Member	As Chairman	Total	
1	Mr. Sunil Agarwal	00006991	Managing Director (Promoter)	10,57,02,800	6	6	Yes	9	-	-	-	-
2	Mr. Anoop Krishna	08068261	Executive Director	-	6	6	Yes	-	-	-	-	-
3	Mr. Harish Singh	00039501	Executive Director	-	6	6	Yes	2	-	1	1	-
4	Mr. Santanu Agarwal	07069797	Deputy Managing Director (Promoter Group)	3,37,04,000	6	5	Yes	6	-	-	-	-
5	Mr. Gauri Shankar	06764026	Non-Executive Independent Director	-	6	6	Yes	4	1	-	1	PNC Infratech Limited (Independent Director)
6	Mr. Naresh Kumar Jain	01281538	Non-Executive Independent Director	-	6	6	Yes	2	2	-	2	Optimus Infracom Limited (Independent Director)
7	Mr. Raman Aggarwal	00116103	Non-Executive Independent Director	-	6	6	Yes	3	2	-	2	Emerald Finance Limited (Independent Director)
8	Mrs. Nisha Jolly	08717762	Non-Executive Independent Director	-	6	6	Yes	1	1	-	1	-
9	Mr. Vijay Ronjan	09345384	Non-Executive Independent Director	2,200	6	6	Yes	3	1	-	1	Platinum Industries Limited (Independent Director)

<sup>1</sup>Includes Private Limited Companies, Companies registered under Section 8 of Companies Act, 2013, Foreign Companies and Government Bodies;

<sup>2</sup>Only Audit and Stakeholders Relationship Committees in Public Limited Companies have been considered for the Committee positions as per Regulation 26(i)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Except Mr. Sunil Agarwal (father) and Mr. Santanu Aggarwal (son), there are no inter-se relationships between the above Directors of the Company.

Agenda and Minutes

All the matter requiring Board/Committee are noted vigilantly and are circulated to the Board Members in Agenda Papers well in time before the scheduled date of the Board Meeting. The agenda and minutes of the Board/Committee meeting are prepared with due care and adherence to applicable provisions of the law. The Board also takes note of the minutes of the Committee meetings duly approved by their respective Chairman.

Compliance Certificate by the Secretarial Auditor

The Secretarial Auditor of the Company have certified that the Company has complied with the conditions of Corporate Governance as stipulated in Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same is annexed elsewhere in this Annual Report as forming part of Board’s Report.

Committees of the Board

The Board of the Company has constituted different Committees to focus on specific areas and make informed decisions within the authority delegated to each of the Committee. Each Committee of Board of Directors is guided by its Charter/ terms of reference, which defines its scope, powers and composition of the Committee.

Given below is the composition and the terms of reference of various Committees constituted by the Board, inter alia, including the details of meetings held during the year and attendance thereat. The Chairperson of each Committee briefs the Board on significant discussions at the meetings. During the year under review all recommendations made by the various Committees were accepted by the Board. The minutes of the meetings of all Committees of the Board are placed before the Board for noting.

A. Audit Committee

The Audit Committee of the Company has been constituted in accordance with the provisions of Section 177 of the Companies Act, 2013, Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and applicable provisions of RBI Governance Guidelines applicable on NBFCs. The Audit Committee functions in accordance with Section 177 of the Companies Act, 2013, Regulation 18(3) read with Part C of Schedule II of the SEBI Listing Regulations, para 94 of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 and is reviewed from time to time.

Functions and Responsibilities of Audit Committee

Primarily following includes in the responsibilities/functions of Audit Committee:

- Auditing and accounting matter, including recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;
- Review and monitoring the Auditor’s independence and performance and effectiveness of audit process;
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- Approval or any subsequent modification of transactions of the Company with related parties and required disclosures thereof;
- Integrity of Company’s financial statements, discussing with the independent Auditors the scope of the annual audits;
- Valuation of undertakings or assets of the company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through equity/debts securities offers and related matters.
- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Reviewing, with the management, the annual financial statements and auditor’s report thereon before submission to the Board for approval, with particular reference to:
  - a) Matters required to be included in the Directors’ Responsibility Statement to be included in the Directors’ Report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013,
  - b) Changes, if any, in accounting policies and practices and reasons for the same,
  - c) Major accounting entries involving estimates based on the exercise of judgment by management,
  - d) Significant adjustments made in the financial statements arising out of audit findings,
  - e) Compliance with listing and other legal requirements relating to financial statements,
  - f) Reviewing, approving all or any subsequent modification of transactions with related parties,
  - g) Disclosure of any related party transactions,

- h) Modified opinion(s) in the draft Audit Report,
- i) Qualifications in the draft audit report;
- Recommending the Candidature of Statutory Auditor and Secretarial Auditor for conducting Audit of the Company.
- Reviewing appointment, removal and terms of remuneration of the Internal Auditor and reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up there on;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- Looking into the reasons for substantial defaults in the payment to the debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- Reviewing the functioning of the Whistle Blower mechanism;
- Reviewing the utilization of loans and/ or advances from/investment by the Company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision;
- Consideration and comment on rationale, cost benefits and impact of schemes involving merger, demerger, amalgamation etc. on the Company its shareholders;
- Reviewing management discussion and analysis of financial condition and results of the operations;
- Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, right issue, preferential issue etc.) the statement of funds utilized for the purpose other than those stated in the offer document/ prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of the proceeds of a public or rights issue and making appropriate recommendation to the Board to take up steps in this matter;
- Reviewing Information System Audit of the internal systems and processes;
- Reviewing management letter(s) of internal control weaknesses issued by the Statutory Auditors;
- Reviewing Internal Audit Reports relating to internal control weakness and
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

**Powers of Audit Committee**

The Audit Committee shall have powers, which should include the following:

- To investigate any activity within its terms of reference,
- To seek information from any employee,
- To obtain outside legal or other professional advice,
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

**Meeting and Composition**

The Audit Committee met Four (4) times during the year under review on May 11, 2023; July 24, 2023; October 26, 2023; and January 31, 2024.

The composition of Audit Committee and attendance of each member is as under:

S. No.	Name of Member	Designation	Committee meeting held during the tenure of Member in FY 2023-24	Committee meeting attended during the tenure of Member in FY 2023-24
1	Mr. Gauri Shankar	Chairman	4	4
2	Mr. Harish Singh	Member	4	4
3	Mr. Naresh Kumar Jain	Member	4	4

**B. Nomination and Remuneration Committee ('NRC')**

The Nomination & Remuneration Committee of the Company functions according to its terms of reference, its objectives, composition, meeting requirements, authority and power, responsibilities, reporting and evaluation functions in accordance with Section 178 of the Companies Act, 2013, Regulation 19 read with Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and applicable provisions of RBI Governance Guidelines applicable on Company.

**Role of Nomination and Remuneration Committee**

Given below is a gist of Role of Nomination and Remuneration Committee:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
- Identification of person who will qualify to become Director and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment, removal and remuneration;
- Recommendation to the Board whether to extend or continue the term of appointment of the Independent Director.
- Reviewing the performance of the Managing /Whole-time Director;
- Evaluation of the balance of skills, knowledge and experience on the Board for every appointment of Independent Director and on the basis of such evaluation preparation of a description of the role and capabilities required of an independent Director;
- Recommending to the Board all remunerations payable to Senior Management;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity ; and
- Reviewing such other matters which the Board may from time to time request the Committee to consider, examine recommend and/or approve.

**Meeting and Composition**

The Nomination & Remuneration Committee met Two (2) times during the year under review on July 22, 2023 and January 30, 2024.

The composition of Nomination and Remuneration Committee and attendance of each member is as under:

S. No.	Name of Member	Designation	Committee meeting held during the tenure of Member in FY 2023-24	Committee meeting attended during the tenure of Member in FY 2023-24
1	Mr. Raman Aggarwal	Chairman	2	2
2	Mr. Vijuy Ronjan	Member	2	2
3	Mrs. Nisha Jolly*	Member	1	0
4.	Mr. Nirmal Chand**	Member	0	0

\*Appointed as a Member of the Committee w.e.f. August 30, 2023

\*\* Appointed as a Member of the Committee w.e.f. April 27, 2023 and ceased to be the Member of the Committee w.e.f. July 19, 2023.

**Nomination and Remuneration Policy**

The Company adopted a Nomination and Remuneration Policy for Directors, KMP and other employees, in accordance with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Remuneration Policy of the Company is designed to create a high-performance culture. It enables the Company to attract, retain and motivate employees to achieve results.

**Remuneration to Directors**

**a) Non-Executive Independent Directors**

No commission was paid to any Non-Executive Independent Director for the financial year under review. Only sitting fees, with in limit as prescribed under Companies Act, 2013 and rules made thereunder have been paid.



b) Executive Directors

The remuneration paid to the Executive Directors is commensurate with industry standards, taking into consideration the individual responsibilities shouldered by them and is in consonance with the terms of appointment approved by the Board of Directors/Shareholders of the Company.

The Nomination and Remuneration Committee reviews and, if required, recommends to the Board the changes in the managerial remuneration of the Executive Directors. The review is based on the performance of the Company and the individual Director on certain defined qualitative and quantitative parameters.

The details of sitting fees/remuneration paid to Directors during the FY 2023-24, are as under:

(₹ in Lakhs)					
S. No.	Name of Director	Sitting fees for attending Board and Committee Meetings	Salary and Perquisite	Incentive/Bonus	Total
1	Mr. Sunil Agarwal	0.00	393.60	0.00	393.60
2	Mr. Anoop Krishna	0.00	45.60	0.00	45.60
3	Mr. Harish Singh	0.00	33.00	0.00	33.00
4	Mr. Santanu Agarwal	0.00	180.00	0.00	180.00
5	Mr. Naresh Kumar Jain	2.70	0.00	0.00	2.70
6	Mr. Gauri Shankar	2.85	0.00	0.00	2.85
7	Mr. Raman Agarwal	2.25	0.00	0.00	2.25
8	Mrs. Nisha Jolly	1.50	0.00	0.00	1.50
9	Mr. Vijuy Ronjan	2.40	0.00	0.00	2.40
10	Mr. Nirmal Chand*	0.50	0.00	0.00	0.50

\*Appointed on the Board w.e.f. March 27, 2023 and Ceased to be the Director of the Company w.e.f. July 19, 2023

c) Employee Stock Option

The Company does not have an Employee Stock Option.

d) Pecuniary Relationship or Transaction With Non-Executive Independent Directors

There were no pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the Company.

e) Performance Evaluation of the Board, Directors and Committees of the Board

The Board of Directors have recognized that it would be important for them to continually assess how effectively they are performing their roles against the objectives and the goals they have set for themselves. This growing recognition has resulted in Board evolutions as a critical structural tool for assessing Board effectiveness and efficiency. Considering this fact and in the light of Company's performance, the performance of the Board of Directors and their Committees, along with performance of individual Director is reviewed and evaluated from time to time by Nomination and Remuneration Committee and the Board of Directors through various manner like discussion with Directors, by seeking views of one Director from other Directors, inputs from the Directors through structured questionnaires covering the various aspects of the Board functioning such as adequacy of composition of the Board and its Committee, Board culture, execution and performance of specific duties, obligations, participation of Directors in the various matters, skill and knowledge of individual Director and independence of judgment, contribution towards development of the strategy, risk management. The Directors expressed satisfaction with the evaluation process. The performance of the Director individually and collectively and performance of the Committees are found satisfactory. A separate exercise was carried out to evaluate the performance of individual Directors who were assessed to find out knowledge/skills, contribution to the Board and their communication/relationship with the Board and Senior Management of the Company. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Managing Director and the Non-independent Directors were carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

C. Stakeholders Relationship Committee ('SRC')

The Stakeholders Relationship Committee functions in accordance with Section 178 of the Act and Regulation 20 read with Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is chaired by an Independent Director.

The Committee, inter-alia, oversees and review:

- all matters connected with the grievances of the Security Holders or investor services in connection with non-receipt of Balance Sheet, non-receipt of declared dividend, non-receipt of annual report, notice of general meeting, non-complaints related to transfer/transmission of Securities, re-materialization and de-materialization of Securities and transfer/transmission of Securities or any other grievances as reported by the Security Holders;
- the measure taken for effective exercise of voting rights by the Shareholders;
- the performance of the Registrar and Transfer Agents of the Company and recommends measures for overall improvement in the quality of investor services;
- the measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the Shareholder of the Company.

The Board has delegated the power of approving transfer of securities to the officers of the Company.

Meeting and Composition

Stakeholder Relationship Committee met Four (4) times during the year under review on April 27, 2023; July 22, 2023; October 26, 2023 and January 30, 2024.

The composition of the Committee and attendance of each member is as under:

S. No.	Name of Member	Designation	Committee meeting held during the tenure of Member in FY 2023-24	Committee meeting attended during the tenure of Member in FY 2023-24
1	Mr. Naresh Kumar Jain	Chairman	4	4
2	Mr. Raman Aggarwal	Member	4	3
3	Mr. Vijuy Ronjan*	Member	2	2
4	Mr. Gauri Shankar**	Member	1	1
5	Mr. Nirmal Chand***	Member	0	0

\* Appointed as a Member of the Committee w.e.f. August 30, 2023.

\*\*Ceased to be the Member of the Committee w.e.f. April 27, 2023.

\*\*\*Appointed as a Member of the Committee w.e.f. April 27, 2023 and ceased to be the Member of the Committee w.e.f. July 19, 2023.

D. Corporate Social Responsibility Committee ('CSR Committee')

Company has constituted Corporate Social Responsibility Committee, under the provisions of Section 135 of Companies Act, 2013 read together with the Companies (Corporate Social Responsibility Policy) Rules, 2014, to:

Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act;

- a) Recommend the amount of expenditure to be incurred on the activities referred to in the above clause (a); and
- b) Monitor the Corporate Social Responsibility Policy of the Company from time to time and, to recommend modification in CSR Policy to Board.

Meeting and Composition

Corporate Social Responsibility Committee met One (1) times during the year under review on May 11, 2023.

The constitution of Corporate Social Responsibility Committee and attendance of each member is as under:

S. No.	Name of Member	Designation	Committee meeting held during the tenure of Member in FY 2023-24	Committee meeting attended during the tenure of Member in FY 2023-24
1	Mr. Harish Singh	Chairman	1	1
2	Mr. Sunil Agarwal	Member	1	1
3	Mr. Vijay Ronjan	Member	1	1

E. **Risk Management Committee ('RMC')**

The Risk Management Committee is constituted and functions as per Regulation 21 read with Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and RBI's Governance Guidelines as applicable on the Company.

The Committee, inter-alia, responsible to:

- identify and evaluate operational, strategic & external environment risks associated with the Company's business;
- formulate a detailed risk management policy;
- ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- monitor and oversee implementation of the Risk Management Policy, including evaluating the adequacy of risk management systems;
- periodically review the Risk Management Policy; and
- keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken.

**Meeting and Composition**

Risk Management Committee met Four (4) times during the year under review on April 27, 2023; July 22, 2023; October 26, 2023 and January 31, 2024.

The composition of the Committee and attendance of each member is as under:

S. No.	Name of Member	Designation	Committee meeting held during the tenure of Member in FY 2023-24	Committee meeting attended during the tenure of Member in FY 2023-24
1	Mr. Gauri Shankar	Chairman	4	4
2	Mr. Sunil Agarwal	Member	4	4
3	Mr. Harish Singh	Member	4	4
4	Mr. Gaurav Chaubey	Member	4	4

F. **Asset Liability Management Committee ('ALCO')**

Based on RBI Guidelines, the Company has constituted an Asset Liability Management Committee. The Committee primarily performs the role of risk management in pursuance of the Risk Management guidelines issued by RBI, time to time and assist the Board of the Company to manage the risk. The Committee addresses the issues related to interest rate and liquidity risks. The business of the Company is periodically monitored by the Committee and the members also suggest ways and means to improve the working and profitability of the Company from time to time.

**Meeting and Composition**

Asset Liability Management Committee met Four (4) times during the year under review on May 11, 2023; July 22, 2023; October 25, 2023 and January 30, 2024.

The constitution of Assets Liability Management Committee and attendance of each member is as under:

S. No.	Name of Member	Designation	Committee meeting held during the tenure of Member in FY 2023-24	Committee meeting attended during the tenure of Member in FY 2023-24
1	Mr. Sunil Agarwal	Chairman	4	4
2	Mr. Harish Singh	Member	4	4
3	Mr. Gaurav Chaubey	Member	4	4
4	Mr. B V S K T Bhaskar*	Member	2	2
5	Ms. Nidhi Gupta**	Member	0	0

\* Appointed as the Member of the Committee w.e.f. August 30, 2023

\*\*Ceased to be the Member of the Committee w.e.f. May 9, 2023.

G. **IT Strategy Committee**

The Board, in accordance with the provisions of Reserve Bank of India's Master Direction on the Information Technology Framework for the NBFC Sector, constituted IT Strategy Committee ("IT Committee"). The IT Committee comprises of five (5) members. The functions of the IT Committee include approval of IT strategies and policy documents, to ascertain whether the company's management has implemented processes/practices which ensure that IT delivers value to business, ensure that the budgets allocated vis-à-vis IT investments are commensurate, monitor the method adopted to ascertain the IT resources needed to achieve strategic goals of the company and to provide high-level directions for sourcing and use of IT resources.

**Meeting and Composition:**

IT Strategy Committee met four times during the year under review on May 25, 2023; July 17, 2023; November 22, 2023 and January 18, 2024.

The constitution of IT Strategy Committee and attendance of each member is as under:

S. No.	Name of Member	Designation	Committee meeting held during the tenure of Member in FY 2023-24	Committee meeting attended during the tenure of Member in FY 2023-24
1	Mrs. Nisha Jolly	Chairperson/Member	4	4
2	Mr. Harish Singh	Member	4	4
3	Mr. Kailash Singh	Member	4	4
4	Mr. Santanu Agarwal	Member	4	4
5	Mr. Sushant Sharma*	Member	2	2

\* Appointed as the Member of the Committee w.e.f. August 30, 2023

H. **IT Steering Committee**

The Board, in accordance with the provisions of Reserve Bank of India's Master Direction on the Information Technology Framework for the NBFC Sector, constituted IT Steering Committee. The IT Committee comprises of Four (4) members. The functions of the IT Steering Committee include to provide oversight and monitoring of the progress of the Information System project, including deliverables to be realized at each phase of the project and milestones to be reached according to the project timetable.

**Meeting and Composition**

IT Steering Committee met Four times during the year under review on April 20, 2023; July 20, 2023; December 20, 2023 and March 26, 2024.

The constitution of IT Steering Committee and attendance of each member is as under:

S. No.	Name of Member	Designation	Committee meeting held during the tenure of Member in FY 2023-24	Committee meeting attended during the tenure of Member in FY 2023-24
1	Mr. Harish Singh	Chairman	4	4
2	Mr. Kailash Singh	Member	4	4
3	Mr. Santanu Agarwal	Member	4	4
5	Mr. Sushant Sharma*	Member	2	2

\* Appointed as the Member of the Committee w.e.f. August 30, 2023

I. **Operations and Finance Committee:**

Board of Directors of the Company has also constituted a Committee named Operations and Finance Committee under the chairmanship of Mr. Harish Singh, Mr. Sunil Agarwal and Mrs. Nisha Jolly are the other members of the Committee, This Committee meets time to time to decide the business of routine operational nature for the Company, such as opening of bank account, availing various banking facilities, changes to the signatories, delegation of authority for initiating and defending litigation etc.

**Compliance Officer**

Company has appointed Mr. Manendra Singh, Company Secretary as Chief Compliance Officer.

**Investor Grievance Redressal**

The status of investor complaints is monitored by the Stakeholder Relationship Committee periodically and reported to the Board. The complaints received from the shareholders, regulators, stock exchanges are reviewed and they are expeditiously attended to by the Registrar and Share Transfer Agents.

The status on the total number of investor complaints during financial year 2023-24 is as follows:

No. of complaints pending at the beginning of the year	Nil
No. of complaints received by correspondence during the year	Nil
No. of complaints received from BSE during the year	Nil
No. of complaints received from NSE during the year	Nil
No. of complaints received from SEBI during the year	Nil
No. of complaints resolved/replied during the year	Nil
No. of Investors complaints pending at the end of the year	Nil

**Compliance Certificate by the Secretarial Auditor**

The Secretarial Auditor of the Company have certified that the Company has complied with the conditions of Corporate Governance as stipulated in Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same is annexed elsewhere in this Annual Report as forming part of Board’s Report.

**Corporate Ethics**

The Company’s Business ethics is a guide to ethical decision making. We are committed to uncompromising integrity in all that we do and in the way in which we relate to each other and to people outside the company. As a responsible corporate entity, the Company consciously follows corporate ethics in both business and corporate interactions. The Company has framed various codes and policies like Code of conduct for prevention of Insider Trading, Fair Practice Code, Code for Independent Directors, Code of conduct for all members of Board of Directors and Senior Management, Whistle Blower Policy, which acts as guiding principles for carrying business in ethical way.

**Meetings of Independent Directors**

As stipulated by the code of Independent Directors under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of Independent Directors was held on January 31, 2024 to review the performance of Non-Independent Directors and the Board as whole taking into account the views of Executive and Non-Executive Directors. The Independent Directors also reviewed the quality, content and time line of flow

of information between the management and Board and its Committees which is necessary for effective and reasonable perform and discharge of their duties.

**General Body Meetings**

**A. Annual General Meeting (AGM) of Last Three Years**

AGM	Year	Date, Time And Venue	Special Resolution Passed
29 <sup>th</sup>	2020-2021	September 25, 2021 at 10:30 A.M. Through Video Conferencing (VC)/ Other Audio Visual Means (OAVM)	1. To fix borrowing power of the Board of Directors u/s 180 (1) (c) of the Companies Act, 2013.  2. To authorise Board of Directors u/s 180 (1) (a) of the Companies Act, 2013 to create charges on movable and immovable properties of the Company.  3. To issue Non-Convertible Debentures, in one or more series/tranches pursuant to section 42 of the Companies act, 2013.  4. To approve the alteration in Object Clause of Memorandum of Association of the Company
30 <sup>th</sup>	2021-2022	September 30, 2022 at 02:30 P.M. Through Video Conferencing (VC)/ Other Audio Visual Means (OAVM)	1. To fix borrowing power of the Board of Directors u/s 180 (1) (c) of the Companies Act, 2013.  2. To authorise Board of Directors u/s 180 (1) (a) of the Companies Act, 2013 to create charges on movable and immovable properties of the Company.  3. To issue Non-Convertible Debentures, in one or more series / tranches pursuant to section 42 of the Companies act, 2013.
31 <sup>st</sup>	2022-2023	September 21, 2023 at 2:45 P.M. Through Video Conferencing (VC)/ Other Audio Visual Means (OAVM)	1. To fix borrowing power of the Board of Directors u/s 180 (1) (c) of the Companies Act, 2013.  2. To authorise Board of Directors u/s 180 (1) (a) of the Companies Act, 2013 to create charges on movable and immovable properties of the Company.  3. To issue Non-Convertible Securities/Debentures, in one or more series/tranches pursuant to section 42 of the Companies act, 2013.  4. To approve the alteration in Articles of Association of the Company.

All the resolutions moved at above Annual General Meetings were passed by means of remote e-voting, by the requisite majority of members.

**B. Extraordinary General Meeting**

During the year under review, no Extraordinary General Meeting was held.



C. Postal Ballot

During Financial year ended 2023-24, the Company had sought approval of the members on seven resolutions (ordinary/special resolutions) through postal ballots, the details of the same are as under:

Particular	Postal Ballot I Postal Ballot Notice dated April 1, 2023	Postal Ballot II Postal Ballot Notice dated January 31, 2024	Postal Ballot III Postal Ballot Notice dated February 22, 2024
Resolution(s) circulated for Members' approval through Postal Ballot	1. To re-appoint Mr. Sunil Agarwal as Managing Director of the Company. (Ordinary Resolution)  2. To re-appoint Mr. Harish Singh as Whole-Time Director designated as Executive Director and Chief Financial Officer. (Ordinary Resolution)  3. To re-appoint Mr. Anoop Krishna as Whole-Time Director designated as Executive Director. (Ordinary Resolution)  4. To approve payment of Annual Remuneration to Executive Director(s) who are Promoter(s)/ Member(s) of Promoter Group in terms of Regulation 17(6)(e) of SEBI (LODR) Regulations, 2015. (Special Resolution)  5. To appoint Mr. Nirmal Chand as a Non-Executive Independent Director of the Company. (Special Resolution)	1. To approve issue of Bonus Equity Shares. (Ordinary Resolution)	1. To consider and approve raising of funds and issuance of securities upto Rs. 12600 million through qualified institutional placement basis or through any other permissible mode, in one or more tranches. (Special Resolution)
Date of Dispatch of Notice	April 5, 2023	February 7, 2024	February 29, 2024
Date of Publication of Notice in Newspapers	April 6, 2023	February 8, 2024	March 1, 2024
Voting Period	From April 6, 2023 at 09:00 A.M. IST to May 5, 2023 at 05:00 P.M. IST (both days inclusive).	From February 8, 2024 at 09:00 A.M. IST to March 8, 2024 at 05:00 P.M. IST (both days inclusive)	From March 1, 2024 at 09:00 A.M. IST to March 30, 2024 at 05:00 P.M. IST (both days inclusive)
Procedure for Postal Ballot	During the year under review, pursuant to Section 108 and Section 110 of the Companies Act, 2013 read with Rule 20 and Rule 22 of Companies (Management and Administration) Rules, 2014, Circular Nos. 14/2020 dated April 08, 2020, 17/2020 dated April 13, 2020, 22/2020 dated June 15, 2020, 33/2020 dated September 28, 2020, 39/2020 dated December 31, 2020, 10/2021 dated June 23, 2021, 20/2021 dated December 08, 2021 and 03/2022 dated May 05, 2022, 11/2022 dated December 28, 2022 and 09/2023 dated September 25, 2023 issued by the Ministry of Corporate Affairs (hereinafter collectively referred to as "MCA Circulars") and Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time and Secretarial Standard on General Meetings ('SS-2') issued by the Institute of Company Secretaries of India and other applicable provisions, approvals of Shareholders were sought through Postal Ballots by electronic means.		
Scrutinizer	Mr. Satish Jadon, Proprietor of Satish Jadon & Associates, Practicing Company Secretary, (Membership No. FCS 9512 and CP No. 9810)	Mr. Satish Jadon, Proprietor of Satish Jadon & Associates, Practicing Company Secretary, (Membership No. FCS 9512 and CP No. 9810)	Mr. Satish Jadon, Proprietor of Satish Jadon & Associates, Practicing Company Secretary, (Membership No. FCS 9512 and CP No. 9810)

Mode of Voting	E-voting facility was provided by the Company to the Shareholders to cast their votes on the Resolutions as specified in the Postal Ballot Notice. Company availed the services of Nation Securities Depository Limited for the purpose of providing e-voting facility to all its Members.	E-voting facility was provided by the Company to the Shareholders to cast their votes on the Resolutions as specified in the Postal Ballot Notice. Company availed the services of Nation Securities Depository Limited for the purpose of providing e-voting facility to all its Members.	E-voting facility was provided by the Company to the Shareholders to cast their votes on the Resolutions as specified in the Postal Ballot Notice. Company availed the services of Nation Securities Depository Limited for the purpose of providing e-voting facility to all its Members.
Date of Scrutinizer's Report	May 6, 2023	March 9, 2024	April 1, 2024
Voting result	All the resolutions as set in the notice of Postal Ballot dated April 1, 2023, except resolution no. 4, were passed with requisite majority.	The resolution as set in the notice of Postal Ballot dated January 31, 2024 was passed with requisite majority.	The resolution as set in the notice of Postal Ballot dated February 22, 2024 was passed with requisite majority.
Date of passing of Resolution(s)	May 5, 2023	March 8, 2024	March 30, 2024

Means Of Communication

Company focusses on Communication as a key element to the overall Corporate Governance framework, therefore the Company emphasizes on prompt, continuous, efficient and relevant communication to all external constituencies.

Financial Result

The Quarterly, Half Yearly and Annual Financial Results are regularly submitted to the National Stock Exchange of India Limited ('NSE') and BSE Limited ('BSE') within the timeline stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which are also uploaded on the Company's website and are published in newspapers, namely the Business Standard (English), Business Standard (Hindi) and Mint (English). The results and other important information are also periodically updated on the Company's website at www.paisalo.in in the "Investors Relations" section. The same are not sent to the shareholders separately.

Stock Exchange Intimations

All price-sensitive information and matters that are material to shareholders are disclosed to the respective Stock Exchanges where the securities of the Company are listed. All submissions to the Exchanges including Shareholding Pattern and Corporate Governance Report are made through the respective electronic filing systems. Material events or information as detailed in Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are disseminated on the Stock Exchanges by filing them with the National Stock Exchange of India Limited ('NSE') through NEAPS and with BSE Limited ('BSE') through BSE Online Portal. They are also displayed on the Company's website at www.paisalo.in under 'Investor Relations'.

Analyst/Investor Meets

The Managing Director & CEO, Chief Financial Officer and Deputy Managing Director periodically meet or have conference calls with institutional investors and analysts. Intimation of such meetings/calls, as when required, are uploaded on NEAPS and BSE Online Portal of NSE and BSE respectively and posted on the Company's website. No formal presentations were made to institutional investors and analysts during the year under review

Company's Website

Comprehensive information about the Company, its business and operations can be viewed on the Company's website. The Members can access the details of the Board, the Committees, Policies, Board Committee Charters, financial information, statutory filings, shareholding information, details of unclaimed dividend and shares transferred/liable to be transferred

to IEPF, The 'Investor' section on the website gives information relating to Financial Results, Annual Reports, Shareholding Pattern and other relevant information. Outcome and voting results AGM are also available under the 'Investor Information' section.

### Annual Report

The information regarding the performance of the Company is shared with the shareholders vide the Annual Report. The Annual Reports are also available in the "Investors Relations" section on the Company's website <https://paisalo.in/home/investorrelation>.

In view of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the soft copies of Annual Report have been emailed by the Company to all those Shareholders who have registered their email address for this purpose. We would appreciate and encourage more Shareholders to register their email address with their Depository Participant or the Registrar and Transfer Agent of the Company, to receive soft copies of the Annual Report, Postal Ballot, Notices and other information disseminated by the Company, on a real-time basis without any delay.

### Disclosures

- **Related Party Transactions:** All transactions entered into with related parties as defined under the Companies Act, 2013 and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, during the year under review were on an arm's length basis and in the ordinary course of business. Transactions with related parties are periodically brought to the notice of Audit Committee. During the year under review, there were no materially significant related party transactions entered into by the Company with Promoters Directors, KMPs, Senior Management or other designated persons which may have a potential conflict with the interest of the Company at large.

The Company has adopted a Related Party Transactions Policy in accordance with the Act and SEBI Listing Regulations and the same is displayed on the Company's website at [https://paisalo.in/pdf/corporate\\_governance/policy/Policy\\_on\\_Related\\_Party\\_Transaction\\_24.pdf](https://paisalo.in/pdf/corporate_governance/policy/Policy_on_Related_Party_Transaction_24.pdf). The transactions with related parties as per requirements of Ind AS-24 – 'Related Party Disclosures' are disclosed in Note No. 37 of the Notes to the Standalone Financial Statements for the year ended March 31, 2024.

- **Details of non-compliance:** The Company has generally complied with the requirement of various rules and regulations prescribed by the Stock Exchanges, SEBI or any other statutory authority. Except the following, there is no penalty or strictures is imposed on the Company either by SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital market over the last three years
  - There was an instance of delay compliance of provision of SEBI circular SEBI/HO/MIRSD/CRADT/ CIR/P/2020/207 dated October 22, 2020 effective from January 1, 2021(Contribution by the Issuers of listed or proposed to be listed debt securities towards creation of "Recovery Expense Fund", which has been condoned by the SEBI vide its letter SEBI/HO/MIRSD/CRADT/RGA/NK/P/OW/2021/14132/1 dated July 1, 2021.
  - In the month of September–October 2022, BSE imposed fine of Rs. 10,000/- (excluding tax) for delay compliance of notice of Record date to stock exchange under regulation 60(2) of SEBI (LODR) Regulations, 2015, for the period from 01-Jan-2021 to 31-Jan-2021. The notice was given by the Company to Stock exchange on January 15, 2021 for record date viz. January 26, 2021 for payment of interest in respect of NCDs (ISIN: INE420C07031/ Scrip 960204) (delay of one working day). The Company has paid the fine and no further action required in this regard.
  - Pursuant to SEBI circular no. SEBI/HO/DDHS/DDHS\_Div1/P/CIR/2022/0000000103 dated July 29, 2022 BSE Ltd., has imposed fine of Rs. 5000+taxes for non submission of prior intimation of Board Meeting in the Month ended September 2023 to consider fund raising through issuance of Non Convertible Debentures under Regulation 50(1) (d) of SEBI (LODR) Regulations, 2015. The Company has paid the fine and no further action required in this regard.
- **Fraud committed by the Borrower of the Company:**  
A defaulter borrower named M/s Sat Priya Mehamia Memorial Educational Trust, Rohtak borrowed an amount of Rs. 12 Crores on March 24, 2018. The defaulter has only made a payment of Rs. 25 lakh. The defaulter and its office bearers are involved in selling off the land mortgaged to us. The company has treated this as a loss asset in September 2019 in its books of accounts by providing 100%.
- Your Company has initiated various legal actions against the defaulter borrower and its office bearers including

registering FIR. The defaulter violates The Hon'ble High Court of Delhi order dated 25.01.2024 to maintain the status –quo as to title and possession in respect of the mortgaged properties. But despite such court orders, the defaulting entity has continued its process of illegally disposing of the mortgaged properties.

- **Policy on Archival:** In terms of Regulation 30(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Policy on Archival of Documents is available on the website of the Company at [https://paisalo.in/pdf/corporate\\_governance/Archival\\_policy.pdf](https://paisalo.in/pdf/corporate_governance/Archival_policy.pdf)
- **Policy on Preservation of Documents:** As required under Regulation 9 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of Preservation of Documents is available on the website of the Company at <https://paisalo.in/corporate-governance.php>.
- **Policy on Determination of Materiality for disclosures of Events or information:** As per Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Policy is available on the website of the Company at [https://paisalo.in/pdf/corporate\\_governance/Policy\\_for\\_determination\\_of\\_materiality\\_of\\_events\\_and\\_information\\_for\\_disclosures.pdf](https://paisalo.in/pdf/corporate_governance/Policy_for_determination_of_materiality_of_events_and_information_for_disclosures.pdf)
- **Policy on Material Subsidiary:** Pursuant to Regulation 16(1) (c) of SEBI Listing Regulations, the Board has approved a Policy on Material Subsidiary, which is available on the website of the Company at [https://paisalo.in/pdf/corporate\\_governance/Policy\\_for\\_determining\\_material\\_subsidary.pdf](https://paisalo.in/pdf/corporate_governance/Policy_for_determining_material_subsidary.pdf)
- **Whistle Blower Policy and Vigil Mechanism:** Whistle Blower Mechanism has been established for employees to report concerns about unethical behaviour, actual or suspected fraud, or violation of our code of conduct or ethics policy. It provides for adequate safeguards against victimization of employees who avail of the mechanism and also allows direct access to the Chairman of the Audit Committee in exceptional cases. We further affirm that no employee has been denied access to the Audit Committee. The details of Whistle Blower Mechanism are available on the website of the Company at [https://paisalo.in/pdf/corporate\\_governance/Whistle\\_blower\\_policy\\_vigil\\_mechanism.pdf](https://paisalo.in/pdf/corporate_governance/Whistle_blower_policy_vigil_mechanism.pdf)
- **Code of Conduct for Prevention of Insider Trading:** The Company has adopted the Code of Conduct for Prevention of Insider Trading under the SEBI (Prohibition of Insider Trading) Regulations, 2015 ('the Code'). The Code lays down guidelines for procedures to be followed and disclosures to be made by insiders while trading in the securities of the Company. The Code was amended by the Board of Directors time to time to incorporate the amendments to the SEBI (Prohibition of Insider Trading) Regulations, 2015. The Company has also adopted a Code of Corporate Disclosure Practices for ensuring timely and adequate disclosure of Unpublished Price Sensitive Information ('UPSI') by the Company to enable the investor community to take informed investment decisions with regard to the Company's shares. Policy for Determination of Legitimate Purposes. The company maintain of Structure Digital Database (SDD) and making of requisite entries in the SDD. The Code of Corporate Disclosure Practices along with the Policy for Determination of Legitimate Purposes. The Code is also available on the website of the Company at [https://paisalo.in/pdf/corporate\\_governance/Code\\_of\\_conduct\\_for\\_prevention\\_of\\_insider\\_trading.pdf](https://paisalo.in/pdf/corporate_governance/Code_of_conduct_for_prevention_of_insider_trading.pdf).
- **Fair Practice Code:** Company has adopted Fair Practice Code pursuant to guidelines issued by Reserve Bank of India (RBI) vide its Circular No. RBI/2006-07/138- DNBS(PD) CC No.: 80/03.10.042/2005-06 dated September 28, 2006/Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, on Fair Practices Code for Non-Banking Financial Companies and same is amended time to time. The Company adhere to the code in its Business conduct.
- **Secretarial Standards:** The Company has complied with all the applicable provisions of the Secretarial Standards issued by the Institute of Company Secretaries of India.
- **Acceptance of recommendation of all Committees:** There was no instance during the financial year 2023-24 when the Board had not accepted any recommendation of the Committee of the Board.
- **Demat suspense account/unclaimed suspense account:** In accordance with the requirement of Regulation 34(3) and Part F of Schedule V to the SEBI Listing Regulations, details of equity shares in the suspense account are as follows:

Sr. No.	Particular	No. of holders	No. of shares
1.	At the beginning of the year	0	0
2.	Transferred to Suspense Account	4	20910
3.	Claims received during the year	0	0
4.	Claims approved during the year	0	0
5.	At the end of the year	4	20910

- Issue and allotment of Securities: During the year under review, the Company has not raised proceeds/ funds from public issue and right issue of equity shares. During the year under review, the Company has issued and allotted the following securities:

Sr. No.	Date of Allotment	Security	Number	Private Placement/ Preferential
1	April 13, 2023	Unlisted Unsecured Unrated Redeemable Non Convertible Debentures (NCDs) of INR 1,00,00,000/- each (ROI 10.00 % P.A.)	5	Private Placement
2.	April 29, 2023	Unlisted Unsecured Unrated Redeemable Non Convertible Debentures (NCDs) of INR 10,00,000/- each (ROI 12.00 % P.A.)	364	Private Placement
3	September 2, 2023	Unlisted Unsecured Unrated Redeemable Non Convertible Debentures (NCDs) of INR 10,00,000/- each (ROI 12.00 % P.A.)	50	Private Placement
4	September 27, 2023	Listed Secured Rated Redeemable Non Convertible Debentures (NCDs) of INR 1,00,000/- each (ROI 9.95 % P.A.)	5000	Private Placement
5	November 7, 2023	Unlisted Unsecured Unrated Redeemable Non Convertible Debentures (NCDs) of INR 10,00,000/- each (ROI 9.95 % P.A.)	85	Private Placement
6	November 16, 2023	Listed Secured Rated Redeemable Non Convertible Debentures (NCDs) of INR 1,00,000/- each (ROI 9.95 % P.A.)	1000	Private Placement
7	December 8, 2023	Unlisted Unsecured Unrated Redeemable Non Convertible Debentures (NCDs) of INR 10,00,000/- each (ROI 12.00 % P.A.)	462	Private Placement
8	December 15, 2023	Listed Secured Rated Redeemable Non Convertible Debentures (NCDs) of INR 1,00,000/- each (ROI 9.95 % P.A.)	1970	Private Placement
9	December 28, 2023	Listed Secured Rated Redeemable Non Convertible Debentures (NCDs) of INR 1,00,000/- each (ROI 9.95 % P.A.)	1800	Private Placement
10	January 18, 2024	Listed Secured Rated Redeemable Non Convertible Debentures (NCDs) of INR 1,00,000/- each (ROI 9.95 % P.A.)	1971	Private Placement
11	February 27, 2024	Listed Secured Rated Redeemable Non Convertible Debentures (NCDs) of INR 1,00,000/- each (ROI 9.95 % P.A.)	2034	Private Placement
12	March 21, 2024	Bonus Equity Shares of INR 1 each in the ratio of 1:1	44,90,21,990	--

- Issue and allotment of Commercial Papers: During the year under review, the Company has issued and allotted the following Commercial Papers:

Sr. No.	Date of Allotment	Security	Number	Private Placement/ Preferential
1	April 6, 2023	Unlisted Unrated Commercial Paper	360	Private Placement
2.	November 10, 2023	Listed Rated Commercial Paper	1800	Private Placement
3	December 20, 2023	Unlisted Unrated Commercial Paper	240	Private Placement
4	January 30, 2024	Listed Rated Commercial Paper	600	Private Placement
5	February 12, 2024	Listed Rated Commercial Paper	600	Private Placement

- Fees paid to Statutory Auditor: Details of fees paid by the Company to the Statutory Auditor is disclosed in note no. 32 of the Notes to the Standalone/Consolidated Financial Statements for the year ended March 31, 2024 forming part of this Annual Report.
- Non disqualification of Director: A certificate from a Company Secretary in practice states that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Company by the SEBI/ Ministry of Corporate Affairs or any such statutory authority is annexed as forming part of this Annual Report.
- Corporate Governance Compliance: Disclosures of the compliance with corporate governance requirements specified in regulation 17 to 27 and Regulation 46 (2) (b) to (i) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the Financial Year ended March 31, 2024.

Sr. No.	Particulars	Regulation Number	Compliance status (Yes/No/NA)
1	Independent Director(s) have been appointed in terms of specified criteria of ‘independence’ and/or ‘eligibility’	16(1)(b), 25(6)	Yes
2	Board composition	17(1), 17(1A), 17(1C), 17(1D), 17(1E)	Yes
3	Meeting of Board of Directors	17(2)	Yes
4	Quorum of Board Meeting	17(2A)	Yes
5	Review of Compliance Reports	17(3)	Yes
6	Plans for orderly succession for appointments	17(4)	Yes
7	Code of Conduct	17(5)	Yes
8	Fees/compensation	17(6)	Yes
9	Minimum Information	17(7)	Yes
10	Compliance Certificate	17(8)	Yes
11	Risk Assessment & Management	17(9)	Yes
12	Performance Evaluation of Independent Directors	17(10)	Yes
13	Recommendation of Board	17(11)	Yes
14	Maximum number of Directorships	17A	Yes
15	Composition of Audit Committee	18(1)	Yes
16	Meeting of Audit Committee	18(2)	Yes
17	Role of Audit Committee and information to be reviewed by the audit committee	18(3)	Yes
18	Composition of Nomination & Remuneration Committee	19(1) & (2)	Yes
19	Quorum of Nomination and Remuneration Committee meeting	19(2A)	Yes
20	Meeting of Nomination and Remuneration Committee	19(3A)	Yes
21	Role of Nomination and Remuneration Committee	19(4)	Yes
22	Composition of Stakeholder Relationship Committee	20(1), 20(2) & 20(2A)	Yes
23	Meeting of Stakeholders Relationship Committee	20(3A)	Yes
24	Role of Stakeholders Relationship Committee	20(4)	Yes
25	Composition and role of Risk Management Committee	21(1),(2),(3),(4)	Yes
26	Meeting of Risk Management Committee	21(3A)	Yes
27	Quorum of Risk Management Committee Meeting	21(3B)	Yes
28	Gap between the meetings of the Risk Management Committee	21(3C)	Yes
29	Vigil Mechanism	22	Yes
30	Policy for Related Party Transaction	23(1), (1A), (5), (6), & (8)	Yes



31	Prior or Omnibus approval of Audit Committee for all related party transactions	23(2), (3)	Yes
32	Approval for material Related Party Transactions	23(4)	NA
33	Disclosure of Related Party Transactions on consolidated basis	23(9)	Yes
34	Composition of Board of Directors of unlisted material Subsidiary	24(1)	Yes
35	Other Corporate Governance requirements with respect to subsidiary of listed entity	24(2),(3),(4),(5) & (6)	Yes
36	Alternate Director to Independent Director	25(1)	NA
37	Maximum Tenure	25(2)	Yes
38	Appointment, Re-appointment or removal of an Independent Director through special resolution or the alternate mechanism	25(2A)	Yes
39	Meeting of Independent Directors	25(3) & (4)	Yes
40	Familiarization of Independent Directors	25(7)	Yes
41	Declaration from Independent Director	25(8) & (9)	Yes
42	Directors and Officers insurance	25(10)	Yes
43	Confirmation with respect to appointment of Independent Directors who resigned from the listed entity	25(11)	Yes
44	Memberships in Committees	26(1)	Yes
45	Affirmation with compliance to code of conduct from members of Board of Directors and Senior management personnel	26(3)	Yes
46	Disclosure of Shareholding by Non-Executive Directors	26(4)	Yes
47	Policy with respect to Obligations of Directors and Senior Management	26(2) & 26(5)	Yes
48	Approval of the Board and shareholders for compensation or profit sharing in connection with dealings in the securities of the listed entity	26(6)	NA
49	Vacancies in respect Key Managerial Personnel	26A(1) & 26A(2)	NA
50	Other corporate governance requirements	27	Yes
51	Website	46 (b) to (i)	Yes

- Prevention, Prohibition and Redressal of Sexual Harassment: As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and Rules made thereunder, the Company has constituted Internal Committee to redress complaints received regarding sexual harassment and recommend appropriate action. The objective being to provide a safe working environment to all employees (permanent, contractual, temporary and trainees) covered under this policy. No complaints were pending at the beginning of the year. Further, the Company did not receive any complaints of sexual harassment during the year and accordingly, no complaints were pending as at the end of the financial year.
- The status of Compliance with mandatory and non-mandatory requirements of Listing Agreement/Listing Regulations are as follows:

**Mandatory Requirements**

The Company has complied with all the mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Non-Mandatory Requirements**

The status of compliance with the discretionary requirements as stated under Part E of Schedule II to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are as under:

- (a) Modified opinion(s) in Audit Report:  
During the year under review, there was no audit qualification in the Company's Financial Statements. The Company continues to adopt best practices to ensure regime of unmodified audit opinion.
- (b) Reporting of Internal Auditor:  
The Internal Auditor may report directly to the Audit Committee.

**General Shareholder Information**

**Registration**

The Company is registered with the Registrar of Companies, Delhi. The Corporate Identity Number (CIN) allotted to the Company by Ministry of Corporate Affairs is L65921DL1992PLC120483.

The Company is also registered with the Reserve Bank of India as Non-Banking Financial Company having registration number B-14.02997.

**Financial Calendar**

Financial Year	:	The financial year of the company is from April 01 to March 31 of the following year.
Financial Results		
For the first quarter	:	On or before August 14, 2024
For the half year	:	On or before November 14, 2024
For the third quarter	:	On or before February 14, 2025
For the year end	:	On or before May 30, 2025

**32<sup>nd</sup> Annual General Meeting for FY 2023-24**

Date and Time	:	September 23, 2024 at IST 2.30 P.M.
Venue	:	Through Video Conferencing (VC)/Other Audio Visual means (OAVM) – deemed venue shall be Registered Office of the Company
Cut-off Date	:	For the purpose of e-voting & dividend the cutoff date is September 16, 2024
Date of Book Closure	:	The Books of the Company will remain closed from September 17, 2024 to September 23, 2024 (both days inclusive)
E-voting period	:	Start on September 20, 2024 at IST 9:00 A.M. and ends on September 22, 2024 at IST 5:00 P.M.
Last date for receipt of Proxy Forms	:	In terms of the relaxations granted by the MCA, the facility for appointment of proxies by Members will not be available for the ensuing AGM
Dividend payment date	:	Dividend @ 10% i.e. 10 paise per fully paid-up Equity Share of INR 1/- of the Company will be paid to the shareholders whose names appear in the Register of Members as on September 16, 2024, subject to approval of the shareholders at the 32nd Annual General Meeting, within the statutory time limit of 30 days.

**Credit Rating**

M/s Infomerics Valuation and Rating Pvt. Ltd. assigned following rating to Company's instruments:

Sr. No.	Instrument/Facility	Amount (INR in Million)	Rating Assigned
1	Fund Based Facilities from Banks- Long Term	21000.00	IVR AA/Stable Outlook (IVR Double A with Stable Outlook)
2	Non-Convertible Debentures	2350.00	
3.	Commercial Paper	4500.00	IVR A1+ (IVR A One Plus)

Listing

The Securities of the Company are/were listed on BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE) as under:

Stock Exchange	Security/Instrument	ISIN	Symbol/Code
National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra Kurla Complex, Bandra (East) Mumbai -400051 www.nseindia.com	Equity	INE420C01059	PAISALO
BSE Limited (BSE) P. J. Towers, 25 <sup>th</sup> Floor, Dalal Street, Mumbai -400001 www.bseindia.com	Equity	INE420C01059	532900
	Secured Non Convertible Debentures*	INE420C07049	975107
		INE420C07056	975202
		INE420C07064	975251
		INE420C07072	975284
		INE420C07080	975329
		INE420C07098	975437
		INE420C07106	975592
		INE420C07114	975640
	Listed Commercial Paper*	INE420C14037	725885
		INE420C14045	725886
		INE420C14029	725884
		INE420C14060	726364
		INE420C14078	726454

The NCDs and Commercial Papers are listed on the wholesale debt segment of BSE.

Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on Equity:

Global Depository Receipts (GDRs) of Company are listed on Luxembourg Stock Exchange. Each One (1) Depository Receipts represents 4 (Four) Equity Shares of Re. 1/- each of the Company. The details of outstanding Depository Receipts as on March 31, 2024 are as follows:

Listing on Foreign Stock Exchange	:	Luxembourg Stock Exchange (LSE) Societe De La Bourse, De Luxembourg
Address	:	35A Boulevard Jospeh II, Luxembourg
Website	:	www.burse.lu
Security Type	:	GDRs
ISIN	:	US6954891049
Security Code/ Symbol	:	Paisalo Digital GDR
Outstanding Securities	:	6,71,53,975 Global Depository Receipts
Custodian Bank	:	The Bank of New York Mellon, DR

Since the underlying equity shares represented by DRs have been allotted in full, the outstanding have no impact on the equity of the Company.

Out Standing Non-Convertible Debentures as on March 31, 2024:

Sr. No.	Series	Listed/ unlisted	Tenure		Rated/Unrated	Secured/Unsecured	Outstanding Principal amount (INR in Million)
			Month	days			
1	PDL1808 NCD	Unlisted	72	0	Unrated	Unsecured	810.00
2	PDL 2020-1	Unlisted	72	0	Unrated	Unsecured	60.00
3	PDL 2020-2	Unlisted	72	0	Unrated	Unsecured	10.00
4	PDL 2020-3	Unlisted	60	0	Unrated	Unsecured	90.00
5	PDL -12-2020	Unlisted	120	0	Unrated	Unsecured	10.00
6	PDL-02-2021	Unlisted	60	0	Unrated	Unsecured	230.00
7	PDL-07-2021	Unlisted	60	0	Unrated	Unsecured	250.00
8	PDL-09-2021	Unlisted	60	0	Unrated	Unsecured	940.00
9	PDL-09-2-2021	Unlisted	60	0	Unrated	Unsecured	40.00
10	PDL-02-2022	Unlisted	84	0	Unrated	Unsecured	270.00
11	PDL-07-2022	Unlisted	120	0	Unrated	Unsecured	140.00
12	PDL-01-2023	Unlisted	120	0	Unrated	Unsecured	340.00
13	PDL-04-2023	Unlisted	120	0	Unrated	Unsecured	50.00
14	PDL-04-2023-02	Unlisted	120	0	Unrated	Unsecured	364.00
15	PDL-09-2023 (UL)	Unlisted	120	0	Unrated	Unsecured	50.00
16	PDL092023 (L)	Listed	36	0	Rated	Secured	500.00
17	PDL-11-2023	Unlisted	120	0	Unrated	Unsecured	85.00
18	PDL-11-2023(L)	Listed	36	0	Rated	Secured	100.00
19	PDL-12-2023	Unlisted	120	0	Unrated	Unsecured	462.00
20	PDL122023(L)	Listed	120	0	Rated	Secured	197.00
21	PDL122023L2	Listed	15/18	0	Rated	Secured	180.00
22	PDL012024L	Listed	120	0	Rated	Secured	197.10
23	PDL022024L	Listed	119	24	Rated	Secured	203.40

\*Listed NCDs are listed on Wholesale Debt Market Segment of BSE.

Debenture Trustee for Secured Debentures:

Axis Trustee Services Limited has been appointed as Debenture Trustee for Secured Non-Convertible Debentures issued by the Company. The Contact details of the trustee is as under:

Axis Trustee Services Limited  
The Ruby, 2nd Floor (SW)  
29, Senapati Bapat Marg,  
Dadar West, Mumbai – 400 028  
Contact Person : Mr. Anil Grover , Email: debenturetrustee@axistrustee.in , Tel.: 022 62300451

Out Standing Commercial Papers as on March 31, 2024:

Sr. No.	ISIN	Tenure	Face Value per CP	Number of CPs	Date of Issue	Maturity Date
1	INE420C14052	268 days	Rs. 5,00,000	240	December 20, 2023	September 13, 2024
2	INE420C14060	91 days	Rs. 5,00,000	600	January 30, 2024	April 30, 2024
3	INE420C14078	91 days	Rs. 5,00,000	600	February 12, 2024	May 13, 2024

Issuing & Paying Agent (IPA) Details

IDBI BANK LTD.  
IDBI House No. 58 Mission Road  
New Delhi, Delhi, Delhi, 110001  
Phone:8588866840/011-69297311

Listing Fees:

The listing fee for all previous years had been paid to stock exchanges and fees for the current year has also been paid within stipulated time.

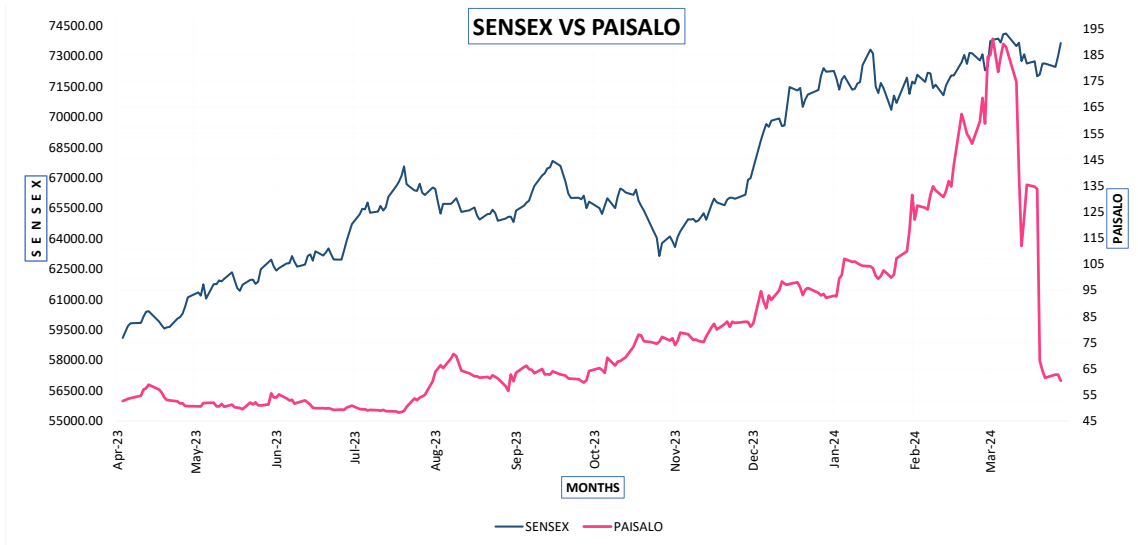
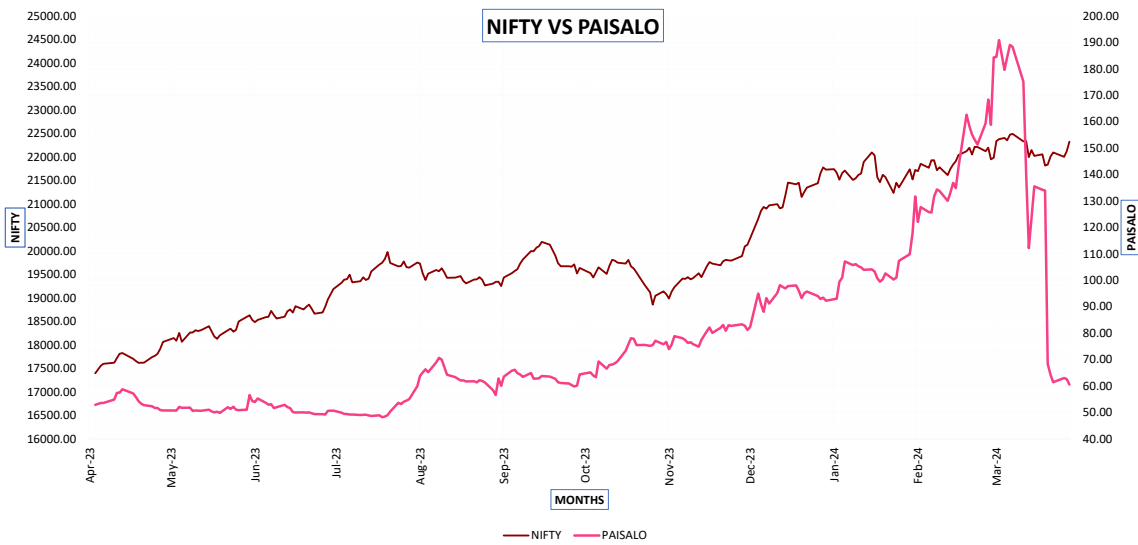
Market Price Data:

Monthly high and low prices of equity shares of the Company on NSE and BSE during the year under review in comparison to BSE (Sensex) and NSE (Nifty) are given hereunder:

Month	NSE		BSE	
	High (INR)	Low (INR)	High (INR)	Low (INR)
April 2023	59.20	50.25	59.89	49.80
May 2023	59.00	48.30	58.95	46.60
June 2023	56.35	48.75	56.25	48.75
July 2023	61.25	47.70	61.34	42.01
August 2023	71.80	56.30	71.75	56.31
September 2023	67.35	59.60	67.33	59.61
October 2023	80.10	62.75	80.10	62.90
November 2023	84.90	73.00	84.82	73.30
December 2023	103.50	80.50	103.31	80.59
January 2024	138.80	91.50	138.75	91.53
February 2024	188.30	118.40	188.25	118.40
March 2024	199.25	60.05	199.25	60.05

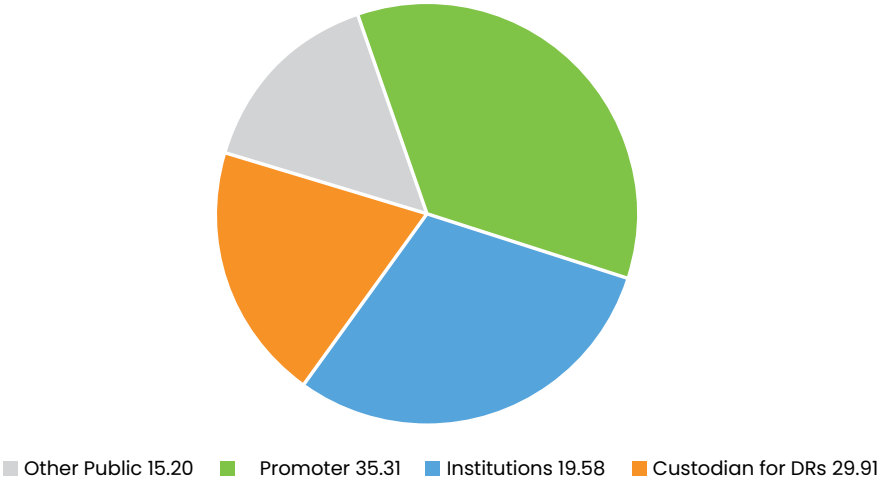
Performance of the Company's Shares vis-a-vis SENSEX

The performance of the Company's average monthly share price data in comparison to broad-based indices like BSE Sensex and Nifty in FY 2023-24 are given below:



On March 21, 2024 Company has issued Bonus shares in 1:1 ratio to the shareholders holding shares on record date i.e. March 20, 2024

Distribution of Shareholding % as on March 31, 2024





Shareholding Pattern as on March 31, 2024

Category of Shareholders	Demat	Physical	Total	% of Total Shares
A. Promoters				
(1) Indian				
a) Individual/ HUF	14,65,72,800	-	14,65,72,800	16.32
b) Central Govt.	-	-	-	-
c) State Govt(s)	-	-	-	-
d) Bodies Corp.	17,04,85,502	-	17,04,85,502	18.98
e) Bank/FI	-	-	-	-
f) Any Other	-	-	-	-
Sub-total (A) (1)	31,70,58,302	-	31,70,58,302	35.30
(2) Foreign				
a) NRIs –Individual	-	-	-	-
b) Other- Individuals	-	-	-	-
c) Bodies Crop.	-	-	-	-
d) Banks/FI	-	-	-	-
e) Any Other	-	-	-	-
Sub-total (A) (2)	-	-	-	-
Total Shareholding of Promoter (A) = (A) (1)+(A) (2)	31,70,58,302	-	31,70,58,302	35.30
B. Public Shareholding				
1. Institutions				
a) Mutual Funds	8,91,504	-	8,91,504	0.10
b) Banks/FI	80,60,286	-	80,60,286	0.90
c) Central Govt.	-	-	-	-
d) Sate Govt.(s)	-	-	-	-
e) Venture Capital Funds	-	-	-	-
f) Alternate Investment Funds	1,03,214	-	1,03,214	0.01
g) Insurance Companies	7,19,88,139	-	7,19,88,139	8.02
h) NBFC registered with RBI	1,15,000	-	1,15,000	0.01
i) IIs/FPI	9,47,91,189	-	9,47,91,189	10.56
j) Foreign Venture Capital Funds	-	-	-	-
k) Others (specify)	-	-	-	-
Sub-total (B) (1)	17,59,49,332	-	17,59,49,332	19.60
2. Non- Institutions				
a) Bodies Corp.				
i) Indian	-	-	-	-
ii) Overseas	-	-	-	-
b) Individual				
i) Individual shareholders holding nominal share capital uptoRs. 2 lac	3,76,80,964	20,010	3,77,00,974	4.20
ii) Individual shareholders holding nominal share capital in excess of Rs. 2 lac	1,89,07,229	-	1,89,07,229	2.11

c) Other (specify) # (i) IEPF	11,740	-	11,740	0.00
(ii) Unclaimed or Suspense or Escrow Account	20910	-	20910	0.00
(iii) Bodies Corporate	7,34,17,634	-	7,34,17,634	8.18
(iv) Non-Resident Indians	7,70,600	-	7,70,600	0.09
(v) Clearing Member	42,28,047	-	42,28,047	0.47
(vi) Resident HUF	13,63,312	-	13,63,312	0.15
Sub-total (B) (2)	13,65,15,436	20,010	13,65,35,446	15.20
Total Public Shareholding (B) = (B) (1) + (B) (2)	31,23,49,768	20,010	31,23,69,778	34.78
C. Shares held by Custodian	26,86,15,900	-	26,86,15,900	29.91
Grand Total (A+B+C)	89,80,23,970	20,010	89,80,43,980	100.00

Details of Promoter/Promoter Group Shareholding as on March 31, 2024

Sr. No.	Name/Address	Holding	% to the Capital
1	Mr. Sunil Agarwal	10,57,02,800	11.77
2	Ms. Suneeti Agarwal	71,66,000	0.80
3	Mr. Santanu Agarwal	3,37,04,000	3.75
4	Equilibrated Venture Cflow Private Limited	12,41,15,882	13.82
5	PRI Caf Private Limited	2,40,48,400	2.68
6	Pro Fitcch Private Limited	2,23,21,220	2.49
	Total	31,70,58,302	35.31

Top Ten Shareholders as on March 31, 2024 (Other than Promoter/ Directors/Custodian for GDRs)

S. No.	Name of Shareholder	No. of Shares	% of total shares of the Company
1	SBI Life Insurance Co. Ltd.	6,35,14,495	7.07
2	Antara India Evergreen Fund Ltd.	3,24,25,560	3.61
3	Zeal Professional Services Pvt. Ltd.	2,10,78,520	2.35
4	Nomura Singapore Limited ODI	1,48,00,000	1.65
5	Eastern Star Infradev Private	89,45,790	1.00
6	Life Insurance Corporation of India	84,73,644	0.94
7	State Bank of India	80,60,286	0.90
8	Antara India Evergreen Fund Ltd	79,78,042	0.89
9	Ishares Core Msci Emerging Markets ETF	49,58,518	0.55
10	Elara India Opportunities Fund Limited	47,55,580	0.53

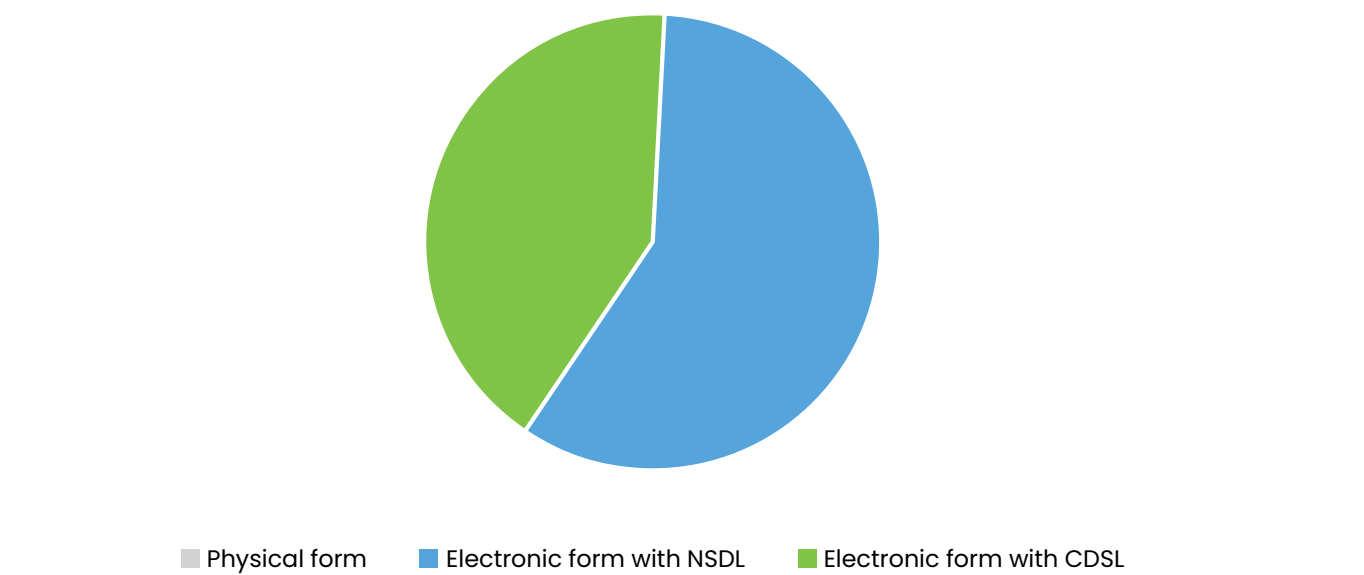
Distribution of Shareholding as on March 31, 2024

Number of Shares	Shareholding			
	Shareholders	%	Shareholding	%
1-500	42527	81.28	4985672	0.56
501-1000	4231	8.09	3302414	0.37
1001-2000	2636	5.04	4170850	0.46
2001-3000	786	1.50	2005266	0.22
3001-4000	509	0.97	1890070	0.21
4001-5000	278	0.53	1291225	0.14
5001-10000	603	1.15	4461477	0.50
10001-99999999999	753	1.44	875937006	97.54
Total	52323	100.00	898043980	100.00

Dematerialisation of Shares as on March 31, 2024

The Company's shares are compulsorily traded in dematerialised form and are available for trading on both the Depositories viz. NSDL and CDSL.

Shares held in	Number of Share as on March 31, 2024	% as on March 31, 2024
Physical form	20,010	0.00
Electronic form with NSDL	53,16,51,147	59.20
Electronic form with CDSL	36,63,72,823	40.80
Total	89,80,43,980	100.00



Registrar and Share Transfer Agents

M/s Alankit Assignments Limited, New Delhi acts as the Registrar and Share Transfer Agent of the Company for handling the share transfer work both in physical and electronic form and for listed Non-Convertible Debentures of the Company. All correspondence relating to Transfer, Transmission, Dematerialisation, Rematerialisation etc. can be made at the following address:

Alankit Assignments Limited  
Alankit House, 4E/2, Jhandewalan Extension, New Delhi-110055.  
Contact Person – Mr. Ram Avtar Pandey, Email: ramap@alankit.com, Tel.: 011 42541955

Address for correspondence		
For any query relating to the shares/ debentures of the Company	For Securities held in Demat Form	To the Investors’ Depository Participant(s) or Alankit Assignments Limited
	For Shares held in Physical Form	Mr. Ram Avtar Pandey Alankit Assignments Limited Alankit House, 4E/2, Jhandewalan Extension New Delhi – 110 055 Tel.011-42541955 Email: ramap@alankit.com, Website : info@alankit.com
For Grievance Redressal and any query on Annual Report		Secretarial Department Paisalo Digital Limited CSC, Pocket 52, CR Park, Near Police Station New Delhi –110019 Phone No.: 91- 011-43518888, E-mail ID: cs@paisalo.in

Plant location

Paisalo Digital Limited does not have any manufacturing plant.

Share Transfer System

All transmission, transposition, issue of duplicate share certificate(s), etc., as well as requests for dematerialisation/ rematerialisation are processed at RTA Alankit Assignments Limited. The work related to dematerialisation/ rematerialisation is handled by RTA through connectivity with NSDL and Central Depository Services (India) Ltd. (‘CDSL’).

SEBI vide its circular dated January 25, 2022 has mandated listed entities to issue shares in dematerialised form only while processing any service requests. Therefore, members holding shares in physical form are advised to dematerialise their shareholding

In case of shares in electronic form, the transfers are processed by NSDL/CDSL through respective Depository Participants. Shares under objection are returned within two weeks. Shareholders can trade in the Company’s share only in electronic form. The process for getting the shares dematerialised is as follows:

SR. NO.	SHARES Dematerialisation PROCESS
1	SHAREHOLDER WILL SUBMIT SHARE CERTIFICATE(S) ALONG WITH DEMATERIALISATION REQUEST FORM (DRF) TO THE DEPOSITORY PARTICIPANT (DP)
2	THE DRF AND GENERATE A UNIQUE DEMATERIALISATION REQUEST NUMBER
3	DP FORWARD DRF AND SHARE CERTIFICATE(S) TO THE REGISTRAR AND SHARE TRANSFER AGENT (RTA)
4	IF CONFIRMED BY THE RTA, DEPOSITORY GIVE CREDIT TO SHAREHOLDER IN HIS ACCOUNT MAINTAINED WITH DP

This process takes approximately 10-15 days from the date of receipt of Dematerialisation Request Form. As trading in shares of the Company can be done only in electronic form, it is advisable that the shareholders who have shares in physical form get their shares dematerialised. Senior Executive of the Company are empowered to approve the transfer of the shares and other investor related matters. Grievances received from investors and other miscellaneous correspondence on change of address, mandates etc. are processed by the Registrar within 15 days.

Dividend

The Board of Directors of the Company has recommended a final dividend of 10% on each fully paid equity share for Financial Year 2023-24. The dividend, if declared, by the Members at the forthcoming Annual General Meeting (AGM) shall be paid to the eligible Members of the Company

Transfer to Investor Education and Protection Fund

As per section 124(5) of the Companies Act, 2013 (the ‘Act’) and section 205A of the erstwhile Companies Act, 1956, any money transferred by the Company to the unpaid dividend account and remaining unclaimed for a period of seven years from the date of such transfer shall be transferred to the Investor Education and Protection Fund (‘Fund’) set up by Central Government.

The unpaid/unclaimed final dividend for financial year 2016-17, is due for transfer to the Fund in November 2024. Members are requested to verify their records and send their claim, if any, for the said year. Communication is being sent to those members, who have not yet claimed dividend requesting them to claim the same as well as unpaid dividend, if any, for subsequent years.

The following are the details of unclaimed dividends which are due to be transferred to the Fund in coming years including current year.

Financial Year	Dividend (Interim/Final)	Dividend Per Share	Date of Declaration	Date of transfer to Fund (on or before)
2016-17	Final	Re. 1	26-09-2017	24-11-2024
2017-18	Final	Re. 1	29-09-2018	27-11-2025
2018-19	Final	Re. 1	10-08-2019	08-10-2026
2019-20	Final	Re. 1	08-09-2020	06-11-2027
2020-21	Final	Re. 1	25-09-2021	23-11-2028
2021-22	Final	Re. 0.10	30-09-2022	28-11-2029
2022-23	Final	Re. 0.10	21-09-2023	19-11-2030

The Company shall transfer to IEPF within the stipulated period a) the unpaid or unclaimed dividend for the financial year 2016-17; b) the shares, if any, on which dividend has not been claimed or encashed for last seven consecutive years.

The Shareholders are requested to note that no claims shall lie against the Company in respect of the amounts so transferred to IEPF and no payment shall be made in respect of any such claim.

As per the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended (‘IEPF Rules’), the Company has uploaded the information in respect of unclaimed dividends as on the date of the previous AGM i.e. September 21, 2023 (31<sup>st</sup> AGM) on the website of IEPF at www.iepf.gov.in and on the website of the Company.

Transfer of shares to IEPF

Pursuant to section 124(6) of the Act and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended (the ‘IEPF Rules’), all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to Demat account of the Investor Education and Protection Fund (‘IEPF’) Authority by the Company within a period of thirty days of expiry of said seven years.

As on March 31, 2024, there are balance of 11740 equity shares of face value of Re. 1 each in Demat Account of the IEPF Authority held with National Securities Depositories Ltd. (NSDL). Shareholder can claim such shares and unclaimed dividends transferred to the Fund by following the procedure prescribed under the IEPF Rules.

Shareholders’ and Investors’ Grievances

The Board of Directors of the Company have constituted a Stakeholders’ Relationship Committee to specifically look into and resolve grievances of security holders, viz., shareholders and debenture holders. The Composition of the Committee and details on investor complaints received during the year are given in the Report on Corporate Governance.

Freezing of folio

SEBI vide its circular dated November 17, 2023 has done away with the requirements of freezing of folio and referral of the frozen folio to administering authority under the Benami Transactions (Prohibitions) Act, 1988 and/or Prevention of Money Laundering Act, 2002. SEBI has also released FAQs in respect of various service request including the payment of dividend. The copy of said FAQs is hosted on Company’s website at www.paisalo.in in Investor section.

Framework for dealing with unclaimed amounts in respect of listed Non-Convertible Securities and manner of claiming such amounts by investors. SEBI vide its circular SEBI/HO/DDHS/DDHS-RAC-1/P/CIR/2023/176 dated November 8, 2023 has prescribed the procedural framework for dealing with unclaimed interest and redemption amounts lying with entities having listed Non-Convertible Securities and manner of claiming such amounts by the investors. The circular requires such companies to formulate a policy specifying the process to be followed by investors for claiming their unclaimed amounts. The said circular is hosted on Company’s website at www.paisalo.in in Investor section.

As on 31<sup>st</sup> March 2024, there are no unclaimed amounts lying with the Company in respect of its listed Non-Convertible Debentures.

Choice of nomination in eligible demat accounts

SEBI has issued various circulars from time to time for investors holding securities in demat mode to update their nomination details i.e., either opt in or opt out of nomination.

Online Dispute Resolution Mechanism

In order to streamline the dispute resolution mechanism in the securities market, SEBI vide its circular dated July 31, 2023, as amended from time to time, read with master circular no. SEBI/HO/OIAE/OIAE\_IAD-3/P/CIR/2023/195 dated December 28, 2023, introduced a common Online Dispute Resolution (‘ODR’) mechanism which harnesses online conciliation and arbitration for resolution of all kinds of disputes relating to securities market. Under ODR mechanism, an investor shall first take up his/her/their grievance by lodging a complaint directly with the concerned Market Participant viz., Company. If the grievance is not redressed satisfactorily at the first phase, the investor may escalate the same through the SCORES Portal in accordance with the process laid out therein. ODR Mechanism provides a third level of escalation, if the investor is not satisfied with the resolution provided by the Company, the investor may initiate the dispute through the ODR portal within the timeframe prescribed under the circular. The ODR portal can be accessed at <https://smartodr.in/login>.

Demat Suspense Account for unclaimed shares

In terms of the provisions of the SEBI Listing Regulations, the Company has a demat account titled ‘PAISALO DIGITAL LIMITED –SUSPENSE ESCROW DEMAT’ with National Securities Depository Limited., to which unclaimed shares were transferred.

Status of Unclaimed Suspense Account as on March 2024 31 is given below:

Sr. No.	Particular	No. of holders	No. of shares
1.	At the beginning of the year	0	0
2.	Transferred to Suspense Account	4	20910
3.	Claims received during the year	0	0
4.	Claims approved during the year	0	0
5.	At the end of the year	4	20910

The Company, acting as a trustee in respect of the unclaimed shares, follows the modalities for the operation of the said account in the manner set out in regulation 39(4) of the SEBI (LODR) Regulations, 2015. The shares lying in the aforesaid account will be transferred to the concerned members on lodging of the claim and after proper verification. Till such time, the voting rights on these shares will remain frozen.



Secretarial Audit and other certificates

- M/s. Satish Jadon & Associates, Practicing Company Secretaries, have conducted the Secretarial Audit of the Company and its material subsidiary for financial year 2023-24. Their Audit Report confirms that the Company has complied with its Memorandum and Articles of Association, the applicable provisions of the Act and the Rules made thereunder, SEBI Listing Regulations, applicable SEBI Regulations and other laws applicable to the Company.
- The Secretarial Audit Reports forms part of the Board’s Report as an Annexure.
- Pursuant to Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, certificates have been issued on a yearly basis by M/s. Satish Jadon & Associates, Practicing Company Secretaries, certifying due compliance of share transfer formalities by the Company.
- M/s. Satish Jadon & Associates, Practicing Company Secretaries, carries out a quarterly Reconciliation of Share Capital Audit, to reconcile the total admitted capital with National Securities Depository Limited (‘NSDL’) and Central Depository Services (India) Limited (‘CDSL’) and the total issued and listed capital.
- The audit confirms that the total issued/paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialised form (held with NSDL and CDSL).
- In accordance with the SEBI Circular dated February 8, 2019 read with Regulation 24A of SEBI Listing Regulations, the Company has obtained an Annual Secretarial Compliance Report from M/s. Satish Jadon & Associates, Practicing Company Secretaries, confirming compliances with all applicable SEBI Regulations, Circulars and Guidelines for the year ended March 31, 2024.
- M/s. Satish Jadon & Associates, Practicing Company Secretaries, has issued a certificate confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by SEBI/MCA or any such statutory authority. The said report is annexed to this Report on Corporate Governance.

CERTIFICATE OF COMPLIANCE WITH CODE OF CONDUCT

To,  
The Shareholders of  
Paisalo Digital Limited (“The Company”)  
New Delhi

The Company has adopted “Code of Conduct for Directors and Senior Management Personnel and also for Independent Directors”.

In accordance with Regulations of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby certify that Members of Board of Directors and Senior Management Personnel of the Company have affirmed compliance with the Company’s Code of Conduct applicable to Board of Directors and Senior Management, for the year ended March 31, 2024.

Date : 26.04.2024  
Place : New Delhi

For Paisalo Digital Limited  
Sd/–  
Sunil Agarwal  
Managing Director & CEO  
DIN:00006991

CERTIFICATE ON CORPORATE GOVERNANCE

To,  
The Shareholders of  
Paisalo Digital Limited (“the Company”)  
New Delhi

We have examined the compliance of conditions of Corporate Governance by Paisalo Digital Limited for the year ended 31st March 2024, as prescribed in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We state that the compliance of conditions of Corporate Governance is the responsibility of the Management and our examination was limited to the procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above–mentioned Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date : 22.04.2024  
Place : Agra

For Satish Jadon & Associates  
Company Secretaries  
sd/-  
(SATISH KUMAR JADON)  
Membership No. F9512  
CoP No. 9810  
P.R. No. 1028/2020  
UDIN : F009512F000208535

CERTIFICATE OF NON –DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the  
SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members of  
Paisalo Digital Limited  
CSC Pocket–52, CR Park,  
Near Police Station, New Delhi–110019

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Paisalo Digital Limited, having CIN L65921DL1992PLC120483 and having registered office at CSC Pocket–52, CR Park, Near Police Station, New Delhi–110019 (hereinafter referred to as ‘The Company’), as produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para–C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers. We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending 31<sup>st</sup> March, 2024 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, Reserve Bank of India or any such other Statutory Authority.

S. No.	Name of Directors	DIN	Date of Appointment in the Company	Date of Cessation in the Company
1.	Mr. Sunil Agarwal	00006991	05/03/1992	--
2.	Mr. Harish Singh	00039501	01/08/2008	--
3.	Mr. Anoop Krishna	08068261	23/02/2018	--
4.	Mr. Santanu Agarwal	07069797	06/05/2022	--
5.	Mr. Naresh Kumar Jain	01281538	14/08/2014	--
6.	Mr. Gauri Shankar	06764026	22/07/2017	--
7.	Mr. Raman Aggarwal	00116103	15/10/2019	--
8.	Mrs. Nisha Jolly	08717762	30/05/2020	--
9.	Mr. Vijuy Ronjan	09345384	08/10/2021	--
10.	Mr. Nirmal Chand	10041305	27/03/2023	19.07.2023

Ensuring the eligibility of the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion based on these verifications. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date : 22.04.2024  
Place : Agra

For Satish Jadon & Associates  
Company Secretaries  
sd/-  
(SATISH KUMAR JADON)  
Membership No. F9512  
CoP No. 9810  
P.R. No. 1028/2020  
UDIN : F009512F000207479

CEO AND CFO CERTIFICATION

To,  
The Board of Directors  
Paisalo Digital Limited  
New Delhi

We have reviewed the financial statements and cash flow statement for the Financial Year 2023-24 and to the best of our knowledge and belief, we hereby certify that:

- These statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
- These statements present a true & fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
- There are no transactions entered into by the Company during the year, which is fraudulent, illegal or in violation to the Company's Code of Conduct;
- We accept the responsibility of establishing and maintaining Internal Controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, that there were no deficiencies in the design or operation of such internal controls of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

We have indicated to the auditors and the Audit Committee that:

- There have been no significant changes in internal control over financial reporting during the financial year ended March 31, 2024;
- There have been no significant changes in accounting policies during the financial year ended March 31, 2024, and
- There were no instances of significant fraud of which we have become aware and the involvement therein, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Date : 26.04.2024  
Place : New Delhi

For & on behalf of the Board of Directors of  
Paisalo Digital Limited

Sd/-  
(Sunil Agarwal)  
Managing Director & CEO  
DIN:00006991

Sd/-  
(Harish Singh)  
Executive Director & CFO  
DIN : 00039501

FINANCIAL  
STATEMENTS

AUDITOR’S REPORT

To  
The Members Of  
M/S Paisalo Digital Limited  
New Delhi

Report on the standalone financial statements

Opinion

We have audited the accompanying Standalone Financial Statements of M/S PAISALO DIGITAL LIMITED (“the Company”) which comprises the Balance Sheet as at 31<sup>st</sup> March 2024 the Statement of Profit and Loss (including Statement of Other Comprehensive Income), Statement of changes in Equity and Statement of Cash Flows for the year ended on that date and notes to the Standalone Financial Statements, including a summary of material accounting policy information and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”) and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2024 and profit (including Statement of Other Comprehensive Income), Statement of changes in Equity and its Cash Flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Standalone Financial Statements 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 Standalone Financial Statements Section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Companies Act, 2013 and the Rules made 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 audit opinion on the Standalone Financial Statements.

Key Audit Matters

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

Key Audit Matters	How our audit addresses the Key Audit Matters
<p><b>Impairment of financial instruments (expected credit loss)</b> (Refer note no. 28 of the standalone financial statements)</p> <p>Ind AS 109 requires the company to recognize impairment loss allowance towards its financial assets using the expected credit loss (ECL) approach. Such ECL allowance is required to be measured considering the guiding principles of Ind As 109 including:</p> <ul style="list-style-type: none"><li>Unbiased, probability weighted outcome under the various scenarios;</li><li>Time value of money;</li><li>Impact arising from forward looking macro-economic factors and;</li></ul>	<ul style="list-style-type: none"><li>We read and assessed the Company’s accounting policies for Impairment of financial assets and their compliance with Ind AS 109.</li><li>We tested the criteria for staging of loans/ corporate guarantee based on their past-due status to check compliance with the requirement of Ind AS 109.</li><li>Tested samples of performing loans (Stage 1) to assess whether any loss indicators were present requiring them to be classified under stage 2 or 3 and vice versa.</li><li>Tested the ECL model, including assumptions and underlying computation.</li></ul>

<ul style="list-style-type: none"><li>Availability of reasonable and supportable information without undue costs.</li></ul> <p>Applying these principles involves significant estimation in various aspects, such as;</p> <ul style="list-style-type: none"><li>Grouping of borrowers based on homogeneity by using appropriate statistical techniques;</li><li>Staging of loans and estimation of behaviour life;</li><li>Estimation of losses for loan products/corporate guarantee with historical defaults.</li><li>Determining macro-economic factors impacting credit quality of financial assets,</li></ul> <p>Considering the significance of such allowance to the overall Financial Statements and the degree of estimation involved in computation of expected credit losses, this area is considered as a key audit matter.</p>	
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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 Management Discussion and Analysis, Board’s Report including Annexures to Board’s Report, Business Responsibility and Sustainability Report, Corporate Governance and Shareholder’s Information, but does not include the consolidated financial statements, Standalone Financial Statements and our Auditor’s Report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management’s Responsibility for the Standalone Financial Statements

The Company’s Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor’s Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs



will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements 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**

As required by the Companies (Auditor’s Report) Order, 2020 (“the Order”), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, we give in the Annexure ‘A’ a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c. The audit of all the branch offices of the Company has been conducted by us, hence Section 143(8) is not applicable;
- d. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
- e. In our opinion, the aforesaid Standalone Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- f. On the basis of the written representations received from the Directors as on 31<sup>st</sup> March 2024 taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March 2024 from being appointed as a Director in terms of Section 164 (2) of the Act.
- g. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.
- h. With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of Section 197(16) of the Act, as amended:

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

- i. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i) The Company does not have any pending litigations (other than in the ordinary course of business) which would impact its financial position.
  - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv) (a) The management has represented that, to the best of it’s knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity (ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or 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, other than as disclosed in the notes to the accounts, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
  - (c) Based on audit procedures which we considered reasonable and appropriate in the circumstances, nothing has come to their notice that has caused them to believe that the representations under sub-clause (i) and (ii) contain any material mis-statement.

- v)

As stated in Note 61 to the Standalone Financial Statements

(a)

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

(b)

The Company has not declared and has not paid any interim dividend during the year.

(c)

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

Based on our examination carried out in accordance with the Implementation Guidance on Reporting on Audit Trail under Rule 11(g) of the Companies (Audit and Auditors) Rules,2014 (Revised 2024 Edition) issued by the Institute of Chartered Accountants of India, which included test checks and we report that the company have used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit, we did not come across any instance of audit trail feature being tampered with.

Place : New Delhi  
Date : 26<sup>th</sup> April 2024

For Manish Goyal & Co.  
Chartered Accountants  
Firm Reg. No. 006066C  
  
sd/-  
(CA. MANISH GOYAL)  
Partner  
Membership No. 074778  
UDIN : 24074778BKAP5265

ANNEXURE ‘A’ TO THE INDEPENDENT AUDITOR’S REPORT OF M/S PAISALO DIGITAL LIMITED  
(Referred to in paragraph of our Report of even date for F. Y. 2023-24)

- i.

(a)

(A) The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets.

(B)

The Company has maintained proper records to show full particulars of intangible assets.

(b)

As explained to us, the Property, Plant and Equipments have been physically verified by the management at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c)

According to information and explanations given to us, the title deeds of immovable properties of the company are held in the name of the Company.

(d)

According to the information and explanations given to us, Company has not revalued its Property, Plant and Equipment or Intangible assets.

(e)

According to the information and explanations given to us, no proceedings have been initiated or are pending against the Company under the Benami Transactions (Prohibition) Act, 1988 (45 of 1998).
- ii.

(a)

The Company is a Non-Banking Financial Company (NBFC) and has not dealt with any goods and the Company does not hold any inventory of goods during the period under audit. Accordingly, the reporting requirement under clause (ii) (a) of para no 3 of the Order is not applicable.

(b)

In our opinion and according to the information and explanations given to us, Company is availing working capital limits of more than Rupees five crore on the basis of security of current assets during the financial year. The monthly returns or statements filed by the Company with banks or financial institutions are in agreement with the books of accounts of the Company.
- iii.

(a)

The Company has made investments in or granted loans, secured or unsecured to individuals, companies, firms, limited liability partnership or other entities in ordinary course of business.

The Company has provided corporate guarantee to Bank / Financial Institution for the loans taken by its wholly owned subsidiary M/s Nupur Finvest Pvt. Ltd.

The Company is a Non-Banking Financial Company and principal business of the Company is providing loans and advance to other concerns, therefore Para (iii) (a) and (e) of the Order are not applicable to the Company.

(b)

The terms & conditions of grant of such loans are not prejudicial to the interest of the Company.

(c)

The repayment/receipt of the principal and interest of loan granted is regular as per the schedule of repayment and there is no amount which is overdue more than ninety days in respect of standard Assets.

(d)

As explained to us, as per RBI Prudential norms, the Company has made the required / specified provision for overdues of more than ninety days. However, the Company has taken reasonable steps for recovery of principal and interest for those cases.

(e)

The Company has not given any loans or advances in the nature of loans which are repayable on demand or without specification of any terms or period of repayment. No loan has been granted to Promoters and/or related parties as defined under Section 2(76) of the Companies Act, 2013.

iv.

According to the information and explanations given to us, the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and security have been complied with.

v.

The Company is a Non-Banking Financial Non-Deposit Taking or Holding Systemically Important (ND-SI) Company and in our opinion, the Company has not accepted any public deposits within the meaning of Section 73 to 76 of the

Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 and Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016. Accordingly, the provisions of para 3(v) of the Order are not applicable to the Company.

- vi. Maintenance of cost records as required under sub-section (1) of Section 148 of the Companies Act, 2013 are not applicable to the Company.
- vii. (a) According to the information and explanations given to us, the Company has been regular in depositing with appropriate authorities undisputed statutory dues and there are no undisputed amounts of Income Tax, Goods & Service Tax, Cess, Employees State Insurance, Customs Duty, Provident Fund and Professional Tax etc. outstanding as at the last day of financial year concerned for a period of more than six months from the date they became payable.
- (b) There are no dues of Goods & Service Tax and Custom Duty on account of any dispute except following matters under Income Tax and Goods & Service Tax:

Sr. No.	Forum	Period	Remark
1	Income Tax Department u/s 154	F.Y. 2016-17	₹ 69,09,140/- amount involved
2	Appeal to Commissioner of Income Tax (Appeal)	F.Y. 2012-13	₹ 75,12,052/- amount involved
3	Appeal to Commissioner of Income Tax (Appeal)	F.Y. 2017-18	₹ 23,29,246/- amount involved
4	Appeal to Commissioner of Income Tax (Appeal)	F.Y. 2019-20	₹ 16,64,666/- amount involved
5	Penalty Proceedings u/s 271(1)(c)	F.Y. 2012-13	Pending Assessment
6	Penalty Proceedings u/s 271(1)(c)	F.Y. 2017-18	Pending Assessment
7	Penalty Proceedings u/s 271(1)(c)	F.Y. 2019-20	Pending Assessment
8	Revision Proceedings u/s 263	F.Y. 2017-18	Pending Assessment
9	Goods & Service Tax Appeal Proceedings (Delhi)	F.Y. 2017-18	₹ 67,15,622/- amount involved
10	Goods & Service Tax Penalty u/s 122	F.Y. 2023-24	Pending Assessment

- viii. There are no transactions which are not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- ix. (a) The Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or other lender
- (c) The term loans were applied for the purpose for which the loans were sanctioned
- (d) Funds raised on short term basis have not been utilized for long term purposes
- (e) The Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.
- x. (a) According to the information and explanations given to us, the Company had not raised money by way of initial public offer or further public offer during the year.
- (b) According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or convertible debentures during the year.
- xi. (a) Based on the records examined by us and according to the information, explanations given to us, no fraud has been committed by the Company or any fraud committed on the Company by its officers or employees has been noticed or reported during the year.

- (b) No report under sub-section (12) of Section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules 2014 with the Central Government.
- (c) According to the information and explanation given to us, No whistle-blower complaints received during the year.
- xii. The Company is not the Nidhi Company, therefore provisions of Para 3 (xii) (a) to (c) of the Order is not applicable to the Company.
- xiii. Based on the records examined by us and according to the information & explanation given to us, the provisions of Section 177 and 188 of the Companies Act, 2013 regarding transaction with related parties have been complied with and details of the transaction as per applicable accounting standard have been disclosed in the notes to accounts of the Standalone Financial Statements.
- xiv. (a) According to the information & explanation 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 report for the period under audit and there are no major issues raised by the internal auditor.
- xv. Based on the records examined by us and according to the information & explanation given to us, no non-cash transactions with Directors or persons connected with him, have been taken place during the year, hence the provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. (a) According to the information & explanation given to us, the Company is registered under Section 45-IA of the Reserve Bank of India Act, 1934 as Non-Deposit Accepting or Holding Non-Banking Financial Company.
- (b) According to the information & explanation given to us, the Company is Non-Banking Financial Company and having a valid Certificate of Registration (CoR) from Reserve Bank of India as per Reserve Bank of India Act, 1934.
- (c) According to the information & explanation given to us, the Company is not a Core Investment Company (CIC), therefore CIC regulation of RBI are not applicable on the Company.
- (d) According to the information & explanation given to us, there are no CIC in the group.
- xvii. According to the information & explanation given to us, the Company has not incurred any cash losses in the financial year and in the immediately preceding financial year.
- xviii. There has been no resignation of the Statutory Auditors of the Company during the year.
- xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, the Auditor's knowledge of the Board of Directors and management plans, the Auditor is of the opinion that there is no material uncertainty exists as on the date of the audit report and that Company is 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.
- xx. According to the information and explanations given to us, the provisions of Section 135 of the Act are applicable to the Company. The Company has made the required contributions during the year and there are no unspent amounts which are required to be transferred to the special account as on the date of our audit report. Accordingly, the provisions of paragraph 3(xx)(a) to (b) of the Order are not applicable to the Company.

Place : New Delhi  
Date : 26<sup>th</sup> April 2024

For Manish Goyal & Co.  
Chartered Accountants  
Firm Reg. No. 006066C

Sd/-  
(CA. MANISH GOYAL)  
Partner  
Membership No. 074778  
UDIN : 24074778BKAPEP5265

**ANNEXURE ‘B’ TO THE INDEPENDENT AUDITOR’S REPORT OF M/S PAISALO DIGITAL LIMITED**  
**(Referred to in paragraph of our Report of even date for F. Y. 2023-24)**

**Report on the Internal Financial Controls Under Clause (I) of Sub – Section 3 of Section 143 of the Companies Act, 2013**  
We have audited the internal financial controls over financial reporting of M/S PAISALO DIGITAL LIMITED as of 31<sup>st</sup> March 2024 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls , both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Company are being made only in accordance with 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 Over Financial Reporting**

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2024 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place : New Delhi  
Date : 26<sup>th</sup> April 2024

For Manish Goyal & Co.  
Chartered Accountants  
Firm Reg. No. 006066C  
  
sd/-  
(CA. MANISH GOYAL)  
Partner  
Membership No. 074778  
UDIN : 24074778BK APEP5265



BALANCE SHEET AS ON 31<sup>ST</sup> MARCH 2024

(₹ in Lakhs)				
Sr. No.	Particulars	Note No.	Figures as at the end of Current Reporting Period	Figures as at the end of Previous Reporting Period
I	ASSETS			
	(1) Financial Assets			
	(a) Cash & Cash Equivalents	1	1,077.23	2,558.68
	(b) Bank Balances other than (a) above	2	279.09	265.95
	(c) Derivative Financial Instruments	3	-	-
	(d) Receivables			
	(i) Trade Receivables	4	1,190.09	938.14
	(ii) Other Receivables		-	-
	(e) Loans	5	3,67,341.64	2,78,949.73
	(f) Investments	6	6,227.76	6,742.51
	(g) Other Financial Assets	7	5,804.64	6,873.83
	(2) Non Financial Assets			
	(a) Current Tax Assets (Net)	8	915.85	710.46
	(b) Deferred Tax Asset (Net)		864.02	66.06
	(c) Investment Property		-	-
	(d) Biological Assets other than Bearer plants		-	-
	(e) Property, Plant and Equipments	9	6,610.21	6,555.97
	(f) Capital Work-in-Progress		-	-
	(g) Intangible Assets under development		-	-
	(h) Goodwill		-	-
	(i) Other Intangible Assets	9	33.38	70.80
	(j) Other Non-Financial Assets	10	-	-
	Total Assets		3,90,343.91	3,03,732.13
II	EQUITY AND LIABILITIES			
	(1) Financial Liabilities			
	(a) Derivative Financial Instruments	11	-	-
	(b) Payables	12		
	(i) Trade Payables			
	(i) Total outstanding dues of Micro Enterprises and Small Enterprises		265.55	11.31
	(ii) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		1,276.85	141.63
	(ii) Other Payables			
	(i) Total outstanding dues of Micro Enterprises and Small Enterprises		-	-
	(ii) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		1,091.82	952.48
	(c) Debt Securities	13	53,842.76	32,707.88
	(d) Borrowings (Other than Debt Securities)	14	1,82,813.31	1,40,172.57
	(e) Deposits	15	-	-
	(f) Subordinated Liabilities	16	8,900.00	8,900.00
	(g) Other Financial Liabilities	17	987.75	443.14
	(2) Non-Financial Liabilities			
	(a) Current Tax Liabilities (Net)	18	-	-
	(b) Provisions	19	4,403.80	3,489.93
	(c) Deferred Tax Liabilities (Net)	20	-	-
	(d) Other non-financial Liabilities	21	5,289.62	1,894.25
	(3) Equity			
	(a) Equity Share Capital	22	8,981.06	4,490.84
	(b) Other Equity	23	1,22,491.39	1,10,528.10
	Total Equity & Liabilities		3,90,343.91	3,03,732.13

Notes to the Accounts & Significant Accounting Policies annexed  
Notes referred to above form an integral part of these Financial Statements

Signed in terms of our Report of even date

For Manish Goyal & Co.  
Chartered Accountants  
Firm Reg. No. 006066C

Sd/-  
(CA. MANISH GOYAL)  
Partner  
Membership No. 074778  
UDIN : 24074778BKAPEP5265

Place : New Delhi  
Date : 26<sup>th</sup> April 2024

For and on behalf of the Board

Sd/-  
(SUNIL AGARWAL)  
Managing Director  
DIN : 00006991

Sd/-  
(HARISH SINGH)  
Executive Director & CFO  
DIN : 00039501

Sd/-  
(MANENDRA SINGH)  
Company Secretary  
Membership No. : F7868

PROFIT & LOSS STATEMENT FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2024

(₹ in Lakhs)				
Sr. No.	Particulars	Note No.	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
I	Revenue from operations:			
	(i) Interest Income	24	53,535.56	41,485.30
	(ii) Dividend Income		1.24	0.83
	(iii) Rental Income		-	-
	(iv) Fees and commission Income		6,233.51	811.06
	(v) Net gain on fair value changes	25	95.57	-
	(vi) Net gain on derecognition of financial instruments under amortised cost category		-	-
	(vii) Sale of products (including Excise Duty)		-	-
	(viii) Sale of services		-	-
	(ix) Others		638.38	-
	Total Revenue from Operations (I)		60,504.26	42,297.19
II	Other Income	26	-	-
	Total Income (I+II)		60,504.26	42,297.19
III	Expenses:			
	(i) Finance Costs	27	23,982.34	18,035.46
	(ii) Fees and commission expense		-	-
	(iii) Net loss on fair value changes		-	49.38
	(iv) Net loss on derecognition of financial instruments under amortised cost category		-	-
	(v) Impairment on financial instruments	28	246.63	4,454.08
	(vi) Cost of materials consumed		-	-
	(vii) Purchases of Stock-in-trade		-	-
	(viii) Changes in Inventories of finished goods, stock-in- trade and work-in- progress		-	-
	(ix) Employee Benefits Expenses	29	4,701.30	3,271.10
	(xi) Depreciation, amortization and impairment	30	339.62	328.68
	(x) Others expenses	31	7,439.27	3,316.62
	Total Expenses (III)		36,709.16	29,455.32
IV	Profit before exceptional items and tax (II-III)		23,795.10	12,841.87
V	Exceptional items		(58.32)	458.85
VI	Profit before tax (IV-V)		23,853.42	12,383.02
VII	Tax Expense:			
	(1) Current Tax		6,949.52	3,542.29
	(2) Deferred Tax		(797.95)	(328.52)
VIII	Profit for the period from continuing operations (VI-VII)		17,701.85	9,169.25
IX	Profit/(loss) from discontinued operations		-	-
X	Tax Expense of discontinued operations		-	-

XI	Profit/(loss) from discontinued operations (After tax)	(IX-X)		-	-
XII	Profit for the period	(VIII+XI)		17,701.85	9,169.25
XIII	Other Comprehensive Income:				
	(A) (i) Items that will not be reclassified to profit or loss (Revaluation of Properties)			-	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss			-	-
	Sub Total (A)			-	-
	(B) (i) Items that will be reclassified to profit or loss (specify items and amounts)			-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss			-	-
	Sub Total (B)			-	-
	Other Comprehensive Income	(A+B)		-	-
XIV	Total Comprehensive Income for the period (Comprising Profit and other Comprehensive Income for the period)	(XII+XIII)		17,701.85	9,169.25
XV	Earnings per Equity Share (for continuing operations):				
	Basic (Rs.)	34		3.83	2.06
	Diluted (Rs.)			3.83	2.06
XVI	Earnings per Equity Share (for discontinued operations):				
	Basic (Rs.)			-	-
	Diluted (Rs.)			-	-
XVII	Earnings per Equity Share (for continuing and discontinued operations):				
	Basic (Rs.)	34		3.83	2.06
	Diluted (Rs.)			3.83	2.06

Notes to the Accounts & Significant Accounting Policies annexed  
Notes referred to above form an integral part of these Financial Statements  
Signed in terms of our Report of even date

For Manish Goyal & Co.  
Chartered Accountants  
Firm Reg. No. 006066C

Sd/-  
(CA. MANISH GOYAL)  
Partner  
Membership No. 074778  
UDIN : 24074778BKAPEP5265

Place : New Delhi  
Date : 26<sup>th</sup> April 2024

For and on behalf of the Board

Sd/-  
(SUNIL AGARWAL)  
Managing Director  
DIN : 00006991

Sd/-  
(HARISH SINGH)  
Executive Director & CFO  
DIN : 00039501

Sd/-  
(MANENDRA SINGH)  
Company Secretary  
Membership No. : F7868

STATEMENT OF STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 <sup>ST</sup> MARCH 2024					
(₹ in Lakhs)					
Sr. No.	Particulars	Figures for Current Reporting Period		Figures for Previous Reporting Period	
A	Cash Flow from Operating Activities:				
	Net Profit before tax and extraordinary items and Interest		47,777.44		30,877.33
	Adjustments for				
I	Depreciation	339.62		243.59	
II	Deferred Expense W/O	-		85.09	
III	Impairment on financial instruments	246.63		4,454.08	
IV	Expenditure on CSR	211.70		176.01	
V	Dividend Income Received	(1.24)		(0.83)	
VI	Profit/loss on Sale of Shares	(95.57)		49.38	
VII	Profit/loss on Sale of Investments/Assets	(6.36)		(12.85)	
	Operating Profit before working capital changes		48,472.22		35,871.80
	Adjustments for				
I	Change in Other Financial Assets	(274.53)		(214.48)	
II	Change in Loans & Receivables	(88,775.93)		(49,475.69)	
III	Change in Payable & non financial liabilities	4,924.18		1,237.43	
IV	Misc. Expenses	-		-	
	Cash generated from Operations		(35,654.06)		(12,580.94)
I	Interest paid	(23,982.34)		(18,035.46)	
II	Income Tax paid	(7,154.93)		(3,496.33)	
III	Paid Expenses on CSR	(211.70)		(176.01)	
	Cash flow before Extraordinary Items		(67,003.03)		(34,288.74)
I	Extraordinary items		(58.32)		458.85
	Net Cash from Operating Activities		(66,944.71)		(34,747.59)
B	Cash Flows from Investing Activities:				
I	Purchase of Fixed Assets	(374.01)		(625.03)	
II	Sale of Fixed Assets	12.31		118.28	
III	Purchase/transfer of Investments	621.92		-	
	Net Cash from Investing activities		260.22		(506.75)
C	Net Cash from Financing Activities:				
I	Proceeds from Borrowings	42,640.74		33,268.20	
II	Proceeds from Debt Service Repayment Account	544.61		191.64	

III	Proceeds from Debt Securities	21,134.88		376.99	
IV	Dividend Paid/(Received)	(447.78)		(448.19)	
V	Proceeds from Security Receipts	1,343.73		(1,500.00)	
VI	Money received against Share Warrant	-		5,234.63	
	Net Cash from Financing activities		65,216.18		37,123.27
	Net Increase/(decrease) in cash & cash equivalents		(1,468.31)		1,868.92
	Cash & Cash equivalents at beginning of period		2,824.63		955.70
	Cash & Cash equivalent at end of period		1,356.32		2,824.63

Signed in terms of our Report of even date  
For Manish Goyal & Co.  
Chartered Accountants  
Firm Reg. No. 006066C

Sd/-  
(CA. MANISH GOYAL)  
Partner  
Membership No. 074778  
UDIN : 24074778BKAPEP5265

Place : New Delhi  
Date : 26<sup>th</sup> April 2024

For and on behalf of the Board  
Sd/-  
(SUNIL AGARWAL)  
Managing Director  
DIN : 00006991

Sd/-  
(HARISH SINGH)  
Executive Director & CFO  
DIN : 00039501

Sd/-  
(MANENDRA SINGH)  
Company Secretary  
Membership No. : F7868

AUDITORS’ REPORT

We have verified the attached Cash Flow Statement of M/s Paisalo Digital Limited, derived from audited financial statements and the books and records maintained by the Company for the year ended 31<sup>st</sup> March 2024 and 31<sup>st</sup> March 2023 and found the same in agreement here with.

For Manish Goyal & Co.  
Chartered Accountants  
Firm Reg. No. 006066C

Sd/-  
(CA. MANISH GOYAL)  
Partner  
Membership No. 074778  
UDIN : 24074778BKAPEP5265

Place : New Delhi  
Date : 26<sup>th</sup> April 2024

MATERIAL ACCOUNTING POLICY INFORMATION

1. Corporate Information

M/S PAISALO DIGITAL LIMITED is a Middle Layer, as per RBI scale-based Regulation, Systemically Important Non-Deposit Taking Non-Banking Financial Company engaged in providing loans.

Paisalo Digital Limited is a 30 years old company primarily focusing on financing self-employed borrowers, a segment which is still untapped / unserved, driven by rising affluence, aspirations and favourable demographics.

The Company’s successful digital mode of financing self – employed underserved / unserved, using state of art technology, has enabled to register significant growth. The Company is able to scale up its business operations through its intranet model of financing from more than 270 branches as on date and still growing. The Company has cumulatively served more than 1 million satisfied customers. While remaining focused on growth, Company consistently maintains high asset quality level and continues to build the institution on the strong pillars of ethics, values and corporate governance.

The equity of the company is listed on BSE since 2007 and on NSE since 2009. The registered office of the Company is situated at CSC, Pocket 52, Chitranjan Park, Delhi 110019 and the head office at Paisalo House, 74, Gandhi Nagar, NH-2, Agra 282003.

2. Functional and Presentation Currency

These Financial Statements are presented in Indian rupees (value in Lakhs up to two decimal), which is the functional currency of the Company. All financial information is presented in Indian rupees.

3. Basis of Preparation of Financial Statements

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historic cost convention on an accrual basis, except where the same is considered at fair market value as required by Ind AS, the provisions of the Companies Act , 2013 (‘the Act’) (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI).

The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the relevant amendment rules issued thereafter.

Financial statements have been presented in accordance with format prescribed for Non-Banking Financial Companies under Companies (Indian Accounting Standards) Rules, 2015 in Division III as per the notification No. G.S.R. 1022(E) dated 11.10.2018 as amended vide notification dated 24<sup>th</sup> March, 2021.

4. Use of Estimates and Judgments

The preparation of the Financial Statements in conformity with Ind AS requires the Management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the Financial Statements and reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in the Financial Statements have been disclosed in further notes. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the Financial Statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

4.1 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Company follows accrual basis for all revenue recognition. Interest income is recognized on due basis and penal income is recognized on receipt basis. For recognition of revenue, the valuation of listed shares is considered at market price and that of security receipts as per the valuation report as at Balance Sheet date.

4.2 Income Taxes

The Company’s major tax jurisdiction is India. Significant judgments are involved in determining the provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions.

Income tax expense comprises current and deferred tax. It is recognized in the statement of profit and loss except to the extent that it relates items recognized directly in equity or in OCI.

4.3 Property, Plant and Equipment

Property, plant and equipment represent a small proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset’s expected useful life and the expected residual value at the end of its life. Useful lives of PPE and intangible assets are based on the life prescribed in Schedule II of the Companies Act, 2013. In cases where the useful lives are different from that prescribed in Schedule II, they are based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers’ warranties and maintenance support.

4.4 Provision

Provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation as at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

4.5 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effect of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments and item of income or expenses associated with investing or financing cash flows. Cash flow from operating, investing and financing activities are segregated.

5. ACCOUNTING POLICIES

5.1 CASH & CASH EQUIVALENTS

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

5.2 Financial Instruments

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument.

Company has a business model of ‘Hold to collect’ with sole purpose of collecting principal and interest from loans, thus as per Ind AS 109- ‘Financial Instruments’ Loans are measured at amortized cost.

Other financial assets or liabilities maturing within one year from the balance sheet date are measured at the carrying value as the same approximate the fair value due to the short maturity of these instruments.

The valuation of listed shares is considered at market price and that of security receipts as per the valuation report as at Balance Sheet date.

5.3 Impairment of Financial Assets

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss of the financial assets on the basis of their credit risk exposure.

For the same, ECL is measured as per the management policy after performing due diligence of Company’s historical data in regards to the respective asset. Also, since company is a RBI registered ND-SI- NBFC and as per RBI guidelines, a 0.4% provision for Standard Assets is created against Company’s credit exposures.

The Company shows overdue installment amount of customers under trade receivables.

Expected Credit Loss model:

Company’s Credit loss system is based on its credit risk function and the risk perceives. Under Ind AS, credit loss provisioning is mainly based on past trends and judgment of the entity. Implementation of expected credit losses not only consider historical data but also incorporates consideration to forward looking information.

ECL model is divided into three stages as follows:

Particulars Also Referred As	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Non Performing
Credit quality of assets Days Past Due	Not deteriorated significantly since its initial recognition 0 Days to 30 Days	Deteriorated significantly since its initial recognition 31 Days to 90 Days	Objective evidence of impairment More than 90 Days
Credit risk Recognize	Low 12 month ECL	Moderate to high Life time ECL	Very High Life time ECL
ECL	Represents financial asset’s life time ECL that are expected to arise from default events that are possible within 12 months	ECL that results from all possible default events over the expected life of an instrument.	

Both 12 months ECL and life time ECL are calculated on individual and collective basis, depending on the nature of the underlying portfolio of financial instrument.

Determining significant increase in credit risk

It is very judgmental to determine the significant increase in credit risk, which enable entity to move from stage 1 to stage 2. i.e. to move from 12 month expected losses to life time expected losses. Entity need to assess significant increase in credit risk as compared to its initial recognition level by considering significant changes in financial position of a borrower, expected or current delay in payment, historical trend of the repeat borrowers etc.

Company also has a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument’s credit risk has increased significantly since initial recognition.

Forward looking information

ECL is based on history of financial asset and includes forward-looking statement; however, it is a forecast about future conditions over the entire expected life of a financial instrument. The forward-looking information is based on:

- Internal historical credit loss experience and the period of time over which its historical data has been captured and the corresponding economic conditions represented in the past
- Effects that were not present in the past or to remove the effects that are not relevant for the future
- Macroeconomic factors such as interest rates

The Calculations of ECL

Company calculates ECL on the basis of probability-weighted average scenarios on the basis of historical data.

The calculation of ECL has following key elements of Company’s internal estimates:

Probability of default (PD):

It is an estimate of the likelihood of default over a given time horizon.

Exposure at default:

Estimate of an exposure at a future default date –expected changes in exposure after the reporting date.



**Loss Given Default:**

Estimate of the loss arising on default. It is based on the difference between contractual cash flows that are due and expected to receive including from collateral. It is generally referred as a percentage of exposure at default.

**Discount rate:**

Used to discount an expected loss to a present value at the reporting date using the effective interest rate.

**ECL system:**

**Stage 1:** At stage one 12 months ECL is recognized which is calculated as the portion of total outstanding advances, that are overdue till 30 days, that result from a default event on the financial instrument that are possible within 12 months after the reporting date. Company calculates the 12 months ECL provision based on the expectation of default occurring in 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 the credit risk, i.e., where the same is overdue till 90 days, PDL records a provision for life time ECL. PDs and LGDs in this case are estimated over life span of the financial instrument.

**Stage 3:** When a loan is considered credit-impaired, i.e., where the same is overdue for past 90 days, Company recognize the lifetime expected credit losses. In this scenario PD is estimated at 100%. For Company, stage 3 incorporates the loans which are due past 90 days but, in certain cases where the internal assessment of the individual borrowers reflects that the overdue amount can be recovered in the near future then the same is subjected to some additional provision other than the prescribed provisioning.

**Conclusion:**

ECL concept is to recognize the expected loss on the defaulted advances on timely basis so as to present a true and fair view of financial position of the Company. Also, Ind AS states that entity can adopt any ECL model to present its historical trends adjusted for its forward-looking information. However, as per Company's internal policy, the Company follows a policy of writing off 100% of Sub-Standard Assets in respect of these cases where possibility of recoveries are remote which does incorporate the requirements of Ind AS of better presentation of financial position.

Company ECL model is subjected to review every year.

**5.4 Derecognition of Financial Instruments**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognised from the balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

**5.5 Investments**

Investments are carried at cost in the separate financial statements. Investments in subsidiary is measured at the previous GAAP carrying amount as per the provisions of Ind AS 27 – ‘Separate Financial Statements’.

**5.6 Property, Plant and Equipment**

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any or at fair market value if the same present a better presentation of Company's financial position.

Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by the Management. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss on disposal of an item of property, plant and equipment is recognized in the statement of profit and loss.

The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

Asset Category	Useful Life
Building	42 Year
Furniture & Fittings	10 Year
Computer Peripheral	3 Year
Vehicles	5 Year
Equipments, Plant & Machinery	10 Year
Intangible Assets (Software)	3 Year

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end. Company has restated the useful life of Building as per the report of an independent valuer.

Advances, if any, paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not ready to use before such date are disclosed under ‘Capital Work-in-Progress’. Subsequent expenditures relating to property, plant and equipment are capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the Financial Statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss.

**5.7 Impairment of Tangible Assets**

Property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If such assets are considered to be impaired, the impairment is to be recognized in the Statement of Profit and Loss and is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated depreciation) had no impairment loss been recognized for the asset in prior years.

**5.8 Intangible Assets**

Intangible assets are stated at cost less accumulated amortization and impairment or fair market value if the same present a better presentation of Company's financial position. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances). Amortization methods and useful lives are reviewed periodically including at each financial year end.

Software product development costs are also expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable. The cost during the development phase shall be capitalized as the cost of the app. The costs which can be capitalized include the cost of material, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Over the period of time the Company has developed its own ERP software which is a core strength of the Company, the revaluation of which shall be taken up at later stage.

**5.9 Contingent Liabilities and Contingent Assets**

Contingent liabilities are disclosed for:

- a. possible obligations which will be confirmed only by future events not wholly within the control of the Company, or
- b. present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

- c. Contingent assets are disclosed wherein an inflow of economic benefits is probable.
- d. The Company has not recognized the Assets & Liability in respect of Arbitration Decree.

**5.10 Share Capital**

- a. Ordinary shares are classified as equity, incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.
- b. The Company may capitalize permitted Reserves and Security Premium for Bonus Shares.

**5.11 Segment Reporting Policy**

The Chief Executive Officer reviews the operation at the Company level. Therefore, the operations of the Company fall under "Financing activities" business only, which is considered to be the only segment in accordance with the provisions of Ind AS 108- Operating segment.

**5.12 Business Model**

During the previous year, the company entered into bilateral assignment transactions against outstanding loans. But the value of these loans are trivial in light of the Company's AUM, thus Company's business model continue to be 'Hold to collect' as per Ind AS 109- Financial Instruments.

**5.13 Employee Retirement Benefits**

Contributions to Provident Fund and Super Annuation Fund made during the year, are charged to Statement of Profit and Loss.

Employees Gratuity liabilities has been calculated on the basis of Projected Unit Credit method adopted by LIC of India at the time of renewal of gratuity policy. Accordingly, Company has made contribution in line of that which is charged to Statement of Profit & Loss Account in the year of contribution.

**5.14 Borrowing Cost**

Borrowing costs, which are directly attributable to the acquisition /construction of fixed assets, till the time such assets are ready for intended use, are capitalized as a part of the cost of assets.

All borrowing costs other than mentioned above are expensed in the period they are incurred. In case of unamortized identified borrowing cost is outstanding at the year end, it is classified under loans and advances as unamortized cost of borrowings.

In case any loan is prepaid/cancelled then the unamortized borrowing cost, if any, is fully expensed off on the date of prepayment/cancellation.

**5.15 Related Party**

A related party is a person or an entity that is related to the reporting entity. A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

A person or a close family member is related if he:

- Has control/joint control;
- Has significant influence;
- Is a member of the Key Managerial Personnel (KMP);

of the reporting entity or its parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity including:

- that person's children, spouse or domestic partner, brother, sister, father and mother;
- children of that person's spouse or domestic partner; and
- dependents of that person or that person's spouse or domestic partner.

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity.

Company has duly complied with all the disclosure requirements of Ind AS 24 "Related Party Disclosures"

**5.16 Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Company follows accrual basis for all revenue recognition. Interest income is recognized on due basis and penal income is recognized on receipt basis. For recognition of revenue, the valuation of listed shares is considered at market price and that of security receipts as per the valuation report as at Balance Sheet date.

Processing fees received from customer was recognized as income in the year of receipt under India GAAP. But, as per Ind AS, the same is now amortized over the period of relevant loan.

**5.17 Earnings Per Share**

The Earning per Share (Basic as well as Diluted) is calculated based on the net profit or loss for the period attributable to equity shareholders i.e. the net profit or loss for the period.

For the purpose of calculating (Basic and Diluted EPS), the number of equity shares taken are the weighted average number of equity shares outstanding during the period.

NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH 2024

Statement of Changes in Equity:

(₹ in)				
Balance at the beginning of the Current Reporting Period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in Equity share capital during the current year	Balance at the end of the current reporting period
44,91,46,990	-	44,91,46,990	44,90,21,990	89,81,68,980
44,91,46,990	-	44,91,46,990	44,90,21,990	89,81,68,980

<sup>1</sup>Total shares includes forfeited shares

<sup>2</sup>On March 21, 2024, the Company has allotted 449021990 equity shares of Re. 1/- pursuant to Bonus Issue to the existing shareholder.

(₹ in)				
Balance at the beginning of the Current Reporting Period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in Equity share capital during the current year	Balance at the end of the current reporting period
4,39,24,699	-	4,39,24,699	43,92,46,990*	44,91,46,990
			99,00,000 <sup>#</sup>	
4,39,24,699	-	4,39,24,699	-	44,91,46,990

<sup>1</sup>Total shares includes forfeited shares

<sup>\*</sup>W.e.f. July 1, 2022 the 1 equity share of Rs. 10/- each sub-divided / split into 10 equity shares of Re. one each

<sup>#</sup>equity shares issued on conversion of warrants

List of Shareholders holding more than 5% shares of Company:

Sr. No.	Name of the Shareholders	No of Shares	% of Shareholding
1	Equilibrated Venture Cflow Pvt Ltd	12,41,15,882	13.82
2	Sunil Agarwal	10,57,02,800	11.77
3	SBI Life Insurance Co. Ltd	6,35,14,495	7.07

List of Promoter’s and Promoter Group Shareholding:

Sr. No.	Promoter Name	Number of Shares Held	Percentage of Total Shares	Percentage change During the Year
1	Sunil Agarwal	10,57,02,800	11.77	0.00
2	Suneeti Agarwal	71,66,000	0.80	0.00
3	Santanu Agarwal	3,37,04,000	3.75	0.00
4	Equilibrated Venture Cflow Pvt. Ltd.	12,41,15,882	13.82	2.79
5	Pri Caf Pvt. Ltd.	2,40,48,400	2.68	0.17
6	Pro Fitch Pvt. Ltd.	2,23,21,220	2.49	0.17

Note: 1 Cash & Cash Equivalents (₹ in Lakhs)			
Sr. No.	Particulars	Current Year	Previous Year
1	Cash Balances	709.27	77.44
2	Bank Balances		
	Current a/c with Scheduled Banks (Subject to reconciliation)	367.86	681.17
	Cheques/ Drafts on Hands	-	-
3	In Fixed Deposits - Unencumbered		
	With Banks	0.10	1,800.07
	Total	1,077.23	2,558.68

Note: 2 Bank Balances other than (a) above (₹ in Lakhs)			
Sr. No.	Particulars	Current Year	Previous Year
1	Bank Balances		
	Current a/c with Scheduled Banks (Subject to reconciliation)	-	-
2	In Fixed Deposits - Encumbered		
	With Banks	279.09	265.95
	Total	279.09	265.95

- For details, Refer Note No. 40.

Note: 3 Derivative Financial Instruments (Assets) (₹ in Lakhs)						
Particulars	Current Year			Previous Year		
	Notional amounts	Fair Value Assets	Fair Value Liabilities	Notional amounts	Fair Value Assets	Fair Value Liabilities
Part I						
(i) Currency Derivatives						
—Spot and Forwards	-	-	-	-	-	-
—Currency Futures	-	-	-	-	-	-
—Currency Swaps	-	-	-	-	-	-
—Options purchased	-	-	-	-	-	-
—Options sold (written)	-	-	-	-	-	-
—Others	-	-	-	-	-	-
Sub Total (i)	-	-	-	-	-	-
(ii) Interest rate Derivatives						
—Forward Rate Agreements and Interest Rate Swaps	-	-	-	-	-	-
—Options purchased	-	-	-	-	-	-
—Options sold (written)	-	-	-	-	-	-
—Futures	-	-	-	-	-	-
—Others	-	-	-	-	-	-
Sub Total (ii)	-	-	-	-	-	-
(iii) Credit Derivatives	-	-	-	-	-	-
(iv) Equity linked Derivatives	-	-	-	-	-	-
(v) Other Derivatives (Please specify)	-	-	-	-	-	-
Total Derivative Financial Instruments (i)+(ii)+(iii)+(iv)+ (v)	-	-	-	-	-	-
Part II						
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:	-	-	-	-	-	-
(i) Fair value hedging	-	-	-	-	-	-
— Currency Derivatives	-	-	-	-	-	-
—Interest rate Derivatives	-	-	-	-	-	-
—Credit Derivatives	-	-	-	-	-	-
—Equity linked Derivatives	-	-	-	-	-	-
—Others	-	-	-	-	-	-
Sub Total (i)	-	-	-	-	-	-
(ii) Cash flow hedging	-	-	-	-	-	-
—Currency Derivatives	-	-	-	-	-	-
—Interest rate Derivatives	-	-	-	-	-	-
—Credit Derivatives	-	-	-	-	-	-
—Equity linked Derivatives	-	-	-	-	-	-
—Others	-	-	-	-	-	-
Sub Total (ii)	-	-	-	-	-	-
(iii) Net investment hedging	-	-	-	-	-	-
(iv) Undesignated Derivatives	-	-	-	-	-	-
Total Derivative Financial Instruments (i)+(ii)+(iii)+(iv)	-	-	-	-	-	-

Note: 4 Receivables (₹ in Lakhs)			
Sr. No.	Particulars	Current Year	Previous Year
1	Trade Receivables		
	—Overdue Installments : Considered Good - Secured	290.79	58.69
	—Overdue Installments : Considered Good - Unsecured	195.46	189.01
	—Overdue Installments : Sub Standard Assets	703.84	690.44
2	Other Receivables		
	Total	1,190.09	938.14

Note: 4 (a) Trade Receivable - Additional Disclosures: Outstanding for following periods from the due date of payment (FY. 2023-24) (₹ in Lakhs)							
Sr. No.	Particulars	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	Total
1	Undisputed Trade Receivables- Considered Good	486.25		-	-	-	486.25
2	Undisputed Trade Receivables-which have significant increase in credit risk	-	-	-	-	-	-
3	Undisputed Trade Receivables-credit impaired		703.84	-	-	-	703.84
4	Disputed Trade Receivables-considered good	-	-	-	-	-	-
5	Disputed Trade Receivables-which have significant increase in credit risk	-	-	-	-	-	-
	Grand Total	486.25	703.84	-	-	-	1,190.09

- Trade Receivable includes overdue loan cases financed by Paisalo Digital Limited

Outstanding for following periods from the due date of payment (FY. 2022-23) (₹ in Lakhs)							
Sr. No.	Particulars	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	Total
1	Undisputed Trade Receivables- Considered Good	247.70		-	-	-	247.70
2	Undisputed Trade Receivables-which have significant increase in credit risk	-	-	-	-	-	-
3	Undisputed Trade Receivables-credit impaired	-	690.44	-	-	-	690.44
4	Disputed Trade Receivables-considered good	-	-	-	-	-	-
5	Disputed Trade Receivables-which have significant increase in credit risk	-	-	-	-	-	-
	Grand Total	247.70	690.44	-	-	-	938.14



Note: 5 Loans

Note: 5 Loans														(₹ in Lakhs)
Particulars	Current Year						Previous Year						Total	
	Amortised cost	Through other comprehensive income	Through profit or loss	Designated at fair value through profit or loss	Sub total	Total	Amortised cost	Through other comprehensive income	Through profit or loss	Designated at fair value through profit or loss	Subtotal			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11= 8+9+10)	(12=) (7)+(11)		
Loans														
(A) (i) Bills Purchased and Bills Discounted	-	-	-	-	-	-	-	-	-	-	-	-	-	
(ii) Loans repayable on Demand	-	-	-	-	-	-	-	-	-	-	-	-	-	
(iii) Term Loans	3,67,404.29	-	-	-	-	3,67,404.29	2,78,977.31	-	-	-	-	-	2,78,977.31	
(iv) Leasing	-	-	-	-	-	-	-	-	-	-	-	-	-	
(v) Factoring	-	-	-	-	-	-	-	-	-	-	-	-	-	
(vi) Others (to be specified)	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total (A) - Gross	3,67,404.29	-	-	-	-	3,67,404.29	2,78,977.31	-	-	-	-	-	2,78,977.31	
Less: Impairment loss allowance	62.65	-	-	-	-	62.65	27.58	-	-	-	-	-	27.58	
Total (A) - Net	3,67,341.64	-	-	-	-	3,67,341.64	2,78,949.73	-	-	-	-	-	2,78,949.73	
(B) (i) Secured by tangible assets	3,31,198.02	-	-	-	-	3,31,198.02	2,71,425.63	-	-	-	-	-	2,71,425.63	
(ii) Secured by intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	
(iii) Covered by Bank/ Government Guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	
(iv) Unsecured	36,206.27	-	-	-	-	36,206.27	7,551.68	-	-	-	-	-	7,551.68	
Total (B) - Gross	3,67,404.29	-	-	-	-	3,67,404.29	2,78,977.31	-	-	-	-	-	2,78,977.31	
Less: Impairment loss allowance	62.65	-	-	-	-	62.65	27.58	-	-	-	-	-	27.58	
Total (B) - Net	3,67,341.64	-	-	-	-	3,67,341.64	2,78,949.73	-	-	-	-	-	2,78,949.73	
(C) (i) Loans in India	3,67,404.29	-	-	-	-	3,67,404.29	2,78,977.31	-	-	-	-	-	2,78,977.31	
(i) Public Sector	-	-	-	-	-	-	-	-	-	-	-	-	-	
(ii) Others (to be specified)	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total (C) - Gross	3,67,404.29	-	-	-	-	3,67,404.29	2,78,977.31	-	-	-	-	-	2,78,977.31	
Less: Impairment loss allowance	62.65	-	-	-	-	62.65	27.58	-	-	-	-	-	27.58	
Total (C) (i) - Net	3,67,341.64	-	-	-	-	3,67,341.64	2,78,949.73	-	-	-	-	-	2,78,949.73	
(C) (ii) Loans outside India	-	-	-	-	-	-	-	-	-	-	-	-	-	
Less: Impairment loss allowance	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total (C) (ii) - Net	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total C (i) and C (ii)	3,67,341.64	-	-	-	-	3,67,341.64	2,78,949.73	-	-	-	-	-	2,78,949.73	

Note: 6 Investments

Note: 6 Investments													(₹ in Lakhs)	
Investments		Current Year					Previous Year						Total	
		At Fair Value					At Fair Value							
		Amortised Cost	Through other Comprehensive Income	Through Profit or Loss	Designated at Fair Value through Profit or Loss	Sub-Total	Others*	Total	Amortised Cost	Through other Comprehensive Income	Through Profit or Loss	Designated at Fair Value through Profit or Loss		Sub - Total
	(1)	(2)	(3)	(4)	(5)=(2)+(3)+(4)	(6)	(7)=(1)+(5)+(6)	(8)	(9)	(10)	(11)	(12) = (9)+(10)+(11)	(13)	(14) = (8) + (12) + (13)
Mutual funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Government securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other approved securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity instruments	223.86	-	-	-	-	-	223.86	128.29	-	-	-	-	-	128.29
Subsidiaries	4,223.91	-	-	-	-	-	4,223.91	4,223.91	-	-	-	-	-	4,223.91
Associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others (specify)*	1,779.99	-	-	-	-	-	1,779.99	2,390.31	-	-	-	-	-	2,390.31
Total (A)	6,227.76	-	-	-	-	-	6,227.76	6,742.51	-	-	-	-	-	6,742.51
(i) Investments outside India	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(ii) Investments in India	6,227.76	-	-	-	-	-	6,227.76	6,742.51	-	-	-	-	-	6,742.51
Total (B)	6,227.76	-	-	-	-	-	6,227.76	6,742.51	-	-	-	-	-	6,742.51
Total (A) to tally with (B)	6,227.76	-	-	-	-	-	6,227.76	6,742.51	-	-	-	-	-	6,742.51
Less: Allowance for Impairment loss (C)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total-Net D = (A) - (C)	6,227.76	-	-	-	-	-	6,227.76	6,742.51	-	-	-	-	-	6,742.51

-\*Unquoted Shares of M/s Samast Vikas Limited

Note: 7 Others Financial Assets

(₹ in Lakhs)

Sr. No.	Particulars	Current Year	Previous Year
1	Secured, Considered Good		
	Security Deposit*	35.74	27.24
	Advances to Staff	5.56	2.37
	Income Receivables	5.31	-
	Advances for Services	647.30	381.80
	Prepaid Expenses	13.87	6.59
	GST/Service Tax Cenvat	87.94	103.18
	Security Receipts	5,008.92	6,352.65
	Total	5,804.64	6,873.83

- \* Security Deposit amount consists of telephone/mobile security, electricity security, rent security.

Note: 8 Current Tax Assets (Net)

(₹ in Lakhs)

Sr. No.	Particulars	Current Year	Previous Year
1	Advance Recoverable in cash or in kind or for value to be considered good		
	Income Tax and TDS	7,735.01	8,838.27
	Balance with Revenue Authorities	130.00	130.00
	Provision for Taxation	(6,949.16)	(8,257.81)
	Total	915.85	710.46

Note: 9 Property, Plant and Equipment

(₹ in Lakhs)

Sr. No.	Particulars	Gross Block			Depreciation			Net Block	
		Value at the Beginning	Addition During the Year	Deduction During the Year	Value at the End	Value at the Beginning	Addition During the Year	Deduction During the Year	Value at the End
I	Tangible Assets								
1	Land	-	-	-	-	-	-	-	-
2	Building	6313.46	0.00	-	6313.46	562.10	104.65	-	666.75
3	Furniture & Fittings	261.05	33.86	-	294.91	144.15	17.48	-	161.63
4	Computer Peripheral	384.24	217.95	-	602.19	231.21	96.31	-	327.52
6	Vehicles	586.82	86.45	35.04	638.23	135.16	57.78	17.49	175.45
7	Equipments, Plant & Machinery	240.42	33.70	-	274.12	157.40	23.95	-	181.35
	SUB TOTAL (A)	7785.99	371.96	35.04	8122.91	1230.02	300.17	17.49	1512.70
II	Intangible Assets								
1	Computer Software	531.47	2.04	-	533.51	460.67	39.46	-	500.13
2	Goodwill	-	-	-	-	-	-	-	-
	SUB TOTAL (B)	531.47	2.04	-	533.51	460.67	39.46	-	500.13
III	Capital Work-in-progress	-	-	-	-	-	-	-	-
	SUB TOTAL (C)	-	-	-	-	-	-	-	-
IV	Intangible Assets Under Development	-	-	-	-	-	-	-	-
	SUB TOTAL (D)	-	-	-	-	-	-	-	-
	Total [A+B+C+D] (Current Year)	8317.46	374.01	35.04	8656.42	1690.69	339.62	17.49	2012.83
	Total (Previous Year)	7831.44	625.03	139.01	8317.46	1470.00	243.59	22.90	1690.69

Note: 10 Other Non Financial Assets <span>(₹ in Lakhs)</span>			
Sr. No.	Particulars	Current Year	Previous Year
1	Deferred Revenue Expenditure	-	-
	Total	-	-

-Deferred Revenue Expenses are written off over a period of five years.

Note: 11 Derivative financial Instruments (Liabilities) <span>(₹ in Lakhs)</span>						
Particulars	(Current Year)			Previous Year		
	Notional amounts	Fair Value Assets	Fair Value Liabilities	Notional amounts	Fair Value Assets	Fair Value Liabilities
Part I						
(i) Currency Derivatives						
–Spot and Forwards	-	-	-	-	-	-
–Currency Futures	-	-	-	-	-	-
–Currency Swaps	-	-	-	-	-	-
–Options purchased	-	-	-	-	-	-
–Options sold (written)	-	-	-	-	-	-
–Others	-	-	-	-	-	-
Sub Total (i)	-	-	-	-	-	-
(ii) Interest rate Derivatives						
–Forward Rate Agreements and Interest Rate Swaps	-	-	-	-	-	-
–Options purchased	-	-	-	-	-	-
–Options sold (written)	-	-	-	-	-	-
–Futures	-	-	-	-	-	-
–Others	-	-	-	-	-	-
Sub Total (ii)	-	-	-	-	-	-
(iii) Credit Derivatives	-	-	-	-	-	-
(iv) Equity linked Derivatives	-	-	-	-	-	-
(v) Other Derivatives (Please specify)	-	-	-	-	-	-
Total Derivative Financial Instruments (i) + (ii) + (iii) + (iv) + (v)	-	-	-	-	-	-
Part II						
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:	-	-	-	-	-	-
(i) Fair value hedging						
– Currency Derivatives	-	-	-	-	-	-
–Interest rate Derivatives	-	-	-	-	-	-
–Credit Derivatives	-	-	-	-	-	-
–Equity linked Derivatives	-	-	-	-	-	-
–Others	-	-	-	-	-	-
Sub Total (i)	-	-	-	-	-	-
(ii) Cash flow hedging						
–Currency Derivatives	-	-	-	-	-	-
–Interest rate Derivatives	-	-	-	-	-	-
–Credit Derivatives	-	-	-	-	-	-
–Equity linked Derivatives	-	-	-	-	-	-
–Others	-	-	-	-	-	-
Sub Total (ii)	-	-	-	-	-	-
(iii) Net investment hedging	-	-	-	-	-	-
(iv) Undesignated Derivatives	-	-	-	-	-	-
Total Derivative Financial Instruments (i) + (ii) + (iii) + (iv)	-	-	-	-	-	-

Note: 12 Payables <span>(₹ in Lakhs)</span>			
Sr. No.	Particulars	Current Year	Previous Year
1	Trade Payables		
	(i) Total outstanding dues of Micro Enterprises and Small Enterprises		
	(a) Sundry Creditors for Services	265.55	11.31
		265.55	11.31
	(ii) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		
	(a) SBI Assignment Payable	39.67	128.64
	(b) SIB Assignment Payable	2.06	3.86
	(c) Interest Payable on NCD	357.45	-
	(d) Interest Payable on Bank	256.91	-
	(e) Other Sundry Payables	620.76	9.12
		1,276.85	141.62
2	Other Payables		
	(i) Total outstanding dues of Micro Enterprises and Small Enterprises	-	-
	(ii) Total outstanding dues of creditors other than Micro enterprises and Small Enterprises		
	(a) Statutory Payables		
	Professional Tax Payable	0.01	0.01
	EPF Contribution Payable	30.96	20.25
	ESI Payable	9.79	6.80
	GST Payable	122.06	98.38
	TDS Payable	206.26	165.40
	LIC GSI Payable	0.02	0.02
	(b) Expenses Payables	722.71	661.61
		1,091.81	952.47
	Total	2,634.22	1,105.40

Notes: 12 (a) Trade Payables Due for Payment 2023-24 <span>(₹ in Lakhs)</span>						
Sr. No.	Particulars	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
1	MSME	265.55	-	-	-	265.55
2	Others	1,276.85	-	-	-	1,276.85
3	Disputed Dues-MSME	-	-	-	-	-
4	Disputed Dues-Others	-	-	-	-	-
	Grand Total	1,542.40	-	-	-	1,542.40

Trade Payables Due for Payment 2022-23 <span>(₹ in Lakhs)</span>						
Sr. No.	Particulars	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
1	MSME	11.31	-	-	-	11.31
2	Others	141.62	-	-	-	141.62
3	Disputed Dues-MSME	-	-	-	-	-
4	Disputed Dues-Others	-	-	-	-	-
	Grand Total	152.93	-	-	-	152.93

-There are no due pending for more than 45 days

Note: 13 Debt Securities		(₹ in Lakhs)						
Particulars	Current Year			Previous Year				
	At Amortised Cost (1)	At Fair Value through Profit or Loss (2)	Designated at Fair Value through Profit or Loss (3)	Total (4) = (1) + (2) + (3)	At Amortised Cost (5)	At Fair Value through Profit or Loss (6)	Designated at Fair Value through Profit or Loss (7)	Total (8) = (5) + (6) + (7)
Liability component of compound Financial Instruments	-	-	-	-	-	-	-	-
Commercial Paper	6,957.76	-	-	6,957.76	-	-	-	-
Others (Bonds/ Debentures etc.)*	46,885.00	-	-	46,885.00	32,707.88	-	-	32,707.88
<b>Total (A)</b>	<b>53,842.76</b>	<b>-</b>	<b>-</b>	<b>53,842.76</b>	<b>32,707.88</b>	<b>-</b>	<b>-</b>	<b>32,707.88</b>
Debt Securities in India	53,842.76	-	-	53,842.76	32,707.88	-	-	32,707.88
Debt Securities outside India	-	-	-	-	-	-	-	-
<b>Total (B) to tally with (A)</b>	<b>53,842.76</b>	<b>-</b>	<b>-</b>	<b>53,842.76</b>	<b>32,707.88</b>	<b>-</b>	<b>-</b>	<b>32,707.88</b>

*Details of Non Convertible Debentures								(₹ in Lakhs)
Debenture Series	Issued Date	Issued Amount	Rate of Interest	Interest Periodicity	Maturity Date	Maturity Amount	Current Year	Previous Year
Series-'PDL2020-3'	Feb-2020	900.00	12.00%	Monthly	Feb-2025	900.00	Yes	Yes
Series-'PDL-07-2020'	Jul-2020	5,000.00	10.50%	Quarterly	Apr-2023	5,000.00	Yes	Yes
Series-'PDL-12-2020-02'	Dec-2020	3,500.00	12.00%	Monthly	Dec-2023	3,500.00	Yes	Yes
Series-'PDL-02-2021'	Feb-2021	2,300.00	12.00%	Monthly	Feb-2026	2,300.00	Yes	Yes
Series-'PDL-07-2021'	July-2021	2,500.00	12.00%	Monthly	July-2026	2,500.00	Yes	Yes
Series-'PDL-09-2021'	Sep-2021	9,400.00	12.00%	Monthly	Sep-2026	9,400.00	Yes	Yes
Series-'PDL-09-02-2021'	Sep-2021	1,500.00	12.00%	Monthly	Sep-2026	1,500.00	Yes	Yes
Series-'PDL-02-2022'	Feb-2022	2,700.00	9.00%	Monthly	Feb-2029	2,700.00	Yes	Yes
Series-'PDL-07-2022'	Jul-2022	1,400.00	9.90%	Monthly	Jul-2032	1,400.00	Yes	Yes
Series-'PDL-01-2023'	Jan-2023	3,400.00	12.00%	Monthly	Jan-2033	3,400.00	Yes	Yes
Series-'PDL-04-2023'	Apr-2023	500.00	10.00%	Monthly	Apr-2033	500.00	Yes	No
Series-'PDL-04-2023'	Apr-2023	1,330.00	12.00%	Monthly	Apr-2033	1,330.00	Yes	No
Series-'PDL-04-2023'	Apr-2023	2,310.00	12.00%	On Maturity	Apr-2033	2,310.00	Yes	No
Series-'PDL-09-2023'	Sep-2023	500.00	12.00%	Monthly	Sep-2033	500.00	Yes	No
Series-'PDL-09-2023'	Sep-2023	5,000.00	9.95%	Quarterly	Sep-2026	5,000.00	Yes	No
Series-'PDL-11-2023'	Nov-2023	850.00	9.95%	Monthly	Nov-2033	850.00	Yes	No
Series-'PDL-11-2023'	Nov-2023	1,000.00	9.95%	Quarterly	Nov-2026	1,000.00	Yes	No
Series-'PDL-12-2023'	Dec-2023	4,620.00	12.00%	Monthly	Dec-2033	4,620.00	Yes	No
Series-'PDL-12-2023'	Dec-2023	1,970.00	9.95%	Quarterly	Dec-2033	1,970.00	Yes	No
Series-'PDL-12-2023'	Dec-2023	1,200.00	9.95%	Quarterly	Mar-2025	1,200.00	Yes	No
Series-'PDL-12-2023'	Dec-2023	600.00	9.95%	Quarterly	Jun-2025	600.00	Yes	No
Series-'PDL-01-2024'	Jan-2024	1,971.00	9.95%	Quarterly	Jan-2034	1,971.00	Yes	No
Series-'PDL-02-2024'	Feb-2024	2,034.00	9.95%	Quarterly	Feb-2034	2,034.00	Yes	No



Note: 14 Borrowings (Other than Debt Securities)

(₹ in Lakhs)

Particulars	Current Year			Previous Year		
	At Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At fair value through profit or loss	Designated at fair value through profit or loss
	(1)	(2)	(3)	(4)=(1)+(2)+(3)	(2)	(3)
(a) Term loans:						(4)=(1)+(2)+(3)
(i) From banks	1,14,154.89	-	-	1,14,154.89	43,090.54	-
(ii) From other parties	-	-	-	-	-	-
(b) Deferred payment liabilities	-	-	-	-	-	-
(c) Loans from related parties	-	-	-	-	-	-
(d) Finance lease obligations	-	-	-	-	-	-
(e) Liability component of compound financial instruments	-	-	-	-	-	-
(f) Loans repayable on demand:						
(i) from banks	60,789.59	-	-	60,789.59	81,976.73	-
(ii) from other parties	-	-	-	-	-	-
(g) Other loans (specify nature)	-	-	-	-	-	-
(i) from other parties	7,868.83	-	-	7,868.83	15,105.30	-
Total (A)	1,82,813.31	-	-	1,82,813.31	1,40,172.57	-
Borrowings in India	1,82,813.31	-	-	1,82,813.31	1,40,172.57	-
Borrowings outside India	-	-	-	-	-	-
Total (B) to tally with (A)	1,82,813.31	-	-	1,82,813.31	1,40,172.57	-

Note: 15 Deposits

(₹ in Lakhs)

Particulars	Current Year			Previous Year		
	At Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At Amortised Cost	Designated at fair value through profit or loss
	(1)	(2)	(3)	(4)=(1)+(2)+(3)	(5)	(6)
Deposits						(7)
(i) Public Deposits	-	-	-	-	-	-
(ii) Form Banks	-	-	-	-	-	-
(iii) From Others	-	-	-	-	-	-
Total	-	-	-	-	-	-

Note: 16 Subordinated Liabilities

(₹ in Lakhs)

Particulars	Current Year			Previous Year		
	At Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At Amortised Cost	Designated at fair value through profit or loss
	(1)	(2)	(3)	(4)=(1)+(2)+(3)	(5)	(6)
Perpetual Debt Instruments to the extent that do not qualify as equity	-	-	-	-	-	-
Preferene Shares other than those that qualify as Equity	-	-	-	-	-	-
Others (Non-Convertible Debentures*)	8,900.00	-	-	8,900.00	8,900.00	-
Total (A)	8,900.00	-	-	8,900.00	8,900.00	-
Subordinated Liabilities in India	8,900.00	-	-	8,900.00	8,900.00	-
Subordinated Liabilities outside India	-	-	-	-	-	-
Total (B) to tally with (A)	8,900.00	-	-	8,900.00	8,900.00	-

\* Details of Non-Convertible Debentures

(₹ in Lakhs)

Debenture Series	Issued Date	Issued Amount	Rate of Interest	Interest Periodicity	Maturity Date	Maturity Amount	Current Year	Previous Year
Series-‘PDL 1808’	Aug-2018	8,100	14.00%	Monthly	Aug-2024	8,100	Yes	Yes
Series-‘PDL2020-1’	Jan -2020	600	12.00%	Monthly	Jan-2026	600	Yes	Yes
Series-‘PDL2020-2’	Feb-2020	100	12.00%	Monthly	Feb-2026	100	Yes	Yes
Series-‘PDL2020-12’	Dec-2020	100	12.00%	Monthly	Dec-2030	100	Yes	Yes

Note: 17 Others Financial Liabilities (₹ in Lakhs)

Sr. No.	Particulars	Current Year	Previous Year
1	Debt Service Repayment Account	987.75	443.14
	Total	987.75	443.14

Note: 18 Current Tax Liabilities (Net) (₹ in Lakhs)

Sr. No.	Particulars	Current Year	Previous Year
1	Advance Recoverable in Cash or in kind or for value to be considered good		
	Income Tax and TDS	-	-
	Balance with Revenue Authorities	-	-
	Provision for Taxation	-	-
	Total	-	-

Note: 19 Provisions (₹ in Lakhs)

Sr. No.	Particulars	Current Year	Previous Year
1	Provision for Standard Assets	1,497.35	1,147.05
2	Provision for Proposed Dividend on Equity Shares	898.04	449.02
3	Provision for Expected Credit Loss	1,304.93	1,253.02
4	Provision for Sub Standard Assets	703.48	640.83
	Total	4,403.80	3,489.93

Note: 20 Deferred Tax Liabilities (Net) (₹ in Lakhs)

Sr. No.	Particulars	Current Year	Previous Year
1	Opening Balance	(66.06)	262.46
	Tax on Timing difference on Property, Plant and Equipments	491.48	419.35
	Tax on Timing difference on Unearned Processing Fees	(1,355.50)	(485.41)
2	Total Deferred Tax Liability	(864.02)	(66.06)
	Provision for Deferred Tax required for the year (2-1)	(797.96)	(328.52)
	Total	(864.02)	(66.06)

Note: 21 Others Non Financial Liabilities (₹ in Lakhs)

Sr. No.	Particulars	Current Year	Previous Year
1	Unearned Income of Processing Fees	5,289.62	1,894.25
	Total	5,289.62	1,894.25

Note: 22 Share Capital (₹ in Lakhs)

Sr. No.	Particulars	Current Year	Previous Year
1	AUTHORIZED CAPITAL		
	120,00,00,000 Equity Shares of Re. 1 per share	12,000.00	12,000.00
	50,00,000 Preference Shares of Re. 10 each	500.00	500.00
		12,500.00	12,500.00
2	ISSUED, SUBSCRIBED CAPITAL		
	44,91,46,990 Equity Shares of Re. 1 per Share fully paid up	4,491.47	4,392.47
	(Previous year 43,92,46,990 Equity Shares of Re. 1 each)		
	Add: 44,90,21,990 Shares of Face value Re. 1 per Share fully paid up issued during the year as Bonus Shares in the ratio of 1:1	4,490.22	99.00
	(Previous year 99,00,000 Shares issued @ Rs. 70.50 each Face value of Re. 1 each)		
		8,981.69	4,491.47
3	PAID UP CAPITAL		
	44,90,21,990 Equity Shares of Re. 1 per Share fully paid up	4,490.22	4,391.22
	(Previous year 43,91,21,990 Equity Shares of Re. 1 each)		
	Add: 44,90,21,990 Share of Face value Re. 1 each issued as Bonus Shares in the ratio of 1:1	4,490.22	99.00
	(Previous year 99,00,000 Share Issued @70.5 each of Face value Re. 1 each)		
	Add: Share Forfeited a/c (Amount originally Paid up @ Rs 0.50 each on 1,25,000 Equity Shares of Re. 1 each)	0.63	0.63
	Total	8,981.06	4,490.84

Note: 23 Other Equity  
Current Reporting Period

Particulars	Share Application money pending Allotment	Equity component of compound Financial Instruments	Statutory Reserves- RBI Reserve Fund	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Capital Redemption Reserve	Revaluation Reserve	Debt Instruments through other Comprehensive Income	Equity Instruments through other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation	Other items of Other Comprehensive Income (Specify nature)	Money received against Share Warrants	Total
Balance at the beginning of the reporting period	-	-	17,365.93	2,415.21	38,091.52	51,355.44	714.12	250.00	335.88	-	-	-	-	-	-	-	1,10,528.10
Add: Any change due to IND AS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated Balances at the beginning of the reporting period	-	-	17,365.93	2,415.21	38,091.52	51,355.44	714.12	250.00	335.88	-	-	-	-	-	-	-	1,10,528.10
Total	-	-	-	-	-	-	17,701.85	-	-	-	-	-	-	-	-	-	17,701.85
Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Money received as share warrant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share warrant converted into Share capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security Premium on conversion of warrants into equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proposed Dividends	-	-	-	-	-	-	(898.04)	-	-	-	-	-	-	-	-	-	(898.04)
Depreciation on Revaluation Amount	-	-	-	-	-	-	9.08	-	(9.08)	-	-	-	-	-	-	-	-
Income Tax Impact due to IND AS on Processing Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bonus share issued	-	-	-	-	-	(4,490.22)	-	-	-	-	-	-	-	-	-	-	(4,490.22)
Transfer to General Reserve	-	-	-	-	-	12,500.00	(12,500.00)	-	-	-	-	-	-	-	-	-	-
Transfer to Statutory Reserve Fund	-	-	3,540.37	-	-	-	(3,540.37)	-	-	-	-	-	-	-	-	-	-
Provision on Standard Assets	-	-	-	-	-	-	(350.30)	-	-	-	-	-	-	-	-	-	(350.30)
Expenditure on Corporate Social Responsibility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the end of the reporting period	-	-	20,906.30	2,415.21	38,091.52	59,365.22	1,136.34	250.00	326.80	-	-	-	-	-	-	-	1,22,491.39

Note: 23 Other Equity  
Previous Reporting Period

Particulars	Share Application money pending Allotment	Equity component of compound Financial Instruments	Statutory Reserves- RBI Reserve Fund	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Capital Redemption Reserve	Revaluation Reserve	Debt Instruments through other Comprehensive Income	Equity Instruments through other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation	Other items of Other Comprehensive Income (Specify nature)	Money received against Share Warrants	Total
Balance at the beginning of the reporting period	-	-	15,532.08	2,415.21	31,211.02	45,055.44	315.66	250.00	344.96	-	-	-	-	-	-	1,744.88	96,869.25
Add: Any change due to IND AS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated Balances at the beginning of the reporting period	-	-	15,532.08	2,415.21	31,211.02	45,055.44	315.66	250.00	344.96	-	-	-	-	-	-	1,744.88	96,869.25
Total	-	-	-	-	-	-	9,169.25	-	-	-	-	-	-	-	-	-	9,169.25
Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Money received as share warrant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,234.63	5,234.63
Share warrant converted into Share capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(99.00)	(99.00)
Security Premium on conversion of warrants into equity	-	-	-	-	6,880.50	-	-	-	-	-	-	-	-	-	-	(6,880.50)	-
Proposed Dividends	-	-	-	-	-	-	(458.92)	-	-	-	-	-	-	-	-	-	(458.92)
Depreciation on Revaluation Amount	-	-	-	-	-	-	9.08	-	(9.08)	-	-	-	-	-	-	-	-
Income Tax Impact due to IND AS on Processing Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to General Reserve	-	-	-	-	-	6,300.00	(6,300.00)	-	-	-	-	-	-	-	-	-	-
Transfer to Statutory Reserve Fund	-	-	18,333.85	-	-	-	(18,333.85)	-	-	-	-	-	-	-	-	-	-
Provision on Standard Assets	-	-	-	-	-	-	(187.10)	-	-	-	-	-	-	-	-	-	(187.10)
Balance at the end of the reporting period	-	-	17,365.93	2,415.21	38,091.52	51,355.44	714.12	250.00	335.88	-	-	-	-	-	-	-	110,528.10

Note: 24 Interest Income (₹ in Lakhs)

Particulars	Current Year			Previous Year		
	On Financial Assets measured at Fair value through OCI	On Financial Assets measured at Amortised Cost	Interest Income on Financial Assets classified at Fair value through profit or loss	On Financial Assets measured at Fair value through OCI	On Financial Assets measured at Amortised Cost	Interest Income on Financial Assets classified at Fair value through profit or loss
Interest on Loans	-	53,446.63	-	-	41,450.39	-
Interest Income from Investments	-	-	-	-	-	-
Interest on Deposits with Banks	-	19.91	-	-	10.66	-
Other Interest Income	-	69.02	-	-	24.25	-
Fee & Commission Income	-	6,233.51	-	-	811.06	-
Dividend Income	-	1.24	-	-	0.83	-
Total	-	59,770.31	-	-	42,297.19	-

Note: 25 Net Gain/(Loss) on fair value changes (₹ in Lakhs)

Particulars	Current Year	Previous Year
(A) Net gain/ (loss) on Financial Instruments at Fair value through profit or loss		
(i) On trading portfolio:		
—Investments	-	-
—Derivatives	-	-
—Others	-	-
(ii) On Financial Instruments designated at fair value through profit or loss	95.57	(49.38)
(B) Others		
(i) Total Net gain/(loss) on fair value changes (c)	-	-
(ii) Fair Value changes:		
—Realised	-	-
—Unrealised	-	-
Total Net Gain/(Loss) on Fair value changes (D) to tally with (C)	95.57	(49.38)

Note: 26 Other Income (₹ in Lakhs)

Sr. No.	Particulars	Current Year	Previous Year
1	Net gain/(loss) on ineffective portion of hedges	-	-
2	Net gain/(loss) on derecognition of property, plant and equipment	-	-
3	Net gain or loss on foreign currency transaction and translation (other than considered as finance cost)	-	-
4	Others	638.38	-
	Total	638.38	-

Note: 27 Finance Cost (₹ in Lakhs)

Sr. No.	Particulars	Current Year		Previous Year	
		On Financial liabilities measured at fair value through profit or loss	On Financial liabilities measured at Amortised Cost	On Financial liabilities measured at fair value through profit or loss	On Financial liabilities measured at Amortised Cost
1	Interest on Deposits	-	-	-	-
2	Interest on Borrowings	-	15,773.17	-	11,867.88
3	Interest on Debt Securities	-	3,784.67	-	3,608.81
4	Interest on Subordinated Liabilities	-	1,233.37	-	1,230.00
5	Other Interest expense/Bank Charges	-	3,191.13	-	1,328.77
	Total	-	23,982.34	-	18,035.46

Note: 28 Impairment on Financial Instruments (₹ in Lakhs)

Particulars	Current Year		Previous Year	
	On Financial instruments measured at Fair value through OCI	On Financial instruments measured at Amortised Cost	On Financial instruments measured at Fair value through OCI	On Financial instruments measured at Amortised Cost
Bad Debts Written Off on Loans	-	132.08	-	4,414.93
Provision for NPA	-	62.65	-	27.58
Provision for Expected Credit Loss				
Additional Provision for Expected Credit Loss	-	51.90	-	11.57
Investments	-	-	-	-
Others (to be specified)	-	-	-	-
Total	-	246.63	-	4,454.08

Note: 29 Employees Benefit Expenses (₹ in Lakhs)

Sr. No.	Particulars	Current Year	Previous Year
1	Salaries and Wages to Employees	3,662.36	2,430.89
2	Directors Salaries & Allowances	649.25	633.82
3	Contribution to Provident and other funds	251.67	148.58
4	Share Based Payments to employees	-	-
5	Staff welfare expenses	138.02	57.81
	Total	4,701.30	3,271.10

- No remuneration has been paid to Directors except remuneration to Managing Director and Executive Directors. The remuneration paid to Managing Director and Executive Directors during the F.Y. 2023-24 Rs. 6,49,24,800 (Last year Rs. 6,33,82,058) which is within the limit as specified u/s 197 read with Schedule V of the Companies Act, 2013.



Note: 30 Depreciation & Amortised Cost (₹ in Lakhs)			
Sr. No.	Particulars	Current Year	Previous Year
1	Depreciation	339.62	243.59
2	Deferred Revenue Exp. w/o*	-	74.39
3	Goodwill w/o#	-	10.70
	Total	339.62	328.68

-\*Deferred Expenses written off over a period of five years

-#Goodwill written off during the previous year

Note: 31 Other Expenses (₹ in Lakhs)			
Sr. No.	Particulars	Current Year	Previous Year
1	Car & Scooter Expenses	35.35	34.50
2	Traveling Expenses	1,304.99	577.59
3	Repair & Maintenance	183.99	104.61
4	Insurance Expenses	18.97	12.25
5	Electricity & Water Expenses	85.72	82.44
6	Rates & Taxes	4.35	7.75
7	Legal Expenses & Professional Fees	1,155.67	832.82
8	Printing & Stationery Expenses	309.01	150.27
9	Postage & Telephone Expenses	190.50	73.71
10	Auditors Remuneration	6.54	6.54
11	Rent	350.80	247.33
12	Rebate & Remission	287.16	190.09
13	Advertisement & Business Promotion Expenses	1,566.85	577.26
14	Recovery Expenses	1,361.10	(0.08)
15	Office and General Expenses	359.63	242.97
16	Loss/(Profit) on sale of Assets/Investments	(6.36)	(12.85)
17	Directors Sitting Fees & Expenses	13.30	13.41
18	Corporate Social Responsibility Expenditure	211.70	176.01
	Total	7439.27	3316.62

32. Remuneration to Auditors: (₹ in Lakhs)		
Particulars	2023-24	2022-23
For Statutory Audit	4.50	4.50
For Tax Audit	1.50	1.50
Total	6.00	6.00

33. Earning per Share: (₹ in Lakhs)		
Particulars	2023-24	2022-23
Net profit for the year (After Tax)	17,701.85	9,169.25
Equity Shares in numbers (Weighted)	46,25,54,160	44,47,84,716
Basic and diluted Earning per share (Rs.)	3.83	2.06

34. Figures for the previous year have been regrouped/rearranged/reclassified and restated wherever considered necessary.
35. The company has paid all its dues to Small Scale Industrial Undertakings within the due time limit. There are no outstanding due pending more than 45 days under the Micro, Small and Medium Enterprises Act, 2006
36. a) **Contingent Liabilities:**  
The company has given corporate guarantee for the loans taken by its wholly owned subsidiary Company M/s Nupur Finvest Pvt. Ltd. from the following Bank's / FI's / NBFCs

(₹ in Lakhs)		
Name of Bank / Financial Institution	Facility	Amount o/s
Karnataka Bank Ltd	Cash Credit	2,000.00
Indian Bank	Cash Credit	500.00
State Bank of India	Term Loan	5,393.58
Bank of Baroda	Term Loan	1,597.22
Indian Bank	Term Loan	476.87
Tata Capital Financial Services Limited	Term Loan	353.10
Total		10,320.77

- b) **Contingent Assets:**  
In March 2020, Paisalo Digital Limited engaged in a significant transaction involving the transfer of book-debts amounting to Rs. 23.29 Crores. These debts primarily consisted of loans extended to ‘Bottom of Pyramid’ customers, in accordance with a 10:90 risk and rewards sharing arrangement with Central Bank of India. This strategic move adhered to the regulatory guidelines set forth by the Reserve Bank of India (RBI), reflecting the company’s commitment to prudent financial practices.

However, the unforeseen emergence of the Covid-19 Pandemic shortly thereafter precipitated unforeseen challenges within this demographic segment, resulting in a notable increase in loan defaults. Despite the company’s proactive measures to mitigate these challenges, a portion of the loans turned non-performing, impacting both Paisalo Digital Limited and Central Bank of India.

Of particular concern was Central Bank of India’s unilateral action on March 31, 2023, whereby they debited Paisalo Digital Limited’s Cash Credit account by Rs. 5.38 Crores. This action, which deviated from the agreed terms of the transaction, has raised legal and operational concerns. Since the requests for resolution of dispute through negotiation have not been considered by the Bank hence the Company is in the process of filing pre-litigation mediation petition before the Hon’ble Court.

As a prudent accounting measure, the company has already charged this disputed amount to the profit and loss statement in the previous year as an exceptional item. However, given the merits of the company’s position in contesting this debit, the amount continuous to be classified as a contingent asset pending resolution.

37. **Disclosure of Related party transactions:**
- A. **Wholly owned Subsidiary** Nupur Finvest Pvt. Ltd.
- B. **List of related parties and relationship**
- | Related Party            | (Relation)                                    |
|--------------------------|---|
| Key Managerial Personnel |   |
| Mr. Sunil Agarwal        | (Managing Director & Chief Executive Officer) |
| Mr. Harish Singh         | (Executive Director & Chief Finance Officer)  |
| Mr. Anoop Krishna        | (Executive Director)                          |
| Mr. Santanu Agarwal      | (Deputy Managing Director)                    |
| Mr. Manendra Singh       | (Company Secretary)                           |

**Relatives of K M P**

Mr. Purushottam Agrawal	(Father of Mr. Sunil Agarwal)
Mrs. Raj Agarwal	(Mother of Mr. Sunil Agarwal)
Mrs. Neetu Agarwal	(Spouse of Mr. Sunil Agarwal)
Mrs. Priti Chauhan	(Spouse of Mr. Harish Singh)
Mrs. Sushila Devi Chauhan	(Mother of Mr. Harish Singh)
Ms. Suneeti Agarwal	(Daughter of Mr. Sunil Agarwal)
Mr. Pranav Chauhan	(Son of Mr. Harish Singh)
Mrs. Mamta Krishna	(Spouse of Mr. Anoop Krishna)

**C. Enterprises over which significant influence exercised by Key Managerial Personnel/Relatives of Key Managerial Personnel**

- |   |                                      |
|---|--------------------------------------|
| 1. Aanjneya Motor Pvt. Ltd.                 | 7. Raj Shiksha Foundation            |
| 2. Equilibrated Venture Cflow Pvt. Ltd.     | 8. SCS Education Foundation          |
| 3. Harish Singh HUF                         | 9. Saadhvi Cinfra Projects Pvt. Ltd. |
| 4. R N R Automate Pvt. Ltd.                 | 10. Pri Caf Private Limited          |
| 5. Repartee Infrastructures Pvt. Ltd.       | 11. Pro Fitcch Private Limited       |
| 6. Radiance Techno Powers Company Pvt. Ltd. |                                      |

**D. Disclosures required for Related party transactions**

(₹ in Lakhs)

Name of Party	Nature	Amount	Amount Receivable/ (Payable)
Mr. Sunil Agarwal	Remuneration to Director	393.60	(18.80)
Mr. Harish Singh	Remuneration to Director	33.00	(2.26)
Mr. Anoop Krishna	Remuneration to Director	45.60	(2.75)
Mr. Santanu Agarwal	Salary	180.00	(9.00)
Mr. Manendra Singh	Salary	15.32	(0.98)
Mr. Santanu Agarwal	Loan Received	52.00	—
Mr. Santanu Agarwal	Interest Expenses	1.88	—
Mr. Pranav Chauhan	Interest Payment (on NCD)	24.07	—
Mrs. Priti Chauhan	Interest Payment (on NCD)	8.32	—
Nupur Finvest Pvt. Ltd.	Interest Expenses	883.69	—
Nupur Finvest Pvt. Ltd.	Loan given	2,690.00	—
Nupur Finvest Pvt. Ltd.	Interest received on ICD	25.92	—
Mr. Sunil Agarwal	Dividend Paid	52.85	—
Mr. Santanu Agarwal	Dividend Paid	16.85	—
Ms. Suneeti Agarwal	Dividend Paid	3.58	—
Pro Fitcch Pvt. Ltd.	Dividend Paid	11.10	—
Equilibrated Ventures Cflow Pvt. Ltd.	Dividend Paid	51.70	—
Pri Caf Pvt. Ltd.	Dividend Paid	11.96	—
Equilibrated Ventures Cflow Pvt. Ltd.	Subscription to NCDs	490.00	—
Santanu Agarwal	Subscription to NCDs	135.00	—
Priti Chauhan	Subscription to NCDs	220.00	—

**Issue of Equity Shares pursuant to Bonus Issue to Promoter Group**

Name	Category	No. of Shares	Face value
Mr. Sunil Agarwal	Promoter	52851400	528.51
Mr. Santanu Agarwal	Member of Promoter Group	16852000	168.52
Ms. Suneeti Agarwal	Member of Promoter Group	3583000	35.83
Pro Fitcch Pvt. Ltd.	Member of Promoter Group	11160610	111.61
Equilibrated Ventures Cflow Pvt. Ltd.	Member of Promoter Group	62057941	620.58
Pri Caf Pvt. Ltd.	Member of Promoter Group	12024200	120.24

**Notes:**

- (1) Related party relationship is as identified by the Company on the basis of information available with them and accepted by the auditors as correct.
- (2) No amount has been written off or written back during the year in respect of debt due from or to related parties.
- (3) Company has entered into transactions with certain parties as listed above during the year under consideration. Full disclosures have been made and the Board/Audit Committee considers such transactions to be in normal course of business and at rates agreed between the parties.
- (4) The key management personnel and their relatives have given personal guarantees and collaterals for loans raised by the Company but Company has not provided any guarantee to these persons nor paid any consideration for furnishing such guarantees.
- (5) Company has extended its guarantee to Banks/ Financial Institutions for credit facilities availed by the wholly owned subsidiary Nupur Finvest Pvt Ltd.

**38. Working Capital, Working Capital Demand Loan and Term Loan Borrowings:**

The Company has an arrangement with a consortium of twelve banks under the leadership of Bank of Baroda for its working capital requirements. The facility is primarily secured by the hypothecation of book-debts/receivables of the Company and collaterally by mortgage of immovable properties including office premises, a flat owned by the Company and four commercial properties by third parties as well as personal and corporate guarantees. The outstanding details of the member banks in the consortium is as under:

(₹ in Lakhs)

Sr. No.	Name of Bank	Facility	Outstanding	Sanctioned Amount	Share in Consortium (%)
1	Bank of Baroda	CC+WCDL	9,945.17	10,000.00	9.45%
2	Bank of Baroda TL	Term Loan	2,500.00	8,125.00	7.68%
3	Punjab National Bank	CC+WCL	11,982.61	12,000.00	11.34%
4	Punjab National Bank	Term Loan	1,499.65	6,000.00	5.67%
5	Bank of India	CC+WCDL	4,547.87	4,550.00	4.30%
6	Union Bank of India	CC	6,454.37	6,500.00	6.14%
7	Union Bank of India	Term Loan	10,000.00	10,000.00	9.45%
8	UCO Bank	CC+WCDL	3,698.26	3,700.00	3.50%
9	UCO Bank TL	Term Loan	2,499.90	5,000.00	4.72%
10	IDBI Bank	CC+WCDL	2,494.78	2,500.00	2.36%
11	IDBI Bank	Term Loan	458.33	1,000.00*	0.94%
12	Bank of Maharashtra	CC+WCDL	1,228.25	2,500.00	2.36%
13	Bank of Maharashtra	Term Loan	934.18	2,500.00	2.36%
14	State Bank of India	CC	488.15	500.00	0.47%
15	State Bank of India TL	Term Loan	3,096.56	3,450.00	3.26%
16	Karnataka Bank	CC	4,955.95	5,000.00	4.72%
17	Dhanlaxmi Bank	CC+WCDL	2,487.48	2,500.00	2.36%
18	Dhanlaxmi Bank TL	Term Loan	416.67	2,500.00	2.36%
19	CSB Bank	CC+WCDL	7,485.86	7,500.00	7.09%
20	Indian Bank	CC+WCDL	5,020.86	5,000.00	4.72%
21	Indian Bank	Term Loan	1,897.04	5,000.00	4.72%
	<b>Total</b>		<b>84,091.94</b>	<b>1,05,825.00</b>	<b>100.00</b>

Term Loans sanctioned under Multiple Banking Arrangement (₹ in Lakhs)

Sr. No.	Name of Bank	Outstanding	Sanctioned Amount
1	South Indian Bank	1,199.54	1,500.00
2	State Bank of India	31,474.10	45,000.00
3	Canara Bank	18,375.00	22,500.00
4	Indian Bank	3,156.97	5,000.00
5	Indian Overseas Bank	7,125.00	7,500.00
6	Bank of Maharashtra	9,247.66	10,000.00
	Total	70,578.27	91,500.00

Term Loans sanctioned by Financial Institutions under Multiple Banking Arrangement (₹ in Lakhs)

Sr. No.	Name of Bank	Outstanding	Sanctioned Amount
1	Indian Renewable Energy Development Agency Ltd.	20,000.00	20,000.00
	Total	20,000.00	20,000.00

Term loan sanctioned for vehicle (₹ in Lakhs)

Sr. No.	Name of Bank	Outstanding	Sanctioned Amount
1	Bank of Baroda	119.36	139.50
2	Bank of Baroda	26.88	33.68
3	Bank of Baroda	78.85	98.00
4	Bank of Baroda	22.64	26.70
5	Bank of Baroda	26.55	27.50
	Total	274.28	325.38

39. During the financial year 2023-24, Company has allotted bonus equity shares to the existing shareholders of the Company holding shares at the closing of business hours on the Record Date i.e. March 20, 2024 in the ratio of 1:1 i.e 1 (One) Bonus Equity Share of Re. 1/- (Rupee One only) each for every 1 (One) fully paid-up Equity Share of Re. 1/- (Rupee One only) each held by them, by capitalization of Rs 44,90,21,990/- standing to the credit of the Company's General Reserve Account as per the Audited financial statement of the Company as at March 31, 2023.

40. Detail of Bank FDR's (principal amount) held as on 31.03.2024:

Held to avail Cash Credit facility against FDRs (₹ in Lakhs)

1	Punjab National Bank	Cash Credit	8.50
	Subtotal	(A)	8.50

Held as Guarantee (₹ in Lakhs)

1	Punjab National Bank	Guarantee	0.88
	Subtotal	(B)	0.88

Held as Guarantee (₹ in Lakhs)

1	State Bank of India	Guarantee	10.00
2	State Bank of India	Guarantee	15.00
3	State Bank of India	Guarantee	25.00
	Subtotal	(C)	50.00

Held as Guarantee / Security / Overdraft facility (₹ in Lakhs)

1	Bank of Baroda	Guarantee/Security/ Overdraft facility	205.00
	Subtotal	(D)	205.00

Held as Guarantee (₹ in Lakhs)

1	Bank of India	Guarantee	10.00
	Subtotal	(E)	10.00

Held as Investment (₹ in Lakhs)

1	Punjab National Bank	Unencumbered	0.10
	Subtotal	(F)	0.10
	Grand Total of FDR's	(A+B+C+D+E+F)	274.48

41. Reconciliation of Book Debt Assigned to the Banks with the Book/FI Debts (Inventory) of the Company as on the date of Balance Sheet:

Sr. No.	Particulars	Value as per Book Debt Statement	Value of Inventory as per Balance Sheet	Difference	Reason
1	Standard Assets	3,69,668.81	3,67,766.41	1902.39	Some Disbursement/ payments/Bad Debts were omitted to consider in MIS, pending reconciliation while submitting the Book Debts Statements.
2	Sub Standard Asset	-	765.31	765.31	Not Qualified for DP Purpose

42. Arbitration Awards:

The amount of such Decrees available for execution stands at Rs. 17,487.60 (Previous year Rs. 17,487.60) Lakhs as on the date of Balance Sheet. All these cases have already been written off in the books of accounts hence there are no impact on the profit and loss account of the Company for current as well as in the previous years:

(₹ in Lakhs)

Sr. No.	Particulars	Amount
1	Opening balance of Arbitration Awards	17,487.60
2	Add: New Arbitration Award procured during the year	-
3	Less: Arbitration Award Challenged / Closed during the year	-
	Arbitration Awards available for Execution	17,487.60

**43. Capital Risk Adequacy Ratio (CRAR):**

(₹ in Lakhs)

Particulars		2023-24	2022-23
i)	CRAR %	35.92%	40.34%
ii)	CRAR – Tier I Capital %	32.77%	36.49%
iii)	CRAR – Tier II Capital %	3.16%	3.85%
iv)	Amount of subordinated debt raised as Tier-II Capital	8,900	8,900
v)	Liquidity Coverage Ratio	2.78	2.45
vi)	Amount raised by issue of Perpetual Debt Instruments	Nil	Nil

**44. Investments:**

(₹ in Lakhs)

Particulars		2023-24	2022-23
1)	Value of Investments		
i)	Gross value of Investments		
	a) In India	6,506.95	8,808.53
	b) Outside India	Nil	Nil
ii)	Provision for Depreciation		
	a) In India	Nil	Nil
	b) Outside India	Nil	Nil
iii)	Net Value of Investments		
	a) In India	6,506.95	8,808.53
	b) Outside India	Nil	Nil
2)	Movement of Provisions held towards depreciation on investments		
i)	Opening Balance	Nil	Nil
ii)	ADD: Provision made during the year	Nil	Nil
iii)	Less: Write – off / write – back of excess provisions during the year	Nil	Nil
iv)	Closing Balance	Nil	Nil

45. The Company had not taken any exposure in Derivatives during the financial year 2023-24.

**46. Disclosure relating to Securitization:**

- i) The Company has not done securitization of any of its loans & advances to any organization during the financial year 2023-24 and there is no outstanding amount as on Balance Sheet date. Also, the Company has not sold its financial assets to any Securitization/Reconstruction Company for Asset Reconstruction. Further the Company has not undertaken new assignment transactions during the Financial Year 2023-24.

**ii) Details of stock assigned / sold during the year prior to RBI Notification dated 24 September, 2021**

(₹ in Lakhs)

Particulars		2023-24	2022-23
1	No. of accounts sold	N.A.	N.A.
2	Aggregate outstanding	N.A.	N.A.
3	Aggregate consideration received	N.A.	N.A.

**iii) The Company has not purchased any non-performing assets (NPAs) from other NBFCs or financial institutions**

- a) Disclosures pursuant to RBI Notification – RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated 6 August 2020 and RBI/2021-22/31/DOR.STR.REC.11 /21.04.048/2021-22 dated 5 May 2021

There were no borrower accounts where resolution plans had been implemented under RBI 's Resolution Framework 2.0 dated 5 May 2021 during the year.

- b) Disclosures pursuant to RBI Notification – RBI /DOR/2021-22/86 DOR.STR.REC.51 /21.04.048/2021-22 dated 24 September 2021

- (a) Details of transfer through assignment in respect of loans not in default during the financial year ended 31 March, 2024

Amount of loans transferred through assignment	Nil
Retention of beneficial economic interest	Nil
Weighted average residual maturity	Nil
Weighted average holding period	Nil
Coverage of tangible security coverage	Nil
Rating-wise distribution of rated loans	Nil

- (b) Details of loans (not in default) acquired through assignment during the financial year ended 31 March, 2024

Amount of loans transferred through assignment	Nil
Retention of beneficial economic interest	Nil
Weighted average residual maturity	Nil
Weighted average holding period	Nil
Coverage of tangible security coverage	Nil
Rating-wise distribution of rated loans	Nil

- (c) Details of stressed loans transferred during the financial year ended 31 March, 2024

Particulars	To Asset Reconstruction Companies (ARC)		To permitted transferees	
	NPA	SMA	NPA	SMA
Number of accounts	Nil	Nil	Nil	Nil
Aggregate principal outstanding of loans transferred (Rs. in crore)	Nil	Nil	Nil	Nil
Weighted average residual tenor of the loans transferred (in years)	Nil	Nil	Nil	Nil
Net book value of loans transferred (at the time of transfer (Rs. in crore)	Nil	Nil	Nil	Nil
Aggregate consideration (Rs. in crore)	Nil	Nil	Nil	Nil

In addition to above the Company has transferred written off loans amounting to Rs. Nil for a consideration of Rs. Nil.

- (d) The Company has not acquired any stressed loan during the financial year ended 31 March, 2024.



c) Pursuant to the RBI circular dated 12 November 2021 - “Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances - Clarifications”, the Company has aligned its definition of default from number of installments outstanding approach to Days Past Due approach. On 15 February 2022, RBI allowed deferment till 30 September 2022 of Para 1 of this circular pertaining to upgrade of Non-performing accounts. However, the Company has not opted for this deferment and such alignment does not have any significant impact on the financial results for the quarter and year ended 31 March 2024.

iv) Co-Lending done by the company with Banks

Paisalo Digital Ltd. has strategically partnered with a five esteemed banks, including State Bank of India, Bank of Baroda, UCO Bank, Punjab National Bank and Karnataka Bank, to facilitate Co-Lending agreements. This symbiotic alliance underscores the company’s commitment to fostering financial inclusivity and empowering underserved segments such as the agriculture (AGRI) sector, micro, small and medium enterprises (MSMEs) and small businesses.

The essence of this collaboration lies in the seamless provision of easy and hassle-free loans with a quick turnaround time, addressing the diverse financing needs of these critical sectors. By pooling resources and expertise, Paisalo Digital Ltd. and its banking partners are able to leverage synergies, capitalize on operational efficiencies and optimize risk management practices.

Under the Co-Lending model, both Paisalo Digital Ltd. and its partner banks share the responsibility of disbursing loans, with the former contributing 20% of the total loan amount and the latter contributing the remaining 80%. This equitable distribution of risk and rewards is underpinned by a robust regulatory framework established by the RBI, ensuring compliance and adherence to best practices.

One of the key advantages of this collaborative approach is the ability to offer competitive interest rates to borrowers, thereby enhancing affordability and accessibility to credit. While the bank’s interest rates are benchmarked against prevailing sectoral norms, Paisalo Digital Ltd. retains the flexibility to set its own rates within regulatory constraints, ensuring a fair and transparent lending process.

Furthermore, the recent policy directives issued by the Reserve Bank of India on Co-Lending have provided greater clarity and impetus to this innovative financing model. By harnessing digital technologies and embracing end-to-end digitalization, Paisalo Digital Ltd. and its banking partners are poised to revolutionize the lending landscape, driving financial inclusion and fostering economic empowerment at the grassroots level.

In summary, Co-Lending represents a paradigm shift in collaborative finance, offering a compelling value proposition for both borrowers and lenders alike. As Paisalo Digital Ltd. continues to chart new frontiers in inclusive finance, its strategic partnerships and innovative initiatives are set to redefine the contours of sustainable growth and development in the financial services sector

47. Asset Liability Management Maturity pattern of certain items of Assets and Liabilities as on 31<sup>st</sup> March, 2024:

(₹ in Lakhs)

	Upto 14 days	Over 14 days to 1 month	Over 1 month & Upto 2 months	Over 2 months & Upto 3 months	Over 3 months & Upto 6 months	Over 6 month & upto 1 year	Over 1 year & Upto 3 years	Over 3 years & upto 5 years	Over 5 Years	Total
Deposits	—	—	—	—	—	—	—	—	—	—
Advances	7,138	9,090	16,735	14,576	46,058	78,890	1,38,947	53,452	3,646	3,68,532
Investments (Bank FDR)	—	—	—	—	—	—	279	—	—	279
Borrowings	138	4,285	5,665	5,068	18,749	47,674	1,04,080	30,216	29,681	2,45,556
Foreign Currency Assets	—	—	—	—	—	—	—	—	—	—
Foreign Currency Liabilities	—	—	—	—	—	—	—	—	—	—

48. Exposures:

a) Exposures to Real Estate Sector

(₹ in Lakhs)

Category		2023-24	2022-23
Direct Exposure			
i)	Residential Mortgages		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	8,702	14,453
ii)	Commercial Real Estate		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits	8,341	—
iii)	Investments in Mortgage Backed Securities (MBS) and other securitized exposures		
	a)	—	—
	b)	—	—
Indirect Exposure		—	—

**b) Capital Market Exposure**

(₹ in Lakhs)

S. No.	Particulars <sup>1</sup>	Current Year	Previous Year
1	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt	6,227.76	6,742.51
2	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds	—	—
3	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	—	—
4	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances.	3,814.81	1,500.00
5	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers.	—	—
6	Loans sanctioned to corporates against the security of shares /bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources		
7	Bridge loans to companies against expected equity flows/issues	—	—
8	Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds		
9	Financing to stockbrokers for margin trading	—	—
10	All exposures to Alternative Investment Funds: (i) Category I (ii) Category II (iii) Category III	—	—
<b>Total exposure to capital market</b>		<b>10,042.57</b>	<b>8,242.51</b>

**c) Sectoral Exposure**

(₹ in Lakhs)

Sectors	Current Year			Previous Year		
	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
1. Agriculture and Allied Activities	36,206	—	—	7,741	—	—
<b>2. Industry</b>						
i. Micro & Small	31,655	—	—	21,137	—	—
ii. Medium	2,95,421	765	0.26	2,46,421	696	0.28
Others	—	—	—	—	—	—
<b>Total of Industry (i+ii+...+Others)</b>	<b>3,27,076</b>	<b>765</b>	<b>0.26</b>	<b>2,67,568</b>	<b>696</b>	<b>0.28</b>
<b>3. Services</b>						
i. Retail Trade	2,643	—	—	2,232	—	—
ii. ...	—	—	—	—	—	—
Others	—	—	—	—	—	—
<b>Total of Services (i+ii+...+Others)</b>	<b>2,643</b>	<b>—</b>	<b>—</b>	<b>2,232</b>	<b>—</b>	<b>—</b>
<b>4. Personal Loans</b>						
i. other Retail Loans	2,607	—	—	2,317	—	—
ii. ...	—	—	—	—	—	—
Others	—	—	—	—	—	—
<b>Total of Personal Loans (i+ii+...+Others)</b>	<b>2,607</b>	<b>—</b>	<b>—</b>	<b>2,317</b>	<b>—</b>	<b>—</b>
<b>5. Others, if any (please specify)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

**d) Details of financing of parent company products : NIL****e) Details of Single Borrower Limit and Group Borrower Limit exceeded by NBFC**

The company has adhered to the Prudential Exposure norms as prescribed by RBI and has not given any advances exceeding the limits as prescribed for Single borrower and Group Borrower.

**f) Unsecured Advances**

The unsecured advances outstanding as at Balance Sheet date are Rs. 36,206.27 Lakhs. The Company does not have any loan or advances which are partially secured against any sort of licenses, rights, authorizations charged to the company.

**49. Registration obtained from other financial sector regulators:**

RBI Registration No. : B-14.02997

Company Identification No. : L65921DL1992PLC120483

The company has never been penalized for any non-compliance by financial sector regulators.

**50.** Bank borrowings and Long Term Debt Securities of the Company have been assigned rating of “IVR AA/STABLE OUTLOOK” by Infomerics Valuation and Rating Pvt. Ltd. which denotes “Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk”. Similarly, the Company has been assigned rating of “IVR A1+ (IVR A One Plus)” for Commercial Paper by Infomerics

Valuation and Rating Pvt Ltd which denotes “Securities with this rating are considered to have very strong degree of safety regarding timely payment of financial obligation. Such instruments carry lowest credit risk.”

**51. Provisions and Contingencies:**

(₹ in Lakhs)

Break up of Provisions and contingencies	2023-24	2022-23
Provisions for depreciation on investment	Nil	Nil
Provision towards NPA	63	28
Provision on Standard Accounts in default @ 5%	Nil	Nil
Provision for Expected Credit Loss	52	12
Provision made towards income tax	6,950	3,542
Other provision and contingencies (Contingent Liability- Guarantee)	10,320	14,002
Provision for Standard Assets	350	187

**52. Non-Convertible Redeemable Debentures (NCDs):**

During the financial year 2023-24, the Company has issued Redeemable INR Denominated Non-Convertible Debentures (NCDs) as under

(₹ in Lakhs)

Nature of Debenture	Date of Allotment	Interest Rate p.a. (%)	Tenure	No. of Debentures	Face Value per Debenture	Amount
Unsecured Unlisted NCDs	13 <sup>th</sup> April 2023	10.00	120 Months	5	100	500
Unsecured Unlisted NCDs	29 <sup>th</sup> April 2023	12.00	120 Months	364	10	3640
Unsecured Unlisted NCDs	2 <sup>nd</sup> September 2023	12.00	120 Months	50	10	500
Secured Listed NCDs	27 <sup>th</sup> September 2023	9.95	36 Months	5000	1	5000
Unsecured Unlisted NCDs	07 <sup>th</sup> November 2023	9.95	120 Months	85	10	850
Secured Listed NCDs	16 <sup>th</sup> November 2023	9.95	36 Months	1000	1	1000
Unsecured Unlisted NCDs	8 <sup>th</sup> December 2023	12.00	120 Months	462	10	4620
Secured Listed NCDs	15 <sup>th</sup> December 2023	9.95	120 Months	1970	1	1970
Secured Listed NCDs	28 <sup>th</sup> December 2023	9.95	15 Months	1200	1	1200
Secured Listed NCDs	28 <sup>th</sup> December 2023	9.95	18 Months	600	1	600
Secured Listed NCDs	18 <sup>th</sup> January 2024	9.95	120 Months	1971	1	1971
Secured Listed NCDs	27 <sup>th</sup> February 2024	9.95	119 Months 24 days	2034	1	2034

**53. Commercial Papers (CP):**

During the financial year 2023-24, the Company has issued the following Commercial Papers as under:

(₹ in Lakhs)

Nature of CP	Date of Allotment	Maturity Date	No. of CP	Face Value per CP	Maturity Value
Unlisted	06 <sup>th</sup> April 2023	27 <sup>th</sup> March 2024	360	5	1800
Listed	10 <sup>th</sup> November 2023	24 <sup>th</sup> January 2024	600	5	3000
Listed	10 <sup>th</sup> November 2023	29 <sup>th</sup> January 2024	600	5	3000
Listed	10 <sup>th</sup> November 2023	09 <sup>th</sup> February 2024	600	5	3000
Unlisted	20 <sup>th</sup> December 2023	13 <sup>th</sup> September 2024	240	5	1200
Listed	30 <sup>th</sup> January 2024	30 <sup>th</sup> April 2024	600	5	3000
Listed	12 <sup>th</sup> February 2024	13 <sup>th</sup> May 2024	600	5	3000

**54. Concentration of Deposits, Advances, Exposures and NPAs:**

**a) Concentration of Deposits**

The Company has not taken any deposits from public.

**b) Concentration of Advances**

(₹ in Lakhs)

Total Advances to twenty largest borrowers	66,353.62
% of advances to twenty largest borrowers to total advances of the NBFC	18.00%

**c) Concentration of Exposures**

(₹ in Lakhs)

Total Exposure to twenty largest borrowers / customers	66,353.62
% of exposures to twenty largest borrowers / customers to total exposure of the NBFC on borrowers / customers	18.00%

d) The Company has not made any unhedged foreign currency exposures during the year.

**e) Concentration of NPAs**

Provisioning for Substandard Assets/Doubtful Assets/Loss Assets has been made in compliance with the directions of Reserve Bank of India. As per decision of the Board of Directors in the cases where loan installments are overdue for more than 180 days past due and management is of the opinion that its recovery chances are very remote or negligible, the Company writes off these accounts (Net of Future Interest Charges) as bad debts. In all other cases where loan installments are overdue for more than 180 days past due the provisioning for non-performing assets is made in compliance with Non-Banking Financial Company Systemically Important Non-Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions 2016, as applicable to the company. As per the RBI Directions dated 1st September 2016 updated as on 23rd February 2018 Company has made general provision of 0.40% of Standard assets. Other directives of Reserve Bank of India have been duly complied with. The details of top 4 NPA's written off during the year are given below:

(₹ in Lakhs)

Sr. No.	Total Exposure to Top Four NPA Accounts	% of Total Exposure	Amount
1	Jagwar Conbuild Pvt Ltd	0.33	1,210
2	Mahesh Kumar Pilania	0.14	504
3	EVA Exporters Pvt Ltd	0.08	312
4	Paras Wadhwa	0.05	194
	<b>Total</b>	<b>0.60</b>	<b>2,220</b>

**f) Movement of NPAs**

(₹ in Lakhs)

Particulars		2023-24	2022-23
(i)	Net NPAs to Net Advance (%)	0.02%	0.02%
(ii)	Movement of NPAs (Gross)		
	(a) Opening balance	696.29	3569.34
	(b) Additions during the year	69.02	1.03
	(c) Reductions during the year	—	2874.08
	(d) Closing balance	765.31	696.29
(iii)	Movement of Net NPAs		
	(a) Opening balance	55.47	2,956.10
	(b) Additions during the year	61.83	—
	(c) Reductions during the year	55.47	2,900.63
	(d) Closing balance	61.83	55.47
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	640.83	613.24
	(b) Provisions made during the year	62.65	314.89
	(c) Write -back of excess provisions	—	287.30
	(d) Write off	—	—
	(e) Closing Balance	703.48	640.83

**g) Sector wise NPAs (Write Offs)**

Sr. No.	Category	% of Write offs to Total Advances	
		2023-24	2022-23
1	Agriculture & Allied activities	0.18	0.24
2	MSME	0.30	0.46
3	Corporate Borrowers	0.55	1.41
4	Services	0.01	0.18
5	Unsecured Personal Loans	—	—
6	Auto Loans	0.05	—
7	Other Personal Loans (LAP)	0.05	0.04
	<b>Total</b>	<b>1.14</b>	<b>2.33</b>

55. The Company is domiciled in India and does not have any joint venture, associate or subsidiary abroad.

**56. Related party Exposure**

(₹ in Lakhs)

Related Party	Parent (as per ownership or control)		Subsidiaries		Associates/ Joint ventures		Key Management Personnel		Relatives of Key Management Personnel		Others*		Total	
	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY
Items	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY
Borrowings#	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Deposits#	—	—	—	—	—	—	65	655	420	200	—	—	485	855
Placement of deposits#	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Advances#	—	—	2,690	477	—	—	—	—	—	—	—	—	2,690	477
Investments#	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Purchase of fixed/ other assets	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Sale of fixed/other assets/Portfolio	—	—	—	7,119	—	—	—	—	—	—	—	—	—	7,119
Interest paid	—	—	884	549	—	—	2	40	32	24	—	—	918	613
Interest received	—	—	26	4	—	—	—	—	—	—	—	—	26	4
Others*	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Remuneration	—	—	—	—	—	—	668	658	—	—	—	—	668	658
Rent	—	—	—	—	—	—	—	—	—	9	—	—	—	9
Dividend	—	—	—	—	—	—	70	70	4	4	75	71	149	145
Bonus Share	—	—	—	—	—	—	697	—	36	—	852	—	1,585	—
Subscription of NCDs	—	—	—	—	—	—	135	—	220	—	490	—	845	—

CY – Current Year 2023-24 & PY – Previous Year 2022-23

**57. Off Balance Sheet SPVs sponsored:**

The Company has not sponsored off Balance Sheet SPVs.

**58. Disclosures of Complaints:**

Sr. No.	Particulars	2023-24	2022-23
<b>Complaints received by the NBFC from its customers</b>			
1.	Number of complaints pending at beginning of the year	—	—
2.	Number of complaints received during the year	10	6
3.	Number of complaints disposed during the year	10	6
	3.1 Of which, number of complaints rejected by the NBFC	—	—
4.	Number of complaints pending at the end of the year	—	—
<b>Maintainable complaints received by the NBFC from Office of Ombudsman</b>			
5.*	Number of maintainable complaints received by the NBFC from Office of Ombudsman	—	—
	5.1. Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	—	—
	5.2 Of 5, number of complaints resolved through conciliation/ mediation/advisories issued by Office of Ombudsman	—	—
	5.3 Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	—	—
6.*	Number of Awards unimplemented within the stipulated time (other than those appealed)	—	—

**Top five grounds of complaints received by the NBFCs from customers**

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
Current Year					
Payment made by borrower but still showing overdue in CIBIL	—	8	100	—	—
Delayed payment interest is pending	—	1	100	—	—
Made full payment but not get NOC	—	1	100	—	—
<b>Total</b>	<b>—</b>	<b>10</b>	<b>67</b>	<b>—</b>	<b>—</b>
Previous Year					
Payment made by borrower but still showing overdue in CIBIL	—	4	33	—	—
Delayed payment interest is pending	—	—	—	—	—
Made full payment but not get NOC	—	—	—	—	—
Demanding of release property paper	—	2	100	—	—
<b>Total</b>	<b>—</b>	<b>6</b>	<b>(25)</b>	<b>—</b>	<b>—</b>

**59. Uncertainty relating to the global health pandemic from COVID-19 ("Covid-19"):**

a) The global landscape remains fraught with challenges, chiefly stemming from the widespread COVID-19 pandemic. This unprecedented crisis has precipitated multifaceted repercussions, including sweeping governmental interventions, a resilient economic rebound post a severe global recession, surging inflation rates, geopolitical tensions such as the conflict in Ukraine and substantial economic sanctions imposed on Russia.

b) In light of the enduring ramifications of the global pandemic, Paisalo Digital Ltd. has proactively instituted alternative work modalities to safeguard the health and well-being of its workforce and business associates. These measures encompass the facilitation of remote work arrangements, particularly for operations and call centres during periods of enforced lockdowns. Equipping employees with requisite technological infrastructure has ensured the secure and efficient delivery of services to borrowers.



Throughout the fiscal year, the company has fostered robust communication channels via virtual sessions with branches, employees and business associates, thereby sustaining proactive engagement with customers. Services such as Door Step Sourcing and Servicing have been meticulously executed, adhering to stringent safety protocols and implementing essential non-pharmaceutical interventions. Despite prevailing challenges, the majority of branches, employees and business associates have remained operational, playing a pivotal role in extending essential credit to borrowers.

Furthermore, Paisalo Digital Ltd. has swiftly adapted to evolving circumstances, innovating digital and analog tools to facilitate credit requests and optimize loan recovery mechanisms.

- c) During the financial year 2023-24, no significant governmental, regulatory, or banking frameworks were introduced explicitly targeting COVID-19 relief or aid for Non-Banking Financial Companies (NBFCs) like Paisalo Digital Ltd. However, NBFCs have increasingly served as conduits for governmental and major banking institutions, leveraging their local presence to directly support households in need.

The stability in funding and liquidity afforded to Paisalo Digital Ltd. is fortified by its entrenched local footprint, robust credit and risk assessment methodologies and enduring partnerships with esteemed banking entities.

60. Paisalo Digital Ltd demonstrated robust performance in the fiscal year 2023-2024, achieving a notable non-fund based income of Rs. 1102.288 Lakhs. This income category encompasses various revenue streams such as fees, commissions and ancillary activities, reflecting the company’s diversified approach towards income generation.

In its pursuit of optimizing non-fund based income, Paisalo Digital Ltd strategically deployed a range of initiatives:

- a) **Business Correspondent Services:** Acting as a Business Correspondent for esteemed institutions like State Bank of India and Bank of India, Paisalo Digital extended comprehensive banking and financial services to underbanked or unbanked regions and demographics. By serving as an intermediary, facilitating banking transactions and providing services on behalf of partner institutions, the company garnered commissions and fees, thereby enhancing its non-interest income.
- b) **Ancillary Financial Services:** Complementing its core lending operations, Paisalo Digital Ltd ventured into ancillary financial services. These encompass a spectrum of activities such as transaction-based services, which generate fees and commissions based on the value of transactions or assets under management. This diversification strategy contributed significantly to the augmentation of non-fund based income.
- c) **Cross-Selling of Products:** Recognizing the potential for revenue growth within its existing customer base, Paisalo Digital implemented targeted cross-selling strategies. By promoting additional financial products and services to its clientele, the company aimed to capitalize on existing relationships and deepen customer engagement. This strategic approach not only fosters customer loyalty but also serves as a lucrative avenue for increasing non-fund based income.

These initiatives underscore Paisalo Digital Ltd’s commitment to innovation and diversification, positioning the company for sustained growth and profitability in the dynamic financial landscape. Through strategic foresight and proactive market engagement, Paisalo Digital Ltd continues to explore avenues for maximizing revenue generation and creating long-term value for stakeholders.

61. **Expected Credit Loss:**  
Comparison of Provisioning done under ECL model and under RBI prudential norms requirements: ₹ in Lakhs

Asset Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	3,59,130	2,155	3,56,975	1,437	718
	Stage 1	7,048	282	6,766	28	254
	Stage 2	1,588	151	1,438	6	145
Subtotal		3,67,766	2,588	3,65,179	1,471	1,117
Non-Performing Assets (NPA)						
Substandard	Stage 3	69	16	53	7	9
Doubtful - up to 1 year	Stage 3	—	—	—	—	—
1 to 3 years	Stage 3	—	—	—	—	—
More than 3 years	Stage 3	—	—	—	—	—
Subtotal for doubtful		69	16	53	7	9
Loss Assets	Stage 3	696	696	—	696	—
Subtotal for NPA		765	712	53	703	9
Loss	Stage 3	132	132	—	132	—
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 and Provisioning (IRACP) norms Classification	Stage 1	10,321	206	10,114	—	206
	Stage 2	—	—	—	—	—
	Stage 3	—	—	—	—	—
Subtotal		10,321	206	10,114	—	206
Total	Stage 1	3,76,499	2,643	3,73,856	1,465	1,178
	Stage 2	1,588	151	1,438	7	145
	Stage 3	765	712	53	703	9
	Total	3,78,852	3,506	3,75,347	2,175	1,332
LESS : Provision for ECL previous year balance		—	1,253	—	—	—
Less : Provision for NPA		—	703	—	—	—
Less : Provision for Standard Assets		—	1,498	—	—	—
Expected Credit Loss		—	52	—	—	—

62. Risk Management Framework:

The company operates within a landscape of diverse risks that could significantly impact its business, operations and financial performance. These risks include Credit Risk, Liquidity & Funding Risk, Market Risk and Operational Risk. To address these challenges, the management has developed a comprehensive risk management framework aimed at identifying, analyzing and mitigating potential threats while ensuring adherence to predefined risk limits.

i) Creating a Stable Business Planning Environment

One of the primary objectives of the risk management framework is to establish a stable business planning environment by minimizing the impact of interest rate fluctuations on the company's business plan. This involves assessing the potential effects of interest rate changes on the company's financial position and operations, enabling more accurate forecasting and strategic decision-making.

ii) Achieving Greater Predictability to Earnings

Another key goal is to achieve greater predictability in earnings by determining the financial value of expected earnings in advance. This entails forecasting future earnings based on various factors such as market conditions, customer behaviour and economic trends. By accurately predicting earnings, the company can better allocate resources, plan investments and manage its financial performance effectively.

A) Credit Risk

Credit risk represents the potential financial loss to the company if a customer or counterparty fails to fulfill its contractual obligations. This risk primarily emanates from trade and other receivables, cash equivalents and bank balances. To assess credit risk, the company utilizes various metrics such as installment default rate, overdue position and debt management efficiency.

Credit risk is closely monitored through the analysis of credit exposures, portfolio monitoring and evaluation of customer and portfolio concentration risk. Moreover, the risk management unit employs a robust control framework to manage credit risk effectively. This framework involves aligning credit and debt management policies, leveraging external data from credit bureaus and conducting regular reviews of portfolios and delinquencies by senior and middle management teams.

By implementing these strategies, Paisalo Digital Ltd aims to proactively identify and mitigate credit risks, thereby safeguarding its financial stability and ensuring the continuity of its operations.

(a) Loans, Trade & Other Receivables

Managing credit risk from loans, trade and other receivables is a multifaceted process that involves a comprehensive approach to mitigate potential financial losses and uphold the company's financial stability. Here's a detailed overview of how the company manages credit risk:

- Establishing Credit Limits:** The company meticulously sets credit limits for each customer, taking into account various factors such as creditworthiness, financial history and repayment capacity. These credit limits serve as a safeguard against excessive borrowing and minimize the risk of default.
- Credit Approvals Process:** Every credit request undergoes a stringent approval process that evaluates the creditworthiness of the customers and assesses associated risks. This process involves analyzing financial statements, credit reports and other relevant information to determine the likelihood of repayment. Only credit requests meeting predefined risk criteria are approved.
- Continuous Creditworthiness Monitoring:** The company continuously monitors the creditworthiness of its customers to identify any changes in their financial circumstances that may impact their ability to repay loans or fulfill obligations. This ongoing monitoring involves regular reviews of credit reports, financial statements and market trends to assess credit risk profiles accurately.
- Regular Monitoring of Receivables:** The company maintains a vigilant stance by regularly monitoring outstanding receivables to ensure timely repayment by customers. This includes tracking payment schedules, identifying overdue accounts and implementing effective collection strategies for delinquent accounts. By closely monitoring receivables, the company can promptly identify potential credit risks and take appropriate actions to mitigate them.
- Ageing Analysis:** The company conducts thorough ageing analysis of loans and trade receivables to categorize outstanding receivables based on their ageing profile. This analysis helps identify

accounts that are overdue or at risk of default, enabling the company to prioritize collection efforts and allocate resources efficiently. By understanding the ageing profile of receivables, the company can implement targeted credit management strategies to minimize credit risk exposure.

The ageing of loans & trade receivables is as follows:

(₹ in Lakhs)	
Particulars	As at 31 <sup>st</sup> March 2024
Loans	3,67,341.64
Less: Allowances for expected credit loss	1,304.93
	3,66,036.71
Trade & Other Receivables	
Outstanding for less than one year	1,190.09
Less: Allowance for doubtful debts	703.48
	486.61
Total	3,66,523.32

(b) Cash & Cash Equivalents & Other Bank Balances

Regarding the management of cash and cash equivalents, the company maintains a robust evaluation process for assessing the creditworthiness of banks and financial institutions where funds are held. This evaluation occurs regularly and involves comprehensive assessments of financial stability, regulatory compliance and risk management practices. By ensuring the creditworthiness of banking partners, the company mitigates the risk associated with cash holdings and safeguards its liquidity position. The company holds cash and cash equivalents and other bank balances of Rs. 1356.32 Lakh at 31<sup>st</sup> March 2024.

B) Liquidity & Funding Risk

**Liquidity risk poses a substantial threat to the Company's ability to fulfill its financial obligations, particularly those settled through cash or other financial assets. This risk encompasses several dimensions, including funding risk, which manifests in various scenarios:**

- \*\*Inability to Raise Incremental Funds\*\*:** The company faces the risk of being unable to secure additional borrowings or deposits to meet its operational needs or fulfill repayment obligations. This could arise due to limitations in accessing capital markets or reluctance from lenders amidst uncertain economic conditions.
- \*\*Cash Flow Mismatches\*\*:** Funding risk also emerges when long-term assets cannot be financed over their expected term, leading to discrepancies in cash flows. Such mismatches may arise from unexpected changes in market conditions or disruptions in the funding environment.
- \*\*Market Volatility Impacting Funding\*\*:** Volatility in financial markets can further exacerbate funding risk by hindering the company's ability to source funds from banks and money markets. Fluctuations in interest rates, credit spreads, or investor sentiment may impede access to funding avenues, heightening liquidity concerns.

**Measuring liquidity risk involves several key metrics and assessments:**

- \*\*Identification of Structural and Dynamic Liquidity Gaps\*\*:** The company analyzes structural and dynamic liquidity statements to identify gaps between available funds and near-term liabilities. This entails assessing the maturity profile of assets and liabilities to gauge liquidity adequacy.
- \*\*Assessment of Incremental Borrowing Needs\*\*:** Evaluating the incremental borrowings required to fulfill repayment obligations and support the company's business plan amidst prevailing market conditions is crucial. This assessment considers factors such as interest rate environment, credit availability and funding costs.
- \*\*Monitoring Liquidity Coverage Ratio (LCR)\*\*:** The company tracks its liquidity coverage ratio in adherence to regulatory guidelines, ensuring sufficient high-quality liquid assets are held to cover short-term liquidity needs under stress scenarios.

Managing liquidity risk involves proactive measures implemented by the treasury team:

- \*\*Gap Analysis and Scenario Testing\*\*:** The company continuously assesses the gap between fund visibility and near-term liabilities, considering evolving liquidity conditions and regulatory requirements for non-banking financial companies (NBFCs). Stress tests and scenario analyses are conducted to evaluate potential liquidity shortfalls and compare them against available buffers.
- \*\*Adaptive Funding Strategies\*\*:** A dynamic approach to funding involves aligning funding sources with emerging market conditions in banking and money markets. The company adjusts its funding mix and borrowing strategies to optimize liquidity and mitigate funding risks.
- \*\*Maintaining Liquidity Buffers\*\*:** Building and maintaining liquidity buffers is essential to mitigate liquidity risk. These buffers serve as a cushion during periods of funding stress and provide resilience against unexpected liquidity shocks.
- \*\*Strategic Asset-Liability Management\*\*:** The company employs positive asset-liability management practices to match asset and liability durations, reducing the risk of cash flow mismatches. This entails aligning asset maturities with liability obligations to minimize funding gaps.
- \*\*Diversification and Relationship Management\*\*:** Diversifying funding sources and cultivating strong relationships with banks and financial institutions enhance the company's ability to access funding under diverse market conditions. Maintaining a robust pipeline of sanctions and approvals ensures access to funding avenues when needed.

In essence, the management of liquidity risk is a dynamic and multifaceted endeavour, requiring a proactive and strategic approach from the treasury team. Through the judicious application of liquidity buffers, long-term funding strategies, asset-liability management, pipeline management and prudent loan assignments, the treasury team fortifies the Company's liquidity position, safeguards against funding uncertainties and fosters financial resilience in an ever-evolving financial landscape.

C) Market Risk

Market risk, a critical facet of financial risk management, underscores the potential for future earnings, fair values, or cash flows to incur losses due to adverse fluctuations in market rates and prices, or the values of market risk-sensitive instruments. This encompasses Currency Risk, Interest Rate Risk and Price Risk, each demanding meticulous assessment and proactive management strategies.

- \*\*Measurement Techniques\*\*:** Market risk is quantified through a suite of sophisticated metrics and methodologies, including Value at Risk (VaR), basis point value (PV01) and modified duration analysis. These tools facilitate a comprehensive evaluation of portfolio dynamics and the potential impact on income streams, particularly in terms of net interest income. The Company's exposure to market risk is analyzed across various dimensions, encompassing equity investments, interest rate fluctuations within investment portfolios and the implications of floating rate assets and liabilities with varying maturity profiles.
- \*\*Monitoring Protocols\*\*:** Rigorous monitoring protocols are employed to track fluctuations in equity prices and interest rate sensitivities under diverse stress test scenarios. Through simulated simulations of probable interest rate movements, both fixed and floating assets and liabilities are scrutinized to gauge resilience under adverse market conditions. This proactive monitoring framework enables the identification of vulnerabilities and informs timely risk mitigation strategies.
- \*\*Management Strategies\*\*:** The management of market risk is entrusted to the Company's treasury team, operating under the guidance of the Board. This dedicated team implements a multi-faceted approach tailored to address specific risk exposures:
  - \*\*Currency Risk\*\*:** Given the Company's exclusive operations within India, exposure to foreign currency risk is mitigated.
  - \*\*Interest Rate Risk\*\*:** The Company actively manages interest rate risk by closely monitoring market interest rate movements and their potential impact on interest-bearing liabilities and assets. This proactive stance enables the Company to adapt swiftly to changing interest rate environments and optimize its interest rate exposure.

- \*\*Price Risk\*\*:** Equity price risk arising from investments is managed through prudent portfolio diversification strategies. The Company strategically diversifies its investment portfolio within predefined limits to mitigate concentration risk and optimize risk-adjusted returns.
- \*\*Governance Framework\*\*:** The management of market risk is conducted under the oversight of the Board of Directors. The treasury team, comprising seasoned professionals with expertise in financial risk management, implements risk mitigation strategies in alignment with the Board's directives and risk appetite. This ensures that market risk management practices are consistent with the Company's strategic objectives and regulatory compliance obligations.

In essence, the management of market risk requires a judicious blend of quantitative analysis, robust monitoring mechanisms and proactive risk mitigation strategies. By leveraging sophisticated measurement techniques, rigorous monitoring protocols and strategic management frameworks, the Company navigates the complexities of market risk dynamics while safeguarding its financial stability and optimizing long-term performance.

D) Operational Risk

Operational risk, a multifaceted challenge inherent in the company's operational landscape, arises from a spectrum of sources, encompassing internal processes, human resources, technological systems and external factors. To effectively manage operational risks, the Company has instituted a comprehensive framework of internal controls and procedures, meticulously designed to govern critical activities across various functional domains, including loan acquisition, customer service, IT operations and finance functions.

- \*\*Internal Control Systems\*\*:** At the heart of operational risk management lies a robust system of internal controls, meticulously crafted to mitigate the risk of inadequate or failed internal processes, people, or systems. These controls span a myriad of functions, facilitating proactive identification and remediation of potential vulnerabilities. Through continuous monitoring and assessment, the Company endeavours to strengthen its internal control environment, ensuring operational resilience and efficiency.
- \*\*Internal Audit Oversight\*\*:** Internal Audit plays a pivotal role in operational risk management, conducting comprehensive reviews of all operational functions at least annually. This diligent scrutiny serves to unearth process gaps and deficiencies in a timely manner, enabling corrective actions to be implemented promptly. By providing independent assurance and insights, Internal Audit reinforces the Company's commitment to sound governance practices and operational excellence.
- \*\*Compliance and Control Units\*\*:** Within the IT and Operations functions, dedicated compliance and control units operate in tandem to uphold the integrity and security of internal processes. Through continuous monitoring and evaluation, these units assess adherence to regulatory requirements and internal policies, proactively identifying and addressing operational risks. By fostering a culture of compliance and risk awareness, these units contribute to the Company's resilience in the face of evolving operational challenges.
- \*\*Disaster Recovery and Business Continuity Planning\*\*:** Recognizing the imperative of business continuity in the face of unforeseen events, the Company has established robust Disaster Recovery (DR) and Business Continuity Plans (BCP). These plans are meticulously crafted to ensure the seamless continuation of operations and services to customers in the event of natural disasters, technological outages, or other disruptive incidents. Regular testing and analysis of these plans enable the Company to identify and rectify any gaps in the framework, bolstering its readiness to navigate unforeseen disruptions effectively.

In essence, operational risk management is woven into the fabric of the Company's governance framework, underpinned by a relentless commitment to process excellence, regulatory compliance and business continuity. Through the concerted efforts of internal control systems, audit oversight, compliance units and robust disaster recovery planning, the Company strives to fortify its operational resilience and safeguard its business operations against a spectrum of potential risks and contingencies.

63. Additional information pursuant to Ministry of Corporate Affairs notification dated March 24, 2021 with respect to amendments in Schedule iii of Companies Act, 2013:
- The Company has made provision for dividend @ Rs. 0.10 each per share and the same will be declared & paid after the approval of the shareholders in their Annual General Meeting.

- ii) All the borrowings of the Company are used for the specific purpose for which it was taken.
- iii) There are no proceedings which have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- iv) The Company is not a wilful defaulter as declared by any bank or financial Institution or any other lender.
- v) The Company does not have any transactions with the companies struck off under section 248 of Companies Act, 2013 or Section 560 of Companies Act, 1956.
- vi) There are no charges or satisfaction yet to be registered with Registrar of Companies (ROC) beyond the statutory period.
- vii) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.
- viii) There are no transactions which are not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- xi) The Company has not traded or invested in Crypto currency or Virtual Currency during the year.

Schedule to the Balance Sheet of a Non-Deposit taking Non-Banking Financial Company (As required in Non-Banking Financial Company Systemically Important Non Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016:

(₹ in Lakhs)			
PARTICULARS		2023-24	
LIABILITIES SIDE:			
1.	Loans and advances availed by the NBFCs inclusive of interest Amount accrued thereon but not paid	Amount Outstanding	Overdue
	(a) Debentures		
	Secured	13,775	—
	Unsecured	42,367	—
	(other than falling within the meaning of public deposits*)		
	(b) Deferred Credits	—	—
	(c) Term Loans		
	Bank of Baroda (Term Loan a/c)	2,500	—
	State Bank of India (Term Loan a/c)	34,570	—
	Dhanlaxmi Bank (Term Loan a/c)	418	—
	UCO Bank (Term Loan a/c)	2,500	—
	Bank of Maharashtra (Term Loan a/c)	10,182	—
	Canara Bank (Term Loan a/c)	18,459	—
	Indian Bank (Term Loan a/c)	5,054	—
	Punjab National Bank (Term Loan a/c)	1,500	—
	South Indian Bank (Term Loan a/c)	1,200	—
	IDBI Bank (Term Loan a/c)	458	—
	Indian Overseas Bank (Term Loan a/c)	7,125	—
	Union Bank of India (Term Loan a/c)	10,036	—
	IREDA (Term Loan a/c)	20,000	—
	Bank of Baroda (Car Term Loan a/c)	274	—
	(d) Inter-corporate loans and borrowing	7,869	—
	(e) Commercial Paper	7,087	—
	(f) Other Loans (specify nature)		
	Bank of Baroda (WCDL a/c)	6,000	—
	IDBI Bank (WCDL a/c)	1,800	—
	Punjab National Bank (WCDL a/c)	7,200	—
	UCO Bank (WCDL a/c)	2,220	—
	Bank of India (WCDL a/c)	2,733	—
	Bank of Maharashtra (WCDL a/c)	760	—
	CSB Bank (WCDL a/c)	4,500	—
	Dhanlaxmi Bank (WCDL a/c)	1,500	—
	Indian Bank (WCDL a/c)	3,027	—
	Punjab National Bank (Cash Credit a/c)	4,783	—
	Bank of India (Cash Credit a/c)	1,822	—
	Bank of Baroda (Cash Credit a/c)	3,945	—
	Indian Bank (Cash Credit a/c)	1,994	—
	UCO Bank (Cash Credit a/c)	1,478	—



		IDBI Bank (Cash Credit a/c)		695	—
		Bank of Maharashtra(Cash Credit a/c)		469	—
		State Bank of India (Cash Credit a/c)		488	—
		CSB Bank (Cash Credit a/c)		2,986	—
		Dhanlaxmi Bank (Cash Credit a/c)		987	—
		Union Bank of India (Cash Credit a/c)		6,454	—
		Karnataka Bank (Cash Credit a/c)		4,956	—
2.	Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid)				
	(a)	In the form of Unsecured debentures		—	—
	(b)	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security		—	—
	(c)	Other public deposits		—	—
		*Please see Note 1 below			
ASSETS SIDE:					
3.	Break-up of Loans and Advances including bills receivables (other than those included in (4) below)				
	(a)	Secured		3,31,331	995
	(b)	Unsecured		36,011	195
4.	Break -up of Leased Assets and stock on hire and hypothecation loans counting towards AFC activities				
	(i)	Lease assets including lease rentals under sundry debtors			
	(a)	Financial lease		—	—
	(b)	Operating lease		—	—
	(ii)	Stock on hire including hire charges under sundry debtors			
	(a)	Assets on hire		—	—
	(b)	Reposessed Assets		—	—
	(iii)	Other loans counting towards AFC activities			
	(a)	Loans where assets been reposessed		—	—
	(b)	Loans other than (a) above		—	—
5.	Break-up of Investments				
	1	Current Investments			
		Quoted			
	(i)	Shares			
	(a)	Equity		—	—
	(b)	Preference		—	—
	(ii)	Debentures and Bond		—	—
	(iii)	Units of mutual funds		—	—
	(iv)	Government Securities		—	—
	(v)	Others (please specify)		—	—
		Unquoted			
	(i)	Shares			
	(a)	Equity (Group Companies) (Net)		—	—
	(b)	Preference		—	—

	(ii)	Debentures and Bonds		—	—
	(iii)	Units of mutual funds		—	—
	(iv)	Government Securities		—	—
	(v)	Others (please specify)			
		Fixed Deposit with NBFC		—	—
		Fixed deposit with Banks		—	—
		Interest accrued		—	—
2	Long Term Investments				
	Quoted				
	(i)	Share			
	(a)	Equity		224	—
	(b)	Preference		—	—
	(ii)	Debentures and Bonds		—	—
	(iii)	Units of mutual funds		—	—
	(iv)	Government Securities		—	—
	(v)	Others (Please specify)		—	—
	Unquoted				
	(i)	Share			
	(a)	Equity- Subsidiary Company		4,224	—
	(b)	Equity- Other Company		1,780	—
	(b)	Preference		—	—
	(ii)	Debentures and Bonds		—	—
	(iii)	Units of mutual funds		—	—
	(iv)	Government Securities		—	—
	(v)	Others (please specify)			
		Investment in Partnership/LLP		—	—
		Fixed Deposit with Banks		274	—
		Interest accrued		5	—

(6) Borrower group-wise classification of assets financed as in (2) and (3) above  
Please see Note 2

(₹ in Lakhs)

Category			Amount net of provisions		Total
			Secured	Unsecured	
1	Related parties**				
	(a)	Subsidiaries	—	—	—
	(b)	Companies in the same group	—	—	—
	(c)	Other related parties	—	—	—
2	Other than related parties		3,32,326	36,206	3,68,532
	Total		3,32,326	36,206	3,68,532

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) (₹ in Lakhs)

Particulars			Market Value/Value Break up or Fair Value or NAV	Book Value (Net of provisions)
1	Related parties **			
	(a)	Subsidiaries	4,224	4,224
	(b)	Companies in the same group	—	—
	(c)	Other related parties	—	—
2	Other than related parties		2,004	2,004
	Total		6,228	6,228

\*\*As per IND AS of ICAI.

(8) Other Information (₹ in Lakhs)

Particulars			Amount
1	Gross Non-performing Assets		
	(a)	Related Parties	—
	(b)	Other than related parties	765
2	Net Non-Performing Assets		—
	(a)	Related Parties	—
	(b)	Other than related parties	62
3	Assets acquired in satisfaction of debt		—

Notes:

- Provisioning norms shall be applicable as prescribed in the Non-Banking Financial Company-Systemically Important Non-Deposit Taking Company and Deposit Taking Company (Reserve Bank) Direction, 2016.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments shall be disclosed irrespective of whether they are classified as long term or current in column (5) above.

Signed in terms of our Report of even date  
For Manish Goyal & Co.  
Chartered Accountants  
Firm Reg. No. 006066C

Sd/-  
(CA. MANISH GOYAL)  
Partner  
Membership No. 074778  
UDIN : 24074778BKAP5265

Place : New Delhi  
Date : 26<sup>th</sup> April 2024

For and on behalf of the Board  
Sd/-  
(SUNIL AGARWAL)  
Managing Director  
DIN : 00006991

Sd/-  
(HARISH SINGH)  
Executive Director & CFO  
DIN : 00039501

Sd/-  
(MANENDRA SINGH)  
Company Secretary  
Membership No. : F7868

INDEPENDENT AUDITOR’S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To  
The Members of  
M/S Paisalo Digital Limited  
New Delhi

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Financial Statements of M/S PAISALO DIGITAL LIMITED (hereinafter referred to as “the Holding Company”) and its wholly owned subsidiary M/s Nupur Finvest Private Limited (the Holding Company and its subsidiary together referred to as “the Group”) which comprise of the Consolidated Balance Sheet as at 31st March 2024, the Consolidated Statement of Profit and Loss including Statement of Comprehensive Income and the Consolidated Cash Flow Statement for the year then ended and notes to the consolidated Financial Statements, including a summary of material accounting policy information and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company as at 31<sup>st</sup> March 2024 of consolidated profit and loss including statement of comprehensive income and its Consolidated Cash Flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements in India in terms of the Code of Ethics issued by ICAI and the relevant provisions of the Companies Act, 2013 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 on the consolidated financial statements.

Responsibilities of Management and those charged with Governance for the Consolidated Financial Statements

The Company’s Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in term of the requirements of the Companies Act, 2013 (the Act) that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Companies in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Company, as aforesaid.

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

The respective Board of Directors of the companies included in the Company are responsible for overseeing the financial reporting process of the Company.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated 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 consolidated financial statements. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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**

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

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books;
- c. The audit of all the branch offices of the Company has been conducted by us, hence Section 143(8) is not applicable;
- d. The Consolidated Balance Sheet, Consolidated Statement of Profit and Loss including (including Other Comprehensive

Income), Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

- e. In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- f. On the basis of the written representations received from the Directors of the Company as on 31<sup>st</sup> March 2024 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary Company incorporated in India, none of the Directors of the Group companies, is disqualified as on 31st March 2024 from being appointed as a Director in terms of Section 164 (2) of the Act;
- g. With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in “Annexure A”; and
- h. With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended:

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

- i. With respect to the other matters included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i) The Company does not have any pending litigations (other than in the ordinary course of business) which would impact its financial position.
  - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv) (a) The management has represented that, to the best of it’s knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity (ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or 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, other than as disclosed in the notes to the accounts, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
  - (c) Based on audit procedures which we considered reasonable and appropriate in the circumstances, nothing has come to their notice that has caused them to believe that the representations under sub-clause (i) and (ii) contain any material mis-statement.
- v) As stated in Note 63 to the standalone financial statements
  - (a) The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.
  - (b) The Company has not declared and has not paid any interim dividend during the year.

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

vi) Based on our examination carried out in accordance with the Implementation Guidance on Reporting on Audit Trail under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (Revised 2024 Edition) issued by the Institute of Chartered Accountants of India, which included test checks and we report that the company have used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit, we did not come across any instance of audit trail feature being tampered with.

**Report on Matters Specified under Companies (Auditor’s Report) Order, 2020**

There has not been any qualification or adverse remarks by the auditors in the Companies (Auditor’s Report) Order (CARO) reports of the Companies included in the consolidated financial statements.

Place : New Delhi  
Date : 26<sup>th</sup> April 2024

For Manish Goyal & Co.  
Chartered Accountants  
Firm Reg. No. 006066C  
  
Sd/-  
(CA. MANISH GOYAL)  
Partner  
Membership No. 074778  
UDIN : 24074778BKAPEO1902

**ANNEXURE ‘A’ TO THE INDEPENDENT AUDITOR’S REPORT OF M/S PAISALO DIGITAL LIMITED**  
**(Referred to in paragraph of our Report of even date for F. Y. 2023-24)**

**Report on the Internal Financial Controls Under Clause (I) of Sub – Section 3 of Section 143 of the Companies Act, 2013**

In conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the year ended 31st March, 2024 we have audited the internal financial controls over financial reporting of M/S PAISALO DIGITAL LIMITED (hereinafter referred to as “the Company”) and its wholly owned subsidiary M/s Nupur Finvest Private Limited, which are companies incorporated in India, as of that date.

**Management’s Responsibility for Internal Financial Controls**

The respective Board of Directors of the of the Company, its subsidiary Company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Company are being made only in accordance with 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 consolidated financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be



detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company, its subsidiary Company, which are Companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2024 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place : New Delhi  
Date : 26<sup>th</sup> April 2024

For Manish Goyal & Co.  
Chartered Accountants  
Firm Reg. No. 006066C  
  
Sd/-  
(CA. MANISH GOYAL)  
Partner  
Membership No. 074778  
UDIN : 24074778BKAPEO1902

CONSOLIDATED BALANCE SHEET AS ON 31<sup>ST</sup> MARCH 2024

(₹ in Lakhs)

Sr. No.	Particulars	Note No.	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
I	ASSETS			
	(1) Financial Assets			
	(a) Cash & Cash Equivalents	1	1,091.90	2,563.16
	(b) Bank Balances other than (a) above	2	365.73	347.90
	(c) Derivative Financial Instruments	3	-	-
	(d) Receivables			
	(i) Trade Receivables	4	1,224.86	975.11
	(ii) Other Receivables		-	-
	(e) Loans	5	3,92,701.03	3,14,042.46
	(f) Investments	6	2,003.85	2,518.60
	(g) Other Financial Assets	7	5,991.36	6,998.58
	(2) Non Financial Assets			
	(a) Current Tax Assets (Net)	8	1,396.90	1,178.57
	(b) Deferred Tax Asset (Net)		857.89	50.60
	(c) Investment Property		-	-
	(d) Biological Assets other than Bearer plants		-	-
	(e) Property, Plant and Equipments	9	6,610.87	6,557.00
	(f) Capital Work-in-Progress		-	-
	(g) Intangible Assets under development		-	-
	(h) Goodwill		-	-
	(i) Other Intangible Assets	9	33.38	70.80
	(j) Other Non-Financial Assets	10	40.68	84.67
	Total Assets		4,12,318.45	3,35,387.45
II	EQUITY AND LIABILITIES			
	(1) Financial Liabilities			
	(a) Derivative Financial Instruments	11	-	-
	(b) Payables	12		
	(i) Trade Payables			
	(i) Total outstanding dues of Micro Enterprises and Small Enterprises		265.55	11.31
	(ii) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		1,276.85	141.63
	(ii) Other Payables			
	(i) Total outstanding dues of Micro Enterprises and Small Enterprises		-	-

	(ii) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		1,381.36	1,161.34
	(c) Debt Securities	13	60,462.76	39,997.88
	(d) Borrowings (Other than Debt Securities)	14	1,96,176.93	1,62,820.94
	(e) Deposits	15	-	-
	(f) Subordinated Liabilities	16	8,900.00	8,900.00
	(g) Other Financial Liabilities	17	987.75	443.14
	<b>(2) Non-Financial Liabilities</b>			
	(a) Current Tax Liabilities (Net)	18	-	-
	(b) Provisions	19	4,623.07	3,744.41
	(c) Deferred Tax Liabilities (Net)	20	-	
	(d) Other non-financial Liabilities	21	5,302.52	1,913.04
	<b>(3) Equity</b>			
	(a) Equity Share Capital	22	8,981.06	4,490.84
	(b) Other Equity	23	1,23,960.60	1,11,762.92
	<b>Total Equity &amp; Liabilities</b>		<b>4,12,318.45</b>	<b>3,35,387.45</b>

Notes to the Accounts & Significant Accounting Policies annexed  
Notes referred to above form an integral part of these Financial Statements

For and on behalf of the Board

Signed in terms of our Report of even date

For Manish Goyal & Co.  
Chartered Accountants  
Firm Reg. No. 006066C

Sd/-  
(CA. MANISH GOYAL)  
Partner  
Membership No. 074778  
UDIN : 24074778BKAPEO1902

Place : New Delhi  
Date : 26<sup>th</sup> April 2024

Sd/-  
(SUNIL AGARWAL)  
Managing Director  
DIN : 00006991

Sd/-  
(HARISH SINGH)  
Executive Director & CFO  
DIN : 00039501

Sd/-  
(MANENDRA SINGH)  
Company Secretary  
Membership No. : F7868

CONSOLIDATED PROFIT & LOSS STATEMENT FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2024

(₹ in Lakhs)

Sr. No.	Particulars	Note No.	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
I	Revenue from operations:			
	(i) Interest Income	24	58,897.86	46,502.06
	(ii) Dividend Income		1.24	0.83
	(iii) Rental Income		-	-
	(iv) Fees and commission Income		6,241.56	816.10
	(v) Net gain on fair value changes	25	95.57	-
	(vi) Net gain on derecognition of financial instruments under amortised cost category		-	-
	(vii) Sale of products (including Excise Duty)		-	-
	(viii) Sale of services		-	-
	(ix) Others		638.38	-
	Total Revenue from Operations (I)		65,874.61	47,318.99
II	Other Income	26	-	-
	Total Income (I+II)		65,874.61	47,318.99
III	Expenses:			
	(i) Finance Costs	27	27,007.29	20,867.00
	(ii) Fees and commission expense		-	-
	(iii) Net loss on fair value changes		-	49.38
	(iv) Net loss on derecognition of financial instruments under amortised cost category		-	-
	(v) Impairment on financial instruments	28	1,177.86	5,390.14
	(vi) Cost of materials consumed		-	-
	(vii) Purchases of Stock-in-trade		-	-
	(viii) Changes in Inventories of finished goods, stock-in-trade and work-in-progress		-	-
	(ix) Employee Benefits Expenses	29	4,902.77	3,467.12
	(xi) Depreciation, amortization and impairment	30	339.99	329.08
	(x) Others expenses	31	8,375.86	4,139.67
	Total Expenses (III)		41,803.77	34,242.40
IV	Profit before exceptional items and tax (II-III)		24,070.84	13,076.59
V	Exceptional items		(47.60)	452.87
VI	Profit before tax (IV-V)		24,118.44	12,623.72
VII	Tax Expense:			
	(1) Current Tax		7,028.46	3,586.24
	(2) Deferred Tax		(807.32)	(324.38)
VIII	Profit for the period from continuing operations (VI-VII)		17,897.30	9,361.86
IX	Profit/(loss) from discontinued operations		-	-
X	Tax Expense of discontinued operations		-	-

XI	Profit/(loss) from discontinued operations (After tax)	(IX-X)		-	-
XII	Profit for the period	(VIII+XI)		17,897.30	9,361.86
XIII	Other Comprehensive Income:				
	(A) (i) Items that will not be reclassified to profit or loss (Revaluation of Properties)			-	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss			-	-
	Sub Total (A)			-	-
	(B) (i) Items that will be reclassified to profit or loss (specify items and amounts)			-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss			-	-
	Sub Total (B)			-	-
	Other Comprehensive Income (A+B)			-	-
XIV	Total Comprehensive Income for the period (Comprising Profit and other Comprehensive Income for the period)	(XII+XIII)		17,897.30	9,361.86
XV	Earnings per Equity Share (for continuing operations):				
	Basic (Rs.)	34		3.87	2.10
	Diluted (Rs.)			3.87	2.10
XVI	Earnings per Equity Share (for discontinued operations):				
	Basic (Rs.)			-	-
	Diluted (Rs.)			-	-
XVII	Earnings per Equity Share (for continuing and discontinued operations):				
	Basic (Rs.)	34		3.87	2.10
	Diluted (Rs.)			3.87	2.10

Notes to the Accounts & Significant Accounting Policies annexed  
Notes referred to above form an integral part of these Financial Statements  
Signed in terms of our Report of even date

For Manish Goyal & Co.  
Chartered Accountants  
Firm Reg. No. 006066C

Sd/-  
(CA. MANISH GOYAL)  
Partner  
Membership No. 074778  
UDIN : 24074778BKAE01902

Place : New Delhi  
Date : 26<sup>th</sup> April 2024

For and on behalf of the Board

Sd/-  
(SUNIL AGARWAL)  
Managing Director  
DIN : 00006991

Sd/-  
(HARISH SINGH)  
Executive Director & CFO  
DIN : 00039501

Sd/-  
(MANENDRA SINGH)  
Company Secretary  
Membership No. : F7868

STATEMENT OF CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

(₹ in Lakhs)

Sr. No.	Particulars	Figures for current reporting period		Figures for previous reporting period	
A	Cash Flow from Operating Activities:				
	Net Profit before tax and extraordinary items and Interest		51,078.13		33,943.60
	Adjustments for				
I	Depreciation	339.99		244.00	
II	Deferred Expense W/O	-		85.09	
III	Impairment on financial instruments	1,177.85		5,390.14	
IV	Expenditure on CSR	211.70		176.01	
V	Dividend Income Received	(1.24)		(0.83)	
VI	Profit/loss on Sale of Shares	(95.57)		49.38	
VII	Profit/loss on Sale of Investments/Assets	(6.36)		(12.85)	
	Operating Profit before working capital changes		52,704.50		39,874.54
	Adjustments for				
I	Change in Other Financial Assets	(336.49)		(283.77)	
II	Change in Loans & Receivables	(79,967.91)		(61,215.55)	
III	Change in Payable & non financial liabilities	4,998.97		1,379.23	
IV	Misc. Expenses	44.00		(24.71)	
	Cash generated from Operations		(22,556.93)		(20,270.26)
I	Interest paid	(27,007.29)		(20,867.00)	
II	Income Tax paid	(7,246.75)		(3,450.93)	
III	Paid Expenses on CSR	(211.70)		(176.01)	
	Cash flow before Extraordinary Items		(57,022.67)		(44,764.20)
I	Extraordinary items		(47.60)		452.87
	Net Cash from Operating Activities		(56,975.07)		(45,217.07)
B	Cash Flows from Investing Activities:				
I	Purchase of Fixed Assets	(374.01)		(625.67)	
II	Sale of Fixed Assets	12.31		118.28	
III	Purchase/transfer of Investments	621.92		-	
IV	Purchase of Security Receipts	-		-	
	Net Cash from Investing activities		260.22		(507.39)
C	Net Cash from Financing Activities:				
I	Proceeds from Borrowings	33,355.99		41,596.27	
II	Proceeds from Debt Service Repayment Account	544.61		191.64	
III	Proceeds from Debt Securities	20,464.88		2,526.99	
IV	Dividend Paid/(Received)	(447.78)		(448.19)	
V	Purchase of Security Receipts	1,343.73		(1,500.00)	
VI	Money received against Share Warrant	-		5,234.63	
	Net Cash from Financing activities		55,261.43		47,601.34

	Net Increase/(decrease) in cash & cash equivalents		(1,453.42)		1,876.88
	Cash & Cash equivalents at beginning of period		2,911.05		1,034.18
	Cash & Cash equivalent at end of period		1,457.63		2,911.06

Signed in terms of our Report of even date

For and on behalf of the Board

For Manish Goyal & Co.  
Chartered Accountants  
Firm Reg. No. 006066C

Sd/-  
(SUNIL AGARWAL)  
Managing Director  
DIN : 00006991

Sd/-  
(CA. MANISH GOYAL)  
Partner  
Membership No. 074778  
UDIN : 24074778BKAE01902

Sd/-  
(HARISH SINGH)  
Executive Director & CFO  
DIN : 00039501

Place : New Delhi  
Date : 26<sup>th</sup> April 2024

Sd/-  
(MANENDRA SINGH)  
Company Secretary  
Membership No. : F7868

AUDITORS’ REPORT

We have verified the attached Cash Flow Statement of M/s Paisalo Digital Limited, derived from audited financial statements and the books and records maintained by the Company for the year ended 31<sup>st</sup> March 2024 and 31<sup>st</sup> March 2023 and found the same in agreement here with.

For Manish Goyal & Co.  
Chartered Accountants  
Firm Reg. No. 006066C

Sd/-  
(CA. MANISH GOYAL)  
Partner  
Membership No. 074778  
UDIN : 24074778BKAE01902

Place : New Delhi  
Date : 26<sup>th</sup> April 2024

MATERIAL ACCOUNTING POLICY INFORMATION

A. Principle of Consolidation

The Consolidated Financial Statements relate to M/S PAISALO DIGITAL LIMITED (the Company) and its subsidiary M/s Nupur Finvest Private Limited. The Consolidated Financial Statements have been prepared on the following basis:

- a) The Consolidated Financial Statements have been prepared in accordance with Indian Accounting Standard (AS) 110- “Consolidated Financial Statements”. The financials are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra- group balances and intra- group transactions.
- b) Investment in Associate Companies has been accounted under the equity method as per “Accounting for Investments in Associates in Consolidated Financial Statements”.
- c) As far as possible, the Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company’s separate financial statements.

B. Investments other than in Subsidiaries and Associates

Investments other than in subsidiaries and associates have been accounted as per Accounting Standards “Accounting for Investments”.

C. Other Material Accounting Policy Information

These are set out under “material accounting policy information” as given in the Company’s separate financial statements.



NOTES FORMING INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH 2024

Statement of Changes in Equity:

1. Current Reporting Period (in ₹)

Balance at the beginning of the Current Reporting Period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in Equity share capital during the current year	Balance at the end of the current reporting period
44,91,46,990	-	44,91,46,990	44,90,21,990	89,81,68,980
			-	
44,91,46,990	-	44,91,46,990	44,90,21,990	89,81,68,980

<sup>1</sup>Total shares includes forfeited shares  
<sup>2</sup>On March 21, 2024, the Company has allotted 449021990 equity shares of Re. 1/- pursuant to Bonus Issue to existing shareholders.

2. Previous Reporting Period (in ₹)

Balance at the beginning of the Current Reporting Period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in Equity share capital during the current year	Balance at the end of the current reporting period
4,39,24,669	-	4,39,24,669	43,92,46,990*	4,39,24,669
			99,00,000 <sup>#</sup>	
4,39,24,669	-	4,39,24,669	-	4,39,24,669

<sup>1</sup>Total shares includes forfeited shares  
<sup>\*</sup>W.e.f. July 1, 2022 the 1 equity share of Rs. 10/- each sub-divided / split into 10 equity shares of Re. one each  
<sup>#</sup>equity shares issued on conversion of warrants

List of Shareholders holding more than 5% shares of Company:

Sr. No.	Name of the Shareholders	No of Shares	% of shareholding
1	Equilibrated Venture Cflow Pvt Ltd	12,41,15,882	13.82
2	Sunil Agarwal	10,57,02,800	11.77
3	SBI Life Insurance Co. Ltd	6,35,14,495	7.07

List of Promoter’s and Promoter Group Shareholding:

Sr. No.	Promoter Name	Number of Shares held	Percentage of total shares	Percentage change during the year
1	Sunil Agarwal	10,57,02,800	11.77	0.00
2	Suneeti Agarwal	71,66,000	0.80	0.00
3	Santanu Agarwal	3,37,04,000	3.75	0.00
4	Equilibrated Venture Cflow Pvt. Ltd.	12,41,15,882	13.82	2.79
5	Pri Caf Pvt. Ltd.	2,40,48,400	2.68	0.17
6	Pro Fitcch Pvt. Ltd.	2,23,21,220	2.49	0.17

Note: 1 Cash & Cash Equivalents (₹ in Lakhs)

Sr. No.	Particulars	Current Year	Previous Year
1	Cash Balances	715.07	79.79
2	Bank Balances		
	Current a/c with Scheduled Banks (Subject to reconciliation)	376.73	683.30
	Cheques/Drafts on Hands	-	-
3	In Fixed Deposits - Unencumbered		
	With Banks	0.10	1,800.07
	Total	1,091.90	2,563.16

Note: 2 Bank Balances other than (a) above (₹ in Lakhs)

Sr. No.	Particulars	Current Year	Previous Year
1	Bank Balances		
	Current a/c with Scheduled Banks (Subject to reconciliation)	-	-
2	In Fixed Deposits - Encumbered		
	With Banks	365.73	347.90
	Total	365.73	347.90

- For details, Refer Note No. 40 of Standalone Financial Statement

Note: 3 Derivative Financial Instruments (Assets) (₹ in Lakhs)						
Particulars	Current Year			Previous Year		
	Notional amounts	Fair Value Assets	Fair Value Liabilities	Notional amounts	Fair Value Assets	Fair Value Liabilities
Part I						
(i) Currency Derivatives						
—Spot and Forwards	-	-	-	-	-	-
—Currency Futures	-	-	-	-	-	-
—Currency Swaps	-	-	-	-	-	-
—Options purchased	-	-	-	-	-	-
—Options sold (written)	-	-	-	-	-	-
—Others	-	-	-	-	-	-
Sub Total (i)	-	-	-	-	-	-
(ii) Interest rate Derivatives						
—Forward Rate Agreements and Interest Rate Swaps	-	-	-	-	-	-
—Options purchased	-	-	-	-	-	-
—Options sold (written)	-	-	-	-	-	-
—Futures	-	-	-	-	-	-
—Others	-	-	-	-	-	-
Sub Total (ii)	-	-	-	-	-	-
(iii) Credit Derivatives	-	-	-	-	-	-
(iv) Equity linked Derivatives	-	-	-	-	-	-
(v) Other Derivatives (Please specify)	-	-	-	-	-	-
Total Derivative Financial Instruments (i)+(ii)+(iii)+(iv)+(v)	-	-	-	-	-	-
Part II						
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
(i) Fair value hedging	-	-	-	-	-	-
— Currency Derivatives	-	-	-	-	-	-
—Interest rate Derivatives	-	-	-	-	-	-
—Credit Derivatives	-	-	-	-	-	-
—Equity linked Derivatives	-	-	-	-	-	-
—Others	-	-	-	-	-	-
Sub Total (i)	-	-	-	-	-	-
(ii) Cash flow hedging						
—Currency Derivatives	-	-	-	-	-	-
—Interest rate Derivatives	-	-	-	-	-	-
—Credit Derivatives	-	-	-	-	-	-
—Equity linked Derivatives	-	-	-	-	-	-
—Others	-	-	-	-	-	-
Sub Total (ii)	-	-	-	-	-	-
(iii) Net investment hedging	-	-	-	-	-	-
(iv) Undesignated Derivatives	-	-	-	-	-	-
Total Derivative Financial Instruments (i)+(ii)+(iii)+(iv)	-	-	-	-	-	-

Note: 4 Receivables (₹ in Lakhs)			
Sr. No.	Particulars	Current Year	Previous Year
1	Trade Receivables		
	—Overdue Installments : Considered Good - Secured	302.20	72.81
	—Overdue Installments : Considered Good - Unsecured	218.82	211.86
	—Overdue Installments : Sub Standard Assets	703.84	690.44
2	Other Receivables		
	Total	1,224.86	975.11

Notes No. : 4 (a) Trade Receivable – Additional Disclosures: Outstanding for following periods from the due date of payment (FY. 2023-24) (₹ in Lakhs)							
Sr. No.	Particulars	Less than 6 Months	6 Months-1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
1	Undisputed Trade Receivables -Considered Good	521.02	-	-	-	-	521.02
2	Undisputed Trade Receivables -which have significant increase in credit risk	-	-	-	-	-	-
3	Undisputed Trade Receivables -credit impaired	-	703.84	-	-	-	703.84
4	Disputed Trade Receivables -considered good	-	-	-	-	-	-
5	Disputed Trade Receivables -which have significant increase in credit risk	-	-	-	-	-	-
6	Disputed Trade Receivables -credit impaired	-	-	-	-	-	-
	Grand Total	521.02	703.84	-	-	-	1,224.86

- Trade Receivable includes overdue loan cases financed by Paisalo Digital Limited

Outstanding for following periods from the due date of payment (FY. 2022-23) (₹ in Lakhs)							
Sr. No.	Particulars	Less than 6 Months	6 Months-1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
1	Undisputed Trade Receivables -Considered Good	284.67	-	-	-	-	284.67
2	Undisputed Trade Receivables -which have significant increase in credit risk	-	-	-	-	-	-
3	Undisputed Trade Receivables -credit impaired	-	690.44	-	-	-	690.44
4	Disputed Trade Receivables -considered good	-	-	-	-	-	-
5	Disputed Trade Receivables -which have significant increase in credit risk	-	-	-	-	-	-
6	Disputed Trade Receivables -credit impaired	-	-	-	-	-	-
	Grand Total	284.67	690.44	-	-	-	975.11

Note: 5 Loans

Particulars	Current Year						Previous Year					
	At Fair Value						At Fair Value					
	Amortised cost	Through other comprehensive income	Through profit or loss	Designated at fair value through profit or loss	Sub total	Total	Amortised cost	Through other comprehensive income	Through profit or loss	Designated at fair value through profit or loss	Subtotal	Total
Loans	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11=8+9+10)	(12=) (7)+(11)
(A) (i) Bills Purchased and Bills Discounted	-	-	-	-	-	-	-	-	-	-	-	-
(ii) Loans repayable on Demand	-	-	-	-	-	-	-	-	-	-	-	-
(iii) Term Loans	3,92,763.68	-	-	-	-	3,92,763.68	3,14,070.05	-	-	-	-	3,14,070.05
(iv) Leasing	-	-	-	-	-	-	-	-	-	-	-	-
(v) Factoring	-	-	-	-	-	-	-	-	-	-	-	-
(vi) Others (to be specified)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total (A) - Gross</b>	<b>3,92,763.68</b>	-	-	-	-	<b>3,92,763.68</b>	<b>3,14,070.05</b>	-	-	-	-	<b>3,14,070.05</b>
Less: Impairment loss allowance	62.65	-	-	-	-	62.65	27.58	-	-	-	-	27.58
<b>Total (A) -Net</b>	<b>3,92,701.03</b>	-	-	-	-	<b>3,92,701.03</b>	<b>3,14,042.46</b>	-	-	-	-	<b>3,14,042.46</b>
(B) (i) Secured by tangible assets	355,951.10	-	-	-	-	3,55,951.10	3,04,010.15	-	-	-	-	3,04,010.15
(ii) Secured by intangible assets	-	-	-	-	-	-	-	-	-	-	-	-
(iii) Covered by Bank/Government Guarantees	-	-	-	-	-	-	-	-	-	-	-	-
(iv) Unsecured	36,82.58	-	-	-	-	36,82.58	10,059.90	-	-	-	-	10,059.90
<b>Total (b) -Gross</b>	<b>3,92,763.68</b>	-	-	-	-	<b>3,92,763.68</b>	<b>3,14,070.05</b>	-	-	-	-	<b>3,14,070.05</b>
Less: Impairment loss allowance	62.65	-	-	-	-	62.65	27.58	-	-	-	-	27.58
<b>Total (B) -Net</b>	<b>3,92,701.03</b>	-	-	-	-	<b>3,92,701.03</b>	<b>3,14,042.46</b>	-	-	-	-	<b>3,14,042.46</b>
(C) (i) Loans in India	3,92,763.68	-	-	-	-	3,92,763.68	3,14,070.05	-	-	-	-	3,14,070.05
(i) Public Sector	-	-	-	-	-	-	-	-	-	-	-	-
(ii) Others (to be specified)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total (c) -Gross</b>	<b>3,92,763.68</b>	-	-	-	-	<b>3,92,763.68</b>	<b>3,14,070.05</b>	-	-	-	-	<b>3,14,070.05</b>
Less: Impairment loss allowance	62.65	-	-	-	-	62.65	27.58	-	-	-	-	27.58
<b>Total (c) (i) -Net</b>	<b>3,92,701.03</b>	-	-	-	-	<b>3,92,701.03</b>	<b>3,14,042.46</b>	-	-	-	-	<b>3,14,042.46</b>
(C) (ii) Loans outside India	-	-	-	-	-	-	-	-	-	-	-	-
Less: Impairment loss allowance	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total (C) (ii) -Net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total C (i) and C (ii)</b>	<b>3,92,701.03</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,92,701.03</b>	<b>3,14,042.46</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,14,042.46</b>

Note : 6 Investments

Investments	Current Year							Previous Year						
	At Fair Value							At Fair Value						
	Amortised cost	Through Other Comprehensive Income	Through Profit or Loss	Designated at fair value through profit or loss	Sub-Total	Others*	Total	Amortised cost	Through Other Comprehensive Income	Through Profit or Loss	Designated at fair value through profit or loss	Sub-Total	Others*	Total
	(1)	(2)	(3)	(4)	(5) = (2) + (3) + (4)	(6)	(7) = (1) + (5) + (6)	(8)	(9)	(10)	(11)	(12) = (9) + (10) + (11)	(13)	(14) = (8) + (12) + (13)
Mutual funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Government securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other approved securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity instruments	223.86	-	-	-	-	-	223.86	128.29	-	-	-	-	-	128.29
Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others (specify)*	1779.99	-	-	-	-	-	1779.99	2390.31	-	-	-	-	-	2390.31
Total (A)	2,003.85	-	-	-	-	-	2,003.85	2,518.60	-	-	-	-	-	2,518.60
(i) Investments outside India	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(ii) Investments in India	2,003.85	-	-	-	-	-	2,003.85	2,518.60	-	-	-	-	-	2,518.60
Total (B)	2,003.85	-	-	-	-	-	2,003.85	2,518.60	-	-	-	-	-	2,518.60
Total (A) to tally with (B)	2,003.85	-	-	-	-	-	2,003.85	2,518.60	-	-	-	-	-	2,518.60
Less: Allowance for impairment loss (C)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total-Net D= (A) - (C)	2,003.85	-	-	-	-	-	2,003.85	2,518.60	-	-	-	-	-	2,518.60

- \*Unquoted Shares of M/s Samast Vikas Limited

Note: 7 Others Financial Assets

(₹ in Lakhs)

Sr. No.	Particulars	Current Year	Previous Year
1	Secured, Considered Good		
	Security Deposit*	35.84	27.35
	Advances to Staff	5.56	2.37
	Income Receivables	5.31	-
	Advances for Services	651.80	386.29
	Prepaid Expenses	13.87	6.59
	GST/Service Tax Cenvat	270.06	223.33
	Security Receipts	5,008.92	6,352.65
2	Arbitration Awards/ Decree Receivable	-	-
	Total	5,991.36	6,998.58

-\*Security Deposit amount consists of telephone/mobile security, electricity security, rent security.

Note: 8 Current Tax Assets (Net)

(₹ in Lakhs)

Sr. No.	Particulars	Current Year	Previous Year
1	Advance Recoverable in cash or in kind or for value to be considered good		
	Income Tax and TDS	8,294.99	9,350.32
	Balance with Revenue Authorities	130.00	130.00
	Provision for Taxation	(7,028.09)	(8,301.75)
	Total	1,396.90	1,178.57

Note: 9 Property, Plant and Equipment

(₹ in Lakhs)

Sr. No.	Particulars	Gross Block				Depreciation				Net Block	
		Value at the beginning	Addition during the year	Deduction during the year	Value at the end	Value at the beginning	Addition during the year	Deduction during the year	Value at the end	WDV as on 31.03.2024	WDV as on 31.03.2023
I	Tangible Assets										
1	Land	-	-	-	-	-	-	-	-	-	-
2	Building	6,313.46	-	-	6,313.46	562.10	104.65	-	666.75	5,646.71	5,751.36
3	Furniture & Fittings	273.70	33.86	-	307.56	156.77	17.48	-	174.25	133.31	116.93
4	Computer Peripheral	400.55	217.95	-	618.50	246.70	96.58	-	343.28	275.22	153.85
5	Vehicles	586.82	86.45	35.04	638.23	135.16	57.78	17.49	175.45	462.78	451.66
6	Equipments, Plant & Machinery	242.74	33.70	-	276.44	159.54	24.05	-	183.59	92.85	83.20
	SUB TOTAL (A)	7,817.27	371.96	35.04	8,154.19	1,260.27	300.54	17.49	1,543.32	6,610.87	6,557.00
II	Intangible Assets										
1	Computer Software	531.47	2.04	-	533.51	460.67	39.46	-	500.13	33.38	70.80
2	Goodwill	-	-	-	-	-	-	-	-	-	-
	SUB TOTAL (B)	531.47	2.04	-	533.51	460.67	39.46	-	500.13	33.38	70.80
III	Capital Work-in-progress	-	-	-	-	-	-	-	-	-	-
	SUB TOTAL (C)	-	-	-	-	-	-	-	-	-	-
IV	Intangible Assets Under Development	-	-	-	-	-	-	-	-	-	-
	SUB TOTAL (D)	-	-	-	-	-	-	-	-	-	-
	Total [A+B+C+D] (Current Year)	8,348.74	374.00	35.04	8,687.70	1,720.94	340.00	17.49	2,043.45	6,644.25	6,627.80
	Total (Previous Year)	7,862.08	625.67	139.01	8,348.74	1,499.86	243.98	22.90	1,720.94	6,627.80	6,362.22

Note: 10 Other Non Financial Assets

(₹ in Lakhs)

Sr. No.	Particulars	Current Year	Previous Year
1	Deferred Revenue Expenditure	-	-
2	Unexpired Expenses of Processing Fees	40.68	84.67
	Total	40.68	84.67

-Deferred Revenue Expenses are written off over a period of five years.

Note: 11 Derivative financial Instruments (Liabilities)

(₹ in Lakhs)

Particulars	(Current Year)			Previous Year		
	Notional amounts	Fair Value Assets	Fair Value Liabilities	Notional amounts	Fair Value Assets	Fair Value Liabilities
Part I						
(i) Currency Derivatives						
–Spot and Forwards	-	-	-	-	-	-
–Currency Futures	-	-	-	-	-	-
–Currency Swaps	-	-	-	-	-	-
–Options purchased	-	-	-	-	-	-
–Options sold (written)	-	-	-	-	-	-
–Others	-	-	-	-	-	-
Sub Total (i)	-	-	-	-	-	-
(ii) Interest rate Derivatives						
–Forward Rate Agreements and Interest Rate Swaps	-	-	-	-	-	-
–Options purchased	-	-	-	-	-	-
–Options sold (written)	-	-	-	-	-	-
–Futures	-	-	-	-	-	-
–Others	-	-	-	-	-	-
Sub Total (ii)	-	-	-	-	-	-
(iii) Credit Derivatives	-	-	-	-	-	-
(iv) Equity linked Derivatives	-	-	-	-	-	-
(v) Other Derivatives (Please specify)	-	-	-	-	-	-
Total Derivative Financial Instruments (i)+(ii)+(iii)+(iv)+ (V)	-	-	-	-	-	-
Part II						
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
(i) Fair value hedging						
– Currency Derivatives	-	-	-	-	-	-
–Interest rate Derivatives	-	-	-	-	-	-
–Credit Derivatives	-	-	-	-	-	-
–Equity linked Derivatives	-	-	-	-	-	-
–Others	-	-	-	-	-	-
Sub Total (i)	-	-	-	-	-	-
(ii) Cash flow hedging						
–Currency Derivatives	-	-	-	-	-	-
–Interest rate Derivatives	-	-	-	-	-	-
–Credit Derivatives	-	-	-	-	-	-
–Equity linked Derivatives	-	-	-	-	-	-
–Others	-	-	-	-	-	-
Sub Total (ii)	-	-	-	-	-	-
(iii) Net investment hedging	-	-	-	-	-	-
(iv) Undesignated Derivatives	-	-	-	-	-	-
Total Derivative Financial Instruments (i)+(ii)+(iii)+(iv)	-	-	-	-	-	-

Note: 12 Payables

(₹ in Lakhs)

Sr. No.	Particulars	Current Year	Previous Year
1	Trade Payables		
	(i) Total outstanding dues of Micro Enterprises and Small Enterprises		
	(a) Sundry Creditors for Services	265.55	11.31
		265.55	11.31
	(ii) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		
	(a) SBI Assignment Payable	39.67	128.64
	(b) SIB Assignment Payable	2.06	3.86
	(c) Interest Payable on NCD	357.45	-
	(d) Interest Payable on Bank	256.91	-
	(e) Other Sundry Payables	620.76	9.12
		1,276.85	141.62
2	Other Payables		
	(i) Total outstanding dues of Micro Enterprises and Small Enterprises	-	-
	(ii) Total outstanding dues of creditors other than Micro enterprises and Small Enterprises		
	(a) Statutory Payables		
	Professional Tax Payable	0.01	0.01
	EPF Contribution Payable	30.98	20.27
	ESI Payable	9.79	6.80
	GST Payable	122.06	98.38
	TDS Payable	298.21	237.70
	LIC GSLI Payable	0.02	0.02
	(b) Expenses Payables	920.29	798.16
		1,381.36	1,161.34
	Total	2,923.76	1,314.27

Note: 12 (a) Trade Payables Due for Payment 2023-24

(₹ in Lakhs)

Sr. No.	Particulars	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
1	MSME	265.55	-	-	-	265.55
2	Others	1,276.85	-	-	-	1,276.85
3	Disputed Dues-MSME	-	-	-	-	-
4	Disputed Dues-Others	-	-	-	-	-
	Grand Total	1,542.40	-	-	-	1,542.40

Trade Payables Due for Payment 2022-23

(₹ in Lakhs)

Sr. No.	Particulars	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
1	MSME	11.31	-	-	-	11.31
2	Others	141.62	-	-	-	141.62
3	Disputed Dues-MSME	-	-	-	-	-
4	Disputed Dues-Others	-	-	-	-	-
	Grand Total	152.93	-	-	-	152.93

-There are no dues pending for more than 45 days



Note: 13 Debt Securities

(₹ in Lakhs)

Particulars	Current Year				Previous Year			
	At Amortised Cost	At Fair Value Through profit or loss	Designated at fair value through profit or loss	Total	At Amortised Cost	At Fair Value Through profit or loss	Designated at fair value through profit or loss	Total
	(1)	(2)	(3)	(4)=(1)+(2)+(3)	(5)	(6)	(7)	(8)=(5)+(6)+(7)
Liability component of compound Financial Instruments	-	-	-	-	-	-	-	-
Commercial Paper	6,957.76	-	-	6,957.76	-	-	-	-
Others (Bonds/ Debentures etc.)*	53,505.00	-	-	53,505.00	39,997.88	-	-	39,997.88
Total (A)	60,462.76	-	-	60,462.76	39,997.88	-	-	39,997.88
Debt Securities in India	60,462.76	-	-	60,462.76	39,997.88	-	-	39,997.88
Debt Securities outside India	-	-	-	-	-	-	-	-
Total (B) to tally with (A)	60,462.76	-	-	60,462.76	39,997.88	-	-	39,997.88

\*Details of Non Convertible Debentures

(₹ in Lakhs)

Debenture Series	Issued Date	Issued Amount	Rate of Interest	Interest Periodicity	Maturity Date	Maturity Amount	Current Year	Previous Year
Series-'PDL2020-3'	Feb-2020	900.00	12.00%	Monthly	Feb-2025	900.00	Yes	Yes
Series-'PDL-07-2020'	Jul-2020	5,000.00	10.50%	Quarterly	Apr-2023	5,000.00	Yes	Yes
Series-'PDL-12-2020-02'	Dec-2020	3,500.00	12.00%	Monthly	Dec-2023	3,500.00	Yes	Yes
Series-'PDL-02-2021'	Feb-2021	2,300.00	12.00%	Monthly	Feb-2026	2,300.00	Yes	Yes
Series-'PDL-07-2021'	July-2021	2,500.00	12.00%	Monthly	July-2026	2,500.00	Yes	Yes
Series-'PDL-09-2021'	Sep-2021	9,400.00	12.00%	Monthly	Sep-2026	9,400.00	Yes	Yes
Series-'PDL-09-02-2021'	Sep-2021	1,500.00	12.00%	Monthly	Sep-2026	1,500.00	Yes	Yes
Series-'PDL-02-2022'	Feb-2022	2,700.00	9.00%	Monthly	Feb-2029	2,700.00	Yes	Yes
Series-'PDL-07-2022'	Jul-2022	1,400.00	9.90%	Monthly	Jul-2032	1,400.00	Yes	Yes
Series-'PDL-01-2023'	Jan-2023	3,400.00	12.00%	Monthly	Jan-2033	3,400.00	Yes	Yes
Series-'NFPL-10-2021'	Oct-2021	4,300.00	12.00%	Monthly	Oct-2028	4,300.00	Yes	Yes
Series-'NFPL-12-2021'	Dec-2021	600.00	14.00%	Monthly	Dec-2031	600.00	No	Yes
Series-'NFPL-03-2022'	Mar-2022	240.00	12.00%	Monthly	Mar-2027	240.00	Yes	Yes
Series-'NFPL-05-2022'	May-2022	550.00	12.00%	Monthly	May-2027	550.00	Yes	Yes
Series-'NFPL-06-2022'	Jun-2022	700.00	12.00%	Monthly	Jun-2032	700.00	Yes	Yes
Series-'NFPL-07-2022'	Jul-2022	1,500.00	12.00%	Monthly	Jul-2032	1,500.00	Yes	Yes
Series-'PDL-04-2023'	Apr-2023	500.00	10.00%	Monthly	Apr-2033	500.00	Yes	No
Series-'PDL-04-2023'	Apr-2023	1,330.00	12.00%	Monthly	Apr-2033	1,330.00	Yes	No
Series-'PDL-04-2023'	Apr-2023	2,310.00	12.00%	On Maturity	Apr-2033	2,310.00	Yes	No
Series-'PDL-09-2023'	Sep-2023	500.00	12.00%	Monthly	Sep-2033	500.00	Yes	No
Series-'PDL-09-2023'	Sep-2023	5,000.00	9.95%	Quarterly	Sep-2026	5,000.00	Yes	No
Series-'PDL-11-2023'	Nov-2023	850.00	9.95%	Monthly	Nov-2033	850.00	Yes	No
Series-'PDL-11-2023'	Nov-2023	1,000.00	9.95%	Quarterly	Nov-2026	1,000.00	Yes	No
Series-'PDL-12-2023'	Dec-2023	4,620.00	12.00%	Monthly	Dec-2033	4,620.00	Yes	No
Series-'PDL-12-2023'	Dec-2023	1,970.00	9.95%	Quarterly	Dec-2033	1,970.00	Yes	No
Series-'PDL-12-2023'	Dec-2023	1,200.00	9.95%	Quarterly	Mar-2025	1,200.00	Yes	No
Series-'PDL-12-2023'	Dec-2023	600.00	9.95%	Quarterly	Jun-2025	600.00	Yes	No
Series-'PDL-01-2024'	Jan-2024	1,971.00	9.95%	Quarterly	Jan-2034	1,971.00	Yes	No
Series-'PDL-02-2024'	Feb-2024	2,034.00	9.95%	Quarterly	Feb-2034	2,034.00	Yes	No

Note: 14 Borrowings (Other than Debt Securities)

Particulars	Current Year				Previous Year			
	At Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
	(1)	(2)	(3)	(4)=(1)+(2)+(3)	(1)	(2)	(3)	(4)=(1)+(2)+(3)
(a) Term loans:								
(i) From banks	121,622.56	-	-	121,622.56	56,269.76	-	-	56,269.76
(ii) From other parties	353.10	-	-	353.10	2,283.02	-	-	2,283.02
(b) Deferred payment liabilities	-	-	-	-	-	-	-	-
(c) Loans from related parties	-	-	-	-	-	-	-	-
(d) Finance lease obligations	-	-	-	-	-	-	-	-
(e) Liability component of compound financial instruments	-	-	-	-	-	-	-	-
(f) Loans repayable on demand:								
(i) From banks	62,755.32	-	-	62,755.32	84,381.37	-	-	84,381.37
(ii) From other parties	-	-	-	-	-	-	-	-
(g) Other loans (specify nature)	-	-	-	-	-	-	-	-
(i) From other parties	11,445.95	-	-	11,445.95	19,886.79	-	-	19,886.79
Total (A)	1,96,176.93	-	-	1,96,176.93	1,62,820.94	-	-	1,62,820.94
Borrowings in India	1,96,176.93	-	-	1,96,176.93	1,62,820.94	-	-	1,62,820.94
Borrowings outside India	-	-	-	-	-	-	-	-
Total (B) to tally with (A)	1,96,176.93	-	-	1,96,176.93	1,62,820.94	-	-	1,62,820.94

Note: 15 Deposits												(₹ in Lakhs)
Particulars	Current Year					Previous Year				Total		
	At Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss					
	(1)	(2)	(3)	(4) = (1)+(2)+(3)	(5)	(6)	(7)	(8) = (5)+(6)+(7)				
Deposits												
(i) Public Deposits	-	-	-	-	-	-	-	-	-	-	-	
(ii) Form Banks	-	-	-	-	-	-	-	-	-	-	-	
(iii) From Others	-	-	-	-	-	-	-	-	-	-	-	
Total	-	-	-	-	-	-	-	-	-	-	-	

Particulars	Current Year				Previous Year			
	At Amortised Cost		At fair value through profit or loss		At Amortised Cost		At fair value through profit or loss	
	(1)	(2)	(3)	(4) = (1) + (2) + (3)	(5)	(6)	(7)	(8) = (5) + (6) + (7)
Perpetual Debt Instruments to the extent that do not qualify as equity	-	-	-	-	-	-	-	-
Preference Shares other than those that qualify as Equity	-	-	-	-	-	-	-	-
Others (Non-Convertible Debentures*)	8,900.00	-	-	8,900.00	8,900.00	-	-	8,900.00
Total (A)	8,900.00	-	-	8,900.00	8,900.00	-	-	8,900.00
Subordinated Liabilities in India	8,900.00	-	-	8,900.00	8,900.00	-	-	8,900.00
Subordinated Liabilities outside India	-	-	-	-	-	-	-	-
Total (B) to tally with (A)	8,900.00	-	-	8,900.00	8,900.00	-	-	8,900.00

Debtenture Series		Issued Date	Interest Periodicity		Maturity Date	Maturity Amount	Current Year		Previous Year
			Rate of Interest	Interest Periodicity			Current Year	Previous Year	
Series-‘PDL 1808’		Aug-2018	14.00%	Monthly	Aug-2024	8,100	Yes	Yes	Yes
Series-‘PDL2020-1’		Jan -2020	12.00%	Monthly	Jan-2026	600	Yes	Yes	Yes
Series-‘PDL2020-2’		Feb-2020	12.00%	Monthly	Feb-2026	100	Yes	Yes	Yes
Series-‘PDL2020-12’		Dec-2020	12.00%	Monthly	Dec-2030	100	Yes	Yes	Yes

Note: 17 Others Financial Liabilities				(₹ in Lakhs)
Sr. No.	Particulars	Current Year	Previous Year	
1	Debt Service Repayment Account	987.75	443.14	
	Total	987.75	443.14	

Note: 18 Current Tax Liabilities (Net)				(₹ in Lakhs)
Sr. No.	Particulars	Current Year	Previous Year	
1	Advance Recoverable in Cash or in Kind or for value to be considered good			
	Income Tax and TDS	-	-	
	Provision for Taxation	-	-	
	Total	-	-	

Note: 19 Provisions				(₹ in Lakhs)
Sr. No.	Particulars	Current Year	Previous Year	
1	Provision for Standard Assets	1,598.94	1,287.58	
2	Provision for Proposed Dividend on Equity Shares	898.04	449.02	
3	Provision for Expected Credit Loss	1,422.60	1,366.98	
4	Provision for Sub Standard Assets	703.48	640.83	
Total		4,623.06	3,744.41	

Note: 20 Deferred Tax Liabilities (Net)				(₹ in Lakhs)
Sr. No.	Particulars	Current Year	Previous Year	
1	Opening Balance	(50.60)	273.78	
	Tax on Timing difference on Property, Plant and Equipments	490.81	418.68	
	Tax on Timing difference on Deferred Revenue Expenditures	-	-	
	Tax on Timing difference on Unexpired Processing Fees	9.96	20.73	
	Tax on Timing difference on Unearned Processing Fees	(1,358.66)	(490.01)	
2	Total Deferred Tax Liability	(857.89)	(50.60)	
	Provision for Deferred Tax required for the year (2-1)	(807.28)	(324.38)	
	Total	(857.89)	(50.60)	

Note: 21 Others Non Financial Liabilities				(₹ in Lakhs)
Sr. No.	Particulars	Current Year	Previous Year	
1	Unearned Income of Processing Fees	5,302.52	1,913.04	
	Total	5,302.52	1,913.04	



Note: 23 Other Equity  
Previous Reporting Period

Particulars	Share Application money pending Allotment	Equity component of compound Financial Instruments	Statutory Reserves – RBI Reserve Fund	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Capital Redemption Reserve	Revaluation Reserve	Debt instruments through other Comprehensive Income	Equity Instruments through other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation surplus	Exchange differences on translating the financial statements of a foreign operation	Other items of Other Comprehensive Income (Specify nature)	Money received against Share Warrants	Total
Balance at the beginning of the reporting period	-	-	15,814.44	2,415.21	31,211.02	45,835.11	339.06	250.00	344.96	-	-	-	-	-	-	1,744.88	97,954.68
Add: Any change due to IND AS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated Balances at the beginning of the reporting period	-	-	15,814.44	2,415.21	31,211.02	45,835.11	339.06	250.00	344.96	-	-	-	-	-	-	1,744.88	97,954.68
Total Comprehensive Income for the year	-	-	-	-	-	-	9,361.86	-	-	-	-	-	-	-	-	-	9,361.86
Money received as share warrant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,234.63	5,234.63
Share warrant converted into Share capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(99.00)	(99.00)
Security Premium on conversion of warrants into equity	-	-	-	-	6,880.50	-	-	-	-	-	-	-	-	-	-	(6,880.50)	-
Proposed Dividends	-	-	-	-	-	-	(458.92)	-	-	-	-	-	-	-	-	-	(458.92)
Depreciation on Revaluation Amount	-	-	-	-	-	-	9.08	-	(9.08)	-	-	-	-	-	-	-	-
Income Tax Impact due to IND AS on Processing Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to General Reserve	-	-	-	-	-	6,300.00	(6,300.00)	-	-	-	-	-	-	-	-	-	-
Transfer to Statutory Reserve Fund	-	-	1,872.38	-	-	-	(1,872.38)	-	-	-	-	-	-	-	-	-	-
Provision on Standard Assets	-	-	-	-	-	-	(230.33)	-	-	-	-	-	-	-	-	-	(230.33)
Expenditure on Corporate Social Responsibility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the end of the reporting period	-	-	17,686.82	2,415.21	38,091.52	52,135.11	848.38	250.00	335.88	-	-	-	-	-	-	-	1,11,762.91

Note: 24 Interest Income (₹ in Lakhs)

Particulars	Current Year			Previous Year		
	On Financial Assets measured at Fair value through OCI	On Financial Assets measured at Amortised Cost	Interest Income on Financial Assets classified at Fair value through profit for loss	On Financial Assets measured at Fair value through OCI	On Financial Assets measured at Amortised Cost	Interest Income on Financial Assets classified at Fair value through profit for loss
Interest on Loans	-	58,786.12	-	-	46,432.38	-
Interest Income from Investments	-	-	-	-	-	-
Interest on Deposits with Banks	-	25.11	-	-	14.51	-
Other Interest Income	-	86.63	-	-	55.17	-
Fee and Commission Income	-	6,241.56	-	-	816.10	-
Dividend Income	-	1.24	-	-	0.83	-
Total	-	65,140.66	-	-	47,318.99	-

Note: 25 Net Gain/(Loss) on fair value changes (₹ in Lakhs)

Particulars	Current Year	Previous Year
(A) Net gain/ (loss) on Financial Instruments at Fair value through profit or loss		
(i) On trading portfolio:		
–Investments	-	-
–Derivatives	-	-
–Others	-	-
(ii) On Financial Instruments designated at fair value through profit or loss	95.57	(49.38)
(B) Others	-	-
(i) Total Net gain/(loss) on fair value changes (c)		
(ii) Fair Value changes:	-	-
–Realised	-	-
–Unrealised		
Total Net Gain/(Loss) on Fair value changes (D) to tally with (C)	95.57	(49.38)

Note: 26 Other Income (₹ in Lakhs)

Sr. No.	Particulars	Current Year	Previous Year
1	Net gain/(loss) on ineffective portion of hedges	-	-
2	Net gain/(loss) on derecognition of property, plant and equipment	-	-
3	Net gain or loss on foreign currency transaction and translation (other than considered as finance cost)	-	-
4	Others	638.38	-
	Total	638.38	-

Note: 27 Finance Cost

(₹ in Lakhs)

Sr. No.	Particulars	Current Year		Previous Year	
		On Financial liabilities measured at fair value through profit or loss	On Financial liabilities measured at Amortised Cost	On Financial liabilities measured at fair value through profit or loss	On Financial liabilities measured at Amortised Cost
1	Interest on Deposits	-	-	-	-
2	Interest on Borrowings	-	17,899.05	-	13,767.58
3	Interest on Debt Securities	-	4,614.51	-	4,478.78
4	Interest on Subordinated Liabilities	-	1,233.37	-	1,230.00
5	Other Interest expense/Bank Charges	-	3,260.36	-	1,390.64
	Total	-	27,007.29	-	20,867.00

Note: 28 Impairment on Financial Instruments

(₹ in Lakhs)

Particulars	Current Year		Previous Year	
	On Financial instruments measured at Fair value through OCI	On Financial instruments measured at Amortised Cost	On Financial instruments measured at Fair value through OCI	On Financial instruments measured at Amortised Cost
Bad Debts Written Off on Loans	-	1,059.59	-	5,346.62
Provision for NPA	-	62.65	-	27.58
Provision for Expected Credit Loss				
Additional Provision for Expected Credit Loss		55.62		15.94
Investments	-	-	-	-
Others (to be specified)	-	-	-	-
Total	-	1,177.86	-	5,390.14

Note: 29 Employees Benefit Expenses

(₹ in Lakhs)

Sr. No.	Particulars	Current Year	Previous Year
1	Salaries and Wages to Employees	3,863.61	2,626.70
2	Directors Salaries & Allowances	649.25	633.82
3	Contribution to Provident and other funds	251.90	148.79
4	Share Based Payments to employees	-	-
5	Staff welfare expenses	138.01	57.81
	Total	4,902.77	3,467.12

- No remuneration has been paid to Directors except remuneration to Managing Director and Executive Directors. The remuneration paid to Managing Director and Executive Directors during the F.Y. 2023-24 Rs. is 6,49,24,800 (Last year Rs. 6,33,82,058) which is within the limit as specified u/s 197 read with Schedule V of the Companies Act, 2013.

Note: 30 Depreciation & Amortised Cost

(₹ in Lakhs)

Sr. No.	Particulars	Current Year	Previous Year
1	Depreciation	339.99	244.00
2	Deferred Revenue Exp. w/o*	-	74.39
3	Goodwill w/o#	-	10.70
	Total	339.99	329.08

-\*Deferred Expenses written off over a period of five years

-#Goodwill written off during the previous year

Note: 31 Other Expenses

(₹ in Lakhs)

Sr. No.	Particulars	Current Year	Previous Year
1	Car & Scooter Expenses	36.15	35.19
2	Traveling Expenses	1,305.18	577.69
3	Repair & Maintenance	183.99	104.61
4	Insurance Expenses	18.97	12.25
5	Electricity & Water Expenses	85.72	82.44
6	Rates & Taxes	4.35	7.75
7	Legal Expenses & Professional Fees	1,309.91	915.64
8	Printing & Stationery Expenses	309.01	150.27
9	Postage & Telephone Expenses	190.56	73.77
10	Auditors Remuneration	7.36	7.35
11	Rent	350.80	247.33
12	Rebate & Remission	287.16	190.15
13	Advertisement & Business Promotion Expenses	2,346.35	1,313.01
14	Recovery Expenses	1,361.10	(0.08)
15	Office and General Expenses	360.61	245.73
16	Loss/(Profit) on sale of Assets/Investments	(6.36)	(12.85)
17	Directors Sitting Fees & Expenses	13.30	13.41
18	Corporate Social Responsibility Expenditure*	211.70	176.01
	Total	8,375.86	4,139.67

-\*Refer Note 31 of Standalone Financial Statements.

32. Remuneration to Auditors:

(₹ in Lakhs)

Particulars	2023-24	2022-23
For Statutory Audit	4.98	4.98
For Tax Audit	1.77	1.77
Total	6.75	6.75

33. Earning per Share:

(₹ in Lakhs)

Particulars	2023-24	2022-23
Net profit for the year (After Tax)	17,897.30	9,361.88
Equity Shares in numbers (Weighted)	46,25,54,160	44,47,84,716
Basic and diluted Earning per share (Rs.)	3.87	2.10



34. Figures for the previous year have been regrouped/rearranged/reclassified and restated in compliance with the IND AS wherever considered necessary.

35. The Paisalo Digital Limited has given corporate guarantee for the loans taken by its wholly owned subsidiary Company M/s Nupur Finvest Pvt. Ltd. from the following Bank's / FI's / NBFCs:

(₹ in Lakhs)

Name of Bank / Financial Institution	Facility	Amount o/s
Karnataka Bank Ltd	Cash Credit	2,000.00
Indian Bank	Cash Credit	500.00
State Bank of India	Term Loan	5,393.58
Bank of Baroda	Term Loan	1,597.22
Indian Bank	Term Loan	476.87
Tata Capital Financial Services Limited	Term Loan	353.10
<b>Total</b>		<b>10,320.77</b>

For Contingent Assets refer note no. 37 (b) Notes to the Accounts of Standalone Financial Statements of Paisalo Digital Limited.

36. Disclosure of Related party transactions:

Refer note no. 37 (A, B & C) of Notes to the Account of Standalone Financial Statement of Paisalo Digital Limited.

D. Disclosures required for Related party transactions

(₹ in Lakhs)

Name of Party	Nature	Amount	Amount Receivable/ (Payable)
Mr. Sunil Agarwal	Remuneration to Director	393.60	(18.80)
Mr. Harish Singh	Remuneration to Director	33.00	(2.26)
Mr. Anoop Krishna	Remuneration to Director	45.60	(2.75)
Mr. Santanu Agarwal	Salary	180.00	(9.00)
Mr. Manendra Singh	Salary	15.32	(0.98)
Mr. Santanu Agarwal	Loan Received	52.00	—
Mr. Santanu Agarwal	Interest Expenses	1.88	—
Mr. Pranav Chauhan	Interest Payment (on NCD)	24.07	—
Mrs. Priti Chauhan	Interest Payment (on NCD)	8.32	—
Mr. Sunil Agarwal	Dividend Paid	52.85	—
Mr. Santanu Agarwal	Dividend Paid	16.85	—
Ms. Suneeti Agarwal	Dividend Paid	3.58	—
Pro Fitch Pvt. Ltd.	Dividend Paid	11.10	—
Equilibrated Ventures Cflow Pvt. Ltd.	Dividend Paid	51.70	—
Pri Caf Pvt. Ltd.	Dividend Paid	11.96	—
Equilibrated Ventures Cflow Pvt. Ltd.	Subscription to NCDs	490.00	—
Santanu Agarwal	Subscription to NCDs	135.00	—
Priti Chauhan	Subscription to NCDs	220.00	—

Issue of Equity Shares pursuant to Bonus Issue to Promoter Group

Name	Category	No. of Shares	Face value
Mr. Sunil Agarwal	Promoter	5,28,51,400	528.51
Mr. Santanu Agarwal	Member of Promoter Group	1,68,52,000	168.52
Ms. Suneeti Agarwal	Member of Promoter Group	3,58,3000	35.83
Pro Fitch Pvt. Ltd.	Member of Promoter Group	1,11,60,610	111.61
Equilibrated Ventures Cflow Pvt. Ltd.	Member of Promoter Group	6,20,57,941	620.58
Pri Caf Pvt. Ltd.	Member of Promoter Group	1,20,24,200	120.24

Notes:

(1) Related party relationship is as identified by the Company on the basis of information available with them and accepted by the auditors as correct.

(2) No amount has been written off or written back during the year in respect of debt due from or to related parties.

(3) Company has entered into transactions with certain parties as listed above during the year under consideration. Full disclosures have been made and the Board/Audit Committee considers such transactions to be in normal course of business and at rates agreed between the parties.

(4) The key management personnel and their relatives have given personal guarantees and collaterals for loans raised by the Company but Company has not provided any guarantee to these persons nor paid any consideration for furnishing such guarantees.

(5) Holding Company has extended its guarantee to Banks/Financial Institutions for credit facilities availed by the wholly owned subsidiary Nupur Finvest Pvt Ltd.

37. Term Loan facility:

The Nupur Finvest Private Limited has taken following Term Loans which are fully secured by first charge on hypothecation of Book debts, personal guarantees of Directors and Corporate guarantee of its Holding Company Paisalo Digital Limited, the details of which are given hereunder.

(₹ in Lakhs)

Name of Financial Institutions/Banks	Date of Sanction	Sanctioned Amount	Terms of repayment	Maturity Date
Satin Creditcare Limited	09th Dec 2020	1,000.00	36 monthly installments	Dec 2023
Satin Finserv Limited	09th Dec 2020	200.00	36 monthly installments	Dec 2023
State Bank of India	02nd Jun 2021	3,000.00	20 quarterly installments	Jun 2026
State Bank of India	31st Jan 2022	1,500.00	15 quarterly installments	Mar 2026
Tata Capital Financial Services Ltd	25th Mar 2022	1,500.00	30 monthly installments	Jan 2024
Indian Bank	01st Aug 2022	1,000.00	36 monthly installments	Aug 2025
State Bank of India	27th Dec 2022	3,500.00	15 quarterly Installments	Sep 2026
Bank of Baroda	23rd Jan 2023	2,500.00	36 monthly installments	Feb 2026

For other details of facilities and loans refer note no. 38 Notes to the Accounts of Standalone Financial Statements of Paisalo Digital Limited.

- a) The Nupur Finvest Private Limited has taken following Term Loans which are fully secured by first charge on hypothecation of Book debts, the details of which are given hereunder

(₹ in Lakhs)

Name of Financial Institutions	Date of Sanction	Sanctioned Amount	Terms of repayment	Maturity Date
Unity Small Finance Bank#	20 <sup>th</sup> Oct 2022	3,000.00	Principal to repaid in two installments Re. 15 Cr each at the end of 15th and 18th month from the date of disbursement.	Mar 2024 June 2024

#The Company has repaid the loan in full during the year.

- b) The Nupur Finvest Private Limited has taken unsecured Term Loans, the details of which is as under

(₹ in Lakhs)

Name of Financial Institutions	Date of Sanction	Sanctioned Amount	Terms of repayment	Maturity Date
Satin Creditcare Limited	24 <sup>th</sup> June 2022	1,200.00	36 monthly installments	June 2025

The above loan has been repaid in full during the year.

38. Working Capital Borrowings:

The Nupur Finvest Private Limited has availed working capital facility from Karnataka Bank Ltd., This facility is secured by hypothecation of books debts/receivables, equitable mortgage of immovable property belonging to the third party, personal guarantee of Directors and Corporate guarantee of its Holding Company.

(₹ in Lakhs)

S. No.	Name of Bank	Sanctioned Amount	Date of Sanction
1	Karnataka Bank Ltd.	2,000.00	28 <sup>th</sup> December, 2015
2	Indian Bank	500.00	01 <sup>st</sup> Aug 2022
	Total	2,500.00	

39. Additional information as required in respect of Consolidated Financial Statements:

Name of the Entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
1	2	3	4	5
Total Consolidated	100	1,32,941.66	100	17,897.30
Holding Co. :				
Paisalo Digital Limited	95.72	1,27,248.53	98.91	17,701.85
		(Note 1)		(Note 2)
Subsidiaries-Wholly Owned :				
Nupur Finvest Pvt. Ltd.	4.28	5,693.13	1.09	195.45

Paisalo Digital Limited is not having any foreign subsidiary company / joint Venture

Note 1. Net of Investment in Subsidiary Company

Note 2. Net of Income from Subsidiary Company

FORM NO. AOC-I  
(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the Financial Statements of Subsidiaries/Associate Companies/ Joint Ventures:

Part "A": Subsidiaries

(₹ in Lakhs)

1	Name of Subsidiary	M/s Nupur Finvest Pvt. Ltd.
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Same i.e. April 1, 2023 to March 31, 2024
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A.
4	Share Capital	536.96
5	Reserves	5,156.17
6	Total Assets	26,204.56
7	Total Liabilities	26,204.56
8	Investments	—
9	Turnover	5,396.28
10	Profit before Taxation	265.03
11	Provision for Taxation	69.57
12	Profit after Taxation	195.46
13	Proposed Dividend (excluding dividend distribution tax)	—
14	% of shareholding	100%
Name of subsidiaries which are yet to commence operation		: NA
Names of subsidiaries which have been liquidated or sold during the year		: NA
Part "B" : Associates and Joint Venture		: NIL

Signed in terms of our Report of even date

For and on behalf of the Board

For Manish Goyal & Co.  
Chartered Accountants  
Firm Reg. No. 006066C

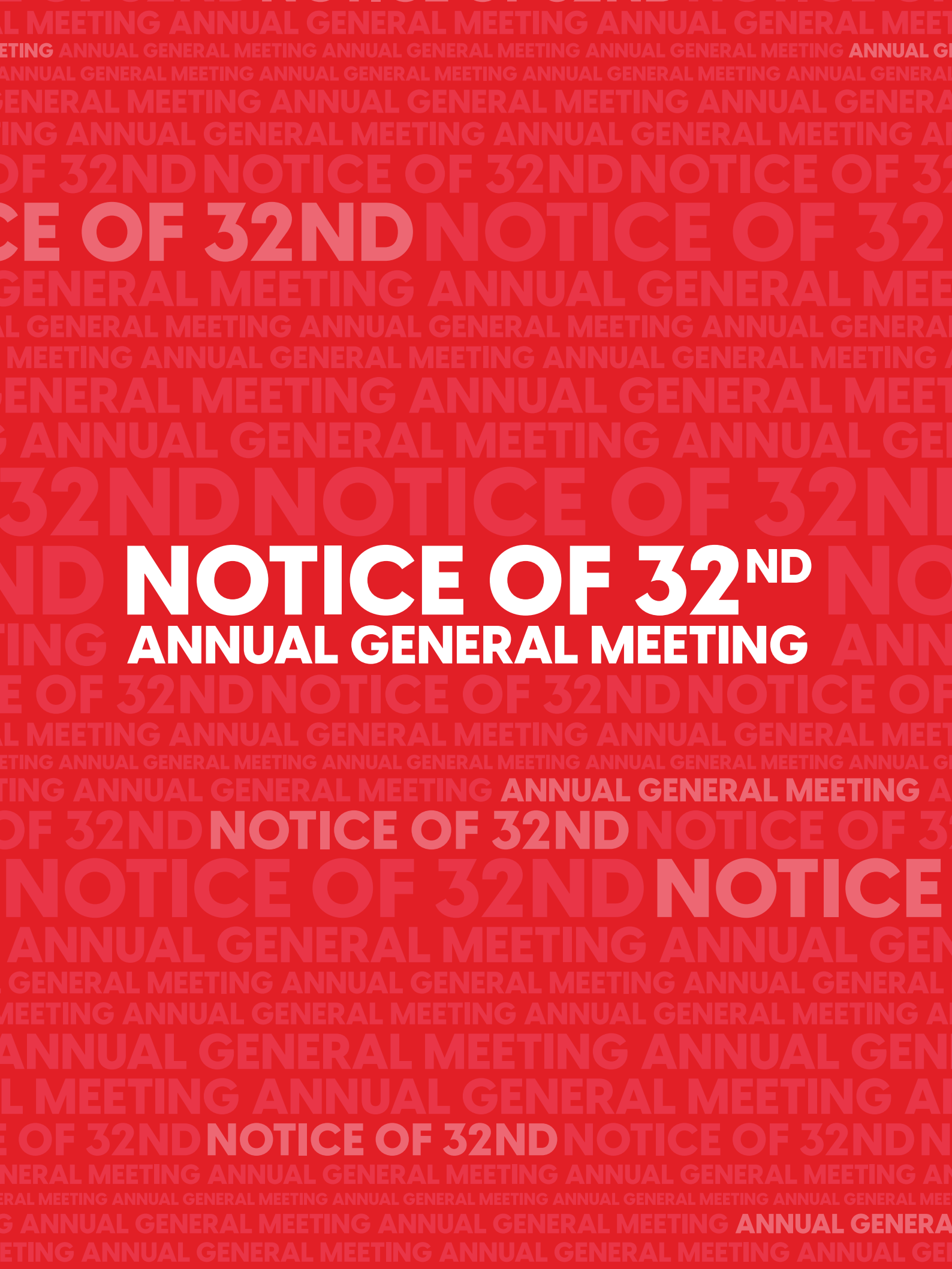
Sd/-  
(CA. MANISH GOYAL)  
Partner  
Membership No. 074778  
UDIN : 24074778BKAPEO1902

Place : New Delhi  
Date : 26<sup>th</sup> April 2024

Sd/-  
(SUNIL AGARWAL)  
Managing Director  
DIN : 00006991

Sd/-  
(HARISH SINGH)  
Executive Director & CFO  
DIN : 00039501

Sd/-  
(MANENDRA SINGH)  
Company Secretary  
Membership No. : F7868



# NOTICE OF 32<sup>ND</sup> ANNUAL GENERAL MEETING

## NOTICE OF 32<sup>nd</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the Thirty Second (32<sup>nd</sup>) Annual General Meeting of the Members of Paisalo Digital Limited (AGM/ Meeting) will be held on Monday, September 23, 2024 at 2:30 P.M. through Video Conferencing (VC)/Other Audio Visual Means (OAVM), to transact the following business(s):

**ORDINARY BUSINESS:**

- Item No. 1

–

**Adoption of Audited Standalone and Consolidated Financial Statements**  
In this regard, to consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:  
  
**“RESOLVED THAT** the Audited Financial Statements (including the Consolidated Financial Statements) of the Company for the financial year ended March 31, 2024 and the Reports of the Board of Directors and Auditors thereon, as circulated to the Members, be and are hereby considered and adopted.”
- Item No. 2

–

**Appointment of Mr. Santanu Agarwal (DIN: 07069797) as a Director, liable to retire by rotation and being eligible, offers himself for re-appointment**  
In this regard, to consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:  
  
**“RESOLVED THAT** in accordance with the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Mr. Santanu Agarwal (DIN: 07069797), who retires by rotation at this meeting and being eligible, offers himself for re-appointment be and is hereby appointed as a Director of the Company.”
- Item No. 3

–

**Declaration of final dividend for financial year ended March 31, 2024**  
In this regard, to consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:  
  
**“RESOLVED THAT** a dividend at the rate of 10% i.e. INR 0.10 (Ten Paise only) per equity share of INR 1/- (Rupee One) each of the Company as recommended by the Board of Directors, be and is hereby declared for the financial year ended March 31, 2024 and the same be paid out of the profits of the Company for the financial year ended March 31, 2024.”
- Item No. 4

–

**Appointment of Statutory Auditors of the Company and to fix their remuneration**  
In this regard, to consider and if thought fit, to pass with or without modification(s), the following Resolution as Ordinary Resolution:  
  
**“RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with rules framed thereunder, in terms of appointment procedure and eligibility criteria prescribed under the RBI Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) (Ref. No. DoS.CO.ARG/ SEC.01/08.91.001/2021-22) dated April 27, 2021 (“RBI Guidelines for appointment of Statutory Auditors”) read with the policy for appointment of Statutory Auditors and in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (including any statutory modification(s) or enactment(s) or re-enactment(s) thereof for the time being in force) and based on recommendation of Audit Committee and the Board of Directors, M/s Saket Jain & Co., Chartered Accountants, Firm Registration No. 014685N issued by Institute of Chartered Accountants of India (“ICAI”), having a valid Peer Review Certificate issued by the Peer Review Board of ICAI, who being eligible for appointment as Statutory Auditors, be and are hereby appointed as Statutory Auditors of the Company for a continuous period of 3 (three years) effective from the conclusion of 32<sup>nd</sup> Annual General Meeting till the conclusion of 35<sup>th</sup> Annual General Meeting to be held in the calendar year 2027 on such terms and conditions, including remuneration, reimbursement of expenses (if any) as may be fixed and determined by the Board of Directors, as per recommendation of the Audit Committee and in consultation with the said Auditors.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to finalize their

terms of engagement according to the scope of their services as Statutory Auditor and other permissible assignments, if any, in line with the relevant, prevailing statutory/ regulatory provisions including their terms of appointment as per the provisions of SEBI Circular No. CIR/CFD/CMD1/114/2019 dated October 18, 2019, RBI Guidelines for appointment of Statutory Auditors and Policy for appointment of Statutory Auditor of the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company, including any Committee thereof, be and are hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable or expedient to give effect to this resolution.”

#### SPECIAL BUSINESS

##### Item No. 5 – Approval of alteration in Articles of Association of the Company

In this regard, 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 all other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s), amendments thereto or re-enactment thereof, the circulars, notifications, regulations, rules, guidelines, if any, issued by the Government of India, for the time being in force) and such other approvals, as may be required from the relevant Governmental Authorities and subject to approvals, permissions and sanctions from the appropriate authority, if any, the consent of the Members of the Company be and is hereby accorded to amend the Articles of Association by adding a new sub-article 15(b). Additionally, divide the existing Article 15 into two sub-articles: (a) and (b), with the current Article 15 be renumbered as Article 15(a) in the manner as set out herein below:

15. (a) Subject to the provisions of the Act, the Company may issue sweat Equity Shares of a class of Shares already issued to its Directors or employees at a discount or for consideration other than cash for their providing know-how or making available rights in the nature of intellectual property rights or value additions by whatever name called. The rights, limitations, restrictions and provisions as are for the time being applicable to Equity Shares shall be applicable to such Sweat Equity Share issued by the Company.
- (b) To train or pay for the training in India or abroad of any of the Company's and its Subsidiary's employees or to recruit and employ Indian or foreign experts in the interest of or in furtherance of the objects of the Company. To grant option, SAR, shares or other benefits, in accordance with the provisions of the Act and as may be permitted by Securities and Exchange Board of India or Reserve Bank of India, as the case may be.”

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and to sign and execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient, in the best interest of the Company, to accede to such modifications and alterations to the aforesaid resolution as may be suggested by the Registrar of Companies or such other Authority arising from or incidental to the said amendment.”

##### Item No. 6 – Approval of Paisalo Employee Share Purchase Scheme 2024

In this regard, 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 62(1)(b) of the Companies Act, 2013 (the Act), Companies (Share Capital and Debentures) Rules, 2014 and all other applicable provisions, if any, of the Act read with rules made thereunder, (including any statutory modification(s) or re-enactment(s) thereof for time being in force); provisions contained in the Memorandum of Association and the Articles of Association of the Company; Regulations 6 and Part B of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and circulars/notifications/guidance/ frequently asked questions, if any issued thereunder, as amended from time to time (collectively, the “SBEBSE Regulations”), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and such other rules, regulations, notifications, guidelines and laws applicable in this regard, from time to time and subject to such approval(s)/ consent(s)/ permission(s)

/sanction(s), as may be required, from the appropriate regulatory authorities/institutions/bodies including the Reserve Bank of India and further subject to such terms and conditions as may be prescribed while granting such approval(s) /consent(s) /permission(s) / sanction(s) and which may be approved and accepted by the Board of Directors (hereinafter referred to as the “Board” which term shall be deemed to include any Committee thereof, including the Nomination and Remuneration Committee(“NRC”) and Operations & Finance Committee (“OFC”) constituted by the Board, exercising its powers, including the powers conferred by this Resolution and SEBI SBEBSE Regulations), consent of the Members of the Company be and is hereby accorded to the Board, to introduce and implement “Paisalo Employee Stock Purchase Scheme 2024” (“PDLESPP2024”/ “Scheme”) subject to alteration of Articles of Association of the Company and all the necessary changes required to ensure compliance under the Companies Act, SEBI Regulations, Tax laws, accounting standards and other applicable laws, the salient features of which are furnished in the Explanatory Statement to this Notice.

**RESOLVED FURTHER THAT** consent of the shareholders of the Company be and is hereby accorded to the Board to create, grant, offer, issue and allot at any time or over a period of time, to or for the benefit of, such persons who are employees as designated by the Company, whether exclusively working in India or outside India and/or to the Directors of the Company, whether whole-time or not including a non-executive Director who is not a promoter or member of the promoter group but excluding Independent Director(s), (selected on the basis of criteria decided by the Nomination and Remuneration Committee or the Board), under the Paisalo Employee Stock Purchase Scheme 2024 but excluding employees who are promoters or persons belonging to the promoter group and director(s) who either himself or through his relatives or through any body corporate, directly or indirectly, holds more than 10% of the outstanding equity shares of the Company, such number of equity shares not exceeding 89,80,439 (Eighty Nine Lakh Eighty Thousands Four hundred and Thirty Nine Only) having face value of INR 1 /- (Rupee One only) (not exceeding 1% of the paid-up share capital of the Company as on June 30, 2024) (or such other number adjusted for change in capital structure or corporate actions in terms of Paisalo Employee Stock Purchase Scheme 2024, as per applicable law), at a discount of 18% (Eighteen Percent) to the market price prevailing as on the Offer Date or Purchase Date, which is lower and on such terms and conditions as may be fixed or determined by the Nomination and Remuneration Committee or the Board, in accordance with the Act, SBEBSE Regulations and provisions of the Scheme in its sole and exclusive discretion.

**RESOLVED FURTHER THAT** the Company may determine the price of shares to be issued under a Scheme, subject to conforming to the accounting policies specified under Regulation 15 of SBEBSE Regulations.

**RESOLVED FURTHER THAT** without prejudice to the generality of the above but subject to the terms mentioned in the Explanatory Statement, annexed to the Notice, which are hereby approved by the Members, the Board be and is hereby authorised to formulate, finalize, evolve, modify, decide upon, administer, superintend and implement Paisalo Employee Stock Purchase Scheme 2024, as the Board in its absolute discretion deems fit.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to issue and allot equity shares upon exercise of shares, from time to time, granted under Paisalo Employee Stock Purchase Scheme 2024 and such equity shares allotted shall in all respects rank pari passu inter-se and with the then existing equity shares of the Company.

**RESOLVED FURTHER THAT** in case of any corporate action(s) such as sub-division, consolidation of shares, rights issues, bonus issues, reorganization of capital structure of the Company and others, if there is any change in the total number of paid-up equity shares, then the above ceiling of equity shares and the purchase price payable by the eligible employees shall be deemed to be increased or decreased in line with such change in total paid-up equity shares and/or face value thereof.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to make any modifications, changes, variations, alterations or revisions in “Paisalo Employee Stock Purchase Scheme 2024”, as it may deem fit, from time to time or to suspend, withdraw or revive Paisalo Employee Stock Purchase Scheme 2024, from time to time, in conformity with the provisions of the Act and other applicable rules, regulations, guidelines and laws, unless such variation, amendment, modification or alteration is not detrimental to the interest of the employees who have been granted shares under Paisalo Employee Stock Purchase Scheme 2024.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to take necessary steps for listing of the Equity Shares to be allotted under the “Paisalo Employee Stock Purchase Scheme 2024” on the Stock

Exchanges, where the Equity Shares of the Company are listed in compliance with the provisions of the SEBI Listing Regulations and other applicable laws, rules and regulations;

**RESOLVED FURTHER THAT** the Company shall conform to the accounting standards and policies as applicable to the Company and prescribed from time to time under SBEBSE Regulations and provisions of the Scheme and any other applicable laws and regulations to the extent relevant and applicable to “Paisalo Employee Stock Purchase Scheme 2024”.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above Resolution, the Board be and is hereby authorised, without being required to seek any further consent or approval of the Members of the Company or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this Resolution, to do all such acts, deeds, matters and things including the appointment of or authorizing or directing the appointment of various intermediaries, experts, professionals, independent agencies and other advisors, merchant bankers, valuers, consultants or representatives, being incidental to the effective implementation and administration of the “Paisalo Employee Stock Purchase Scheme 2024”, as it may, in its absolute discretion deem fit, for the aforesaid purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard at any stage, without being required to seek any further consent or approval of the shareholders of the Company to the end and intent that the shareholders shall be deemed to have given their approval thereto expressly by the authority of this resolution and further to execute all such deeds, documents, writings and to give such directions and/ or instructions as may be necessary, proper or expedient to give effect to any modification, alteration, amendment, suspension, withdrawal or termination of “Paisalo Employee Stock Purchase Scheme 2024” and to take all such steps and do all such acts as may be incidental or ancillary thereto.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers conferred herein, to any committee of Board of Directors, with power to further delegate such powers to any executives/ officers of the Company, to do all such acts, deeds, matters and things as also to execute such documents, writings, etc. as may be necessary in this regard”.

**Item No 7 - Approval of extending benefits of Paisalo Employee Share Purchase Scheme 2024 to the Eligible Employees of its Wholly Owned Subsidiary Company**

In this regard, 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 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 read with rules made thereunder, (including any statutory modification(s) or re-enactment(s) thereof for time being in force) (the “Act”), provisions contained in the Memorandum of Association and the Articles of Association of the Company; Regulations 6 and Part B of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and circulars/notifications/guidance/frequently asked questions, if any issued thereunder, as amended from time to time (collectively, the “SBEBSE Regulations”), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and such other rules, regulations, notifications, guidelines and laws applicable in this regard, from time to time and subject to such approval(s)/ consent(s)/ permission(s) /sanction(s), as may be required, from the appropriate regulatory authorities/institutions/bodies including the Reserve Bank of India and further subject to such terms and conditions as may be prescribed while granting such approval(s) /consent(s) /permission(s) / sanction(s) and which may be approved and accepted by the Board of Directors (hereinafter referred to as the “Board” which term shall be deemed to include any Committee thereof, including the Nomination and Remuneration Committee (“NRC”) and Operations & Finance Committee (“OFC”) constituted by the Board, exercising its powers, including the powers conferred by this Resolution and SEBI SBEBSE Regulations, consent of the Members of the Company be and is hereby accorded to the Board, to extend the benefits of “Paisalo Employee Stock Purchase Scheme 2024” (“PDLESPS2024”/ “Scheme”) proposed in Resolution 6 in this Notice to the Eligible Employees of its Wholly Owned Subsidiary Company, subject to alteration of Articles of Association of the Company and all the necessary changes required to ensure compliance under the Companies Act, SEBI Regulations, Tax laws, accounting standards and other applicable laws, the salient features of which are furnished in the Explanatory Statement to this Notice and to create, grant, offer, issue and allot, at any time, to or for the benefit of the present and/or future Eligible Employees of its Wholly Owned Subsidiary Company as per the “Paisalo Employee Stock Purchase Scheme 2024” but excluding employees who are promoters or persons belonging to the promoter group and a director(s) who either himself or through his relative or through any body corporate, directly or indirectly, holds more than 10%

of the outstanding equity shares of the Company and as allowed under applicable rules, regulations, guidelines and laws and other applicable laws (hereinafter referred to as “employees” or “said employees”) unless they are prohibited from participating in the “Paisalo Employee Stock Purchase Scheme 2024” under any law or regulations for the time being in force, on such terms and conditions as may be decided by the Board/Committee.

**RESOLVED FURTHER THAT** consent of the shareholders of the Company be and is hereby accorded to the Board to create, grant, offer, issue and allot at any time or over a period of time, to or for the benefit of, such persons who are employees as designated by the Wholly Owned Subsidiary of the Company, whether exclusively working in India or outside India and/or to the Directors of the Company, whether whole-time or not including a non-executive Director who is not a promoter or member of the promoter group but excluding Independent Director(s), (selected on the basis of criteria decided by the Nomination and Remuneration Committee or the Board), under the Paisalo Employee Stock Purchase Scheme 2024 but excluding employees who are promoters or persons belonging to the promoter group and director(s) who either himself or through his relatives or through any body corporate, directly or indirectly, holds more than 10% of the outstanding equity shares of the Company, such number of equity shares not exceeding 89,80,439 (Eighty Nine Lakh Eighty Thousands Four hundred and Thirty Nine Only) having face value of INR 1/- (Rupee One only) (not exceeding 1% of the paid-up share capital of the Company as on June 30, 2024) (or such other number adjusted for change in capital structure or corporate actions in terms of Paisalo Employee Stock Purchase Scheme 2024, as per applicable law), at a discount of 18% (Eighteen Percent) to the market price prevailing as on the Offer Date or Purchase Date, which is lower and on such terms and conditions as may be fixed or determined by the Nomination and Remuneration Committee or the Board, in accordance with the Act, SBEBSE Regulations and provisions of the Scheme in its sole and exclusive discretion.

**RESOLVED FURTHER THAT** in case of any corporate action(s) such as rights issues, bonus issues, merger, sale of division or other reorganisation of capital structure of the Company, as the case may be, the number of shares to be allotted shall be reasonably adjusted in accordance with the provisions of the “Paisalo Employee Stock Purchase Scheme 2024” and in case of sub-division or consolidation of shares then the number of shares shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of Rs. 1/- per Equity Share bears to the revised face value of the Equity Shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the employees who have been granted shares under the Scheme.

**RESOLVED FURTHER THAT** the new Equity Shares to be issued and allotted by the Company upon the exercise of Offer, shall rank pari-passu in all respect including dividend with then existing Equity Shares of the Company.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to make any variation, amendment, modification or alteration in the “Paisalo Employee Stock Purchase Scheme 2024”, as it may deem fit, from time to time in its absolute discretion in conformity with the provisions of the Act, the SEBI SBEBSE Regulations, Listing Regulations and other applicable laws provided such variation, amendment, modification or alteration is not detrimental or prejudicial to the interest of the employees who have been given an offer under the “Paisalo Employee Stock Purchase Scheme 2024”.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to take necessary steps for listing of the Equity Shares allotted under the “Paisalo Employee Stock Purchase Scheme 2024” on the Stock Exchanges, where the Equity Shares of the Company are listed in compliance with the provisions of the Listing Regulations and other applicable laws, rules and regulations.

**RESOLVED FURTHER THAT** the Company shall conform to the accounting standards and policies as applicable to the Company and prescribed from time to time under SEBI SBEBSE Regulations and any other applicable laws and regulations to the extent relevant and applicable to “Paisalo Employee Stock Purchase Scheme 2024”.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above Resolution(s), the Board be and is hereby authorised, without being required to seek any further consent or approval of the Members of the Company or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this Resolution, to (i) do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient or proper; (ii) execute all such deeds, documents, instruments and writings as it may in its absolute discretion deem necessary in relation to



Paisalo Employee Stock Purchase Scheme 2024; and (iii) to settle all questions, difficulties or doubts that may arise in relation to formulation and implementation of Paisalo Employee Stock Purchase Scheme 2024 and the issuance of the shares (including to amend or modify any of the terms thereof) and taking all the necessary steps for listing of the equity shares allotted on the Stock Exchanges as per the terms and conditions of the listing agreement with the concerned Stock Exchanges, as and when required.”

**Item No. 8 – Re-Appointment of Mr. Vijuy Ronjan as a Non-Executive Independent Director of the Company**

In this regard, 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 Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 25 (2A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Non Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015 and Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (“RBI Directions”) (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors in their respective meetings held on August 9 2024, Mr. Vijuy Ronjan (DIN: 09345384), Non-Executive Independent Director of the Company, who fulfil the ‘Fit and Proper’ Criteria for Director of NBFC under RBI Directions and has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16 (1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, from time to time and in respect of whom a notice in writing pursuant to Section 160 of the Act, as amended, has been received in the prescribed manner, be and is hereby re-appointed as a Non-Executive Independent Director of the Company to hold office for second term of five consecutive years with effect from October 8, 2024 to October 7, 2029 and whose office shall not be liable to retire by rotation.

**FURTHER RESOLVED THAT** the Board be and is hereby authorised to do all such acts, deeds and things as may be considered necessary to give effect to the aforesaid resolution in its absolute discretion, deem necessary, proper or desirable without being required to seek any further consent or approval of the members or otherwise to the end and intent that it shall be deemed to have their approval thereto expressly by the authority of this resolution and to settle any questions, difficulties or doubts that may arise in this regard and further to execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient.”

**Item No. 9 – Re-appointment of Mr. Raman Aggarwal as a Non-Executive Independent Director of the Company**

In this regard, 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 Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 25 (2A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015 and Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (“RBI Directions”) (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to recommendation of the Nomination and Remuneration Committee and the Board of Directors in their respective meetings held on August 9 2024, Mr. Raman Aggarwal (DIN: 00116103), Non-Executive Independent Director of the Company, who fulfil the ‘Fit and Proper’ Criteria for Director of NBFC under RBI Directions and has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16 (1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, from time to time and in respect of whom a notice in writing pursuant to Section 160 of the Act, as amended, has been received in the prescribed manner, be and is hereby re-appointed as a Non-Executive Independent Director of the Company to hold office for second term of five consecutive years with effect from October 15, 2024 to October 14, 2029 and whose office shall not be liable to retire by rotation.

**FURTHER RESOLVED THAT** the Board be and is hereby authorized to do all such acts, deeds and things as may be considered necessary to give effect to the aforesaid resolution in its absolute discretion, deem necessary,

proper or desirable without being required to seek any further consent or approval of the members or otherwise to the end and intent that it shall be deemed to have their approval thereto expressly by the authority of this resolution and to settle any questions, difficulties or doubts that may arise in this regard and further to execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient.”

**Item No. 10 – Approval to issue Non-Convertible Debt Securities/Debentures through private placement**

In this regard, 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 Sections 42, 71 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and rules made thereunder, including any statutory modifications, clarifications, exemptions or re-enactment thereof, for the time being in force and pursuant to the provisions of the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 and all other rules, regulations, guidelines, notifications, clarifications and circular, if any issued by any statutory/regulatory authority, as may be applicable and the provisions of the Memorandum of Association and the Articles of Association of the Company and subject to such consent, approvals, permissions and sanctioned of the concerned statutory and regulatory authorities if and to the extent necessary, consent of the Members of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as “Board” which term shall be deemed to include any Committee(s) which the Board may have constituted / reconstituted or hereinafter constitute /reconstitute to exercise its powers including the powers conferred by this Resolution) to create, offer, invite for subscription, issue and allot, in one or more tranches secured/ unsecured, redeemable, Non–Convertible Debt Securities (“NCSs”) including but not limited to subordinated/ senior, perpetual/non perpetual, cumulative/non-cumulative rated/ unrated, debentures, bonds and/or other debt securities, etc. on private placement basis, aggregating upto INR 9,000 Crores (Indian Rupees Nine Thousand Crores) on such terms and conditions and at such times, as may be decided by the Board, to such person(s), including but not limited to one or more company(ies), body(ies) corporate, statutory corporation(s), commercial bank(s), lending agency(ies), financial institution(s), insurance company(ies), mutual fund(s), pension/ provident funds, family office(s) and individual(s), as the case may be, or such other person(s) as the Board may decide/approve in its absolute discretion, during the period of one year or for such other period as permissible under the applicable law from the date of passing of the Special Resolution by the Members, within the overall borrowing limits of the Company as approved by the Members of the Company from time to time under Section 180(1)(c) of the Act.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorised to determine the terms of issue of NCSs including but not limited to determine the size, issue price, timing, tenure, interest rate of NCSs, listing of NCSs, if required, creation of security, utilization of issue proceeds, appointment of Debenture Trustee(s), Registrar and Transfer Agent, Legal Counsel and other agency(ies) and to do all necessary acts, deeds and things and to execute such documents deeds writings papers agreements as may be required as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to issue of NCSs as aforesaid.”

Registered Office	:	CSC, Pocket 52, CR Park Near Police Station New Delhi-110019	By Order of the Board of Directors For Paisalo Digital Limited sd/- (Manendra Singh) Company Secretary Membership No.: F7868
CIN	:	L65921DL1992PLC120483	
Website	:	www.paisalo.in	
Email	:	cs@paisalo.in	
Tel	:	+91 11 43518888	
Date	:	August 9, 2024	

**NOTES:**

1. An explanatory statement as required under Section 102 of the Companies Act, 2013 (“the Act”) in respect of the ordinary and special businesses specified above is annexed hereto.
2. Information pursuant to provisions of Regulation 36(3) and 36(5) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI (LODR) Regulations, 2015”) for Item(s) No. 2, 4, 8 and 9 are annexed as Annexure-1 to this notice.
3. The Ministry of Corporate Affairs had issued General Circulars bearing Nos. 14/2020 dated April 08, 2020, 17/2020 dated April 13, 2020, 20/2020 dated May 05, 2020, 28/2020 dated August 17, 2020, 02/2021 dated January 13, 2021, 19/2021 dated December 08, 2021, 21/2021 dated December 14, 2021, 02/2022 dated May 05, 2022, 10/2022 dated December 28, 2022 and latest Circular being, General Circular No. 09/2023 dated September 25, 2023 (hereinafter collectively referred to as “MCA Circulars”) and any updates thereto issued by the Ministry of Corporate Affairs (“MCA”) read with Circular number SEBI/HO/CFD/CMD1/ CIR/P/2020/79 dated May 12, 2020, Circular number SEBI/HO/CFD/ CMD2/CIR/P/2021/11 dated January 15, 2021, SEBI/ HO/CFD/PoD-2/P/CIR/2023 4 dated January 05, 2023 and SEBI/HO/CFD-PoD-2/P/CIR/2023/167 dated October 07, 2023 issued by the Securities and Exchange Board of India (“SEBI”) (hereinafter collectively referred to as “SEBI Circulars”), companies are permitted to conduct the Annual General Meeting which are due in the year 2024 through Video Conferencing other Audio Visual Means (“VC OAVM”) on or before September 30, 2024, in accordance with the requirements in accordance to MCA Circulars without the physical presence of Members at a common venue. Hence, in accordance with the MCA Circulars, provisions of the Act and SEBI LODR Regulations, the Annual General Meeting (“AGM”) of the Members of the Company is scheduled to be held through VCOAVM facility on Monday, September 23, 2024 at 2:30 P.M. (IST). Hence, the Members can attend and participate in the AGM through VCOAVM only. In accordance with the Secretarial Standard -2 on General Meeting issued by the Institute of Company Secretaries of India (ICSI) read with guidance/ clarification dated April 15, 2020 issued by ICSI, the proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company which shall be the deemed venue of the AGM. The detailed procedure for participating in the meeting through VCOAVM is appended herewith.
4. Company is convening 32<sup>nd</sup> AGM through VC/OAVM and no physical presence of Members, Directors, Auditors and other eligible persons shall be required for the 32<sup>nd</sup> AGM.
5. The deemed venue for 32<sup>nd</sup> AGM shall be the Registered Office of the Company at CSC, Pocket-52, CR Park, Near Police Station, New Delhi-110019.
6. Generally, a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. Since this AGM is being held through VC OAVM pursuant to the MCA Circulars, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed hereto. However, the Corporate Members are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting.
7. Since the meeting will be conducted through VC/OAVM facility, the route map is not annexed to this Notice.
8. Pursuant to the provisions of section 91 of the Companies Act, 2013, the register of members and share transfer books of the Company will remain closed from Tuesday, September 17, 2024 to Monday, September 23, 2024, both days inclusive.
9. The Company has fixed Monday, September 16, 2024 as the ‘Cut-off Date’ for determining eligibility of Members who will be eligible to attend and vote at the Meeting. Members of the Company whose names appear on the Register of Members/list of Beneficial Owners, as received from the Depositories i.e. National Securities Depository Limited (“NSDL”)Central Depository Services (India) Limited (“CDSL”) as on Cut-Off Date shall be entitled to vote on the resolutions set forth in this Notice.

**Dispatch of Notice of AGM and Annual Report through Electronic Mode:**

10. In terms of Sections 101 and 136 of the Companies Act, 2013 (the “Act”) read with the rules made thereunder, Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 and in terms of MCA circular dated December 28, 2022 and SEBI circular dated January 5, 2023, the listed companies may send the notice of AGM and the Annual Report, including financial statements, Boards’ Report, etc. by electronic mode in

case the meeting is conducted through VC/OAVM. Accordingly, Notice of 32<sup>nd</sup> AGM along with the Annual Report for financial year ended March 31, 2024 is being sent only through electronic mode to those members whose email addresses are registered with the Company/Depositories. Members may note that the Notice of the 32<sup>nd</sup> AGM and Annual Report for financial year ended March 31, 2024 will also be available on the Company’s website at [www.paisalo.in](http://www.paisalo.in), website of the Stock Exchanges i.e., BSE Ltd. (‘BSE’) at [www.bseindia.com](http://www.bseindia.com) and National Stock Exchange of India Ltd. (‘NSE’) at [www.nseindia.com](http://www.nseindia.com) and on the website of National Securities Depository Limited (NSDL) at [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

11. In this notice, the term member(s) or shareholder(s) are used interchangeably.
12. For receiving all communication (including Annual Report) from the Company electronically:
  - a. Members holding shares in physical mode and who have not registered updated their email address with the Company are requested to register update the same by writing to the Company with details of folio number and attaching a self-attested copy of PAN card at [cs@paisalo.in](mailto:cs@paisalo.in) or to Registrar and Transfer Agent of the Company M/s Alankit Assignments Limited at [ramap@alankit.com](mailto:ramap@alankit.com).
  - b. Members holding shares in dematerialised mode are requested to register update their email addresses with the relevant Depository Participant.

**Procedure for E-Voting at the AGM:**





13. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (LODR) Regulations, 2015 (as amended) and MCA Circulars, the Company is providing facility of remote e-voting and e-voting during the AGM (collectively referred as “electronic voting”) to its members to cast their votes in respect of the resolutions listed in this Notice. For this purpose, the Company has entered into an agreement with NSDL for facilitating VC and electronic voting, as the authorized e-voting agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by NSDL.
14. The voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date of Monday, September 16, 2024.
15. Any person, who acquires shares of the Company and become member of the Company after dispatch of the Notice and holding shares as of the cut-off date i.e. Monday, September 16, 2024, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or Company’s Registrar and Transfer Agent, M/s Alankit Assignments Limited (RTA).
16. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting on the day of AGM.
17. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
18. The remote e-voting period begins on Friday, September 20, 2024 at 9:00 A.M. and ends on Sunday, September 22, 2024 at 5:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter.
19. The details of the process and manner for remote e-voting are explained herein below:  
The way to vote electronically on NSDL e-voting system consists of “Two Steps” which are mentioned below:  
**Step 1** : Access to the NSDL e-voting system  
**Step 2** : Cast your vote electronically on NSDL e-voting system.

**Step 1** : Access to NSDL e-voting system

**A) Login method for e-voting for Individual shareholders holding securities in demat mode**

Pursuant to SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on “e-voting facility provided by Listed Companies”, e-voting process has been enabled to all the individual demat account holders, by way of single login credential, through their demat accounts/ websites of Depositories/DPs to increase the efficiency of the voting process. Individual demat account holders would be able to cast their vote without having to register again with the e-voting

service provider (“ESP”) thereby not only facilitating seamless authentication but also ease and convenience of participating in e-voting process. Shareholders are advised to update their mobile number and e-mail ID with their DPs to access e-voting facility.  
Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	1. Existing IDeAS user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period.
	2. If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> . Select “Register Online for IDeAS Portal” or click at <a href="https://eservices.nsdl.com/SecureWeb/Id easDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/Id easDirectReg.jsp</a>
	3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period.
	4. Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience. <div><p>NSDL Mobile App is available on</p><div> App Store</div><div> Google Play</div><div></div><div></div></div>
Individual Shareholders holding securities in demat mode with CDSL	1. Users who have opted for CDSL EasiEasiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login EasiEasiest are requested to visit CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login icon & New System Myeasi Tab and then use your existing my easi username & password.

	2. After successful login the EasiEasiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers’ website directly.
	3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login & New System Myeasi Tab and then click on registration option.
	4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders (holding securities in demat mode) login through their depository participants	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/ CDSL for e-Voting facility. Upon logging in, you will be able to see e-Voting option.</p> <p>Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period.</p>

**Important note:** Members who are unable to retrieve User ID/Password are advised to use Forget User ID and Forget Password option available at respective website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at 022 - 4886 7000 and 022 - 2499 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800 22 55 33

B) Login method for e-voting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

**How to Log-in to NSDL e-Voting website?**

- i. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.

- ii. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.
- iii. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.
- iv. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
- v. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

- vi. Password details for shareholders other than Individual shareholders are given below:
  - a) If you are already registered for e-voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
  - c) How to retrieve your ‘initial password’?
    - i) If your e-mail ID is registered in your demat account or with the Company, your ‘initial password’ is communicated to you on your e-mail ID. Trace the e-mail sent to you from NSDL from your mailbox. Open the e-mail and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.
    - ii) If your e-mail ID is not registered, please follow steps mentioned below in process for those shareholders whose e-mail IDs are not registered.
- vii. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:
  - a) Click on “Forgot User Details/Password?” (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) “Physical User Reset Password?” (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, PAN, name and registered address.

- d) Members can also use the OTP based login for casting the votes on the e-voting system of NSDL.
- viii. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
- ix. Now, you will have to click on “Login” button.
- x. After you click on the “Login” button, home page of e-voting will open.

## Step 2 : Cast your vote electronically on NSDL e-voting system.

### How to cast your vote electronically on NSDL e-voting system?

- i. After successful login at Step 1, you will be able to see all the companies “EVEN” in which you are holding shares and who’s voting cycle.
- ii. Select “EVEN” of Company Paisalo Digital Limited, which is 130082 for which you wish to cast your vote during the remote e-voting period.
- iii. Now you are ready for e-voting as the voting page opens.
- iv. Cast your vote by selecting appropriate options i.e. assent or dissent, verify or modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
- v. Upon confirmation, the message “Vote cast successfully” will be displayed and you will receive a confirmation by way of a SMS on your registered mobile number from depository.
- vi. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- vii. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

## 20. Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e-mail ids for e-voting for the resolutions set out in this notice:

- i. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [cs@paisalo.in](mailto:cs@paisalo.in).
- ii. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to [cs@paisalo.in](mailto:cs@paisalo.in). If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting or Individual shareholders holding securities in demat mode.
- iii. Alternatively shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.
- iv. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

## 21. General Guidelines for shareholders

- i. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [scrutinizer.paisalo@gmail.com](mailto:scrutinizer.paisalo@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- ii. It is strongly recommended not to share your password with any other person and take utmost care to keep

- your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
- iii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800 102 0990; 1800 22 4430 or send a request to Ms. Pallavi Mhatre, Senior Manager, at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

**Procedure for joining the AGM through VC/OAVM:**

22. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of “VC/OAVM link” placed under “Join General Meeting” menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
23. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM is having a capacity to allow participation at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
24. Members are encouraged to join the Meeting through Laptops for better experience.
25. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
26. Members are requested to note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
27. Members who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request mentioning their name, demat account number/folio number, email id, mobile number at [cs@paisalo.in](mailto:cs@paisalo.in). Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
28. For ease of conduct, members who would like to ask questions/express their views on the items of the businesses to be transacted at the meeting can send in their questions/comments in advance to [cs@pasialo.in](mailto:cs@pasialo.in) on or before September 16, 2024 mentioning their name, DP ID Client ID/Folio no., e-mail ID, mobile number, etc. The queries may be raised precisely and in brief to enable the Company to answer the same suitably depending on the availability of time at the meeting.

**Procedure for E-Voting on the day of AGM:**

29. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
30. Only those members/shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
31. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
32. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

**Procedure for Inspection of Documents:**

33. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Act and the relevant documents referred to in the Notice will be available electronically for inspection by the members during the AGM.
34. All documents referred to in the Notice will also be available electronically for inspection without any fee by the members from the date of circulation of this Notice upto the date of AGM. Members seeking to inspect such documents can send an email to [cs@paisalo.in](mailto:cs@paisalo.in).
35. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company at least 7 working days through email on [cs@paisalo.in](mailto:cs@paisalo.in). The same will be replied by the Company suitably.

**Scrutiniser for Annual General Meeting:**

36. The Board of Directors has appointed Mr. Satish Kumar Jadon, Practising Company Secretary (FCS No. 9512) as the Scrutiniser for the e-voting process and voting at the venue of the Annual General Meeting in a fair and transparent manner.
37. The Scrutiniser shall, immediately after the conclusion of voting at the Annual General Meeting, first count the votes cast at the meeting, thereafter unlock the votes through e-voting in the presence of at least 2 (two) witnesses, not in the employment of the Company and make, not later than 2 (Two) days from the conclusion of the meeting, a consolidated Scrutiniser’s report of the total votes cast in favour or against, if any, to the Company, who shall countersign the same.
38. The results declared along with the Scrutiniser’s report shall be placed on the Company’s website [www.paisalo.in](http://www.paisalo.in) and on the website of NSDL <https://evoting.nsdl.co.in> and shall also be communicated to the Stock Exchanges.
39. The Resolutions shall be deemed to be passed at the Annual General Meeting of the Company scheduled to be held on Monday, September 23, 2024.

**IEPF Related Information:**

40. The Company has transferred the unpaid or unclaimed dividends declared up to financial years 2015- 16, to the Investor Education and Protection Fund (“IEPF”) established by the Central Government. Details of dividends so far transferred to the IEPF Authority are available on the website of IEPF Authority and the same can be accessed through the link: [www.iepf.gov.in](http://www.iepf.gov.in).
41. Members may note that unclaimed dividends transferred to IEPF Authority can be claimed back from the IEPF Authority.
42. Due dates for transfer to IEPF, of the unclaimed/unpaid dividends for the financial year 2016-17 and thereafter, are as under:

Financial Year	Dividend Declared Per Share	Date of Declaration	Due date for transfer in IEPF
2016-17	Re. 1.00	26-09-2017	02-11-2024
2017-18	Re. 1.00	29-09-2018	05-11-2025
2018-19	Re. 1.00	10-08-2019	16-09-2026
2019-20	Re. 1.00	08-09-2020	14-10-2027
2020-21	Re. 1.00	25-09-2021	01-11-2028
2021-22	Re. 0.10	30-09-2022	06-11-2029
2022-23	Re. 0.10	21-09-2023	27-10-2030

43. Further, in terms of section 124(6) of the Act, in case of such shareholders whose dividends are unpaid for a continuous period of 7 years, the corresponding shares shall also be transferred to the IEPF’s demat account.



44. Members who have not claimed dividends from FY2017 onwards are requested to approach the Company/RTA for claiming the same as early as possible, to avoid transfer of the relevant shares to the IEPF's demat account.

**Dividend Related Information:**

45. Subject to the provisions of section 126 of the Companies Act, 2013, dividend on equity shares, if declared at the Annual General Meeting, will be made to:
- all those beneficial owners holding shares in electronic form, as per the beneficial ownership data made available to the Company by National Securities Depository Ltd. (NSDL) and the Central Depository Services (India) Ltd. (CDSL) as of the close of business hours on Monday, September 16, 2024; and
  - to all those shareholders holding shares in physical form, on the closing hours on Monday, September 16, 2024.
46. As per the SEBI (LODR) Regulations, 2015, the Company shall use any electronic mode of payment approved by the Reserve Bank of India for making payment to the Members. Accordingly, dividend, if declared, will be paid through electronic mode, where the Bank Account details of the Members required for this purpose are available. In case where the dividend cannot be paid through electronic mode, the same will be paid by account payee/not negotiable instruments/warrants with Bank Account details, if available, printed thereon.
47. For enabling the payment of dividend through electronic mode, Members holding shares in physical form are requested to furnish, on or before Monday, September 16, 2024, updated particulars of their Bank Account, to Company/ Registrar and Share Transfer Agent (RTA) of the Company along with a photocopy of a cancelled cheque of the Bank Account and self-attested copy of Permanent Account Number (PAN) card. Beneficial Owners holding shares in electronic form are requested to furnish their Bank Account details to their respective Depository Participants and make sure that such changes are recorded by them correctly on or before Monday, September 16, 2024. The request for updating particulars of Bank Account should be signed as per the specimen signature registered with Company/Depository Participants, as the case may be.
48. To avoid fraudulent transactions, the identity/signature of the Members holding shares in electronic/demat form is verified with the specimen signatures furnished by NSDL/CDSL and that of members holding shares in physical form is verified as per the records of Company/RTA of the Company. Members are requested to keep the same updated.
49. With a view to help us serve the Members better, those members who hold shares in identical names and in the same order of names in more than one folio are requested to write to the Company to consolidate their holdings into one folio.
50. Members who still hold share certificates in physical form are advised to dematerialise their shareholding to avail of numerous benefits of dematerialisation, which include easy liquidity, ease of trading and transfer, savings in stamp duty and elimination of any possibility of loss of documents and bad deliveries.
51. Pursuant to the requirement of Income Tax Act, 1961, the Company will be required to withhold taxes at the prescribed rates on the dividend paid to its shareholders.
52. The withholding tax rate would vary depending on the residential status of the shareholders and documents submitted by the shareholder with Company/ RTA/ Depository Participant.

**Resident Shareholders:**

Tax shall be deducted at source under section 194 of the IT Act at the rate of 10% on the amount of dividend declared and paid by the Company during financial year 2024-25. However, in the following cases, TDS at the rate of 20% would be applicable as per IT Act:

- Section 206AA of IT Act- In case where, PAN is not available/ submitted, or PAN submitted is invalid or PAN is not linked with Aadhar; or
- Section 206AB of IT Act - Non-filing of return of income tax of previous year and aggregate of TDS and TCS in said previous year is Rs. 50,000 or more

No tax shall be deducted at source on the dividend payable to a resident individual if the total dividend to be received by the said resident individual from the Company during a financial year does not exceed Rs. 5,000; or if an eligible resident shareholder provides a valid declaration in Form 15G/Form 15H or other documents as may be applicable to different categories of shareholders.

Further, if a shareholder has obtained a lower or Nil withholding tax certificate from the tax authorities and provides a copy of the same to the Company, tax shall be deducted on the dividend payable to such shareholder at the rate specified in the said certificate.

**Non-resident Shareholders:**

Tax is required to be deducted at source in the case of non-resident shareholders in accordance with the provisions of section 195 of the IT Act at the rates in force. As per the relevant provisions of the IT Act, the tax shall be deducted at the rate of 20% or applicable rate plus applicable surcharge and health & education cess on the amount of dividend payable to the non-resident shareholders.

For Foreign Institutional Investors ('FII')/ Foreign Portfolio Investors ('FPI') shareholders, TDS will be deducted under section 196D read with section 206AB of the IT Act.

However, as per section 90 of the IT Act, non-resident shareholders have the option to be governed by the provisions of the Double Tax Avoidance Agreement ('DTAA') read with applicable Multilateral Instrument (MLI) provisions, if they are more beneficial to them.

No communication on the tax determination/deduction shall be entertained after September 20 2024. The documents submitted by you will be verified by us and we will consider the same while deducting the appropriate taxes, if any, provided that these documents are in accordance with the provisions of the IT Act.

In addition to the above, please note the following:

- In case you hold shares under multiple accounts under different status/category but under a single PAN, the highest rate of tax as applicable to the status in which shares held under the said PAN will be considered on the entire holding in different accounts.
- In case of joint shareholding, the withholding tax rates shall be considered basis the status of the primary beneficial shareholder.

It may be further noted that in case tax on dividend is deducted at a higher rate in the absence of receipt of any of the required details/documents from the shareholders, the shareholders may consider filing their return of income and claiming an appropriate refund, as may be eligible. No claim shall lie against the Company for such taxes deducted.

The Company shall arrange to e-mail the soft copy of the TDS certificate, if applicable, to shareholders at the e-mail ID registered with RTA within the prescribed time as per IT Act. The amount of TDS can also be viewed in Form 26AS on the website of the Income Tax department of India <https://www.incometax.gov.in/iec/foportal/>

In the event of any income-tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided by the Shareholder/s, such Shareholder/s will be responsible to indemnify the Company and also provide the Company with all information/documents and co-operation in any assessment/ appellate proceedings before the Tax/ Government authorities.

**Other Information:**

53. Securities and Exchange Board of India (SEBI) has mandated that securities of listed companies can be transferred only in dematerialised form w.e.f. April 1, 2019. Accordingly, the Company / RTA has stopped accepting any fresh lodgement of transfer of shares in physical form. Members holding shares in physical form are advice to avail of the facility of dematerialisation.
54. Further, as an on-going measure to enhance ease of dealing in security markets by investors Securities and Exchange Board of India (SEBI) vide its circular having reference no. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/8 dated January 25, 2022, has mandated that the listed companies shall henceforth issue the securities in dematerialized form only while processing the following service request:
- Issue of duplicate securities certificate;
  - Claim from Unclaimed Suspense Account;
  - Renewal/Exchange of securities certificate;
  - Endorsement;

- v. Sub-division/Splitting of securities certificate;
  - vi. Consolidation of securities certificates/folios;
  - vii. Transmission; and
  - viii. Transposition
55. Pursuant to SEBI circulars, the Company has sent communication to the members holding shares in physical form requesting them to furnish the required details.
56. Members holding shares in physical mode are:
- a) required to submit their Permanent Account Number (PAN) and bank account details to the Company / RTA, if not registered with the Company/ RTA, as mandated by SEBI, by writing to the Company at cs@paisalo.in or to RTA at ramap@alankit.com along with the details of folio no., self attested copy of PAN card, bank details (Bank account number, Bank and Branch Name and address, IFSC, MICR details) and cancelled cheque.
  - b) pursuant to section 72 of the Companies Act, 2013, are advised to file nomination in the prescribed Form SH- 13 with the Company's share transfer agent. In respect of shares held in electronic/demat form, the Members may please contact their respective Depository Participants
57. Members holding shares in electronic mode are:
- a) requested to submit their PAN and bank account details to their respective Depository Participants ("DPs") with whom they are maintaining their demat accounts.
  - b) advised to contact their respective DPs for registering nomination.
58. Non-Resident Indian members are requested to inform RTA / respective DPs, immediately of:
- a) Change in their residential status on return to India for permanent settlement.
  - b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
59. As per the provisions of Section 72 of the Act and SEBI Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/ CIR/2021/655 dated November 03, 2021, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a Member desires to opt out or cancel the earlier nomination and record a fresh nomination, he/she may submit the same in Form ISR-3 or SH-14 as the case may be. The said forms can be downloaded from the Company's website [https://paisalo.in/pdf/2\\_Relevant-forms/FORM-ISR-3.pdf](https://paisalo.in/pdf/2_Relevant-forms/FORM-ISR-3.pdf). Members are requested to submit the said details to their DP in case the shares are held by them in dematerialized form and to RTA in case the shares are held in physical form. Further, relevant FAQs published by SEBI on its website can be viewed at the following link: [https://www.sebi.gov.in/sebi\\_data/faqfiles/jan-2024/1704433843359.pdf](https://www.sebi.gov.in/sebi_data/faqfiles/jan-2024/1704433843359.pdf)

## EXPLANATORY STATEMENT

### Pursuant to provisions of Section 102 of the Companies Act, 2013

- Item no. 4** – Pursuant to the provisions of RBI Guidelines for Appointment of Statutory Central Auditors (SCAs)/ Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) (Ref. No. DoS.CO.ARG/ SEC.01/08.91.001/2021-22) dated April 27, 2021 ("RBI Guidelines for appointment of Statutory Auditors"), M/s Manish Goyal & Co., Chartered Accountants, Firm Registration No. 006066C, had been appointed as Statutory Auditor of the Company, in 29<sup>th</sup> Annual General Meeting, from the conclusion of the 29<sup>th</sup> AGM till the conclusion of the 32<sup>nd</sup> AGM of the Company. Accordingly, basis the recommendation of the Audit Committee and pursuant to the applicable provisions of the Companies Act, 2013 ("Act") and RBI Guidelines for appointment of Statutory Auditors, the Board of Directors, at its meeting held on August 9, 2024, has approved the appointment of M/s Saket Jain & Co., Chartered Accountants, Firm Registration No. 014685N, as Statutory Auditors of the Company for a period of 3 years (Three Years) effective from the conclusion of 32<sup>nd</sup> Annual General Meeting till the conclusion of 35<sup>th</sup> Annual General Meeting scheduled to be held in calendar year 2027, subject to approval of the Members of the Company.

M/s Saket Jain & Co., having an experience of more than 25 years. It's service offerings include tax advisory, corporate advisory and outsourcing etc. Further, its clients include Corporate and conducted Concurrent, Stock, Revenue and Statutory Audit of various Nationalized Banks. Chartered Accountants M/s Saket Jain & Co., Chartered Accountants have provided their consent under Section 139 of the Act for appointment as Statutory Auditors along with a certificate stating that their appointment will be as per the criteria as specified under Section 141(3) of the Act and in accordance to the RBI Guidelines.

Board recommends the resolution as mentioned at item no. 4 above for approval of the Members by way of an Ordinary Resolution.

None of the Directors or Key Managerial Personnel and/or their relatives are in any way interested or concerned financially or otherwise, in the resolution set out in the Notice.

- Item no. 5, 6 and 7** – Approval of alteration in Articles of Association of the Company and Approval of Paisalo Employee Share Purchase Scheme 2024 and Approval of extending benefits of Paisalo Employee Share Purchase Scheme 2024 to the Eligible Employees of its Wholly Owned Subsidiary Company

In the present day competitive environment where human resources are one of the deciding factors for the growth of a company, it is common for the growing companies to attract and retain talent through various incentives and share based employee benefits are one of such measures to ensure that the employees have a stake in the long term growth of the company. Keeping this in mind, it is proposed to bring out an Employee Share Purchase Scheme for the employees/Directors of your Company ("Company") and its Wholly Owned Subsidiary Company ("Eligible Employees"). The Company intends to implement Employee Share Purchase Scheme with a view to attract and retain key talents working with the Company and its Wholly Owned Subsidiary Company by way of rewarding their performance and motivate them to contribute to the overall corporate growth and profitability.

To implement Employee Share Purchase Scheme for eligible employees, enabling provisions should be in the Articles of Association of the Company accordingly Board of Directors of the Company have recommended to amend the Articles of Association of the Company as provided in the Resolution as at Item No. 5 and Pursuant to the provisions of Section 14 of the Companies Act, 2013, approval of Members of the Company by way of a Special Resolution is required for any alteration in the AoA of the company. Accordingly, the approval of the Members is being sought by way of a Special Resolution for alteration in the AoA.

Further, Board of Directors of the Company have also approved, Paisalo Employees Stock Purchase Scheme, 2024) at its meeting held on August 9, 2024. The PDL ESPS 2024 provides for grant of shares of the Company to the Eligible Employees as identified and selected by the Nomination and Remuneration Committee or such other committee as may be constituted by the Board in this regard ("the Committee").

These resolutions are being proposed for the consideration of the members and their approval by way of Special Resolution.

The Company seeks approval of the Shareholders in respect of PDL ESPS 2024 and for grant of share to the Eligible Employees as may be decided by the Committee from time to time in due compliance with Companies, Act, 2013 (including rules framed thereunder), the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and other applicable laws and regulations.

Regulation 6(1) of SBEBSE Regulations requires that Scheme shall be approved by the members of the company by passing a special resolution. Further, as PDL ESPS 2024 may entail further issue of shares, consent of the members is required by way of a special resolution pursuant to Section 62(1) (b) of the Companies Act, 2013. Accordingly, the Special Resolution set out at Item No. 6 and Item No 7 of this Notice is proposed for approval by members.

Your Directors recommend the Special Resolutions as at Item No. 5, 6 & 7 for your approval.

None of the directors or key managerial personnel of the Company or its Subsidiary Company including their relatives are, in any way, concerned or interested, financially or otherwise, in the proposed resolution except to the extent of shares that may be granted to them under PDL ESPS 2024.

The details of PDL ESPS 2024 are as follows:

a.	Brief description of the Paisalo Employees Stock Purchase Scheme, 2024 (“PDL ESPS 2024”)	The Company has instituted PDL ESPS 2024 to attract and retain key talents working with the Company and its Subsidiary Company by way of rewarding their performance and motivate them to contribute to the overall corporate growth and profitability.
b.	The total number of Shares to be offered and granted	<p>Not exceeding 89,80,439 (Eighty Nine Lakh Eighty Thousands Four hundred and Thirty Nine Only) equity shares of the Company, having face value of INR 1 /- (Rupee One only) each fully paid up.</p> <p>In case of any corporate action(s) such as rights issues, bonus issues, merger, sale of division or other reorganisation of capital structure of the Company, as the case may be, the number of shares to be allotted or purchase price shall be reasonably adjusted as per the provisions of the PDL ESPS 2024 and in case of sub-division or consolidation of shares then the number of shares and the purchase price shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of Rs. 1/- per Equity Share bears to the revised face value of the Equity Shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the eligible employees who have been given an offer under the PDL ESPS 2024.</p>

c.	Identification of classes of employees entitled to participate and be beneficiaries in ESPS	<p>Following class / classes of employees are entitled to participate in PDL ESPS 2024:</p> <p>a) an employee as designated by the Company, who is working exclusively in India or outside India;</p> <p>b) director of the company, whether a whole time director or not, including a non-executive director who is not a promoter or member of the promoter group, but excluding an independent director;</p> <p>c) an employee as defined in sub-clauses (a) or (b), of a group company including subsidiary or its associate company, in India or outside India, or of a holding company of the company, but does not include</p> <ul style="list-style-type: none"><li>an employee who is a promoter or a person belonging to the promoter group.</li><li>a director who, either himself or through his relative or through any body corporate, directly or indirectly, holds more than 10% of the outstanding equity shares of the Company.</li><li>all those who are on cessation/suspension immediately prior to the Offer Date; or</li><li>any other person(s) as determine by the Committee from time to time.</li></ul> <p>The eligibility of an employee shall be determined by the Nomination and Remuneration Committee as per the eligibility criteria as may be determined by the Board/Committee.</p>
d.	Requirements of Vesting and Vesting Period	As the Company proposed to issue share under PDL ESPS 2024, hence requirement of vesting and vesting period is not applicable. The eligible employee of the company and its Subsidiary shall be allotted equity shares in terms of “PDL ESPS 2024” scheme.
e.	Maximum period within which the shares shall be vested	As the Company proposed to issue share under “PDL ESPS 2024” Scheme, hence requirement of vesting period is not applicable
f.	Exercise Period/Offer Period and process of exercise/acceptance of offer	The Purchase Price per Share for Offers accepted within the Offer Period, shall be at a 18% (Eighteen Percent) discount to the Market Price prevailing as on the Offer Date or Purchase Date, whichever is lower, of the share on the recognised stock exchanges which records the highest volume of trading in the share on the day immediately preceding the Offer Date or Purchase Date, as the case may be.
g.	Exercise Period/Offer Period and process of exercise/acceptance of offer	<p>The Committee shall determine the dates for commencement and closure of the Offer Period.</p> <p>The Offer Period shall be specified in the Offer Letter communicated to each Eligible Employees.</p> <p>Any Employee intending to participate in the Scheme shall accept the Offer in one or more tranches, as determined by the Committee at its discretion, by delivering to the Company a duly signed acceptance of the Offer within the Offer Period.</p>

h.	The appraisal process for determining the eligibility of employees for the ESPS	The appraisal process for determining the eligibility of the employees will be decided by the Committee from time to time. The employees would be allotted shares under the “PDL ESPS 2024” Scheme on the basis of their grade, designation and level in the Company and such other criteria as it may deem fit at the time of Offer.
i.	Maximum number of Shares to be offered and issued per employee and in aggregate	<p>The maximum number of shares to be granted to any eligible employee will be decided by the Committee. No single Eligible Employee will be granted shares in excess of 1% of the total paid-up capital of the Company.</p> <p>The aggregate of all such shares granted under PDL ESPS 2024 shall not exceed 89,80,439 equity shares.</p>
j.	Maximum quantum of benefits to be provided per employee under ESPS	Unless otherwise determined by the Committee, the maximum quantum of benefits underlying the shares granted to an Eligible Employee shall be 18% (Eighteen Percent) discount to the Market Price prevailing as on the Offer Date or Purchase Date, whichever is lower.
k.	Whether ESPS is to be implemented and administered directly by the Company or through a trust	PDL ESPS 2024 shall be implemented by the Company directly.
l.	Whether ESPS involves new issue of shares by the Company or secondary acquisition by the Trust or both	PDL ESPS 2024 envisages new issue of shares by the Company.
m.	The amount of loan to be provided for implementation of ESPS by the Company to the trust, its tenure, utilization, repayment terms, etc	Not Applicable
n.	Maximum percentage of secondary acquisition (subject to limits specified under the Regulations) that can be made by the Trust for the purposes of ESPS	Not Applicable
o.	A statement to the effect that the Company shall conform to the accounting policies specified in Regulation 15	The Company conform to the accounting policies specified in Regulation 15.
p.	The method which the Company shall use to value its shares	To calculate the employee compensation cost, the Company shall use the fair value method for valuation of the Shares granted.
q.	Primary/Secondary Route	Primary Route
r.	Period of Lock-in	The shares would be subject to a minimum lock in of 18 months from date of allotment and a maximum lock in of 24 months. The maximum lock in period would be subject to the discretion of the Committee.
s.	Terms & conditions for buyback, if any, of specified securities covered under these regulations	None

**Item No. 8** - Re-appointment of Mr. Vijuy Ronjan as a Non-Executive Independent Director of the Company

Mr. Vijuy Ronjan is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on October 8, 2021 as Non-Executive Independent Director and Shareholders of the Company approved his appointment vide their resolution- dated June 10, 2022 for the period of three consecutive years from October 08, 2021 till October 07, 2024. As per Section 149(10) of the Companies Act, 2013, he can be re-appointed by passing a Special Resolution by the Company for another term of upto five consecutive years on the Board of a Company. Further Regulation 25 (2A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 provides that the appointment, reappointment of an Independent Director of a listed entity, shall be subject to the approval of Shareholders by way of a Special Resolution. Accordingly, based on recommendation of Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015 and Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (“RBI Directions”). Mr. Vijuy Ronjan, being eligible for re-appointment as an Independent Director and offering himself for re-appointment, is proposed to be re-appointed as an Independent Director for another term of five consecutive years from October 8, 2024 upto October 7, 2029.

In the opinion of the Board, Mr. Vijuy Ronjan fulfils the conditions specified under the Companies Act, 2013, the Companies (Appointment and Qualification of Directors) Rules, 2014; Regulation 16(1)(b) of the SEBI (LODR) Regulations, 2015 and fit and proper criteria for Directors of NBFC as per RBI Directions for his reappointment as a Non-Executive Independent Director of the Company.

Further the Board considers that continued association of Mr. Vijuy Ronjan would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Vijuy Ronjan as an Independent Director. Accordingly, the Board recommends Special Resolution in relation to eligibility and re-appointment of Mr. Vijuy Ronjan as a Non-Executive Independent Director for another term of five consecutive years with effect from October 8, 2024 upto October 7, 2029, for the approval by the Members of the Company.

The Company has received a requisite notice in writing from the member under Section 160 of the Companies Act, 2013 proposing candidature of Mr. Vijuy Ronjan for the office of Non-Executive Independent Director of the Company.

The additional information for re-appointment of Mr. Vijuy Ronjan as Independent Director as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and applicable Secretarial Standards are provided in the “Annexure” to the Notice.

Mr. Vijuy Ronjan is interested in the resolution set out at Item No. 8 of the Notice with regard to his appointment. Relatives of Mr. Vijuy Ronjan may be deemed to be interested in the resolution to the extent of their shareholding, if any, in the Company. Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

**Item No. 9** - Re-appointment of Mr. Raman Aggarwal as a Non-Executive Independent Director of the Company

Mr. Raman Aggarwal is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on October 15, 2019 as Non-Executive Independent Director. As per Section 149(10) of the Companies Act, 2013, an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a Special Resolution by the Company for another term of upto five consecutive years on the Board of a Company. Further Regulation 25 (2A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 provides that the appointment, reappointment of an Independent Director of a listed entity, shall be subject to the approval of Shareholders by way of a Special Resolution. Accordingly, based on recommendation of Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015 and Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, Mr. Raman Aggarwal, being eligible for re-appointment as an Independent Director and offering himself for re-appointment, is proposed to be re-appointed as an Independent Director for another term of five consecutive years from October 15, 2024 upto October 14, 2029.

In the opinion of the Board, Mr. Raman Aggarwal fulfils the conditions specified under the Companies Act, 2013, the Companies (Appointment and Qualification of Directors) Rules, 2014; Regulation 16(1)(b) of the SEBI (LODR) Regulations, 2015 and fit and proper criteria for Directors of NBFC as per RBI Directions for his reappointment as a Non-Executive Independent Director of the Company.

Further the Board considers that continued association of Mr. Raman Aggarwal would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Raman Aggarwal as an Independent Director. Accordingly, the Board recommends Special Resolution in relation to eligibility and re-appointment of Mr. Raman Aggarwal as a Non-Executive Independent Director for another term of five consecutive years with effect from October 15, 2024 upto October 14, 2029, for the approval by the Members of the Company.

The Company has received a requisite notice in writing from the member under Section 160 of the Companies Act, 2013 proposing candidature of Mr. Raman Aggarwal for the office of Non-Executive Independent Director of the Company.

The additional information for re-appointment of Mr. Raman Aggarwal as Independent Director as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and applicable Secretarial Standards are provided in the “Annexure” to the Notice.

Mr. Raman Aggarwal is interested in the resolution set out at Item No. 9 of the Notice with regard to his appointment. Relatives of Mr. Raman Aggarwal may be deemed to be interested in the resolution to the extent of their shareholding, if any, in the Company. Save and except the above, none of the other Directors /Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

**Item no. 10 – Approval to issue Non-Convertible Debt Securities through private placement**

In order to augment resources for business operation of the Company, it may invite subscription for secured/unsecured Non-Convertible Debt Securities including Non-Convertible Debentures in one or more series /tranches on Private Placement basis. Borrowings through Non-Convertible Securities not only work out cost effective but also facilitate the raising of resource in a highly flexible and requirement driven manner. The Company intends to raise long term funds through Non-Convertible Debentures in the current year to meet lending requirements.

The Debt Securities proposed to be issued, may be issued either at par or at premium or at a discount to face value and the issue price (including premium, if any) shall be decided by the Board on the basis of interest rate/effective yield determined, based on market conditions prevailing at the time of the issue.

The provisions of Section 42 of the Companies Act, 2013 read with Rule 14 (2) of Companies (Prospectus and Allotment of Securities) Rules, 2014 and any other applicable provisions of the Companies Act, 2013, a Company shall not make private placement of its securities unless the proposed offer of securities or invitation to subscribe securities has been previously approved by the members of the Company by a Special Resolution for each of the Offers or Invitations.

However, pursuant to second proviso of said rule 14 (2) previous special resolution only once in a year is sufficient for all the offers or invitations for debentures during the year.

Accordingly, without the prejudice the borrowing power given/to be given by the shareholders under Section 180 (1)(c) of the Companies Act, 2013, as per the provisions of Section 42 and 71 of the Companies Act, 2013 read with the relevant rules made there under, as amended and subject to other relevant rules, regulation, guidelines and directions issued by Reserve Bank of India and Securities and Exchange Board of India the approval of the Members is being sought by way of a Special Resolution, to enable the Company to offer or invite subscriptions for Non-Convertible Debt Securities/Debentures on a private placement basis, in one or more tranches, during the period of one year from the date of passing of the Resolution as set at Item No. 10, within the overall borrowing limits of the Company, as approved by the Members from time to time.

The Board of Directors accordingly recommends the Special Resolution set out in Item No. 10 of the accompanying notice for approval of the members.

None of the Directors or Key Managerial Personnel of the Company or their relatives is/are concerned or interested, in any manner in the passing of proposed Resolution set out at Item No. 10 of the Notice, except to the extent of their share/debenture holding in the Company, if any.

**ANNEXURE TO THE NOTICE of 32<sup>ND</sup> ANNUAL GENERAL MEETING**

**A.** Details of Director seeking appointment/reappointment pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and applicable secretarial standards:

**Item no. 2 –** Appointment of Mr. Santanu Agarwal (DIN: 07069797) as a Director, liable to retire by rotation Pursuant to the applicable provisions of Section 152 of the Companies Act, 2013, Mr. Santanu Agarwal retires at the 32nd AGM and being eligible, seeks re-appointment:

Name	:	Mr. Santanu Agarwal
DIN	:	07069797
Age	:	Aged about 27 years
Qualifications	:	B.Com., LL.B. (H)
Terms and Conditions of appointment	:	Executive Director, liable to retire by rotation.
Experience (including expertise in specific functional area)/Brief Resume	:	Mr. Santanu Agarwal is B.Com., LL.B. graduate from Amity University, Noida. Mr. Santanu started his business journey as Chief Innovation of Paisalo Digital Limited in September 2017 and is currently Deputy CEO of Paisalo Digital Limited. Prior to joining Paisalo, Mr. Santanu worked in various algorithmic trading and forex trading organizations in Singapore and Hong Kong. He is well skilled in Negotiation, Business Planning, Analytical Skills and Risk Management. He has a flair for technology and has been a driving force behind the transformation of Paisalo to a fully digital NBFC in operations. He has successfully lead team Paisalo in negotiation, finalization, implementation and execution of Co-Lending agreements with State Bank of India, Punjab National Bank and Bank of Baroda. All agreements entered currently SBI, PNB and BOB are fully operationalized and daily disbursement are taking place. He was instrumental in getting the National Business Correspondent Agreement with SBI.
Date of first appointment on the Board	:	May 6, 2022
Shareholding in the Company	:	3,37,04,000 equity shares of Re. 1 each
Relationship with other Directors/ Key Managerial Personnel	:	Relative (Son) of Managing Director and CEO Mr. Sunil Agarwal
Remuneration last drawn	:	Rs. 15.00 Lakh p.m.
Number of meetings of the Board attended during the financial year (2023-24)	:	Five
Directorships in listed companies and other Directorship	:	Mr. Santanu Agarwal hold Directorship in the following Unlisted Companies: 1. Pro Fitch Private Limited 2. Pri Caf Private Limited 3. Equilibrated Venture Cflow Private Limited 4. Aanjneya Motor Private Limited 5. R N R Automate Private Limited 6. Radiance Techno Powers Company Private Limited
Membership/Chairmanship of Committees of other Boards	:	None
Resignation during past 3 years from listed companies	:	None

Further, he is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.



Item no. 8 – Re-appointment of Mr. Vijuy Ronjan as a Non-Executive Independent Director of the Company

Name	:	Mr. Vijuy Ronjan		
DIN	:	09345384		
Age	:	63 years		
Qualifications	:	BA(Hons)		
Terms and Conditions of appointment/re-appointment	:	Re-appointment as Independent Director for second term for five consecutive years commencing from October 8, 2024		
Experience (including expertise in specific functional area)/Brief Resume	:	Vijuy Ronjan is an Independent Director of the Company and has been associated with our Company since October 8, 2021. He holds a bachelor’s degree in arts with honours from Patna College, Patna. Prior to joining our Company, he was Chief General Manager at the State Bank of India.		
Date of first appointment on the Board	:	October 8, 2021		
Shareholding in the Company	:	2200 equity shares of Re. 1 each		
Relationship with other Directors/ Key Managerial Personnel	:	No Relationship with other Directors/ Key Managerial Personnel		
Remuneration last drawn	:	Nil (Sitting Fee shall be paid for attending Board and Committee Meetings of the Company)		
Number of meetings of the Board attended during the financial year (2023-24)	:	Six		
Directorships in other listed companies and other Directorship	:	1. Platinum Industries Limited (Listed) 2. Akara Capital Advisors Private Limited (Unlisted) 3. Integro Finserv Private Limited (Unlisted)		
Membership/Chairmanship of Committees of other Boards	:	<b>Name of the Company</b>	<b>Name of the Committee</b>	<b>Designation</b>
		Akara Capital Advisors Private Limited	Audit Committee	Member
			Nomination and Remuneration Committee	Chairman
		Platinum Industries Limited	Audit Committee	Member
			Nomination and Remuneration Committee	Chairman
Resignation during past 3 years from listed companies	:	Nil		

Further, Mr. Vijuy Ronjan is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

Item no. 9 –

Name	:	Mr. Raman Aggarwal		
DIN	:	00116103		
Age	:	59 years		
Qualifications	:	Bachelor of Civil Engineering, Master in Urban Planning & Special Training Programme for the Personnel of Non-Banking Finance Companies		
Terms and Conditions of appointment/ re-appointment	:	Re-appointment as Independent Director for second term for five consecutive years commencing from October 15, 2024		
Experience (including expertise in specific functional area)/Brief Resume	:	He is a Director of Finance Industry Development Council (FIDC)–A Representative body of Assets and Loan Financing Non-Banking Finance Companies. He has experience to work as Consultant to The World Bank, Area Head–NBFCs at Council for International Economic Understanding (CIEU) and Advisor/Consultant to some of the leading NBFCs. He has more than 30 years of working experience in the NBFC sector.  He has been actively representing the NBFC sector, being a member of Advisory Groups to Ministry of Finance & RBI, Core Group setup by Ministry of Corporate Affairs and Special Task Force at FICCI. He was the signatory to the Engagement Letters signed by World Bank Group with FIDC. He is also the Chairman of Working Group on NBFCs at Centre for Economic Policy Research (CEPR). He is currently a member of the Advisory Committee on NBFCs set up by SIDBI.		
Date of first appointment on the Board	:	October 15, 2019		
Shareholding in the Company	:	Nil		
Relationship with other Directors/Key Managerial Personnel	:	No Relationship with other Directors/Key Managerial Personnel		
Remuneration last drawn	:	Nil (Sitting Fee shall be paid for attending Board and Committee Meetings of the Company)		
Number of meetings of the Board attended during the financial year (2023-24)	:	Six		
Directorships in other listed companies and other Directorship	:	1. Emerald Finance Limited (Listed) 2. Finance Industry Development Council 3. Association of Leasing and Financial Services Companies		
Membership/Chairmanship of Committees of other Boards	:	<b>Name of the Company</b>	<b>Name of the Committee</b>	<b>Designation</b>
		Emerald Finance Limited	Audit Committee	Member
			Nomination and Remuneration Committee	Member
			Stakeholders Relationship Committee	Member
Resignation during past 3 years from listed companies	:	Nil		

Further, Mr. Raman Aggarwal is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

B. Details of Auditors seeking appointment/re-appointment as Statutory Auditor at the Annual General Meeting in accordance with Regulation 36 (5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is given herein below:

Name of the Proposed Statutory Auditor	M/s Saket Jain & Co
Proposed fees payable to the statutory auditor(s)	As may be mutually agreed between the Board of Directors and the Auditors from time to time
Terms of Appointment	Three (3) years (From the conclusion of ensuing AGM to AGM to be held in the calendar year 2027)
Material change in the fee payable to such auditor from that paid to the outgoing auditor along with the rationale for such change	The proposed fee will not materially vary from the fee paid to M/s Manish Goyal & Co., outgoing Auditors
Basis of recommendation for appointment including the details in relation to and credentials of the Statutory Auditor(s) proposed to be appointed	<p><b>Basis of Recommendation:</b></p> <p>The Board of Directors of the Company vide its Resolution dated August 9, 2024, based on the recommendations of the Audit Committee, had recommended M/s Saket Jain &amp; Co. Chartered Accountants (ICAI Firm Registration No. 014685N) first preferred firm after carrying out detailed analysis, among other shortlisted firms for appointment as Statutory Auditors of the Company for the period of three years with effect from the conclusion of this AGM until the AGM to be held in the calendar year 2027.</p> <p><b>Credentials:</b></p> <p>M/s Saket Jain &amp; Co., having an experience of more than 25 years. It's service offerings include tax advisory, corporate advisory and outsourcing etc. Further, its clients include corporate and conducted Concurrent, Stock, Revenue and Statutory Audit of various Nationalized Banks. Chartered Accountants M/s Saket Jain &amp; Co., Chartered Accountants have provided their consent under Section 139 of the Act for appointment as Statutory Auditors along with a certificate stating that their appointment will be as per the criteria as specified under Section 141(3) of the Act and in accordance to the RBI Guidelines.</p>

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