



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PRADAKSHANA FINTECH PRIVATE LIMITED**

Report on Audit of Standalone Financial Statements

Opinion

1. We have audited the standalone financial statements of **Pradakshana Fintech Private Limited** ('the Company'), which comprise the Balance Sheet as at **31st March 2021**, and the Statement of Profit and Loss, and Cash Flow Statement for the year then ended and notes to financial statement, including a summary of significant accounting policies and other explanatory information.
2. In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 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 2021 and its profit/loss and its cash flows for the year ended on that date.

Basis for Opinion

3. 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 there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. We draw attention to Note 29.1 of the financial statements, which describes the possible effects of the pandemic Covid-19 on the Company's operations and losses. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

5. 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 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 the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and





estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility for the Audit of the Financial Statements

6. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal financial 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 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

7. As required by the Companies (Auditor's Report) Order, 2016 issued by the Government of India in terms of Section 143 (11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.
8. 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 and the Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of written representations received from the Directors as on 31st March, 2021 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31 March, 2021 from being appointed as a director in terms of Section 164(2) of the Act;





- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Vaithisvaran & Co LLP
Chartered Accountants
Firm Regn No.004494S / S200037

S. Shankar Raman
Partner
Membership No.209163



Place: Hyderabad
Date: 14.06.2021
UDIN: 21209163AAAAAM5920



**ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PRADAKSHANA FINTECH PRIVATE LIMITED
(Referred to in our report of even date)**

As required by the Companies (Auditor's Report) Order, 2016 issued by the Government of India in terms of Section 143 (11) of the Companies Act, 2013, we report that:

- i. In respect of its Property, Plant & Equipment:
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant & equipment.
 - b. The fixed assets of the Company were physically verified during the period by the management. According to the information and explanations given to us no material discrepancies were noticed on such verification.
 - c. The company does not have any immovable property and hence this clause is not applicable.
- ii. The Company is a Non-Banking Finance Company. It does not maintain any inventory. Hence provisions of 3(ii) of the Order are not applicable.
- iii. In our opinion and according to the information and explanations given to us, during the year the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, other reporting matters for this clause are not applicable.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with respect to loans, investments, guarantees, and security as per provisions of section 185 and 186 of the Companies Act, 2013. Therefore, other reporting matters for this clause are not applicable.
- v. The Company has not accepted deposits.
- vi. To the best of our information, Central Government has not prescribed maintenance of Cost Records under Section 148 of The Companies Act, 2013 for any of the services rendered by the Company.





vii.

- a. In respect of undisputed statutory dues including Employees Provident Fund, employee state insurance, Income-tax, Goods and Services tax, wealth tax, Sales tax, Service tax, duty of customs, duty of Excise, value added tax, cess and any other statutory dues with appropriate authorities, according to the information and explanations given to us, the Company has been generally regular in depositing with the appropriate authorities during the period.
- b. According to information and explanation given to us and records of the company examined by us, the particulars in respect of Income tax or sales tax or wealth tax or Service Tax or duty of customs or duty of Excise or value added tax or cess or Goods and Services Tax that have not been deposited with the appropriate authorities on account of pending disputes are Nil as at March 31, 2021

viii.

In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders.

ix.

The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

x.

To the best of our knowledge and belief, and according to the information and explanations given to us, there are no frauds noticed or reported by or on the Company by its officers or employees during the period.

xi.

The company is private company. Hence, the provisions of section 197 pertaining to managerial remuneration are not applicable to this company. Accordingly, paragraph 3(xi) of the Order is not applicable.

xii.

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.

xiii.

The company is private company. Hence, the provision of section 177 pertaining to audit committee and its approval for related party transactions is not applicable to this company. According to the information and explanations given to us and based on our examination of the records of the Company, there are no transactions during the year with the related parties under section 188 of the Act. Hence, disclosure of such transaction in the financial statements as required by the applicable accounting standards is not applicable.

xiv.

The Company has not made any private placement of equity shares during the year under review and the requirement of Section 42 of Companies Act, 2013. Accordingly, paragraph 3(xiv) of the Order is not applicable.





- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The company is registered under section 45-IA of the Reserve Bank of India Act, 1934 vide Registration No. B-13.02187.

For Vaithisvaran & Co LLP
Chartered Accountants
Firm Regn No. 04494S/S200037

S. Shankar Raman
Partner
Membership No. 209163
Place: Hyderabad
Date: 14.06.2021



PRADAKSHANA FINTECH PRIVATE LIMITED

Regd Office: 151, 1st Floor, Farmland, Ramdaspath, Behind Hotel Tuli Imperial, Nagpur, Maharashtra - 440010

CIN:U15676MH1995PTC289611

BALANCE SHEET AS AT 31st March 2021



PRADAKSHANA

Particulars	Note No.	As At 31st March 2021	As At 31st March 2020
		Amount in INR	Amount in INR
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	2	73,914,300	73,914,300
(b) Reserves and surplus	3	(19,754,054)	(23,669,883)
Non-current liabilities			
(a) Long-term borrowings	4	7,196,286	3,611,102
(b) Long-term Provisions	5	1,870,162	861,469
Current Liabilities			
(a) Short-term borrowings	6	41,791,220	49,676,431
(b) Other current liabilities	7	31,113,735	31,837,678
(c) Short-term provisions	8	1,354,843	128,399
TOTAL		137,486,492	136,359,496
ASSETS			
Non-current assets			
(a) Property, Plant & Equipment	9		
(i) Tangible assets		1,373,041	455,675
(ii) Intangible assets		14,849	14,849
(b) Non-current investments	10	500,000	500,000
(c) Deferred Tax Asset	11	823,019	424,263
(d) Long-term loans and advances (Net of provisions)	12	10,364,097	20,498,163
(e) Other Non Current Assets	13	3,520,000	2,097,223
Current assets			
(a) Current Investments	14	16,138,613	7,843
(b) Cash and Bank Balance	15	23,119,638	24,471,488
(c) Short-term loans and advances (Net of provisions)	16	52,519,881	49,813,273
(d) Other current assets	17	29,113,354	38,076,716
TOTAL		137,486,492	136,359,496
Significant Accounting Policies	1		
Notes to Accounts	2 to 34		

As per our report of even date

For Vaithisvaran & Co LLP

Chartered Accountants

S. Shankar Ramani

Partner :-

M.No:209163

Firm Regn No: 0044945/S200037

Place: Hyderabad

Date: June 14, 2021

For and on behalf of the Board

Kishore Kumar Puli

Managing Director

01925566

Bhargavi Puli

Director

85291662



PRADAKSHANA FINTECH PRIVATE LIMITED

Regd Office: 151, 1st Floor, Farmland, Ramdaspet, Behind Hotel Tuli Imperial, Nagpur, Maharashtra - 440010

CIN:U15676MH1995PTC289611

PROFIT AND LOSS STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2021



PRADAKSHANA

Particulars	Note No.	For the Year Ended 31st March 2021	For the year ended 31st March 2020
		Amount in INR	Amount in INR
I. Revenue from operations	18	44,816,272	42,203,898
II. Other income (including provision write back, if any)	19	2,409,961	2,099,933
III. Total Revenue (I + II)		47,226,233	44,303,831
Expenses:			
Employee benefits expense	20	21,895,350	18,969,218
Finance costs	21	7,452,637	9,718,478
Depreciation on Fixed Assets	9	385,803	82,223
Other expenses	22	7,768,039	10,746,121
Provisions on Bad and Doubtful loans, Loan Losses and other assets	23	3,851,187	175,940
IV. Total Expenses		41,353,015	39,691,981
V. Profit before Exceptional and Extraordinary items, Prior Period Adjustments and tax (III - IV)		5,873,218	4,611,850
VI. Exceptional items / Extraordinary Items		-	-
VII. Profit before Prior period items and Tax (V - VI)		5,873,218	4,611,850
VIII. Prior Period Adjustments		-	-
IX. Profit before tax (VII- VIII)		5,873,218	4,611,850
X. Tax expense:			
(1) Current tax		2,356,144	325,053
(2) Income tax of earlier years		-	16,163
(3) Deferred tax	11	(398,756)	299,293
XI. Profit (Loss) for the period (IX - X)		3,915,829	3,971,341
Earnings per equity share:	24		
(1) Basic		0.53	0.54
(2) Diluted		0.53	0.54

As per our report of even date

For Valthisvaran & Co LLP

Chartered Accountants

S. Shankar Raman

S. Shankar Raman

Partner

M.No:209163

Firm Regn No: 0044945/S200037

Place: Hyderabad

Date: June 14, 2021



For and on behalf of the Board

Kishore Kumar Puli

Kishore Kumar Puli

Managing Director

01925566

Bhargavi Puli

Bhargavi Puli

Director

05291662



CASH FLOW STATEMENT AS AT 31st March 2021



Particulars	For the Year Ended 31st March 2021	For the year ended 31st March 2020
	Amount in INR	Amount in INR
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profits before Tax	5,873,218	4,611,850
Adjustments for non-cash expenditures / Other head of cash flow :		
Depreciation on fixed assets	385,803	82,223
W/off of Intangible Assets under development	-	528,571
Provisions for Gratuity	1,034,215	551,724
Interest and finance charges paid on borrowings (including accrued interest)	7,452,637	9,718,478
Adjustments for non-cash Income / Other head of cash flow :		
NPA provision add back	69,525	68,489
Accrued Interest	1,919,996	1,715,548
Profit on sale of Land	-	* 137,000
Investment income considered in revenue statement	2,291,949	1,566,815
Operating profits / (losses) before working capital adjustments	10,464,402	12,004,994
Adjustments for Increase / decrease in working capital		
Decrease / (Increase) in Short Term loans and advances	(2,637,083)	4,319,681
Decrease / (Increase) in other current assets (other than loans and advances)	12,243,766	(32,676,311)
Decrease / (Increase) in Long term loans & Advances	10,134,067	17,144,247
Increase / (Decrease) in current liabilities	1,768,861	2,277,834
Increase / (Decrease) in short term borrowings	(7,885,211)	49,676,431
Increase / (Decrease) in Long term provisions	(25,522)	(42,631)
Increase / (Decrease) in Short term provisions	1,226,444	(4,322)
Cash generated from operations	25,289,723	52,699,925
Less: Income tax	2,356,144	325,053
Net cash generated from operation activities	"A"	22,933,579
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Property, Plant & Equipment	(1,303,169)	(418,310)
Sale of Property, Plant & Equipment	-	437,000
Sale / (Purchase) of Investments	(16,130,770)	10,824,680
Income from Investments	931,543	1,403,300
Sale / (Purchase) of Non Current Assets	(1,422,777)	(13,897,223)
Net cash from Investment activities	"B"	(17,925,172)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity share capital	-	-
Long term borrowings received/(Paid) - Net	1,092,380	(38,369,931)
Interest and finance charges paid on borrowings	(7,452,637)	(9,718,478)
Loss on Default Guarantee	-	-
Net cash flow from Financing activities	"C"	(6,360,258)
NET INCREASE OR (DECREASE) IN CASH OR CASH EQUIVALENTS ("A" + "B" + "C")		
	(1,351,850)	2,635,910
Opening Cash and Bank balances	24,471,488	5,535,578
Closing Cash and Bank balances (read with note 15)	23,119,638	8,171,488
NET INFLOW / (OUTFLOW) DURING THE YEAR		
	(1,351,850)	2,635,910

As per our report of even date
 For Valthisvaran & Co LLP
 Chartered Accountants

S. Shankar Ramani

S. Shankar Ramani
 Partner
 M.No: 209163
 Firm Regn No: 0044945/5200037
 Place: Hyderabad
 Date: June 14, 2021



For and on behalf of the Board

Kishore Kumar Puli
 Kishore Kumar Puli
 Managing Director
 01925566

Bhargavi Puli
 Bhargavi Puli
 Director
 05291662



PRADAKSHANA FINTECH PRIVATE LIMITED

Regd Office: 151, 1st Floor, Farmland, Ramdespeth, Behind Hotel Tuli Imperial, Nagpur, Maharashtra - 440010

Notes to Financial Statements & Significant Accounting Policies for the Year ended 31st March 2021



PRADAKSHANA

NOTES TO ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Business

Pradakshana Fintech Private Limited is a Non-Banking Finance Company registered with Reserve Bank of India. The company provides secured and unsecured loan to individuals between Rs.50,000/- to Rs.15,00,000/-.

The company commenced its finance operations in the year 1995 and is operating in four states with six branches as on 31st March 2021. The loans are generally sanctioned for 12 to 60 months tenor with monthly repayments. Secured loans are generally against equitable mortgage of property & hypothecation of stock.

The Company adopts Know Your Customer (KYC) norms, Fair Practices Code for Non-Banking Financial (Non-Deposit accepting or holding) companies and other guidelines issued by Reserve Bank of India from time to time to the extent applicable.

B. Basis of preparation of financial statements

The financial statements are prepared under historical cost convention on going concern basis in accordance with the provisions of the Companies Act, 2013 and comply with the Accounting Standards as specified under Section 133 of Companies Act 2013, read with Rule 7 of Company (Accounts) Rules 2014 and in accordance with directions issued by the Reserve Bank of India (RBI) for Non-Banking Financial (Non-Deposit Accepting or Holding) companies prudential norms (Reserve Bank) Directions, 2007 as is applicable for these financial statements.

C. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statement and the reported incomes and expenses during the reporting period end, like estimation of contingent liabilities, provision for employee benefits, provisioning for receivables, useful life of fixed assets, provision for taxation etc. Although these estimates are made on reasonable and prudent basis based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

D. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and it can be reliably measured.

- Interest on loan is recognized at flat rate on accrual basis. However, income on non-performing assets (NPA) is recognized only when realized and unrealized interest on non-performing assets is reversed when an advance becomes an NPA.
- Charges like bounce cheque, penal interest, delayed payment etc are recognised on receipt basis.
- Any amount received from portfolio written off earlier is treated as income on realization basis.
- All other incomes and expenditures are recognized on accrual basis.

E. Property, Plant & Equipment

Property, Plant & Equipment are accounted at historical cost net of depreciation. The cost of the asset includes purchase price and any cost directly attributable to bringing the asset in working condition for its intended use. Assets retired from active use are carried at lower of book value and estimated net realizable value.

F. Depreciation

Depreciation has been provided on the written down value method as per useful life prescribed under Schedule II of the Companies Act, 2013.



Buyer



G. Impairment of Assets

The carrying amount of asset is reviewed at each balance sheet date if there is any indication of impairments 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 asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

H. Intangible Assets

Acquired goodwill, software etc are valued at cost of acquisition and amortised over five years on straight line basis.

I. Investments

Investments which are to be held for long term are stated at cost with provision, where necessary, for diminution, other than temporary, in the value of the investments.

Current investments are stated at lower of cost and fair value.

J. Employee Benefits

Provident Fund Contribution:

Monthly employer contribution towards provident fund is charged to Profit and Loss Account on actual liability basis as per the provisions of Employees Provident Fund and Miscellaneous Provisions Act, 1952. The contribution is paid to the provident fund accounts of the employees as per existing provisions of Employees Provident Fund and Miscellaneous Provisions Act, 1952.

The Company provides PF benefit to its staff as per the provisions of Employees Provident Fund and Miscellaneous Provisions Act, 1952 since it is covered under the purview of the said Act.

Employee State Insurance (ESI):

The Company provides ESI benefit to all its eligible staff as per Employee State Insurance Act, 1948

Gratuity:

- Gratuity liability is provided based on actuarial valuation at the end of each year under projected unit credit method.
- Gratuity is to be paid to all eligible employees at the rate of 15 days salary for each year of service as per Payment of Gratuity Act, 1972.
- Other short term employee benefits are recognized on payment basis and charged to profit and loss account.

K. Income Taxes

Tax expenses include current income tax and deferred income tax.

Current period tax is measured and accounted at the amount expected to be paid to Indian tax authorities in accordance with the provisions of Income Tax Act, 1961.

Deferred income tax reflects the effect of 'timing difference' between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured at the tax rates applicable for the relevant financial year as it stands at the time of finalization of the accounts.

Company has opted to forego the MAT credit under section 115BAA Of Income Tax Act, 1961

L. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss attributable to the equity share holders by the weighted average number of equity shares outstanding during the period.

For the purposes of calculating diluted earnings per share, the net profit or loss for the period and weighted average number of equity shares are adjusted for the effects of all dilutive potential equity shares.



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M. Provisions, Contingent liabilities and Contingent assets

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligation and in respect of which a reliable estimate is made.

Provisions are measured based on best judgment estimates of the management having regard to the prevailing conditions. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

N. Cash and Cash equivalents

Cash equivalents includes short term highly liquid investments.

O. Loan portfolio - Classification, provisioning, write off and rescheduling

The loan portfolio is classified as standard, sub-standard, doubtful or loss assets as per the directions issued by The Reserve Bank of India (RBI) for Non-Banking Financial (Non-Deposit Accepting or Holding) companies prudential norms (Reserve Bank) Directions, 2007.

Provisioning for standard assets is maintained at 0.25% of the portfolio outstanding (as prescribed by The Reserve Bank Of India vide its circular DNBS.223/ CGM (US)-2011, dated 17-01-2011) and in respect of other class of assets provisioning is as per the above directions of Reserve Bank of India vide its circular DBOD.BP.BC. 83 /21.01.002/2008-09 dated 15th November 2008 titled Review of Prudential Norms - Provisioning for Standard Assets and Risk Weights for Exposures to Corporates, Commercial Real Estate and NBFC-ND.

Loan assets (Loss Assets) are written off as per above directions issued by The Reserve Bank of India (RBI) for Non-Banking Financial (Non-Deposit Accepting or Holding) companies prudential norms (Reserve Bank) Directions, 2007.

Further under following circumstances, loans are written off:

- a) Where in the opinion of the management amount is not recoverable consequent to prolonged default; customer death; fraud etc
- b) Where at the time of loan closure, a short collection of a few rupees occurs and in the opinion of the management, the cost of collection for such small amount is disproportionate to the expected benefit ; or
- c) All the loss assets as identified in terms of Directions issued by Non Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

Rescheduling loans:

Under exceptional circumstances like force majeure etc, the Company may reschedule the repayment schedule of the loans extended by it to specific centers / groups / individuals who have defaulted in the repayment, but who appear to be willing and capable of repaying their dues along with interest thereon as per the revised schedule.

P. Balance Confirmation :

-As part of year end financial reporting and closure process, requests for confirmation of balances are sent to various parties including banks, financial Institutions, Insurance companies etc. for confirming the year end balances / other details on a sample basis. It is not practically feasible to obtain confirmations of balances from the borrowers in view of the inherent nature of business.

-With respect to the cases where the confirmations and responses were received, reconciliations have been performed based on the information made available and necessary adjustments have been carried out in the financial statements.

-With respect to the cases where the balances were not confirmed by the parties, necessary adjustments have been carried out in the financial statements based on the information available with the Company.



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PRADAKSHANA FINTECH PRIVATE LIMITED

Regd Office: 151, 1st Floor, Farmland, Ramdaspeth, Behind Hotel Tulji Imperial, Nagpur, Maharashtra - 440010

Notes to Financial Statements & Significant Accounting Policies for the Year ended 31st March 2021**PRADAKSHANA**
(Amounts in INR)**NOTE 2**

Particulars	As At 31st March 2021		As At 31st March 2020	
	No. of Shares	Amount	No. of Shares	Amount
Authorised				
Equity shares of Rs.10 each	30,000,000	300,000,000	30,000,000	300,000,000
Issued, Subscribed & Paid up				
Equity shares of Rs.10 each fully paid up	7,391,430	73,914,300	7,391,430	73,914,300
Total	7,391,430	73,914,300	7,391,430	73,914,300

2.1 The company has issued only one class of shares viz. equity shares of face value of Rs.10 each.

NOTE 2 A**Changes in Equity Shares of Company**

Particulars	As At 31st March 2021		As At 31st March 2020	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	7,391,430	73,914,300	7,391,430	73,914,300
Add: Shares Issued during the year	-	-	-	-
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	7,391,430	73,914,300	7,391,430	73,914,300

NOTE 2 B**In respect of Equity Shares of Company holding more than 5% share**

SL.No	Name of Shareholder	As At 31st March 2021		As At 31st March 2020	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	Mr. Bansilal Wadhera	656,500	8.88%	656,500	8.88%
2	Mr. Kishore Kumar Puli	1,437,943	19.45%	1,437,943	19.45%
3	Pradakshana Trust	2,404,557	32.53%	2,404,557	32.53%
4	Employees Welfare Trust / ESOP Trust	842,430	11.40%	842,430	11.40%
	Total	5,341,430	72.27%	5,341,430	72.27%




PRADAKSHANA FINTECH PRIVATE LIMITED

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Notes to Financial Statements & Significant Accounting Policies for the Year ended 31st March 2021



PRADAKSHANA
(Amounts in INR)

NOTE 3: Reserves and Surplus

Reserves & Surplus	As At 31st March 2021	As At 31st March 2020
	Amount	Amount
a. Security Premium		
Opening Balance	22,000,000	22,000,000
(+) Current Year subscription / transfer	-	-
(-) utilisation / written Back in Current Year	-	-
Closing Balance	22,000,000	22,000,000
b. Statutory Reserves (created under section 45IC of RBI Act, 1934)		
Opening Balance	9,862,125	9,067,857
(+) Current Year Transfer	783,166	794,268
(-) Written Back in Current Year	-	-
Closing Balance	10,645,291	9,862,125
c. Surplus		
Opening balance	(55,532,008)	(58,709,081)
(+) Net Profit/(Net Loss) For the current year	3,915,829	3,971,341
(-) Transfer to Statutory Reserve (@ 20% of profits)	783,166	794,268
Closing Balance	(52,399,345)	(55,532,008)
Total	(19,754,054)	(23,669,883)



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Notes to Financial Statements & Significant Accounting Policies for the Year ended 31st March 2021



PRADAKSHANA
(Amounts in INR)

NOTE 4: Long Term Borrowings

Long Term Borrowings	As At 31st March 2021	As At 31st March 2020
	Amount	Amount
1. Term loans		
(A) Secured		
(a) From Banks		
- Suryoday Small Finance Bank Ltd	1,349,035	1,666,660
(b) Froms other parties		
- MAS Financial Services Limited	-	833,340
- Caspian Impact Investment Private Limited	-	1,111,102
- Electronica Finance Limited	2,568,029	-
- EcLEAR Leasing and Finance Pvt Ltd	1,430,350	-
- Uc Inclusive Credit Pvt Ltd	1,848,872	-
Long Term Borrowing (net of Current maturities)	7,196,286	3,611,102
In case of continuing default as on the balance sheet date in repayment of loans and interest with respect to (a)		
1. Period of default		-
2. Amount		-
Total	7,196,286	3,611,102

4.1 - Long term loan is secured cash collateral or deposit (refer note 13.1 and 15.1) and by hypothecation of book debts.

4.2 - Maturity pattern is as below:

S.No	Term Loan	Interest Rate	Total outstanding as on March 31, 2021	FY 21-22	FY 22-23
1	Suryoday Small Finance Bank Ltd	16.00%	4,702,068	3,353,033	1,349,035
2	MAS Financial Services Limited	15.75/16.5%	1,672,633	1,672,633	-
3	Caspian Impact Investment Pvt Ltd	16/15.75%	3,222,213	3,222,213	-
4	EcLEAR Leasing and Finance Pvt Ltd	15.75%	9,076,668	7,646,318	1,430,350
5	Uc Inclusive Credit Pvt Ltd	15.50%	4,274,612	2,425,740	1,848,872
6	Electronica Finance Ltd	15.00%	5,000,000	2,431,971	2,568,029
7	Usha Financials Services Pvt Ltd	18.50%	3,335,865	3,335,865	-
	TOTAL		31,284,059	24,087,773	7,196,286
	Amount outstanding as of Previous year		31,425,225	27,814,123	3,611,102

NOTE 5: Long Term Provisions

(Amounts in INR)

Long Term Provisions	As At 31st March 2021	As At 31st March 2020
	Amount	Amount
(a) Provision for Employee Benefits		
- Gratuity (Unfunded)	1,845,455	811,239
(b) Contingent provision on standard assets @ 0.25%	24,707	50,230
Total	1,870,162	861,469
5.1 Gratuity unfunded represents long term liability of the company towards its gratuity payments. The amount is based on actuarial valuation		



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PRADAKSHANA FINTECH PRIVATE LIMITED

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Notes to Financial Statements & Significant Accounting Policies for the Year ended 31st March 2021



NOTE 6 : Short-term Borrowings

PRADAKSHANA

<u>Short-term Borrowings</u>	As At 31st March 2021	As At 31st March 2020
	Amount	Amount
1. Loans repayable on Demand		
(A) Unsecured		
(i) From other parties		
- Finbro Technologies Pvt Ltd	41,791,220	39,000,000
- Credime Eservices Pvt Ltd	-	10,676,431
Total (A)	41,791,220	49,676,431
In case of continuing default as on the balance sheet date in repayment of loans and interest with respect to (i)		
1. Period of default	-	-
2. Amount	-	-
Total	41,791,220	49,676,431

NOTE 7: Other Current Liabilities

(Amounts in INR)

<u>Other Current Liabilities</u>	As At 31st March 2021	As At 31st March 2020
	Amount	Amount
(a) Current maturities of long-term borrowing (Refer Note: 4.2)		
(i) From Banks	3,353,033	4,653,304
(ii) From other parties	20,734,740	23,160,819
(b) Interest Accrued but not due on Borrowings	107,618	174,343
(c) Interest Accrued and due on Borrowings	834,247	1,045,541
(d) Other Payables		
- Audit Fees Payable	249,750	202,500
- Statutory Dues Payable	1,433,969	1,234,491
- Expenses Payable (staff travel etc)	585,873	264,461
- Insurance Premium held in trust	395,458	490,213
- Salary Payable	747,306	66,397
- Client amount held in trust	97,986	204,572
- Other Payable	1,514,300	270,148
(e) Receipts Pending Adjustments		
- Advance Received from Customers	509,634	70,888
- Exgratia amount from Central Government	549,821	-
Total	31,113,735	31,837,678

7.1 Advances received from customers are interest amount received in advance pending adjustment with interest due from borrowers on the future due dates

7.2 Exgratia amount from Central Government is received under notification of Ministry of Finance, Department of Financial Services (DFS) Ref: F No.2/12/2020-BOA.I dated 23rd October, 2020. These amounts will be adjusted to respective borrower account and refund issued to eligible borrowers.

NOTE 8: Short Term Provisions

(Amounts in INR)

<u>Short Term Provisions</u>	As At 31st March 2021	As At 31st March 2020
	Amount	Amount
a. Contingent Provision on Standard Assets @ 0.25%	130,366	123,440
b. Contingent Provision on Standard Assets @ 5%	-	4,959
c. Provision for Income tax (net of TDS and advance tax)	1,224,477	-
Total	1,354,843	128,399



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Notes to Financial Statements & Significant Accounting Policies for the Year ended 31st March 2021

NOTE 9 : Property, Plant & Equipment and Depreciation schedule

Property, Plant & Equipment	Gross Block				Accumulated Depreciation				Net Block	
	As at 01.04.2020 Amount	Additions Amount	Disposals Amount	As at 31.03.2021 Amount	As at 01.04.2020 Amount	For the year Amount	On disposals Amount	As at 31.03.2021 Amount	As at 31.03.2021 Amount	As at 31.03.2020 Amount
Tangible Assets										
Furniture & Fixtures	491,436	861,597	-	1,353,033	277,446	212,020	-	489,466	863,567	213,990
Office Equipments	393,330	358,503	-	751,833	204,134	112,884	-	317,018	434,815	189,196
Computer Hardware	340,415	83,069	-	423,484	287,917	60,899	-	348,826	74,658	52,488
Subtotal (A)	1,225,181	1,303,169	-	2,528,350	769,506	385,803	-	1,155,309	1,373,041	455,675
Intangible Assets										
Software	1,645,203	-	-	1,645,203	1,630,354	-	-	1,630,354	14,849	14,849
Subtotal (B)	1,645,203	-	-	1,645,203	1,630,354	-	-	1,630,354	14,849	14,849
Grand Total	2,870,384	1,303,169	-	4,173,553	2,399,860	385,803	-	2,785,663	1,387,890	470,524
Previous Year	3,280,644	418,310	828,571	2,870,383	2,317,634	82,223	-	2,399,857	470,526	963,010



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Notes to Financial Statements & Significant Accounting Policies for the Year ended 31st March 2021



PRADAKSHANA
(Amounts in INR)

NOTE 10: Non Current Investments

Non Current Investments	As At 31st March 2021	As At 31st March 2020
	Amount	Amount
A. Trade Investments		
Unquoted, Fully Paid Up		
50,000 (Previous year: 50,000) Equity shares of Rs.10 each fully paid-up in Alpha Micro Finance Consultants Pvt Ltd	500,000	500,000
B. Other Investments		
	-	-
Total (A+B)	500,000	500,000

Particulars	As At 31st March 2021	As At 31st March 2020
	Amount	Amount
Aggregate amount of quoted investments	-	-
Aggregate amount of unquoted investments	500,000	500,000

NOTE 11

Deferred Tax Liability / Asset

(Amounts in INR)

Particulars of items having timing difference of tax	Amount
Deferred tax asset on account of	
i. Difference in value of assets	1,228,070
ii. Gratuity Provision	1,845,455
iii. Provision for bad debts	196,574
Total (A)	3,270,099
Tax incidence @ 25.168% on 'A' above) - Balance Sheet	823,019
Existing Deferred Tax Asset	424,263
Adjustment for the year - Profit and Loss Statement	(398,756)

NOTE 12

Long-Term Loans & Advances

(Amounts in INR)

Long-Term Loans & Advances	As At 31st March 2021	As At 31st March 2020
	Amount	Amount
a) Balance with revenue authorities (net of tax provision)	436,114	406,114
b) Advance to Related party	4,103,854	4,103,854
Less: Provision made	4,103,854	4,103,854
Net Advance outstanding	-	-
c) Secured Loans		
- Micro Enterprise Loans	3,451,171	9,079,876
- Personal Loan To Salaried Employees	-	12,500
- Small Enterprise Loans	6,210,053	10,984,410
- Short Term Micro Enterprise Loans	271,760	-
d) Unsecured Loans		
- Micro Enterprise Loans	-	-
- Personal Loan To Salaried Employees	-	15,263
Less: Provision for sub standard assets on 'c' and 'd' above	5,001	-
Total	10,364,097	20,498,163

12.1: Balance with Revenue Authorities includes TDS receivable

12.2: Advance to related party is to Employee Welfare Trust / ESOP Trust was made in 2009. As advance is long outstanding, provision for this advance is made for full amount of advance.



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NOTE 13**Other Non Current Assets**

(Amounts in INR)

Other Non Current Assets	As At 31st March 2021	As At 31st March 2020
	Amount	Amount
- In Fixed Deposit as Cash collateral for Term Loans	3,000,000	2,097,223
- In Fixed Deposit as Security for First Loss Default Guarantee (FLDG)	-	-
- Others	520,000	-
Total	3,520,000	2,097,223

13.1 All fixed deposit as cash collateral and as security for FLDG are lien marked and encumbered against long term borrowing availed or for the First loss default guarantee extended respectively (as detailed in Note 29-Contingent liabilities)

13.2 Other include right in land (for Rs.520,000) to be transferred by the borrower to the company as part of security enforcement by the company. Borrower has registered the property in company name on April 09, 2021.

NOTE 14**Current Investment**

(Amounts in INR)

Current Investment	As At 31st March 2021	As At 31st March 2020
	Amount	Amount
Investments in mutual funds	16,138,613	7,843
Total	16,138,613	7,843

NOTE 15**Cash and Bank Balances**

(Amounts in INR)

Cash and Bank Balances	As At 31st March 2021	As At 31st March 2020
	Amount	Amount
a. Cash and cash equivalents		
- Balances with banks	2,662,163	7,398,380
- Cash in hand	407,475	273,108
Total Cash and Cash Equivalents	3,069,638	7,671,488
b. Other Bank Balances		
Deposits with Maturity from 3 to 12 months		
- In Fixed Deposits - as cash collateral for term loans	500,000	-
- In Fixed Deposits - as security against FLDG	13,300,000	-
Deposits with Maturity more than 12 months		
- In Fixed Deposits - as cash collateral for term loans	500,000	1,000,000
- In Fixed Deposits - as security against FLDG	5,750,000	15,800,000
Total	23,119,638	24,471,488

15.1 - All fixed deposit as cash collateral and as security for FLDG are lien marked and encumbered against long term borrowing availed or for the First loss default guarantee extended respectively (as detailed in Note 29-Contingent liabilities)



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Notes to Financial Statements & Significant Accounting Policies for the Year ended 31st March 2021


 PRADAKSHANA
(Amounts in INR)

NOTE 16: Short-term Loans and Advances

Short-term loans and advances	As At 31st March 2021	As At 31st March 2020
	Amount	Amount
Secured		
a. Microenterprise Loans	5,999,496	15,218,625
b. Microenterprise Loans - [Short Term]	15,629,214	7,383,826
c. Personal Loan To Salaried Employees	87,500	233,415
d. Small Enterprise Loans	4,172,547	7,172,966
e. Digital Loans (Secured by Guarantee)	24,879,361	19,465,125
Unsecured		
a. Microenterprise Loans	-	-
b. Microenterprise Loans - [Short Term]	1,751,200	-
c. Personal Loan To Salaried Employees	42,064	431,787
Less: Provision for substandard and Doubtful assets	41,501	92,471
Total	52,519,881	49,813,272

16.1 Digital Loans are secured by first loss default guarantee given by respective banking correspondents.

16 A. Outstanding and Provisioning Details

Table 16A.1		Outstanding Amount (Amounts in Rs.)				
S.No	Category	Standard Loan	Sub Standard Loan	Doubtful Loans	Loss Loans	% of Category to total outstanding
1	Secured - Long Term	9,882,970	50,014	-	-	15.89%
2	Secured - Short Term	25,473,754	415,003	-	-	41.43%
3	Secured by Guarantee - Short Term	24,879,361	-	-	-	39.81%
	Secured Total - A	60,236,085	465,017	-	-	97.13%
4	Unsecured - Long Term	-	-	-	-	0.00%
5	Unsecured - Short Term	1,793,264	-	-	-	2.87%
	Unsecured Total - B	1,793,264	-	-	-	2.87%
	Total (A + B)	62,029,349	465,017	-	-	100.00%

Table 16A.2		Provisioning Amount (Amounts in Rs.) - Including standard asset provisioning				
S.No	Category	Standard Loan	Sub Standard Loan	Doubtful Loans	Loss Loans	% of Category to total provision done
1	Secured - Long Term	24,707	5,001	-	-	14.74%
2	Secured - Short Term	63,684	41,500	-	-	52.18%
3	Secured by Guarantee - Short Term	62,198	-	-	-	30.86%
	Secured Total - C	150,589	46,502	-	-	97.78%
4	Unsecured - Long Term	-	-	-	-	0.00%
5	Unsecured - Short Term	4,483	-	-	-	2.22%
	Unsecured Total - D	4,483	-	-	-	2.22%
	Total (C+D)	155,073	46,502	-	-	100.00%

Table 16A.3		Outstanding less Provision (Amounts in Rs.)				
S.No	Category	Standard Loan	Sub Standard Loan	Doubtful Loans	Loss Loans	% of Category to total net outstanding
1	Secured - Long Term	9,858,263	45,013	-	-	15.90%
2	Secured - Short Term	25,410,070	373,503	-	-	41.39%
3	Secured by Guarantee - Short Term	24,817,162	-	-	-	39.84%
	Secured Total - E	60,085,494	418,515	-	-	97.13%
4	Unsecured - Long Term	-	-	-	-	0.00%
5	Unsecured - Short Term	1,788,781	-	-	-	2.87%
	Unsecured Total - F	1,788,781	-	-	-	2.87%
	Total (E+F)	61,874,275	418,515	-	-	100.00%



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Notes to Financial Statements & Significant Accounting Policies for the Year ended 31st March 2021



NOTE 17 - Other Current Assets

Other current assets	As At 31st March 2021	As At 31st March 2020
	Amount	Amount
a. Interest accrued on loans and advances	1,919,996	1,715,548
b. Interest accrued on fixed deposit	2,108,511	748,105
c. GST Input Credit	137,940	134,589
d. FLDG Claim receivable	15,595,652	5,398,896
e. Amount receivable for services rendered	2,647,810	2,087,644
f. Balances in Escrow Account (net)	2,562,315	26,155,935
g. Advances to Staff	-	21,624
h. Other Advances (net)	4,141,129	1,814,375
Other advances	6,641,129	
Less: Provision for other advances	2,500,000	
Total	29,113,354	38,076,716

17.1 Other Advances includes Rs.47,59,442 paid by company under banking correspondent cum first loss default guarantee arrangement on behalf of borrowers sourced to other company under this arrangement. This amount is recoverable from the borrowers of other company. A provision of Rs.25,00,000 has been made towards non-recoverability of the amount from such borrowers.

NOTE 18

(Amounts in INR)

Revenue from operations	For the Year Ended 31st March 2021	For the year ended 31st March 2020
	Amount	Amount
(a) Interest	16,262,678	28,312,318
(b) Other Financial Services - Processing Fee, Foreclosure charges, penalty etc	1,280,151	3,319,999
(c) Income from managed portfolio - Business Correspondent Model	27,273,443	10,571,581
Total	44,816,272	42,203,898

NOTE 19

(Amounts in INR)

Other Income	For the Year Ended 31st March 2021	For the year ended 31st March 2020
	Amount	Amount
(a) Dividend Income	545,089	620,373
(b) Other Non operating Income		
- Interest on Deposits held with others	1,746,860	946,442
- Provision for standard and sub-standard assets written back	69,525	68,489
- Other income	48,487	327,629
- Profit on sale of asset	-	137,000
Total	2,409,961	2,099,933

NOTE 20

(Amounts in INR)

Employee Benefits Expense	For the Year Ended 31st March 2021	For the year ended 31st March 2020
	Amount	Amount
(a) Salaries and incentives	17,137,318	15,174,500
(b) Director's Remuneration	4,701,808	3,701,808
(c) Staff welfare expenses	56,224	92,910
Total	21,895,350	18,969,218

20.1 Salaries and incentives includes applicable statutory contribution.



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Defined Benefit Plan

The employees' gratuity scheme is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

A. Reconciliation of opening and closing balances of Defined Benefit Obligation

Details of provision for Gratuity - Change in the present value of the defined benefit obligation are as follows:	For the Year Ended 31st March 2021	For the year ended 31st March 2020
Defined benefit obligation at the beginning of the year	811,239	259,515
Current services cost	379,441	438,384
Interest Cost	59,498	19,853
Prior Service Cost - Vested Benefit	-	-
Benefits paid	215,365	67,615
Actuarial (gains)/losses on obligation	810,641	161,102
Defined benefit obligation at the year end	1,845,454	811,239
Av Balance Service	25.50 Yrs	25.50 Yrs

B. Expenses recognised during the year

Computation of net employee benefit expense	For the Year Ended 31st March 2021	For the year ended 31st March 2020
Current services cost	164,076	370,769
Interest Cost on benefit obligation	59,498	19,853
Past services cost	-	-
Expected return on plan assets	-	-
Net Actuarial (gain) / Loss recognized in the year	810,641	161,102
Past services cost	-	-
Net Employee Benefit expense	1,034,215	551,724
Actual return on plan assets	-	-

C. Actuarial assumptions

Particulars	For the Year Ended 31st March 2021	For the year ended 31st March 2020
Retirement age	60 Yrs	60 Yrs
Adjusted Average Future cost*	12.77	14.63
Discount rate (per Annum)	6.89%	6.77%
Expected rate of return on plan assets (per Annum)	0.0%	0.0%
Rate of escalation in Salary (per annum)	10.0%	10.0%

The estimates of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

* Adjusted future service takes into account the effect of mortality and attrition.

The data sent to actuary did not include the actual gratuity paid for Rs.215,365 current year and Rs.67,615 (previous year). Therefore total of Rs.282,980 has been adjusted in the current year actuarial estimate.

NOTE 21

(Amounts in INR)

Finance costs	For the Year Ended 31st March 2021	For the year ended 31st March 2020
	Amount	Amount
(a) Interest expense	7,165,290	9,568,478
(b) Other Borrowing costs	287,347	150,000
Total	7,452,637	9,718,478

21.1: Interest expense includes interest of Rs.58,863 towards deferred payment of income tax.



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Notes to Financial Statements & Significant Accounting Policies for the Year ended 31st March 2021



PRADAKSHANA
(Amounts in INR)

NOTE 22

Other expenses	For the Year Ended 31st March	For the year ended 31st March
	Amount	Amount
Auditors Remuneration	290,250	225,000
Printing and Stationery Expenses	315,762	282,921
Telephone & Internet Expenses	408,160	194,560
Consultancy & Professional Fee	1,452,553	1,365,346
Rent	1,338,310	1,439,450
Insurance Premium on Employees	139,871	251,571
Interest on Statutory dues	-	3,530
Travelling expenses	349,893	1,016,826
Court fees deposit	-	452,760
Local Conveyance	1,257,964	1,237,968
GST Expenses	206,942	1,073,602
Intangible Asset Write-off	-	528,571
Stipends	588,937	1,032,164
Other expenses	1,419,398	1,641,853
Total	7,768,039	10,746,121

22.1 Other Expenses includes expenses incurred towards electricity, repairs & maintenance expenses, postage & telegram, bank charges, utility etc.

NOTE 23

(Amounts in INR)

Provisions on Bad and Doubtful loans, Loan Losses and other assets	For the Year Ended 31st March 2021	For the year ended 31st March 2020
	Amount	Amount
(a) Provision on standard assets		
Provision on standard assets @ 0.25%	(23,556)	(51,912)
Provision on standard assets @ 5%	-	4,959
(b) Write Off Loans		
Loans written off during the year	1,399,317	452,058
Less : Recovery from earlier write-off	48,130	276,118
Net Write-off during the year	1,351,187	175,940
(c) Provision on Non Performing Assets		
Provision for bad and doubtful loans on Sub - Standard Assets & Doubtful Assets	(45,969)	(21,536)
(d) Provision on Other Assets, Loans and Advances	-	-
(e) Provision on standard and sub-standard - write back -transferred to Note19	69,525	68,489
(f) Provision for other Advances	2,500,000	-
Total	3,851,187	175,940



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Notes to Financial Statements & Significant Accounting Policies for the Year ended 31st March 2021

**NOTE 24: Earnings per share**

(Amounts in INR)

S.No	Particulars	For the Year Ended 31st March 2021	For the year ended 31st March 2020
		Amount	Amount
1	Profit After Tax (Amount in Rupees)	3,915,829	3,971,341
2	Weighted Average number of equity Shares for Basic earnings	7,391,430	7,391,430
3	Basic earnings per Share	0.53	0.54
4	Weighted Average number of equity Shares for diluted earnings	7,391,430	7,391,430
5	Diluted earnings per Share	0.53	0.54
6	Face value of equity share	10.00	10.00

NOTE 25: Remuneration to Statutory Auditor

(Amounts in INR)

S.No	Particulars	For the Year Ended 31st March 2021	For the year ended 31st March 2020
1	Statutory Audit Fees	230,000	185,000
2	Tax Audit Fees	40,000	40,000
3	Other Matters	-	-
	TOTAL	270,000	225,000

NOTE 26: Names of Related Parties / Related Party Transaction**Name:- of Related Parties**

S.No	Particulars	Details
1	Equity holding substantial interest	1. Pradakshana Trust 2. ESOP Trust / Employee Welfare Trust 3. Kishore Kumar Puri
2	Other Related Parties	-
3	Key Management Personnel	1. Kishore Kumar Puri, Managing Director 2. Bhargavi Puri, Director

Related party transactions

(Amounts in INR)

Particulars	For the Year Ended 31st March 2021	For the year ended 31st March 2020
Advance given to ESOP Trust		
Opening balance	4,103,854	4,103,854
Add: Additions	-	-
Less: Recovery	-	-
Closing Balance	4,103,854	4,103,854
Less: Amount provided for - refer note 12 and 12.2	4,103,854	4,103,854
Amount outstanding net of provision	-	-
Key Management Personnel		
1. Professional Fee Paid During the Year	-	-
2. Director's Remuneration	4,701,808	3,701,808

Relationship between parties has been relied upon by auditors based on declaration by the management.

NOTE 27: Earnings and Expenditure in foreign exchange

During the year earnings and expenditure in foreign exchange are 'NIL'.

NOTE 28: Unhedged Foreign Currency Exposure

During the year, Unhedged Foreign Currency Exposure is Nil.



Signature of Auditor



NOTE 29: Contingent liabilities and Provisions

Contingent liabilities and commitments (to the extent not provided for)		As At 31st March 2021	As At 31st March 2020
		Amount	Amount
Asset under management (for Third Parties)			
- On Managed portfolio		38,59,77,134	32,99,00,856
Contingent Liabilities on above towards first loss default guarantee			
- On Managed portfolio		3,85,97,713	3,29,90,086
Of which Contingent Liabilities covered by Fixed Deposit lien	₹ 2,04,49,088		
Of which Contingent Liabilities not covered by Fixed Deposit lien	₹ 1,81,48,625		
TOTAL		3,85,97,713	3,29,90,086

29.1 Provisions not made

Further to the onset of pandemic Covid-19, the management has started taking austerity measures at the same time evolving mechanism to enhance collection efforts and efficiency. The digital finance portfolio is guaranteed by first loss default guarantee by the business correspondents and on this portfolio the management expects only minimum to NIL losses. However, there can be significant drop in gross revenue in subsequent year and losses on account of first loss default guarantee issued in the capacity of a business correspondent. In the present circumstance, the company is not able to make any reasonable estimate of the possible financial impact and hence no provision is made as such.

NOTE 30: Dues to Micro, Small and Medium Enterprises

Under Micro, Small and Medium Enterprise Developments Act, 2006 certain disclosure are required to be made relating to Micro and small enterprises. The company has taken necessary steps to seek relevant information from its suppliers about the coverage under the Act. According to information available with the management, no amounts are outstanding pertaining to covered Creditors for the period more than 45 days.

On the basis of the information and records available with the management, the following disclosures are made for the amount due to Micro, Small and Medium enterprises, who have registered with the competent authorities

Particulars	(Amounts in INR)	
	For the Year Ended 31st March 2021	For the year ended 31st March 2020
	Amount	Amount
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	2,90,250	2,25,000
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year;		
The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;		
The amount of interest accrued and remaining unpaid at the end of the year		
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.		

NOTE 31: Balance Confirmation

Balances in certain party ledgers including Loans & Advances and Current Assets are subject to confirmation and reconciliation.

NOTE 32: Covid Pandemic Impact (read with note 29.1 above)

The onset of global pandemic Covid -19 has impacted the growth prospects of the company during the current financial year and for the subsequent year. In the assessment of the management there will not be significant impact of the pandemic affecting the liquidity or the going concern of the company.

NOTE 33

Previous years figures have been regrouped and reclassified wherever necessary to match with current year grouping and classifications

As per our report of even date

For Vaithisvaran & Co LLP

Chartered Accountants



S. Shankar Raman

Partner

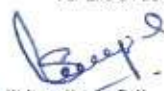
M.No:209163

Firm Regn No: 0044945/S200037

Place: Hyderabad

Date: June 14, 2021

For and on behalf of the Board



Kishore Kumar Puli

Managing Director

01925566



Bhargavi Puli

Director

05291662



Annexure to Balance Sheet as at 31.03.2021 of Pradakshana Fintech Private Limited (COR: B-13.02187)

Note 34 to the Balance Sheet of a non-deposit taking non-banking financial company
(as required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding)
Companies Prudential Norms (Reserve Bank Directions, 2007)

(Amount in INR)

Particulars		
Liabilities side:		
(1) Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:	Amount out-standing	Amount Overdue
(a) Debentures: Secured	NIL	
: Unsecured	NIL	
(other than falling within the meaning of public deposits*)		
(b) Deferred Credits	NIL	
(c) Term Loans / cash credit	31,284,059	NIL
(d) Inter-corporate loans and borrowing	42,625,467	
(e) Commercial Paper	NIL	
(f) Other Loans (specify nature)	NIL	
Assets side:		
(2) Break-up of Loans and Advances including bills receivables (other than those included in (4) below):	Amount outstanding	
<u>Secured Loans</u>		
- Micro Enterprise Loans		9,450,667
- Micro Enterprise Loans - (Small Ticket)		15,629,214
- Personal Loan To Salaried Employees		87,500
- Short Term Micro Enterprise Loans		271,760
- Small Enterprise Loans		10,382,600
- Digital Loans		24,879,361
<u>Unsecured Loans</u>		
- Personal Loan To Salaried Employees		42,064
- Microenterprise Loans - [Short Term]		1,751,200
- Loans & Advances to Related Parties		
(in the normal course of business)		
(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 sundry 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		



Boop



(6)	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): Please see note 3 below		
	Category	Market value/Break up or fair value or NAV	Book value (Net of Provisions)
	1. Related Parties **		
	(a) Subsidiaries	NIL	NIL
	(b) Companies in the same group	NIL	NIL
	(c) Other related parties	NIL	NIL
	2. Other than related parties	16,638,613	16,638,613
	Total	16,638,613	16,638,613

** As per Accounting Standard of ICAI (Please see note 26)


(7) Other information

Particulars	Amount
(i) Gross Non-Performing Assets	
(a) Related parties (in the normal course of business)	-
(b) Other than related parties	465,017
(ii) Net Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	418,515
(iii) Assets acquired in satisfaction of debt	Nil

Notes:

- As defined in paragraph 2(i)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (4) above.

As per our report of even date
For Vaithisvaran & Co LLP
Chartered Accountants


S. Shankar Raman
Partner

M.No: 209163
Firm Regn No: 0044945/S200037
Place: Hyderabad
Date: June 14, 2021



For and on behalf of the Board


Kishore Kumar Puli
Managing Director

01925566


Bhargavi Puli
Director

85291662

