



**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 2023**, and the Statement of Profit and Loss, and Cash Flow Statement for the year ended and notes to financial statements, 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 2023 and its profit 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 thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter Para

We draw attention to Note- 4.3 of financial statements, which state that Other term loans are secured by cash collateral or deposit (refer note 13.1 and 15.1) and by hypothecation of book debts whereas the required margin percentage of book debts are not maintained for some of the lenders as per the loan agreements for which short fall in book debt arises to Rs.38,23,553. Our Opinion is not modified in respect of this matter.





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

4. 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 safe guarding 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

5. 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 judgement 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

6. As required by the Companies (Auditor's Report) Order, 2020 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.
7. 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 account;
 - (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) We do not have any observation or comment on the financial statements or matters which have any adverse effect on the functioning of the company.
 - (f) On the basis of written representations received from the Directors as on 31 March, 2023 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31 March, 2023 from being appointed as a director in terms of Section 164(2) of the Act;
 - (g) In our opinion and according to the information and explanation given to us, during the current year, reporting on Internal financial controls with reference to financial statements is not applicable as the company is a private company with turnover less than Rs.50 Crores as per last audited financial statement and aggregate borrowings from banks or financial institutions or anybody corporate at any point of time during the financial year less than Rs. 25 Crore;
 - (h) We do not have any qualification, reservation or adverse remark relating the maintenance of accounts and other matters connected herewith.
8. 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:
- (a) The Company does not have pending litigations to disclose in its financial statements.
 - (b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - (c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - (d)
 - i. The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested by the company to or in any other person(s) or entity(ies) 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 security or the like on behalf of the ultimate beneficiaries;





- ii. The management has represented, that to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- iii. Based on such audit procedures that we have 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) contain any material mis-statement.

(e) There is no dividend declared or paid during the year by the company.

9. With respect to the matter to be included in the Auditors' Report under Section 197(16):

- (a) In our opinion and according to the information and explanation given to us, during the current year, the company is a private limited company and accordingly the provisions of Section 197 of the Act is not applicable to the company. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

10. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

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


S. Krishnan

Partner
Membership No.213820
UDIN: 23213820BGXEGM1116



Place: Hyderabad
Date: April 29, 2023.



**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, 2020 issued by the Government of India in terms of Section 143 (11) of the Companies Act, 2013, we report that:

- i. In our opinion and according to the information and explanations given to us, in respect of its Property, Plant & Equipment and intangible assets:
 - a.
 - A. The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant & equipment;
 - B. The company has maintained proper records showing full particulars, including quantitative details and situation of Intangible Assets;
 - b. The Property, Plant & Equipment 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. According to information and explanations given to us the company does not have any Immovable Property (Land) classified under Property, Plant and Equipment as on the date of Balance Sheet;
 - d. The company has not revalued its property, plant & equipment (including Right of Use assets) or intangible assets or both during the period;
 - e. No proceeding has been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act 1998 and rules made thereunder;
- ii. In our opinion and according to the information and explanations given to us;
 - a. The Company is a Non-Banking Finance Company. It does not hold any physical inventory. Hence provisions of 3(ii) of the Order are not applicable;
 - b. The Company has not been sanctioned any working capital limits in excess of five crore rupees during the period, in aggregate, from banks or financial institutions on the basis of security of current assets;
- iii. During the period the company has made investments in or granted loans or advances in the nature of loans, secured or unsecured, to companies, firms or limited liability partnerships or other parties or stood guarantee or provided security to other entity and accordingly we report that in our opinion and according to the information and explanations given to us;





- a. As the principal business of the company is to give loans clause iii(a) is not applicable;
 - b. The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.
 - c. In respect of loans given (and outstanding as on balance sheet date mentioned in note 12 and 16 to the financial statement) in the normal course of the business the schedule of repayment of principal and payment of interest has been stipulated. The classification of the outstanding as per the prudential norms of the Reserve Bank of India based on the repayment regularity is mentioned in Note 16A of the Financial Statements.
 - d. In respect of loans given (and outstanding as on balance sheet date mentioned in note 12 and 16 to the financial statement) in the normal course of the business Rs.29,44,362 is the amount overdue for more than ninety days. Reasonable steps have been taken by the company for recovery of the principal and interest.
 - e. As the principal business of the company is to give loans clause iii(e) is not applicable.
 - f. In our opinion and according to the information and explanations given to us, no loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment, as defined in clause (76) of section 2 of the Companies Act, 2013.
- iv. In our opinion and according to the information and explanations given to us, provisions of section 185 is not applicable to the company and the provision of section 186 is complied as in our opinion.
- 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 remittance of undisputed statutory dues including Employees Provident Fund, employee state insurance, Income-tax, Goods and Services tax, Service tax, duty of customs, 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. However, an undisputed amount of Rs. 35,750 in respect of Professional Tax payable as on 31 Mar 2023 remained payable for a period of more than six months from the date on which it became payable.
 - b. According to information and explanation given to us and records of the company examined by us, the particulars in respect of Employees Provident Fund, employee state insurance, Income-tax, Goods and Services tax, Service tax, duty of customs, cess and any other statutory dues with appropriate authorities that have not been deposited with the appropriate authorities on account of pending disputes are Nil as at March 31, 2023.





- viii. In our opinion and according to the information and explanations given to us, there were no transactions not recorded in the books of accounts being surrendered or disclosed as income during the year in the tax assessment under the Income Tax Act, 1961.
- ix. In our opinion and according to the information and explanations given to us;
- a. the company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders and hence no further details to be provided in clause a and b of this para;
 - b. as in 'a' above;
 - c. Term loans have been applied for the purpose for which the loans were obtained;
 - d. Funds raised on short term have not been used for long term purpose during the period;
 - e. During the period, the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures;
 - f. The company has not raised loans during the period on the pledge of securities held in its subsidiaries, joint ventures or associate companies;
- x.
- a. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the period. Accordingly, paragraph 3 (x) of the Order is not applicable.
 - b. The company has not made any preferential allotment or private placement of shares or convertible debenture during the period under review and the requirements of section 42 and section 62 of the Companies Act, 2013 is not applicable.
- xi. To the best of our knowledge and belief, and according to the information and explanations given to us,
- a. there are no frauds noticed or reported by or on the Company by its officers or employees during the period;
 - b. No report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government;
 - c. The company does not have vigil and whistle-blower mechanism. Hence there is no requirement to consider whistle-blower complaints by the auditor;
- 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. According to the information and explanations given to us and based on our examination of the records of the Company, Section 177 of the Act read with Rule 6 of Companies (Meetings of Board and its Powers) Rules, 2014 and Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014 is not applicable to the company. According to the information and explanations given to us and based on our examination of the records of the Company provisions of section 188 are complied.
- xiv. According to the information and explanations given to us
- Provision of internal audit under section 138 of the Act are not applicable to the company and company does not have an internal audit system.
 - As internal audit is not applicable and company does not have an internal audit system; the statutory auditor considering the reports of the internal auditor for the period under audit 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. According to the information and explanations given to us and based on our examination of the records of the Company;
- The company is registered under section 45-IA of the Reserve Bank of India Act, 1934 vide Registration No.B-13.02187.
 - As the company is registered under section 45-IA of the Reserve Bank of India Act, 1984, paragraph 3 ((xvi)(b)) of the Order is not applicable;
 - the company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India;
 - there is no CIC in the group and hence this para is not applicable;
- xvii. Company has not incurred cash losses in the financial year and in the immediately preceding financial year;
- xviii. There is no resignation of the statutory auditors during the year. So, reporting whether the auditor has taken into consideration the issues, objections or concerns raised by the outgoing auditors is not applicable.
- xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, the auditor's knowledge of the Board of Directors and management plans, the auditor is of the opinion that no material uncertainty exists as on the date of the audit report that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date;





- xx. Provision of Corporate Social Responsibility under section 135 of the Act is not applicable to the company during the period and hence para (xx) of the order is not applicable.
- xxi. Being standalone financials para (xxi) of the order is not applicable.

For Vaithisvaran & Co LLP
Chartered Accountants
Firm Regn No.044945 / S200037

S. Krishnan

Partner

Membership No.213820

UDIN: 23213820BGXEGM1116



Place: Hyderabad

Date: April 29, 2023.

PRADAKSHANA FINTECH PRIVATE LIMITED

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

CIN:U15676MH1995PTC289611

BALANCE SHEET AS AT 31 March 2023

(All amounts in Rupees in Lakhs other than number of shares and unless otherwise specified)



Particulars	Note No.	As At 31 March 2023	As At 31st March 2022
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	2	739.14	739.14
(b) Reserves and surplus	3	(101.89)	(169.36)
Non-current liabilities			
(a) Long-term borrowings	4	243.90	139.79
(b) Long-term Provisions	5	30.86	23.98
Current Liabilities			
(a) Short-term borrowings	6	471.68	254.01
(b) Other current liabilities	7	198.65	84.06
(c) Short-term provisions	8	1.34	3.51
TOTAL		1,583.68	1,075.13
ASSETS			
Non-current assets			
(a) Property, Plant & Equipment & Intangible assets	9		
(i) Property, Plant & Equipment		31.78	18.02
(ii) Intangible assets		4.04	0.15
(b) Non-current investments	10	5.00	5.00
(c) Deferred Tax Asset	11	5.22	9.26
(d) Long-term loans and advances (Net of provisions)	12	123.46	40.94
(e) Other Non Current Assets	13	377.23	351.49
Current assets			
(a) Current Investments	14	50.01	77.45
(b) Cash and Bank Balance	15	291.25	32.12
(c) Short-term loans and advances (Net of provisions)	16	548.88	388.51
(d) Other current assets	17	146.81	152.19
TOTAL		1,583.68	1,075.13
Significant Accounting Policies	1		
Notes to Accounts	2 to 34		

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

S. Krishnan
Partner
M.No: 213820
Firm Regn No: 004494S/S200037
Place: Hyderabad
Date: 26/04/2023



For and on behalf of the Board

Kishore Kumar Puli
Managing Director
01925566

Bhargavi Puli
Director
05291662



PRADAKSHANA FINTECH PRIVATE LIMITED

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CIN:U15676MH1995PTC289611



PROFIT AND LOSS STATEMENT FOR THE PERIOD ENDED 31 March 2023

(All amounts in Rupees in Lakhs other than number of shares and unless otherwise specified)

PRADAKSHANA

Particulars	Note No.	For the Year Ended 31 March 2023	For the year ended 31st March 2022
I. Revenue from operations	18	937.08	536.90
II. Other income (including provision write back, if any)	19	92.16	35.43
III. Total Revenue (I + II)		1,029.24	572.33
Expenses:			
Employee benefits expense	20	400.84	293.50
Finance costs	21	91.00	47.57
Depreciation and amortisation expense	9	10.63	7.14
Other expenses	22	197.16	129.07
Provisions on Bad and Doubtful loans, Loan Losses and other assets	23	228.80	43.72
IV. Total Expenses		928.44	521.01
V. Profit before Exceptional and Extraordinary items, Prior Period Adjustments and tax (III - IV)		100.80	51.32
VI. Exceptional items		-	-
VII. Profit before Extraordinary Items and Tax (V - VI)		100.80	51.32
VIII. Extraordinary Items		-	-
IX. Profit before Tax (VII- VIII)		100.80	51.32
X. Tax expense:			
(1) Current tax		17.67	23.08
(2) Income tax of earlier years		11.62	1.09
(3) Deferred tax		4.04	(1.03)
XI. Profit / (Loss) for the period from Continuing Operations (IX - X)	11	67.47	28.18
XII. Profit / (Loss) for the period from Discontinuing Operations		-	-
XIII. Tax Expense of Discontinuing Operations		-	-
XIV. Profit / (Loss) from Discontinuing Operations (After Tax) (XII-XIII)		-	-
XV. Profit / (Loss) for the period (XI + XIV)		67.47	28.18
XVI. Earnings per equity share:	24		
(1) Basic (Amount in Rupees)		0.91	0.38
(2) Diluted (Amount in Rupees)		0.91	0.38

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

S.Krishnan
Partner
M.No: 213820
Firm Regn No: 004494S/S200037
Place: Hyderabad
Date: 26/04/2023



For and on behalf of the Board

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CIN:U15676MH1995PTC289611

CASH FLOW STATEMENT AS AT 31st Mar 2023

(All amounts in Rupees in Lakhs other than number of shares and unless otherwise specified)



PRADAKSHANA

Particulars	For the Year Ended 31 March 2023	For the year ended 31st March 2022
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profits before Tax	100.80	51.32
Add: Adjustments for non-cash expenditures / Other head of cash flow :		
Depreciation on fixed assets	10.63	7.14
Provisions for Gratuity	6.73	6.11
Interest and finance charges paid on borrowings (including accrued interest)	91.00	47.57
Less: Adjustments for non-cash Income / Other head of cash flow :		
Accrued Interest	8.53	5.92
Dividend income	2.56	7.96
Interest income on Fixed Deposit	28.74	22.26
Operating profits / (losses) before working capital adjustments	169.33	76.01
Adjustments for increase / decrease in working capital		
Decrease / (Increase) in Short Term loans and advances	(160.37)	136.68
Decrease / (Increase) in other current assets (other than loans and advances)	13.91	138.73
Decrease / (Increase) in Long term loans & Advances	(82.52)	62.70
Increase / (Decrease) in current liabilities	114.59	13.80
Increase / (Decrease) in Long term provisions	0.16	(0.83)
Increase / (Decrease) in Short term provisions	0.41	(0.37)
Cash generated from operations	55.50	426.72
Less: Income tax	31.87	33.84
Net cash generated from operation activities	23.63	392.87
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Property, Plant & Equipment	(28.28)	(11.43)
Sale / (Purchase) of Investments	27.44	83.94
Dividend Income	2.56	7.96
Interest income on Fixed Deposit	28.74	22.26
Sale / (Purchase) of Non Current Assets	(25.74)	(310.16)
Net cash from Investment activities	4.72	(207.43)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long term borrowings received/(Paid) - Net	104.11	67.83
Short term borrowings received/(Paid) - Net	217.67	(404.78)
Interest and finance charges paid on borrowings	(91.00)	(47.57)
Net cash flow from Financing activities	230.78	(384.52)
NET INCREASE OR (DECREASE) IN CASH OR CASH EQUIVALENTS ("A" + "B" + "C")	259.13	(199.08)
Opening Cash and Bank balances	32.12	231.20
Closing Cash and Bank balances (read with note 15)	291.25	32.12
NET INFLOW / (OUTFLOW) DURING THE YEAR	259.13	(199.08)

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

S.Krishnan
Partner
M.No: 213820
Firm Regn No: 004494S/S200037
Place: Hyderabad
Date: 26/04/2023



For and on behalf of the Board

Kishore Kumar Puli
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PRADAKSHANA FINTECH PRIVATE LIMITED

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Notes to Financial Statements & Significant Accounting Policies for the Period ended 31st March 2023



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.25,000/- to Rs.15,00,000/-.

The company commenced its finance operations in the year 1995 and is operating in four states with twenty nine branches as on 31st March 2023. 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.

Pradakshana Fintech Private Limited is also working as a Business Correspondent for building Micro Finance book for Banks and NBFCs

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.
- Service fee from Business Correspondents(BC) is recognised on accrual 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.



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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:

- a. Gratuity liability is provided based on actuarial valuation at the end of each year under projected unit credit method.
- b. 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.
- c. 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 Provisioning of sub-standard asset is maintained at 10% ,doubtful assets(secured)is maintained at 20% and doubtful assets(unsecured)is maintained at 100% as per the directions of Reserve Bank of India vide its circular DNBS (PD) CC.No.371/03.05.02/2013-14 dated 21st March 2014 titled Early Recognition of Financial Distress, Prompt Steps for Resolution and Fair Recovery for Lenders: Framework for Revitalising Distressed Assets in the Economy

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

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Notes to Financial Statements & Significant Accounting Policies for the Period ended 31st March 2023

(All amounts in Rupees in Lakhs other than number of shares and unless otherwise specified)

NOTE 2 : Share Capital

Particulars	As At 31 March 2023	As At 31 March 2022
Authorised		
3,00,00,000 Equity Shares of Rs.10 each (previous year 3,00,00,000 equity share of Rs.10 each)	3,000.00	3,000.00
Issued, Subscribed & Paid up		
7,391,430 Equity Shares of Rs.10 each (previous year 3,00,000 equity share of Rs.10 each)	739.14	739.14
Total	739.14	739.14

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

NOTE 2 A

Statement of changes in Equity

Particulars	As At 31 March 2023		As At 31 March 2022	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	7,391,430	739.14	7,391,430	739.14
Add: Shares Issued during the year	-	-	-	-
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	7,391,430	739.14	7,391,430	739.14

NOTE 2 B

Particulars of Share Holders holding equity shares more than 5%

SL.No	Name of Shareholder	As At 31 March 2023		As At 31 March 2022	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	Ms. Pushpa Wadhwa	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	72.26%	5,341,430	72.26%

NOTE 2 C

Particulars of Share holdings of promoters

SL.No	Name of Shareholder	As At 31 March 2023			As At 31 March 2022		
		No. of Shares held	% of Holding	% of change in Holding	No. of Shares held	% of Holding	% of change in Holding
1	Mr. Kishore Kumar Puli	1,437,943	19.45%	-	1,437,943	19.45%	-
2	Pradakshana Trust	2,404,557	32.53%	-	2,404,557	32.53%	-
	Total	3,842,500	51.99%	-	3,842,500	51.99%	-



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Notes to Financial Statements & Significant Accounting Policies for the Period ended 31st March 2023

(All amounts in Rupees in Lakhs other than number of shares and unless otherwise specified)

**PRADAKSHANA****NOTE 3: Reserves and Surplus**

Particulars	As At 31 March 2023	As At 31 March 2022
a. Security Premium		
Opening Balance	220.00	220.00
(+) Current Year subscription / transfer	-	-
(-) utilisation / written Back in Current Year	-	-
Closing Balance	220.00	220.00
b. Statutory Reserves (created under section 45IC of RBI Act, 1934)		
Opening Balance	112.09	106.45
(+) Current Year Transfer	13.49	5.64
(-) Written Back in Current Year	-	-
Closing Balance	125.58	112.09
c. Surplus		
Opening balance	(501.45)	(523.99)
(+) Net Profit/(Net Loss) For the current year	67.47	28.18
(-) Transfer to Statutory Reserve (@ 20% of profits)	13.49	5.64
Closing Balance	(447.47)	(501.45)
Total	(101.89)	(169.36)



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Notes to Financial Statements & Significant Accounting Policies for the Period ended 31st March 2023

(All amounts in Rupees in Lakhs other than number of shares and unless otherwise specified)



PRADAKSHANA

NOTE 4: Long Term Borrowings

Particulars	As At 31 March 2023	As At 31 March 2022
1. Term loans		
(A) Secured		
(a) From Banks		
- Suryoday Small Finance Bank Ltd	-	27.25
- Fincare Small Finance Bank Ltd	-	2.40
(b) From other parties		
- Electronica Finance Ltd	55.13	23.44
- Uc Inclusive Credit Pvt Ltd	6.27	-
- Caspian Impact Investment Pvt Ltd	64.93	63.89
- Alwar General Finance Company Pvt Ltd	20.63	-
- Usha Financial Services Ltd	18.55	-
- Samunnati Financial Pvt Ltd	4.86	22.81
- RAR Fincare Ltd	24.65	-
- Kaleidofin Capital Pvt Ltd	48.88	-
Long Term Borrowing (net of Current maturities)	243.90	139.79
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	243.90	139.79

4.1 - Fincare Term loan is secured by Hypothecation of Tabs & Biometric devices.

4.2 - For Electronica Finance Limited, Hypothecation of book debts is not done as on 31/03/2023 as the loan was disbursed on 03/03/2023, the company has 90days time from the date of disbursal.

4.3 - Other term loans are secured by cash collateral or deposit (refer note 13.1 and 15.1) and by hypothecation of book debts whereas the required margin percentage of book debts are not maintained for some of the lenders as per the loan agreements for which short fall in book debt arises to Rs.38.24 Lakhs

4.4 - Maturity pattern is as below:

S.No	Term Loan	Interest Rate	Total outstanding as on March 31, 2023	Repayment in next One year	Repayment in morethan One to Two years	Repayment in morethan Two years
1	Alwar General Finance Co Pvt Ltd	16.00%	44.58	23.95	20.63	-
2	Caspian Impact Investment Pvt Ltd	15.50%	135.76	70.83	64.93	-
3	Electronica Finance Ltd - TI 1	14.50%	23.44	23.44	-	-
4	Fincare Small Finance Bank Ltd	13.83%	2.44	2.44	-	-
5	Samunnati Financial Intermediation and Services Pvt Ltd	16.50%	53.97	49.12	4.86	-
6	Suryoday Small Finance Bank Ltd	16.00%	27.25	27.25	-	-
7	Uc Inclusive Credit Pvt Ltd	17.50%	68.52	63.25	6.27	-
8	Usha Financial Services Ltd	17.75%	113.68	95.13	18.55	-
9	Kaleidofin Capital Pvt Ltd	17.50%	97.34	48.46	48.88	-
10	RAR Fincare Ltd	17.00%	47.57	22.92	24.65	-
11	Electronica Finance Ltd - TI 2	14.50%	100.00	44.87	55.13	-
	TOTAL		715.57	471.68	243.89	-
	Amount outstanding as of Previous year		393.80	254.01	109.24	30.56

NOTE 5: Long Term Provisions

Particulars	As At 31 March 2023	As At 31 March 2022
(a) Provision for Employee Benefits		
- Gratuity (Unfunded)	30.62	23.89
(b) Contingent provision on standard assets @ 0.25%	0.25	0.09
Total	30.86	23.98

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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Notes to Financial Statements & Significant Accounting Policies for the Period ended 31st March 2023

(All amounts in Rupees in Lakhs other than number of shares and unless otherwise specified)

**PRADAKSHANA****NOTE 6 : Short-term Borrowings**

Particulars	As At 31 March 2023	As At 31 March 2022
1. Term loans		
1. Loans repayable on Demand	-	-
2. Current maturities of long-term borrowing (Refer Note: 4.4)		
(i) From Banks	29.69	39.94
(ii) From other parties	441.99	214.07
Total (A)	471.68	254.01
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	471.68	254.01

NOTE 7: Other Current Liabilities

Particulars	As At 31 March 2023	As At 31 March 2022
(a) Interest Accrued but not due on Borrowings	4.48	3.32
(b) Interest Accrued and due on Borrowings	-	-
(c) Other Payables		
- Audit Fees Payable	1.80	1.80
- Statutory Dues Payable	26.99	12.73
- Expenses Payable	17.53	6.41
- Insurance Premium held in trust	38.85	39.62
- Salary Payable	9.49	5.04
- Client amount held in trust	0.28	8.87
- Other Payable	6.31	2.70
(d) Income received in advance	60.00	-
(e) Receipts Pending Adjustments		
- Amounts Received from Customers	32.81	1.52
- Exgratia amount from Central Government	-	2.05
- Bank Receipts Unidentified	0.11	-
Total	198.65	84.06

NOTE 8: Short Term Provisions

Particulars	As At 31 March 2023	As At 31 March 2022
a. Contingent Provision on Standard Assets @ 0.25%	1.34	0.93
b. Provision for Income tax (net of TDS and advance tax)	-	2.58
Total	1.34	3.51



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Notes to Financial Statements & Significant Accounting Policies for the Year ended 31st March 2023

(All amounts in Rupees in Lakhs other than number of shares and unless otherwise specified)

NOTE 9: Property, Plant & Equipment and Intangible assets

Particulars	Gross Block			Accumulated Depreciation			Net Block	
	As at 01.04.2022	Additions	Disposals	As at 31.03.2023	As at 01.04.2022	For the year On disposals	As at 31.03.2023	As at 31.03.2022
Tangible Assets								
Furniture & Fixtures	15.31	7.81	-	23.12	7.40	2.48	13.24	7.91
Office Equipments	15.39	8.13	-	23.52	6.93	4.88	11.70	8.46
Computer Hardware	6.02	7.94	-	13.96	4.37	2.75	6.84	1.65
Subtotal (A)	36.72	23.87	-	60.60	18.70	10.11	31.78	18.02
Intangible Assets								
Software	16.45	4.41	-	20.86	16.30	0.52	4.04	0.15
Subtotal (B)	16.45	4.41	-	20.86	16.30	0.52	4.04	0.15
Grand Total (A+B)	53.17	28.28	-	81.46	35.00	10.63	35.82	18.17
Previous Year	41.74	11.43	-	53.17	27.86	7.14	18.17	13.88



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Notes to Financial Statements & Significant Accounting Policies for the Period ended 31st March 2023
(All amounts in Rupees in Lakhs other than number of shares and unless otherwise specified)



NOTE 10: Non Current Investments

Particulars	As At 31 March 2023	As At 31 March 2022
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	5.00	5.00
B. Other Investments	-	-
Total (A+B)	5.00	5.00

Particulars	As At 31 March 2023	As At 31 March 2022
Aggregate amount of quoted investments	-	-
Aggregate amount of unquoted investments	5.00	5.00

NOTE 11 : Deferred Tax Liability / Asset

Particulars of items having timing difference of tax	As At 31 March 2023	As At 31 March 2022
Deferred tax asset on account of		
i. Difference in value of assets	(13.11)	10.16
ii. Gratuity Provision	30.62	23.89
iii. Provision for bad debts	3.22	2.74
Total (A)	20.73	36.79
Tax incidence (@ 25.168% on 'A' above) - Balance Sheet	5.22	9.26
Existing Deferred Tax Asset	9.26	8.23
Adjustment for the year - Profit and Loss Statement	(4.04)	1.03

NOTE 12 : Long-Term Loans & Advances

Particulars	As At 31 March 2023	As At 31 March 2022
a) Balance with revenue authorities (net of tax provision)	24.04	4.55
b) Advance to Related party	41.04	41.04
Less: Provision made	41.04	41.04
Net Advance outstanding	-	-
c) Secured Loans		
- Micro Enterprise Loans	0.08	5.81
- Small Enterprise Loans	94.60	28.53
- Microenterprise Loans - [Short Term]	4.60	
d) Unsecured Loans		
- Personal Loan To Staff	0.15	
- Microenterprise Loans - [Short Term]	-	2.07
Less: Provision for sub standard assets on 'c' and 'd' above	0.01	0.02
Total	123.46	40.94

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.



NOTE 13 : Other Non Current Assets

Particulars	As At 31 March 2023	As At 31 March 2022
- In Fixed Deposit as Cash collateral for Term Loans	46.75	27.50
- In Fixed Deposit as Security for First Loss Default Guarantee (FLDG)	294.97	312.36
- Others	35.51	11.63
Total	377.23	351.49

13.1 - All Fixed deposit as cash collateral are lien marked and encumbered against long term borrowing availed.

13.2 - All fixed deposit as security are for the First loss default guarantee(FLDG) extended respectively (as detailed in Note 29-Contingent liabilities)

13.3 Others include Security Deposits (rent) of Rs.8.99 Lakhs

NOTE 14 : Current Investment

Particulars	As At 31 March 2023	As At 31 March 2022
Investments in mutual funds	50.01	77.45
Total	50.01	77.45

NOTE 15 : Cash and Bank Balances

Particulars	As At 31 March 2023	As At 31 March 2022
a. Cash and cash equivalents		
- Balances with banks	12.68	19.51
- Cash in hand	8.26	3.86
Total Cash and Cash Equivalents	20.94	23.37
b. Other Bank Balances		
Deposits with Maturity from 3 to 12 months		
- in Fixed Deposits - as cash collateral for term loans	20.75	-
- in Fixed Deposits - as security against FLDG	249.56	8.75
Deposits with Maturity more than 12 months		
- in Fixed Deposits - as cash collateral for term loans	-	-
- in Fixed Deposits - as security against FLDG	294.97	312.36
Less: Classified under Non-Current Assets	(294.97)	(312.36)
Total	291.25	32.12

15.1 - All Fixed deposit as cash collateral are lien marked and encumbered against long term borrowing availed.

15.2 - All fixed deposit as security are for the First loss default guarantee(FLDG) extended respectively (as detailed in Note 29-Contingent liabilities)



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Notes to Financial Statements & Significant Accounting Policies for the Period ended 31st March 2023
(All amounts in Rupees in Lakhs other than number of shares and unless otherwise specified)



NOTE 16: Short-term Loans and Advances

Particulars	As At 31 March 2023	As At 31 March 2022
Secured		
a. Microenterprise Loans	8.79	24.27
b. Microenterprise Loans - [Short Term]	296.72	-
c. Small Enterprise Loans	59.33	25.11
Unsecured		
a. Microenterprise Loans - [Short Term]	185.47	340.82
b. Personal Loan To Staff	0.20	-
Less: Provision for substandard and Doubtful assets	1.63	1.69
Total	548.88	388.51

16 A. Outstanding and Provisioning Details

Table 16A.1		Outstanding Amount					
S.No	Category	Standard Loan	Out of Order Accounts	Sub Standard Loan	Doubtful Loans	Loss Loans	% of Category to total outstanding
1	Secured - Long Term	98.19	-	0.08	-	-	15.28%
2	Secured - Short Term	354.77	1.54	6.64	1.80	-	56.13%
3	Secured by Guarantee - Short Term	-	-	-	-	-	0.00%
	Secured Total - A	453.96	1.54	6.72	1.80	-	71.41%
4	Unsecured - Long Term	0.15	-	-	-	-	0.02%
5	Unsecured - Short Term	181.27	-	4.40	-	-	28.57%
	Unsecured Total - B	181.42	-	4.40	-	-	28.59%
	Total (A + B)	635.38	1.54	11.12	1.80	-	100.00%

Table 16A.2		Provisioning Amount - including standard asset provisioning					
S.No	Category	Standard Loan	Out of Order Accounts	Sub Standard Loan	Doubtful Loans	Loss Loans	% of Category to total
1	Secured - Long Term	0.25	-	0.01	-	-	7.95%
2	Secured - Short Term	0.89	0.16	0.66	0.36	-	64.33%
3	Secured by Guarantee - Short Term	-	-	-	-	-	0.00%
	Secured Total - C	1.13	0.16	0.67	0.36	-	72.29%
4	Unsecured - Long Term	0.00	-	-	-	-	0.01%
5	Unsecured - Short Term	0.45	-	0.44	-	-	27.70%
	Unsecured Total - D	0.45	-	0.44	-	-	27.71%
	Total (C+D)	1.59	0.16	1.11	0.36	-	100.00%

Table 16A.3		Outstanding less Provision					
S.No	Category	Standard Loan	Out of Order Accounts	Sub Standard Loan	Doubtful Loans	Loss Loans	% of Category to total net outstanding
1	Secured - Long Term	98.95	-	0.08	-	-	15.31%
2	Secured - Short Term	353.88	1.47	5.98	1.44	-	56.09%
3	Secured by Guarantee - Short Term	-	-	-	-	-	0.00%
	Secured Total - E	452.82	1.47	6.05	1.44	-	71.41%
4	Unsecured - Long Term	0.15	-	-	-	-	0.02%
5	Unsecured - Short Term	180.82	-	3.96	-	-	28.57%
	Unsecured Total - F	180.97	-	3.96	-	-	28.59%
	Total (E+F)	633.79	1.47	10.01	1.44	-	100.00%



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Notes to Financial Statements & Significant Accounting Policies for the Period ended 31st March 2023

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**NOTE 17 - Other Current Assets**

Particulars	As At 31 March 2023	As At 31 March 2022
a. Interest accrued on loans and advances	8.53	5.92
b. Interest accrued on fixed deposit	28.62	13.94
c. GST Input Credit	2.91	0.81
d. Amount receivable for services rendered	86.34	42.73
e. Advances to Staff	1.00	0.16
f. Prepaid expenses	0.68	2.67
g. Other Advances	18.74	85.96
Total	146.81	162.19

NOTE 18 : Revenue from Operations

Particulars	For the Year Ended 31 March 2023	For the year ended 31st March 2022
(a) Interest	178.21	124.51
(b) Other Financial Services	49.45	27.42
(c) Income from managed portfolio(Business Correspondent Model)	709.43	384.97
Total	937.08	536.90

18.1 Other financial services includes Processing Fee, Foreclosure charges, penalty etc

NOTE 19 : Other Income

Particulars	For the Year Ended 31 March 2023	For the year ended 31st March 2022
(a) Dividend Income	2.56	7.96
(b) Other Non operating Income		
- Interest on Deposits held with others	28.74	22.26
- Reversal of Provision	55.00	-
- Loan Written-off recovered	2.19	4.35
- Other income	3.67	0.86
Total	92.16	35.43

NOTE 20 : Employee Benefits Expense

Particulars	For the Year Ended 31 March 2023	For the year ended 31st March 2022
(a) Salaries and incentives	331.40	248.04
(b) Director's Remuneration	64.79	44.11
(c) Staff welfare expenses	4.65	1.35
Total	400.84	293.50

20.1 Salaries and incentives includes applicable statutory contribution.



As per "AS15 - Employee Benefits", the disclosures as defined in the accounting standard are given below

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 31 March 2023	For the year ended 31st March 2022
Defined benefit obligation at the beginning of the year	23.89	18.45
Current services cost	6.55	4.80
Interest Cost	1.76	1.35
Prior Service Cost - Vested Benefit	-	-
Benefits paid	-	0.67
Actuarial (gains)/losses on obligation	(1.58)	(0.04)
Defined benefit obligation at the year end	30.62	23.89
Avg Balance Service	25.50 Yrs	25.50 Yrs

B. Expenses recognised during the year

Computation of net employee benefit expense	For the Year Ended 31 March 2023	For the year ended 31st March 2022
Current services cost	6.55	4.80
Interest Cost on benefit obligation	1.76	1.35
Past services cost	-	-
Expected return on plan assets	-	-
Net Actuarial (gain) / Loss recognized in the year	(1.58)	(0.04)
Past services cost	-	-
Net Employee Benefit expense	6.73	6.11
Actual return on plan assets	-	-

C. Actuarial assumptions

Particulars	For the Year Ended 31 March 2023	For the year ended 31st March 2022
Retirement age	60 Yrs	60 Yrs
Discount rate (per Annum)	7.52%	7.36%
Expected rate of return on plan assets (per Annum)	0.0%	0.0%
Attrition Rate/ Withdrawal Rate*	8.0%	6.0%
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.

NOTE 21 : Finance costs

Particulars	For the Year Ended 31 March 2023	For the year ended 31st March 2022
(a) Interest expense	84.27	43.73
(b) Other Borrowing costs	6.73	3.84
Total	91.00	47.57

21.1: Interest expense includes interest of Rs.0.74 Lakh towards deferred payment of income tax.



PRADAKSHANA FINTECH PRIVATE LIMITED

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

Notes to Financial Statements & Significant Accounting Policies for the Period ended 31st March 2023

(All amounts in Rupees in Lakhs other than number of shares and unless otherwise specified)

**NOTE 22 : Other expenses**

Particulars	For the Year Ended 31 March 2023	For the year ended 31st March 2022
Auditors Remuneration (Refer Note 25)	2.00	2.00
Printing and Stationery Expenses	13.11	7.85
Telephone & Internet Expenses	6.59	4.42
Consultancy & Professional Fee	33.52	27.82
Bad Debts	12.94	-
Rent	22.58	16.98
Insurance Premium on Employees	3.27	5.10
Travelling expenses	18.24	9.75
Local Conveyance	29.56	24.97
GST Expenses	8.67	0.82
Bank charges	10.28	6.00
Stipends	15.48	9.61
Other expenses	20.93	13.74
Total	197.16	129.07

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

NOTE 23 : Provisions on Bad and Doubtful loans, Loan Losses and other assets

Particulars	For the Year Ended 31 March 2023	For the year ended 31st March 2022
(a) Provision on standard assets		
Provision on standard assets @ 0.25%	0.56	(0.53)
(b) Write Off Loans		
Loans written off during the year	228.32	13.00
(c) Provision on Non Performing Assets		
Provision for bad and doubtful loans on Sub - Standard Assets & Doubtful Assets	(0.08)	1.25
(d) Provision for other Advances		
	-	30.00
Total	228.80	43.72



PRADAKSHANA FINTECH PRIVATE LIMITED

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Notes to Financial Statements & Significant Accounting Policies for the Period ended 31st March 2023

(All amounts in Rupees in Lakhs other than number of shares and unless otherwise specified)



NOTE 24: Earnings per share

S.No	Particulars	For the Year Ended 31 March 2023	For the year ended 31st March 2022
1	Profit After Tax	67.47	28.18
2	Weighted Average number of equity Shares for Basic earnings (in Lakhs)	73.91	73.91
3	Basic earnings per Share (Amount in Rupees)	0.91	0.38
4	Weighted Average number of equity Shares for diluted earnings (in Lakhs)	73.91	73.91
5	Diluted earnings per Share (Amount in Rupees)	0.91	0.38
6	Face value of equity share (Amount in Rupees)	10.00	10.00

NOTE 25: Remuneration to Statutory Auditor

S.No	Particulars	For the Year Ended 31 March 2023	For the year ended 31st March 2022
1	Statutory Audit Fees	1.60	1.60
2	Tax Audit Fees	0.40	0.40
	TOTAL	2.00	2.00

NOTE 26: Names of Related Parties / Related Party Transaction

Names of Related Parties

S.N	Particulars	Details
1	Equity holding substantial interest	1. Pradakshana Trust 2. ESOP Trust / Employee Welfare Trust 3. Kishore Kumar Puli
2	Key Management Personnel	1. Kishore Kumar Puli, Managing Director 2. Bhargavi Puli, Director

Related party transactions

Particulars	For the Year Ended 31 March 2023	For the year ended 31st March 2022
<u>Advance given to ESOP Trust</u>		
Opening balance	41.04	41.04
Add: Additions	-	-
Less: Recovery	-	-
Closing Balance	41.04	41.04
Less: Amount provided for - refer note 12 and 12.2	41.04	41.04
Amount outstanding net of provision	-	-
<u>Key Management Personnel</u>		
1. Professional Fee Paid During the Year	-	-
2. Director's Remuneration	64.79	44.11

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.



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NOTE 29: Contingent liabilities and Provisions

Contingent liabilities and commitments (to the extent not provided for)	As At 31st March 2023	As At 31st March 2022
Asset under management (for Third Parties)		
- On Managed portfolio	11,396.15	6,188.41
Contingent Liabilities on above towards first loss default guarantee		
- On Managed portfolio	1,139.02	618.84
Of which Contingent Liabilities covered by Fixed Deposit lien	₹ 544.52	
Of which Contingent Liabilities NOT covered by Fixed Deposit lien	₹ 595.09	
TOTAL	1,139.62	618.84

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	For the Year Ended 31 March 2023	For the year ended 31st March 2022
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	-	-
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, Current and Non Assets are subject to confirmation and reconciliation.

NOTE 32

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. Krishnan
Partner
M.No: 213620
Firm Regn No: 004484S/S200037
Place: Hyderabad
Date: 26/04/2023

For and on behalf of the Board

Kishore Kumar Pulli
Managing Director
01925586

Bhargavi Pulli
Director
05291662



33.1 - Additional regulatory information:

(All amounts in Rupees in Lakhs other than number of shares and unless otherwise specified)

Particulars of Ratios	Formula	Current Year Financial Ratios			Previous Year Financial Ratios			Reason For >25% Change
		A-Numerator (C.Y)	B-Denominator (C.Y)	Current Reporting period (A/B)	C-Numerator (P.Y)	D-Denominator (P.Y)	Previous Reporting Period (C/D)	% of change in ratios
(a) Current Ratio	Current Assets/Current liabilities	1,036.95	671.67	1.54	850.26	341.58	1.90	-18.90%
(b) Debt-Equity Ratio	Total debt/Shareholders equity	715.58	637.25	1.12	393.80	568.78	0.69	62.47%
(c) Debt-Service Coverage Ratio	Earnings available for debt services/Interest installments	195.70	262.48	0.75	102.20	500.68	0.27	177.71%
(d) Return on Equity Ratio	Profit after tax (PAT)/Equity shareholders Funds	67.47	637.25	10.59%	28.18	568.78	4.95%	114.10%
(e) Inventory Turnover Ratio	COGS or Sales/Average inventory			NA			NA	NA
(f) Trade receivables turnover ratio	Credit sales/Average Accounts Receivable or COGS/Outstanding A/c's receivable			NA			NA	NA
(g) Trade payables turnover ratio	Credit Purchases/Average Accounts Payables			NA			NA	NA
(h) Net Capital turnover ratio	Net Annual Sales/Working Capital	937.08	905.28	2.57	536.90	308.69	1.74	47.50%
(i) Net profit ratio	Net Profit /Sales	67.47	1,029.24	6.55%	28.18	572.33	4.92%	33.15%
(j) Return on Capital employed	EBIT/Capital Employed*100	185.07	1,348.80	13.72%	95.06	963.44	9.87%	39.07%
(k) Return on investment	Earnings on Investment /Investments*100	2.55	68.73	3.72%	7.56	124.42	6.40%	-41.87%

33.2 - Other additional regulatory information:

- (i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (ii) The Company does not have any charges which is yet to be registered with Registrar of Companies beyond the statutory period however satisfaction of charges is not filed for all the closed items.
- (iii) The Company has not traded or invested in Crypto currency or Virtual Currency.
- (iv) The Company has not advanced or loaned or invested funds to any other person(s) or entities, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (v) 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:
- 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 to or on behalf of the Ultimate Beneficiaries.
- (vi) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the income tax assessments under the Income Tax Act, 1961.
- (vii) The Company has not used the borrowings from banks and financial institutions for the purpose other than for which it was taken at the balance sheet date.
- (viii) The Company has not been declared as willful defaulter by any bank or financial institution or any other lender.
- (ix) The Company has not entered any transaction during the year ended March 31, 2023 with companies struck-off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.



Annexure to Balance Sheet as at 31.03.2023 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)

(All amounts in Rupees in Lakhs other than number of shares and unless otherwise specified)

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 (other than falling within the meaning of public deposits*)	Nil	
(b) Deferred Credits	Nil	
(c) Term Loans / cash credit	715.57	NIL
(d) Inter-corporate loans and borrowing	Nil	
(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		8.87
- Micro Enterprise Loans - (Short Term)		301.33
- Small Enterprise Loans		153.92
<u>Unsecured Loans</u>		
- Personal loan to staff		0.35
- Microenterprise Loans - [Short Term]		185.47
- 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		

Nil as at 31.03.2023



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(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	55.01	55.01
Total	55.01	55.01

** 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	14.55
(ii) Net Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	12.92
(iii) Assets acquired in satisfaction of debt	Nil

Notes:

- As defined in paragraph 2(1)(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. Krishnan
Partner
M.No: 213820
Firm Regn No: 004494S/S200037
Place: Hyderabad
Date: 26/04/2023



For and on behalf of the Board

Kishore Kumar Puli
Managing Director
01925566

Bhargavi Puli
Director
05291662

