RAJU & PRASAD
CHARTERED ACCOUNTANTS

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Independent Auditor's Report

To
The Members of M/s. Criss Financial Limited

Report on the standalone Financial Statements

Opinion

We have audited the accompanying Standalone financial statements of **Criss Financial Limited ("*the Company*")** which comprises the Standalone Balance Sheet as at March 31, 2024, the Statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies 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 accounting principles generally accepted in India, of the state of affairs of the company as at 31st March 2024, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date

Basis for Opinion

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

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these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2024. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.

S No.	Key Audit Matter	Auditors Response
1	Provisioning based on Expected Credit Loss model (ECL) under IND AS 109: Under Ind AS 109, "Financial Instruments", allowance for loan losses are determined using expected credit loss ('ECL') estimation model. The estimation of ECL on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels	Our Audit Procedures • Examined the policy approved by the board for methodology to be adopted for ECL. • Assessed the design, implementation and operating effectiveness of key internal financial controls including monitoring process of overdue loans, measurement of provision, stage-wise classification of loans, identification of NPA accounts, • Assessed the reliability of management information, which included overdue reports,

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	of management judgement are involved and therefore audit focus is more in the Company's estimation of ECL • Probabilities of Default ("PD"), Loss Given Default ("LGD") are the key drivers of estimation of ECL provision and as a result are considered the most significant judgmental aspect of the Company's modelling approach.	• Understood management's approach, interpretation, systems and controls implemented in relation to probability of default and stage-wise bifurcation of product-wise portfolios for timely ascertainment of stress and early warning signals • Tested controls over measurement of provisions. <u>Substantive Verification</u> Verified key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data. Disclosures - Assessed whether the disclosures on key judgements, assumptions and quantitative data with respect to impairment of loans (including restructuring related disclosures) in the Standalone Ind AS Financial Statements are appropriate and sufficient

Responsibility of Management 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 accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate

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internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1) As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government 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.

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

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

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

c. The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

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

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

f. With respect to the 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".

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

   In our opinion and to the best of our information and according to the explanations given to us, the company did not pay any remuneration to the directors and the reporting stipulated in the provision is not applicable.

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

   i) The Company has disclosed the pending litigations in its financial statements – Refer Note 30 to the financial statements.

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

iii) There were no amounts which required to be transferred to the investor education and protection fund by the company.

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

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

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v) During F.Y.2023-24, no dividends were paid and board of directors have not proposed for any dividend for the financial year ended 31st March, 2024. Hence reporting on compliance with Section 123 of the Act is not applicable.

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v) According to the Information and explanation given to us and on our examination, the company has used FIMO, Adrenalin and Synoriq accounting software for maintaining its books of accounts in respect of Financial Year Commencing from 01.04.2023.Based on our examination which included test checks, the company in respect of year commencing from 01.04.2023, has used above mentioned accounting software for maintaining its books of accounts which have a feature of recording audit trail (edit log) facility and the same have been operated throughout the year for all relevant transactions recorded in the software, except for instances mentioned below. Further, during the course of our audit we did not come across any instances of audit trail feature being tampered with, other than the consequential impact of the exceptions given below:

a) The audit trail feature was not enabled at the database level for accounting software FIMO to log any direct data changes, used for maintenance of all relevant accounting records by the company

b) The accounting software Synoriq and Adrenalin used for maintaining books of accounts of company is operated by the third party software service providers. In the absence of the Independent Service Auditor's assurance Report on the description of controls their design and Operating Effectiveness (Service Organisation Control Type 2(SOC 2) / SAE 3402 "Assurance Reports on Controls at a Service Organisation for the period under audit), we are unable to comment whether the audit trail feature of the said software was enabled and operated throughout the year for all relevant transactions recorded in the software.

For Raju & Prasad
Chartered Accountants
FRN: 003475S

HVVNMurthy
H.V.V.Narayana Murthy
Partner
M. No: 246349
UDIN: 24246349BKBZMK5301

RAJU & PRASAD HYDERABAD CHARTERED ACCOUNTANTS

Place: Hyderabad
Date:26-04-2024

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Annexure - A to the Independent Auditors' Report on the Financial Statements of Criss Financial Limited for the year ended 31 March 2024

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of Property, Plant and Equipment.

The company is maintaining proper records showing full particulars of intangible assets.

(b) According to the information and explanation given to us, Property, Plant and Equipment have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) As the company doesn't hold any immovable properties in the name of the company, the reporting requirement under Para 3 (i) (c) of the Companies (Auditors Report) Order, 2020 is not applicable.

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

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

ii. (a) The Company is in the business of providing loans and does not have any physical inventories. Accordingly, the provision of clause 3(ii)(a) of the Order is not applicable to it.

(b) During the year, the company has not availed any working capital limit in excess of 5 crores from Banks on the basis of security of current assets. Accordingly, the provision of clause 3(ii)(b) of the Order is not applicable to it.

iii. (a) Since the Company's principal business is to give loans, the provisions of clause 3(iii)(a) of the Order are not applicable it.

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(b) As per the information and explanations provided and based on our verification, the company has not made any investments, not provided any guarantee or security. With respect to loans granted, the terms and conditions are not prejudicial to the company's interest.

(c) & (d) The company's principal business is to give loans. Accordingly, the company has given loans to its customers (not granted any loans to associates, joint ventures). Schedule of repayment of principal and interest has been stipulated for the loans given by company. There are over dues in certain loan accounts and recovery measures are initiated in its normal course of business.

(e) Since the Company's principal business is to give loans, the provisions of clause 3(iii)(e) of the Order are not applicable to it.

(f) Based on our audit procedures and the information and explanation made available to us, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.

iv. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits from the public during the year in terms of directives issued by the Reserve Bank of India or the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company

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

vii. (a) In our opinion and according to the information and explanations given to us, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance,

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income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues have generally been regularly deposited by the Company with the appropriate authorities in all cases during the year.

According to the information and explanations provided by management and on examination of books of accounts, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, Goods and Services Tax, and other material statutory dues as of 31st March 2024 were in arrears for a period of more than six months from the date, they became payable.

b) According to the information and explanations given to us, following are the disputed dues relating to income tax, wealth tax, cess and sales tax, which have not been deposited as at 31st March, 2024.

Nature of Statue	Nature of Dispute	Amount (Rs. in Cr)	Period to which the amounts relate (A.Y)	Forum where the dispute is pending
Income Tax	Income tax assessment-cum-demand order for AY 2017-18 u/s 69A read with sec-115BBE of the Income Tax Act, 1961.	Rs.1.50	AY 2017-18	CIT (A)
Note: The company received demand for Rs.1.87 Cr. Out of which the company has deposited 20% of the demanded amount (i.e.Rs.0.37 Cr) under protest, which is disclosed as Current Tax Assets in Balance sheet. Hence, only 80% of the demanded amount which has not been deposited as at 31st march, 2024 is shown under disputed due.				

viii. In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, we confirm that we have not come across any transactions not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961

ix. (a) In our opinion, the Company has not defaulted in repayment of loans or other borrowings to financial institutions, banks, government and dues to debenture holders or in the payment of interest there on to any lender. The Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority or any other lender

(c) In our opinion and according to the information and explanations given to us, the Company has utilized the money obtained by way of term loans from bank during the year for the purposes for which they were obtained.

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

(e) and (f) According to the information and explanations given to us, the company does not have any subsidiaries, joint ventures or associate companies and hence reporting under clause 3(ix)(e) and (f) of the Order is not applicable

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

(b) According to the information and explanations given to us, the Company has made a preferential allotment of 40,00,000 Shares at par value of Rs. 10 to its holding Company (Spandana Sphoorthy Financial Limited). The total Value of the Preferential allotment was Rs. 100 Cr with each share priced at Rs. 250. Refer Note 16 of the Financial Statements for more details

xi.(a) In our opinion and according to the information and explanations given to us, no material fraud by the Company or on the Company has been noticed or reported, except for instances of fraud noticed and reported by the management in terms of the regulatory provisions applicable to the Company amounting to Rs.1.31 Crores (net of recovery). Refer Note 42(e) of the Financial Statements for more details.

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(b) In our opinion and according to the information and explanations given to us, no report under subsection (12) of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As per the information and explanations received from the management, there are no whistle blower complaints received during the year and hence reporting under clause 3(xi)(c) of the Order is not applicable to the Company.

xii. (a) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable.

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

(b) We have considered, during the course of our audit, the reports of the Internal Auditor for the period under audit for limited purposes.

xv. According to the information and explanations given to us, in our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company and hence provisions of section 192 of the Act, 2013 are not applicable to the Company

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

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid CoR from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

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(c) The Company is not a Core Investment Company ('CIC') as defined under the Regulations by the Reserve Bank of India.

(d) As per information provided in course of our audit, the group to which the Company belongs, does not have CIC.

xvii. The Company has not incurred cash losses in the financial year and in the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, along with details provided in Note 37.2 to the Financial statements which describe the maturity analysis of assets & liabilities other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. (a) According to the information and explanations given to us and based on our examination of the records of the Company, it is not required to transfer any unspent amount pertaining to the year under report to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub section 5 of section 135 of the said Act.

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(b) According to the information and explanations given to us and based on our examination of the records of the Company, there is no amount remaining unspent under sub section 5 of section 135 of the Act pursuant to any ongoing CSR project, has been transferred to special account in compliance with provision of sub section (6) of section 135 of the said Act.

xxi. The company has not made investments in subsidiary company. Therefore, the company does not require to prepare consolidated financial statement. Therefore, the provisions of Clause (xxi) of paragraph 3 of the order are not applicable to the Company.

For Raju & Prasad
Chartered Accountants
FRN: 003475S

RAJU & PRASAD * HYDERABAD * CHARTERED ACCOUNTANTS

H.V.V.N.Murthy.
H.V.V.Narayana Murthy
Partner
M. No: 246349
UDIN: 24246349BKBZMK5301

Place: Hyderabad
Date:26-04-2024

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Annexure - B to the Auditors' Report on the Financial Statement of Criss Financial Limited for the year ended 31 March 2024.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Criss Financial Limited ("the Company") as of 31 March, 2024 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI').

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate

RAJU & PRASAD HYDERABAD CHARTERED ACCOUNTANTS

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internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls 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.

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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 for the year ended 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.

For Raju & Prasad
Chartered Accountants
FRN: 003475S

RAJU & PRASAD HYDERABAD CHARTERED ACCOUNTANTS

H.V.N.Murthy

H.V.V.Narayana Murthy
Partner
M. No: 246349
UDIN: 24246349BKBZMK5301

Place: Hyderabad
Date:26-04-2024

CRISS FINANCIAL LIMITED
Balance sheet as at March 31, 2024

(₹ in Crs unless otherwise stated)

Particulars	Notes	As at March 31, 2024	As At March 31, 2023
ASSETS			
Financial assets			
Cash and cash equivalents	4	12.48	3.01
Bank balances other than cash and cash equivalents	5	11.39	0.04
Loans	6	744.06	509.12
Other financial assets	7	1.47	1.50
Subtotal - Financial assets		**769.40**	**513.67**
Non-financial assets			
Current Tax Assets (net)	8	1.61	1.43
Deferred tax assets (net)	9	10.54	7.52
Property, plant and equipment	10	2.16	0.25
Other intangible assets	10A	0.65	-
Other non financial assets	11	1.46	0.53
Subtotal - Non-financial assets		**16.42**	**9.73**
Total assets		**785.82**	**523.40**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Debt securities	12	196.55	14.88
Borrowings (other than debt securities)	12	289.50	349.25
Other financial liabilities	13	9.57	3.72
Subtotal - Financial liabilities		**495.62**	**367.85**
Non-financial liabilities			
Provisions	14	0.63	0.07
Other non-financial liabilities	15	1.39	0.78
Subtotal - Non-financial liabilities		**2.02**	**0.85**
Equity			
Equity share capital	16	11.67	7.67
Other equity	17	276.51	147.03
Subtotal - Equity		**288.18**	**154.70**
Total liabilities and equity		**785.82**	**523.40**

Summary of significant accounting policies 3
The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date
For **Raju and Prasad**
Chartered Accountants
ICAI Firm registration number : 003475S

RAJU & PRASAD HYDERABAD CHARTERED ACCOUNTANTS

H.V.V.N.Murthy
H.V.V Narayana Murthy
Partner
Membership No.246349
UDIN: 24246349BKBZMK5301

Place: Hyderabad
Date: April 26, 2024

For and on behalf of the Board of Directors of
Criss Financial Limited

Shalabh Saxena
Non Executive Director
DIN No. 08908237

Damani
Ashish Damani
Whole Time Director
DIN No. 08908129

For CRISS FINANCIAL LIMITED
Company Secretary & CCO
A28355

CRISS FINANCIAL LIMITED HYDERABAD

CRISS FINANCIAL LIMITED
Statement of Profit and Loss for the year ended March 31, 2024

(₹ in Crs unless otherwise stated)

Particulars	Notes	For year ended March 31, 2024	For year ended March 31, 2023
Revenue from operations			
Interest income	18	144.31	100.06
Recovery against loans written-off	19	2.93	0.07
Total revenue from operations		**147.24**	**100.13**
Other income	20	1.83	1.28
Total income		**149.07**	**101.41**
Expenses			
Finance cost	21	52.51	39.03
Net loss on fair value changes		-	0.01
Impairment on financial instruments	22	19.32	44.55
Employee benefit expenses	23	22.29	10.28
Depreciation and amortization expense	24	0.68	0.19
Other expenses	25	9.53	5.91
Total expenses		**104.33**	**99.97**
Profit before tax		**44.74**	**1.44**
Tax expense:			
Current tax	26	14.26	4.53
Prior Period Tax		-	0.11
Deferred tax	26	(3.01)	(4.61)
Income tax expense		**11.25**	**0.03**
Profit for the period		**33.49**	**1.41**
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement gains/(losses) on defined benefit plans		(0.03)	0.04
Income tax effect		0.02	(0.01)
Items that will be reclassified subsequently to profit or loss			
Total comprehensive income for the period		**33.48**	**1.44**
Earnings per equity share	27		
Nominal value per equity share (₹.)		10	10
Basic (₹.)		43.41	1.84
Diluted (₹.)		43.41	1.84
Summary of significant accounting policies	3		

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date
For Raju and Prasad
Chartered Accountants
ICAI Firm registration number : 003475S

HVVNMurthy

H.V.V Narayana Murthy
Partner
Membership No.246349
UDIN: 24246349BKBZMK5301

RAJU & PRASAD HYDERABAD CHARTERED ACCOUNTANTS

Place: Hyderabad
Date: April 26, 2024

For and on behalf of the Board of Directors of
Criss Financial Limited

Shalabh Saxena
Non Executive Director
DIN No. 08908237

Ashish Damani
Whole Time Director
DIN No. 08908129

For CRISS FINANCIAL LIMITED
Company Secretary & CCO
A28355

CRISS FINANCIAL LIMITED HYDERABAD

CRISS FINANCIAL LIMITED

Statement of cashflow statement for the year ended March 31, 2024

(₹ in Crs unless otherwise stated)

Particulars	For year ended March 31, 2024	For year ended March 31, 2023
Cash flow from operating activities		
Profit before tax	44.74	1.44
Adjustments for:		
Depreciation and amortization	0.68	0.19
Interest on income tax	-	-
Provision for gratuity & leave encashment	0.53	(0.00)
Impairment on financial instruments and other provisions	10.88	13.27
Net Loss on fair value changes	-	0.01
Other provisions and write offs	0.39	0.20
Operating profit before working capital changes	**57.22**	**15.11**
Movements in working capital :		
Changes in bank balances other than cash and cash equivalents	(11.35)	-
Changes in loans	(245.82)	(154.61)
Changes in other financial assets	(0.36)	33.65
Changes in other non financial assets	(0.93)	(1.29)
Changes in other financial liabilities	5.85	0.85
Changes in provisions	0.00	0.04
Changes in other non financial liabilities	0.61	0.35
Cash used in operations	**(194.78)**	**(105.90)**
Income taxes paid	(14.43)	(4.64)
Net cash used in operating activities (A)	**(209.21)**	**(110.54)**
Cash flows from investing activities		
Purchase of property, plant and equipment	(2.59)	(0.08)
Purchase of intangible assets	(0.65)	-
Net cash used in investing activities (B)	**(3.24)**	**(0.08)**
Cash flows from financing activities		
Proceeds from issuance of share capital & securities premium	100.00	-
Borrowings (Including Debt Securities) (Gross receipts)	50.00	-
Borrowings (other than debt securities) (Gross receipts)	790.48	474.28
Borrowings (Including Debt Securities) (repaid)	(18.71)	(7.25)
Borrowings (other than debt securities) (repaid)	(699.85)	(356.57)
Net cash from financing activities (C)	**221.92**	**110.46**
Net increased / (decrease) in cash and cash equivalents (A + B + C)	**9.47**	**(0.16)**
Cash and cash equivalents at the beginning of the period	3.01	3.17
Cash and cash equivalents at the end of the period (refer note 4)	**12.48**	**3.01**
Components of cash and cash equivalents at the period / year end		
Cash on hand	0.31	0.09
Balance with banks - on current account	12.17	2.92
Total cash and cash equivalents	**12.48**	**3.01**

Cash flow from operating activities	For year ended March 31, 2024	For year ended March 31, 2023
Interest received	147.81	99.21
Interest paid	(55.68)	(38.30)

Summary of significant accounting policies
The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date
For **Raju and Prasad**
Chartered Accountants
ICAI Firm registration number : 003475S

HVVNMurthy

H.V.V Narayana Murthy
Partner
Membership No.246349
UDIN: 24246349BKBZMK5307
Place: Hyderabad
Date: April 26, 2024

RAJU & PRASAD HYDERABAD CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors of
Criss Financial Limited

Shalabh Saxena
Non Executive Director
DIN No. 08908237

Ashish Damani
Whole Time Director
DIN No. 08908129

For CRISS FINANCIAL LIMITED
Company Secretary & CCO
A28355

CRISS FINANCIAL LIMITED HYDERABAD

CRISS FINANCIAL LIMITED
Notes to the Financial Statements for the year ended March 31, 2024

(₹ in Crs unless otherwise stated)

Statment of Changes in Equity for the period ended on March 31, 2024

A. Equity Share of Rs. 10 each issued, subscribed and fully paid

Paticulars	No. of Shares	Amount
As at April 1, 2022	7,671,268	7.67
Issue of equity share capital during the year ended March 31, 2022	-	-
As at March 31, 2023	7,671,268	7.67
Issue of equity share capital during the year ended March 31, 2023	4,000,000	4.00
As at March 31, 2024	**11,671,268**	**11.67**

B. Other Equity

Particulars	Reserves & Surplus						
	Capital Reserve	Securities Premium	Retained Earnings	General Reserve	Statutory Reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)	Capital Redemption Reserve	Grand Total
Balance as at March 31, 2022	**(0.98)**	**71.24**	**56.87**	**0.05**	**16.73**	**1.68**	**145.59**
Profit for the year ended March 31, 2023			1.41				**1.41**
Remeasureement gain or loss on actuarial valuation			0.03				**0.03**
Total comprehensive income	**-**	**-**	**1.44**	**-**	**-**	**-**	**1.44**
Transfer to Statutory Reserve		-	(0.28)	-	0.28	-	-
Premium on issue of Equity shares	-	-	-	-	-	-	-
Balance as at March 31, 2023	**(0.98)**	**71.24**	**58.03**	**0.05**	**17.01**	**1.68**	**147.03**
Profit for the year ended March 31, 2024	-	-	33.49	-	-	-	33.49
Other comprehensive income net of taxes	-	-	(0.01)	-	-	-	(0.01)
Total comprehensive income	**-**	**-**	**33.48**	**-**	**-**	**-**	33.48
Transfer to Statutory Reserve	-	-	(6.70)	-	6.70	-	-
Premium on issue of Equity shares	-	96.00	-	-	-	-	96.00
Balance as at March 31, 2024	**(0.98)**	**167.24**	**84.81**	**0.05**	**23.71**	**1.68**	**276.51**

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date
For Raju and Prasad
Chartered Accountants
ICAI Firm registration number : 003475S

H.V.V.Murthy.
H.V.V Narayana Murthy
Partner
Membership No.246349
UDIN: 24246349BKBZMK5301
Place: Hyderabad
Date: April 26, 2024

RAJU & PRASAD HYDERABAD CHARTERED ACCOUNTANTS

For CRISS FINANCIAL LIMITED
Company Secretary & CCO
A28355

For and on behalf of the Board of Directors of
Criss Financial Limited

Shalabh Saxena
Non Executive Director
DIN No. 08908237

Damani
Ashish Damani
Whole Time Director
DIN No. 08908129

CRISS FINANCIAL LIMITED HYDERABAD

1. Corporate information

Criss Financial Limited ('CFL' or 'the Company') is a public company limited by shares domiciled in India and incorporated under the provision of the Companies Act, 1956 ('the Act') on 20th August, 1992.The Company is registered as a non-deposit accepting Non-Banking Financial Company ('NBFC-ND') with the Reserve Bank of India ('RBI'). The Company is engaged in the business of finance by providing Individual Loans, Small Business Loans and Loan Against Property Loans. and the The registered office of the Company is located at Criss Financial Limited, Galaxy, Wing B, 16th Floor, Plot No .1, Sy No 83/1, Hyderabad Knowledge City, TSIIC, Raidurg Panmaktha, Hyderabad, Telangana - 500081

2. Basis of preparation

a) Statement of compliance in preparation of financial statements

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

The financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVOCI) instruments and other financial assets held for trading all of which have been measured at fair value. Further the carrying values of recognized assets and liabilities that are hedged items in fair value hedges, and otherwise carried at amortized cost, are adjusted to record changes in fair value attributable to the risks that are being hedged. The functional currency of the Company is the Indian rupee. And these financial statements are presented in Indian rupees and all values are rounded to the nearest Crs, except when otherwise indicated.

In the preparation of the financial statements, Management makes estimates and assumptions considered in that affect reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the year. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods

The regulatory disclosures as required by Master Directions for Non-Banking Financial Company - Systemically Important Non-Deposit taking Company Directions, 2016 issued by the RBI ('RBI Master Directions') to be included as a part of the Notes to Accounts are prepared as per the Ind AS financial statements, pursuant to the RBI notification on Implementation of Indian Accounting Standards, dated March 13, 2020.

b) Presentation of financial statements

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

RAJU & PRASAD ★ HYDERABAD ★ CHARTERED ACCOUNTANTS

CRISS FINANCIAL LIMITED HYDERABAD

a. The normal course of business
b. The event of default
c. The event of insolvency or bankruptcy of the Group and/or its counterparties

3. **Significant accounting policies**

a) **Use of estimates, judgments and assumptions**

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

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

(i) **Defined employee benefit assets and liabilities:**

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

(ii) **Fair value measurement:**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(iii) **Impairment of loan portfolio**

Judgment is required by management in the estimation of the amount and timing of future cash flows when determining an impairment allowance for loans and advances. In estimating these cash flows, the Company makes judgments about the borrower's financial situation. These estimates are based on assumptions about a number of factors such as credit quality, level of arrears

RAJU & PRASAD ★ CHARTERED ACCOUNTANTS ★ HYDERABAD

CRISS FINANCIAL LIMITED HYDERABAD

etc. and actual results may differ, and resulting in future changes to the impairment allowance.

(iv) Provisions other than impairment on loan portfolio

Provisions are held in respect of a range of future obligations such as employee entitlements and litigation provisions. Some of the provisions involve significant judgment about the likely outcome of various events and estimated future cash flows. The measurement of these provisions involves the exercise of management judgments about the ultimate outcomes of the transactions. Payments that are expected to be incurred after more than one year are discounted at a rate which reflects both current interest rates and the risks specific to that provision.

(v) Other estimates:

These include contingent liabilities, useful lives of tangible and intangible assets etc.

b) Recognition of income and expense

The Company earns revenue primarily from giving loans (Individual Loans, Small Business Loans and Loan Against Property Loans). 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. The following specific recognition criteria must also be met before revenue is recognized:

(i) <u>Interest income and Interest expense:</u>

Interest revenue is recognized using the effective interest method (EIR). The effective interest method calculates the amortized cost of a financial instrument and allocates the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the gross carrying amount of the financial asset or liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate to the net amortized cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to arrangers and other expenses such as external legal costs, provided these are incremental costs that are directly related to the issue of a financial liability.

RAJU & PRASAD ★ CHARTERED ACCOUNTANTS ★ HYDERABAD

CRISS FINANCIAL LIMITED ★ HYDERABAD

(ii) **Dividend income:**
Dividend income is recognized when the Company's right to receive the payment is established, which is generally when the shareholders approve the dividend.

(iii) **Input Tax credit (Goods and Service Tax):**
Input Tax Credit is accounted for in the books in the period when the underlying service / supply received is accounted to the extent permitted as per the applicable regulatory laws and when there is no uncertainty in availing / utilising the same. The ineligible input credit is charged off to the respective expense or capitalised as part of asset cost as applicable.

(iv) **Other income and expense**
All Other income and expense are accounted for in the period they relate to, regardless of whether these have already resulted in payments in that particular period

c) Property, plant and equipment(PPE) and intangible asset

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

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

Intangible Asset
Intangible assets represent software expenditure which is stated at cost less accumulated amortization and any accumulated impairment losses.

d) Depreciation and amortization
Depreciation

i. Depreciation on property, plant and equipment provided on a written down value method at the rates arrived based on useful life of the assets, prescribed under Schedule II of the Act, which also represents the estimate of the useful life of the assets by the management.

ii. Property, plant and equipment costing up to Rs.5,000/- individually are fully depreciated in the year of purchase.

RAJU & PRASAD HYDERABAD CHARTERED ACCOUNTANTS

CRISS FINANCIAL LIMITED HYDERABAD

The Company has used the following useful lives to provide depreciation on its Property, plant and equipment:-

Asset Category	Useful Life (in years)
Furniture & Fixtures	10
Computers, Printers and Scanners	3
Office Equipment	5
Software	6

Amortization

Intangible assets are amortized at a rate of 40% per annum on a "Written down Value" method, from the date that they are available for use.

e) Business Combinations

In accordance with Ind AS 103, The Company uses pooling of interest method for business combinations between entities under common control, in accordance with pooling of interest method all assets and liabilities of combining entities are reflected at carrying amounts and no adjustments are made to reflect fair values other than adjustments made to harmonise accounting policies. the difference between carrying value of assets and purchase consideration is recognized directly in equity as capital reserve

f) Impairment

i) Overview of principles for measuring expected credit loss ('ECL') on financial assets.

In accordance with Ind AS 109, the Company is required to measure expected credit losses on its financial instruments designated at amortized cost and fair value through other comprehensive income Accordingly, the Company is required to determine lifetime losses on financial instruments where credit risk has increased significantly since its origination. For other instruments, the Company is required to recognize credit losses over next 12 month period. The Company has an option to determine such losses on individual basis or collectively depending upon the nature of underlying portfolio. The Company has a process to assess credit risk of all exposures at each year end as follows:

Stage I

These represent exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date. The Company has assessed that all standard exposures (i.e. exposures with No overdues) and exposure upto 30 day overdues fall under this category. In accordance with Ind AS 109, the Company measures ECL on such assets over next 12 months.

Stage II

Financial instruments that have had a significant increase in credit risk since initial recognition are classified under this stage. Based on empirical evidence, significant increase in credit risk is witnessed after the overdues on an exposure exceed for a period more than 30 days. Accordingly, the Company classifies all exposures with overdues exceeding 30 days and less than 90 days at each reporting date under this Stage. The Company measures lifetime ECL on stage II loans.

Stage III

All exposures having overdue balances for a period exceeding 90 days are considered to be defaults and are classified under this stage. Accordingly, the Company measures lifetime

RAJU & PRASAD ★ CHARTERED ACCOUNTANTS ★ HYDERABAD

CRISS FINANCIAL LIMITED ★ HYDERABAD

losses on such exposure. Interest revenue on such contracts is calculated by applying the effective interest rate to the amortized cost (net of impairment allowance) instead of the gross carrying amount.

Methodology for calculating ECL

The Company determines ECL based on a probability weighted outcome of factors indicated below to measure the shortfalls in collecting contractual cash flows. The Company does not discount such shortfalls considering relatively shorter tenure of loan contracts.

Key factors applied to determine ECL are outlined as follows:

Probability of default (PD) - The probability of default is an estimate of the likelihood of default over a given time horizon.

Exposure at default (EAD) – It represents an estimate of the exposure of the Company at a future date after considering repayments by the counterparty before the default event occurs.

Loss given default (LGD) – It represents an estimate of the loss expected to be incurred when the event of default occurs.

Forward looking information

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

Write-offs

Loans are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-off's. All such write-off is charged to the Profit and Loss Statement. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

ii) Non-financial assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

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g) Revenue from Contracts with Customers

The Company recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial Instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from Contracts with Customers'. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. Revenue is measured at fair value of the consideration received or receivable.

a. Commission income/Incentive Income is earned by selling of services and products of other entities under distribution arrangements. The income so earned is recognised on successful sales on behalf of other entities subject to there being no significant uncertainty of its recovery.

b. The company recognizes revenue from advertisement activities upon satisfaction of performance obligation by rendering of services underlying the contract with third party customers

h) Operating Lease

Short term leases not covered under Ind AS 116, Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating leases. The Company has ascertained that the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases and therefore, the lease payments are recognized as per terms of the lease agreement in the Statement of Profit and Loss.

i) Retirement and Employee benefits

The Company participates in various employee benefit plans. Post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Company's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognized as expense during the period when the employee provides service. Under a defined benefit plan, it is the Company's obligation to provide agreed benefits to the employees. The related actuarial and investment risks fall on the Company. The present value of the defined benefit obligations is calculated using the projected unit credit method.

The Company operates following employee benefit plans:

(i) Employee Provident Fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as expenditure when an employee renders the related service.

(ii) Gratuity

In accordance with the Payment of Gratuity Act, 1972, the Company provides for a lump sum payment to eligible employees, at retirement or termination of

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employment based on the last drawn salary and years of employment with the Company. The Company's obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation.

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

Re-measurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

(iii) Leaves

As per the service rules of the Company, Company do not provide for the carry forward of the accumulated leave balance to next year and leaves to credit of employees are not en-cashed.

(iv) Employee Stock Option Plan

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments in form of employee stock options, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using the Black Scholes valuation model. That cost is recognized in employee benefits expense, together with a corresponding increase in Stock Option Outstanding reserves in Other equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense. Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. The dilutive effect

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of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

j) Income taxes

Current Taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with The Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

Deferred Taxes

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes are recognized as income tax benefits or expenses in the income statement except for tax related to the FVOCI instruments. The Company also recognizes the tax consequences of payments and issuing costs, related to financial instruments that are classified as equity, directly in equity.

The Company only off-sets its deferred tax assets against liabilities when there is both a legal right to offset and it is the Company's intention to settle on a net basis.

k) Earnings per share (EPS)

The Company reports basic and diluted earnings per share in accordance with Ind AS33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

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For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

l) Provisions

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

When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The increase in the provision due to un-winding of discount over passage of time is recognized within finance costs.

m) Contingent liabilities and assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The Company does not have any contingent assets in the financial statements.

n) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instruments.

Financial Assets - All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in four categories:

- Loan Portfolio at amortized cost
- Loan Portfolio at fair value through other comprehensive income (FVOCI)
- Investment in equity instruments and mutual funds at fair value through profit or loss

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- Other financial assets at amortized cost

Loan Portfolio at amortized cost:
Loan Portfolio is measured at amortized cost where:
- contractual terms that give rise to cash flows on specified dates, that represent **solely payments of principal and interest (SPPI)**on the principal amount outstanding; and
- are held within a **business model** whose objective is achieved by holding to collect contractual cash flows.

Loan Portfolio at FVOCI:
Loan Portfolio is measured at FVOCI where:
- contractual terms that give rise to cash flows on specified dates, that represent **solely payments of principal and interest (SPPI)** on the principal amount outstanding; and
- the financial asset is held within a business model where objective is achieved by both collecting contractual cash flows and selling financial assets.

Business model: The business model reflects how the Company manages the assets in order to generate cash flows. That is, where the Company's objective is solely to collect the contractual cash flows from the assets, the same is measured at amortized cost or where the Company's objective is to collect both the contractual cash flows and cash flows arising from the sale of assets, the same is measured at fair value through other comprehensive income (FVTOCI). If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL.

SPPI: Where the business model is to hold assets to collect contractual cash flows (i.e. measured at amortized cost) or to collect contractual cash flows and sell (i.e. measured at fair value through other comprehensive income), the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. The amortized cost, as mentioned above, is computed using the effective interest rate method.

After initial measurement, these financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the Statement of Profit and Loss.

The measurement of credit impairment is based on the three-stage expected credit loss model described in Note: Impairment of financial assets (refer note 3(e)).

Effective interest method - The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash

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receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. The amortized cost of the financial asset is adjusted if the Company revises its estimates of payments or receipts. The adjusted amortized cost is calculated based on the original or latest re-estimated EIR and the change is recorded as 'Interest and similar income' for financial assets. Income is recognized on an effective interest basis for loan portfolio other than those financial assets classified as at FVTPL

Equity instruments and Mutual Funds
Equity instruments and mutual funds included within the FVTPL category are measured at fair value with all changes recognized in the Profit and Loss Statement.

Financial liabilities:

Initial Measurement
Financial liabilities are classified and measured at amortized cost. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent Measurement
Financial liabilities are subsequently carried at amortized cost using the effective interest method.

De-recognition
The Company derecognizes a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

A financial liability is derecognized from the balance sheet when the Company has discharged its obligation or the contract is cancelled or expires.

o) Fair value measurement
The Company measures financial instruments at fair value at each balance sheet date using various valuation techniques.

Fair value is the price at the measurement date, at which an asset can be sold or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

The Company's accounting policies require, measurement of certain financial / non-financial assets and liabilities at fair values (either on a recurring or non-recurring basis). Also, the fair values of financial instruments measured at amortized cost are required to be disclosed in the said financial statements.

The Company is required to classify the fair valuation method of the financial / non-financial assets and liabilities, either measured or disclosed at fair value in the financial statements,

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using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurement).

Accordingly, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy described as follows:

- *Level 1 financial instruments* - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

- *Level 2 financial instruments* - Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life.

- *Level 3 financial instruments* – include one or more unobservable input where there is little market activity for the asset/liability at the measurement date that is significant to the measurement as a whole.

p) Cash Flow Statement

Cash flows are reported using the indirect method, where by profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments For the purpose of the Statement of Cash Flows, cash and cash equivalents as defined above, net of outstanding bank overdrafts as they are considered an integral part of cash management of the Company

q) Cash and cash equivalents

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

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Particulars	As at March 31, 2024	As at March 31, 2023
4: Cash and cash equivalents		
Cash on hand	0.31	0.09
Balances with banks in current accounts	12.17	2.92
	12.48	**3.01**
5: Bank balances other than cash and cash equivalents		
Deposits held as margin money (refer note below)	11.39	0.04
	11.39	**0.04**

Note: Represent margin money deposits placed to avail PTC transactions / term loans from banks and non banking financial companies

Particulars	As at March 31, 2024	As at March 31, 2023
6: Loans		
Term loans (at amortized cost)		
Loan Portfolio	784.80	538.41
Less: Impairment loss allowance	(40.74)	(29.29)
Total Net	**744.06**	**509.12**
Break-up of loans		
(a) Secured by Tangible assets (Property including land and buildings)	71.13	55.84
(b) Unsecured	713.67	482.57
Total - Gross	**784.80**	**538.41**
Less: Impairment loss allowance	(40.74)	(29.29)
Total - Net	**744.06**	**509.12**
Loans in India		
(a) Public Sector	-	-
(b) others	784.80	538.41
Total - Gross	**784.80**	**538.41**
Less: Impairment loss allowance	(40.74)	(29.29)
Total - Net	**744.06**	**509.12**
Loans outside India	-	-
Total - Gross	-	-
Less: Impairment loss allowance	-	-
Total - Net	-	-

Gross Portfolio Movement for the year ended March 31, 2024

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 01, 2023	505.92	11.68	20.81	538.41
New assets originated	645.67	-	-	645.67
Asset derecognised or repaid (excluding write offs) #	(383.41)	(4.91)	(1.13)	(389.45)
Assets written off during the year ^	-	-	(9.83)	(9.83)
Inter-stage movements				
Stage I	0.68	(0.54)	(0.14)	-
Stage II	(9.89)	9.89	-	-
Stage III	(9.14)	(3.55)	12.69	-
Gross carrying amount as at March 31, 2024	**749.83**	**12.57**	**22.40**	**784.80**

Represents balancing figure

^ Gross carrying amount includes total accrued interest. Accordingly, assets written off during the year includes total accrued interest reversal against loan written off during FY23-24, while this interest reversal is net of impairment allowance in the statement of profit and loss under the head "interest income".

Gross Portfolio Movement for the year ended March 31, 2023

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 01, 2022	324.23	24.54	35.03	383.80
New assets originated	500.98	-	-	500.98
Asset derecognised or repaid (excluding write offs) #	(294.71)	(10.81)	(5.00)	(310.52)
Assets written off during the year ^	-	-	(35.85)	(35.85)
Inter-stage movements				
Stage I	0.31	(0.28)	(0.03)	-
Stage II	(10.33)	10.35	(0.02)	-
Stage III	(14.56)	(12.12)	26.68	-
Gross carrying amount as at March 31, 2023	**505.92**	**11.68**	**20.81**	**538.41**

Represents balancing figure

^ Gross carrying amount includes total accrued interest. Accordingly, assets written off during the year includes total accrued interest reversal against loan written off during FY22-23, while this interest reversal is net of impairment allowance in the statement of profit and loss under the head "interest income".

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ECL movement during the year ended March 31, 2024:-

Particulars	Stage I	Stage II	Stage III	Total
Opening Balance	12.61	3.80	12.88	29.29
Provision made/ (reversed) during the year	6.09	2.08	13.11	21.28
Inter-stage movements				
Stage-I	0.22	(0.18)	(0.04)	-
Stage-II	(0.25)	0.25	-	-
Stage-III	(0.23)	(1.15)	1.38	-
Write off	-	-	(9.83)	(9.83)
Closing Balance	**18.44**	**4.80**	**17.50**	**40.74**

ECL movement during the year ended March 31, 2023:-

Particulars	Stage I	Stage II	Stage III	Total
Opening Balance	0.95	3.23	11.84	16.02
Provision made/ (reversed) during the year	11.68	2.16	35.28	49.12
Inter-stage movements				
Stage-I	0.05	(0.04)	(0.01)	-
Stage-II	(0.03)	0.04	(0.01)	-
Stage-III	(0.04)	(1.59)	1.63	-
Write off	-	-	(35.85)	(35.85)
Closing Balance	**12.61**	**3.80**	**12.88**	**29.29**

7: Other financial assets (at amortised cost)

Unsecured, considered good		
Security deposits	0.41	0.17
Receivable from advertisement income	0.08	-
Receivable from insurance company	0.89	1.31
Other assets	0.09	0.02
	1.47	**1.50**
Unsecured, considered doubtful		
Receivable from insurance company	-	0.23
Provision for doubtful debts - claims	-	(0.23)
	1.47	**1.50**

8: Current tax Assets (net)

Advance income tax (net of provision)	1.61	1.43
	1.61	**1.43**

9: Deferred tax assets (net)

Effects of deferred tax assets/ liabilities :		
Impairment loss allowance and other provisions	10.25	7.37
Property, plant and equipment	0.12	0.07
Provisions allowable on payment basis	0.16	0.02
Others	0.01	0.06
Net deferred tax assets/(liabilities)	**10.54**	**7.52**

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority

9.1: Deferred Tax Assets (net)

Movement in deferred tax balances for the year ended March 31, 2024

Particulars	Net Balance April 1, 2023	(Charge)/Credit in Profit & Loss	Recognised in OCI	Net Balance March 31, 2024
Deferred tax assets/ (liabilities)				
Impairment loss allowance and other provision	7.37	2.88	-	10.25
Property, plant and equipment	0.07	0.05	-	0.12
Provisions allowable on payment basis	0.02	0.14	-	0.16
Others	0.06	(0.07)	0.02	0.01
Net Deferred tax assets / (liabilities)	**7.52**	**3.00**	**0.02**	**10.54**

Movement in deferred tax balances for the year ended March 31, 2023

Particulars	Net Balance April 1, 2022	(Charge)/Credit in Profit & Loss	Recognised in OCI	Net Balance March 31, 2023
Deferred tax assets/ (liabilities)				
Impairment loss allowance and other provision	4.03	3.34	-	7.37
Property, plant and equipment	0.11	(0.04)	-	0.07
Provisions allowable on payment basis	0.07	(0.05)	-	0.02
Others	(1.29)	1.36	(0.01)	0.06
Net Deferred tax assets / (liabilities)	**2.92**	**4.61**	**(0.01)**	**7.52**

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(₹ in Crs unless otherwise stated)

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

10: Property, plant and equipment

Particulars	Furniture & Fixtures	Office Equipment	Computers	Right of use asset	Total
Gross block					
At April 01, 2022	**0.38**	**0.35**	**0.35**	**0.24**	**1.32**
Addition	0.04	0.08	0.02	-	0.14
Disposals	0.03	0.04	0.02	0.24	0.33
At March 31, 2023	**0.39**	**0.39**	**0.35**	**0.00**	**1.13**
Addition	0.65	0.15	1.25	0.52	2.57
Disposals	-	-	-	-	-
At March 31, 2024	**1.04**	**0.54**	**1.60**	**0.52**	**3.70**
Accumulated depreciation					
At April 01, 2022	**0.33**	**0.15**	**0.31**	**0.17**	**0.96**
Charge for the year	0.05	0.10	0.04	-	0.19
Disposals	0.07	0.01	0.02	0.17	0.27
At March 31, 2023	**0.31**	**0.24**	**0.33**	**-**	**0.88**
Charge for the year	0.24	0.10	0.23	0.09	0.66
Disposals	-	-	-	-	-
At March 31, 2024	**0.55**	**0.34**	**0.56**	**0.09**	**1.54**
Net Carrying Amount :					
At March 31, 2023	**0.08**	**0.15**	**0.02**	**0.00**	**0.25**
At March 31, 2024	**0.49**	**0.20**	**1.04**	**0.43**	**2.16**

10A: Other intangible assets

Particulars	Computer Software	Total
Gross block (at cost)		
At April 01, 2022	**0.15**	**0.15**
Addition	-	-
Disposals	-	-
At March 31, 2023	**0.15**	**0.15**
Addition	0.67	0.67
Disposals		
At March 31, 2024	**0.82**	**0.82**
Accumulated amortization		
At April 01, 2022	**0.15**	**0.15**
Charge for the year		-
Disposals		
At March 31, 2023	**0.15**	**0.15**
Charge for the year	0.02	0.02
Disposals	-	-
At March 31, 2024	**0.17**	**0.17**
Net Carrying Amount		
At March 31, 2023	-	-
At March 31, 2024	**0.65**	**0.65**

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11: Other non financial assets		
Unsecured, considered good		
Prepaid Expenses	0.57	0.03
Other receivables	0.89	0.50
	1.46	**0.53**
12: A. Debt securities (at amortised Cost)		
(a) Debentures (Secured)		
1200 (March 31, 2020: Nil), 12.75% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures of face value of INR 0.1 million each redeemable at par at the end of Twenty Five months from the date of allotment i.e. June 15, 2021.	-	14.88
5000 (September 26, 2023: Nil), 12.97% Secured rated unlisted Non-convertible Debentures of face value of INR 0.1 million each redeemable at par at the end of Thirty Six months from the date of allotment i.e. September 26, 2023.	50.02	-
(b) Borrowing under securitisation arrangement (Secured)		
From from banks	-	-
From non-banking financial companies	146.53	-
	196.55	**14.88**
Nature of Security		
The above debt securities are secured by the way of first and exclusive charge over eligible specified book debts and margin money deposits		
Out of the above debt securities		
Debt securities in India	196.55	14.88
Debt securities outside India	-	-
Total	**196.55**	**14.88**
12: B. Borrowings (at amortised Cost)		
Borrowings (other than debt securities)		
Secured		
Term loan from banks	44.38	1.45
Term loan from non-banking financial companies	171.52	123.74
Unsecured		
Loans from related parties(unsecured)	73.60	224.06
Total Borrowings (other than debt securities)	**289.50**	**349.25**
Above amount includes		
Secured borrowings	215.90	125.19
Unsecured borrowings	73.60	224.06
Net amount	**289.50**	**349.25**
Borrowings in India	289.50	349.25
Borrowings outside India		-
Total	**289.50**	**349.25**

Nature of security

Borrowings (other than debt securities) are secured by the way of hypothecation of book debts.
The Unsecured borrowings are in the nature of Inter Corporate Debt from Holding Company
Refer Note 12A for terms of prinicipal repayment and the applicable interest rate on the borrowings (other than debt securities).

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(₹ in Crs unless otherwise stated)

12A: Terms of principal repayment of borrowings and applicable interest rate on borrowings (other than Debentures, secured) as at March 31, 2024

Original maturity of loan	Effective interest rate	Due within 1 year		Due between 1 to 2 Years		Due between 2 to 3 Years		Total
		No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	
Monthly								
0-3 years	12%-12.99%							
	13.5%-14%	80	76.80	39	21.38	-	-	98.18
	14%-15.45%	207	175.47	60	49.25	-	-	224.72
Quarterly								
0-3 years	13.42%	3	15.00	5	20.00	1	5.00	40.00
Total		**290**	**267.27**	**104**	**90.63**	**1**	**5.00**	**362.90**
Impact of EIR								(1.94)
Interest accured on borrowings								1.47
Total								**362.43**

Note : Intercorporate debts is not considered in borrowings

12A: Terms of principal repayment of borrowings and applicable interest rate on borrowings (other than Debentures, secured) as at March 31, 2023

Original maturity of loan	Effective interest rate	Due within 1 year		Due between 1 to 2 Years		Due between 2 to 3 Years		Total
		No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	
Monthly								
0-3 years	12%-12.99%	3	1.64	-	-	-	-	1.64
	13%-14%	68	49.10	48	52.76	5	5.16	107.02
	15.25%	3	1.43	-	-	-	-	1.43
Quarterly								
0-3 years	12%-12.99%					-	-	-
Halfyearly								
0-3 years	12%-12.99%					-	-	-
	13%-14%	4	15.11	-	-	-	-	15.11
	15%							-
Total		**78**	**67.28**	**48**	**52.76**	**5**	**5.16**	**125.20**
Impact of EIR								(0.73)
Interest accured on borrowings								0.72
Total								**125.19**

Note : Intercorporate debts is not considered in borrowings

12B: Terms of principal repayment of long term borrowings as at March 31, 2024

1. Secured term loans from banks and financial institution are secured by way of hypothecation of Book debts & Corporate Guarantee from Holding Company Spandana Spoorthy Financial Limited

2. The Company has been regular in meeting all its obligations to lenders during FY23-24.
3. The Company has utilised the borrowings for the purpose for which it was obtained

12C. Changes in liabilities arising from financing activities

Particulars	As at March 31, 2023	Cash flows	Others	As at March 31, 2024
Debt securities	14.88	241.47	(59.80)	196.55
Borrowings (other than debt securities)	125.19	182.00	(91.29)	215.90
	140.07	**423.47**	**(151.09)**	**412.45**

Particulars	As at March 31, 2022	Cash flows	Others	As at March 31, 2023
Debt securities	19.80	-	(4.92)	14.88
Borrowings (other than debt securities)	120.85	106.00	(101.66)	125.19
	140.65	**106.00**	**(106.58)**	**140.07**

Note : Intercorporate debts is not considered in borrowings

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13: Other financial liabilities		
Employee Related Payables	1.78	0.66
Expenses payable	0.36	0.20
Lease liability	0.46	-
Other Payables	6.97	2.86
	9.57	**3.72**
14: Provisions		
Gratuity (Refer note no 34)	0.25	0.07
Leave Encashment	0.38	-
	0.63	**0.07**
15. Other non financial liabilities		
Statutory dues payable	1.39	0.78
	1.39	**0.78**
16: Equity Share capital		
Authorized		
2,50,00,000 (March 31,2023: 1,00,00,000,) equity shares of Rs.10 each	25.00	10.00
	25.00	**10.00**
Issued, subscribed and paid-up		
1,16,71,268 (March 31,2023: 76,71,268) equity shares of Rs.10 each fully paid up	11.67	7.67
Total	**11.67**	**7.67**

(a) Terms / rights attached to equity shares

The Company has only one class of equity shares of par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. Any dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Company declares and pays dividends in Indian rupees.During the current financial year no dividend has been proposed by the company.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(b) Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the year:

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of shares	Amount	No. of shares	Amount
Outstanding at the beginning of the year	7,671,268	7.67	7,671,268	7.67
Issued during the year - Preferential Allotment	4,000,000	4.00	-	-
Outstanding at the end of the period	**11,671,268**	**11.67**	**7,671,268**	**7.67**

Note:

During the year, the Company has allotted 40,00,000 equity shares of ₹ 10 each at issue price of ₹ 250 per share including premium of ₹ 240 per share to Spandana Sphoorty Financial Limited on preferential basis, pursuant to the provisions of Sections 23, 42, 62 and 179 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014 and the other rules framed thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force)

(c) Details of shareholders holding more than 5% in the Company:

As per the records of the Company, including register of shareholders/members and other declaration received from shareholders regarding beneficial interest, the shareholding given below represents both legal and beneficial ownership of shares.

Name of the shareholder	As at March 31, 2024		As at March 31, 2023	
	Number of shares	% of holding	Number of shares	% of holding
Equity shares				
Spandana Sphoorty Financial Limited	11,659,389	99.90%	7,659,389	99.85%

(d) Shareholding of Promoters as defined in the Companies Act, 2013 as below:
(i) As at March 31, 2024

Shares held by promoters at the end of the year			% Change during the year
Promoter Name	**No. of Shares**	**% of total shares**	
SPANDANA SPHOORTHY FINANCIAL LTD	11,659,389	99.90%	0.05%
FEROZ KHAN ABDUL	1	0.000009%	-0.000004%
PADMAJA GANGIREDDY	1	0.000009%	-0.000004%
VIJAYA SIVARAMI REDDY VENDIDANDI	1	0.000009%	-0.000004%
REVAN SAAHITH REDDY VENDIDANDI	1	0.000009%	-0.000004%
RAJU DANTTU	1	0.000009%	-0.000004%
CH VENKATA NAGESWARA RAO	1	0.000009%	-0.000004%
Total	**11,659,395**	**99.90%**	**0.05%**

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(ii) As at March 31, 2023

Shares held by promoters at the end of the year			% Change during the year
Promoter Name	**No. of Shares**	**% of total shares**	
SPANDANA SPHOORTHY FINANCIAL LTD	7,659,389	99.85%	1.40%
FEROZ KHAN ABDUL	1	0.000013%	0
PADMAJA GANGIREDDY	1	0.000013%	0
VIJAYA SIVARAMI REDDY VENDIDANDI	1	0.000013%	0
REVAN SAAHITH REDDY VENDIDANDI	1	0.000013%	0
RAJU DANTTU	1	0.000013%	0
CH VENKATA NAGESWARA RAO	1	0.000013%	0
Total	**7,659,395**	**99.85%**	**1.40%**

17: Other Equity

Securities premium	167.24	71.24
General reserve	0.05	0.05
Capital redemption reserve	1.68	1.68
Statutory reserve	23.71	17.01
Capital reserve	(0.98)	(0.98)
Retained earnings	84.81	58.03
Total other equity	**276.51**	**147.03**

For detailed movement of reserves refer statement of changes in equity for the year ended March 31, 2024.

Nature and purpose of other equity

Securities premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

General reserve

Amount set aside from retained profits as a general reserve to be utilised in accordance with provisions of the Companies Act, 2013.

Capital redemption reserve

In accordance with section 55 of the Companies Act, 2013, the Company had transferred an amount equivalent of the nominal value of OCCRPS redeemed during previous years, to the Capital Redemption Reserve. The reserve can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934

Statutory reserve represents the accumulation of amount transferred from surplus year on year based on the fixed percentage of profit for the year, as per section 45-IC of Reserve Bank of India Act 1934.

Capital Reserve

In accordance with agreement of business transfer, company had acquired LAP business from its parent company on March 31, 2021 for a consideration of ₹ 90.22 Crs which was higher than LAP business by ₹ 0.98 Crs which was treated as capital reserve as per IndAs-103

Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to statutory reserve, general reserve or any other such other appropriations to specific reserves.

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(₹ in Crs unless otherwise stated)

	For year ended March 31, 2024	For year ended March 31, 2023
18: Interest Income		
Measured at amortized cost		
Interest on portfolio loans	144.06	100.03
Interest on margin money deposits*	0.25	0.03
	144.31	**100.06**
*Represent Interest on deposits with banks and financial institutions		
19: Others		
Recovery against loans written off	2.93	0.07
	2.93	**0.07**
20: Other income		
Advertisement Income	0.62	1.17
Miscellaneous income	1.21	0.11
	1.83	**1.28**
21: Finance costs		
On financial liabilities measured at amortised cost		
Interest on debt securities	9.38	2.32
Interest on borrowings (other than debt securities)	43.07	36.71
Interest on lease liabilities	0.05	-
Other finance cost	0.01	-
	52.51	**39.03**
Net loss on fair value changes		
Financial assets designated at fair value through Profit and loss	-	0.01
	-	**0.01**
22: Impairment on financial instruments		
Measured at amortised cost		
Impairment allowance on Loans	10.88	13.27
Loans written-off	8.44	31.28
	19.32	**44.55**
23: Employee benefits expenses		
Salaries, wages and bonus	20.08	9.55
Contribution to provident fund and Other Funds	1.50	0.54
Gratuity expense (Refer note 34)	0.15	0.04
Leave benefits	0.39	0.13
Staff welfare expenses	0.17	0.02
	22.29	**10.28**
24: Depreciation and amortization expenses		
On property, plant and equipment	0.57	0.19
On right of use assets	0.09	-
On Intangible Assets	0.02	-
	0.68	**0.19**
25: Other expenses		
Rent	1.66	1.10
Rates and taxes	0.24	0.03
Bank charges	0.30	0.26
Office maintenance	0.51	0.33
Computers and network maintenance	0.41	0.26
Electricity charges	0.13	0.08
Travelling expenses	2.14	1.53
Communication expenses	0.03	0.01
Printing and stationery	0.28	0.15
Legal and professional charges	1.85	0.68
Auditors remuneration (Refer note 25.1 below)	0.09	0.09
Other provisions and write off	1.74	0.51
CSR Expenditure (Refer note 25.2 below)	-	0.50
Miscellaneous expenses	0.15	0.38
	9.53	**5.91**

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25.1 Details of payment to auditors		
Audit fee	0.08	0.08
Tax Audit Fee	0.01	0.01
Out of pocket expenses	0.00	0.00
	0.09	**0.09**
25.2 Details of CSR expenditure:		
Gross amount required to be spent during the year	-	0.50
Amount approved by the Board to be spent during the year	0.38	0.50
Amount spent during the year		
(i) Construction/ acquisition of asset	-	-
(ii) On purposes other than (i) above	0.38	0.50
Shortfall at the end of the year / (Excess spent at the end of the year)*	(0.38)	-
Total of previous years shortfall	-	0.57

*The Company has spent ₹ 0.38 Crs amount in excess of requirement provided under sub-section (5) of section 135 and such excess amount is recognized as an asset to set off against the CSR obligation of the succeeding financial year.

Nature of CSR activities	**1. Skill development and Livelihoods 2. Health**	
Provision made / (Advance made) during the year	(0.38)	-
Disclosure under section 135 (5) of the Companies Act, 2013		
Particulars		
Unspent balances as at the beginning of the year	-	0.57
Amount deposited in Specified Fund of Sch. VII within 6 months	-	
Amount required to be spent during the year	-	0.50
Amount spent during the year	0.38	1.08
Unspent balances / (Excess spent) as at the closing of the year	(0.38)	-
26: Tax Expense		
Current tax	14.26	4.53
Adjustment in respect of current income tax of prior years	-	0.11
Deffered Tax	(3.01)	(4.61)
Total tax charge	**11.25**	**0.03**
Reconciliation of tax expense and the accounting profit/(loss) multiplied by India's tax rate		
Accounting profit before Tax	44.74	1.44
Expected tax expense at the Indian tax rate 25.168% (March 31, 2023: 25.168%)	11.26	0.36
Tax effect of amounts which are not deductible/taxable in calculating taxable income:	-	0.13
Effect of expenses not deductible under the IT Act, 1961	(0.01)	(0.46)
Income tax expense reported in the statement of profit and loss	**11.25**	**0.03**
Income tax recognised in other comprehensive income		
Deferred tax arising on income and expenses recognised in other comprehensive income	0.02	(0.01)
Total	**11.27**	**0.02**
27: Earning per Share		
Net profit after tax as per statement of profit and loss	33.49	1.41
Net profit as above for calculation of basic EPS and diluted EPS	33.49	1.41
Weighted average number of equity shares for basic and diluted EPS	7,714,984	7,671,268
Basic earnings per share (In rupees)	43.41	1.84
Diluted earnings per share (In rupees)	43.41	1.84

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28: Segment Reporting

The Company operates in a single business segment i.e. financing, as the nature of the loans are exposed to similar risk and return profiles hence they are collectively operating under a single segment as per Ind AS 108 on 'Operating Segments'. The Company operates in a single geographical segment i.e. domestic, and hence there is no external revenue or assets which require disclosure. No revenue from transactions with a single external customer aggregates to 10% or more of the Company's total revenue during the year ended March 31, 2024 or March 31, 2023.

29: Related parties under Ind AS 24 with whom transactions have taken place during the period.

I. Holding Company

Spandana Sphoorty Financial Limited (w.e.f December 27 , 2018)

II. Other related party in accordance with Ind AS 24 with whom transactions have taken place

a) Spandana Mutual Benefit Trust #
b) Mrs. Padmaja Gangireddy - Director #
c) Mr. Vendidandi Vijaya Sivarami Reddy - Relative of Director #
d) Caspian Financial Services Limited^

Transactions takes placed in previous year i.e FY 2022-23 and there were no transacions in FY 2023-24
^ Common key managerial personnel

III. Key Management Personnel

a) Ashish Damani - Whole Time Director
b) Dinesh Mourya - Company Sectretary & Chief Compliance Officer

A. Transactions with related parties	For the ended	
	31 March 2024	31 March 2023
Spandana Sphoorty Financial Limited		
Interest expense	23.11	26.21
Rental income	0.26	0.03
Rental expense	0.11	0.08
Inter-corporate advances granted (gross)	417.01	368.28
Inter-corporate advances repaid	566.80	258.74
Expense reimbursement claimed from the Company	0.31	3.07
Expense reimbursement claimed by the Company	3.15	6.04
Consideration by way of CG provided by Holding Co.	0.30	-
Investment in Equity by Holding Company	100.00	-
Mr.Vendidandi Vijaya Sivarami Reddy		
Rent paid	-	0.02
Spandana Mutual Benefit Trust		
Receipt against Gold branches collection	-	41.42
Related to sale of Fixed Assets towards Gold branches	-	-
Related to redemtion of rental deposits towards gold branches	-	0.01
Caspian Financial Services Limited		
Disbursement Proceeds transferred	0.03	1.07
Commission Expenses	0.01	0.33

B. Balance receivable / (payable)	For the year ended	
	31 March 2024	31 March 2023
Loans		
Spandana Sphoorty Financial Limited	(73.60)	(224.06)
Other financial liabilities		
Spandana Sphoorty Financial Limited	-	(0.26)
Mr.Vendidandi Vijaya Sivarami Reddy	-	-
Caspian Financial Services Limited	-	(0.45)
Other financial assets		
Spandana Sphoorty Financial Limited	-	0.03
Spandana Mutual Benefit Trust	-	-

Notes

a All above transactions are in the ordinary course of business and on arms length basis. All outstanding balances are to be settled in cash and are unsecured.

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30: Claims against the Company not acknowledged as debt

Particulars	31-Mar-24	31-Mar-23
Income tax	1.87	1.87
Goods and service tax	2.03	-
Total	**3.90**	**1.87**

Income Tax: The Company received an income tax assessment-cum-demand order for FY 2016-17, inter alia, raising a demand of Rs. 1.87 Crs (including interest) under section 69A read with section 115BBE of the Income Tax Act, 1961. The Company has filed an appeal against this order before the Commissioner of Income Tax (Appeals) that will be heard in due course. However, based on the expert opinions obtained, the Company confident that the matter will be decided in its favour. Accordingly, the aforesaid amount has been considered as a contingent liability as at March 31, 2024. The Company has deposited Rs. 0.37 Crs against such demand in the process of filling the aforesaid appeal.

Goods and service Tax: Additional Director, DGGI, Mumbai, has issued penalty SCN and alleged that Company has by willful acts of omission and commission have passed ineligible ITC under cover of invoices without underlying supply of goods or services have rendered themselves liable for penal action under the provision of Section 122 (I)(ii) of CGST Act, 2017 during the FY Nov 2017 to Oct 2020. Company has filed response to SCN on 06th Feb 2024. However, given the facts of these cases and general opinion, the penalty indicated in the SCN Rs.2.03 Crs is considered as a Contingent Liability as at March 31, 2024.

31: Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

This note describes the fair value measurement .

Valuation framework

The Company will assess the fair values for assets qualifying for fair valuation.

The Company's valuation framework includes:

1. Benchmarking prices against observable market prices or other independent sources;
2. Development and validation of fair valuation models using model logic, inputs, outputs and adjustments.

These valuation models are subject to a process of due diligence and validation before they become operational and are continuously calibrated. These models are subject to approvals by various functions.

The management assessed that carrying value of financial asset except loan portfolio and financial liabilities except borrowings (other than debt securities) approximate their fair value largely due to short term maturities of these instruments.

32: Fair Value Hierachy of assets and liabilities

Fair value measurement

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 - Hierarchy includes financial instruments of which prices is available in active markets for identical assets or liabilities.

Level 2 - The fair value of financial instruments that are not traded in an active market are determined using valuation techniques which maximise the use of observable market data (either directly as prices or indirectly derived from prices) and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 - If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

I. The following table shows an analysis of financial instruments not recorded at fair value by level of the fair value hierarchy

	Fair value measurement using		
	Level -1	Level -2	Level -3
Assets measured at fair value as at March 31, 2024			
Loans (measured at Amortized Cost)		788.83	
	-	**788.83**	-
Assets measured at fair value as at March 31, 2023			
Loans (measured at Amortized Cost)	-	538.74	-
	-	**538.74**	-

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II. The following table shows an analysis of financial liabilities that are not carried at fair value

	Amortized cost	Fair value measurement using		
		Level -1	Level -2	Level -3
Liabilities measured at fair value as at March 31, 2024				
Debt securities	196.55		196.55	
Borrowings (other than debt securities)	289.50		233.84	
Lease Liabilities	0.46		0.46	
	486.51	-	**430.85**	-
Liabilities measured at fair value as at March 31, 2023				
Debt securities	14.88		14.88	-
Borrowings (other than debt securities)	349.25	-	351.38	-
Lease Liabilities	-		-	
	364.13	-	**366.26**	-

Valuation technique used

For Loan Portfolio

The scheduled future cash flows (including principal and interest) are discounted using the lending rate prevailing as at the Balance sheet date. The discounting factor is applied assuming the cashflows will be evenly received in a month. Further the overdue cashflows upto 90 Days (upto stage 2) are discounted assuming they will be received in the third month. Fairvalue of cashflows for stage 3 loans are assumed as carrying value less provision for expected credit loss.

For Borrowing

The fair value of fixed rate borrowings in determined by discounting expected future contractual cash flows using current market interest rate being charged for new borrowings.

The fair value of floating rate borrowing is deemed to equal its carrying value.

Note: There have been no transfer between Level 1, 2 and 3 during the year ended March 31, 2024 and March 31, 2023.

33: Capital Management

The Company's objective for capital management is to maximize shareholders' value, safeguard business continuity, meet the regulatory requirement and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through borrowings, retained earnings and operating cash flows generated.

As an NBFC, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. The capital management process of the company ensures to maintain a healthy CRAR at all the times.

The company has a board approved policy on resource planning which states that the resource planning of the company shall be based on its Asset Liability Management (ALM) requirement. The policy of the company on resource planning will also cover the objectives of the regulatory requirement. The policy prescribes the sources of funds, threshold for mix from various sources, tenure, manner of raising the funds etc.

Regulatory Capital

Particulars	March 31, 2024	March 31, 2023
Teir I Capital	244.43	147.18
Teir II Capital	-	6.56
Total Capital	244.43	153.74
Risk weighted assets	737.30	524.94
Teir I CRAR	33.15%	28.04%
Teir II CRAR	0.00%	1.25%
Total CRAR	33.15%	29.29%

34: Employee Benifit Plans

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity, on cessation of employment and it is computed at 15 days salary (last drawn salary) for each completed year of service subject to limit of Rs. 0.20 Crs as per The Payment of Gratuity Act, 1972.

The following tables summarized the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the Balance Sheet for the gratuity plan.

Movement in defined benefit obligations

Particulars	31-Mar-24	31-Mar-23
Defined benefit obligation as at the beginning of the year	0.07	0.07
Current service cost	0.15	0.04
Interest on defined benefit obligation	-	-
Remeasurements- Actuarial (gain)/ Loss on total liabiities	0.03	(0.04)
Benefits paid	-	-
Defined benefit obligation as at the end of the year	**0.25**	**0.07**

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Movement in plan assets

Particulars	31-Mar-24	31-Mar-23
Fair value of plan assets as at the beginning of the year	-	-
Acturial gains	-	-
Actual Return on plan assets	-	-
Employer Contributions	-	-
Benefits Paid	-	-
Closing fair value of Plan Assets	**-**	**-**

Reconciliation of net liability/ asset

Particulars	31-Mar-24	31-Mar-23
Net defined benefit liability/ (asset) as at the beginning of the year	0.07	0.07
Expense charged to statement of profit & loss	0.15	0.04
Amount recognised in other comprehensive income	0.03	(0.04)
Employer contributions	-	-
Net defined benefit liability/ (asset) as at the end of the year	**0.25**	**0.07**

Balance Sheet

Amount recognised in balance sheet

Particulars	31-Mar-24	31-Mar-23
Present value of obligations	0.25	0.07
Fair value on plan assets	-	-
Net defined benefit liability recognised in balance sheet	**0.25**	**0.07**

Expenses charged to the statement of profit and loss

Particulars	31-Mar-24	31-Mar-23
Current service cost	0.15	0.04
Interest Cost	-	-
Total	**0.15**	**0.04**

Remeasurement gains/(losses) in the other comprehensive income

Particulars	31-Mar-24	31-Mar-23
Actuarial Gain / (Loss) on Liabilities		
-due to change in financial assumptions	(0.06)	-
-due to change in demographic assumptions	-	(0.01)
-due to experience variance	0.03	0.05
Amount recognised under Other Comprehensive Income	**(0.03)**	**0.04**

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Category of Assets	31-Mar-24	31-Mar-23
Fund managed by Insurer	0%	0%
Total	**0%**	**0%**

Summary of Actuarial Assumptions

Particulars	31-Mar-24	31-Mar-23
Discount rate	7.18%	7.47%
Expected return on plan assets	NA	NA
Rate of Increase in compensation levels	12.50%	5.00%
Retirement age (years)	58	58

A quantitative sensitivity analysis for significant assumptions as at the balance sheet date are as shown below:

Particulars	31-Mar-24	31-Mar-23
Discount rate (+0.5%)	(0.01)	-
Discount rate (-0.5%)	0.01	-
Salary Inflation (+1%)	0.02	0.01
Salary Inflation (-1%)	(0.02)	-
Withdrawal Rate (+5%)	(0.03)	(0.01)
Withdrawal Rate (-5%)	0.04	-

Projected plan cash flow

The weighted average duration of the defined benefit obligation of Company is ~ 5 years

Particulars	31-Mar-24	31-Mar-23
1Year	0.01	-
2Year	0.01	-
3Year	0.01	-
4Year	0.02	0.01
5 Year	0.03	0.01
After year 5	0.43	0.10

Discount rate: The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Salary escalation rate: The estimates of future salary increases considered taking into account the inflation, seniority, promotion and other relevant factors.

The Code on Social Security, 2020

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

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35: Leases

Company as a lessee

The Company's significant leasing arrangements are in respect of operating leases of office premises (Head office and branch offices). The branch office premises are generally rented on cancellable term of eleven months with or without escalation clause, however none of the branch lease agreements carries non-cancellable lease periods. The Company hub office premises have been obtained on a lease term of five years with an annual escalation clause of five percent. The Company has applied short term lease exemption for leasing arrangements where the period of lease is less than 12 months.

Amounts recognised in statement of profit or loss:

Particulars	March 31, 2024	March 31, 2023
Depreciation expense of right-of-use assets	0.09	-
Interest expense on lease liabilities	0.05	-
Expense relating to short-term leases	1.66	1.10
Total amount recognised in profit or loss	**1.80**	**1.10**

Particulars	March 31, 2024	March 31, 2023
Total commitments for short term leases	1.21	0.37

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

Particulars	March 31, 2024	March 31, 2023
Balances as at the beginning of the year	-	0.07
Addition	0.52	-
Deletion	-	(0.07)
Depreciation	(0.09)	-
Balances as at the end of the year	0.43	-

Set out below are the carrying amounts of lease liabilities recognised and the movements during the year:

Particulars	March 31, 2024	March 31, 2023
Balances as at the beginning of the year	-	0.15
Addition	0.51	-
Accretion of interest	0.05	-
Deletion	-	(0.15)
Payments	(0.11)	
Balances as at the end of the year	0.45	-

The details of the contractual maturities of lease liabilities on an undiscounted basis is as follows:

Particulars	March 31, 2024	March 31, 2023
Less than one year	0.07	-
One to five years	0.39	-
More than five years	-	-
Total	**0.46**	**-**

36: Amount payable to micro small and medium enterprises

Based on information available with the Company, as at the reporting period, there are no dues payable to suppliers who are registered as micro and small enterprises under the provisions of the Micro, Small and Medium Enterprises Development Act, 2006.

37: Risk Management and financial objectives

Risk is an integral part of the Company's business and sound risk management is critical to the success. As a financial intermediary, the Company is exposed to risks that are particular to its lending and the environment within which it operates and primarily includes credit, liquidity and market risks. The Company has a risk management policy which covers risks associated with the financial assets and liabilities. The risk management policy is approved by the Board of Directors.

The Company has identified and implemented comprehensive policies and procedures to assess, monitor and manage risk throughout the Company. The risk management process is continuously reviewed, improved and adapted in the context of changing risk scenario and the agility of the risk management process is monitored and reviewed for its appropriateness in the changing risk landscape. The process of continuous evaluation of risks includes taking stock of the risk landscape on an event-driven basis.

The Company has an elaborate process for risk management. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

37.1 Credit Risk :

Credit risk is the risk that the counterparty shall not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of the creditworthiness as well as concentration of risks. Credit risk arises primarily from financial assets such as loan receivables, balances with banks and other receivables.

Financial instruments that are subject to concentration of credit risk principally consist of cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk.

Financial assets that are neither past due nor impaired.

Loans

Credit risk is the risk of loss that may occur from defaults by our Borrowers under our loan agreements. In order to address credit risk, we have stringent credit assessment policies for client selection. Measures such as verifying client details, online documentation and the usage of credit bureau data to get information on past credit behaviour also supplement the efforts for containing credit risk. We also follow a systematic methodology in the opening of new branches, which takes into account factors such as the demand for credit in the area; income and market potential; and socio-economic and law and order risks in the proposed area. Further, our client due diligence procedures encompass various layers of checks, designed to assess the quality of the proposed Individual borrower and to confirm that they meet our criteria.

The Company is a rural focused NBFC-ICC with a geographically diversified presence in India and offer income generation loans, predominantly to women from low-income households in Rural Areas. Further, as we focus on providing Individual, Loan against property-loans & Business Loans (Nano) in Rural Areas, our results of operations are affected by the performance and the future growth potential of microfinance in rural India. Our clients typically have limited sources of income, savings and credit histories and our most of the loans are provided at a free of collateral for Individual Loans and whereas collaterals are required for Loan against property Loans. Such clients generally do not have a high level of financial resilience, and, as a result, they can be adversely affected by declining economic conditions and natural calamities. In addition, we rely on non-traditional guarantee mechanisms rather than tangible assets as collateral, which may not be effective in recovering the value of our loans.

In order to mitigate the impact of credit risk in the future profitability, the Company creates impairment loss allowance basis heigher of the expected credit loss (ECL) model or RBI Provisionioning Norms for the outstanding loans as at balance sheet date.

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The criteria of default, significant increase in credit risk and stage assessment is mentioned in note 3(e) of the significant accounting policies. The below discussion describes the Company's approach for assessing impairment.

A) Probability of default (PD)

The Company determines PD on a collective basis by stratifying the entire portfolio into meaningful categories. The Company uses historical vintage information of its loan portfolio to estimate PD. Based on uncertainties and risks arising from its operations in different geographical states in the country, the Company bifurcates the entire portfolio into different states. Further the Company performs analysis of its defaults in various states over different observation period. In determining the PD's, an effort is made to eliminate outliers for a particular observation period which are not likely to happen in future. Accordingly, the Company determines PD for each stage depending upon the underlying classification of asset (i.e., Stage I or Stage II). The PD rates for Stage I and II have been further bifurcated based on the days-past-due (DPD) status of the loans (i.e., current, 1-30 DPD, 31-60 DPD and 61-90 DPD) to incorporate adequate granularity. PD rate for stage 3 is derived as 100% considering that the default occurs as soon as the loan becomes overdue for 90 days.

B) Exposure at default (EAD)

Exposure at default (EAD) is the sum of outstanding principal and the interest amount accrued but not received on each loan as at reporting date.

C) Loss given default

The Company determines its expectation of lifetime loss by estimating recoveries towards its loan through analysis of historical information. The Company determines its recovery rates by analysing the recovery trends over different periods of time after a loan has defaulted. LGD is the difference between the exposure at default and its recovery rate. Similar to PDs, the LGD rates have also been reassessed for COVID-19 affected portfolio by comparing past recovery experience from less frequent / non-recurring default events. Appropriate adjustments have also been made for recoveries observed during the post-pandemic period which are considered as an appropriate representation of expected post-default recoveries. The Company has estimated 70% as LGD across all states for unsecured & secured loans for below GNPA cases, 75% as LGD for all GNPA cases till 455 days past due (dpd) cases and 100% as LGD more than 455 dpd cases.

Analysis of concentration risk is as follows:-

States	31-Mar-24	31-Mar-23
Andhra Pradesh	70.47%	74.28%
Telangana	23.53%	25.72%
Rajasthan	5.17%	0.00%
Madhya Pradesh	0.57%	0.00%
Karnataka	0.11%	0.00%
Tamilnadu	0.15%	0.00%
Total	100.00%	100.00%

Collateral and other credit enhancement

The company's secured portfolio includes loans against property (including land and building). Although collateral is an important mitigant credit risk, the company's practice is to lend on the basis of assessment of the customer's ability to repay rather than placing primary reliance on collateral. Based on the nature of the product and the company's assessment of the customer's credit risk, a loan may be offered with suitable collateral.

37.2 Liquidity Risk

Liquidity risk refers to the risk that the Company may not meet its financial obligations. Liquidity risk arises due to the unavailability of adequate funds at an appropriate cost or tenure. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company consistently generates sufficient cash flows from operating and financing activities to meet its financial obligations as and when they fall due. Our resource mobilization team sources funds from multiple sources, including from banks, financial institutions and capital markets to maintain a healthy mix of sources. The resource mobilization team is responsible for diversifying fundraising sources, managing interest rate risks and maintaining a strong relationship with banks, financial institutions, mutual funds, insurance companies, other domestic and foreign financial institutions and rating agencies to ensure the liquidity risk is well addressed. In order to reduce dependence on a single lender, the Company has adopted a cap on borrowing from any single lender at 25%. The maturity schedule for all financial liabilities and assets are regularly reviewed and monitored. Company has a asset liability management (ALM) policy and ALM Committee to review and monitor the liquidity risk and ensure the compliance with the prescribed regulatory requirement. The ALM Policy prescribes the detailed guidelines for managing the liquidity risk

The tables below provide details regarding the contractual maturities of significant financial assets and liabilities as on:-

Particulars	Borrowings *		Other financial liabilities	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Upto 1 month	33.21	28.21	8.86	3.55
1 to 2 months	33.74	24.64	0.01	-
2 to 3 months	35.41	23.97	0.01	-
3 to 6 months	106.82	80.92	0.03	-
6 months to 1 year	169.83	108.56	0.33	0.17
1 to 3 years	159.92	131.72	0.29	-
3 to 5 years	-	-	0.18	-
Over 5 years	-	-	-	-
Total	538.93	398.02	9.71	3.72

*Represents debt securities, borrowings (other than debt securities) and Includes Interest Payables as per agreed repayment schedule

Maturity Analysis of assets and Liabilities

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered and settled.

	March 31, 2024			March 31, 2023		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	12.48	-	12.48	3.01	-	3.01
Bank balances other than cash and cash equivalents	11.39	-	11.39	0.04	-	0.04
Loans	463.83	280.23	744.06	297.40	211.72	509.12
Other financial assets	1.47		1.47	1.50	-	1.50
Subtotal - Total financial assets	**489.17**	**280.23**	**769.40**	**301.95**	**211.72**	**513.67**
Non-financial assets						
Current tax assets (net)	1.61	-	1.61	1.06	0.37	1.43
Deferred tax assets (net)	-	10.54	10.54	-	7.52	7.52
Property, plant and equipment		2.16	2.16	-	0.25	0.25
Intangible assets	-	0.65	0.65	-	-	-
Other non-financial assets	-	1.46	1.46	-	0.53	0.53
Subtotal - Total non-financial assets	**1.61**	**14.81**	**16.42**	**1.06**	**8.67**	**9.73**
Total assets	**490.78**	**295.04**	**785.82**	**303.01**	**220.39**	**523.40**
LIABILITIES AND EQUITY						
LIABILITIES						
Financial liabilities						
Debt securities	123.26	73.29	196.55	14.88	-	14.88
Borrowings (other than debt securities)	219.10	70.40	289.50	226.31	122.94	349.25
Subordinated liabilities	-	-	-	-	-	-
Other financial liabilities	9.25	0.46	9.71	3.72	-	3.72
Subtotal - Total financial liabilities	**351.61**	**144.15**	**495.76**	**244.91**	**122.94**	**367.85**
Non-financial liabilities						
Provisions	0.38	0.25	0.63	-	0.07	0.07
Other non-financial liabilities	1.39	-	1.39	0.78	-	0.78
Subtotal - Total non-financial liabilities	**1.77**	**0.25**	**2.02**	**0.78**	**0.07**	**0.85**
Total Liabilities	**353.38**	**144.40**	**497.78**	**245.69**	**123.01**	**368.70**
Net	**137.40**	**150.64**	**288.04**	**57.31**	**97.38**	**154.70**

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37.3 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity and other market changes. The Company is exposed to two types of market risks as follows:

37.3a Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

We are subject to interest rate risk, principally because we lend to clients at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods. We assess and manage our interest rate risk by managing our assets and liabilities. Our Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately.

The Company has Board Approved Asset Liability Management (ALM) policy for managing interest rate risk and policy for determining the interest rate to be charged on the loans given.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	31-Mar-24	31-Mar-23
Finance Cost		
0.50 % Increase	(2.42)	(0.62)
0.50 % Decrease	2.42	0.62

37.3b Price Risk

The Company's exposure to price risk is not material and it is primarily on account of investment of temporary treasury surpluses in the highly liquid debt funds for very short durations. The Company has a board approved policy of investing its surplus funds in highly rated debt mutual funds and other instruments having insignificant price risk, not being equity funds/ risk bearing instruments.

38: Transfer of Financial assets

a. Securitisation Transaction:

The Company has entered into securitisation arrangement with various parties. Under such arrangement, the Company has transferred a pool of loans, which does not fulfil the derecognition criteria specified under Ind AS 109 as the Company has concluded that risk and rewards with respect to these assets are not substantially transferred. Following such transfer, the Company's involvement in these assets is as follows:

• As a servicer of the transferred assets
• To the extent of credit enhancements provided to such parties

The value of Financial assets and liabilities as on :-

Particulars	March 31, 2024	March 31, 2023
Carrying amount of assets	163.41	-
Carrying amount of associated liabilities	146.53	-
Fair value of assets	165.39	-
Fair value of associated liabilities	148.05	-

The shortfall of fair value of associated liabilities over fair value of assets is ₹ 17.34 Crs (March 31, 2023: ₹ Nil)

b. Assignment Transaction:

During the year ended 31st March 2021, the Company has sold some loans and advances measured at FVOCI as per assignment deals, as a source of finance. As per the terms of deal, since the derecognition criteria as per Ind AS 109, including transaction of substantially all the risks and rewards relating to assets being transferred to the buyer being met, the assets have been derecognised.

The management has evaluated the impact of the assignment transactions done during the year for its business model. Based on the future business plan, the Company's business model remains to hold the assets for collecting contractual cash flows.

The table below summarises the carrying amount of the derecognised financial assets measured at fair value and the gain/(loss) on derecognition, per type of asset :-

Particulars	For the year ended 31st Mar 2024	For the year ended 31st Mar 2023
Carrying amount of derecognised financial assets	0.87	0.89
Gain/(loss) from derecognition	-	-

Since the company transferred the above financial asset in a transfer that qualified for derecognition in its entirety, therefore the whole of the interest spread (over the expected life of the asset) is recognised on the date of derecognition itself as interest only strip receivable and correspondingly recognised as profit on derecognition of financial asset.

39: Employee Stock Option Plan (ESOP): The company has not provided any options to its employees during the year and previous year

40: The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

41: The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
(ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

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42. Additional information required by Master Direction- Non-Banking Financial Company-Systematically Important Non- Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended from time to time ('the Master Directions') issued by the RBI

a. Capital to risk assets ratio ('CRAR')

Particulars	31-Mar-24	31-Mar-23
CRAR (%)	33.15%	29.29%
CRAR-Tier I Capital (%)	33.15%	28.04%
CRAR-Tier II Capital (%)	0.00%	1.25%
Amount of subordinated debt raised as Tier-II capital	-	-
Amount raised by issue of Perpetual Debt Instruments	-	-
LIQUIDITY COVERAGE RATIO	511.50%	629.89%

CRAR as at March 31, 2024 and March 31, 2023 has been determined in accordance with the RBI Master Directions read with RBI notification RBI/2019-20/170, DOR(NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 on implementation of Indian Accounting Standards.

b. Exposure to real estate sector

Category	31-Mar-24	31-Mar-23
A. Direct exposure		
I. Residential Mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	72.16	56.52
II.Commercial Real Estate		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose Commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits.	-	-
III.Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
Residential	-	-
Commercial Real Estate	-	-
B. Indirect exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-
Total	**72.16**	**56.52**

c. The Company has no exposure to capital market during current and previous year

d. Asset liability management - Maturity Pattern of certain items of assets and liabilities:

Maturity pattern	Sunday, March 31, 2024		Friday, March 31, 2023	
	Assets	Liabilities	Assets	Liabilities
	Advances	Borrowings	Advances	Borrowings
0-7 Days	23.96	3.96	3.74	7.20
8-14 Days	13.81	9.81	8.63	16.30
15-30/31 Days	0.33	17.84	11.28	0.53
Over 1 month to 2 months	40.92	29.45	24.78	22.26
Over 2 months upto 3 months	41.78	29.82	24.81	20.45
Over 3 months to 6 months	126.68	96.14	76.36	75.35
Over 6 months to 1 year	216.35	155.34	147.80	99.11
Over 1 year to 3 years	253.33	143.69	211.72	122.93
Over 3 years to 5 years	23.81	-	-	-
Over 5 years	3.09	-	-	-
Total	**744.06**	**486.05**	**509.12**	**364.13**

e. Information on instances of fraud

Instances of fraud reported during the year ended March 31, 2024:

Nature of fraud	No. of cases	Amount of fraud	Recovery*	Amount provided
Cash Embezzlement - For the year ended March 31, 2024	158	1.57	0.26	1.31
Cash Embezzlement - For the year ended March 31, 2023	22	0.24	0.02	0.22

*Includes recoveries in respect of frauds reported in earlier years

f. The Company has no transactions / exposure in derivatives in the current and previous year.

g. Ratings assigned by credit rating agencies and migration of ratings during the year:

Sr. No.	Instrument	Rating agency	As per final rating letter	Rating assigned	Valid up to	Borrowing limit
1	Bank Loan (Long term facilities)	ICRA	15-Jan-24	[ICRA]A- Positive	One year	110.00
2	Market Linked Debentures	ICRA	15-Jan-24	[ICRA]A- Positive	One year	82.00
3	Bank Loan (Long term facilities)	India Rating & Research	11-Sep-23	IND BBB+/Stable	One year	200.00
4	Non Convertible Debentures	India Rating & Research	11-Sep-23	IND BBB+/Stable	One year	150.00

Note 1: The rating is subject to annual surveillance till final repayment / redemption of rated facilities

Previous year

Sr. No.	Instrument	Rating agency	As per final rating letter	Rating assigned	Valid up to	Borrowing limit
1	Bank Loan (Long term facilities)	India Rating & Research	31-Mar-23	IND BBB+/Stable	One year	200.00
2	Bank Loan (Long term facilities)	ICRA	1-Mar-23	[ICRA]BBB Positive	One year	200.00
3	Market Linked Debentures	ICRA	1-Mar-23	[ICRA]BBB Positive	One year	100.00

Note 1: The rating is subject to annual surveillance till final repayment / redemption of rated facilities

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h. Concentration of Advances, Exposures and NPAs

Particulars	31-Mar-24	31-Mar-23
Concentration of Advances		
Total advances to twenty largest borrowers	4.77	5.82
(%) of advances to twenty largest borrowers to total advances	0.62%	1.10%
Concentration of Exposures		
Total exposure to twenty largest borrowers	4.98	5.97
(%) of exposure to twenty largest borrowers to total exposure	0.63%	1.10%
Concentration of NPAs*		
Total exposure to top four NPA accounts	0.95	0.99

* Represents stage III loans including interest

i. Sector wise NPAs*

Sector	Percentage of NPAs to total advances in that sector	
	31-Mar-24	31-Mar-23
Agriculture and allied activities	1.58%	2.48%
MSME	1.88%	0.85%
Unsecured Personal Loans	2.79%	1.92%
Other personal loans	10.85%	18.32%

* Represents amount of principal outstanding for stage III loans

The above sector wise classification is based on the Company's determination of the purpose/activity for which the loan was granted.

j: Comparison between provisions required under Income Recognition and Asset Classificatin and Provision norms (IRACP) as per RBI master directions and impairment allowances made under Ind AS 109 for the year ended March 31, 2024

Asset Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross carrying Amount as per Ind AS	Loss Allowancess (Provisions) as required as per Ind AS 109	Net Carrying Amount	Provisions 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	749.83	18.44	731.39	2.97	15.47
	Stage 2	12.63	4.81	7.82	0.05	4.76
Subtotal		**762.46**	**23.25**	**739.21**	**3.02**	**20.23**
Non Performing Assets (NPA)						
Substandard	Stage 3	19.56	14.71	4.85	1.73	12.98
Doubtful - up to 1 year	Stage 3	2.78	2.78	-	0.45	2.33
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for Doubtful		**2.78**	**2.78**	-	**0.45**	**2.33**
Loss	Stage 3	-	-	-		-
Subtotal for NPA		**22.34**	**17.49**	**4.85**	**2.18**	**15.31**
Other items such as guarantees, loan commitments, etc which are in the scope of Ind AS 109 but not covered under current income Recognition - Asset Classification and Provisioning (IRACP) Norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	Stage 1	749.83	18.44	731.39	2.97	15.47
	Stage 2	12.63	4.81	7.82	0.05	4.76
	Stage 3	22.34	17.49	4.85	2.18	15.31
	Total	**784.80**	**40.74**	**744.06**	**5.20**	**35.54**

1. Interest on NPA loans is required to be de-recognised under IRACP norms. However, interest on Stage III loans is required to be recognised on the credit impaired (net of ECL) loan balance. Such income de-recognition is not considered as a provision for the purpose of above comparison.

* Figures under this columns represents provisions determined in accordance with the Asset classification and provisioning norms as stipulated under RBI Master Directions.

Comparison between provisions required under Income Recognition and Asset Classificatin and Provision norms (IRACP) as per RBI master directions and impairment allowances made under Ind AS 109 for the year ended March 31, 2023

Asset Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross carrying Amount as per Ind AS	Loss Allowancess (Provisions) as required as per Ind AS 109	Net Carrying Amount	Provisions 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	505.92	12.60	493.32	2.01	10.60
	Stage 2	11.80	3.80	8.00	0.05	3.75
Subtotal		**517.72**	**16.40**	**501.32**	**2.06**	**14.35**
Non Performing Assets (NPA)						
Substandard	Stage 3	20.69	12.89	7.80	1.87	11.03
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for Doubtful		-	-	-	-	-
Loss	Stage 3	-	-	-		-
Subtotal for NPA		**20.69**	**12.89**	**7.80**	**1.87**	**11.03**
Other items such as guarantees, loan commitments, etc which are in the scope of Ind AS 109 but not covered under current income Recognition - Asset Classification and Provisioning (IRACP) Norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	Stage 1	505.92	12.60	493.32	2.01	10.60
	Stage 2	11.80	3.80	8.00	0.05	3.75
	Stage 3	20.69	12.89	7.80	1.87	11.03
	Total	**538.41**	**29.29**	**509.12**	**3.93**	**25.38**

1. Interest on NPA loans is required to be de-recognised under IRACP norms. However, interest on Stage III loans is required to be recognised on the credit impaired (net of ECL) loan balance. Such income de-recognition is not considered as a provision for the purpose of above comparison.

* Figures under this columns represents provisions determined in accordance with the Asset classification and provisioning norms as stipulated under RBI Master Directions.

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k. Movement of NPAs

Particulars	31-Mar-24	31-Mar-23
Net NPAs to net advances (%)	0.66%	1.56%
Movement of NPAs (gross)		
1. Opening balance	20.81	35.03
2. Additions during the year	12.55	26.63
3. Reductions / write off during the year	(10.96)	(40.85)
4. Closing balance	22.40	20.81
Movement of Net NPAs		
1. Opening balance	7.92	23.19
2. Additions during the year	(1.89)	(10.27)
3. Reductions / write off during the year	(1.13)	(5.00)
4. Closing balance	4.90	7.92
Movement of provision for NPAs (excl. standard assets)		
1. Opening balance	12.89	11.84
2. Additions during the year	14.44	36.90
3. Reductions/ write off during the year	(9.83)	(35.85)
4. Closing balance	17.50	12.89

* NPA loans and related provision considered in the above table represent loans classified as stage III in accordance with Ind AS 109 and the related ECL provision. Also refer note 6.

l. There has been no drawdown from reserves during the current year and previous year.

m. There are no Investments during the year and previous year

n. Disclosure under Master Direction - Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021 dated September 24, 2021

Particulars	31-Mar-24	31-Mar-23
1. No. of SPVs sponsored by the NBFC for securitisation transactions during the year	5	-
2.Total amount of securitised assets as per the books of the SPVs sponsored by the NBFC as on the date	146.53	-
3.Total amount of exposures retained to comply with minimum retention requirement ('MRR')		
a) On balance sheet exposures		
- First loss (MRR)	30.13	-
- Others	-	-
4.Amount of exposures to securitization transactions other than MRR:		
a) On-balance sheet exposures		
i) Exposure to own securitisations		
- First loss	11.08	-
- Others	-	-
ii) Exposure to third party securitisations		
- First loss	-	-
- Others	-	-

o. The Company has not purchased / sold non-performing financial assets in the current and previous year.

p. The company has not financed any products of the parent company.

q. Unsecured Advances – Refer note 6

r. Registration obtained from other financial sector regulators:
The Company is registered with the 'Ministry of Corporate Affairs' (Financial regulators as described by Ministry of Finance)

s. Disclosure of Penalties imposed by RBI and other regulators:
i. No penalties imposed by RBI during the current year and previous year

ii. As per Telangana Tax on Professions, Trades, Callings and Employments Act and Rules, 1987 - Madhapur-I Circle of Hyderabad Rural Divn., notice dated 09/10/2023, Proposition of Assessment of tax made under Sec.(8), read with Rule12 of the Telangana Profession Tax Act and Rules, 1987 against CFL on Examination of tax office records which do not comply in filing monthly returns within the stipulated period 2019-23 of Profession Tax dues having qualifiable for taking action in the form of imposing Penalty and Interest as required under the Telangana – Rs. 0.02 Crs

t. Provisions and contingencies (shown under expenditure in statement of profit and loss)

Particulars	31-Mar-24	31-Mar-23
Provision for income tax (net)	11.25	0.03
Provision for non-performing assets (impairment allowance on stage III loans)	4.60	1.01
Provision for standard assets (impairment allowance on stage I and stage II loans)	6.28	12.26
Provision for gratuity	0.15	0.04
Provision for leave benefits	0.39	0.13
Provision for insurance claims (net of recoveries and write-off)	0.39	0.20

u. The Company has no unhedged foreign currency exposure.

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(₹ in Crs unless otherwise stated)

43: The Company has certain litigations pending with income tax authorities and other litigations which have arisen in the ordinary course of business. The Company has reviewed all such pending litigations having an impact on the financial position, and has adequately provided for where provisions are required and disclosed the contingent liability where applicable in the financial statements. Refer note 30 for details on tax litigations.

44. Public Disclosure on liquidity risk

1. Funding concentration based on significant counterparty (both deposits and borrowings) - The Company does not accept any deposits

As at 31 March 2024

Number of significant counterparties	Amount	% of Total Liabilities
14 (Fourteen)	486.04	97.67%

As at 31 March 2023

Number of significant counterparties	Amount	% of Total Liabilities
6 (Six)	362.68	98.37%

2. Top 20 Large Deposits : Not Applicable

3. Top 10 borrowings

	March 31, 2024	March 31, 2023
Amount of top 10 borrowings Amount	430.97	364.13
% of Total Borrowings	88.67%	100.00%

4. Funding concentration based on significant instrument/product

	As at 31 March 2024		As at 31 March 2023	
Name of Instrument/product	Amount	% of Total Liabilities	Amount	% of Total Liabilities
Term Loans	215.90	43.40%	125.19	33.95%
Intercorporate Debt	73.60	14.79%	224.06	60.77%
Borrowings under securitization arrangement	146.53	29.45%	-	NA
Non convertible Debentures	50.02	10.05%	14.88	4.04%
Total Liabilities	**497.64**		**368.70**	

5.Stock Ratios

a) Commercial papers as a % of total public funds, total liabilities and total assets - NIL

b) Non-convertible debentures (original maturity of less than one year) as a % of total public funds, total liabilities and total assets – NIL

c) Other short-term liabilities, if any as a % of total public funds, total liabilities and total assets

Particulars	March 31, 2024	March 31, 2023
Commercial Papers to Total Public Funds	Nil	Nil
Commercial Papers to Total Liabilities	Nil	Nil
Commercial Papers to Total Assets	Nil	Nil
NCDs (Original Maturity <1 yrs.) to Total Public Funds	Nil	Nil
NCDs (Original Maturity <1 yrs.) to Total Liabilities	Nil	Nil
NCDs (Original Maturity <1 yrs.) to Total Assets	Nil	Nil
Other Short Term Liabilities to Total Public Funds	72.82%	65.72%
Other Short Term Liabilities to Total Liabilities	71.13%	64.91%
Other Short Term Liabilities to Total Assets	45.04%	45.72%

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6.Institutional set-up for liquidity risk management:

The Company has an Asset Liability Management Committee (ALCO), a management level committee to handle liquidity risk management. The ALCO meetings are held at periodic intervals. At the apex level, the Risk Committee (RC), a sub-committee of the Board of Directors of the Company, oversees the liquidity risk management. The RC subsequently updates the Board of Directors on the same.

Notes:

1. Significant counterparty is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

2. Significant instrument/product is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

3. Total Liabilities has been computed as sum of all liabilities (Balance Sheet figure) less Equities and Reserves/Surplus.

4. Short term liabilities includes all financial and non-financial liabilities expected to be paid within one year.

5. Public funds is as defined in Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Direction, 2016.

45: During the year, to relieve COVID-19 pandemic related stress, the Company had invoked and implemented resolution plans for eligible borrowers based on the parameters laid down in accordance with the one-time restructuring policy approved by the Board of Directors of the Company and in accordance with the guidelines issued by the RBI vide its circular dated May 5, 2021 (Resolution Framework – 2.0).

	A	B	C	D	E
Type of borrower	**Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end previous year i.e. March 31, 2023 (A)**	**Of (A), aggregate debt that slipped into NPA during the year @**	**Of (A) amount written off during the year**	**Of (A) amount paid by the borrowers during the year**	**Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this year i.e. March 31, 2024.**
Personal Loans	0.01	-	-	0.01	-
Corporate persons	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	0.01	-	-	0.01	-

@ Represents aggregate debt that slipped into NPA during the half-year excluding written-off portion of debt

Note 1: The Company has not restructed any loan accounts under RBI's Resolution Framework 1.0 dated August 6, 2020.

46: Pursuant to the RBI circular dated November 12, 2021 on "Prudential norms on Income Recognition, Asset Classification and Provisioning ('IRAC') pertaining to Advances-Clarifications" to be read with circular dated February 15, 2022, the Company has changed its NPA definition to comply with the applicable norms effective from October 1, 2022.

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47 Schedule to the Balance Sheet of a Non-Banking Financial Company as required under Master Direction - Non-Banking Financial Company - Systemically important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended:

	Particulars	March 31, 2024		March 31, 2023	
		Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
1)	**Liabilities side:**				
	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:				
	(a) Debentures : Secured	50.02		14.88	-
	: Unsecured			-	-
	(other than falling within the meaning of public deposits)				
	(b) Deferred Credits			-	-
	(c) Term Loans	215.90		125.19	-
	(d) Inter-Corporate loans and borrowing	73.60		224.06	-
	(e) Commercial Paper			-	-
	(f) Other Loans - Borrowing under securitisation arrangement (secured)	146.53		-	-

	Particulars	March 31, 2024	March 31, 2023
		Amount outstanding	Amount outstanding
2)	**Assets side:**		
	Break-up of Loans and Advances including bills receivables (other than those included in (4) below):		
	(a) Secured	60.45	55.84
	(b) Unsecured	683.61	453.28
3)	**Break-up of Leased Assets and stock on hire and other assets 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 sudry debtors:		
	(a) Assets on hire	-	-
	(b) Repossessed Assets	-	-
	(iii) Other loans counting towards AFC activities		
	(a) Loans where assets have been repossessed	-	-
	(b) Loans other than (a) above	-	-
4)	**Break-up of Investments:**		
	Current Investments:		
	1. Quoted:		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-
	2. Unquoted:		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (Certificate of Deposits and Commercial Paper)	-	-
	Long Term Investments:		
	1. Quoted:		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-
	2. Unquoted:		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Security receipts	-	-

5) Borrower group-wise classsification of assets financed as in (2) and (3) above:

Category	March 31, 2024			March 31, 2023		
	Amount net of provisions			Amount net of provisions		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties						
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same group	-	-	-	-	-	-
(c) Other related parties	-	-	-	-	-	-
2. Other than related parties	60.45	683.61	744.06	55.84	453.28	509.12
Total	**60.45**	**683.61**	**744.06**	**55.84**	**453.28**	**509.12**

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(₹ in Crs unless otherwise stated)

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

6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Category	March 31, 2024		March 31, 2023	
	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties				
(a) Subsidiaries				
(b) Companies in the same group				
(c) Other related parties				
2. Other than related parties				
Total	-	-	-	-

7) Other Information

	March 31, 2024	March 31, 2023
(i) Gross Non-Performing Assets		
(a) Related parties		-
(b) Other than related parties	22.40	20.81
(ii) Net Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	4.90	7.92
(iii) Assets acquired in satisfaction of debt		-

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48: Additional Regulatory Information

a. Disclosure of complaints

(i) Summary information on complaints received by the NBFCs from customers and from the Offices of Ombudsman

Sr.No.	Particulars		March 31, 2024	March 31, 2023
	Complaints received by the NBFC from its customers			
1.		No. of complaints pending at the beginning of the year	-	-
2.		No. of complaints received during the year	94	72
3.		No. of complaints disposed during the year	94	72
	3.1	Of Which, no. of complaints rejected during the year	-	-
4.		No. of complaints pending at the end of the year	-	-
	Maintainable complaints received by the NBFC from Office of Ombudsman			
5.		No. of maintainable complaints received by the NBFC from Office of Ombudsman	-	-
	5.1	Of 5, no. of complaints resolved in favour of the NBFC by Office of Ombudsman	-	-
	5.2	Of 5, no. of maintainable complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	-	-
	5.3	Of 5, no. of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	-	-
6.		No. of Awards unimplemented within the stipulated time (other than those appealed)	-	-

(ii) Top five grounds of complaints received by the NBFC 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					
Ground - 1: OD Issues	-	20	186%	-	-
Ground - 2: Insurance claim settlements	-	11	100%	-	-
Ground - 3: New loan request	-	38	153%	-	-
Ground - 4: Interest related enquries	-	13	225%	-	-
Others	-	12	-74%	-	-
Total	**-**	**94**		**-**	**-**
Previous year					
Ground - 1: OD Issues		7			
Ground - 2: Insurance claim settlements		-			
Ground - 3: related new loan request		15			
Ground - 4: Interest related enquries		4			
Others		46			
Total	**-**	**72**		**-**	**-**

b. Sectoral Exposure*

Sectors	Current Year (As at March 31, 2024)			Previous Year (As at March 31, 2023)		
	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
Agriculture and allied activities	459.57	7.24	1.58%	270.61	7.58	2.80%
Services	235.75	4.44	1.88%	187.62	1.60	0.86%
Other Personal Loans	78.88	7.84	9.94%	74.12	10.36	13.98%
Total	**774.20**	**19.52**	**2.52%**	**532.35**	**19.54**	**3.67%**

* Represents amount of principal outstanding

c. Intra-group exposures	March 31, 2024	March 31, 2023
(i) Total amount of intra-group exposures	-	-
(ii) Total amount of top 20 intra-group exposures	-	-
(iii) Percentage of intra-group exposures to total exposure of the NBFC on borrowers/customers	0.00%	0.00%

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d. Related party transactions – Refer note 29

e. There are no loans transferred / acquired during the year ended March 31, 2024 under the RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021

(i) The company has not transferred any non-performing assets(NPAs)

(ii) The Company has not acquired any loans through assignment.

(iii) The Company has not acquired any stressed loan.

g. The Company has not purchased non-performing financial assets in the current and previous year.

49: Additional Regulatory Information

(a) There is no such immovable property whose title deeds are not held in the name of the Company

(b) There are no investment property as on March 31, 2024 and March 31, 2023

(c) The Company has not revalued its Property, Plant and Equipment (including Right-of Use Assets) and intangible assets based on the valuation by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

(d) No proceeding has 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

(e) The Company has not taken borrowings from banks or financial institutions on the basis of security of current assets.

(f) The Company has not been declared wilful defaulter by any bank or financial Institution or other lender.

(g) No transactions were carried out during the year with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

(h) No charges or satisfaction yet to be registered with ROC beyond the statutory period.

(i) 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

(j) There are no such transaction or undisclosed income that need to be disclosed in accordance with this provision of Companies Act, 2013.

(k) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

50. Previous year figures have been regrouped / reclassified, where necessary, to conform to this year's classification. The impact of such restatements/ regroupings are not material to Financial Statements

51: There have been no events after the reporting date that require adjustment / disclosure in these financial statements.

52. The Company has chosen to publish the financial statements in ₹ crores for the year ended 31 March 2024. Accordingly, the previous year figures have been rounded off.

As per our report of even date
For Raju and Prasad
Chartered Accountants
ICAI Firm registration number : 003475S

RAJU & PRASAD HYDERABAD CHARTERED ACCOUNTANTS

HVVNMurthy
H.V.V Narayana Murthy
Partner
Membership No.246349
UDIN: 24246349BKBZMK5301
Date: April 26, 2024

For and on behalf of the Board of Directors of
Criss Financial Limited

Shalabh Saxena
Non Executive Director
DIN No. 08908237

A Damani
Ashish Damani
Whole Time Director
DIN No. 08908129

CRISS FINANCIAL LIMITED HYDERABAD

For CRISS FINANCIAL LIMITED
Company Secretary & CCO
A28355