Criss Financial Limited
Annual Report **2022-23**

Fostering Inclusion. Fulfilling Aspirations.

Contents

Key highlights of FY 2022-23

Operational

39%^

₹ 53,146 lakh
Assets under management (AUM) as on March 31, 2023

3.51%

Gross NPA

61%^

₹ 50,098 lakh
Disbursements as on March 31, 2023

1.33%

Net NPA

53%^

56,045
Customer acquisition

₹ 10,600 lakh

Funds raised externally during the year under review

Financial

₹ 10,141 lakh

Total income

₹ 144 lakh*

Profit before tax

₹ 141 lakh*

Profit after tax

^ Growth in FY 2022-23 over FY 2021-22
*Higher provisioning and write off impacted our profitability

Corporate Information

Company Name
Criss Financial Limited

Corporate Identity Number
U65993TG1992PLC014687

RBI Registration Number
B-09.00337
(Non-Banking Finance Company without accepting public deposits)
(NBFC-Investment and Credit Companies)

Website
www.crissfin.com

Registered Office
Galaxy, Wing B, 16th Floor, Plot No.1,
Sy No 83/1, Hyderabad Knowledge City,
TSIIC, Raidurg Panmaktha, Hyderabad,
Rangareddi, Telangana – 500081

Company Secretary
Mr. Srikanth Reddy Kolli
E-mail id: secretarial@crissfin.com

Statutory Auditors
Raju and Prasad
Chartered Accountants
(ICAI FRN: 003475S)

Registrars and Transfer Agents
KFin Technologies Limited
Selenium Tower B, Plot 31 & 32,
Financial District, Nanakramguda,
Serilingampally Mandal,
Hyderabad – 500032, Telangana
Ph: 040 – 6716 2222

Debenture Trustees
Catalyst Trusteeship Limited
GDA House, Plot No. 85,
Bhusari Colony (Right), Paud Road,
Pune – 411038,
Ph: 020 – 2528 0081
Fax: 020 – 2528 0275
E-mail id: dt@ctltrustee.com
Website: www.catalysttrustee.com

Board of Directors
Ms. Abanti Mitra
Independent Director
DIN: 02305893

Mr. Deepak Calian Vaidya
Independent Director
DIN: 00337276

Mrs. Padmaja Gangireddy**
Nominee Director*
DIN: 00004842

Mr. Kartikeya Dhruv Kaji
Nominee Director*
DIN: 07641723

Mr. Shalabh Saxena
Nominee Director*
DIN: 08908237

Mr. Ashish Kumar Damani
Nominee Executive Director*
DIN: 08908129

* Nominee of Spandana Sphoorty Financial Limited
** Resigned as Director w.e.f., May 01, 2023.

Investor Information
BSE Code : 973246
AGM Date : Tuesday, August 01, 2023
AGM Time : 11:30 AM (IST)
AGM Mode : Physical

Corporate Identity

Elevating lives

Our core focus at Criss Financial Limited (CFL) is to drive positive change in semi-urban and rural areas of India by empowering individuals to realise their full potential.

We understand that people in these areas are aspiring for a better quality of life, and we are committed to helping them achieve their goals through our innovative products and services. As a company, we value the aspirations of rural communities and prioritise building strong relationships of trust with our customers.

Our business model is designed to cater to the unique needs of semi-urban and rural communities, and we constantly evolve our approach to ensure that we are delivering the best possible outcomes for our customers. We aim to bring about a meaningful impact on people's lives and contribute to India's inclusive growth.

At CFL, we are committed to empowering rural India and enabling individuals to lead lives of self-reliance and dignity. We are proud of the progress we have made so far and remain dedicated to elevating people's aspirations and driving positive change in these communities.

Who we are

CFL is a subsidiary of Spandana Sphoorty Financial Limited (SSFL), operating as a Non-Banking Financial Company (NBFC). Over the years, we have evolved into a trusted and highly preferred financial services provider in the states of Andhra Pradesh and Telangana, helping to transform the lives of many.

In the past few years, we have achieved sustainable growth thanks to our well-balanced, high-quality product portfolio. To further enhance our operational efficiencies, we have implemented various technological initiatives that help us streamline our processes and deliver better value to our customers.

At the heart of our success is our people, and we believe that our close-knit family culture has been critical to our growth. We encourage individual growth and provide opportunities for our team members to broaden their horizons. We believe in a continuous loop of growth, performance, feedback, training, and motivation to enhance our team's capabilities and drive success for our customers.

We are proud of our achievements thus far, but we remain committed to continuously improving and providing our customers with the best possible products and services.

2
States where we are present

74
Branches covering 19 districts

1,30,818
Borrowers

1,32,659
Active loans

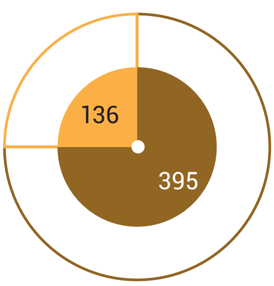
342
Workforce

297
Credit assistants

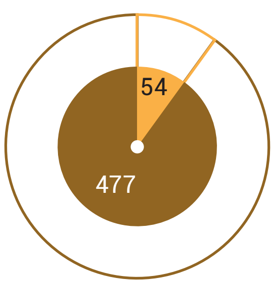
Our credit ratings during the FY2022-23

- Rated IND BBB+/Stable by India ratings and research (Ind-Ra)
- Rated [ICRA]BBB with a positive outlook (moved from stable to positive) by ICRA Credit rating

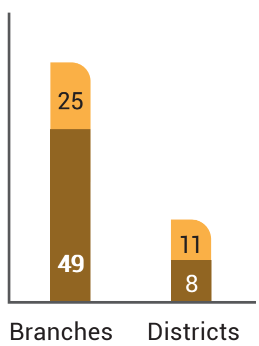
AUM by state
(₹ in crore)



AUM by product
(₹ in crore)



Branches and district mix
(Nos.)



Our Products

Empowering aspirations

We understand that different customers have different financial needs. That's why we offer a diverse range of products to cater to our clients' unique requirements. We believe in maintaining transparency in all our dealings with clients, and we make sure that all the terms and conditions of our loans are clearly communicated to them. This core value of transparency helps us build trust with our clients and ensures that they are fully aware of their financial commitments.

Furthermore, we do not have any hidden charges in the name of value-added services, and we are committed to complying with all statutory requirements. Our aim is to provide our clients with a seamless and hassle-free borrowing experience, and we go to great lengths to ensure that our products are fair, transparent, and in compliance with all regulations.

We believe that our commitment to transparency and compliance is essential to building long-term relationships with our clients and earning their trust

Chethana

This loan empowers individuals to set up and expand their income-generating activities, as well as to smooth out household cash flows and acquire productive assets. With a hassle-free monthly repayment option, borrowers can expand their businesses without experiencing repayment stress

Loan Size

₹ 10,000/- to ₹ 80,000/-

Tenure

12 months, 18 months and 24 months

Rate of interest

26%

Unnati (Interim loan)

This product is to assist our existing standard borrowers to meet their short-term liquidity requirements

Loan Size

₹ 10,000/- to ₹ 30,000/-

Tenure

12 months and 18 months

Rate of Interest

26%

Sahyog

This loan is to provide borrowers with an opportunity to overcome liquidity crises and receive financial assistance to support their businesses.

Loan Size

₹ 25,000/-

Tenure

12 months and 18 months

Rate of Interest

26%

Loan Against Property (LAP)

These loans are granted against the mortgage of residential and commercial properties to self-employed and salaried individuals.

Loan Size

₹ 2 lakh to 15 lakh

Tenure

12 months to 10 years

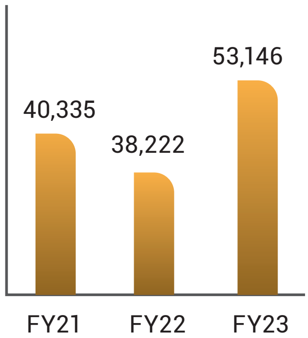
Rate of Interest

18% to 25%

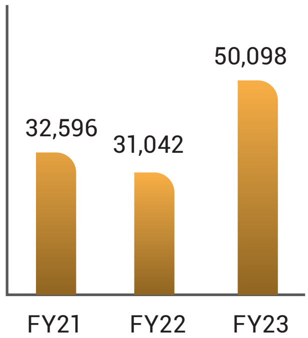
Key Performance Indicators

Progressing sustainably

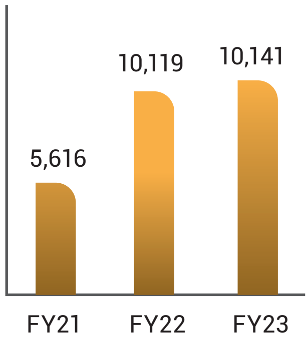
AUM
(₹ in lakh)



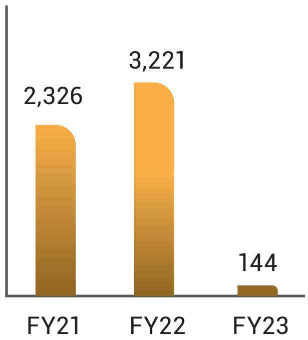
Disbursement
(₹ in lakh)



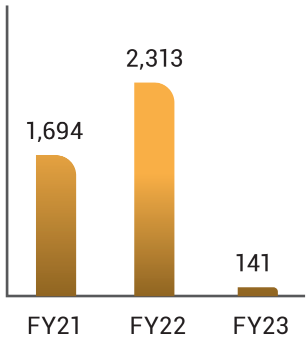
Total Income
(₹ in lakh)



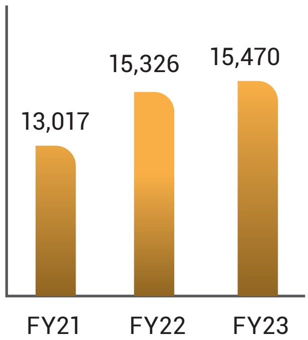
Profit before tax
(₹ in lakh)



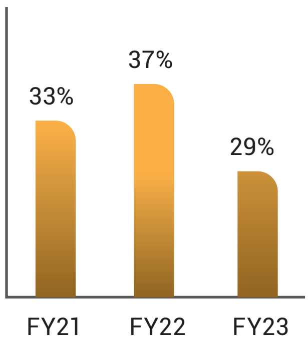
Profit after tax
(₹ in lakh)



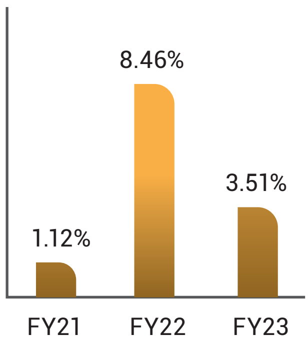
Networth
(₹ in lakh)



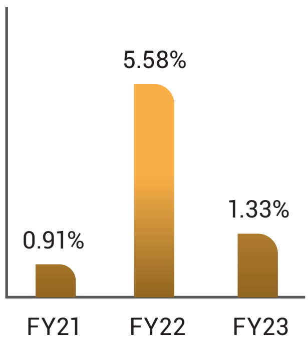
Capital adequacy ratio
(%)



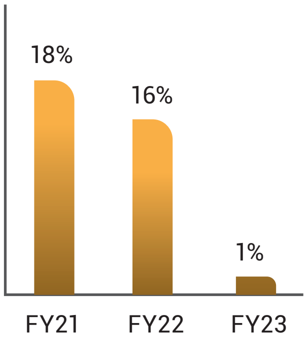
Gross NPA
(%)



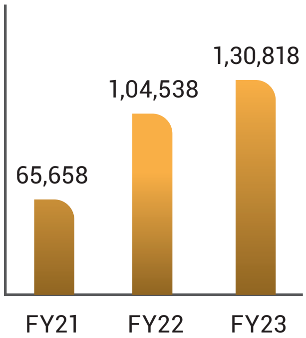
Net NPA
(%)



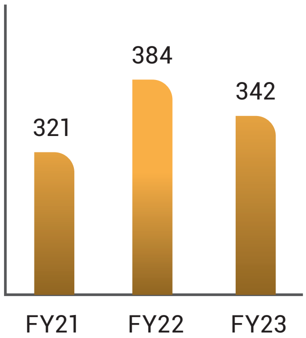
Return on equity
(%)



Borrowers
(Nos.)



Employees
(Nos.)



Operational performance

Particulars	FY21	FY22	FY23
Borrowers / Branch (Nos.)	938	1,472	1,904
AUM / Borrower (₹ In lakh)	0.61	0.37	0.41
AUM / Branch (₹ In lakh)	576.21	538.34	718.19
Borrowers / Loan Officer (Nos.)	266	330	440
AUM / Loan Officer (₹ In lakh)	163.30	120.57	178.94
AUM/Employee (₹ In lakh)	125.65	99.54	155.40

Board's Report

To,
The Members
Criss Financial Limited

Your directors take pleasure in presenting their Thirty First (31st) Annual Report on the business and operations of the Company together with the Audited Statement of Accounts of the Company for the financial year ended on March 31, 2023.

1. FINANCIAL SUMMARY /PERFORMANCE THE COMPANY (STANDALONE):

Financial Statements for the financial year ended March 31, 2023, forming part of this Annual Report, have been prepared in accordance with the Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs.

Key highlights of financial performance of your Company for the Financial Year 2022-23, is summarized below:

Financial year ended (₹ In lakh)

Particulars	31-Mar-23	31-Mar-22
Total Revenue from operation	10,013.15	9,921.42
Other Income	128.25	198.06
Profit before Depreciation, Interest and Tax (PBDIT)	4,066.60	10,119.47
Finance Cost	3,903.50	3,884.92
Net loss on fair value changes	1.04	8.58
Impairment on financial instruments	4,455.07	1,473.95
Employee benefits expenses	1,028.32	1,151.74
Depreciation	18.78	63.11
Other expenses	590.36	316.19
Total Expenses	9,997.07	6,898.50
Profit Before Tax	144.33	3,220.97
Less: Tax	3.24	908.01
Profit/(Loss) After Tax	141.08	2,312.96

2. CREDIT RATING:

During the year under review, your Company has obtained credit ratings for Bank facilities and debt instruments. The details as on March 31, 2023 are as below mentioned:

Instrument	Rating Agency	Rating Action	Rated Amount (₹ In lakh)
Bank Loan (Long term facilities)	ICRA	[ICRA] BBB-(Positive)	20,000
Market Linked Debentures	ICRA	PP-MLD [ICRA] BBB (Positive)	10,000
Bank Loan	India Ratings & Research	IND BBB+/Stable	20,000

3. DIVIDEND:

Considering your Company's growth, and future strategy and plans, your directors consider it prudent to conserve resources and despite having sufficient distributable profits, do not recommend any dividend on equity shares for the financial year under review.

4. STATE OF COMPANY AFFAIRS AND FUTURE OUTLOOK:

The Company continues to focus on Individuals Loans, Loan Against Property and Business Loans. During the year under review the Company discontinued Loan Against Gold Jewelry. The Company primarily operates in two states i.e., Andhra Pradesh and Telangana. The highlights are as follows:

Particulars	FY23	FY22
No of Branches	74	71
No of states	2	2
No of Active Borrowers	1,30,818	1,04,538

4.1. PUBLIC DEPOSITS:

The Company is registered with Reserve Bank of India ("RBI"), as a non-deposit accepting Non-Banking Financial Company (NBFC-Investment and Credit Companies) under section 45-1A of the RBI Act, 1934. Directors hereby report that the Company has not accepted any public deposits during the year under review and it continues to be a non-deposit taking NBFC in conformity with the guidelines of the RBI. As such, no amount of principal and interest was outstanding during the year.

4.2. RESERVE FUND:

The Company transferred ₹ 28.80 Lakh to Statutory Reserve fund and balance surplus amount of profit is transferred to reserves and surplus.

4.3. CAPITAL ADEQUACY RATION:

Your Company's Capital Adequacy Ratio ("CAR"), as on March 31, 2023 stood at 29% of the aggregated risk weighted assets on balance sheet and risk adjusted value of the off balance sheet items, which meets the regulatory requirement to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15%of our aggregate risk weighted assets.

5. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT:

The Company has faced certain disruptions in relation to IT operations and eventually loss of access to the historical data. In June 2022, the Company and Spandana Sphoorty Financial Limited ("Spandana") have arrived at Settlement Agreement and resolved all historical issues with the erstwhile Managing Director of Spandana and received access to all the servers, data, databases, applications, source codes, and information of the Company. Except this, there were no other material changes affecting the financial position of the Company which occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

6. CHANGE IN NATURE OF BUSINESS:

During the year under review the Company discontinued disbursement of Loan Against Gold Jewelry w.e.f., November 01, 2022.

7. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

8. DETAILS OF HOLDING/SUBSIDIARY, JOINT VENTURE OR ASSOCIATES:

Details of Holding Company of the Company is as follows:

Name of the Company	No of Shares Held	% Shareholding
Spandana Sphoorty Financial Limited (CIN: L65929TG2003PLC040648)	76,59,398	99.85

Further, during the year under review, no Company has become or ceased to be a subsidiary, joint venture or associate of the Company.

9. STATUTORY AUDITORS:

As per Section 139 of the Companies Act, 2013 ('the Act'), read with the Companies (Audit and Auditors) Rules, 2014, the Members of the Company at the 26th Annual General Meeting (AGM), held on June 20, 2018, has re-appointed M/s. Raju & Prasad, Chartered Accountants (Firm Registration No. 003475S) as the Statutory Auditors of the Company for a further period of 5 years i.e. to hold office from the conclusion of that the 26th AGM till the conclusion of the 31st AGM of the Company. Pursuant to amendments in Section 139 of the Act, the requirements to place the matter relating to such appointment for ratification by members at every annual general meeting has been omitted with effect from May 7, 2018.

M/s. Raju & Prasad, Chartered Accountants has given their consent and eligibility letter for re-appointment, if approved at the ensuing AGM of the Company. The Board vide its meeting held on April 28, 2023 recommended their re-appointment for the approval of members of the Company at the ensuing AGM.

The Report given by M/s. Raju & Prasad, Chartered Accountants on the financial statements of the Company for the year ended March 31, 2023 is part of the Annual Report. The Auditors' Report read along with the Notes on the Financial Statements is self-explanatory and does not call for any further comments. There has been no qualification, reservation or adverse remark or disclaimer in their Report. During the financial year 2022-23, the Auditors did not report any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134(3) (ca) of the Act.

10. SHARE CAPITAL:

During the year under review there has not been any change in the share capital of the Company.

9.1 **Disclosure regarding Issue of Equity Shares-** The Company has not issued any equity shares, during the year under review.

9.2 **Disclosure regarding Issue of Equity Shares with Differential Rights: -** The Company has not issued any equity shares with differential voting rights during the year under review.

9.3 **Disclosure regarding issue of Employee Stock Options-** The Company has not issued any Employee Stock Options during the year under review.

9.4 **Disclosure regarding issue of Sweat Equity Shares-** The Company has not issued any sweat equity shares during the year under review.

9.5 **Redemption of debentures/preference shares:** During FY 2022-23, the Company does not have any Preference Shares or Debentures; the section pertaining to redemption is not applicable to the company.

11. EXTRACT OF THE ANNUAL RETURN:

The extract of annual return in Form MGT 9 as required under Section 92(3) of the Act and Rule 12 of the Companies (Management and Administration) Rules, 2014 is available on the website of the Company at the link: http://crissfin.com/.

12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The particulars required to be furnished under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are as under:

11.1 **Conservation of Energy:** Our operations are not energy intensive. However, significant measures are taken to reduce energy consumption by using energy efficient computers and electrical equipment. Our field staff use motor bikes for reaching customer locations for client servicing. We are planning in such a way that road travel can be reduced, and fuel consumption is minimized. We are also promoting the use of renewable energy sources among clients at their household levels.

11.2 **Research and Development:** Research and development of new products and methodologies continue to be of importance to us. This allows us to enhance quality of service and customer satisfaction through continuous innovation.

11.3 **Technology absorption, adaptation and innovation:** There is no technology absorption, adaptation and innovation.

11.4 **Foreign Exchange Earning and outgo:** During the year, there was no foreign exchange earnings and outgo.

13. CORPORATE SOCIAL RESPONSIBILITY (CSR)

In terms of section 135 and Schedule VII of the Act read with rules made thereunder, the Board of Directors of your Company have constituted a CSR Committee.

The current composition of the Committee is as follows.

Sl. No.	Name	Designation & Category
1	Mr. Deepak Calian Vaidya	Chairman, Independent Director
2	Mr. Kartikeya Dhruv Kaji	Non-Executive Director
3	Ms. Abanti Mitra	Member, Independent Director
4	Mr. Shalabh Saxena	Member, Non-Executive Director

The details of the Corporate Social Responsibility adopted by the Company has been disclosed on the website of the Company at http://crissfin.com

The Annual Report on CSR activities is annexed to this report as **"Annexure A"**.

14. DIRECTORS:

(a) **Directors: -** Affairs of the Company are being managed by a professional Board comprising of eminent personalities having experience and expertise suited to guide the Company in right direction. Present Directors of the Company are:

NAME OF DIRECTOR	CATEGORY
Ms. Abanti Mitra	Chairperson, Independent Director
Mr. Deepak Calian Vaidya	Independent Director
Mrs. Padmaja Gangireddy**	Non-Executive Director
Mr. Kartikeya Dhruv Kaji	Non-Executive Director
Mr. Shalabh Saxena*	Non-Executive Director
Mr. Ashish Kumar Damani*	Whole-time Director

* Appointed in the 30th AGM of the Company held on September 21, 2022.

** Resigned the office w.e.f. May 01, 2023.

(b) **Rotation of Director:**

As per Section 152 (6) (a) of the Act, not less than one-third of the total number of retiring Directors should retire by rotation at every Annual General Meeting. For the purpose of this section, it is explained that the total number of Directors to retire by rotation shall not include "Independent Directors".

Further, in terms of Section 152 the Act, Mr. Shalabh Saxena, Director of the Company being longest in the office shall retire at the ensuing Annual General Meeting and being eligible for re-appointment, offers himself for re-appointment.

(c) **Declaration by Independent Directors:**

The Company has received a declaration from Ms. Abanti Mitra, Director and Mr. Deepak Calian Vaidya, Director in the category of Independent Directors confirming that they meet with the criteria of independence as prescribed under sub section (6) of section 149 of the Act.

15. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES:

During the year under review, the Company does not have any employees falling under the category specified under Section 197 of the Act, read with rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

16. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

Six Board Meetings were held during the financial year 2022-23. The Board approved various agenda items through circular resolution as well, based on the urgency of the matter.

The details of Board meetings are given below:-

Date of Meeting	Board Strength	No. of Directors Present
May 30, 2022	4	4
July 07, 2022	4	3
August 03, 2022	4	2
October 14, 2022* October 17, 2022*	6	5
January 30, 2023	6	5
March 14, 2023	6	3

* The meeting dated October 14, 2022 was adjourned to October 17, 2022.

17. EXECUTIVE COMMITTEE:

The current composition of the Executive Committee, which was re-constituted on August 03, 2022 is as follows:

NAME OF DIRECTOR	CATEGORY
Mr. Ashish Kumar Damani	Member, Executive Director
Mr. Shalabh Saxena	Member, Non-Executive Director
Mr. Kartikeya Dhruv Kaji	Member, Non-Executive Director

Meetings and Attendance

During the financial year under review the members of the Executive Committee met three times i.e., December 21, 2022; March 15, 2023, and March 21, 2023 to discharge its responsibilities.

The details of attendance of the Members at the meeting(s) held during the year mentioned herein below:

Name of the Member	Position	No. of Meetings held	No. of Meetings attended
Mr. Ashish Kumar Damani	Member	3	2
Mr. Shalabh Saxena	Member	3	3
Mr. Kartikeya Dhruv Kaji	Member	3	2

<u>Revised Terms of Reference of the Executive Committee approved in the Board Meeting dated January 05, 2022 are as follows:</u>

a. to apply for loans and to provide security including hypothecation of book debts of the Company at such terms and conditions as may be decided by the Committee from time to time;

b. to borrow moneys from time to time subject to an aggregate amount of ₹ 1,500 crore from the date of passing of this resolution;

c. to determine the terms of the Issue(s) of Debentures, and finalise the terms and conditions of such Issue(s) including the number of Debentures to be allotted in each Issue, Issue Price, Face Value, Rate of Interest, Redemption Period, the nature of security etc. for the purpose of raising funds in its absolute discretion deem fit and to do all such acts, deeds and things as may be required necessary in this regard

d. to sell loan portfolios of the Company upto a limit of ₹ 50 crore per sanction;

e. to securitize the loan receivables arising from an identified pool of loans ("Receivables") provided to various persons from time to time standing in the books of the Company upto a limit of ₹ 50 crore per sanction.

f. to purchase book debts of other micro-finance/ NBFC Companies upto a limit of ₹ 50 crore per sanction;

g. to grant loans including inter corporate loans and advances on such terms and conditions as it may deem fit;

h. to give guarantee or provide security for securing the loans or advances availed or to be availed by its subsidiaries and group companies.

i. to authorize Company official/s for execution of agreements, deeds and documents on behalf of the Company, including any loan documents;

j. to change and authorise any officials of the Company to operate the Bank Accounts of the Company.

k. to invest funds of the Company in Fixed Deposits to the extent necessary to avail credit facilities/ loans from the Banks/ Financial Institutions etc. and to invest surplus funds in liquid funds (i.e. mutual funds etc.) for the benefit of the Company;

l. to decide remuneration including basic salary, allowances, incentives, perquisites, travel allowance and any other welfare measures for the benefit of the employees of the Company other than Directors;

m. to incur capital expenditure outside the annual business plan up to a limit of ₹ 10 lakh between two Board Meetings.

n. to appoint /authorize Company official/s for execution of documents, agreement, deeds and papers as may be required from time to time in relation to day to day operations of the Company;

o. to manage and take control the day to day affairs of the Company as required to be performed for smooth functioning of the Company including but not limited to appoint, remove/terminate, suspend, promote, transfer, align the nature of works of any employees of the Company.

p. to make applications for obtaining licenses, registrations, connections, clearances, services etc. and to authorize/appoint directors/employees/ officers for signing applications, returns, forms, bonds, agreements, documents, papers etc. and for representing Company before the authorities under various Laws including but not limited to Corporate Laws, Industrial Laws, Tax Laws, Labour Laws and other Business Laws applicable to the Company in respect of all present and future offices of the Company, for compliance of all provisions, rules, clauses, regulations, directives and other related matters under the said Laws, which may be applicable to the Company.

q. to approve new products as specified in the policy of the company or by the regulator and rolling out of business in new geographies in which products (new as well as existing) can be rolled out.

r. to review lease, assign, sell, transfer or otherwise dispose of, any fixed assets or investments, whether by one transaction or by a series of transactions (whether related or not).

18. AUDIT COMMITTEE

The Board of Directors at its meeting held on August 03, 2022, had re-constituted the Audit Committee with the following members:

Name	Position on the Committee
Ms. Abanti Mitra	Chairperson, Independent Director
Mrs. Padmaja Gangireddy	Member, Non-Executive Director
Mr. Deepak Calian Vaidya	Member, Independent Director
Mr. Shalabh Saxena	Member, Non-Executive Director

Meetings and Attendance

During the financial year under review the members of the Audit Committee met five times i.e. May 23, 2022; July 07, 2022; August 03, 2022, October 14 & 17, 2022* and January 30, 2023, to discharge its responsibilities.

* Meeting was adjourned to and held on October 17, 2022.

The details of attendance of the Members at the meeting(s) held during the year mentioned herein below:

Name of the Member	Position	No. of Meetings held	No. of Meetings attended
Ms. Abanti Mitra	Chairperson	5	4
Mrs. Padmaja Gangireddy	Member	5	0
Mr. Deepak Calian Vaidya	Member	5	5
Mr. Shalabh Saxena	Member	3	3

The Committee further noted the terms of reference of the Committee as follows:

a) Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

b) Recommending to the Board, the appointment, re-appointment, and replacement, remuneration, and terms of appointment of the statutory auditor, internal auditor and cost auditor;

c) Reviewing and monitoring the auditor's independence and performance and the effectiveness of audit process;

d) Approving payments to the statutory auditors, internal auditor and cost auditor, for any other services rendered by them;

e) Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

    i. Matters required to be stated in the Director's responsibility statement to be included in the Board's report in terms of Section 134(3)(c) of the Act;

    ii. Changes, if any, in accounting policies and practices and reasons for the same;

    iii. Major accounting entries involving estimates based on the exercise of judgment by management;

    iv. Significant adjustments made in the financial statements arising out of audit findings;

    v. Disclosure of any related party transactions; and

    vi. Qualifications and modified opinions in the draft audit report.

f) Reviewing with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;

g) Scrutiny of inter-corporate loans and investments;

h) Valuation of undertakings or assets of the Company, wherever it is necessary;

i) Evaluation of internal financial controls and risk management systems;

j) Approval or any subsequent modification of transactions of the Company with related parties;

    Explanation: The term "related party transactions" shall have the same meaning as provided in the applicable Indian Accounting Standards and/or the Act.

k) Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

l) Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances;

m) Reviewing, with the management, the performance of statutory and internal auditors and adequacy of the internal control systems;

n) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

o) Discussion with internal auditors on any significant findings and follow up thereon;

p) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

q) Discussion with statutory auditors, internal auditors and cost auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

r) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

s) Reviewing the functioning of the whistle blower mechanism, in case the same is existing;

t) Carrying out any other functions as provided under the Act and other applicable laws;

u) To formulate, review and make recommendations to the Board to amend the Audit Committee charter from time to time;

v) To review the financial statement with respect to its subsidiaries, if any, in particular investments made by the unlisted subsidiaries;

w) To examine the efficacy of audit functions and systems and suggesting steps on a periodic basis (quarterly, half yearly) for its improvement.

x) To facilitate smooth conduct of audits by external agencies, Statutory Auditors, Reserve Bank of India (RBI), lenders and any other external auditors as appointed by the Company or any other stakeholders (lenders, shareholders, regulators, government etc.)

y) To report, on a quarterly basis, the key findings of the quarter, as well as the action taken report on the same for previous quarters, to the Board of Directors.

z) To review compliance of various inspections and audit reports of internal, concurrent and statutory auditors and commenting on the action taken report prepared by the management and ensuring submission to the Board of the Company from time to time.

aa) To monitor and review all frauds that may have occurred in the Company involving an amount of ₹ 0.1 million and above or as decided from time to time.

bb) To report such frauds and other flag-offs to the Board of Directors regulators and other stakeholders, as the case warrants, along with the extent of losses. This would include drafting a calendar of reporting frauds and the remedial measures taken, to the Board of the Company.

cc) To conduct a root cause analysis and identify the systemic lacunae, if any, that may have facilitated perpetration of the fraud and put in place measures to rectify the same. Also, to ascertain reasons for delay in detection of such frauds, if any.

dd) To ensure the staff accountability is examined at all levels in all the cases of frauds and actions, if required, is completed quickly without loss of time.

ee) To review efficacy of remedial actions taken to prevent recurrence of frauds, such as strengthening internal controls and putting in place other measures as may be considered relevant to strengthen preventive mechanism.

ff) Reviewing and recommending to the board of directors of the Company potential risks involved in any new business plans and processes; and

gg) Framing, devising, monitoring, assessing and reviewing the risk management plan and policy of the Company from time to time and recommend for amendment or modification thereof;

hh) Any other similar or other functions as may be laid down by Board from time to time and/or as may be required under applicable laws.

18. NOMINATION AND REMUNERATION COMMITTEE:

The Board of Directors at its Meeting held on August 03, 2022, had re-constituted the Nomination and Remuneration Committee with the following members:

Name	Position in the Committee
Mr. Deepak Calian Vaidya	Chairman, Independent Director
Ms. Abanti Mitra	Member, Independent Director
Mr. Shalabh Saxena	Member, Non-Executive Director
Mr. Kartikeya Dhruv Kaji	Member, Non-Executive Director

Meetings and Attendance

During the financial year under review the members of the Nomination and Remuneration Committee met three time on May 23, 2022, January 30, 2023 and March 14, 2023 to discharge its responsibilities.

The details of attendance of the Members at the meeting(s) held during the year mentioned herein below:

Name of the Member	Position	No. of Meetings held	No. of Meetings attended
Mr. Deepak Calian Vaidya	Chairman	3	3
Ms. Abanti Mitra	Member	3	2
Mr. Kartikeya Dhruv Kaji	Member	3	3
Mr. Shalabh Saxena	Member	2	2

The terms of reference of the Committee as approved by the Board are as follows:

a) Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees in accordance with Section 178(4) of the Act;

b) Formulation of criteria for the performance of evaluation of independent directors and the Board;

c) Devising a policy on Board diversity;

d) Identify persons who are qualified to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance. The Company shall disclose the remuneration policy and the evaluation criteria in its annual report;

e) To determine key performance indicators of senior executives of the Company and specify deliverables for the executive in line with the business plan of the Company.

"Senior executive to include the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Whole Time Directors, the Head of Departments of various functions and other key managerial personnel as decided from time to time in consultation with the Board of the Company and other stakeholders."

f) To objectively examine the annual manpower plan in relation to the business plan of the company and to examine management recommendations regarding manpower strategy and suggest corrective actions, if required.

g) To finalise top tier organization structure including top field level functionaries and direct reportees on a periodical basis or as and when required.

h) To evaluate and approve the compensation packages of above mentioned persons with particular reference to fixed and variable pay (including bonuses).

i) To recommend to the Board a policy, relating to remuneration for the Directors and Key Managerial Personnel

j) Determining the Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;

k) Framing suitable policies and systems to ensure that there is no violation of securities laws by, the Company, its employees or trust set up with respect to the Schemes, if any, of any applicable laws in India or overseas.

l) Determine whether to extend or continue the terms of appointment of the independent directors, on the basis of the report of performance evaluation of independent directors; and

m) Perform such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by such committee.

19. RISK MANAGEMENT COMMITTEE:

The Board of Directors at its meeting held on August 03, 2022, had re-constituted the Risk Management Committee with the following members:

Name	Position in the Committee
Mr. Kartikeya Dhruv Kaji	Chairman, Non-Executive Director
Mrs. Padmaja Gangireddy	Member, Non-Executive Director
Ms. Abanti Mitra	Member, Independent Director
Mr. Shalabh Saxena	Member, Non-Executive Director
Mr. Ashish Kumar Damani	Member, Executive Director

Meetings and Attendance

During the financial year under review the members of the Risk Management Committee met four times i.e. July 11, 2022, August 03, 2022, October 14, 2022 and January 30, 2023 to discharge its responsibilities.

The details of attendance of the Members at the meeting(s) held during the year mentioned herein below:

Name of the Member	Position	No. of Meetings held	No. of Meetings attended
Mr. Kartikeya Dhruv Kaji	Chairman	4	4
Mrs. Padmaja Gangireddy	Member	4	0
Ms. Abanti Mitra	Member	4	3
Mr. Shalabh Saxena	Member	4	3
Mr. Ashish Kumar Damani	Member	4	3
Mr. Deepak Calian Vaidya*	Member	1	1

* vacated membership of the committee due to re-constitution on August 03, 2022.

The terms of reference of the Committee are as follows:

a) To review company's risk management policies in relation to various risks;

b) To review the risk return profile of the Company, Capital adequacy based on risk profile of the balance sheet, business continuity plan and disaster recovery plan, key risk indicators and significant risk exposures and implementations of enterprise risk management.

c) To hold such risk reviews to ensure adequate monitoring as may be felt necessary by the internal as well as external stakeholders and to apprise the Board of the Company on a periodic basis.

20. ASSEST-LIABILITY AND MANAGMENT (ALM) COMMITTEE:

The Board of Directors at its meeting held on August 03, 2022, had re-constituted the Asset-Liability and Management (ALM) Committee with the following members:

Name	Position in the Committee
Mr. Ashish Kumar Damani	Chairman, Executive Director
Mr. Deepak Calian Vaidya	Member, Independent Director
Mr. Kartikeya Dhruv Kaji	Member, Non-Executive Director
Mrs. Padmaja Gangireddy	Member, Non-Executive Director
Mr. Shalabh Saxena	Member, Non-Executive Director

Meetings and Attendance

During the financial year under review the members of the ALM Committee met three times i.e. August 03, 2022, October 14, 2022 and January 30, 2022 to discharge its responsibilities.

The details of attendance of the Members at the meeting(s) held during the year under mentioned herein below:

Name of the Member	Position	No. of Meetings held	No. of Meetings attended
Mr. Ashish Kumar Damani	Chairman	3	3
Mr. Deepak Calian Vaidya	Member	3	3
Mr. Kartikeya Dhruv Kaji	Member	3	3
Mrs. Padmaja Gangireddy	Member	3	3
Mr. Shalabh Saxena	Member	3	0

The terms of reference of the Committee as approved by the Board are as follows:

a) To manage the Balance Sheet of the Company within the risk parameters laid down by the Board of Directors or a Committee thereof, with a view to manage the current income as well as to take steps for enhancing the same;

b) To review the capital & profit planning and growth projections of the Company in line with the business plan and ensure that the same is reported to the Board of the Company;

c) To put in place an effective liquidity management policy, including, inter alia, the funding strategies, liquidity planning under alternative crisis scenarios, prudential limits and to review the same periodically;

d) To articulate the interest rate view of the Company and decide the pricing methodology for advances in line with extant regulatory guidelines;

e) To oversee the implementation of the Asset Liability Management (ALM) system and review the functioning periodically and to ensure that the decisions taken on financial strategy are in line with the objectives of the Committee;

f) To consider and recommend any other matter related to liquidity and market risk management to the Board of Directors of the Company for suitable action;

g) To forecast and analyze the 'What if scenario' and preparation of contingency plan.

21. SHAREHOLDING:

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

Sl. No.	Name of the Members	No. of Shares (Equity)	% of shareholding (Equity)
1.	Spandana Sphoorty Financial Limited	76,59,389	99.85
2.	Mrs. Kakarla Bhagya Lalitha	1,920	0.025
3.	Mr. Vaddireddy Ravindra Nath Reddy	9,950	0.130
4.	Mrs. Padmaja Gangireddy*	1	0.00
5.	Mr. Revan Saahith Reddy Vendidandi*	1	0.00
6.	Mr. Vijaya Siva Rami Reddy Vendidandi*	1	0.00
7.	Mr. Abdul Feroz Khan*	1	0.00
8.	Mr. Ch. Venkata Nageswararao*	1	0.00
9.	Mr. Raju Danttu*	1	0.00
10.	Mr. M Vijay Mohan Reddy*	1	0.00
11.	Mr. Ramesh Periasamy*	1	0.00
12.	Mr. Ashish Kumar Damani*	1	0.00
	Total	**76,71,268**	**100.00**

* as a nominee of Spandana Sphoorty Financial Limited

22. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013:

The Company has not granted any loans, guarantee and investments as per Section 186 of the Act. Hence, disclosure requirement pursuant to Section 134(3)(g) and Section 186(11) of the Act, is not applicable to the Company.

23. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES UNDER SECTION 188 OF THE COMPANIES ACT, 2013:

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of the business except the receivable on account of repayment of principle and interest from the Borrowers of the Company on the outstanding Gold Loan Portfolio and other advances relating to transfer of Fixed Assets (furniture, lockers, etc.) of Gold Loan Branches and receivable relating to Rental Deposits with the land lords of the Gold Loan Branches from SMBT.

There are no materially significant related party transactions made by the company with Promoters or other designated persons which may have potential conflict with interest of the Company at large.

Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Act, in the prescribed form AOC-2 is appended as "Annexure – B" of the Board's report.

24. RISK MANAGEMENT POLICY:

The Company has developed a risk management policy. There is a periodic review at the board level to manage, monitor and report the principal risks and uncertainties that can impact the ability of the company to achieve its objectives.

25. INTERNAL CONTROL SYSTEM:

The Company has adequate internal financial controls commensurate with size and scale of the operations.

26. ESTABLISHMENT OF VIGIL MECHANISM:

Your Company has established a Vigil Mechanism to encourage employees to report suspected legal violations, fraudulent or irregular conduct of an employee or business associate of the Company. Such incidents, if not reported would breach trust and endanger the Company's reputation. Through this mechanism, the Company provides a channel to the employees and Directors to report to the management about unethical behaviour, actual or suspected fraud or violation of the Codes of Conduct or legal or regulatory requirements incorrect or misrepresentation of any financial statements and reports, etc.

The Company also has a Vigil Mechanism / Whistleblower Policy to deal with instances of fraud and mismanagement, if any. This Policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination will be meted out to any person for a genuinely raised concern. The Whistle Blower Policy/Vigil Mechanism is uploaded on the Company's website: https://crissfin.com/policies/.

27. DEMATERIALISATION OF SHARES:

There were 76,69,348 equity shares of the Company held by the shareholders in de-materialized form as on March 31, 2023, representing 99.97% of the total paid-up share capital of the Company.

28. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

The Company believes in providing a safe and harassment free workplace for every individual working in the company premises through various interventions and practices. The Company endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment. The company has a well-defined policy on Prevention of Sexual Harassment for employees. The company has not received any complaints in this regard during the year under review.

29. DIRECTORS' RESPONSIBILITY STATEMENT:

In accordance with the clause (c) of sub-section (3) of Section 134 of the Act, the Directors of the Company hereby state that:-

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) such accounting policies were selected and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;

(c) proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the annual accounts have been prepared on a going concern basis.

(e) proper systems were devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

30. ACKNOWLEDGEMENTS:

The Company is grateful to the Reserve Bank of India, Ministry of Corporate Affairs, and other regulatory authorities for their support and advice. The directors would also like to express their sincere thanks and appreciation to all the employees for their teamwork, exemplary professionalism and contribution during the year.

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

	Mr. Ashish Kumar Damani	**Mr. Shalabh Saxena**
Place: Hyderabad	Whole-time Director	Director
Date: April 28, 2023	DIN: 08908129	DIN: 08908237

Annexure - A

Format for the Annual Report on CSR Activities to be included in the Board's Report for Financial Year April 01, 2022 to March 31, 2023

1. Brief outline on CSR Policy of the Company.

In pursuit of our mission to be one of the most significant microfinance service providers in the country by offering a range of financial and non-financial products and services to low income households and individuals to improve their quality of life, we constantly endeavor to deliver quality services to our clients and remunerative returns to our Investors by maintaining highest levels of transparency and integrity. In the process, we strive to be the responsive corporate citizen in the communities we serve. It is therefore a conscious strategy to design and implement various programs making a lasting impact on society. In accordance with the Companies Act, 2013, Company has committed 2% (Net Profit before Tax) annually towards CSR initiatives. The company focusses on the constituency of marginalized communities in the areas of promoting clean energy and skill development.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Category	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Kartikeya Dhruv Kaji	Chairperson	4	4
2.	Ms. Abanti Mitra	Member	4	3
3.	Mrs. Padmaja Gangireddy	Member	4	0
4.	Mr. Shalabh Saxena*	Member	3	2

*Mr. Shalabh Saxena was appointed as Member of the Committee w.e.f. August 03, 2022.

3. Provide the web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

www.crissfin.com

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).

Not applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Not Applicable

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
	-	-	-

6. Average net profit of the company as per section 135(5).

INR 2523.33 Lakh

7.

a. Two percent of average net profit of the company as per section 135(5) –INR 50.45 Lakh

b. Surplus arising out of the CSR projects, programs, or activities of the previous financial years. –NA

c. Amount required to be set off for the financial year, if any- NA

d. Total CSR obligation for the financial year (7a+7b-7c)- INR 50.45 Lakh

(a) **CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year. (₹ in Lakh)	Amount Unspent (in ₹ Lakh)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount (₹ in Lakh)	Date of transfer	Name of the Fund	Amount.	Date of transfer.
50.45	0	NA	NA	NA	NA

(b) **Details of CSR amount spent against on going for the financial year: Not Applicable**

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	
S. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No).	Location of the project.	Project duration.	Amount allocated for the project (₹ in Lakh)	Amount transferred to Unspent CSR Account for the project as per section 135(6) (₹ in Lakh)	Amount transferred to Unspent CSR Account for the project as per section 135(6) (₹ in Lakh)	Mode of Implementation – Director (Yes/No).	
									Name	CSR Registration number.
	NA	NA	NA	NA	NA	NA	NA	NA		

(c) **Details of CSR amount spent against other than ongoing projects for the financial year:**

Total Amount Spent for the Financial Year. (₹ in Lakh)	Amount Unspent (in ₹ Lakh)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount (₹ in Lakh)	Date of transfer	Name of the Fund	Amount.	Date of transfer.
50.45	0	NA	NA	NA	NA

(d) **Amount spent in Administrative overheads** -1.54 lakh

(e) **Amount spent on Impact Assessment, if applicable** - NA

(f) **Total amount spent for the Financial Year (8b+8c+8d+8e)** – 50.45 Lakh

(g) **Excess amount for set off, if any** - NA

Sl. No.	Particular	Amount (₹ in Lakh)
(i)	Two percent of average net profit of the company as per section 135(5)	50.45
(ii)	Total amount spent for the Financial Year	50.45
(iii)	Excess amount spent for the financial year [(ii)-(i)]	NA
(iv)	Surplus arising out of the CSR projects or programs or activities of the previous financial years, if any	NA
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	NA

(h) **Details of Unspent CSR amount for the preceding three financial years:**

S. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (₹ in Lakh)	Amount spent in the reporting Financial Year (₹ in Lakh)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in the succeeding financial years. (₹ in Lakh)
				Name of the Fund	Amount (₹ in Lakh)	Date of transfer	
1	2019-20	-	-	-	-	-	-
2	2020-21	15.40	15.40	-	-	-	-
3	2021-22	42	42	-	-	-	-
	Total	57.40	57.40	-	-	-	-

(i) **Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):** NIL

1.	2.	3.	4.	5.	6.	7.	8.	9.
S. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (₹ in Lakh)	Amount spent on the project in the reporting Financial Year (₹ in Lakh)	Cumulative amount spent at the end of reporting Financial Year. (₹ in Lakh)	Status of the project Completed / Ongoing.
-	-	-	-	-	-	-	-	-
	Total	-			-	-	-	-

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year –

(Asset-wise details).

(a) Date of creation or acquisition of the capital asset(s). NA

(b) Amount of CSR spent for creation or acquisition of capital asset. NA

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. NA

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). NA

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).

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

Kartikeya Dhruv Kaji
Chairman - CSR Committee
DIN: 07641723

Abanti Mitra
Member
DIN: 02305893

Place: Hyderabad
Date: April 28, 2023

Annexure - B

Form No. AOC-2

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

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

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

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

2a	(a)	Name(s) of the related party and nature of relationship:	Spandana Sphoorty Financial Limited (Holding Company)
	(b)	Nature of contracts/arrangements/transactions:	(a) Reimbursement of Expenses (b) Payment of principal and interest of Loans/ Advance borrowed from SSFL (c) Rent paid
	(c)	Duration of the contracts / arrangements/ transactions:	NA
	(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	SSFL shall advance loan to the Company at an interest rate of 13% p.a. payable on demand and Reimbursement of expenses at actuals as well as rent paid for sharing branch premises
	(e)	Amount paid as advances, if any:	Nil
2b	(a)	Name(s) of the related party and nature of relationship:	Caspian Financial Services Limited (Group Company)
	(b)	Nature of contracts/arrangements/transactions:	B L Products
	(c)	Duration of the contracts / arrangements/ transactions:	NA
	(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	Caspian to sell at discount various products to the CFL employees on its request, which will be paid on actuals to Caspian.
	(e)	Amount paid as advances, if any:	Nil

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

Mr. Ashish Kumar Damani
Whole-time Director
DIN: 08908129

Mr. Shalabh Saxena
Director
DIN: 08908237

Place: Hyderabad
Date: April 28, 2023

Independent Auditor's Report

To

The Members of **M/s. Criss Financial Limited**

Report on the standalone Financial Statements

Opinion

We have audited the accompanying Standalone financial statements of **Criss Financial Limited** (**"the Company"**) which comprises the Standalone Balance Sheet as at March 31, 2023, the Statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at 31st March 2023, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

S. No.	Key Audit Matter	Auditors Response
1	Provisioning based on Expected Credit Loss model (ECL) under IND AS 109: Under Ind AS 109, "Financial Instruments", allowance for loan losses are determined using expected credit loss ('ECL') estimation model. The estimation of ECL on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement are involved and therefore audit focus is more in the Company's estimation of ECL	**Our Audit Procedures** • Assessed the design, implementation and operating effectiveness of key internal financial controls including monitoring process of overdue loans, measurement of provision, stage-wise classification of loans, identification of NPA accounts, • Assessed the reliability of management information, which included overdue reports. • Understood management's approach, interpretation, systems and controls implemented in relation to probability of default and stage-wise bifurcation of product-wise portfolios for timely ascertainment of stress and early warning signals • Tested controls over measurement of provisions.

S. No.	Key Audit Matter	Auditors Response
	• Probabilities of Default ("PD"), Loss Given Default ("LGD") are the key drivers of estimation of ECL provision and as a result are considered the most significant judgmental aspect of the Company's modelling approach.	**Substantive Verification** Verified key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data. Disclosures - Assessed whether the disclosures on key judgements, assumptions and quantitative data with respect to impairment of loans (including restructuring related disclosures) in the Standalone Ind AS Financial Statements are appropriate and sufficient

Responsibility of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1) As required by the Companies (Auditor's Report) Order, 2020("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure-A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

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

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

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

   e. On the basis of the written representations received from the directors as on 31st March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31stMarch, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

   f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure-B".

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

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

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

      i) The Company has disclosed the pending litigations in its financial statements – Refer Note 29 to the financial statements.

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

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

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

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

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

v) (a) During F.Y.2022-23, no dividends were paid and board of directors have not proposed for any dividend for the financial year ended 31st March, 2023. Hence reporting on compliance with Section 123 of the Act is not applicable.

For **Raju & Prasad**
Chartered Accountants
FRN: 003475S

H.V.V.Narayana Murthy
Partner
M. No: 246349
UDIN: 23246349BGPNQO8876

Place : Hyderabad
Date: 28-04-2023

Annexure - A to the Independent Auditors' Report on the Financial Statements of Criss Financial Limited for the year ended 31 March 2023

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

The company does not have intangible assets as at end of reporting period.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

vii. (a) In our opinion and according to the information and explanations given to us, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues have generally been regularly deposited by the Company with the appropriate authorities in all cases during the year.

According to the information and explanations provided by management and on examination of books of accounts, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, Goods and Services Tax, and other material statutory dues as of 31st March 2023 were in arrears for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us, following are the disputed dues relating to income tax, wealth tax, cess and sales tax, which have not been deposited as at 31st march, 2023.

Nature of Statue Income Tax	Nature of Dispute	Amount (₹)	Period to which the amounts relate (A.Y)	Forum where the dispute is pending
Income Tax	Income tax assessment-cum-demand order for AY 2017-18 u/s 69A read with sec-115BBE of the Income Tax Act, 1961.	₹ 1,49,89,094	AY 2017-18	CIT (A)

Note: The company received demand for ₹ 1,87,36,367. Out of which the company has deposited 20% of the demanded amount (i.e.₹ 37,47,273) under protest, which is disclosed as Current Tax Assets in Balance sheet. Hence, only 80% of the demanded amount which has not been deposited as at 31st march, 2023 is shown under disputed due.

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

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

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

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

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

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

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

(b) According to the information and explanations given to us, the Company has not made any preferential allotment / private placement of shares / fully / partly / optionally convertible debentures during the year.

xi. (a) In our opinion and according to the information and explanations given to us, no material fraud by the Company or on the Company has been noticed or reported, except for instances of fraud noticed and reported by the management in terms of the regulatory provisions applicable to the Company amounting to ₹ 22.4 lakhs (net of recovery). Refer Note 41(e) of the Financial Statements for more details.

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

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

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

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

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

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

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

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

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

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

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

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

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

xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, along with details provided in Note 36.2 to the Financial statements which describe the maturity analysis of assets & liabilities other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

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

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

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

For **Raju & Prasad**
Chartered Accountants
FRN: 003475S

H.V.V.Narayana Murthy
Partner
M. No: 246349
UDIN: 23246349BGPNQO8876

Place : Hyderabad
Date: 28-04-2023

Annexure - B to the Auditors' Report on the Financial Statement of Criss Financial Limited for the year ended 31 March 2023.

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

We have audited the internal financial controls over financial reporting of Criss Financial Limited ("the Company") as of 31 March, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

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

Auditors' Responsibility

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively for the year ended 31st March 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Raju & Prasad**
Chartered Accountants
FRN: 003475S

H.V.V.Narayana Murthy
Partner
M. No: 246349
UDIN: 23246349BGPNQO8876

Place : Hyderabad
Date: 28-04-2023

Balance sheet

As at March 31, 2023

(₹ in Millions unless otherwise stated)

	Notes	As at March 31, 2023	As At March 31, 2022
ASSETS			
Financial assets			
Cash and cash equivalents	4	30.06	31.66
Loan portfolio	5	5,091.21	3,677.84
Other financial assets	6	6.00	424.26
Subtotal - Financial assets		5,127.27	4,133.76
Non-financial assets			
Current Tax Assets (net of provision)	7	14.35	(65.35)
Deferred tax assets (net)	8	75.20	29.20
Property, plant and equipment	9	2.53	3.63
Other non financial assets	10	14.65	1.79
Subtotal - Non-financial assets		106.73	(30.72)
Total assets		5,234.00	4,103.04
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Debt securities	11	148.79	198.03
Borrowings (other than debt securities)	11	3,492.53	2,338.69
Other financial liabilities	12	37.23	28.75
Subtotal - Financial liabilities		3,678.55	2,565.47
Non-financial liabilities			
Provisions	13	0.67	0.68
Other non-financial liabilities	14	7.83	4.33
Subtotal - Non-financial liabilities		8.50	5.01
Equity			
Equity share capital	15	76.71	76.71
Other equity	16	1,470.24	1,455.84
Subtotal - Equity		1,546.95	1,532.55
Total liabilities and equity		5,234.00	4,103.04

Summary of significant accounting policies 3

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

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

H.V.V Narayana Murthy
Partner
Membership No.246349
UDIN: 23246349BGPNQO8876

Place: Hyderabad
Date: April 28, 2023

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

Shalabh Saxena
Non Executive Director
DIN No. 08908237

Ashish Damani
Whole Time Director
DIN No. 08908129

Profit and Loss Statement

for the year ended March 31, 2023

(₹ in Millions unless otherwise stated)

	Notes	For the period ended March 31, 2023	For the year ended March 31, 2022
Revenue from operations			
Interest income	17	1,000.64	984.28
Recovery against loans written-off	18	0.68	7.87
Total revenue from operations		1,001.32	992.14
Other income	19	12.83	19.81
Total income		1,014.14	1,011.95
Expenses			
Finance cost	20	390.35	388.49
Net loss on fair value changes		0.10	0.86
Impairment on financial instruments	21	445.51	147.40
Employee benefit expenses	22	102.83	103.21
Depreciation and amortization expense	23	1.88	6.31
Other expenses	24	59.04	43.59
Total expenses		999.71	689.85
Profit before tax		14.43	322.10
Tax expense:			
Current tax	25	45.27	117.94
Prior Period Tax		1.14	-
Deferred tax	25	(46.10)	(27.14)
Income tax expense		0.32	90.80
Profit for the period		14.11	231.30
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement gains/(losses) on defined benefit plans		0.39	0.14
Income tax effect		(0.10)	(0.03)
Items that will be reclassified subsequently to profit or loss			
Total comprehensive income for the period		14.40	231.40
Earnings per equity share	26		
Basic		1.84	30.15
Diluted		1.84	30.15
Nominal value per equity share (₹)		10.00	10.00

Summary of significant accounting policies 3

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

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

H.V.V Narayana Murthy
Partner
Membership No.246349
UDIN: 23246349BGPNQO8876

Place: Hyderabad
Date: April 28, 2023

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

Shalabh Saxena
Non Executive Director
DIN No. 08908237

Ashish Damani
Whole Time Director
DIN No. 08908129

Cashflow Statement

for the year ended March 31, 2023

(₹ in Millions unless otherwise stated)

	For the period ended March 31, 2023	For the year ended March 31, 2022
Cash flow from operating activities		
Profit before tax	14.43	322.10
Adjustments for:		
Depreciation and amortization	1.88	6.31
Interest on income tax	0.01	2.26
Provision for gratuity	(0.02)	0.26
Impairment on financial instruments and other provisions	132.71	138.82
Net Loss on fair value changes	0.10	0.86
Other provisions and write offs	2.01	0.14
Operating profit before working capital changes	151.13	470.74
Movements in working capital :		
Changes in bank balances other than cash and cash equivalents	-	5.00
Changes in loans	(1,546.08)	91.12
Changes in other financial assets	336.45	(442.86)
Changes in other non financial assets	(12.86)	16.88
Changes in other financial liabilities	8.48	(108.12)
Changes in provisions	0.39	0.27
Changes in other non financial liabilities	3.48	0.45
Cash used in operations	(1,059.00)	33.49
Income taxes paid	(46.43)	(75.41)
Net cash used in operating activities (A)	(1,105.43)	(41.92)
Cash flows from investing activities		
Purchase of property, plant and equipment	(0.77)	(7.91)
Purchase of intangible assets	-	(0.51)
Net cash used in investing activities (B)	(0.77)	(8.42)
Cash flows from financing activities		
Borrowings (Including Debt Securities) (Net)	(49.24)	198.03
Borrowings (other than debt securities) (net)	1,153.84	(160.14)
Net cash from financing activities (C)	1,104.60	37.90
Net increased / (decrease) in cash and cash equivalents (A + B + C)	(1.60)	(12.45)
Cash and cash equivalents at the beginning of the period	31.66	44.11
Cash and cash equivalents at the end of the period (refer note 4)	30.06	31.66
Components of cash and cash equivalents at the period / year end		
Cash on hand	0.90	0.08
Balance with banks - on current account	29.16	31.58
Total cash and cash equivalents	30.06	31.66
Cash flow from operating activities		
Interest received	992.10	982.88
Interest paid	(383.01)	(371.76)

Summary of significant accounting policies 3

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

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

H.V.V Narayana Murthy
Partner
Membership No.246349
UDIN: 23246349BGPNQO8876

Place: Hyderabad
Date: April 28, 2023

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

Shalabh Saxena
Non Executive Director
DIN No. 08908237

Ashish Damani
Whole Time Director
DIN No. 08908129

Statement of Changes in Equity

for the year ended March 31, 2023

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

(₹ in Millions unless otherwise stated)

Particulars	No. of Shares	Amount
As at April 1, 2021	76,71,268	76.71
Issue of equity share capital during the year ended March 31, 2021	-	-
As at March 31, 2022	76,71,268	76.71
Issue of equity share capital during the year ended March 31, 2022	-	-
As at March 31, 2023	76,71,268	76.71

B. Other Equity

Particulars	Reserves & Surplus							
	Capital Reserve	Securities Premium	Retained Earnings	General Reserve	Statutory Reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)	Capital Redemption Reserve	Share option outstanding reserve	Total
Balance as at April 01, 2021	(9.27)	712.35	383.56	0.05	121.00	16.76	0.49	1,224.95
Received for the year ended March 31, 2022	(0.51)			0.49			(0.49)	(0.51)
Profit for the year ended March 31, 2022			231.30	-				231.30
Impairment allownace on other provisions reclassified to profit and loss			-	-				-
Fair value change during the year		-						-
Remeasureement gain or loss on actuarial valuation		-	0.10	-				0.10
Total comprehensive income	-	-	231.40	-	-	-	-	231.40
Transfer to Statutory Reserve			(46.26)		46.26			-
Share Issue Expenses								-
Add: Share based payment to employees								-
Balance as at March 31, 2022	(9.77)	712.35	568.70	0.54	167.26	16.76	-	1,455.84
Received for the year ended March 31, 2023				-				-
Profit for the year ended March 31, 2023			14.11					14.11
Impairment allownace on other provisions reclassified to profit and loss								-
Fair value change during the year								-
Remeasureement gain or loss on actuarial valuation			0.29					0.29
Total comprehensive income	-	-	14.40	-	-	-	-	14.40

Statement of Changes in Equity

for the year ended March 31, 2023

Particulars	Reserves & Surplus							
	Capital Reserve	Securities Premium	Retained Earnings	General Reserve	Statutory Reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)	Capital Redemption Reserve	Share option outstanding reserve	Total
Transfer to Statutory Reserve		-	(2.82)	-	2.82	-	-	-
Transfer from Share options outstanding reserve	-	-	-	-	-	-	-	-
Premium on issue of Equity shares	-	-	-	-	-	-	-	-
Issue of Share Warrants	-	-	-	-	-	-	-	-
Share Issue Expenses	-	-	-	-		-	-	-
Add: Share based payment to employees	-	-	-	-	-	-	-	-
Less: Transfer on allotment of shares to employees pursuant to ESOP scheme	-	-	-	-	-	-	-	-
Less: Transfer to General Reserve for Vested and Lapsed Options	-	-	-	-	-	-	-	-
Balance as at March 31, 2023	(9.77)	712.35	580.28	0.54	170.09	16.76	-	1,470.24

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

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

H.V.V Narayana Murthy
Partner
Membership No.246349
UDIN: 23246349BGPNQO8876

Place: Hyderabad
Date: April 28, 2023

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

Shalabh Saxena
Non Executive Director
DIN No. 08908237

Ashish Damani
Whole Time Director
DIN No. 08908129

Notes to the Financial Statements

for the year ended March 31, 2023

1. Corporate information

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

2. Basis of preparation

a) Statement of compliance in preparation of financial statements

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act, the Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('the NBFC Master Directions'), notification for Implementation of Indian Accounting Standards issued by RBI vide circular RBI/2019-20/170 DOR(NBFC).CC.PD. No.109/22.10.106/2019-20 dated 13 March 2020 ('RBI notification for Implementation of Ind AS') and other applicable RBI circulars/notifications. The Company uses accrual basis of accounting.

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

The financial statements are prepared on a going concern basis as the Management is satisfied that the Company shall be able to continue its business for the foreseeable future and no material uncertainty exists that may cast significant doubt on the going concern assumption. In making this assessment, the Management has considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

These financial statements were authorized for issue by the Board of Directors on April 28, 2023.

b) Presentation of financial statements

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

a. The normal course of business

b. The event of default

c. The event of insolvency or bankruptcy of the Group and/or its counterparties

3. Significant accounting policies

a) Use of estimates, judgments and assumptions

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

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts

Notes to the Financial Statements

for the year ended March 31, 2023

recognized in the financial statements is included in the following notes:

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

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

ii) **Fair value measurement:**

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

(iii) **Impairment of loan portfolio**

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

(iv) **Provisions other than impairment on loan portfolio**

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

(v) **Other estimates:**

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

b) **Recognition of income and expense**

The Company earns revenue primarily from giving loans (Individual Loans, Small Business Loans and Loan Against Property Loans). Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

(i) **Interest income and Interest expense:**

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

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

Notes to the Financial Statements

for the year ended March 31, 2023

to calculating interest income on a gross basis.

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

(ii) Dividend income:

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

(iii) Input Tax credit (Goods and Service Tax):

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

(iv) Other income and expense

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

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

Property, plant and equipment (PPE)

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

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

Intangible Asset

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

d) **Depreciation and amortization**

Depreciation

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

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

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

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

Amortization

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

e) **Impairment**

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

In accordance with Ind AS 109, the Company is required to measure expected credit losses on its financial instruments designated at amortized cost and fair value through other comprehensive income Accordingly, the Company is required to determine lifetime losses on financial instruments where credit risk has increased significantly since its origination. For other instruments, the Company is required to recognize credit

Notes to the Financial Statements

for the year ended March 31, 2023

losses over next 12 month period. The Company has an option to determine such losses on individual basis or collectively depending upon the nature of underlying portfolio. The Company has a process to assess credit risk of all exposures at each year end as follows:

Stage I

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

Stage II

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

Stage III

All exposures having overdue balances for a period exceeding 90 days are considered to be defaults and are classified under this stage. Accordingly, the Company measures lifetime losses on such exposure. Interest revenue on such contracts is calculated by applying the effective interest rate to the amortized cost (net of impairment allowance) instead of the gross carrying amount.

Methodology for calculating ECL

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

Key factors applied to determine ECL are outlined as follows:

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

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

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

Forward looking information

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

Write-offs

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

ii) Non-financial assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the

Notes to the Financial Statements

for the year ended March 31, 2023

assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

f) **Revenue from Contracts with Customers**

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

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

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

g) **Operating Lease**

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

h) **Retirement and Employee benefits**

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

The Company operates following employee benefit plans:

i) **Employee Provident Fund**

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

ii) **Gratuity**

In accordance with the Payment of Gratuity Act, 1972, the Company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Company. The Company's obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation.

Net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality

Notes to the Financial Statements

for the year ended March 31, 2023

rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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

iii) Leaves

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

iv) Employee Stock Option Plan

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

i) Income taxes

Current Taxes

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

Deferred Taxes

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

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

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the

Notes to the Financial Statements

for the year ended March 31, 2023

year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

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

j) **Earnings per share (EPS)**

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

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

k) **Provisions**

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

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

Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate" for accounting policy of provisions

l) **Contingent liabilities and assets**

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

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

m) **Financial Instruments**

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

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

Subsequent measurement

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

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

Notes to the Financial Statements

for the year ended March 31, 2023

- Other financial assets at amortized cost

Loan Portfolio at amortized cost:

Loan Portfolio is measured at amortized cost where:

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

Loan Portfolio at FVOCI:

Loan Portfolio is measured at FVOCI where:

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

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

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

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

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

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

Equity instruments and Mutual Funds

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

Financial liabilities:

Initial Measurement

Financial liabilities are classified and measured at amortized cost. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's

Notes to the Financial Statements

for the year ended March 31, 2023

financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent Measurement

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

De-recognition

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

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

n) **Fair value measurement**

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

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

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

The Company is required to classify the fair valuation method of the financial / non-financial assets and liabilities, either measured or disclosed at fair value in the financial statements, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurement).

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

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

- Level 1 financial instruments - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
- Level 2 financial instruments - Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life.
- Level 3 financial instruments – include one or more unobservable input where there is little market activity for the asset/liability at the measurement date that is significant to the measurement as a whole.

o) **Cash Flow Statement**

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

p) **Cash and cash equivalents**

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

Notes to the Financial Statements

for the year ended March 31, 2023

(₹ in Millions unless otherwise stated)

4: Cash and cash equivalents

	As at March 31, 2023	As at March 31, 2022
Cash on hand	0.90	0.08
Balances with banks in current accounts	29.16	31.58
	30.06	31.66

5: Loan portfolio

	As at March 31, 2023	As at March 31, 2022
Term Loans (at amortized cost)		
Loan Portfolio	5,384.09	3,838.01
Less: Impairment Allowance	(292.88)	(160.17)
Total Net	5,091.21	3,677.84

	As at March 31, 2023	As at March 31, 2022
Break-up of loans		
(a) Secured by Tangible assets (Property including land and buildings)	558.45	951.50
(b) Unsecured	4,825.65	2,886.51
Total - Gross	5,384.09	3,838.01
Less: Impairment Allowance	(292.88)	(160.17)
Total - Net	5,091.21	3,677.84
(a) Public Sector	-	-
(b) others	5,384.09	3,838.01
Total - Gross	5,384.09	3,838.01
Less: Impairment Allowance	(292.88)	(160.17)
Total - Net	5,091.21	3,677.84
(a) Within India	5,384.09	3,838.01
(b) Outside India	-	-
Total - Gross	5,384.09	3,838.01
Less: Impairment Allowance	(292.88)	(160.17)
Total - Net	5,091.21	3,677.84

Gross Portfolio Movement for the year ended March 31, 2023

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 01, 2022 ^	3,242.27	245.43	350.32	3,838.01
New assets originated	5,009.77			5,009.77
Assets repaid	(2,947.06)	(108.06)	(50.03)	(3,105.15)
Write offs ^	-	-	(358.54)	(358.54)
Inter-stage movements				
Stage I	3.05	(2.78)	(0.27)	-
Stage II	(103.25)	103.46	(0.21)	-
Stage III	(145.57)	(121.19)	266.76	-
Gross carrying amount as at March 31, 2023	5,059.20	116.85	208.04	5,384.09

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

Notes to the Financial Statements

for the year ended March 31, 2023

(₹ in Millions unless otherwise stated)

Gross Portfolio Movement for the year ended March 31, 2022

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 01, 2021	3,811.59	75.33	45.48	3,932.40
New assets originated	3,104.15	-	-	3,104.15
Assets repaid	(3,193.85)	(22.04)	25.92	(3,189.97)
Write offs	-	-	(8.58)	(8.58)
Inter-stage movements				
Stage I	0.27	(0.19)	(0.08)	-
Stage II	(234.54)	234.54	-	-
Stage III	(245.36)	(42.21)	287.57	-
Gross carrying amount as at March 31, 2022	3,242.27	245.43	350.32	3,838.01

ECL movement during the year ended March 31, 2023

Particulars	Stage I	Stage II	Stage III	Total
Opening Balance	9.45	32.30	118.42	160.17
Provision made/ (reversed) during the year	116.82	21.58	352.84	491.25
Inter-stage movements				
Stage-I	0.46	(0.37)	(0.09)	-
Stage-II	(0.30)	0.37	(0.07)	-
Stage-III	(0.42)	(15.95)	16.37	-
Write off	-	-	(358.54)	(358.54)
Closing Balance	126.01	37.94	128.93	292.88

ECL movement during the year ended March 31, 2022

Particulars	Stage I	Stage II	Stage III	Total
Opening Balance	4.93	11.45	8.24	24.62
Provision made/ (reversed) during the year	4.53	20.84	110.18	135.55
Inter-stage movements				
Stage-I	0.82	6.71	(7.53)	-
Stage-II	(0.44)	0.44	-	-
Stage-III	(0.38)	(7.15)	7.53	-
Write off	-	-	-	-
Closing Balance	9.45	32.30	118.42	160.17

6: Other financial assets (at amortised cost)

	As at March 31, 2023	As at March 31, 2022
A. Security deposits		
Unsecured, considered good	1.65	2.11
	1.65	2.11
B. Other assets		
Retained interest on Asset Assigned	-	0.53
Other assets	4.35	421.62
	4.35	422.15
Total (A+B)	6.00	424.26

Notes to the Financial Statements

for the year ended March 31, 2023

(₹ in Millions unless otherwise stated)

7: Current tax Assets (net)

	As at March 31, 2023	As at March 31, 2022
Advance income tax (net of provision)	14.35	(65.35)
	14.35	(65.35)

8: Deferred tax assets (net)

	As at March 31, 2023	As at March 31, 2022
Impairment of financial instruments and other provisions	73.71	40.31
Provisions allowable on payment basis	0.17	0.67
Property, plant and equipment	0.74	1.12
Others	0.58	(12.90)
Net deferred tax assets/(liabilities)	75.20	29.20

8.1: Deferred Tax Assets (net)

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

Particulars	Net Balance April 1, 2022	(Charge)/Credit in Profit & Loss	Recognised in OCI	Net Balance March 31, 2023
Deferred tax assets/ (liabilities)				
Impairment loss allowance and other provision	40.31	33.40	-	73.71
Property, plant and equipment	1.12	(0.38)	-	0.74
Others	(12.23)	13.08	(0.10)	0.75
Net Deferred tax assets / (liabilities)	29.20	46.10	(0.10)	75.20

Movement in deferred tax balances for the year ended March 31, 2022

Particulars	Net Balance April 1, 2021	(Charge)/Credit in Profit & Loss	Recognised in OCI	Net Balance March 31, 2022
Deferred tax assets/ (liabilities)				
Impairment loss allowance and other provision	6.20	34.12	-	40.31
Property, plant and equipment	0.64	0.48	-	1.12
Others	(4.74)	(7.46)	(0.03)	(12.23)
Net Deferred tax assets / (liabilities)	2.10	27.14	(0.03)	29.20

9: Property, plant and equipment

Particulars	Furniture & Fixtures	Office Equipment	Computers	Right of use asset	Computer Software	Total
Gross block						
At April 01, 2021	**2.77**	**0.72**	**3.64**	**-**	**1.45**	**8.58**
Addition	8.99	13.18	1.72	2.37	-	26.26
Disposals	7.98	10.41	1.85	-	-	20.25
At March 31, 2022	**3.78**	**3.49**	**3.51**	**2.37**	**1.45**	**14.60**

Notes to the Financial Statements

for the year ended March 31, 2023

(₹ in Millions unless otherwise stated)

9: Property, plant and equipment (Contd.)

Particulars	Furniture & Fixtures	Office Equipment	Computers	Right of use asset	Computer Software	Total
Addition	0.41	0.82	0.19	-	-	1.42
Disposals	0.35	0.44	0.15	2.37	-	3.31
At March 31, 2023	**3.84**	**3.87**	**3.54**	**-**	**1.45**	**12.71**
Depreciation						
At April 01, 2021	**2.29**	**0.51**	**2.30**	**-**	**1.45**	**6.55**
Charge for the year	1.57	1.91	1.14	1.68	-	6.31
Disposals	0.62	0.88	0.40	-	-	1.90
At March 31, 2022	**3.25**	**1.54**	**3.04**	**1.68**	**1.45**	**10.96**
Charge for the year	0.48	1.00	0.39	-	-	1.88
Disposals	0.69	0.09	0.20	1.68	-	2.66
At March 31, 2023	**3.04**	**2.45**	**3.24**	**-**	**1.45**	**10.18**
Net Carrying Amount :						
At March 31 2022	0.53	1.95	0.47	0.69	-	3.63
At March 31 2023	**0.80**	**1.42**	**0.31**	**-**	**-**	**2.53**

10: Other non financial assets

	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good		
Insurance Claim receivables	9.32	1.13
Prepaid Expenses	0.45	0.12
Other receivables	4.88	0.40
Other deposits	-	0.14
	14.65	1.79

11: Debt securities (at amortised Cost)

	As at March 31, 2023	As at March 31, 2022
Debentures (Secured)		
600 (March 31, 2020: Nil), 12.65% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures of face value of ₹ 0.1 million each redeemable at par at the end of Nineteen months from the date of allotment i.e. June 15, 2021.	-	66.06
1200 (March 31, 2020: Nil), 12.75% Secured, Redeemable, Principal Protected Market Linked Non-convertible Debentures of face value of ₹ 0.1 million each redeemable at par at the end of Twenty Five months from the date of allotment i.e. June 15, 2021.	148.79	131.98
	148.79	198.03

Notes to the Financial Statements

for the year ended March 31, 2023

(₹ in Millions unless otherwise stated)

11: Borrowings (at amortised Cost) (Contd.)

	As at March 31, 2023	As at March 31, 2022
(a) Borrowings (other than debt securities)		
Term loans		
Secured		
Term loan from banks	14.51	172.26
Term loan from non-banking financial companies	1,237.38	1,036.22
Unsecured		
Advances from related parties(unsecured)	2,240.64	1,130.21
Total Borrowings (other than debt securities)	3,492.53	2,338.69
Above amount includes		
Secured borrowings	1,251.89	1,208.48
Unsecured borrowings	2,240.64	1,130.21
Net amount	3,492.53	2,338.69
Borrowings in India	3,492.53	2,338.69
Borrowings outside India		-
Total	3,492.53	2,338.69

Nature of security

Borrowings (other than debt securities) are secured by the way of hypothecation of book debts.

The Unsecured borrowings are in the nature of Inter Corporate Loans from Holding Company

Refer Note 11A for terms of prinicipal repayment and the applicable interest rate on the borrowings (other than debt securities).

Notes to the Financial Statements

for the year ended March 31, 2023

11A: Terms of principal repayment of borrowings and applicable interest rate on borrowings (other than debt securities)

(₹ in Millions unless otherwise stated)

Original maturity of loan	Effective interest rate	Due within 1 year		Due between 1 to 2 Years		Due between 2 to 3 Years		Due beyond 3 Years		Total
		No. of installments	Amount (in ₹)	No. of installments	Amount (in ₹)	No. of installments	Amount (in ₹)	No. of installments	Amount (in ₹)	
Monthly										
1-3 years	12%-12.99%	3	16.37	-	-	-	-			16.37
	13%-14%	68	491.03	48	527.63	5	51.52	-	-	1,070.18
	15.25%	3	14.34	-	-	-	-	-	-	14.34
Quarterly										
1-3 years	12%-12.99%					-	-	-	-	-
Halfyearly										
1-3 years	12%-12.99%					-	-	-	-	-
	13%-14%	4	151.09	-	-	-	-	-	-	151.09
	15%									-
Total		78	672.83	48	527.63	5	51.52	-	-	1,251.98
Impact of EIR										(7.31)
Interest accured on borrowings										7.22
Total										1,251.89

11A: Terms of principal repayment of long term borrowings as at March 31, 2022

(₹ in Millions unless otherwise stated)

Original maturity of loan	Effective interest rate	Due within 1 year		Due between 1 to 2 Years		Due between 2 to 3 Years		Due beyond 3 Years		Total
		No. of installments	Amount (in ₹)	No. of installments	Amount (in ₹)	No. of installments	Amount (in ₹)	No. of installments	Amount (in ₹)	
Monthly										
1-3 years	12%-12.99%	68	244.92	27	49.22	-	-	-	-	294.14
	13%-14%	116	529.16	3	14.34					543.50
	15%	-		-	-	-	-	-	-	-
Quarterly										
1-3 years	12%-12.99%	4	50.00			-	-	-	-	50.00

Notes to the Financial Statements

for the year ended March 31, 2023

(₹ in Millions unless otherwise stated)

Original maturity of loan	Effective interest rate	Due within 1 year		Due between 1 to 2 Years		Due between 2 to 3 Years		Due beyond 3 Years		Total
		No. of installments	Amount (in ₹)	No. of installments	Amount (in ₹)	No. of installments	Amount (in ₹)	No. of installments	Amount (in ₹)	
Halfyearly										
1-3 years	12%-12.99%	4	83.33	2	234.42	-	-	-	-	317.75
Total		192	907.41	32	297.98	-	-	-	-	1,205.39
Impact of EIR										(4.39)
Interest accured on borrowings										7.48
Total										1,208.48

Note : Intercorporate loan is not considered in the above borrowings

11AA: Terms of principal repayment of long term borrowings as at March 31, 2023

1. Secured term loans from banks and financial institution are secured by way of hypothecation of Book debts & Corporate Guarantee from Holding Company Spandana Spoorthy Financial Limited
2. The Company has been regular in meeting all its obligations to lenders during FY22-23.
3. The Company has utilised the borrowings for the purpose for which it was obtained

11C. Changes in liabilities arising from financing activities

Particulars	As at March 31, 2022	Cash flows	Others	As at March 31, 2023
Debt securities	198.03	(60.00)	10.76	148.79
Borrowings (other than debt securities)	1,208.48	46.60	(3.19)	1,251.89
	1,406.51	(13.40)	7.57	1,400.68

Particulars	As at March 31, 2021	Cash flows	Others	As at March 31, 2022
Debt securities	-	180.00	18.03	198.03
Borrowings (other than debt securities)	1,758.34	(560.20)	10.34	1,208.48
	1,758.34	(380.20)	28.37	1,406.51

Note : Intercorporate loan is not considered in the above changes in liabilities

Notes to the Financial Statements

for the year ended March 31, 2023

(₹ in Millions unless otherwise stated)

12: Other financial liabilities

	As at March 31, 2023	As at March 31, 2022
Employee Related Payables	6.61	3.20
Expenses payable	2.01	12.59
Payable on assigned loans	0.01	5.61
Other Payables	28.60	7.35
	37.23	28.75

13: Provisions

	As at March 31, 2023	As at March 31, 2022
Gratuity, net of contribution (Refer note no 33)	0.67	0.68
	0.67	0.68

14. Other non financial liabilities

	As at March 31, 2023	As at March 31, 2022
Statutory dues payable	7.83	4.13
Unamortized Collection fees	-	0.20
	7.83	4.33

15: Equity Share capital

	As at March 31, 2023	As at March 31, 2022
Authorized		
1,00,00,000 (March 31,2021: 1,00,00,000,) equity shares of ₹ 10 each	100.00	100.00
	100.00	100.00
Issued, subscribed and paid-up		
76,71,268 (March 31, 2020: 76,71,268) equity shares of ₹ 10 each fully paid up	76.71	76.71
Total	76.71	76.71

(a) **Terms / rights attached to equity shares**

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

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

Notes to the Financial Statements

for the year ended March 31, 2023

(₹ in Millions unless otherwise stated)

15: Equity Share capital (Contd.)

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

Particulars	As at March 31, 2023		As at Macrh 31, 2022	
	No. of shares	Amount	No. of shares	Amount
Outstanding at the beginning of the period	76,71,268	76.71	76,71,268	76.71
Issued during the period	-	-	-	-
Outstanding at the end of the period	76,71,268	76.71	76,71,268	76.71

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

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

Name of the shareholder	As at March 31, 2023		As at Macrh 31, 2022	
	Number of shares	% of holding	Number of shares	% of holding
Equity shares				
Spandana Sphoorty Financial Limited	76,59,389	99.85%	75,52,204	98.45%

(d) **Shareholding of Promoters as defined in the Companies Act, 2013 as below:**

(i) As at March 31, 2023

Promoter Name	No. of Shares	% of total shares	% Change during the year
SPANDANA SPHOORTHY FINANCIAL LTD	76,59,389	99.85%	1.40%
FEROZ KHAN ABDUL	1	0.000013%	0
PADMAJA GANGIREDDY	1	0.000013%	0
VIJAYA SIVARAMI REDDY VENDIDANDI	1	0.000013%	0
REVAN SAAHITH REDDY VENDIDANDI	1	0.000013%	0
RAJU DANTTU	1	0.000013%	0
CH VENKATA NAGESWARA RAO	1	0.000013%	0
Total	76,59,395	99.85%	1.40%

(ii) As at March 31, 2022

Promoter Name	No. of Shares	% of total shares	% Change during the year
SPANDANA SPHOORTHY FINANCIAL LTD	75,52,204	98.45%	0
FEROZ KHAN ABDUL	1	0.000013%	0
PADMAJA GANGIREDDY	1	0.000013%	0
VIJAYA SIVARAMI REDDY VENDIDANDI	1	0.000013%	0
REVAN SAAHITH REDDY VENDIDANDI	1	0.000013%	0
Total	75,52,208	98.45%	0

Notes to the Financial Statements

for the year ended March 31, 2023

(₹ in Millions unless otherwise stated)

16: Other Equity

	As at March 31, 2023	As at March 31, 2022
Securities premium	712.35	712.35
General reserve	0.54	0.54
Capital redemption reserve	16.76	16.76
Statutory reserve	170.09	167.26
Capital reserve	(9.77)	(9.77)
Retained earnings	580.28	568.70
Total other equity	1,470.24	1,455.84

For detailed movement of reserves refer statement of changes in equity for the year ended March 31, 2023.

Nature and purpose of other equity

Securities premium

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

General reserve

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

Capital redemption reserve

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

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

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

Retained earnings

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

Fair valuation on loans through other comprehensive income

The Company has elected to recognize changes in the fair value of loans in other comprehensive income. These changes are accumulated as reserve within equity. The Company transfers amount from this reserve to retained earnings when the relevant loans are derecognized.

Notes to the Financial Statements

for the year ended March 31, 2023

(₹ in Millions unless otherwise stated)

17: Interest Income

	As at March 31, 2023	As at March 31, 2022
Measured at amortized cost		
Interest on portfolio loans	1,000.36	983.95
Measured at amortised cost		
Interest on margin money deposits*	0.28	0.33
	1,000.64	984.28

*Represent margin money deposits placed to avail term loans from banks and non baking financial companies

18: Others

	As at March 31, 2023	As at March 31, 2022
Recovery against loans written off	0.68	7.87
	0.68	7.87

19: Other income

	As at March 31, 2023	As at March 31, 2022
Advertisement Income	11.74	15.82
Miscellaneous income	1.09	3.98
	12.83	19.81

20: Finance cost

	As at March 31, 2023	As at March 31, 2022
On financial liabilities measured at amortised cost		
Interest		
On Borrowings (other than debt securities)	367.10	368.44
On Borrowings (debt securities)	23.24	17.79
On income tax	0.01	2.26
	390.35	388.49
Net loss on fair value changes		
Financial assets designated at fair value through Profit and loss	0.10	0.86
	0.10	0.86

21: Impairment on financial instruments and other provisions

	As at March 31, 2023	As at March 31, 2022
Measured at amortised cost		
Impairment allowance	132.71	138.82
Loans written-off	312.80	8.58
	445.51	147.40

22: Employee benefits expenses

	As at March 31, 2023	As at March 31, 2022
Salaries, wages and bonus	95.44	95.33
Contribution to provident fund and Other Funds	5.43	5.02
Gratuity expense (Refer note 33)	0.37	0.40
Leave benefits	1.34	1.44
Staff welfare expenses	0.25	1.02
	102.83	103.21

Notes to the Financial Statements

for the year ended March 31, 2023

(₹ in Millions unless otherwise stated)

23: Depreciation and amortization expense

	As at March 31, 2023	As at March 31, 2022
On property, plant and equipment	1.88	4.63
On right of use assets	-	1.68
	1.88	6.31

24: Other expenses

	As at March 31, 2023	As at March 31, 2022
Rent	10.96	9.24
Rates and taxes	0.32	0.60
Bank charges	2.60	2.43
Office maintenance	3.26	6.12
Computers and network maintenance	2.62	0.03
Electricity charges	0.80	0.88
Travelling expenses	15.32	12.50
Communication expenses	0.10	0.14
Printing and stationery	1.53	0.85
Legal and professional charges	6.85	1.93
Auditors remuneration (Refer note 24.1 below)	0.85	0.82
Other provisions and write off	5.11	2.26
CSR Expenditure (Refer note 24.2 below)	5.04	4.20
Miscellaneous expenses	3.66	1.59
	59.04	43.59

24.1 Details of payment to auditors

	As at March 31, 2023	As at March 31, 2022
Audit fee	0.76	0.76
Certification Fee	-	0.02
Tax Audit Fee	0.05	-
Out of pocket expenses	0.04	0.04
	0.85	0.82

24.2 Details of CSR expenditure:

	As at March 31, 2023	As at March 31, 2022
Gross amount required to be spent during the year	5.04	4.20
Amount approved by the Board to be spent during the year	5.04	4.20
Amount spent during the year		
(i) Construction/ acquisition of asset	-	-
(ii) On purposes other than (i) above	5.04	0.76

Notes to the Financial Statements

for the year ended March 31, 2023

(₹ in Millions unless otherwise stated)

24.2 Details of CSR expenditure: (Contd.)

	As at March 31, 2023	As at March 31, 2022
Shortfall at the end of the year	-	4.20
Total of previous years shortfall	5.74	1.54
Reason for shortfall	NA	Note:1
Nature of CSR activities	1. Skill development and Livelihoods 2. Health	
Provision made during the year	-	4.20
Disclosure under section 135 (5) of the Companies Act, 2013		
Particulars		
Unspent balances as at the beginning of the year	5.74	2.30
Amount deposited in Specified Fund of Sch. VII within 6 months*	5.74	2.30
Amount required to be spent during the year	5.04	4.20
Amount spent during the year	10.78	0.76
Unspent balances as at the closing of the year	-	5.74

*Out of ₹5.74 million, an amount of ₹4.22 million was transferred in the month of April2022 and balance amount was already transferred in FY 21-22

Note: 1
Since the implementation of CSR programs are directly handled by the Company, COVID-19 pandemic prevented the employees to reach out to the beneficiaries directly on the CSR approved projects.

25: Tax Expense

	As at March 31, 2023	As at March 31, 2022
Current tax	45.27	117.94
Adjustment in respect of current income tax of prior years	1.14	-
Deffered Tax	(46.10)	(27.14)
Total tax charge	0.32	90.80
Reconciliation of tax expense and the accounting profit/(loss) multiplied by India's tax rate		
Accounting profit before Tax	14.43	322.10
Expected tax expense at the Indian tax rate 25.168% (March 31, 2022: 25.168%)	3.63	81.07
Tax effect of amounts which are not deductible/taxable in calculating taxable income:	1.27	1.63
Effect of expenses not deductible under the IT Act, 1961	-	8.10
Effect of additional allowance deductible under the IT Act, 1961	(4.58)	-
Income tax expense reported in the consolidated statement of profit and loss	0.32	90.80
Income tax recognised in other comprehensive income		
Deferred tax arising on income and expenses recognised in other comprehensive income	(0.10)	(0.03)
Total	0.22	90.77

Notes to the Financial Statements

for the year ended March 31, 2023

(₹ in Millions unless otherwise stated)

26: Earning per Share

	As at March 31, 2023	As at March 31, 2022
Net profit after tax as per Statement of Profit and Loss	14.11	231.30
Less: Dividend on CCPS (all class) & OCRPS (all series) and tax thereon		
Net profit for calculation of basic earnings per share	14.11	231.30
Net profit as above	14.11	231.30
Add: Dividend on CCPS (all class) & OCRPS (all series) and tax thereon		
Net profit for calculation of diluted earnings per share	14.11	231.30
Calculation of weighted average number of equity shares for basic EPS		
Equity shares		
Opening No. of shares	7.67	7.67
Add: Fresh issued during the year	-	-
	7.67	7.67
Effect of dilution		
Conversion of OCRPS	-	-
Conversion of share warrants	-	-
Weighted average number of equity shares for diluted EPS	7.67	7.67
Basic earnings per share (In ₹)	1.84	30.15
Diluted earnings per share (In ₹)	1.84	30.15
Nominal value per share (In ₹)	10	10

27: Segment Reporting

The Company operates in a single business segment i.e. financing, since the nature of the loans are exposed to similar risk and return profiles hence they are collectively operating under a single segment for the purpose of Ind AS 108 on 'Operating Segments' notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The Company operates in a single geographical segment i.e. domestic.

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

I. **Holding Company**

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

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

a) Spandana Mutual Benefit Trust

b) Caspian Financial Services Limited

III. **Key Management Personnel**

a) Mrs. Padmaja Gangireddy - Director

b) Mr. Vendidandi Vijaya Sivarami Reddy - Relative of Director

Notes to the Financial Statements

for the year ended March 31, 2023

(₹ in Millions unless otherwise stated)

28: Related parties under Ind AS 24 with whom transactions have taken place during the period. (Contd.)

A. Transactions with related parties	For the year ended 31 March 2023	For the year ended 31 March 2022
Spandana Sphoorty Financial Limited		
Interest expense	262.11	128.37
Rental income	0.28	-
Rental expense	0.76	-
Inter-corporate advances granted (gross)	3,682.77	2,775.93
Expense reimbursement claimed from the Company	30.69	29.82
Expense reimbursement claimed by the Company	60.44	59.80
Mr.Vendidandi Vijaya Sivarami Reddy		
Rent paid	0.21	0.84
Spandana Mutual Benefit Trust		
Receipt against Gold branches collection	414.22	516.34
Related to sale of Fixed Assets towards Gold branches	-	22.64
Related to redemtion of rental deposits towards gold branches	0.15	3.36
Caspian Financial Services Limited		
Home appliance/electronic device financing & its discount	23.07	-

B. Balance receivable / (payable)	For the year ended 31 March 2023	For the year ended 31 March 2022
Loans		
Spandana Sphoorty Financial Limited	(2,240.64)	(1,130.21)
Other financial liabilities		
Spandana Sphoorty Financial Limited	(2.63)	(0.00)
Mr.Vendidandi Vijaya Sivarami Reddy	-	(0.06)
Caspian Financial Services Limited	(4.16)	-
Other financial assets		
Spandana Sphoorty Financial Limited	0.28	0.06
Spandana Mutual Benefit Trust	-	414.37

Notes

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

29: Contingent Liabilities not provided for

(₹ in Millions unless otherwise stated)

Particulars	31-Mar-23	31-Mar-22
Claims against the Company not acknowledge as debts: Income tax assessment order for FY 2016-17	18.74	18.74
Total	18.74	18.74

The Company received an income tax assessment-cum-demand order for FY 2016-17, inter alia, raising a demand (Including Interest) under section 69A read with section 115BBE of the Income Tax Act, 1961. The Company has filed an appeal against this order before the Commissioner of Income Tax (Appeals) that will be heard in due course. However, based on the expert opinions obtained, the Company confident that the matter will be decided in its favour. Accordingly, the aforesaid amount has been considered as a contingent liability as at March 31, 2023. The Company has deposited ₹ 3.75/- Millions against such demand in the process of filling the aforesaid appeal.

Notes to the Financial Statements

for the year ended March 31, 2023

(₹ in Millions unless otherwise stated)

30: Fair Value

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

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

This note describes the fair value measurement .

Valuation framework

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

The Company's valuation framework includes:

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

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

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

31: Fair Value Hierachy of assets and liabilities

Fair value measurement

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

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

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

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

I. **The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy**

	Fair value measurement using		
	Level -1	Level -2	Level -3
Assets measured at fair value as at March 31, 2023			
Loans (measured at Amortized Cost)	-	5,387.42	-
	-	5,387.42	-
Assets measured at fair value as at March 31, 2022			
Loans (measured at Amortized Cost)	-	3,451.24	-
	-	3,451.24	-

Notes to the Financial Statements

for the year ended March 31, 2023

(₹ in Millions unless otherwise stated)

31: Fair Value Hierachy of assets and liabilities (Contd.)

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

	Amortized cost	Fair value measurement using		
		Level -1	Level -2	Level -3
Liabilities measured at fair value as at March 31, 2023				
Debt securities	148.79		148.79	-
Borrowings (other than debt securities)	3,492.53	-	3,513.82	-
Lease Liabilities	-		-	
	3,641.32	-	3,662.61	-
Liabilities measured at fair value as at March 31, 2022				
Debt securities	198.03	-	198.03	-
Borrowings (other than debt securities)	2,338.69	-	2,363.67	-
Lease liabilities	1.48	-	1.48	-
	2,538.20	-	2,563.18	-

Valuation technique used

For Loan Portfolio

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

For Borrowing

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

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

32: Capital Management

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

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

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

Regulatory Capital

Particulars	March 31, 2023	March 31, 2022
Teir I Capital	1,471.76	1,503.35
Teir II Capital	65.62	9.09
Total Capital	1,537.37	1,512.44
Risk weighted assets	5,249.36	4,124.18

Notes to the Financial Statements

for the year ended March 31, 2023

(₹ in Millions unless otherwise stated)

32: Capital Management (Contd.)

Particulars	March 31, 2023	March 31, 2022
Teir I CRAR	28.04%	36.45%
Teir II CRAR	1.25%	0.22%
Total CRAR	29.29%	36.67%

33: Employee Benefit Plans

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity, on cessation of employment and it is computed at 15 days salary (last drawn salary) for each completed year of service subject to limit of ₹ 2,000,000 as per The Payment of Gratuity Act, 1972.

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

Movement in defined benefit obligations

Particulars	31-Mar-23	31-Mar-22
Defined benefit obligation as at the beginning of the year	0.68	0.42
Current service cost	0.33	0.37
Interest on defined benefit obligation	0.05	0.03
Remeasurements- Actuarial (gain)/ Loss on total liabiities	(0.39)	(0.14)
Benefits paid	-	-
Defined benefit obligation as at the end of the year	0.66	0.68

Reconciliation of net liability/ asset

Particulars	31-Mar-23	31-Mar-22
Net defined benefit liability/ (asset) as at the beginning of the year	0.68	0.42
Expense charged to statement of profit & loss	0.37	0.40
Amount recognised in other comprehensive income	(0.39)	(0.14)
Employer contributions		-
Net defined benefit liability/ (asset) as at the end of the year	0.66	0.68

Balance Sheet

Amount recognised in balance sheet

Particulars	31-Mar-23	31-Mar-22
Present value of obligations	0.66	0.68
Fair value on plan assets	-	-
Net defined benefit liability recognised in balance sheet	0.66	0.68

Expenses charged to the statement of profit and loss

Particulars	31-Mar-23	31-Mar-22
Current service cost	0.33	0.37
Interest Cost	0.05	0.03
Total	0.37	0.40

Remeasurement gains/(losses) in the other comprehensive income

Particulars	31-Mar-23	31-Mar-22
Remeasurements- Acturial Gain/(Loss)	0.39	0.14
Amount recognised under Other Comprehensive Income	0.39	0.14

Notes to the Financial Statements

for the year ended March 31, 2023

(₹ in Millions unless otherwise stated)

33: Employee Benifit Plans (Contd.)

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

Particulars	31-Mar-23	31-Mar-22
Fund managed by Insurer	0%	0%
Total	0%	0%

Summary of Actuarial Assumptions

Particulars	31-Mar-23	31-Mar-22
Discount rate	7.47%	6.81%
Expected return on plan assets	NA	NA
Rate of Increase in compensation levels	5.00%	5.00%
Retirement age (years)	58	58

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

Particulars	31-Mar-23	31-Mar-22
Discount rate (+0.5%)	(0.02)	(0.02)
Discount rate (-0.5%)	0.02	0.02
Salary Inflation (+1%)	0.05	0.04
Salary Inflation (-1%)	(0.05)	(0.04)
Withdrawal Rate (+5%)	(0.05)	(0.08)
Withdrawal Rate (-5%)	0.04	0.08

Projected plan cash flow

Particulars	31-Mar-23	31-Mar-22
1Year	0.02	0.03
2Year	0.04	0.04
3Year	0.04	0.06
4Year	0.08	0.08
5 Year	0.10	0.13
After year 5	1.01	0.74

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

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

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

34: Leases

Company as a lessee

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

Amounts recognised in statement of profit or loss:

Particulars	March 31, 2023	March 31, 2022
Depreciation expense of right-of-use assets	-	1.68
Interest expense on lease liabilities	-	0.33
Expense relating to short-term leases	10.96	9.24
Total amount recognised in profit or loss	10.96	11.25

Particulars	March 31, 2023	March 31, 2022
Total commitments for short term leases	3.73	4.55

Notes to the Financial Statements

for the year ended March 31, 2023

(₹ in Millions unless otherwise stated)

34: Leases (Contd.)

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

Particulars	March 31, 2023	March 31, 2022
Balances as at the beginning of the year	0.69	-
Addition	-	2.37
Deletion	(0.69)	-
Depreciation		(1.68)
Balances as at the end of the year	-	0.69

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

Particulars	March 31, 2023	March 31, 2022
Balances as at the beginning of the year	1.48	-
Addition	-	2.37
Accretion of interest	-	0.33
Deletion		-
Payments	(1.48)	(1.22)
Balances as at the end of the year	-	1.48

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

Particulars	March 31, 2023	March 31, 2022
Less than one year	-	0.84
One to five years	-	0.64
More than five years	-	-
Total	-	1.48

35: Amount payable to micro small and medium enterprises

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

36: Risk Management and financial objectives

Risk is an integral part of the Company's business and sound risk management is critical to the success. As a financial intermediary, the Company is exposed to risks that are particular to its lending and the environment within which it operates and primarily includes credit, liquidity and market risks. The Company has a risk management policy which covers risks associated with the financial assets and liabilities. The risk management policy is approved by the Board of Directors. The Company has identified and implemented comprehensive policies and procedures to assess, monitor and manage risk throughout the Company. The risk management process is continuously reviewed, improved and adapted in the context of changing risk scenario and the agility of the risk management process is monitored and reviewed for its appropriateness in the changing risk landscape. The process of continuous evaluation of risks includes taking stock of the risk landscape on an event-driven basis. The Company has an elaborate process for risk management. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

36.1 Credit Risk :

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

The Company is a rural focused NBFC with a geographically diversified presence in India and offer income generation loans , predominantly to women from low-income households in Rural Areas. Further, as we focus on providing Individual

Notes to the Financial Statements

for the year ended March 31, 2023

(₹ in Millions unless otherwise stated)

36.1 Credit Risk : (Contd.)

& Loan against property-loans in Rural Areas, our results of operations are affected by the performance and the future growth potential of microfinance in rural India. Our clients typically have limited sources of income, savings and credit histories and our most of the loans are provided at a free of collateral for Individual Loans and whereas collaterals are required for Loan against property Loans. Such clients generally do not have a high level of financial resilience, and, as a result, they can be adversely affected by declining economic conditions and natural calamities. In addition, we rely on non-traditional guarantee mechanisms rather than tangible assets as collateral, which may not be effective in recovering the value of our loans.

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

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

A) Probability of default (PD)

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

B) Exposure at default (EAD)

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

C) Loss given default

The Company determines its expectation of lifetime loss by estimating recoveries towards its loan through analysis of historical information. The Company determines its recovery rates by analysing the recovery trends over different periods of time after a loan has defaulted. LGD is the difference between the exposure at default and its recovery rate. Similar to PDs, the LGD rates have also been reassessed for COVID-19 affected portfolio by comparing past recovery experience from less frequent / non-recurring default events. Appropriate adjustments have also been made for recoveries observed during the post-pandemic period which are considered as an appropriate representation of expected post-default recoveries.

Analysis of concentration risk:

The Company's loan book consists of a large number of customers spread over diverse geographical area. The following tables show the geographical concentrations of loans:

(₹ in Millions unless otherwise stated)

States	31-Mar-23	31-Mar-22
Andhra Pradesh	74.28%	74.77%
Telangana	25.72%	23.66%
Chennai	0.00%	1.57%
Total	100.00%	100.00%

Collateral and other credit enhancement

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

Notes to the Financial Statements

for the year ended March 31, 2023

(₹ in Millions unless otherwise stated)

36.2 Liquidity Risk

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

Maturity pattern of financial liabilities:

Particulars	Borrowings *		Other financial liabilities	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Upto 1 month	282.06	166.03	35.46	12.15
1 to 2 months	246.39	211.33	-	-
2 to 3 months	239.72	447.59	-	0.65
3 to 6 months	809.18	589.45	-	1.43
6 months to 1 year	1,085.58	810.93	1.77	12.42
1 to 3 years	1,317.24	440.66	-	-
3 to 5 years	-	-	-	-
Over 5 years	-	-	-	-
Total	3,980.17	2,665.98	37.23	26.65

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

Maturity Analysis of assets and Liabilities

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

Particulars	March 31, 2023			March 31, 2022		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	30.06	-	30.06	31.66	-	31.66
Loans	2,973.95	2,117.26	5,091.21	2,311.55	1,366.29	3,677.84
Other financial assets	6.00	-	6.00	422.15	2.11	424.26
Subtotal - Total financial assets	3,010.02	2,117.26	5,127.27	2,765.36	1,368.41	4,133.77
Non-financial assets						
Current tax asset (net)	10.60	3.75	14.35	(69.09)	3.75	(65.35)
Deferred tax asset (net)	-	75.20	75.20	-	29.20	29.20
Property, plant and equipment	-	2.53	2.53		3.63	3.63
Other Non financial assets	14.65	-	14.65	1.65	0.14	1.79
Subtotal - Total Non financial assets	25.25	81.48	106.73	(67.45)	36.73	(30.72)
Total assets	3,035.26	2,198.74	5,234.00	2,697.91	1,405.13	4,103.05

Notes to the Financial Statements

for the year ended March 31, 2023

(₹ in Millions unless otherwise stated)

36: Risk Management and financial objectives (Contd.)

Particulars	March 31, 2023			March 31, 2022		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
LIABILITIES AND EQUITY						
LIABILITIES						
Financial liabilities						
Debt securities	148.79	-	148.79	66.06	131.98	198.04
Borrowings (other than debt securities)	2,263.17	1,229.36	3,492.53	2,051.31	287.38	2,338.68
Other financial liabilities	37.23	-	37.23	28.75	-	28.75
Subtotal - Total financial liabilities	2,449.19	1,229.36	3,678.55	2,146.11	419.36	2,565.47
Non-financial liabilities						
Current tax liabilities (net)	-		-	-		-
Provisions	-	0.67	0.67	-	0.68	0.68
Other non-financial liabilities	7.83		7.83	4.34	-	4.34
Subtotal - Total non-financial liabilities	7.83	0.67	8.50	4.34	0.68	5.02
Total Liabilities	2,457.02	1,230.04	3,687.06	2,150.46	420.04	2,570.49
Net	578.24	968.70	1,546.94	547.46	985.10	1,532.55

36.3 Market Risk

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

36.3a Interest rate risk

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

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

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

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

Finance Cost	31-Mar-23	31-Mar-22
0.50 % Increase	(6.21)	(2.10)
0.50 % Decrease	6.21	2.10

36.3b Price Risk

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

Notes to the Financial Statements

for the year ended March 31, 2023

(₹ in Millions unless otherwise stated)

37: Transfer of Financial assets

a. Assignment Transaction:

During the year ended March 31, 2021, the Company has sold some loans and advances measured at FVOCI as per assignment deals, as a source of finance. As per the terms of deal, since the derecognition criteria as per Ind AS 109, including transaction of substantially all the risks and rewards relating to assets being transferred to the buyer being met, the assets have been derecognised. The management has evaluated the impact of the assignment transactions done during the year for its business model. Based on the future business plan, the Company's business model remains to hold the assets for collecting contractual cash flows.

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

Particulars	For the year ended 31st Mar 2023	For the year ended 31st Mar 2022
Carrying amount of derecognised financial assets	8.91	26.80
Gain/(loss) from derecognition	-	0.44

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

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

39: Utilisation of Borrowed funds and share premium

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

   (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

   (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

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

   (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

   (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

40. Revenue from contracts with customers

Particulars	31-Mar-23	31-Mar-22
Type of services		
Advertisement & other Income	11.74	15.82
Total	11.74	15.82

Geographical markets

Particulars	31-Mar-23	31-Mar-22
India	11.74	15.82
Outside India	-	-
Total	11.74	15.82

Notes to the Financial Statements

for the year ended March 31, 2023

(₹ in Millions unless otherwise stated)

40. Revenue from contracts with customers (Contd.)

Timing of revenue recognition

Particulars	31-Mar-23	31-Mar-22
Services transferred at a point in time	11.74	15.82
Services transferred over time	-	-
Total	11.74	15.82

Receivables

Particulars	31-Mar-23	31-Mar-22
Commission & others	-	-

Impairment allowance recognised on receivables is Nil (Previous year: Nil)

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

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

Particulars	31-Mar-23	31-Mar-22
CRAR (%)	29.29%	36.67%
CRAR-Tier I Capital (%)	28.04%	36.45%
CRAR-Tier II Capital (%)	1.25%	0.22%
LIQUIDITY COVERAGE RATIO	629.89%	852.80%

CRAR as at March 31, 2023 and March 31, 2022 has been determined in accordance with the RBI Master Directions read with RBI notification RBI/2019-20/170, DOR(NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 on implementation of Indian Accounting Standards.

b. Exposure to real estate sector

Category	31-Mar-23	31-Mar-22
A. Direct exposure		-
I. Residential Mortgages		-
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	565.17	951.50
II. Commercial Real Estate		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose Commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits.	-	-
III. Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		-
Residential	-	-
Commercial Real Estate	-	-
A. Indirect exposure		-
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-
Total	565.17	951.50

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

Notes to the Financial Statements

for the year ended March 31, 2023

(₹ in Millions unless otherwise stated)

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

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

Maturity pattern	March 31, 2023		March 31, 2022	
	Assets	Liabilities	Assets	Liabilities
	Advances	Borrowings	Advances	Borrowings
0-7 Days	37.38	72.05	66.19	46.36
8-14 Days	86.25	162.96	41.44	33.66
15-30/31 Days	112.80	5.32	100.65	78.41
Over 1 month to 2 months	247.80	222.61	219.19	200.66
Over 2 months upto 3 months	248.12	204.46	215.69	433.82
Over 3 months to 6 months	763.61	753.47	649.90	569.07
Over 6 months to 1 year	1,478.00	991.09	1,018.49	755.40
Over 1 year to 3 years	2,117.26	1,229.36	755.77	419.36
Over 3 years to 5 years	-	-	108.76	-
Over 5 years	-	-	501.77	-
Total	5,091.21	3,641.32	3,677.84	2,536.72

e. Instances of fraud reported during the year ended March 31, 2023:

Nature of fraud	No. of cases	Amount of fraud	Recovery*	Amount provided
Fraud	22	2.45	0.20	2.25

*Includes recoveries in respect of frauds reported in earlier years

Instances of fraud reported during the year ended March 31, 2022:

Nature of fraud	No. of cases	Amount of fraud	Recovery*	Amount provided
Theft	1	0.17	-	0.17
Fraud	1	0.01	0.01	-
Cash Embezzlement	4	1.95	-	1.95

*Includes recoveries in respect of frauds reported in earlier years

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

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

Sr. No.	Instrument	Rating agency	As per final rating letter	Rating assigned	Valid up to	Borrowing limit
1	Bank Loan (Long term facilities)	India Rating & Research	31-Mar-23	IND BBB+/Stable	One year	2,000.00
2	Bank Loan (Long term facilities)	ICRA	1-Mar-23	[ICRA]BBB Positive	One year	2,000.00
3	Market Linked Debentures	ICRA	1-Mar-23	PP-MLD [ICRA] BBB Positive	One year	1,000.00

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

Notes to the Financial Statements

for the year ended March 31, 2023

(₹ in Millions unless otherwise stated)

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

Previous year

Sr. No.	Instrument	Rating agency	As per final rating letter	Rating assigned	Valid up to	Borrowing limit
1	Bank Loan (Long term facilities)	ICRA	10-Nov-21	[ICRA]BBB- (Stable)	One year	2,000.00
2	Market Linked Debentures	ICRA	10-Nov-21	PP-MLD [ICRA] BBB&	One year	1,000.00

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

h. Concentration of Advances, Exposures and NPAs

Particulars	31-Mar-23	31-Mar-22
Concentration of Advances*		
Total advances to twenty largest borrowers	58.21	141.45
(%) of advances to twenty largest borrowers to total advances	1.10%	3.78%
Concentration of Exposures*		
Total exposure to twenty largest borrowers	59.70	143.05
(%) of exposure to twenty largest borrowers to total exposure	1.10%	3.78%
Concentration of NPAs**		
Total exposure to top four NPA accounts	9.92	18.30

* Represents amount outstanding as per contract with customers

** Represents stage III loans including interest

i. Sector wise NPAs*

Sector	Percentage of NPAs to total advances in that sector	
	31-Mar-23	31-Mar-22
Agriculture and allied activities	2.48%	4.17%
MSME	0.85%	0.70%
Corporate Borrowers	0.00%	0.00%
Unsecured Personal Loans	1.92%	0.29%
Services	0.00%	0.00%
Auto Loans	0.00%	0.08%
Other personal loans	18.32%	3.95%

* Represents amount of principal outstanding for stage III loans

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

Notes to the Financial Statements

for the year ended March 31, 2023

(₹ in Millions unless otherwise stated)

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

Asset Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross carrying Amount as per Ind AS	Loss Allowancess (Provisions) as required as per Ind AS 109*	Net Carrying Amount	Provisions as per IRACP norms	Difference between Ind AS 109 Provisions and IRACP norms
1	2	3	4	5= 3-4	6	7 = 4-6
Performing Assets						
Standard	Stage 1	5,059.20	126.01	4,933.19	20.06	105.95
	Stage 2	118.00	37.94	80.07	0.45	37.48
Subtotal		5,177.20	163.95	5,013.26	20.51	143.43
Non Performing Assets (NPA)						
Substandard	Stage 3	206.89	128.93	77.95	18.65	110.28
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for Doubtful		-	-	-	-	-
	Stage 3	-	-	-		-
Subtotal for NPA		206.89	128.93	77.95	18.65	110.28
Other items such as guarantees, loan commitments, etc which are in the scope of Ind AS 109 but not covered under current income Recognition - Asset Classification and Provisioning (IRACP) Norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	Stage 1	5,059.20	126.01	4,933.19	20.06	105.95
	Stage 2	118.00	37.94	80.07	0.45	37.48
	Stage 3	206.89	128.93	77.95	18.65	110.28
	Total	5,384.09	292.88	5,091.21	39.17	253.71

Comparison between provisions required under Income Recognition and Asset Classificatin and Provision norms (IRACP) as per RBI master directions and impairment allowances made under Ind AS 109 for the year ended March 31, 2022

Asset Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross carrying Amount as per Ind AS	Loss Allowancess (Provisions) as required as per Ind AS 109*	Net Carrying Amount	Provisions as per IRACP norms	Difference between Ind AS 109 Provisions and IRACP norms
1	2	3	4	5= 3-4	6	7 = 4-6
Performing Assets						
Standard	Stage 1	3,242.27	9.45	3,232.81	12.97	(3.52)
	Stage 2	245.43	32.30	213.13	0.98	31.32
Subtotal		3,487.69	41.75	3,445.94	13.95	27.80

Notes to the Financial Statements

for the year ended March 31, 2023

(₹ in Millions unless otherwise stated)

Asset Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross carrying Amount as per Ind AS	Loss Allowancess (Provisions) as required as per Ind AS 109*	Net Carrying Amount	Provisions as per IRACP norms	Difference between Ind AS 109 Provisions and IRACP norms
1	2	3	4	5= 3-4	6	7 = 4-6
Non Performing Assets (NPA)						
Substandard	Stage 3	341.54	117.54	224.00	34.15	83.39
Doubtful - up to 1 year	Stage 3	8.78	0.88	-	1.76	(0.88)
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for Doubtful		8.78	0.88	-	1.76	(0.88)
	Stage 3	-	-	-		-
Subtotal for NPA		350.32	118.42	224.00	35.92	82.51
Other items such as guarantees, loan commitments, etc which are in the scope of Ind AS 109 but not covered under current income Recognition - Asset Classification and Provisioning (IRACP) Norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	Stage 1	3,242.27	9.45	3,232.81	12.97	(3.52)
	Stage 2	245.43	32.30	213.13	0.98	31.32
	Stage 3	350.32	118.42	231.90	35.92	82.51
	Total	3,838.01	160.17	3,677.84	49.87	110.30

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

k. Movement of NPAs

Particulars	31-Mar-23	31-Mar-22
Net NPAs to net advances (%)	1.55%	6.31%
Movement of NPAs (gross)		
1. Opening balance	350.32	45.48
2. Additions during the year	266.28	313.41
3. Reductions during the year	(408.56)	(8.58)
4. Closing balance	208.04	350.32
Movement of Net NPAs		
1. Opening balance	231.90	37.24
2. Additions during the year	(102.77)	203.23
3. Reductions during the year	(50.03)	(8.58)
4. Closing balance	79.11	231.90
Movement of provision for NPAs		
1. Opening balance	118.42	8.24
2. Provisions made during the year	369.05	110.18
3. Write off/ write back of excess provisions	(358.54)	-
4. Closing balance	128.93	118.42

* NPA loans and related provision considered in the above table represent loans classified as stage III in accordance with Ind AS 109 and the related ECL provision. Also refer note 5.

Notes to the Financial Statements

for the year ended March 31, 2023

(₹ in Millions unless otherwise stated)

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

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

n. The Company has not sold financial assets to Securitisation / Reconstruction companies for asset reconstruction in the current and previous year.

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

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

q. Unsecured Advances – Refer note 5

r. Registration obtained from other financial sector regulators:

The Company is registered with the 'Ministry of Corporate Affairs' (Financial regulators as described by Ministry of Finance)

s. **Disclosure of Penalties imposed by RBI and other regulators:**

i. No penalties imposed by RBI during the current year and previous year

ii. As per SEBI vide circular no. SEBI/HO/DDHS_Div2/CIR/p/2021/699 dated December 29, 2021 (SEBI SOP Circular), BSE has levied fine on July 2022 amounting to ₹ 0.25 million for delay in compliance with Regulation 50 and 52 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which was paid by the Company on July 2022

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

Particulars	31-Mar-23	31-Mar-22
Provision for income tax (net)	0.32	90.80
Provision for non-performing assets (impairment allowance on stage III loans)	10.10	110.59
Provision for standard assets (impairment allowance on stage I and stage II loans)	122.61	28.23
Provision for gratuity	0.37	0.40
Provision for leave benefits	1.34	1.44
Provision for insurance claims (net of recoveries and write-off)	2.01	0.14
Provision for bonus	-	7.97

u. The Company has no unhedged foreign currency exposure.

42: The Company has certain litigations pending with income tax authorities and other litigations which have arisen in the ordinary course of business. The Company has reviewed all such pending litigations having an impact on the financial position, and has adequately provided for where provisions are required and disclosed the contingent liability where applicable in the financial statements. Refer note 28 for details on tax litigations.

43. Public Disclosure on liquidity risk

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

As at 31 March 2023

Number of significant counterparties	Amount	% of Total Liabilities
6 (Six)	3,626.80	98.37%

As at 31 March 2022

Number of significant counterparties	Amount	% of Total Liabilities
13 (Thirteen)	2,472.30	92.50%

Notes to the Financial Statements

for the year ended March 31, 2023

(₹ in Millions unless otherwise stated)

2. Top 20 Large Deposits : Not Applicable

3. Top 10 borrowings

Particulars	March 31, 2023	March 31, 2022
Amount of top 10 borrowings Amount	3,641.30	2,358.96
% of Total Borrowings	100.00%	92.99%

4. Funding concentration based on significant instrument/product*

As at 31 March 2023

Name of Instrument/product	Amount	% of Total Liabilities
Term Loans	3,492.50	94.72%
Borrowings under securitization arrangement	-	NA
Non convertible Debentures	148.80	4.04%
Total Liabilities*	3,641.30	

As at 31 March 2022

Name of Instrument/product	Amount	% of Total Liabilities
Term Loans	2,338.69	87.50%
Borrowings under securitization arrangement	-	
Non convertible Debentures	198.03	7.41%
Total Liabilities*	2,536.72	

5. Stock Ratios

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

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

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

Particulars	March 31, 2023	March 31, 2022
Commercial Papers to Total Public Funds*	Nil	NIL
Commercial Papers to Total Liabilities	Nil	NIL
Commercial Papers to Total Assets	Nil	NIL
NCDs (Original Maturity <1 yrs.) to Total Public Funds	Nil	NIL
NCDs (Original Maturity <1 yrs.) to Total Liabilities	Nil	NIL
NCDs (Original Maturity <1 yrs.) to Total Assets	Nil	NIL
Other Short Term Liabilities to Total Public Funds	23.57%	46.49%
Other Short Term Liabilities to Total Liabilities	23.28%	44.12%
Other Short Term Liabilities to Total Assets	16.40%	28.04%

6. Institutional set-up for liquidity risk management:

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

Notes to the Financial Statements

for the year ended March 31, 2023

(₹ in Millions unless otherwise stated)

Notes:

1. Significant counterparty is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.
2. Significant instrument/product is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.
3. Total Liabilities has been computed as sum of all liabilities (Balance Sheet figure) less Equities and Reserves/Surplus.
4. Short term liabilities includes all financial and non-financial liabilities expected to be paid within one year.
5. Public funds is as defined in Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Direction, 2016.

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

Type of borrower	A	B	C	D	E
	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end previous year i.e. March 31, 2022 (A)	Of (A), aggregate debt that slipped into NPA during the year @	Of (A) amount written off during the year	Of (A) amount paid by the borrowers during the year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this year i.e. March 31, 2023.
Personal Loans	1.50	0.40	0.40	0.63	0.07
Corporate persons Of which, MSMEs					
Others *	5.40	1.20	2.50	1.60	0.10

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

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

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

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

Maturity pattern		March 31, 2023		March 31, 2022	
		Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
1)	**Liabilities side:**				
	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:				
	(a) Debentures : Secured	148.79	-	198.03	-
	: Unsecured	-	-	-	-
	(other than falling within the meaning of public deposits)				

Notes to the Financial Statements

for the year ended March 31, 2023

(₹ in Millions unless otherwise stated)

Maturity pattern		March 31, 2023		March 31, 2022	
		Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
	(b) Deferred Credits	-	-	-	-
	(c) Term Loans	1,251.89	-	1,208.48	-
	(d) Inter-Corporate loans and borrowing	2,240.64	-	1,130.21	-
	(e) Commercial Paper	-	-	-	-
	(f) Other Loans - Borrowing under securitisation arrangement (secured)	-	-	-	-

Particulars		March 31, 2023	March 31, 2022
		Amount outstanding	Amount outstanding
2)	**Assets side:**		
	Break-up of Loans and Advances including bills receivables (other than those included in (4) below):		
	(a) Secured	558.45	933.80
	(b) Unsecured	4,532.77	2,744.04
3)	**Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities**		
	(i) Lease assets including lease rentals under sundry debtors:		
	(a) Financial lease	-	-
	(b) Operating lease	-	-
	(ii) Stock on hire including hire charges under sudry debtors:		
	(a) Assets on hire	-	-
	(b) Repossessed Assets	-	-
	(iii) Other loans counting towards AFC activities		
	(a) Loans where assets have been repossessed	-	-
	(b) Loans other than (a) above	-	-
4)	**Break-up of Investments:**		
	Current Investments:		
	1. Quoted:		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-
	2. Unquoted:		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (Certificate of Deposits and Commercial Paper)	-	-
	Long Term Investments:		
	1. Quoted:		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-

Notes to the Financial Statements

for the year ended March 31, 2023

(₹ in Millions unless otherwise stated)

Particulars	March 31, 2023 Amount outstanding	March 31, 2022 Amount outstanding
2. Unquoted:		
(i) Shares: (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Security receipts	-	-

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

Category	March 31, 2023 Amount net of provisions			March 31, 2022 Amount net of provisions		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties						
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same group	-	-	-	-	-	-
(c) Other related parties	-	-	-	-	-	-
2. Other than related parties	558.45	4,532.77	5,091.21	933.80	2,744.04	3,677.84
Total	558.45	4,532.77	5,091.21	933.80	2,744.04	3,677.84

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

Category	March 31, 2023		March 31, 2022	
	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties				
(a) Subsidiaries				
(b) Companies in the same group				
(c) Other related parties				
2. Other than related parties				
Total	-	-	-	-

7) Other Information

Category	March 31, 2023	March 31, 2022
(i) Gross Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	208.04	350.32
(ii) Net Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	79.11	231.90
(iii) Assets acquired in satisfaction of debt	-	-

Notes to the Financial Statements

for the year ended March 31, 2023

(₹ in Millions unless otherwise stated)

47: Additional Regulatory Information

a. Disclosure of complaints

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

Sr. No.	Particulars		March 31, 2023	March 31, 2022
	Complaints received by the Company from its customers			
1.	No. of complaints pending at the beginning of the year		-	-
2.	No. of complaints received during the year		72	148
3.	No. of complaints disposed during the year		72	148
	3.1	Of Which, no. of complaints rejected during the year	-	-
4.	No. of complaints pending at the end of the year		-	-
	Maintainable complaints received from Office of Ombudsman			
5.	No. of maintainable complaints received from Office of Ombudsman		-	-
	5.1	Of 5, no. of complaints resolved in favour of the Company by Office of Ombudsman	-	-
	5.2	Of 5, no. of maintainable complaints resolved through conciliation/ mediation/advisories issued by Office of Ombudsman	-	-
	5.3	Of 5, no. of complaints resolved after passing of Awards by Office of Ombudsman against the Company	-	-
6.	No. of Awards unimplemented within the stipulated time (other than those appealed)		-	-

(ii) Top five grounds of complaints received by the Company from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase / decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Number of complaints pending beyond 30 days
Current year					
Ground - 1: OD Issues		7		-	-
Ground - 2: Insurance claim settlements	-	-	0%	-	-
Ground - 3: New loan request	-	15		-	-
Ground - 4: Interest related enquiries	-	4		-	-
Others	-	46		-	-
Total	-	72		-	-
Previous year					
Ground - 1: OD Issues		-			
Ground - 2: Insurance claim settlements		148			
Ground - 3: related new loan request		-			
Ground - 4: Interest related enquiries		-			
Others		-			
Total	-	148		-	-

Notes to the Financial Statements
for the year ended March 31, 2023

(₹ in Millions unless otherwise stated)

47: Additional Regulatory Information (Contd.)

b. Sectoral Exposure*

Sectors	Current Year (As at March 31, 2023)			Previous Year (As at March 31, 2022)		
	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
Agriculture and allied activities	2,706.08	75.80	2.80%	1,956.79	152.57	7.80%
Services	1,876.19	16.04	0.86%	771.86	34.46	4.46%
Other Personal Loans	741.22	103.61	13.98%	1,093.54	138.57	12.67%
Total	5,323.50	195.46	3.67%	3,822.18	325.60	8.52%

* Represents amount of principal outstanding

c. Intra-group exposures

Category	March 31, 2023	March 31, 2022
(i) Total amount of intra-group exposures	-	-
(ii) Total amount of top 20 intra-group exposures	-	-
(iii) Percentage of intra-group exposures to total exposure of the NBFC on borrowers/ customers	0.00%	0.00%

d. Related party transactions – Refer note 27

e. Disclosure under Master Direction - Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021 dated September 24, 2021 is applicable to the Company, however there were no transactions during the current year and previous year

f. There are no loans transferred / acquired during the year ended March 31, 2023 under the RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021

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

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

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

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

48: Additional Regulatory Information

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

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

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

(d) No proceeding has been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder

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

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

Notes to the Financial Statements

for the year ended March 31, 2023

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

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

(i) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017

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

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

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

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

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

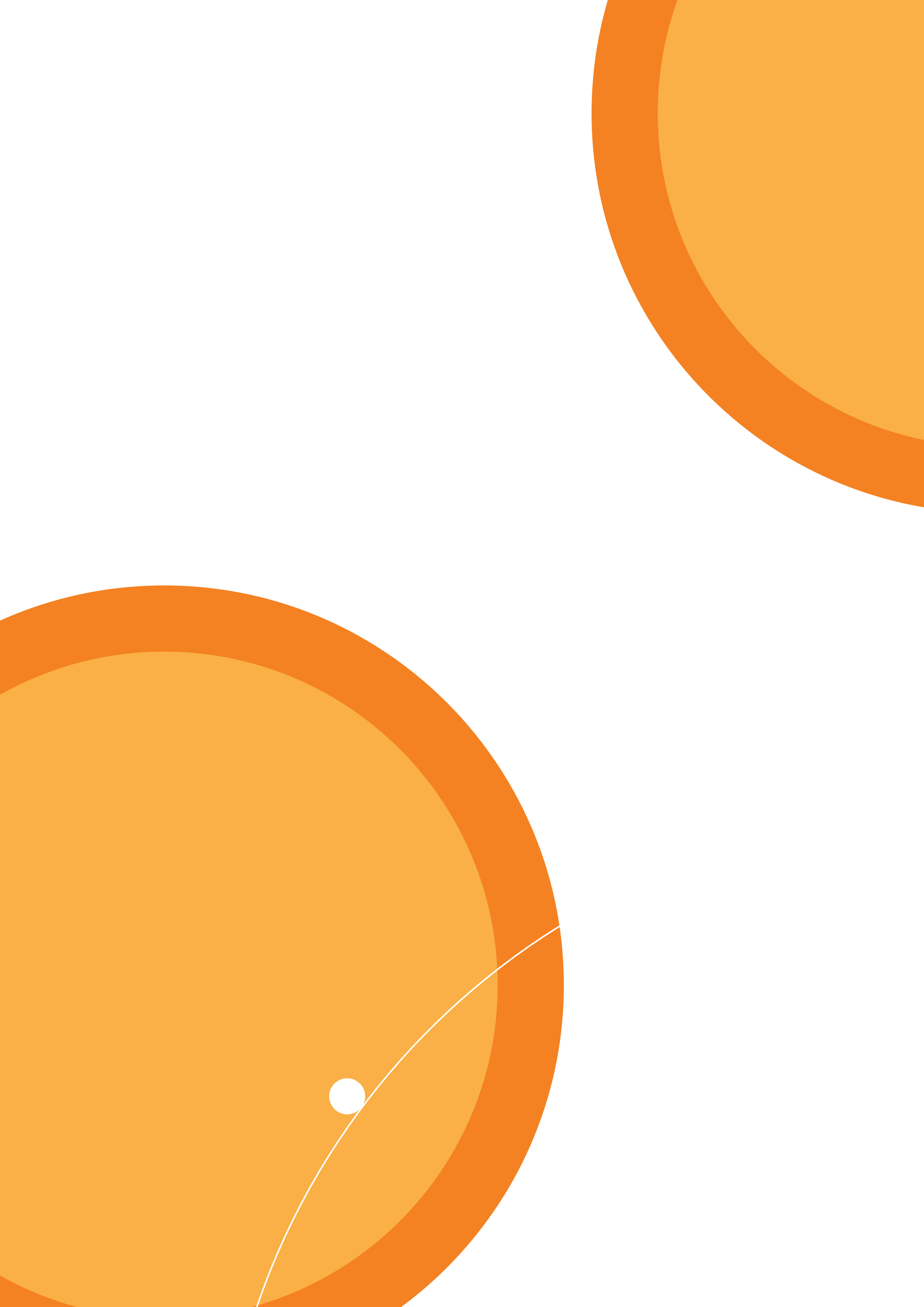
H.V.V Narayana Murthy
Partner
Membership No.246349
UDIN: 23246349BGPNQO8876

Place: Hyderabad
Date: April 28, 2023

For and on behalf of the Board of Directors of
Criss Financial Limited
(formerly known as 'Criss Financial Holdings Limited')

Shalabh Saxena
Non Executive Director
DIN No. 08908237

Ashish Damani
Whole Time Director
DIN No. 08908129



Criss Financial Limited
CIN: U65993TG1992PLC014687
Galaxy, Wing B, 16th Floor, Plot No.1,
Sy No 83/1, Hyderabad Knowledge City,
TSIIC, Raidurg Panmaktha, Hyderabad,
Rangareddi, Telangana – 500081
secretarial@crissfin.com
www.crissfin.com