Annual Report 2023-24

**BSS Microfinance Limited**

# Transforming
for scale

# Contents

# Directors' Report

To
To The Members

**BSS MICROFINANCE LIMITED**

The Directors present their Thirtieth Annual Report together with the audited accounts of the Company for the year ended 31st March, 2024.

## FINANCIAL HIGHLIGHTS

(₹ in Lakh)

| Particulars | Year ended 31st March, 2024 | Year ended 31st March, 2023 |
|---|---|---|
| Gross income | 98,987.35 | 57,381.09 |
| Profit before tax | 53,897.80 | 37,933.33 |
| Provision for tax | 13,359.92 | 9,481.34 |
| Profit for the period | 40,537.88 | 28,451.99 |
| Total Comprehensive Income for the period | 40,501.91 | 28,430.33 |

## DIVIDEND

With a view to conserve your Company's resources, the Directors do not recommend any Dividend (Previous Year: Nil)

## FINANCE

The Company is a Business Correspondent of Kotak Mahindra Bank Limited, its Holding Company. It does not require any banking limits.

## MANAGEMENT DISCUSSION AND ANALYSIS

### COMPANY BUSINESS

The Company operates as a wholly owned subsidiary of Kotak Mahindra Bank Ltd, functioning as a Business Correspondent (BC) for Kotak Mahindra Bank Limited. Its primary role involves facilitating microfinance services for economically disadvantaged segments of society.

As of 31st March, 2024, the Company has provided microcredit to 18,38,016 impoverished women borrowers and their families, supporting both income-generating activities and initiatives aimed at enhancing their quality of life.

The Asset under Management (AUM) grew from ₹ 5,985 crore as of 31st March, 2023, to ₹ 7,925 crore as of 31st March, 2024, marking a notable 32% year-on-year increase. These funds were allocated across various loan purposes, including Animal Husbandry, Petty Trading, Petty Manufacturing, Petty Services, and Life Quality Improvement Loans.

### INDUSTRY DEVELOPMENTS & OUTLOOK

Microfinance serves as a vital financial service, catering to the financial needs of low-income households that are often underserved or excluded from mainstream banking. Recognizing the evolving landscape and customer requirements within the microfinance sector, the Reserve Bank of India has issued guidelines aimed at ensuring customer protection and fostering a well-regulated environment.

These guidelines, applicable to all regulated entities engaged in microfinance, introduce standardized definitions for microfinance loans, impose caps on loan repayment obligations relative to household income, establish pricing guidelines, and mandate transparent disclosures. Such measures aim to streamline operations, address issues of over-indebtedness and multiple lending, and empower customers with transparent information on loan pricing.

### OPPORTUNITIES & THREATS

With a significant portion of demand for microfinance services still unmet, there exists substantial potential for expansion across the country. Additionally, the preference among customers for single-service providers presents an opportunity for the Company to offer a range of financial services, including loans against properties.

Regulatory guidelines and judicial rulings have provided increased protection and assurance for regulated microfinance lending activities, facilitating further expansion without undue hindrances.

The proliferation of smartphones in rural areas has accelerated the adoption of digital technologies, enabling quicker loan processing, cost reduction, improved customer engagement, and enhanced operational controls.

However, the risk of over-indebtedness persists among low-income households, emphasizing the need for improved financial literacy and awareness. The Company's strategy focuses on underserved rural and semi-urban areas where microfinance penetration remains relatively low.

### INTERNAL CONTROLS

The Company maintains a Field Quality Control Unit and Internal Inspection Unit to monitor branch activities, encompassing financial and non-financial aspects such as loan utilization checks and center discipline. Additionally, a firm of Chartered Accountants serves as Internal Auditors, reviewing financial and operational matters. Audit reports are regularly presented to the Board's Audit Committee.

There was an instance of fraud on the Company by an employee amounting to ₹ 337 lakh, detected by the Field Quality Control Unit of the Company. The Company has put in place additional control measures to prevent recurrence of similar incidents.

### HUMAN RESOURCES

The Company prioritizes professional management and fosters a culture of openness and transparency to nurture its workforce. Long-term career development opportunities are encouraged, recognizing employees as the organization's most valuable assets. The Company has implemented a new HRMS solution to further increase the connectivity with employees, better workforce planning and efficient employee management.

### INFORMATION TECHNOLOGY

Through automation, the Company has streamlined processes, reducing loan processing times significantly. Proposed implementation of new Loan Origination and Management Systems aims to enhance functionality. The customer-facing app, BSS Shakti, provides comprehensive loan information and access to customer support.

The Company has brought in several control measures through technology like mandatory eKYC to facilitate on-boarding of new borrowers, Aadhaar based authentication for each disbursement and real-time SMS confirmation for transactions.

### CAUTIONARY NOTE

Certain statements in the 'Management Discussion and Analysis' section may be forward-looking and are stated as may be required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of future performance and outlook. Your Company does not undertake to update these statements.

## DIRECTOR'S & KEY MANAGERIAL PERSONNEL

### CHANGE IN DIRECTORS DURING THE YEAR:

#### Appointment of Directors

Ms. Shwetha Kalappa (DIN: 10214941), was appointed as Non Executive Director (Additional Director) on 28th June 2023.

Mr. Manish Kothari (DIN: 10546805 ), was appointed as Non Executive Director (Additional Director) and Mr. S. Kumar (DIN: 06603865), CEO of the Company was appointed as Executive Director (Additional Director) with effect from 23rd April 2024, to hold office till the date of the ensuing Annual General Meeting of the Company.

The Board comprises of Five Directors Chairman and Non-Executive Director Mr. D. Kannan, , Non-Executive Director Mr. Tapobrat Chaudhuri, Non Executive Director (Additional Director), Ms. Shwetha Kalappa, Non Executive Director (Additional Director) Mr. Manish Kothari and Executive Director and CEO (Additional Director) Mr. S. Kumar.

#### Resignation of Director

Mr. B. S. Sivakumar (DIN: 07648764) resigned as Non-Executive Director of the Company effective end of working hours on 27th May 2024. Due to the resignation as a Director, Mr. B. S. Sivakumar ceased to be a member of the First Tier Audit committee, Routine and Administrative Functions Committee, Audit Committee, Risk Management Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Share Transfer Committee.

### DIRECTORS RETIRING BY ROTATION DURING THE YEAR:

Mr. Tapobrat Chaudhuri (DIN: 0009291548), Non-Executive Director, retires by rotation at the Thirtieth Annual General Meeting and being eligible, has offered himself for re-appointment.

#### Board Evaluation

The Nomination and Remuneration Committee of the Company's Board has formulated the criteria for performance evaluation of the Directors and the Board as a whole. The criteria formulated broadly covers the Board role, Board / Committee membership, practice and procedure and collaboration and style. The said questionnaire was circulated to all the Directors of the Company for the annual performance evaluation.

Based on the assessment of the responses received to the questionnaire from the Directors on the annual evaluation of the Board, it's Committees, Chairman and the Individual Directors, a summary of the Board Evaluation was placed before the meeting of the Board for consideration. The Board at its meeting assessed the performance of the Directors. The Directors were satisfied with the results of the performance evaluation of the Board and its Committees, Chairman and Individual Directors.

### KEY MANAGERIAL PERSONNEL (KMPS)

In terms of the provisions of Section 203 of the Companies Act, 2013, Mr. S Kumar, Chief Executive Officer, Mr. Suresh Batchu, Chief Financial Officer and Ms. P B Kavitha, Company Secretary are the Key Managerial Personnel of the Company.

### APPOINTMENT & REMUNERATION OF DIRECTORS AND KMPS

The Nomination and Remuneration Committee of the Board of Directors of the Company considers the qualifications, experience, fit & proper status, positive attributes as per the suitability of the role and independent status and various regulatory/statutory requirements as may be required of the candidate before such appointment.

Remuneration to the Executive Director and KMPs i.e. Chief Executive Officer, Chief Financial Officer and Company Secretary, is as per the terms of their employment.

### NUMBER OF BOARD MEETINGS

During the year, six meetings of the Board of Directors were held on 25-04-23, 28-06-23, 05-07-23, 04-08-23, 12-10-23 and 17-01-24.

## COMMITTEES

### AUDIT COMMITTEE

The Audit Committee presently consists of five members, Chairman & Non-Executive Director Mr. D. Kannan, , Non-Executive Director Mr. Tapobrat Chaudhuri, Additional Directors Ms. Shwetha Kalappa, Mr. Manish Kothari and Additional Director (Executive and CEO)Mr. S. Kumar with any four members forming the quorum.

During the year, four meetings of the Committee were held on 25-04-23, 05-07-23, 12-10-23 and 17-01-24.

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Your Company has constituted a Board Corporate Social Responsibility Committee (CSR Committee). The CSR Committee presently consists of four members, Chairman & Non-Executive Director Mr. D. Kannan, , Non-Executive Director Mr. Tapobrat Chaudhuri, Additional Director Mr. Manish Kothari, Additional Directo Mr. S. Kumar with any three members forming the quorum.

During the year, four meetings of the Committee were held on 25-04-23, 05-07-23, 12-10-23 and 17-01-24.

### NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee presently consists of four members, Chairman & Non-Executive Director Mr. D. Kannan, , Non-Executive Director Mr. Tapobrat Chaudhuri , Additional Directors Ms. Shwetha Kalappa and Mr. Manish Kothari, with any three members forming the quorum.

During the year, four meetings of the Committee were held on 25-04-23, 28-06-23, 26-07-23, and 17-01-24.

### RISK MANAGEMENT COMMITTEE

The Risk Management Committee presently comprises of six members Chairman & Non-Executive Director Mr. D Kannan, , Non-Executive Director Mr. Tapobrat Chaudhuri, Additional Director Mr. Manish Kothari, Additional Director Mr. S. Kumar, COO Mr. S. Panchakshari and CFO Mr. Suresh Batchu, with any four members forming the quorum.

During the year, four meetings of the Committee were held on 25-04-23, 05-07-23, 12-10-23 and 17-01-24.

### SHARE TRANSFER COMMITTEE

The Share Transfer Committee presently comprises of three members Chairman & Non –Executive Director Mr. D. Kannan, Non-Executive Director Mr. Tapobrat Chaudhuri and Additional Director Mr. Manish Kothari with three members forming the quorum.

During the year, one meeting of the Committee was held.

### FIRST TIER AUDIT COMMITTEE

First Tier Audit Committee presently comprises of seven members Chairman & Non-Executive Director Mr. D. Kannan, Non-Executive Director Mr. Tapobrat Chaudhuri, Additonal Directors Ms. Shwetha Kalappa, Mr. Manish Kothari and Mr. S. Kumar, COO Mr. S. Panchakshari and CFO Mr. Suresh Batchu, with any five members forming the quorum .

During the year, five meetings of the Committee were held on 11-04-23, 25-04-23, 05-07-23, 09-10-23 and 17-01-24.

## ROUTINE AND ADMINISTRATIVE FUNCTIONS COMMITTEE

Routine and Administrative Functions Committee presently comprises of four members, Non-Executive Director Mr. Tapobrat Chaudhuri, Additional Directors Ms. Shwetha Kalappa, Mr. Manish Kothari and Mr. S. Kumar with any three members forming the quorum.

During the year, three meeting of the Committee were held through circular resolution.

## AUDITORS

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, Firm Registration No.117366W/W-100018 issued by ICAI, was re- appointed as Statutory Auditors of the Company for a period of five consecutive years, to hold office from the conclusion of the 28th Annual General Meeting until the conclusion of the 33rd Annual General Meeting of the Company, on such remuneration to be fixed annually by the Audit Committee / Board of Directors, taking into account recommendation of the Audit Committee in consultation with the Auditors.

## INTERNAL FINANCIAL CONTROLS

The Board of Directors confirms that your Company has laid down a set of standards, processes and structure which enables to implement Internal Financial controls across the organization with reference to Financial Statements and that such controls are adequate and are operating effectively.

## RELATED PARTY TRANSACTIONS

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 business.

Pursuant to Section 134(3)(h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no transactions to be reported under Section 188(1) of the Companies Act, 2013, in form AOC-2.

All Related Party Transactions as required under Indian Accounting Standards Ind AS24 are reported in Notes to Accounts in Financial Statements.

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Guarantee given by the Company has been disclosed in Note 31 of the financial statements.

## WHISTLE BLOWER POLICY & VIGIL MECHANISM

Your Company has put in place the Vigil Mechanism (Whistle Blower Policy) to raise concerns internally and to disclose information, which the individual believes happening of malpractice, serious irregularities, fraud, unethical business conduct, abuse or wrong doing or violation of any Indian law.

The same is also put up on the Company's website viz. URL: https://www.bssmfi.com/vigil-mechanism.html

## CORPORATE SOCIAL RESPONSIBILITY

In accordance with the provisions of Section 135 of the Companies Act, 2013 ("the Act") read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time BSS Microfinance Limited further referred to as your Company, has constituted a Board Corporate Social Responsibility Committee (CSR Committee), and presently consists of the following Directors:

1. Mr. D. Kannan
2. Mr. Tapobrat Chaudhuri
3. Mr. Manish Kothari
4. Mr. S. Kumar

Your Company's CSR Committee is responsible to identify, execute and monitor CSR projects, to assist the Board in fulfilling its CSR objectives, to ensure compliance of CSR regulations and to oversee reporting and disclosure of CSR activity. Further, your Company's CSR Committee makes recommendations to the Board to review and approve the CSR Policy, Annual Action Plan, and CSR Projects including its budget, design, scope, expenditure payments and related matters.

Your Company's CSR policy sets out your Company's vision, mission, governance and CSR focus areas to fulfil its inclusive agenda across many geographies of India. The Policy also highlights your Company's intent to contribute towards the economic, environmental and social growth of the nation and also reflects the organisation's commitment to contribute towards United Nation's ("UN") Sustainable Development Goals ("SDGs"). Your Company has enhanced its CSR footprint in FY2023-24, in accordance with the guidelines led out in the CSR Policy, by focusing on sustainable, scalable and perceptible CSR Projects, spreading in focused geographies and aligning to SDGs and the national narrative.

Your Company's CSR Policy is available on the Company's website:. http://www.bssmfi.com/assets/pdf/csr-policy.pdf

Your Company's CSR, Projects and CSR Project Expenditure are compliant with the CSR mandate as specified under Section 134, Section 135 read with schedule VII of the Act along with the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time and in line with the Government of India's notifications issued from time-to-time

The average net profit under section 198 of the Companies Act, 2013 for Company for the last three financial years preceding FY 2023-24 is ₹ 1,73,24,31,900/-

The 2% of Average net profits of the Company under section 135, of the Act for FY 2023-24 is ₹ 3,46,48,638/-. After setting-off ₹ 2,24,745/- i.e the excess CSR spent of the previous FY 2022-23, the total CSR obligation of the Company for FY 2023-24 is ₹ 3,44,23,893/-

The actual CSR Expenditure for the period 1st April, 2023 to March 31, 2024 as required under Section 135 of the Act, and the Companies (Corporate Social Responsibility Policy) Rules 2014 as amended from time is ₹ 3,44,23,893.The entire amount of ₹ 3,44,23,893/-has been utilised towards the Board approved CSR Projects which were pertaining to Other than Ongoing CSR Projects for FY 2023-24.

The implementation of the CSR projects and programmes in FY 2023-24 have been done both directly and through the implementation partner.

Basis CSR Committee's review and recommendation, the Board has reviewed and approved all CSR Projects, CSR Project Expenditure Payments, CSR Administration Overhead Expenses The details are available in the Annexure to this report and also in the Business Responsibility Report section of the Annual Report for FY 2023-24.

## RISK MANAGEMENT POLICY

Your Company manages risk based on a Risk Management framework which lays down guidelines in identifying, assessing and managing risks that the entity is exposed to. Risk Management Committee meetings are generally conducted on quarterly basis to review key risks like Repayment Risk, Liquidity Risk, Operational Risk and various other risks.

## EMPLOYEES

The employee strength of your Company was 8224 as of 31st March, 2024

As required by the Sexual Harrasment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, the Company has formulated a Policy on Sexual Harrassment of Women at Workplace (Prevention, Prohibition & Redressal).

Following is a summary of sexual harassment complaints received and disposed off during the year 2023-24:

No. of complaints received: Nil

No. of complaints disposed off: Nil

Your Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Four employees employed throughout the year and Nil employees employed for part of the year were in receipt of remuneration of ₹ 102 lakh or more per annum. In terms of the Proviso to Section 136(1) of the Companies Act, 2013, the Directors' Report is being sent excluding the aforesaid annexure. The annexure is available for inspection at the Registered Office of your Company during the business hours on working days.

## DEPOSIT

Your Company did not accept any deposits from the public during the year. Also, there are no deposits due and outstanding as on 31st March, 2024.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The provisions pertaining to the Conservation of Energy and Technology Absorption are not applicable to your Company.

During the year, the Company had foreign exchange inflow of ₹ NIL (Previous Year: ₹ Nil) while the outgo of foreign exchange was ₹ 9,48,264 (Previous Year: ₹ 3,13,350).

## DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, based on the representations received from the management, confirm in pursuance of Section 134(5) of the Companies Act, 2013 that:

i) the Company has, in the preparation of the annual accounts, followed the applicable accounting standards along with proper explanations relating to material departures, if any;

ii) the Directors have selected such accounting policies 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 as at 31st March, 2024 and of the profit of the Company for the financial year ended 31st March, 2024;

iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) the Directors have prepared the annual accounts on a going concern basis;

v) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;

vi) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

vii) The Company is generally in compliance with applicable Secretarial Standards.

## ANNUAL RETURN

Pursuant to the provisions of Section 134(3)(a) and Section 92(3) of the Act read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the Annual Return of the Company is available on the Company's website viz., www.bssmfi.com

## ANNEXURES

Following statements/reports are set out as Annexures to the Directors' Report:

(a) Report on CSR activities pursuant to provisions of Section 135(4)(a) of the Companies Act, 2013, read with Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 (Annexure – A).

(b) Secretarial Audit report

## ACKNOWLEDGEMENTS

The Board takes this opportunity to place on record, its gratitude for the valuable guidance and support received from the statutory and the regulatory authorities, its appreciation of the dedication and contribution of your Company's employees at all levels.

For and on behalf of the Board of Directors

**S. Kumar**
Executive Director

**Tapobrat Chaudhuri**
Non Executive Director

Place: Bangalore
Date: 27th May, 2024

ANNEXURE - 1

# Form No. MGT 9 - Extract of Annual Return

**as on the Financial Year ended on 31st March 2024 Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & Administration ) Rules, 2014.**

## I REGISTRATION & OTHER DETAILS:

| | | |
|---|---|---|
| i | CIN | U74899KA1994PLC049746 |
| ii | Registration Date | 5th April 1994 |
| iii | Name of the Company | BSS MICROFINANCE LIMITED |
| iv | Category/Sub-category of the Company | Company limited by Shares/Non Government Company |
| v | Address of the Registered office and contact details | No. 11, 2nd Block, 2nd Stage, Outer Ring Road, Near BDA Complex, Nagarabhavi Layout, Bangalore – 560072, Tel: +91-80-2318-8408,2318-8409 , Fax: +91-80-2318-8349 / 8350. E Mail: bss@bssmfi.com, www.bssmfi.com. |
| vi | Whether listed company Yes/No | No |
| vii | Name, Address & Contact details of the Registrar & Transfer Agent, if any. | Kfin Technologies Limited, (formerly known as Kfin Technogies Private Limited, Seenium Tower B, Plot No. 31-32, Financial District, Nanakramguda, Gachibowli Serilingampally Mandal, Hyderabad - 500032. Telagana |

## II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

| SL No | Name & Description of main products/services | NIC Code of the Product /service | % to total turnover of the Company |
|---|---|---|---|
| 1 | Facilitating Micro Credit: To carrying on the business of facilitating financial services, particularly through Micro Finance to large number of poor women. | 64990 | 100% |

## III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES -

| SL No | Name and Address of the Company | CIN/GLN | HOLDING/SUBSIDIARY/ ASSOCIATE | % OF SHARES HELD | APPLICABLE SECTION |
|---|---|---|---|---|---|
| 1 | Kotak Mahindra Bank Limited | L65110MH1985PLC038137 | Holding | 100% | 2 |

## IV SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAK UP AS PERCENTAGE OF TOTAL EQUITY)

### I) CATEGORY-WISE SHARE HOLDING

| Category of Shareholders | | | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % change during the year |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. | Promoters | | | | | | | | | | |
| (1) | Indian | | - | - | - | - | - | - | - | - | - |
| | a) | Individual/HUF | - | - | - | - | - | - | - | - | - |
| | b) | Central Govt.or State Govt. | - | - | - | - | - | - | - | - | - |
| | c) | Bodies Corporates | - | - | - | - | - | - | - | - | - |
| | d) | Bank/FI | 26,728,661 | - | 26,728,661 | 100.00% | 26,728,661 | - | 26,728,661 | 100.00% | 0.00% |
| | e) | Any other | - | - | - | - | - | - | - | - | - |
| **SUB TOTAL:(A) (1)** | | | **26,728,661** | **-** | **26,728,661** | **100.00%** | **26,728,661** | **-** | **26,728,661** | **100.00%** | **0.00%** |
| (2) | Foreign | | - | - | - | - | - | - | - | - | - |
| a) | NRI- Individuals | | - | - | - | - | - | - | - | - | - |
| b) | Other Individuals | | - | - | - | - | - | - | - | - | - |
| c) | Bodies Corp. | | - | - | - | - | - | - | - | - | - |
| d) | Banks/FI | | - | - | - | - | - | - | - | - | - |
| e) | Any other... | | - | - | - | - | - | - | - | - | - |

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| **SUB TOTAL: (A) (2)** | - | - | - | - | - | - | - | - | - |
| **Total Shareholding of Promoter (A)= (A)(1)+(A)(2)** | 26,728,661 | - | 26,728,661 | 100.00% | 26,728,661 | - | 26,728,661 | 100.00% | 0.00% |
| **B. PUBLIC SHAREHOLDING** | | | | | | | | | |
| **(1) Institutions** | - | - | - | - | - | - | - | - | - |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks/FI | - | - | - | - | - | - | - | - | - |
| c) Central govt | - | - | - | - | - | - | - | - | - |
| d) State Govt. | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Fund | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIIS | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| **SUB TOTAL (B)(1):-** | - | - | - | - | - | - | - | - | - |
| **(2) Non Institutions** | | | | | | | | | |
| a) Bodies corporates | - | - | - | - | - | - | - | - | - |
| i) Indian | - | - | - | - | - | - | - | - | - |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | - | - | - | - | - | - | - | - | - |
| i) Individual shareholders holding nominal share capital upto ₹ 1 lakh | - | - | - | - | - | - | - | - | - |
| ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakh | - | - | - | - | - | - | - | - | - |
| c) Others (specify) | - | - | - | - | - | - | - | - | - |
| Trusts | - | - | - | - | - | - | - | - | - |
| **SUB TOTAL (B)(2):** | - | - | - | - | - | - | - | - | - |
| **Total Public Shareholding (B)= (B)(1)+(B)(2)** | - | - | - | - | - | - | - | - | - |
| **C. Shares held by Custodian for GDRs & ADRs** | - | - | - | - | - | - | - | - | - |
| **Grand Total (A+B+C)** | 26,728,661 | - | 26,728,661 | 100.00% | 26,728,661 | - | 26,728,661 | 100.00% | 0.00% |

### (II) SHARE HOLDING OF PROMOTERS

| SL No | Shareholders Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in share holding during the year |
|---|---|---|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the Company | % of shares pledged encumbered to total shares | No. of shares | % of total shares of the Company | % of shares pledged encumbered to total shares | |
| 1 | Kotak Mahindra Bank Limited | 2,67,28,661 | 100.00% | NIL | 2,67,28,661 | 100.00% | NIL | 0.00% |
| | **Total** | **2,67,28,661** | **100.00%** | **NIL** | **2,67,28,661** | **100.00%** | **NIL** | **0.00%** |

### (III) CHANGE IN PROMOTERS' SHAREHOLDING ( PLEASE SPECIFY, IF THERE IS NO CHANGE) - NO CHANGE

| SL No | Shareholders Name | Share holding at the beginning of the Year | | Cumulative Share holding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| | **At the beginning of the year** | 2,67,28,661 | 100.00% | | |
| | Kotak Mahindra Bank Limited | 2,67,28,661 | 100.00% | | |
| | Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc): | - | - | - | - |
| | **At the end of the year** | | | 2,67,28,661 | 100.00% |
| | | | | 2,67,28,661 | 100.00% |
| | | | | - | 0.00% |

### (IV) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS & HOLDERS OF GDRS & ADRS):

| SL No | For Each of the Top 10 Shareholders | Share holding at the beginning of the Year | | Cumulative Share holding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| | **At the beginning of the year** | - | 0.00% | | |
| | Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc). | - | - | - | - |
| | **At the end of the year** (or on the date of separation, if separated during the year) | | | - | 0.00% |
| | | | | | 0.00% |

### (V) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

| SL No | For Each of the Directors & KMP | Share holding at the beginning of the Year | | Cumulative Share holding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| | **At the beginning of the year** | 0 | 0.00% | | |
| | Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc): | - | - | - | - |
| | | 0 | 0.00% | | |
| | **At the end of the year** | | | 0 | 0.00% |
| | | | | 0 | 0.00% |

## V INDEBTEDNESS NIL

**INDEBTEDNESS OF THE COMPANY INCLUDING INTEREST OUTSTANDING/ACCRUED BUT NOT DUE FOR PAYMENT**

| SL No | | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|---|
| | **Indebtness at the beginning of the financial year** | | | | |
| | i) Principal Amount (₹) | - | - | - | - |
| | ii) Interest due but not paid (₹) | - | - | - | - |
| | iii) Interest accrued but not due (₹) | - | - | - | - |
| | | | | | - |
| | **Total (i+ii+iii)** | **-** | **-** | **-** | **-** |
| | **Change in Indebtedness during the financial year** | | | | |
| | Additions (Principal) (₹) | - | - | - | - |
| | Reduction (Principal) (₹) | - | - | - | - |
| | Interest accrued but not due | - | - | - | - |
| | Net Change | - | - | - | - |
| | **Indebtedness at the end of the financial year** | | | | |
| | i) Principal Amount (₹) | - | - | - | - |
| | ii) Interest due but not paid (₹) | - | - | - | - |
| | iii) Interest accrued but not due (₹) | - | - | - | - |
| | **Total (i+ii+iii)** | **-** | **-** | **-** | **-** |

## VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

**A. REMUNERATION TO MANAGING DIRECTOR (MD), WHOLE TIME DIRECTOR (WTD) AND/OR MANAGER:**

| SL No | Particulars of Remuneration | Name of MD/WTD/Manager | | | | Total Amount |
|---|---|---|---|---|---|---|
| 1 | **Gross salary** | Nil | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961. (₹) | | | | | - |
| | (b) Value of perquisites u/s 17(2) of the Income tax Act, 1961 | - | - | - | - | - |
| | (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | - | - | - | - | - |
| 2 | Stock option | - | - | - | - | - |
| 3 | Sweat Equity | - | - | - | - | - |
| 4 | Commission | - | - | - | - | - |
| | as % of profit | - | - | - | - | - |
| | others, (specify) | - | - | - | - | - |
| 5 | Others, please specify Sitting fees and Professional fees | | - | - | - | - |
| | **Total (A)** | **-** | **-** | **-** | **-** | **-** |
| | **Ceiling as per the Act** | | | No Ceiling | | |

## B. REMUNERATION TO OTHER DIRECTORS:

| SL No | Particulars of Remuneration | Names of the Directors | | | | | | Total Amount |
|---|---|---|---|---|---|---|---|---|
| 1 | Independent Directors | | | | | | | |
| | A) Fee for Attending Board Meetings (₹) | | | | | | | - |
| | B) Fee for Board Committee Meetings | | | | | | | - |
| | i) Audit Committee (₹) | | | | | | | - |
| | ii) Nomination and Remuneration Committee (₹) | | | | | | | - |
| | iii) Corporate Social Responsibility Committee (₹) | | | | | | | - |
| | (C) Commission | | | | | | | - |
| | (D) Others, please specify | | | | | | | - |
| **Total (1)** | | - | | | | | | - |
| 2 | Other Non Executive Directors | | | | | | | |
| | A) Fee for Attending Board Meetings (₹) | | | | | | | - |
| | B) Fee for Board Committee Meetings | | | | | | | |
| | i) Audit Committee (₹) | - | | | | | | - |
| | ii) Nomination and Remuneration Committee (₹) | - | | | | | | - |
| | iii) Corporate Social Responsibility Committee (₹) | - | | | | | | - |
| | iv) Honororium | Nil | | | | | | - |
| | (C) Commission | - | | | | | | - |
| | (D) Others, please specify | - | | | | | | - |
| **Total (2)** | | - | | | | | | - |
| **Total (B) = (1)+(2)** | | - | | | | | | - |
| Total Managerial Remuneration | | - | - | - | - | - | - | - |
| Overall Ceiling as per the Act : NA | | | | | | | | |

## C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

| SL No | Particulars of Remuneration | Key Managerial Personnel | | | |
|---|---|---|---|---|---|
| 1 | **Gross Salary** | **S. Kumar, CEO** | **Sri. Suresh Batchu, CFO** | **Ms. P. B. Kavitha, CS** | **Total** |
| | (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.(₹) | 1,46,43,539.00 | 1,26,76,453 | 37,94,465 | 3,11,14,457 |
| | (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 | | | - | - |
| | (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | N/A | N/A | N/A | - |
| 2 | Stock Option | N/A | N/A | N/A | - |
| 3 | Sweat Equity | N/A | N/A | N/A | - |
| 4 | Commission | N/A | N/A | N/A | - |
| | as % of profit | N/A | N/A | N/A | - |
| | others, specify | N/A | N/A | N/A | - |
| 5 | Others, please specify - Non Cash SARS | 8,75,000 | 3,75,000 | 0 | 12,50,000 |
| | **Total** | **1,55,18,539** | **1,30,51,453** | **37,94,465** | **3,23,64,457** |

## VII PENALTIES/PUNISHMENT/COMPPOUNDING OF OFFENCES

| Type | Section of the Companies Act | Brief Description | Details of Penalty/ Punishment/ Compounding fees imposed | Authority (RD/ NCLT/Court) | Appeall made if any (give details) |
|---|---|---|---|---|---|
| **A. COMPANY** | | | | | |
| Penalty | Nil | N.A. | N.A. | N.A. | N.A. |
| Punishment | Nil | N.A. | N.A. | N.A. | N.A. |
| Compounding | Nil | N.A. | N.A. | N.A. | N.A. |
| **B. DIRECTORS** | | | | | |
| Penalty | Nil | N.A. | N.A. | N.A. | N.A. |
| Punishment | Nil | N.A. | N.A. | N.A. | N.A. |
| Compounding | Nil | N.A. | N.A. | N.A. | N.A. |
| **C. OTHER OFFICERS IN DEFAULT** | | | | | |
| Penalty | Nil | N.A. | N.A. | N.A. | N.A. |
| Punishment | Nil | N.A. | N.A. | N.A. | N.A. |
| Compounding | Nil | N.A. | N.A. | N.A. | N.A. |

For and on behalf of the Board of Directors
**BSS Microfinance Limited**

**S. Kumar**
Executive Director

**Tapobrat Chaudhuri**
Non Executive Director

# Annual Report on CSR Activities for the FY 2023-24

## 1. BRIEF OUTLINE ON CSR POLICY OF THE COMPANY.

BSS Microfinance Ltd ("Company") believes in positively contributing to the economic, environmental and social well-being of communities through Corporate Social Responsibility (CSR) agenda. Your Company's CSR policy sets out your Company's vision, mission, governance, and CSR focus areas to fulfill its inclusive growth agenda in India. It also demonstrates your Company's contribution towards the economic, environmental and social growth of the nation and is committed to contribute towards United Nation's (UN) Sustainable Development Goals (SDGs).

While ensuring that its CSR policy, projects, programmes and the CSR expenditure are all compliant with the CSR mandate as specified under section 134, section 135 read with schedule VII of the Companies Act, 2013 along with the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time and in line with the Government of India's notifications issued from time-to-time.

## 2. COMPOSITION OF CSR COMMITTEE:

| Sl. No. | Name of Director | Designation / Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---|---|---|---|---|
| 1 | D. Kannan | Chairman & Non-Executive | 4 | 4 |
| 2 | B. S. Sivakumar | Non-Executive (Resigned w.e.f 27th May, 2024) | 4 | 3 |
| 3 | Tapobrat Chaudhuri | Non-Executive | 4 | 4 |
| 4 | Mr. Manish Kothari | Additional Director (w.e.f 23rd April, 24 | - | - |
| 5 | Mr. S. Kumar | Additional Director (w.e.f 23rd April, 24) | - | - |

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.

   http://www.bssmfi.com/assets/pdf/csr-policy.pdf

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).

   The impact assessment is not mandatory for the Company as its CSR obligation is less than ₹ 10 crore (limit for mandatory Impact assessment prescribed under Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time )

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

| Sl. No. | Financial Year | Amount available for set-off from preceding financial years (in ₹) | Amount required to be setoff for the financial year, if any (in ₹) |
|---|---|---|---|
| 1 | 2020-21 | Nil | Nil |
| 2 | 2021-22 | Nil | Nil |
| 3 | 2022-23 | Nil | Nil |
| 4 | 2023-24 | 2,24,745 | 2,24,745 |
| | **TOTAL** | **2,24,745** | **2,24,745** |

6. Average net profit of the Company as per section 135(5). : ₹ 1,73,24,31,900/-

7. (a) Two percent of average net profit of the Company as per section 135(5) ₹ 3,46,48,638/-.

   (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.

   Nil

   (c) Amount required to be set off for the financial year, if any ₹ 2,24,745/-.

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

   ₹ 3,44,23,893/-

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

| Total Amount Spent for the Financial Year. (in ₹) | Amount Unspent (in ₹) | | | | |
|---|---|---|---|---|---|
| | 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. | Date of transfer. | Name of the Fund | Amount. | Date of transfer. |
| ₹ 3,44,23,893/-. | Nil | Nil | Nil | Nil | Nil |

**(b) Details of CSR amount spent against Ongoing projects for the financial year.**

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | (9) | (10) | (11) | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Sl. 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 ₹). | Amount spent in the current financial Year (in ₹). | Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹). | Mode of Implementation - Direct (Yes/ No). | Mode of Implementation - Through Implementing Agency | |
| | | | | State. | District. | | | | | | Name | CSR Registration number. |
| 1. | Mobile Medical Unit | Health | Yes | Karnataka and Madhya Pradesh | Chitradurga and Mandla | 1 year | 83,70,030/- | 83,70,030/- | Nil | No | Apollo Telemedicine Networking Foundation | CSR00006181 |
| | TOTAL | NIL | | | | | | | | | | |

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

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | |
|---|---|---|---|---|---|---|---|---|---|
| Sl. 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. | | Amount spent for the project (in ₹). | Mode of Implementation - Direct (Yes/No). | Mode of Implementation - Through Implementing Agency | |
| | | | | State. | District. | | | Name | CSR Registration number. |
| 1. | Holistic Livestock Development Program | Livelihood enhancement projects | Yes | Karnataka | Mandya and Chamrajnagara | 91,97,747 | No | BAIF Institute For Sustainable Livelihoods And Development | CSR00000259 |
| 2. | Providing School Desks, Tables and School Sanitation Program | Promoting education | Yes | Karnataka | Davangere, Vijayanagara, Belgavi, Dharwad, Raichur, Chickmangluru, Haveri | 28,80,144 | Yes | NiL | Nil |
| 3 | Providing School Desks, Tables and School Sanitation Program | Promoting education | Yes | Bihar | Gaya, Darbhanga,East Champaran, Patna, Muzzaffarpur, Jhenabad, Khagariya, West Champaran, Purnia | 29,04,869 | Direct | Nil | Nil |
| 4 | Providing School Desks, Tables and School Sanitation Program | Promoting education | Yes | Tamil Nadu | Dindigul, Namakkal, Erode, Tiruvannamalai, Krishnagiri, Perambalur, Viruthunagar, Villupuram | 24,02,899 | Direct | Nil | Nil |
| 5 | Providing School Desks, Tables and School Sanitation Program | Promoting education | Yes | Madhya Pradesh | Balaghat, Chhindwara, Dhar, Khandwa, Ratlam, Jabalpur, Mandsaur, Narmadapuram | 28,59,024 | Direct | Nil | Nil |

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | |
|---|---|---|---|---|---|---|---|---|---|
| Sl. 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. | | Amount spent for the project (in ₹). | Mode of Implementation - Direct (Yes/No). | Mode of Implementation - Through Implementing Agency | |
| | | | | State. | District. | | | Name | CSR Registration number. |
| 6 | Providing School Desks, Tables and School Sanitation Program | Promoting education | Yes | Maharashtra | Kolhapur, Latur, Osmanabad, Nanded | 17,65,184 | Direct | Nil | Nil |
| 7 | Water Filter distribution | Health | Yes | Karnataka | Chitradurga | 3,56,100 | Yes | Nil | Nil |
| 8 | Food Kit Distribution | Health | Yes | Tamil Nadu | Thirunalveli | 19,65,600 | | | |
| | **TOTAL** | | | | | **2,43,31,567** | | | |

** Includes travel cost directly incurred for the CSR Project*

(d) Amount spent in Administrative Overheads – ₹ **17,22,296/-**

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

(f) Total amount spent for the Financial Year - ₹ **3,44,23,893/-**
(8b+8c+8d+8e)

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

| Sr. No. | Particular | Amount (in ₹) |
|---|---|---|
| (i) | Two percent of average net profit of the Company as per section 135(5) | 3,46,48,638 |
| (ii) | Total amount spent for the Financial Year | 3,46,48,638 |
| (iii) | Excess amount spent for the financial year [(ii)-(i)] | Nil |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | Nil |
| (v) | Amount available for set off in succeeding financial years [(iii)+(iv)] | Nil |

9. (a) Details of Unspent CSR amount for the preceding three financial years: **NIL**

| Sl. No. | Preceding Financial Year. | Amount transferred to Unspent CSR Account under section 135 (6) (in ₹) | Amount spent in the Reporting Financial Year (in ₹) | Amount transferred to any fund specified under Schedule VII as per section 135(6), if any. | | | Amount remaining to be spent in succeeding financial years. (in ₹) |
|---|---|---|---|---|---|---|---|
| | | | | Name of the Fund | Amount (in ₹) | Date of transfer. | |
| Not Applicable | | | | | | | |

(b) 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) |
|---|---|---|---|---|---|---|---|---|
| Sl. No. | Project ID. | Name of the Project. | Financial Year in which the project was commenced. | Project duration. | Total amount allocated for the project (in ₹). | Amount spent on the project in the reporting Financial Year (in ₹). | Cumulative amount spent at the end of reporting Financial Year. (in ₹) | Status of the project - Completed / Ongoing. |

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).

| Sl. No. | CSR Focus Area | Partner NGO/Direct Implementation | Amount of CSR spent for creation or acquisition of asset (in ₹) | Date of creation of assets | Details of assets ( Figures in Numbers) | Project Location and complete address | Address of Implementing Agency / Asset Owner | Ownership of Asset |
|---|---|---|---|---|---|---|---|---|
| 1 | Promoting Education | Direct Implementation | 28,80,144 | FY 2023-24 | No of Desks-240, Benches- 205 Tables-50, Chairs-6, Plastic Chairs- 91 Green/Black boards-35. | Karnataka | NA | School Authority and SDMC |
| 2 | Promoting Education | Direct Implementation | 17,65,184 | FY 2023-24 | No of Desks-180, Benches - 80 Tables-20, Chairs-61, Green /Black boards -27 | Maharashtra | NA | School Authority and SDMC |
| 3 | Promoting Education | Direct Implementation | 24,02,899 | FY 2023-24 | No of Desks-45, Benches- 265 Tables-130, Chairs-320, Green/Black boards-2. | Tamil Nadu | NA | School Authority and SDMC |
| 4 | Promoting Education | Direct Implementation | 28,59,024 | FY 2023-24 | No of Desks-335, Benches- 340 Tables-78, Chairs-78, Green/Black boards-14. | Madhya Pradesh | NA | School Authority and SDMC |
| 5 | Promoting Education | Direct Implementation | 29,04,869 | FY 2023-24 | No of Desks-328, Benches- 446 Tables-148, Chairs-151, Green/Black boards-36. | Bihar | NA | School Authority and SDMC |
| 6 | Health | Apollo Telemedicine Networking Foundation | 17,73,068 | FY 2023-24 | Medical Equipment, POCT Diagnostic, ICT Equipment, Power Backup, Vehicle branding and fabrication, Furniture, Electronic medical recording system | Mandla District of Madhya Pradesh and Chitradurga Dist of Karnataka | NA | Apollo Telemedicine Networking Foundation |

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).

The Company has spent as per CSR requirement.

Sd/-
Director

Sd/-
(Chairman CSR Committee).

Sd/-
[Person specified under clause (d) of sub-section (1) of section 380 of the Act]
(Wherever applicable).

# Form No. MR-3 - Secretarial Audit Report

**For The Financial Year Ended 31st March, 2024 [Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To,
The Members,
**BSS MICROFINANCE LIMITED**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **BSS Microfinance Limited** ("the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

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

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

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under; **(Not applicable during the Audit period)**;
3. The Depositories Act, 1996 and the Regulations and Bye- Laws framed there under;
4. Foreign Exchange Management Act, 1999 ('FEMA') and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, overseas Direct Investment and External Commercial Borrowings; **(Not Applicable during the Audit period)**
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 were not applicable to the Company during the Audit Period as the Company is not a listed entity:
   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
   (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
   (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
   (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;
   (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
   (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
   (j) The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019; and
   (k) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.
6. Other laws to the extent applicable to the Company as per the representations made by the Company.

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

(1) Secretarial Standards issued pursuant to section 118(10) of the Act, by The Institute of Company Secretaries of India.

During the period under review, the Company has generally complied with the above-mentioned Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines etc. mentioned above.

**We further report that**

The Board of Directors of the Company is duly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate Notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance except for the meetings conducted at shorter notice, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period:

1. The Company had altered object clause of its Memorandum of Association at Extra-ordinary General Meeting held on September 7, 2023 by passing a special resolution.

**For RJSY & ASSOCIATES**
Company Secretaries
Firm Registration No.: P2016MH057200

**Harshini Parikh**
**Membership No.:** A24652
**Certificate of Practice No.:** 27301
**ICSI UDIN:** F005441F000435882
**Peer Review Number:** 3117/2023

**Place:** Mumbai
**Date:** May 23, 2024

*This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.*

**'Annexure A'**

To,
The Members,
**BSS MICROFINANCE LIMITED**

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.

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

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

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For RJSY & ASSOCIATES**
Company Secretaries
Firm Registration No.: P2016MH057200

**Harshini Parikh**
**Membership No.:** A24652
**Certificate of Practice No.:** 27301
**ICSI UDIN:** F005441F000435882
**Peer Review Number:** 3117/2023

**Place:** Mumbai
**Date:** May 23, 2024

# Independent Auditor's Report

To

**The Members of BSS Microfinance Limited**

**Report on the Audit of the Financial Statements**

## OPINION

We have audited the accompanying financial statements of **BSS Microfinance Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2024, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year ended on that date, and notes to the financial statements, including a summary of material 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 financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

## BASIS FOR OPINION

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility 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 ("ICAI") together with the ethica l requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us i s sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

- The Company's Board of Directors i s responsible for the other information. The other information comprises the information included in the Board's report, but does not include the financial statements and our auditor's report thereon. The Board's report is expected to be made available to us after the date of this auditor' s report.
- Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

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

The Company's 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 includ es 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 with reference to financial statements 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 the 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.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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 financial controls 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 Section 143(3) of the Act, based on our audit, above we report,:

    a) We have soug ht 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, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

    d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

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

    f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements.

    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 remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

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 does not have any pending litigations which would impact its financial position.

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

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. (a) The Management has represented that, to the best of its knowledge and belief, other than as disclosed in the note lO(i) to the financial statements no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, 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, other than as disclosed in the note lO(ii ) to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, 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 performed 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 ll(e), as provided under (a) and (b) above, contain any material misstatement.

v. The Company has not declared or paid any dividend during the year and has not proposed final dividend for the year.

vi. Based on our examination, which included test checks, the Company has used accounting software for maintaining its books of account for the financial year ended March 31, 2024 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11 (g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
Firm's Registration Number. 117366W/W - 100018

**Madhavi Kalva**
Partner
Membership Number. 213550
UDIN : 24213550BKFRNB6482

Place: Bengaluru
Date : April 30, 2024

# Annexure A to Independent Auditor's Report

**(Referred to in paragraph "1(f)" under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

## REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls with reference to financial statements of BSS Microfinance Limited ("the Company") as at March 31, 2024 in conjunction with our audit of the Ind AS 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 with reference to financial statements based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 judgement, 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 with reference to financial statements.

## MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

A company's internal financial control with reference to financial statements 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 with reference to financial statements 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 WITH REFERENCE TO FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial control s with reference to financial statements and such internal financial control s with reference to financial statements were operating effectively as at March 31, 2024, based on the criteria for internal financial control with reference to financial statements established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
Firm's Registration Number. 117366W/W-100018

**Madhavi Kalva**
Partner
Membership Number. 213550
UDIN: 24213550BKFRNB6482

Place : Bengaluru
Date : April 30, 20 24

# Annexure B to Independent Auditors' Report

**(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date )**

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that :

(i) In respect of property, plant and equipment:

(a) A. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.

B. The Company has maintained proper records showing full particulars of intangible assets.

(b) The Property, Plant and Equipment were physically verified during the year by the Management which, in our opinion provides for physical verification at reasonable intervals. No material discrepancies were noticed on such verification.

(c) The Company does not have any immovable properties and hence reporting under clause (i)(c) of the Order is not applicable.

(d) The Company has .not revalued any of its property, plant and equipment (including Right of Use assets) and intangible assets during the year during the year.

(e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2024 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The Company does not have any inventory and hence reporting under clause (ii)(a) of the Order is not applicable.

(b) According to the information and explanations given to us, at any point of time of the year, the Company has not been sanctioned any working capital facility fro m banks or financial institutions and hence reporting under clause (ii)(b) of the Order is not applicable.

(iii) The Company has not made any investments in, provided security, and granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, and hence reporting under clause (iii) (c), (d), (e) and (f) are not applicable.

(a) The Company has stood guarantee during the year, the details of which are given below :

| Particulars | Guarantees (₹ in Lakh) |
|---|---|
| A. Aggregate amount of quarantee provided durinq the year to Holding Company | 39,666.13 |
| B. Ba lance outstanding as at Balance sheet date in respect of a bove cases to Holdinq Company | 134 246.74 |

(b) The guarantees provided during the year are, in our opinion, prima facie, not prejudicial to the Company's interest.

(iv) The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, in vestments made and guarantees and securities provided, as applicable.

(v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.

(vi) The maintenance of cost records has not been specified for the activities of the Company by the Central Government under Section 14:l(l) of the Companies Act, 2013.

(vii) In respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income -tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, cess and other material statutory dues applicable to it, to the appropriate authorities.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2024 for a period of more than six months from the date they became payable.

(b) There are no statutory dues referred in sub-clause (a) above which have not been deposited on account of disputes as on March 31, 2024.

(viii ) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act,1961 (43 of 1961) during the year.

(ix) (a) The Company has not taken any loans or other borrowings from any l ender. Hence reporting under clause (ix)(a) of th e Order is not applicable to the Company .

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) The Company has not taken any term loan during the year and there are no unutilised term loans at the beginning of the year and hence, reporting under clause (i x) (c) of the Order is not applicable.

(d) On an overall examination of the financial statements of the Company, funds raised on short -term basis have, primafacie, not been used during the year for long -term purposes by the Company .

(e) The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause (ix)(e) of the Order is not applicable.

(f) The Company has not raised any loans during the year and hence reporting on clause ( i x)(f) of the Order is not applicable.

(x) (a) The Company has not issued any of its securities (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.

(b) During the year the Company h as not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.

(xi) (a) There have been instances of fraud on the Company by employees amounting to ₹ 337 Lakh as included in Note 40 to the financial statements.

| Nature of fraud | By whom | Amount |
|---|---|---|
| Fake loan disbursement and cash embezzlement | Employees of the Company | ₹ 337 Lakh |

No fraud by the Company has been noticed or reported during the year, nor have we been informed ot any such case by the Management.

(b) To the best of our knowledge, report under sub section 12 of Section 143 of the Companies Act has been filed by us in Form ADT 4 as prescribed underrule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year (and upto the date of this report). Also refer Note 40 to the financial statements.

(c) We have taken into consideration the whistle blower comp laints received by the Company during the year (and upto the date of this report) and prov ided to us, when performing our audit.

(xii) The Company is not a Nidhi Company and hence reporting under clause (x ii ) of the Order is not applicable.

(xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

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

(b) We have considered, the internal audit reports issued to the Company during the year and covering the period upto March 2024.

(xv) In our opinion during the year the Company has not entered into any non-cash transactions with its directors or directors of it's holding company or persons connected with such directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Ba nk of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.

(xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and 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 indicating that 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) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there is no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provisions of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
Firm's Registration Number. 117366W/W-100018

**Madhavi Kalva**
Partner
Membership Number. 213550
UDIN: 24213550BKFRNB6482

Place : Bengaluru
Date : April 30, 2024

# Balance Sheet

as at 31st March, 2024

(Amount in lakh)

| Particulars | Note No. | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-Current Assets** | | | |
| Property, Plant and Equipment | 2 | 2,537.03 | 1,879.51 |
| Other Intangible Assets | 3 | 56.04 | 9.06 |
| Financial Assets | | | |
| Non-Current Investments | 4 | 10,018.00 | 5,019.03 |
| Other Non-Current Financial Assets | 5 | 86,093.38 | 41,987.95 |
| Deferred Tax Assets (Net) | 26 | 3,822.74 | 1,239.30 |
| Non-Current Tax Assets (Net) | | 23.22 | 295.93 |
| Other Non-Current Assets | 6 | 47.38 | 187.81 |
| **Total Non-Current Assets** | | **102,597.79** | **50,618.59** |
| **Current Assets** | | | |
| Financial Assets | | | |
| Current Investments | 7 | 5,190.10 | 9,070.22 |
| Trade Receivables | 8 | 8,084.95 | 6,152.50 |
| Cash and Cash Equivalents | 9 | 1,966.62 | 1,609.58 |
| Bank balance other than cash and cash equivalents above | 9a | - | 395.75 |
| Loans | 10 | 196.20 | 193.60 |
| Other Current Financial Assets | 11 | 1,002.55 | 698.32 |
| Other Current Assets | 12 | 692.84 | 424.89 |
| **Total Current Assets** | | **17,133.26** | **18,544.86** |
| **Total Assets** | | **119,731.05** | **69,163.45** |
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY** | | | |
| Equity Share Capital | 13 | 2,672.87 | 2,672.87 |
| Other Equity | 14 | 98,451.88 | 57,949.97 |
| **Total Equity** | | **101,124.75** | **60,622.84** |
| **LIABILITIES** | | | |
| **Non-Current Liabilities** | | | |
| Financial Liabilities | | | |
| Lease liabilities | 15 | 213.13 | 293.92 |
| Provisions | 16 | 538.74 | 124.01 |
| **Total Non-Current Liabilities** | | **751.87** | **417.93** |
| **Current Liabilities** | | | |
| Financial Liabilities | | | |
| Lease liabilities | 18 | 80.32 | 69.00 |
| Trade Payables | | | |
| Total Outstanding Dues of Micro Enterprises and Small Enterprises | 17 | - | - |
| Total Outstanding Dues of Creditors Other than Micro Enterprises and Small Enterprises | | 1,981.29 | 1,334.90 |
| Other Current Financial Liabilities | 18 | 58.91 | 1,196.30 |
| Provisions | 19 | 14,219.66 | 4,192.06 |
| Current Tax Liabilities (Net) | | - | 190.61 |
| Other Current Liabilities | 20 | 1,514.25 | 1,139.81 |
| **Total Current Liabilities** | | **17,854.43** | **8,122.68** |
| **Total Equity and Liabilities** | | **119,731.05** | **69,163.45** |

The accompnying notes form an integral part of the financial statements.

In terms of our report attached.

**For Deloitte Haskins & Sells LLP**

Chartered Accountants
Firm Registration Number: 117366W/W-100018

**Madhavi Kalva**
Partner
Membership Number: 213550
30th April, 2024
Place: Bengaluru

**For and on behalf of Board of Directors**
**BSS Microfinance Limited**

**Kumar S**
Executive Director
DIN: 06603865
23rd April, 2024
Place: Bengaluru

**Tapobrat Chaudhuri**
Director
DIN: 09291548
23rd April, 2024
Place: Bengaluru

**Suresh Batchu**
Chief Financial Officer
23rd April, 2024
Place: Bengaluru

**Kavitha P B**
Company Secretary
23rd April, 2024
Place: Bengaluru

# Profit and Loss Account

for the year ended 31st March, 2024

(Amount in lakh)

| | Particulars | Note | For the year ended 31st March, 2024 | For the year ended 31st March, 2023 |
|---|---|---|---|---|
| I | Revenue from Operations | 21 | 93,079.06 | 54,579.11 |
| II | Other Income | 22 | 5,908.29 | 2,801.98 |
| **III** | **Total Income (I+II)** | | **98,987.35** | **57,381.09** |
| **IV** | **EXPENSES** | | | |
| | Employee Benefit Expenses | 23 | 22,994.98 | 15,025.24 |
| | Finance Costs | 24 | 24.02 | 26.15 |
| | Depreciation and Amortisation Expenses | 3a | 1,010.80 | 629.09 |
| | Other Expenses | 25 | 21,059.75 | 3,767.28 |
| | **Total Expenses (IV)** | | **45,089.55** | **19,447.76** |
| **V** | **Profit Before Tax (III-IV)** | | 53,897.80 | 37,933.33 |
| **VI** | **Tax Expense** | 26 | | |
| | (1) Current Tax | | 16,002.03 | 9,307.22 |
| | (2) Current Tax Pertaining to Prior Periods | | (70.77) | 20.30 |
| | (3) Deferred Tax | | (2,571.34) | 153.82 |
| | **Total tax expense (1+2+3)** | | **13,359.92** | **9,481.34** |
| **VII** | **Profit for the Year (V-VI)** | | **40,537.88** | **28,451.99** |
| **VIII** | Other Comprehensive Income | | | |
| | Items that will not be reclassified to profit or loss | | | |
| | Remeasurements of net defined benefit liability | | (48.07) | (28.95) |
| | Income Tax relating to Items that will not be reclassified to Profit or Loss | | 12.10 | 7.29 |
| | **Other comprehensive (loss)/income for the year, net of income tax** | | **(35.97)** | **(21.66)** |
| **IX** | **Total Comprehensive Income for the Year (VII+VIII)** | | 40,501.91 | 28,430.33 |
| **X** | **Earnings per Share** | 27 | | |
| | Basic (₹) | | 151.66 | 106.45 |

The accompnying notes form an integral part of the financial statements.

In terms of our report attached.

**For and on behalf of Board of Directors**
**BSS Microfinance Limited**

**For Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm Registration Number: 117366W/W-100018

**Kumar S**
Executive Director
DIN: 06603865
23rd April, 2024
Place: Bengaluru

**Tapobrat Chaudhuri**
Director
DIN: 09291548
23rd April, 2024
Place: Bengaluru

**Madhavi Kalva**
Partner
Membership Number: 213550
30th April, 2024
Place: Bengaluru

**Suresh Batchu**
Chief Financial Officer
23rd April, 2024
Place: Bengaluru

**Kavitha P B**
Company Secretary
23rd April, 2024
Place: Bengaluru

# Statement of Cash Flows

for the year ended 31st March, 2024

(Amount in lakh)

| Particulars | | For the year ended 31st March, 2024 | For the year ended 31st March, 2023 |
|---|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | |
| **Profit After tax for the year** | | 40,537.88 | 28,451.99 |
| **Adjustments:** | | | |
| (a) | Depreciation and Amortisation Expenses | 1,010.80 | 629.09 |
| (b) | (Profit) / loss on disposal of Property, Plant and Equipment | (1.86) | (3.24) |
| (c) | Impairment loss (net of reversals)/Impairment loss reversal (net of provision) on financial assets | 12.72 | (2,088.10) |
| (d) | Net gain on fair value changes on Investment in Mutual Funds | (710.84) | (549.34) |
| (e) | Provision relating to Guarantee and Business Quality Commitment | 9,956.02 | 1,598.48 |
| (f) | Unwinding of discount on security deposit | (2.16) | (2.14) |
| (g) | Finance costs | 24.02 | 26.15 |
| (h) | Interest income on NCDs | (614.18) | (165.80) |
| (i) | Interest income on Fixed Deposits | (4,532.16) | (1,858.76) |
| (j) | Tax Expense | 13,359.92 | 9,481.34 |
| (k) | Other non cash expense/(income) (Net) | - | (0.36) |
| (l) | Provisions no longer required written back | - | (194.19) |
| **Operating cash flows before movements in working capital** | | **59,040.16** | **35,325.12** |
| **Working capital movement** | | | |
| (a) | (Increase)/Decrease in Loans and Advances made | - | 3,787.52 |
| (b) | (Increase)/Decrease in Other Advances made | (2.88) | (83.53) |
| (c) | (Increase)/Decrease in Deposits made by the company | (30,356.44) | (25,144.04) |
| (d) | (Increase)/Decrease in Trade receivables | (1,932.86) | (3,235.98) |
| (e) | (Increase)/Decrease in Other Current Assets | (267.95) | (148.39) |
| (f) | (Increase)/Decrease in Other Current Financial Assets | (98.34) | (102.18) |
| (g) | Increase/(Decrease) in Trade Payables | 646.39 | (89.77) |
| (h) | Increase/(Decrease) in Other Current Liabilities | 326.37 | 529.03 |
| (i) | Increase/(Decrease) in Other Current Financial Liabilities | (1,139.34) | 787.93 |
| (j) | Increase/(Decrease) in Provisions | 486.31 | (73.72) |
| **Cash generated from operations** | | **26,701.43** | **11,551.98** |
| Income tax paid (net of refunds) | | (15,849.16) | (8,968.04) |
| **Net cash generated from operating activities (A)** | | **10,852.27** | **2,583.94** |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | | |
| (a) | Investment in Mutual Funds | (354,182.29) | (494,375.28) |
| (b) | Proceeds from Redemption of Mutual Funds | 358,773.26 | 490,540.02 |
| (c) | Purchases of Property, Plant and Equipment/Intangible assets | (1,580.08) | (1,652.70) |
| (d) | Proceeds on disposal on Property, Plant and Equipment | 6.16 | 5.84 |
| (e) | Interest income on NCDs | 408.26 | 150.85 |
| (f) | Interest income on Fixed Deposits | 3,976.47 | 1,694.87 |
| (g) | Bank deposits placed | (13,200.00) | - |
| (h) | Bank deposits matured | 396.00 | 3,929.00 |
| (i) | Investment in NCDs | (5,000.00) | (5,000.00) |
| (j) | Proceeds from sale/redemption of NCDs | - | 2,000.00 |
| **Net cash flows from / (used in) investing activities (B)** | | **(10,402.22)** | **(2,707.40)** |

# Statement of Cash Flows

for the year ended 31st March, 2024

(Amount in lakh)

| Particulars | For the year ended 31st March, 2024 | For the year ended 31st March, 2023 |
|---|---|---|
| **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| (a) Lease liability Payment (including interest thereon) | (93.00) | (82.92) |
| **Net cash flows used in financing activities (C)** | **(93.00)** | **(82.92)** |
| **Net increase / (decrease) in cash and cash equivalents (A+B+C)** | **357.04** | **(206.38)** |
| Cash and cash equivalents at the beginning of the year | 1,609.58 | 1,815.95 |
| **Cash and cash equivalents at the end of the year** | **1,966.62** | **1,609.58** |
| **Reconciliation of cash and cash equivalents with the balance sheet** | | |
| Cash and cash equivalents as per balance sheet (Refer Note 10) | | |
| Cash on hand | 289.43 | 183.50 |
| Balances with banks in current account | 1,677.19 | 1,426.08 |
| **Cash and cash equivalents as at the year end** | **1,966.62** | **1,609.58** |

The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7 - 'Cash Flow Statements'.

In terms of our report attached.

**For Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm Registration Number: 117366W/W-100018

**Madhavi Kalva**
Partner
Membership Number: 213550
30th April, 2024
Place: Bengaluru

**For and on behalf of Board of Directors**
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Company Secretary
23rd April, 2024
Place: Bengaluru

# Statement of Changes in Equity

for the year ended 31st March 2024

## A. EQUITY SHARE CAPITAL

(Amount in lakh)

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| Balance at the beginning of the year | 2,672.87 | 2,672.87 |
| Changes in equity share capital during the year | - | - |
| **Balance at the end of the year** | **2,672.87** | **2,672.87** |

## B. OTHER EQUITY

(Amount in lakh)

| Particulars | Reserves and Surplus | | | Total |
|---|---|---|---|---|
| | Statutory Reserve | Securities premium | Retained earnings | |
| **Balance as at 31st March, 2022** | **1,571.39** | **400.93** | **27,547.32** | **29,519.64** |
| Profit for the year | - | - | 28,451.99 | 28,451.99 |
| Other comprehensive income for the year (net of tax) | - | - | (21.66) | (21.66) |
| Transferred to Retained earnings* | (1,571.39) | - | - | (1,571.39) |
| Transferred from Statutory Reserve* | - | - | 1,571.39 | 1,571.39 |
| **Balance as at 31st March, 2023** | **-** | **400.93** | **57,549.04** | **57,949.97** |
| *The Company had surrendered the NBFC license in the prior years, and the reserve no longer required, is transferred to Retained earnings. | | | | |
| **Balance as at 31st March, 2023** | **-** | **400.93** | **57,549.04** | **57,949.97** |
| Profit for the Year | - | - | 40,537.88 | 40,537.88 |
| Other comprehensive income for the year (net of tax) | - | - | (35.97) | (35.97) |
| **Balance as at 31st March, 2024** | **-** | **400.93** | **98,050.95** | **98,451.88** |

In terms of our report attached.

**For Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm Registration Number: 117366W/W-100018

**Madhavi Kalva**
Partner
Membership Number: 213550
30th April, 2024
Place: Bengaluru

**For and on behalf of Board of Directors**
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Company Secretary
23rd April, 2024
Place: Bengaluru

# Schedules

to the financial statement for the year ended 31st March, 2024

## (I) CORPORATE INFORMATION

BSS Microfinance Limited (the Company) is a Public Limited Company and 100% Subsidiary of Kotak Mahindra Bank Limited (KMBL), domiciled in India and incorporated under the provisions of Companies Act, 1956. The registered office of the Company is No. 11, 2nd Block, 2nd Stage, Nagarbhavi Layout, Near BDA Complex, Bengaluru - 560072. The company is acting as Business Correspondent (BC) of KMBL in respect of microfinance loans and other related activities and having 855 branches across Karnataka, Maharashtra, Tamilnadu, Madhya Pradesh, Bihar, Uttar Pradesh, Rajasthan, Gujarat, Chhattisgarh, Odisha, Jharkhand, Andhra Pradesh and Telangana. The Company uses the FinFlux system for its operations, which is centrally controlled by the Holding Company.

## (II) BASIS OF PREPARATION

### A. STATEMENT OF COMPLIANCE

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 and relevant amendment rules issued thereafter.

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the financial years presented in the financial statements except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. These financial statements are authorized for issue by the Company's Board of Director's on 23rd April, 2024.

### B. FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency. All the amounts are rounded to the nearest lakh with two decimals, except when otherwise indicated.

### C. BASIS OF MEASUREMENT

The financial statements have been prepared on a historical cost basis except for the following:

- Certain financial assets and liabilities - measured at fair value (refer accounting policy regarding financial instruments); and
- Net defined benefit (asset) / liability - plan assets are measured at fair value less present value of defined benefit obligation.

### D. USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in accordance with Ind AS requires use of judgements, estimates and assumptions for some items, which might have an effect on their recognition and measurement in the Balance Sheet and Statement of Profit and Loss. The actual amounts realized may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis.

### JUDGEMENT, ESTIMATES AND ASSUMPTIONS ARE REQUIRED IN PARTICULAR FOR:

### I. Revenue

**Recognition of revenue over time or at a point in time:**

The Company recognises revenue from servicing of loans originated as a business correspondent, over time because the customer simultaneously receives and consumes the benefits of the Company's performance as it performs.

The Company recognises revenue from distribution of insurance policies at a point in time because commission is recognised on successful conversion of insurance premium paid to Insurance company.

### II. Determination of estimated useful lives of property, plant and equipment

Useful lives of property, plant and equipment are based on nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support.

### III. Recognition and Measurement of defined benefit obligations

The obligation arising from defined benefit plan is determined on the basis of actuarial valuation. Key actuarial assumptions which form the basis of above valuation includes discount rate, trends in salary escalation, demographics and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations. Further details are disclosed in Note 33.

# Schedules

to the financial statement for the year ended 31st March, 2024

### IV. Recognition of deferred tax assets

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases and depreciation carry-forwards. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences and depreciation carry-forwards could be utilized.

### V. Recognition and measurement of provisions and contingencies

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may therefore, vary from the amount included in other provisions.

### VI. Discounting of long-term financial assets/liabilities

All financial assets/liabilities (except for trade receivables) are required to be measured at fair value on initial recognition. In case of financial assets/liabilities which are required to be subsequently measured at amortised cost, interest is accrued using the effective interest method.

### VII. Fair value of financial instruments

The fair value of financial instruments 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 another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. For further details about determination of fair value please refer Note 34.

### VIII. Business model assessment

Classification and measurement of financial assets depends on the results of the Solely Payment of Principal and Interest ('SPPI') and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held.

### IX. Effective Interest Rate (EIR) method

The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the financial instrument.

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to benchmark rate and other fee income/expense that are integral parts of the instrument.

### X. Impairment of financial assets

The Company recognizes loss allowances for Expected Credit Losses(ECL) on its financial assets measured at amortized cost and Fair Value through Profit or Loss (FVTPL) except investment in equity instruments. At each reporting date, the Company assesses whether the above financial assets are credit- impaired. A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The Company's ECL calculations are outputs of statistical models with a number of underlying assumptions regarding the choice of variable inputs.

### XI. Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

# Schedules

to the financial statement for the year ended 31st March, 2024

### XII. Determination of lease term

Ind AS 116 – Leases requires lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying to the Company's operations taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

### XIII. Discount rate for lease liability

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated.

## (III) SIGNIFICANT ACCOUNTING POLICIES

### A. PROPERTY, PLANT AND EQUIPMENT

#### i. Recognition and measurement

Items of property, plant and equipment (PPE) are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost of an item of property, plant and equipment comprises:

a. its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.

b. any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in the Statement of Profit and Loss.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted and depreciated for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in the Statement of Profit and Loss.

#### ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

#### iii. Depreciation

Deprecation is provided on a pro-rata basis on a Straight Line Method over the estimated useful life of the assets at rates which are equal to or higher than the rates prescribed under Schedule II of the Companies Act, 2013 in order to reflect the actual usage of the assets. Estimated useful lives of assets based on technical evaluation by management are as follows:

| | |
|---|---|
| Furniture and Fixtures | - 10 Years |
| Plant and Equipment | - 15 Years |
| Vehicles | - 8 Years |
| Computers | - 3 Years |
| Other Fixtures | - 1 Year |

Assets costing less than 5,000 are fully depreciated in the year of purchase

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

# Schedules

to the financial statement for the year ended 31st March, 2024

## B. INTANGIBLE ASSETS

### i. Recognition and measurement

Intangible assets are stated at cost of acquisition less accumulated amortization and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making 'the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase/completion is recognized as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

### ii. Amortisation

The intangible assets are amortized over the estimated useful lives as given below:

Softwares - 1- 5 Years

## C. LEASES

**Company as lessee**

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

# Schedules

to the financial statement for the year ended 31st March, 2024

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Non-lease component are recognised separately from lease component, unless non-lease component is not significant.

## D. REVENUE RECOGNITION

Revenue from contracts with customers is recognised upon completion of the performance obligation at the amount of transaction price (net of variable consideration) allocated to that performance obligation i.e. at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract.

**Fees**

Revenue from servicing of loans is recognised as an income over the service period.

Insurance Agency commission is recognised on successful conversion of insurance premium paid to insurance company.

**Interest income**

Interest income on financial assets is recognized on an accrual basis using effective interest method. Interest revenue is continued to be recognized at the original effective interest rate applied on the gross carrying amount of assets falling under impairment stages 1 and 2 as against on amortised cost for the assets falling under impairment stage 3.

**Dividend income**

Dividend income is recognised in the Statement of Profit and Loss when the right to receive the dividend is established.

## E. INCOME TAX

Income tax expense comprises current and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income (OCI).

**Current tax**

Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income Tax Act, 1961.

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss either in other comprehensive income or in equity. Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets and current tax liabilities are offset only if the Company has a legally enforceable right to set off the recognised amounts, and it intends to realise the asset and settle the liability on a net basis or simultaneously.

**Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are reviewed at each reporting date and based on management's judgement, are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

# Schedules

to the financial statement for the year ended 31st March, 2024

Unrecognized deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

**Deferred tax assets and liabilities are offset only if:**

a. the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

b. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

## F. EMPLOYEE BENEFITS

### Defined Contribution Plan

**Provident Fund/Employee State Insurance Scheme**

The Company's contribution to government provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees. The Company has no further obligations.

**Defined Benefit Plan**

**Gratuity**

The Company accounts for the liability for future gratuity benefits based on an actuarial valuation. The Company contributes to a Gratuity Fund administered by trustees and managed by Kotak Mahindra Life Insurance Company Limited, fellow subsidiary. The net present value of the Company's obligation towards the same is actuarially determined based on the projected unit credit method as at the Balance Sheet date.

Remeasurement of all defined benefit plans, which comprise actuarial gains and losses are recognised immediately in OCI in the year they are incurred. Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in the Statement of Profit and Loss. Remeasurements are not reclassified to profit or loss in subsequent period.

**Compensated Absences**

Compensated absences which accrue to employees and which are expected to be availed within twelve months immediately following the year end are reported as expenses during the year in which the employees performs the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefit, and where the availment or encashment is otherwise not expected to wholly occur within the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

**Other Employee Benefits**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentives.

**Employee Share based payment**

***Cash-settled scheme***

The cost of cash-settled scheme (stock appreciation rights) is measured initially using fair value method using black scholes model at the grant date taking into account the terms and conditions upon which the instruments were granted. This fair value is amortised on a straight-line basis over the vesting period with recognition of corresponding liability. This liability is re-measured at each Balance Sheet date up to and including the settlement date with changes in fair value recognised in the Statement of Profit and Loss in 'Share based payment to employees' under the head Employee Benefit Expense.

## G. FOREIGN CURRENCY TRANSACTIONS AND TRANSLATIONS

Transactions in foreign currencies are translated into functional currency at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

# Schedules

to the financial statement for the year ended 31st March, 2024

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Gains/(Losses) relating to assets and liabilities denominated in foreign currency are reported in statement of Profit and Loss. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

## H. BORROWING COSTS

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

## I. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any, that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the 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.

## J. IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount in the Statement of Profit and Loss.

The recoverable amount is the greater of the fair value less costs of disposal and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods which no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets, such reversal is not recognized.

## K. PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. 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. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised but disclosed in the notes.

## L. SEGMENT REPORTING

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the company's Chief Operating Decision Maker ("CODM") to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108, the CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.

## 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.

# Schedules

to the financial statement for the year ended 31st March, 2024

**Financial assets**

**Recognition, Initial measurement and Derecognition**

All financial assets are recognised initially at fair value plus or minus, in the case of financial assets not recorded at fair value through profit or loss, transaction fees or costs that are directly attributable and incremental to the origination/acquisition of the financial asset unless otherwise specifically mentioned in the accounting policies.

All regular way purchase or sale of financial assets are recognised and derecognised on a trade date basis. Regular way purchase or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

**Classification**

The Company classifies its financial assets as subsequently measured at either amortized cost or fair value based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

**Business model assessment**

The Company makes an assessment of the objective of a business model in which an asset is held such that it best reflects the way the business is managed and is consistent with information provided to the management. The information considered includes:

- the objectives for the portfolio, in particular, management's strategy of focusing on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.
- the risks that affect the performance of the business model, the financial assets held within that business model and how those risks are managed.

***Assessment whether contractual cash flows are solely payments of principal and interest***

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:

- reset terms
- contingent events that would change the amount and timing of cash flows;
- prepayment and extension terms; and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

**Subsequent measurement**

The Company classifies its financial assets in the following measurement categories:

**Financial assets at amortised cost**

A financial asset is measured at amortised cost if it meets both of the following conditions:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest (EIR) method. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs

# Schedules

to the financial statement for the year ended 31st March, 2024

that are an integral part of the EIR and reported as part of interest income in the Statement of Profit and Loss. The losses if any, arising from impairment are recognised in the Statement of Profit and Loss.

***Financial asset at fair value through Other Comprehensive Income (FVOCI)***

A financial asset is measured at FVOCI if it meets both of the following conditions:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at fair value. Interest income is recognised using the effective interest (EIR) method. The impairment losses, if any, are recognized through Statement of Profit and Loss. The loss allowance is recognized in OCI and does not reduce the carrying value of the financial asset. On derecognition, gains and losses accumulated in OCI are reclassified to the Statement of Profit and Loss.

**Financial asset at fair value through profit and loss (FVTPL)**

Any financial asset, which does not meet the criteria for classification as at amortized cost or as FVOCI, is classified to be measured at FVTPL.

Financial assets included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

All equity investments except for investments in subsidiary/associate/joint ventures are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL.

**Financial liabilities**

The company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Liabilities which are classified at fair value through profit or loss, including derivatives that are liabilities, shall be subsequently measured at fair value.

## N. IMPAIRMENT OF FINANCIAL ASSETS

**Methodology for computation of Expected Credit Losses (ECL)**

The financial instruments covered within the scope of ECL include financial assets measured at amortised cost and FVOCI, such as loans, fees receivable, security deposit, balances with banks and other financial assets. ECL has not been determined on financial assets measured at FVTPL.

The loss allowance has been measured using lifetime ECL except for financial assets on which there has been no significant increase in credit risk since initial recognition. In such cases, loss allowance has been measured at 12 month ECL.

At each reporting date, the Company assesses whether financial assets carried at amortised cost and FVOCI is credit-impaired. A financial asset is credit- impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred since initial recognition. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties.

ECL are a probability weighted estimate of credit losses, measured as follows:

- Financial assets that are not credit impaired at the reporting date:

ECL has been estimated by determining the probability of default ('PD'), Exposure At Default ('EAD') and loss given default ('LGD').

# Schedules

to the financial statement for the year ended 31st March, 2024

PD has been computed using observed history of default and converted into forward looking PD's using suitable macro-economic variable data.

- Financial assets that are credit impaired at the reporting date:

ECL has been estimated as the difference between the gross carrying amount and the present value of estimated future cash flows.

For trade receivables, the Company applies a simplified approach. It recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. Further, regulatory LGD has been considered to compute ECL.

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised:

- If the expected restructuring will not result in derecognition of the existing asset, expected cash flows arising from the modified financial asset are included in calculating cash shortfalls from the existing asset.

- If the expected restructuring will result in derecognition of the existing asset and the recognition of modified asset, the modified asset is considered as a new financial asset. The date of the modification is treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. The impairment loss allowance is measured at an amount equal to 12 month expected credit losses until there is a significant increase in credit risk. If modified financial asset is credit-impaired at initial recognition, the financial asset is recognized as originated credit impaired asset.

**Criteria used for determination of movement from stage 1 (12 month ECL) to stage 2 (lifetime ECL) and stage 3 (Lifetime ECL)**

The Company applies a three-stage approach to measure ECL on financial assets measured at amortised cost and FVOCI. The assets migrate through the following three stages based on an assessment of qualitative and quantitative considerations:

- **Stage 1: 12 month ECL:**

  For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised. Interest income is accrued using the effective interest rate on the gross carrying amount.

- **Stage 2: Lifetime ECL (not credit impaired):**

  At each reporting date, the Company assesses whether there has been a significant increase in credit risk for financial assets since initial recognition. In determining whether credit risk has increased significantly since initial recognition, the Company uses days past due (DPD) information and other qualitative factors to assess deterioration in credit quality of a financial asset.

  For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised. Interest income is accrued using the effective interest rate on the gross carrying amount.

- **Stage 3: Lifetime ECL (credit impaired):**

  Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the asset have occurred. For financial assets that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortized cost (net of loss allowance).

  If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the Expected Credit Loss reverts from lifetime ECL to 12-months ECL.

  For loans whose significant payment obligations are only after next 12 months, life time ECL has been applied.

**Method used to compute lifetime ECL:**

The Company calculates ECLs based on a probability-weighted scenarios to measure the expected cash shortfalls, discounted at EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the present value of cash flows that the entity expects to receive. The Company applies statistical techniques to estimate 12 month ECL and lifetime ECL.

# Schedules

to the financial statement for the year ended 31st March, 2024

**Manner in which forward looking assumptions has been incorporated in ECL estimates:**

The Company considers its historical loss experience and adjusts it for current observable data. In addition, the Company uses reasonable forecasts of future economic conditions including expert judgement to estimate the amount of expected credit losses. The methodology and assumptions including any forecasts of future economic conditions are periodically reviewed and changes, if any, are accounted for prospectively.

## O. WRITE-OFFS

Financial assets are written off either partially or in their entirety when there is no reasonable expectation 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. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in the Statement of Profit and Loss. However, financial assets that are written off may be subject to enforcement activities to comply with the Company's procedures for recovery of amounts due.

## P. DERECOGNITION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

### Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in the Statement of Profit and Loss.

### Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

## Q. MODIFICATIONS OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

### Financial assets

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified financial asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified financial asset are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit and loss account. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

# Schedules

to the financial statement for the year ended 31st March, 2024

**Financial liabilities**

The Company derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the Statement of Profit and Loss.

## R. OFFSETTING

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

## S. MEASUREMENT OF FAIR VALUES

The Company's accounting policies and disclosures require fair value measurement of financial instruments such as investment in mutual funds.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1:* quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2:* inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3:* inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

## T. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of cash on hand and demand deposits with banks. It also comprises of short-term deposits with an original maturity of three months or less, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

## U. CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit / (loss) before exceptional items and 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. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

## V. CURRENT VERSUS NON-CURRENT CLASSIFICATION

The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading.

# Schedules

to the financial statement for the year ended 31st March, 2024

### X. OPERATING CYCLE

Based on the nature of activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

### XI. TRADE RECEIVABLE

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value.

The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

# Schedules

to the financial statement for the year ended 31st March, 2024

## NOTE 2 PROPERTY, PLANT AND EQUIPMENT

(Amount in lakh)

| | Plant and equipment | Furniture and fixtures | Vehicles | Computers | Other fixtures | Right-Of-Use Asset - Building* | Total |
|---|---|---|---|---|---|---|---|
| **Gross block** | | | | | | | |
| **Balance as at 1st April, 2022** | 180.02 | 568.00 | 3.79 | 892.84 | 1.27 | 492.82 | 2,138.74 |
| Additions during the year | 90.56 | 278.43 | 6.86 | 838.82 | 309.25 | 112.81 | 1,636.73 |
| Disposals during the year | - | (0.72) | (2.34) | (28.15) | - | (38.31) | (69.52) |
| **Balance as at 31st March, 2023** | **270.60** | **845.71** | **8.32** | **1,703.51** | **310.51** | **567.32** | **3,705.97** |
| **Accumulated depreciation** | | | | | | | |
| **Accumulated depreciation as at 1st April, 2022** | 69.22 | 267.53 | 2.53 | 620.81 | 1.17 | 275.05 | 1,236.31 |
| Depreciation charge for the year | 10.96 | 49.51 | 0.07 | 206.70 | 308.91 | 51.08 | 627.22 |
| Disposals during the year | - | (0.55) | (2.21) | (25.85) | - | (8.45) | (37.06) |
| **Balance as at 31st March, 2023** | **80.18** | **316.49** | **0.38** | **801.66** | **310.08** | **317.67** | **1,826.46** |
| **Net carrying amount as at 31st March, 2023** | **190.42** | **529.22** | **7.94** | **901.85** | **0.43** | **249.65** | **1,879.51** |
| **Gross block** | | | | | | | |
| **Balance as at 1st April, 2023** | 270.60 | 845.71 | 8.32 | 1,703.51 | 310.51 | 567.32 | 3,705.97 |
| Additions during the year | 147.65 | 379.60 | 32.22 | 797.17 | 307.86 | 4.13 | 1,668.65 |
| Disposals during the year | (0.83) | (0.68) | (0.01) | (40.32) | - | (4.62) | (46.46) |
| **Balance as at 31st March, 2024** | **417.43** | **1,224.64** | **40.53** | **2,460.36** | **618.37** | **566.83** | **5,328.16** |
| **Accumulated depreciation** | | | | | | | |
| **Accumulated depreciation as at 1st April, 2023** | **80.18** | **316.49** | **0.38** | **801.66** | **310.08** | **317.67** | **1,826.46** |
| Depreciation charge for the year | 19.59 | 87.39 | 2.32 | 529.57 | 307.37 | 55.97 | 1,001.78 |
| Disposals during the year | (0.16) | (0.44) | - | (36.93) | - | - | (37.54) |
| **Balance as at 31st March, 2024** | **99.61** | **403.44** | **2.70** | **1,294.30** | **617.45** | **373.64** | **2,791.13** |
| **Net carrying amount as at 31st March, 2024** | **317.82** | **821.20** | **37.83** | **1,166.06** | **0.92** | **193.20** | **2,537.03** |

*Refer Note 32*

**Impairment loss and reversal of impairment loss**

There is no impairment loss recognised for Property, Plant and Equipment.

**Benami properties**

No proceedings have been initiated or pending against Company for holding any Benami Property under Prohibitions of Benami Transactions (Prohibitions) Act, 1988 (as amended in 2016) and rules made thereunder

# Schedules

to the financial statement for the year ended 31st March, 2024

## NOTE 3 OTHER INTANGIBLE ASSETS

(Amount in lakh)

| Particulars | Software | Total |
|---|---|---|
| **Gross block** | | |
| **Balance as at 1st April, 2022** | 114.71 | 114.71 |
| Additions during the year | 3.88 | 3.88 |
| Disposals during the year | - | - |
| **Balance as at 31st March, 2023** | **118.59** | **118.59** |
| **Accumulated amortisation** | | |
| **Accumulated amortisation and impairment as at 1st April, 2022** | 107.66 | 107.66 |
| Amortisation charge for the year | 1.87 | 1.87 |
| Disposals during the year | - | - |
| **Balance as at 31st March, 2023** | **109.53** | **109.53** |
| **Net carrying amount as at 31st March, 2023** | **9.06** | **9.06** |
| **Gross block** | | |
| **Balance as at 1st April, 2023** | **118.59** | **118.59** |
| Additions during the year | 56.00 | 56.00 |
| Disposals during the year | - | - |
| **Balance as at 31st March, 2024** | **174.59** | **174.59** |
| **Accumulated amortisation** | | |
| **Accumulated amortisation and impairment as at 1st April, 2023** | **109.53** | **109.53** |
| Amortisation charge for the year | 9.02 | 9.02 |
| Disposals during the year | - | - |
| **Balance as at 31st March, 2024** | **118.55** | **118.55** |
| **Net carrying amount as at 31st March, 2024** | **56.04** | **56.04** |

**Impairment loss and reversal of impairment loss**

There is no impairment loss recognised for intangible assets.

## NOTE 3A DEPRECIATION AND AMORTIZATION EXPENSES

(Amount in lakh)

| Particulars | Year Ended 31st March, 2024 | Year Ended 31st March, 2023 |
|---|---|---|
| Depreciation on Property, Plant and Equipment | 1,001.78 | 627.22 |
| Amortisation on Intangible Assets | 9.02 | 1.87 |
| **Total** | **1,010.80** | **629.09** |

# Schedules

to the financial statement for the year ended 31st March, 2024

## NOTE 4 NON-CURRENT INVESTMENTS

(Amount in lakh)

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| **Investment in Debentures** | | |
| **Investments at amortized cost** | | |
| Investment in Non Convertible Debentures (NCDs) of Kotak Mahindra Investments Limited- Secured | 10,000.00 | 5,000.00 |
| Consists of: | | |
| a) 5,000 NCDs at ₹ 1,00,000 each at Coupon rate - 8.1577%, Credit Rating- AAA, for a period of 3 Years. | | |
| b) 5,000 NCDs at ₹ 1,00,000 each at Coupon rate - 8.0359%, Credit Rating- AAA, for a period of 3 Years. | | |
| Less: Impairment loss allowance -Investment in Debentures NCD (B/s) | (2.00) | (0.97) |
| **Total** | **9,998.00** | **4,999.03** |
| **Investment in Equity Instruments** | | |
| **Investments at Fair Value Through Profit and Loss** | | |
| Equity Investment in Alpha Microfinance Consultants Private Limited | 20.00 | 20.00 |
| **Total** | **20.00** | **20.00** |
| **Total** | **10,018.00** | **5,019.03** |
| Aggregate Amount of Quoted Investments | 10,000.00 | 5,000.00 |
| Market Value of Quoted Investments | 10,000.00 | 5,000.00 |
| Aggregate Amount of Unquoted Investments | 20.00 | 20.00 |
| Aggregate Amount of Impairment in Value of Investments | (2.00) | (0.97) |

## NOTE 5 OTHER NON-CURRENT FINANCIAL ASSETS

(Amount in lakh)

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| Bank Deposits lien marked to KMBL | 60,253.89 | 41,875.28 |
| Less: Impairment loss allowance -Fixed Deposits lien marked to KMBL (B/s) | (12.01) | (8.17) |
| Bank Deposits with more than 12months maturity (free of lien) | 13,289.80 | - |
| Less: Impairment loss allowance -Fixed Deposits lien marked to KMBL (B/s) | (2.64) | - |
| Amounts in current accounts lien marked to KMBL | 12,532.37 | 89.09 |
| Less: Impairment loss allowance -Cash and Cash Equivalents (B/s) | (2.50) | (0.01) |
| Security Deposits | | |
| Unsecured, considered good -Security Deposits | 31.67 | 29.07 |
| Less: Impairment loss allowance -Security Deposits (B/s) | (0.54) | (0.65) |
| Deposits for utilities | | |
| Unsecured, considered good -Deposits for utilities | 3.34 | 3.34 |
| **Total** | **86,093.38** | **41,987.95** |

# Schedules

to the financial statement for the year ended 31st March, 2024

## NOTE 6 OTHER NON-CURRENT ASSETS

(Amount in lakh)

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| **Capital Advances** | 47.38 | 187.81 |
| **Total** | **47.38** | **187.81** |

## NOTE 7 CURRENT INVESTMENTS

(Amount in lakh)

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| **Investment in Mutual Funds** | | |
| **Investments at Fair Value Through Profit and Loss** | | |
| **HDFC Mutual Fund** | | |
| HDFC Overnight Fund - Direct Growth | - | 406.97 |
| (Units - 31st March, 2024 - 00.00; 31st March, 2023 - 12,227.113) | | |
| HDFC Liquid Fund - Direct Growth | 2,908.82 | - |
| (Units - 31st March, 2024 - 61,320.07; 31st March, 2023 - 00.00) | | |
| **SBI Mutual Fund** | | |
| SBI Overnight Fund - Direct Growth | - | 7,058.50 |
| (Units - 31st March, 2024 - 00.00; 31st March, 2023 - 1,93,423.44) | | |
| SBI Liquid Fund - Direct Growth | 767.19 | - |
| (Units - 31st March, 2024 - 20,299.86; 31st March, 2023 - 00.00) | | |
| **Kotak Mutual Fund** | | |
| Kotak Overnight Fund - Direct Growth | 0.68 | 1,604.75 |
| (Units - 31st March, 2023 - 52.93; 31st March, 2023 - 1,34,199.54) | | |
| Kotak Liquid Fund - Direct Growth | 1,513.41 | - |
| (Units - 31st March, 2024 - 31,018.53; 31st March, 2023 - 00.00) | | |
| **Total** | **5,190.10** | **9,070.22** |
| Aggregate Amount of Quoted Investments | 5,171.23 | 9,062.06 |
| Market Value of Quoted Investments | 5,190.10 | 9,070.22 |
| Aggregate Amount of Impairment in Value of Investments | - | - |

# Schedules

to the financial statement for the year ended 31st March, 2024

## NOTE 8 TRADE RECEIVABLES

(Amount in lakh)

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| Unsecured, considered good -Trade Receivables | 8,086.56 | 6,153.70 |
| Less: Impairment loss allowance -Trade Receivables (B/s) | (1.61) | (1.20) |
| **Total** | **8,084.95** | **6,152.50** |

*Note: Represents the amount receivable from related parties (Refer Note 31).*

**TRADE RECEIVABLES - AGEING**

(Amount in lakh)

| | As at 31st March, 2024 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Not due | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (i) Undisputed Trade Receivables - Considered good | 7,930.62 | 155.94 | - | - | - | - | 8,086.56 |
| (ii) Undisputed Trade Receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| (iii) Undisputed Trade Receivables - Credit Impaired | - | - | - | - | - | - | - |
| (iv) Disputed Trade Receivables - Considered Good | - | - | - | - | - | - | - |
| (v) Disputed Trade Receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables - Credit Impaired | - | - | - | - | - | - | - |
| Less: Impairment loss allowance | (1.58) | (0.03) | - | - | - | - | (1.61) |
| **Total** | **7,929.04** | **155.91** | **-** | **-** | **-** | **-** | **8,084.95** |

(Amount in lakh)

| | As at 31st March, 2023 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Not due | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (i) Undisputed Trade Receivables - Considered good | 6,143.74 | 9.96 | | | | | 6153.70 |
| (ii) Undisputed Trade Receivables - which have significant increase in credit risk | | | | | | | |
| (iii) Undisputed Trade Receivables - Credit Impaired | | | | | | | |
| (iv) Disputed Trade Receivables - Considered Good | | | | | | | |
| (v) Disputed Trade Receivables - which have significant increase in credit risk | | | | | | | |
| (vi) Disputed Trade Receivables - Credit Impaired | | | | | | | |
| Less: Impairment loss allowance | (1.20) | (0.00) | | | | | (1.20) |
| **Total** | **6,142.54** | **9.96** | **-** | **-** | **-** | **-** | **6,152.50** |

# Schedules

to the financial statement for the year ended 31st March, 2024

## NOTE 9 CASH AND CASH EQUIVALENTS

(Amount in lakh)

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| Cash on hand | 289.43 | 183.50 |
| Balances with banks in current accounts | 1,677.19 | 1,426.08 |
| **Total** | **1,966.62** | **1,609.58** |

## NOTE 9A BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(Amount in lakh)

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| Balance in fixed deposits- free of lien | - | 396.00 |
| Less: Impairment loss allowance | - | (0.25) |
| **Total** | **-** | **395.75** |

## NOTE 10 LOANS

(Amount in lakh)

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| Loans to employees | | |
| Secured, considered good | 199.54 | 196.66 |
| | **199.54** | **196.66** |
| Less: Impairment loss allowance | (3.34) | (3.06) |
| **Total** | **196.20** | **193.60** |

Notes

(i) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(ii) No funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

# Schedules

to the financial statement for the year ended 31st March, 2024

## NOTE 11 OTHER CURRENT FINANCIAL ASSETS

(Amount in lakh)

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| Deposits with insurance companies | | |
| Unsecured, considered good | 369.47 | 371.37 |
| Less: Impairment loss allowance | (0.07) | (0.07) |
| Security Deposits | | |
| Unsecured, considered good | 392.28 | 289.81 |
| Less: Impairment loss allowance -Security Deposits (B/s) | (6.73) | (4.51) |
| Interest accrued on NCDs and fixed deposits held with bank | 247.64 | 41.72 |
| Less: Impairment loss allowance | (0.04) | (0.01) |
| **Total** | **1,002.55** | **698.32** |

## NOTE 12 OTHER CURRENT ASSETS

(Amount in lakh)

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| Receivable from Insurance Company | 156.92 | 38.07 |
| Prepaid expenses | 367.87 | 284.19 |
| Others | 168.05 | 102.63 |
| **Total** | **692.84** | **424.89** |

## NOTE 13 EQUITY SHARE CAPITAL

(Amount in lakh)

| | No. of Shares held | As at 31st March, 2024 | No. of Shares held | As at 31st March, 2023 |
|---|---|---|---|---|
| **Authorised** | | | | |
| 3,50,00,000 Equity shares of ₹10 each with voting rights | 35,000,000 | 3,500.00 | 35,000,000 | 3,500.00 |
| 50,00,000 Optionally Convertible Preference Shares of ₹ 10 each | 5,000,000 | 500.00 | 5,000,000 | 500.00 |
| **Total** | **40,000,000** | **4,000.00** | **40,000,000** | **4,000.00** |
| **Issued, subscribed and paid up** | | | | |
| 2,67,28,661 equity shares of ₹ 10 each with voting rights | 26,728,661 | 2,672.87 | 26,728,661 | 2,672.87 |

# Schedules

to the financial statement for the year ended 31st March, 2024

**A. RECONCILIATION OF NUMBER OF SHARES OUTSTANDING AT THE BEGINNING AND END OF THE YEAR :**

(Amount in lakh)

| Particulars | No. of shares | Face Value | Amount |
|---|---|---|---|
| **Equity shares of ₹ 10 each, fully paid-up** | | | |
| **As at 1st April, 2022** | 26,728,661 | 10 | 2,672.87 |
| Add/(less) : Movement during the year | - | | - |
| **As at 31st March, 2023** | **26,728,661** | **10** | **2,672.87** |
| **As at 1st April, 2023** | **26,728,661** | **10** | **2,672.87** |
| Add/(less) : Movement during the year | - | | - |
| **As at 31st March, 2024** | **26,728,661** | **10** | **2,672.87** |

**B. RIGHTS, PREFERENCES AND RESTRICTIONS ATTACHED TO EQUITY SHARES:**

The Company has only one class of equity shares having a par value of ₹10 per share. Each shareholder is entitled to one vote per share held. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the equity shareholders will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. However, no preferential amount exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

**C. SHARES HELD BY HOLDING COMPANY:**

(Amount in lakh)

| | No. of Shares held | | As at 31st March, 2024 | | As at 31st March, 2023 | |
|---|---|---|---|---|---|---|
| | Number of shares | % Holding | Number of shares | % Holding | No. of Shares held | % Holding |
| Kotak Mahindra Bank Limited | 26,728,661 | 100.00% | 26,728,661 | 100.00% | 26,728,661 | 100.00% |

**D. DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES IN THE COMPANY/SHAREHOLDING OF PROMOTER:**

(Amount in lakh)

| | No. of Shares held | | As at 31st March, 2024 | | As at 31st March, 2023 | |
|---|---|---|---|---|---|---|
| | Number of shares | % Holding | Number of shares | % Holding | No. of Shares held | % Holding |
| Kotak Mahindra Bank Limited | 26,728,661 | 100% | 26,728,661 | 100% | 26,728,661 | 100% |

**E.** The Company has not bought back any shares and has not issued any shares pursuant to contract without payment being received in cash and by way of bonus shares during the period of five years immediately preceding the date as at which the Balance Sheet is prepared.

## NOTE 14 OTHER EQUITY

(Amount in lakh)

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| Securities Premium | 400.93 | 400.93 |
| Statutory Reserve | - | - |
| Retained Earnings | 98,050.95 | 57,549.04 |
| **Total** | **98,451.88** | **57,949.97** |

# Schedules

to the financial statement for the year ended 31st March, 2024

**Notes**

## 1. NATURE AND PURPOSE OF RESERVES

### Securities Premium

Premium collected on issue of securities are accumulated as part of securities premium. Utilisation of such reserve is restricted by the Companies Act, 2013.

### Statutory Reserve

Before the Company de-registered itself as an Non Banking Finance Company, it was required to appropriate 20% of its profits as per Section 45 IC of the Reserve Bank of India Act, 1934.

### Retained Earnings

Retained earnings represents surplus/accumulated earnings of the Company and are available for distribution to shareholders.

## 2. OTHER EQUITY MOVEMENT

(Amount in lakh)

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| **Securities Premium** | | |
| Opening balance | 400.93 | 400.93 |
| Addition during the year | - | - |
| **Closing balance** | **400.93** | **400.93** |
| **Statutory Reserve** | | |
| Opening balance | - | 1,571.39 |
| Addition during the year | - | - |
| Transferred to Retained earnings* | - | (1,571.39) |
| **Closing balance** | **-** | **-** |
| **Retained Earnings** | | |
| Opening balance | 57,549.04 | 27,547.32 |
| Profit for the year | 40,537.88 | 28,451.99 |
| Remeasurement of defined benefit plan (net of tax) | (35.97) | (21.66) |
| Transferred from Statutory Reserve* | - | 1,571.39 |
| **Closing balance** | **98,050.95** | **57,549.04** |

*The Company surrendered its NBFC license in prior years, and the reserve that was no longer required was transferred to Retained Earnings on 31st March, 2023.

## NOTE15 LEASE LIABILITIES (NON CURRENT)

(Amount in lakh)

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| Lease Liabilities (Refer Note 32) | 213.13 | 293.92 |
| **Total** | **213.13** | **293.92** |

# Schedules

to the financial statement for the year ended 31st March, 2024

## NOTE 16 PROVISIONS

(Amount in lakh)

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| Provision for employee benefits | | |
| Compensated Absences (Refer Note 33) | 319.87 | 93.60 |
| Gratuity (Refer Note 33) | 218.87 | 30.41 |
| **Total** | **538.74** | **124.01** |

## NOTE 17 TRADE PAYABLES

**AS ON 31ST MARCH, 2024**

(Amount in lakh)

| Particulars | Outstanding for following period from due date of payment | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) MSME | - | - | - | - | - |
| (ii) Others -Trade Payables | 1,981.29 | - | - | - | 1,981.29 |
| (iii) Disputed dues - MSME | - | - | - | - | - |
| (iv) Disputed dues -Others | - | - | - | - | - |
| **Total** | **1,981.29** | **-** | **-** | **-** | **1,981.29** |

**AS ON 31ST MARCH, 2024**

(Amount in lakh)

| Particulars | Outstanding for following period from due date of payment | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) MSME | - | - | - | - | - |
| (ii) Others -Trade Payables | 1,334.90 | - | - | - | 1,334.90 |
| (iii) Disputed dues - MSME | - | - | - | - | - |
| (iv) Disputed dues -Others | - | - | - | - | - |
| **Total** | **1,334.90** | **-** | **-** | **-** | **1,334.90** |

**Information in respect Micro and Small Enterprises Development Act, 2006**

(Amount in lakh)

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| Principal amount remaining unpaid at the end of the period | - | - |
| Interest due thereon remaining unpaid at the end of the period | - | - |
| Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during the year | - | - |

# Schedules

to the financial statement for the year ended 31st March, 2024

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006 | - | - |
| Interest accrued and remaining unpaid at the end of the period | - | - |
| Further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006 | - | - |

## NOTE 18 OTHER CURRENT FINANCIAL LIABILITIES

(Amount in lakh)

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| Advance received from Kotak Mahindra Bank Limited | - | 1,157.73 |
| Lease Liabilities (Refer Note 32) | 80.32 | 69.00 |
| Salaries payable | 58.91 | 38.57 |
| **Total** | **139.23** | **1,265.30** |

## NOTE 19 PROVISIONS

(Amount in lakh)

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| **Provision for employee benefits** | | |
| Compensated Absences (Refer Note 33) | 80.17 | 24.79 |
| Deferred Incentive | 9.49 | - |
| Stock appreciation rights (SARs) (Refer Note 33) | 6.71 | - |
| **Others** | | |
| Provision related to Business Quality Commitment (Refer Note 28) | 7,181.30 | 52.36 |
| Provision related to Guarantee (Refer Note 28) | 6,941.99 | 4,114.91 |
| **Total** | **14,219.66** | **4,192.06** |

## NOTE 20 OTHER CURRENT LIABILITIES

(Amount in lakh)

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| Statutory dues payable | 911.21 | 646.92 |
| Other payables | 603.04 | 492.89 |
| **Total** | **1,514.25** | **1,139.81** |

# Schedules

to the financial statement for the year ended 31st March, 2024

## NOTE 21 REVENUE FROM OPERATIONS

(Amount in lakh)

| Particulars | For the year ended 31st March, 2024 | For the year ended 31st March, 2023 |
|---|---|---|
| Business Correspondent Service Fees | 90,171.05 | 52,356.34 |
| Interest income on FLDG Receivables | - | 222.77 |
| Insurance commission | 2,908.01 | 2,000.00 |
| **Total** | **93,079.06** | **54,579.11** |

**Refer Note 36 for detailed disclosures on revenue from operations.*

## NOTE 22 OTHER INCOME

(Amount in lakh)

| Particulars | For the year ended 31st March, 2024 | For the year ended 31st March, 2023 |
|---|---|---|
| **Interest Income for Financial Assets measured at Amortized Cost calculated using effective interest method** | | |
| Interest income on fixed deposits | 4,532.16 | 1,858.76 |
| Interest income on loan to employees | 18.99 | 13.50 |
| Unwinding of discount on security deposit | 2.16 | 2.14 |
| Interest Income on NCDs | 614.18 | 165.80 |
| Interest income on income tax refund | 22.27 | - |
| **Net gain on fair value changes for investments** | | |
| Investments at Fair Value Through Profit and Loss | 710.84 | 549.34 |
| Provisions no longer required written back | - | 194.19 |
| Profit on sale of fixed assets | 1.86 | 3.24 |
| Miscellaneous Income | 5.83 | 15.01 |
| **Total** | **5,908.29** | **2,801.98** |

## NOTE 23 EMPLOYEE BENEFIT EXPENSES

(Amount in lakh)

| Particulars | For the year ended 31st March, 2024 | For the year ended 31st March, 2023 |
|---|---|---|
| Salaries and wages | 20,221.70 | 13,120.30 |
| Contribution to provident and other funds (Refer Note 33) | 1,685.98 | 1,006.35 |
| Gratuity expense (Refer Note 33) | 270.80 | 198.47 |
| Compensated absences (Refer Note 33) | 300.83 | 240.66 |
| Share based payment to employees (Refer Note 33) | 6.71 | - |
| Staff welfare expenses | 508.96 | 459.46 |
| **Total** | **22,994.98** | **15,025.24** |

# Schedules

to the financial statement for the year ended 31st March, 2024

## NOTE 24 FINANCE COSTS

(Amount in lakh)

| Particulars | For the year ended 31st March, 2024 | For the year ended 31st March, 2023 |
|---|---|---|
| Interest on Lease Liability (Refer Note 32) | 24.02 | 26.15 |
| **Total** | **24.02** | **26.15** |

## NOTE 25 OTHER EXPENSES

(Amount in lakh)

| Particulars | For the year ended 31st March, 2024 | For the year ended 31st March, 2023 |
|---|---|---|
| Rent | 1,349.79 | 894.88 |
| Communication cost | 423.37 | 317.69 |
| Travelling and conveyance | 3,742.89 | 2,101.03 |
| Legal, professional and consultancy charges | 85.65 | 41.94 |
| Repairs and maintenance | | |
| Office Maintenance Expenses | 440.00 | 316.04 |
| Other Maintenance Expenses | 57.64 | 51.76 |
| Insurance | 35.94 | 16.46 |
| Printing and stationary | 394.93 | 310.05 |
| Electricity and water charges | 441.55 | 280.84 |
| Payment to auditors (Refer Note 29) | 20.97 | 16.62 |
| Bank Charges | 696.88 | 180.37 |
| Softwares Expenses | 64.05 | - |
| **Impairment Loss on financial assets and other provisions** | | |
| Guarantee provision and Provision on Business Quality Commitment including bad debts written off (Refer Note 28) | 12,246.00 | (1,344.17) |
| Trade Receivables | 0.41 | 0.64 |
| Bank Balances | 8.86 | 4.27 |
| Other Financial Asset | 2.39 | 2.53 |
| Non Convertible Debentures | 1.06 | 0.59 |
| Rates and Taxes | 284.98 | 164.71 |
| Postage and courier | 79.72 | 55.73 |
| Members SMS Service Charge | 91.29 | 48.45 |
| Overlap/Credit Report Charges | 91.82 | 44.15 |
| CSR Expenditure (Refer Note 30) | 344.24 | 149.94 |
| Miscellaneous expenses | 155.32 | 112.76 |
| **Total** | **21,059.75** | **3,767.28** |

# Schedules

to the financial statement for the year ended 31st March, 2024

## NOTE 26 TAX EXPENSE

### (A) AMOUNTS RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS

(Amount in lakh)

| Particulars | For the year ended 31st March, 2024 | For the year ended 31st March, 2023 |
|---|---|---|
| **Current tax expense** | | |
| Current period | 16,002.03 | 9,307.22 |
| Changes in estimates related to prior years | (70.77) | 20.30 |
| **Total current tax expense (A)** | **15,931.26** | **9,327.52** |
| Deferred income tax liability / (asset), net | | |
| Origination and reversal of temporary differences | (2,571.34) | 153.82 |
| **Deferred tax expense (B)** | **(2,571.34)** | **153.82** |
| **Tax expense for the year (A)+(B)** | **13,359.92** | **9,481.34** |

### (B) AMOUNTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

| Particulars | For the year ended 31st March, 2024 | | | For the year ended 31st March, 2023 | | |
|---|---|---|---|---|---|---|
| | Before tax | Tax (expense) benefit | Net of tax | Before tax | Tax (expense) benefit | Net of tax |
| Items that will not be reclassified to profit or loss | | | | | | |
| (a) Remeasurements of defined benefit liability (asset) | (48.07) | 12.10 | (35.97) | (28.95) | 7.29 | (21.66) |
| **Total** | **(48.07)** | **12.10** | **(35.97)** | **(28.95)** | **7.29** | **(21.66)** |

### (C) RECONCILIATION OF EFFECTIVE TAX RATE

(Amount in lakh)

| Particulars | For the year ended 31st March, 2024 | For the year ended 31st March, 2023 |
|---|---|---|
| **Profit before tax** | 53,897.80 | 37,933.33 |
| Tax Rate | 25.17% | 25.17% |
| Tax using applicable tax rate | 13,565.00 | 9,547.07 |
| **Tax effect of:** | | |
| Tax effects of amounts which are not deductible for taxable income | 117.36 | 39.80 |
| Changes in estimated related to prior years | (70.77) | 20.30 |
| Chapter VI-A deductions | (251.68) | (125.84) |
| **Income tax expense reported in the statement of profit and loss** | **13,359.92** | **9,481.34** |

# Schedules

to the financial statement for the year ended 31st March, 2024

**(D) MOVEMENT IN DEFERRED TAX BALANCES**

| Particulars | 31st March, 2024 | | | |
|---|---|---|---|---|
| | Net balance 31st March, 2023 | Recognised in profit or loss | Recognised in OCI | Net Deferred tax asset / (liabilities) |
| Deferred tax asset/(liabilities) | | | | |
| Property, plant and equipment | 91.16 | 41.00 | | 132.17 |
| First Loss Default Guarantee (FLDG) Receivables | - | - | | - |
| Investments | (2.05) | 6.80 | | 4.75 |
| Provision for employee benefits | 29.79 | 58.79 | 12.10 | 100.68 |
| Provision related to Gurantee and Business Quality Commitment | 1,089.27 | 2,473.31 | | 3,562.58 |
| Lease under IndAS 116 | 31.13 | (8.56) | | 22.57 |
| **Total** | **1,239.30** | **2,571.34** | **12.10** | **3,822.74** |

| Particulars | 31st March, 2023 | | | |
|---|---|---|---|---|
| | Net balance 31st March, 2022 | Recognised in profit or loss | Recognised in OCI | Net Deferred tax asset / (liabilities) |
| Deferred tax asset/(liabilities) | | | | |
| Property, plant and equipment | 65.75 | 25.41 | - | 91.16 |
| First Loss Default Guarantee (FLDG) Receivables | 537.09 | (537.09) | - | - |
| Investments | (0.50) | (1.56) | - | (2.05) |
| Provision for employee benefits | 54.41 | (31.90) | 7.29 | 29.79 |
| Provision related to Gurantee and Business Quality Commitment | 695.41 | 393.87 | - | 1,089.27 |
| Lease under IndAS 116 | 33.68 | (2.55) | - | 31.13 |
| **Total** | **1,385.84** | **(153.82)** | **7.29** | **1,239.30** |

## NOTE 27 EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

(Amount in lakh)

| Sr. No. | Particulars | For the year ended 31st March, 2024 | For the year ended 31st March, 2023 |
|---|---|---|---|
| A) | Profit attributable to equity holders of the Company | 40,537.88 | 28,451.99 |
| B) | Weighted average number of ordinary shares | 26,728,661 | 26,728,661 |
| C) | Face value per share (INR) | 10.00 | 10.00 |
| D) | Basic and diluted earnings per share (INR) | 151.66 | 106.45 |

# Schedules

to the financial statement for the year ended 31st March, 2024

## NOTE 28 GUARANTEE PROVISION AND PROVISION ON BUSINESS QUALITY COMMITMENT INCLUDING BAD DEBTS WRITTEN OFF

(Amount in lakh)

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| Provision for Guarantee expenses | 2,827.08 | 1,546.12 |
| Provision for Business Quality Commitment expenses | 7,128.95 | 52.36 |
| Bad debts written off | 2,922.57 | 1,320.68 |
| Bad Debts Recovered | (632.60) | (2,175.23) |
| Provision for FLDG Receivables (Released)/Made | - | (2,088.10) |
| | **12,246.00** | **(1,344.17)** |

## NOTE 28 (A) CONTINGENT LIABILITIES

(Amount in lakh)

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| Business Quality Commitment | 134,246.74 | 94,580.60 |
| **Total** | **134,246.74** | **94,580.60** |

Note: Of the above contingent liabilities, the company made provision of ₹ 14,123.29 lakh (PY: ₹ 4167.27 lakh) for Business Quality Commitment/ Gurantee given to the KMBL, details of which are given below.

(Amount in lakh)

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| Opening Balance | 4,167.27 | 2,568.79 |
| Additions during the period | 12,628.02 | 1,598.48 |
| Utilisations during the period | 2,672.00 | - |
| **Closing Balance** | **14,123.29** | **4,167.27** |

As per the BQC Agreement with KMBL, the company has maintained in ESCROW account, a balance equivalent to the amount to be provided for loans with the DPD exceeding 84 days. As at March 2024, it has settled with KMBL, loans with DPD exceeding 180 days, amounting to ₹ 2,672 Lakh. Other than this, it has also settled with KMBL, an amount of ₹ 250.57 Lakh, total written off amount during the financial year - ₹ 2,922.57 Lakh.

## NOTE 29 PAYMENT TO AUDITORS

(Amount in lakh)

| Sr. No. | Particulars | For the year ended 31st March, 2024 | For the year ended 31st March, 2023 |
|---|---|---|---|
| | Payment to the auditor as: | | |
| a) | Audit fees | 20.00 | 16.00 |
| b) | For reimbursement of expenses | 0.97 | 0.62 |
| | **Total** | **20.97** | **16.62** |

# Schedules

to the financial statement for the year ended 31st March, 2024

## NOTE 30 CORPORATE SOCIAL RESPONSIBILITY (CSR)

As per the provisions of the Section 135 of the Companies Act, 2013, the Company is required to spend ₹ 346.49 lakh (Previous year: 148.19 lakh) during the year on CSR activities and ₹ 346.49 lakh (Previous year: 149.94 lakh) has been spent towards activities as mentioned below. Unspent amount for financial year 2023-24 is Nil.

### DETAILS OF CSR EXPENDITURE

(Amount in lakh)

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| Corporate Social Responsibility expenses for the period | 344.24 | 149.94 |
| **Various Head of expenses included in above:** | | |
| Gross amount required to be spent by the company during the year | 346.49 | 148.19 |
| Amount brought forward from previous year | 2.25 | 0.50 |
| **Amount spent during the year on:** | | |
| Health Care | 83.70 | 6.34 |
| Education and Livelihood | 243.32 | 136.50 |
| CSR Administrative Expenses | 17.22 | 7.10 |
| Details of related party transactions | NA | NA |
| **Provision for CSR expenses** | NA | NA |
| | - | - |
| The amount of excess at the end of the year out of the amount required to be spent by the Company during the year | - | 2.25 |

## NOTE 31 RELATED PARTY DISCLOSURES

**Related party disclosures, as required by notified Ind AS 24 - 'Related Party Disclosures' are given below:**

### A. NAMES OF RELATED PARTIES

(Amount in lakh)

| Sr. No. | Particulars | Country of Incorporation | Proportion of ownership interest |
|---|---|---|---|
| a) | **Holding company:** | | |
| | Kotak Mahindra Bank Limited (Promoter) | India | 100.00% |
| | Mr. Uday S. Kotak, Promoter along with the persons / entities forming part of the Promoter Group, holds 25.90% of the paid-up share capital of Kotak Mahindra Bank Limited as on 31st March, 2024. | | |
| b) | **Fellow subsidiaries with whom transactions have taken place during the year:** | | |
| | Kotak Mahindra Life Insurance Company Limited (KMLI) | India | |
| | Kotak Mahindra Prime Limited (KMPL) | India | |
| | Kotak Mahindra General Insurance Company Limited (KGI) | India | |
| | Kotak Mahindra Investment Limited (KMIL) | India | |
| c) | **Key Management Personnel / Directors** | | |
| | Tapobrat Chaudhuri - Director | | |

# Schedules

to the financial statement for the year ended 31st March, 2024

| Sr. No. | Particulars | Country of Incorporation | Proportion of ownership interest |
|---|---|---|---|
| | Devarajan Kannan - Director | | |
| | Sambasivakumar Balasubranian - Director | | |
| | Shwetha Kalappa - Additional Director | | |
| d) | **Post employment benefit plans** | | |
| | BSS Microfinance Limited Employees Group Gratuity Trust (BMLEGGT) (Refer Note 33) | India | |

## B. TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

### i. Key management personnel compensation

(Amount in lakh)

| Sr. No. | Particulars | For the year ended 31st March, 2024 | For the year ended 31st March, 2023 |
|---|---|---|---|
| i. | Short-term employee benefits | - | - |
| ii. | Contribution to funds | - | - |
| iii. | Director sitting fees | - | - |

Note: The above figures do not include provisions for encashable leave and gratuity, as separate actuarial valuation are not available

### ii. Transactions with related parties

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

| Nature of Transaction | Year ended 31st March | Carrying amount | Fellow subsidiaries | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | KLI | KGI | KMPL | KMIL | |
| Interest income on fixed deposit | 2024 | 4,524.52 | - | - | - | - | 4,524.52 |
| | 2023 | 1,692.58 | - | - | - | - | 1,692.58 |
| Interest Income on NCDs | 2024 | - | - | - | - | 614.18 | 614.18 |
| | 2023 | - | - | - | 124.46 | 41.35 | 165.80 |
| Service fee income | 2024 | 89,503.44 | - | - | 665.40 | - | 90,168.84 |
| | 2023 | 52,300.91 | - | - | 56.38 | - | 52,357.29 |
| Micro-Insurance Commission | 2024 | - | 2,684.96 | 223.05 | - | - | 2,908.01 |
| | 2023 | - | 1,894.74 | 105.26 | - | - | 2,000.00 |
| Insurance Premium Paid | 2024 | - | 88.26 | 268.24 | - | - | 356.50 |
| | 2023 | - | 91.61 | 179.44 | - | - | 271.05 |
| Expenses incurred | 2024 | 40.46 | - | - | - | - | 40.46 |
| | 2023 | 20.30 | - | - | - | - | 20.30 |
| BQC Written off | 2024 | 2,672.00 | - | - | - | - | 2,672.00 |
| | 2023 | - | - | - | - | - | - |
| Balance Outstanding | | | | | | | |
| Balance in current account | 2024 | 13,559.41 | - | - | - | - | 13,559.41 |
| (Net of Impairment loss allowance) | 2023 | 862.40 | - | - | - | - | 862.40 |
| Fixed deposits | 2024 | 73,529.05 | - | - | - | - | 73,529.05 |
| (Net of Impairment loss allowance) | 2023 | 41,875.28 | - | - | - | - | 41,875.28 |

# Schedules

to the financial statement for the year ended 31st March, 2024

| Nature of Transaction | Year ended 31st March | Carrying amount | Fellow subsidiaries | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | KLI | KGI | KMPL | KMIL | |
| Investment in NCDs | 2024 | - | - | - | - | 10,245.60 | 10,245.60 |
| (Net of Impairment loss allowance) | 2023 | - | - | - | - | 5,040.37 | 5,040.37 |
| Trade receivables | 2024 | 7,475.96 | 405.84 | 47.24 | 155.90 | - | 8,084.95 |
| (Net of Impairment loss allowance) | 2023 | 5,910.35 | 170.69 | 10.57 | 60.88 | - | 6,152.50 |
| Insurance deposit | 2024 | - | 293.86 | 75.53 | - | - | 369.40 |
| (Net of Impairment loss allowance) | 2023 | - | 311.48 | 59.90 | - | - | 371.37 |
| Prepaid insurance | 2024 | - | 75.83 | 200.26 | - | - | 276.10 |
| | 2023 | - | 58.33 | 130.48 | - | - | 188.81 |
| Advance received | 2024 | - | - | - | - | - | - |
| | 2023 | 1,157.73 | - | - | - | - | 1,157.73 |
| Other Payables | 2024 | 962.61 | - | - | - | - | 962.61 |
| | 2023 | 779.96 | - | - | - | - | 779.96 |
| Business Quality Commitment | 2024 | 134,246.74 | - | - | - | - | 134,246.74 |
| (Contingent Liability) | 2023 | 94,580.60 | - | - | - | - | 94,580.60 |

**iii. Terms and conditions of transactions with related parties**

All transactions with these related parties are made in the normal course of business and on terms equivalent to those that prevail in arm's length transactions. Outstanding balances (excluding collateralized borrowings) at the year-end are unsecured and settlement occurs in cash.

## NOTE 32 LEASE DISCLOSURES

The Company has taken certain office premises on lease. The tenor of these lease contract ranges from 5 years to 15 years with different lock in periods and cancellable after certain tenure by lessee on giving notice and renewable by mutual consent on mutually agreeable terms.

### RIGHT OF USE ASSET - BUILDING

(Amount in lakh)

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| Opening Balance | 249.65 | 217.77 |
| Add: Additions during the year | 4.13 | 112.81 |
| Less: Disposal during the year | 4.62 | 29.85 |
| Less: Depreciation charge for the year | 55.97 | 51.08 |
| Closing Balance | **193.20** | **249.65** |

# Schedules

to the financial statement for the year ended 31st March, 2024

## MOVEMENT IN LEASE LIABILITIES

(Amount in lakh)

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| Opening Balance | 362.92 | 340.82 |
| Add: Additions during the year | 4.13 | 109.08 |
| Add: Interest expenses for the year | 24.02 | 26.15 |
| Less: Disposal during the year | 4.62 | 30.20 |
| Less: Payments | 93.00 | 82.92 |
| Closing Balance | **293.45** | **362.92** |

## MATURITY ANALYSIS OF LEASE LIABILITIES

(Amount in lakh)

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| Less than one year | 98.72 | 92.61 |
| One to five years | 213.63 | 302.85 |
| More than five years | 20.97 | 30.25 |
| **Total undiscounted lease liabilities at 31st March, 2024** | **333.31** | **425.71** |
| Lease liabilities presented in balance sheet | | |
| Current | 80.32 | 69.00 |
| Non Current | 213.13 | 293.92 |

## AMOUNTS RECOGNISED IN PROFIT AND LOSS

(Amount in lakh)

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| Interest on lease liabilities | 24.02 | 26.15 |
| Depreciation charge for the year | 55.97 | 51.08 |
| **Total** | **79.99** | **77.23** |

## TOTAL CASHFLOWS DURING THE YEAR

(Amount in lakh)

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| Total cash outflow for leases | 93.00 | 82.92 |

# Schedules

to the financial statement for the year ended 31st March, 2024

**RIGHT OF USE ASSET**

(Amount in lakh)

| Particulars | ROU Asset - Building | Prepaid Rent | Total |
|---|---|---|---|
| **Opening as on 1st April, 2022** | **206.99** | **10.78** | **217.77** |
| Add: Additions during the year | 109.08 | 3.74 | 112.81 |
| Less : Depreciation for the year | (48.42) | (2.67) | (51.08) |
| Less : Disposals during the year | (28.39) | (1.46) | (29.85) |
| **Closing as on 31st March, 2023** | **239.26** | **10.39** | **249.65** |
| **Opening as on 1st April, 2023** | **239.26** | **10.39** | **249.65** |
| Add: Additions during the year | 4.13 | - | 4.13 |
| Less : Depreciation for the year | (53.71) | (2.25) | (55.96) |
| Less : Disposals during the year | (4.62) | - | (4.62) |
| **Closing as on 31st March, 2024** | **185.06** | **8.14** | **193.20** |

**Short term leases and Leases of low value assets**

The Company has elected not to recognise right of use assets and lease liabilities for short term leases of premises that have a lease term of 12 months or less and leases of low value assets.

**Impact on Financial Statements**

The Company is committed to ₹ 1733.35 Lakh (PY: ₹ 1311.59 Lakh) for short-term leases.

## NOTE 33 EMPLOYEE BENEFITS

**A. THE COMPANY CONTRIBUTES TO THE FOLLOWING POST-EMPLOYMENT DEFINED BENEFIT PLANS IN INDIA.**

**(i) Defined Contribution Plans:**

The Company makes contributions towards provident fund and other fund. Under the plan, the Company is required to contribute a specified percentage of payroll cost to fund the benefits. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes. The Company recognised INR 1685.98 lakh (previous year INR 1006.35 lakh) for provident fund and other fund contributions in the Statement of Profit and Loss.

**(ii) Defined Benefit Plan:**

Gratuity

The Company accounts for the liability for future gratuity benefits based on an actuarial valuation. The Company contributes to a Gratuity Fund administered by trustees and managed by Kotak Mahindra Life Insurance Company Limited, fellow subsidiary. The net present value of the Company's obligation towards the same is actuarially determined based on the projected unit credit method as at Balance Sheet date.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

(Amount in lakh)

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| Present value of funded defined benefit obligation (A) | 1,150.25 | 810.60 |
| Fair value of plan assets (B) | (931.37) | (780.20) |
| **Net liability recognised in the Balance Sheet (A-B)** | **218.87** | **30.41** |

# Schedules

to the financial statement for the year ended 31st March, 2024

### B. MOVEMENT IN NET DEFINED BENEFIT (ASSET) LIABILITY

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

| | Defined benefit obligation | | Fair value of plan assets | | Net defined benefit (asset)/liability | |
|---|---|---|---|---|---|---|
| | As at 31st March, 2024 | As at 31st March, 2023 | As at 31st March, 2024 | As at 31st March, 2023 | As at 31st March, 2024 | As at 31st March, 2023 |
| **Opening balance** | 810.60 | 575.82 | 780.20 | 569.48 | 30.41 | 6.34 |
| **Included in profit or loss** | | | | | | |
| Current service cost | 268.59 | 197.99 | - | - | 268.59 | 197.99 |
| Interest cost / income | 58.89 | 35.19 | 56.68 | 34.71 | 2.21 | 0.48 |
| **Included in OCI** | | | | | | |
| Remeasurement (gain)/loss : | | | | | | |
| Actuarial loss (gain) arising from: | | | | | | |
| Demographic assumptions | - | - | - | - | - | - |
| Financial assumptions | 62.27 | (50.61) | - | - | 62.27 | (50.61) |
| Experience adjustment | (12.31) | 88.05 | - | - | (12.31) | 88.05 |
| Actual return on plan assets less interest on plan assets | - | - | 1.89 | 8.49 | (1.89) | (8.49) |
| **Other** | | | | | | |
| Contributions paid by the employer | - | - | 130.41 | 206.34 | (130.41) | (206.34) |
| Benefits paid | (37.80) | (38.84) | (37.80) | (38.84) | - | - |
| Transfer In / (Out) | - | 2.99 | - | - | - | 2.99 |
| **Closing balance** | **1,150.25** | **810.60** | **931.37** | **780.19** | **218.87** | **30.41** |
| Represented by | | | | | | |
| Net defined benefit asset | | | | | - | - |
| **Net defined benefit liability** | | | | | **218.87** | **30.41** |

### C PLAN ASSETS

**Plan assets comprise the following:**

(Amount in lakh)

| Particulars | As at 31st March, 2024 | | As at 31st March, 2023 | |
|---|---|---|---|---|
| | Quoted value | Unquoted value | Quoted value | Unquoted value |
| Government of India Securities | - | 71.38% | - | 69.28% |
| High quality corporate bonds | - | 27.57% | - | 26.37% |
| Other Investments (MMI) | - | 1.05% | - | 4.35% |
| State Government Securities | - | 0.00% | - | 0.00% |

# Schedules

to the financial statement for the year ended 31st March, 2024

## D. DEFINED BENEFIT OBLIGATIONS

### i. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

(Amount in lakh)

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| Discount rate | 7.15% | 7.25% |
| Salary escalation rate | 9.00% | 8.00% |
| Mortality rate | 100% of IALM 2012-14 | 100% of IALM 2012-14 |
| Attrition/ Withdrawal rate (per annum) | 20.00% | 20.00% |
| Retirement age | 60 years | 60 years |

Assumptions regarding future mortality have been based on published statistics and mortality tables.

### ii. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

(Amount in lakh)

| Particulars | As at 31st March, 2024 | | As at 31st March, 2023 | |
|---|---|---|---|---|
| | Increase | Decrease | Increase | Decrease |
| Discount Rate (- / + 1%) | (59.47) | 65.67 | (39.76) | 43.71 |
| Salary Growth Rate (- / + 1%) | 61.06 | (56.57) | 40.62 | (37.79) |
| Attrition Rate (- / + 50% of attrition rates) | (108.83) | 194.57 | (55.85) | 79.96 |
| Mortality Rate (- / + 10% of mortality rates) | (0.02) | 0.02 | 0.02 | (0.02) |

The sensitivity analysis presented above may not be representative of actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as some of the assumptions may be corelated.

### iii. Risk Exposure

A decrease in Government Securities yield will increase plan liabilities. Since the benefits are lump sum in nature the plan is not subject to any longevity risks.

**Description of Risk Exposures**

1. Interest Rate Risk: The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability.

2. Salary Escalation Risk: The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

3. Demographic Risk: The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

4. Investment Risk: The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

5. Regulatory Risk: Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity pay outs (e.g. Increase in the maximum limit on gratuity of ₹ 20,00,000).

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to the financial statement for the year ended 31st March, 2024

### E. EXPECTED FUTURE CASH FLOWS

**Expected contribution:**

The Company's best estimate of Contribution during the next year is ₹ 621.49 lakh (PY: ₹ 282.70 lakh).

**Expected future benefit payments:**

(Amount in lakh)

| Expected cash flows over the next (valued on undiscounted basis) | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| 1 Year | 174.51 | 124.74 |
| 2 to 5 years | 653.92 | 489.11 |
| 6 to 10 years | 523.02 | 353.31 |
| More than 10 years | 481.04 | 297.78 |

### F. COMPENSATED ABSENCE - EARNED LEAVE

The Company provides for accumulated compensated absences as at the balance sheet date on the basis of an actuarial valuation. The details of actuarial valuation as provided by the Independent Actuary are as follows.

(Amount in lakh)

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| Discount rate | 7.15% | 7.25% |
| Salary escalation rate | 9.00% | 8.00% |
| Mortality rate | 100% of IALM 2012-14 | 100% of IALM 2012-14 |
| Attrition/ Withdrawal rate (per annum) | 20.00% | 20.00% |
| Retirement age | 60 years | 60 years |

(Amount in lakh)

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| Expenses Recognized in the Statement of Profit and Loss | 300.83 | 240.66 |
| Closing Net Liability | | |
| Current Liability | 80.17 | 24.79 |
| Non Current Liability | 319.87 | 93.60 |

# Schedules

to the financial statement for the year ended 31st March, 2024

**Share-based payment arrangements**

**A. Description of share-based payment arrangements**

**Stock appreciation rights (cash-settled)**

During the year the company has granted stock appreciation rights to certain eligible employees. The contractual life (which is equivalent to the vesting period) of the SARs outstanding ranges from one to four years.

**Stock Appreciation Rights outstanding as at 31st March, 2024**

| Scheme reference | Grant Date | Mode of settlement accounting | No. of Share Options outstanding | Vesting conditions / Dates | Contractual life of the options (Yrs) |
|---|---|---|---|---|---|
| Scheme 2015- Series 63 V1-1 | 19-Aug-23 | Cash settled | 102 | 31-Aug-24 | 0.42 |
| Scheme 2015- Series 63 V1-2 | 19-Aug-23 | Cash settled | 102 | 7-Sep-24 | 0.44 |
| Scheme 2015- Series 63 V1-3 | 19-Aug-23 | Cash settled | 99 | 14-Sep-24 | 0.46 |
| Scheme 2015- Series 63 V2-1 | 19-Aug-23 | Cash settled | 102 | 31-Aug-25 | 1.42 |
| Scheme 2015- Series 63 V2-2 | 19-Aug-23 | Cash settled | 102 | 7-Sep-25 | 1.44 |
| Scheme 2015- Series 63 V2-3 | 19-Aug-23 | Cash settled | 99 | 14-Sep-25 | 1.46 |
| Scheme 2015- Series 63 V3-1 | 19-Aug-23 | Cash settled | 102 | 31-Aug-26 | 2.42 |
| Scheme 2015- Series 63 V3-2 | 19-Aug-23 | Cash settled | 102 | 7-Sep-26 | 2.44 |
| Scheme 2015- Series 63 V3-3 | 19-Aug-23 | Cash settled | 99 | 14-Sep-26 | 2.46 |
| Scheme 2015- Series 63 V4-1 | 19-Aug-23 | Cash settled | 101 | 31-Aug-27 | 3.42 |
| Scheme 2015- Series 63 V4-2 | 19-Aug-23 | Cash settled | 101 | 7-Sep-27 | 3.44 |
| Scheme 2015- Series 63 V4-3 | 19-Aug-23 | Cash settled | 99 | 14-Sep-27 | 3.46 |

**Stock Appreciation Rights outstanding as at 31st March, 2023**

(Amount in lakh)

| Scheme reference | Grant Date | Mode of settlement accounting | No. of Share Options outstanding | Vesting conditions / Dates | Contractual life of the options (Yrs) |
|---|---|---|---|---|---|
| - | - | - | - | - | - |

**Details of Numbers of SARs is summarized below:**

**As at 31st March, 2024**

(Amount in lakh)

| Scheme reference | Grant date | Outstanding at the start of the year | Granted during the year | Exercised during the year | Net Transfer In/ (Out)* | Lapsed during the year | Forfeited during the year | Outstanding at the end of the year |
|---|---|---|---|---|---|---|---|---|
| Scheme 2015- Series 63 | 19-Aug-23 | - | 1,210 | - | - | - | - | 1,210 |

**As at 31st March, 2023**

(Amount in lakh)

| Scheme reference | Grant date | Outstanding at the start of the year | Granted during the year | Exercised during the year | Net Transfer In/ (Out)* | Lapsed during the year | Forfeited during the year | Outstanding at the end of the year |
|---|---|---|---|---|---|---|---|---|
| - | - | - | - | - | - | - | - | - |

* This represents transfer of employees within holding company and its subsidiaries

# Schedules

to the financial statement for the year ended 31st March, 2024

**The fair values were calculated using a Black-Scholes Model. The inputs were as follows:**

| | Grant Date | Vesting period | Expected life (Years) | Exercise Price (INR) | Weighted average share price | Risk free rate | Annual Dividend yield | Volatility | Fair value per SARs INR) |
|---|---|---|---|---|---|---|---|---|---|
| | | From - To | From - To | | | From - To | | From - To | From - To |
| Scheme 2015-Series 63 | 19-Aug-23 | 0.42 - 3.46 | 0.42 - 3.46 | - | 1,785.50 | 7.11% - 7.19% | 0.08% | 17.44% - 24.12% | 1784.87 - 1780.32 |

**Effect of the employee share-based payment plans on the Profit and Loss Account and on the financial position:**

(Amount in lakh)

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| Total Employee compensation cost pertaining to share-based payment plans | 6.71 | - |
| Closing balance of liability for cash-settled options | 6.71 | - |

## NOTE 34 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

### A. CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES:

Carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below. It does not include the fair value information for financial assets and financial liabilities whose carrying amount is a reasonable approximation of fair value.

(Amount in lakh)

| Particulars | As at 31st March, 2024 | | | As at 31st March, 2023 | | |
|---|---|---|---|---|---|---|
| | FVTPL | FVTOCI | Amortised cost | FVTPL | FVTOCI | Amortised cost |
| **Financial Assets** | | | | | | |
| **Non-current assets** | | | | | | |
| (i) Non-Current Investments | 20.00 | - | 9,998.00 | 20.00 | - | 4,999.03 |
| (ii) Non-Current Loans and Advances | - | - | - | - | - | - |
| (iii) Other Non-Current Financial Assets | - | - | 86,093.38 | - | - | 41,987.95 |
| **Current assets** | | | | | | |
| (i) Current Investments | 5,190.10 | - | - | 9,070.22 | - | - |
| (ii) Trade receivables | - | - | 8,084.95 | - | - | 6,152.50 |
| (iii) Cash and cash equivalents | - | - | 1,966.62 | - | - | 1,609.58 |
| (iv) Bank balance other than (iii) above | - | - | - | - | - | 395.75 |
| (iv) Short term loans and Advances | - | - | 196.20 | - | - | 193.60 |
| (v) Other current financial assets | - | - | 1,002.55 | - | - | 698.32 |
| **Total financial assets** | **5,210.10** | **-** | **107,341.70** | **9,090.22** | **-** | **56,036.73** |
| **Financial liabilities** | | | | | | |
| **Non-current liabilities** | | | | | | |
| (i) Other non-current financial liabilities | - | - | 213.13 | - | - | 293.92 |

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to the financial statement for the year ended 31st March, 2024

| Particulars | As at 31st March, 2024 | | | As at 31st March, 2023 | | |
|---|---|---|---|---|---|---|
| | FVTPL | FVTOCI | Amortised cost | FVTPL | FVTOCI | Amortised cost |
| **Current liabilities** | | | | | | |
| (i) Trade payables | | | | | | |
| (A) total outstanding dues of micro enterprises and small enterprises | - | - | - | - | - | - |
| (B) total outstanding dues of creditors other than micro enterprises and small enterprises | - | - | 1,981.29 | - | - | 1,334.90 |
| (ii) Other current financial liabilities | - | - | 139.23 | - | - | 1,265.30 |
| **Total financial liabilities** | **-** | **-** | **2,333.65** | **-** | **-** | **2,894.12** |

## B. FAIR VALUE

Fair values of financial assets and financial liabilities measured as fair value, including their levels in the fair value hierarchy, are presented below.

| | As at 31st March, 2024 | | | | | As at 31st March, 2023 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Carrying amount | Fair value | | | Total | Carrying amount | Fair value | | | Total |
| | | Level 1 | Level 2 | Level 3 | | | Level 1 | Level 2 | Level 3 | |
| **Financial Assets** | | | | | | | | | | |
| **Non-current assets** | | | | | | | | | | |
| (i) Non-Current Investments | 10,018.00 | 9,998.00 | - | 20.00 | 10,018.00 | 5,019.03 | 4,999.03 | - | 20.00 | 5,019.03 |
| (ii) Non Current Loans and Advances | - | - | - | - | - | - | - | - | - | - |
| (iii) Other non-current financial assets | 86,093.38 | - | - | 86,093.38 | 86,093.38 | 41,987.95 | - | - | 41,987.95 | 41,987.95 |
| **Current assets** | | | | | | | | | | |
| (i) Current Investments | 5,190.10 | 5,190.10 | | - | 5,190.10 | 9,070.22 | 9,070.22 | - | - | 9,070.22 |
| (ii) Trade receivables | 8,084.95 | - | - | 8,084.95 | 8,084.95 | 6,152.50 | - | - | 6,152.50 | 6,152.50 |
| (iii) Cash and cash equivalents | 1,966.62 | - | - | 1,966.62 | 1,966.62 | 1,609.58 | - | - | 1,609.58 | 1,609.58 |
| (iv) Bank balance other than (iii) above | - | - | - | - | - | 395.75 | - | - | 395.75 | 395.75 |
| (v) Short term loans and Advances | 196.20 | - | - | 196.20 | 196.20 | 193.60 | - | - | 193.60 | 193.60 |
| (vi) Other current financial assets | 1,002.55 | - | - | 1,002.55 | 1,002.55 | 698.32 | - | - | 698.32 | 698.32 |
| **Total financial assets** | **112,551.80** | **15,188.10** | **-** | **97,363.70** | **112,551.80** | **65,126.94** | **14,069.24** | **-** | **51,057.70** | **65,126.94** |
| **Financial liabilities** | | | | | | | | | | |
| **Non-current liabilities** | | | | | | | | | | |
| (i) Other non-current financial liabilities | 213.13 | - | - | 213.13 | 213.13 | 293.92 | - | - | - | 293.92 |

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to the financial statement for the year ended 31st March, 2024

| | As at 31st March, 2024 | | | | | As at 31st March, 2023 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Carrying amount | Fair value | | | Total | Carrying amount | Fair value | | | Total |
| | | Level 1 | Level 2 | Level 3 | | | Level 1 | Level 2 | Level 3 | |
| **Current liabilities** | | | | | | | | | | |
| (i) Trade payables | | | | | | | | | | |
| (A) total outstanding dues of creditors other than micro enterprises and small enterprises | 1,981.29 | - | - | 1,981.29 | 1,981.29 | 1,334.90 | - | - | - | 1,334.90 |
| (ii) Other current financial liabilities | 139.23 | - | - | 139.23 | 139.23 | 1,265.30 | - | - | - | 1,265.30 |
| **Total financial liabilities** | **2,333.65** | **-** | **-** | **2,333.65** | **2,333.65** | **2,894.12** | **-** | **-** | **-** | **2,894.12** |

## C. MEASUREMENT OF FAIR VALUES

The fair value of financial instruments have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The categories used are as follows:

**Level 1 :** Level 1 hierarchy includes financial instruments measured using unadjusted quoted prices in active markets that the Company has the ability to access for the identical assets or liabilities. A financial instrument is classified as a Level 1 measurement if it is listed on an exchange. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges in valued using the closing price as at the reporting period. The mutual funds are valued at the closing NAV.

**Level 2 :** The fair value of financial instruments that are not traded in active markets is determined using valuation techniques which maximize the use of observable market data either directly or indirectly, such as quoted prices for similar assets and liabilities in active markets, for substantially the full term of the financial instrument but do not qualify as Level 1 inputs. 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 in observable market data, the instruments is included in level 3. That is, Level 3 inputs incorporate market participants' assumptions about risk and the risk premium required by market participants in order to bear that risk. The Bank develops Level 3 inputs based on the best information available in the circumstances.

### Financial instruments valued at carrying value

The respective carrying values of certain on-balance sheet financial instruments approximated their fair value. These financial instruments trade receivables, cash and cash equivalents, bank balance, other financial assets, trade payables, employee related payables and other financial liabilities which are considered as financial instruments. Carrying values were assumed to approximate fair values for these financial instruments as they are short-term in nature and their recorded amounts approximate fair values or are receivable or payable on demand.

Valuation techniques used to determine fair value

### Investment in equity shares

Investment in Alpha Micro Finance Consultants Private Limited comprises of 200,000 fully Paid Equity Shares of ₹ 10 each -₹ 20,00,000. This Investee Company was formed by group of Micro Finance NBFCs for the purpose of interacting with credit bureaus and establishing an optimal credit bureau environment for micro finance sector. This investment is long-term investment and unquoted. Fair value is not materially different from the cost.

### Fair value of financial assets carried at amortised cost

### Short-term Loans

The fair values of loans that do not reprice or mature frequently are estimated using discounted cash flow models. The discount rates are based on internal models and consequently for the purposes of level disclosures categorized under Level 3. The Level 3 loans would decrease (increase) in value based upon an increase (decrease) in discount rate. Since, the Company has charged the interest rates which reflect current market price, the carrying values of these loans approximate their fair values.

For purposes of these fair value estimates, the fair values of impaired loans were computed by discounting expected cashflows using appropriate market yield.

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to the financial statement for the year ended 31st March, 2024

**Long-term Loans - Deposits**

The fair value of demand deposits and savings deposits without defined maturities are the amounts payable on demand. For deposits with defined maturities, the fair values were estimated using discounted cash flow models that apply market interest rates corresponding to similar deposits and timing of maturities.

**LEVEL 3**

The table below lists key unobservable inputs to Level 3 financial instruments, and provides the range of those inputs as at 31st March, 2024:

| Financial Instruments | Significant unobservable inputs | Fair value measurement sensitivity to unobservable inputs |
|---|---|---|
| Investments in equity securities | Price | If the price was higher / lower, the fair value would increase / decrease. |

Sensitivity analysis of Level 3 financial instruments measured at fair value on a recurring basis

Although the Company believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects:

(Amount in lakh)

| Particulars | As at 31st March, 2023 | | As at 31st March, 2024 | |
|---|---|---|---|---|
| | Increase | Decrease | Increase | Decrease |
| Investment in unquoted equity shares: | | | | |
| If price was higher / (lower) by 500 bps, the fair value would increase / (decrease) | 1.00 | 1.00 | 1.00 | (1.00) |

**D. FINANCIAL RISK MANAGEMENT**

The Company has exposure to the following risks arising from financial instruments

- Credit risk ;
- Liquidity risk ; and
- Market risk.

**Risk management framework**

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

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to the financial statement for the year ended 31st March, 2024

**ii. Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, loans and advances, bank balances and other financial assets. The carrying amounts of following financial assets represent the maximum credit risk exposure:

(Amount in lakh)

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| Trade receivables | 8,086.56 | 6,153.70 |
| Loans | 199.54 | 196.66 |
| Investments | 10,020.00 | 5,020.00 |
| Bank Balances | 1,677.19 | 1,822.08 |
| Other financial assets | 87,117.12 | 42,696.34 |
| **Total** | **107,100.41** | **55,888.79** |

**a. Credit quality analysis**

The following table sets out the information about the credit quality of financial assets measured at amortised cost.

(Amount in lakh)

| Particulars | As at 31st March, 2024 | | | | |
|---|---|---|---|---|---|
| | 12-month ECL | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | Purchased credit impaired | Total |
| **Trade Receivables** | | | | | |
| Current | 8,086.56 | - | - | - | 8,086.56 |
| Past due 1–30 days | - | - | - | - | - |
| Past due 31–60 days | - | - | - | - | - |
| Past due 61–90 days | - | - | - | - | - |
| Past due 90 days | - | - | - | - | - |
| | **8,086.56** | **-** | **-** | **-** | **8,086.56** |
| Less: Impairment loss allowance | (1.61) | - | - | - | (1.61) |
| **Carrying amount** | **8,084.95** | **-** | **-** | **-** | **8,084.95** |

**As at 31st March, 2024**

(Amount in lakh)

| | 12-month ECL | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | Purchased credit impaired |
|---|---|---|---|---|
| **Investments** | | | | |
| Rated A and above | 10,000.00 | - | - | - |
| Less: Impairment loss allowance | (2.00) | - | - | - |
| **Net carrying amount** | **9,998.00** | **-** | **-** | **-** |

# Schedules

to the financial statement for the year ended 31st March, 2024

The following table sets out the information about the credit quality of financial assets measured at amortised cost.

(Amount in lakh)

| Particulars | As at 31st March, 2023 | | | | |
|---|---|---|---|---|---|
| | 12-month ECL | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | Purchased credit impaired | Total |
| **Trade Receivables** | | | | | |
| Current | 6,153.70 | - | - | - | 6,153.70 |
| Past due 1–30 days | - | - | - | - | - |
| Past due 31–60 days | - | - | - | - | - |
| Past due 61–90 days | - | - | - | - | - |
| Past due 90 days | - | - | - | - | - |
| | **6,153.70** | **-** | **-** | **-** | **6,153.70** |
| Less: Impairment loss allowance | (1.20) | - | - | - | (1.20) |
| **Carrying amount** | **6,152.50** | **-** | **-** | **-** | **6,152.50** |

**As at 31st March, 2023**

(Amount in lakh)

| | 12-month ECL | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | Purchased credit impaired |
|---|---|---|---|---|
| **Investments** | | | | |
| Rated A and above | 5,000.00 | - | - | - |
| Less: Impairment loss allowance | (0.97) | - | - | - |
| **Net carrying amount** | **4,999.03** | **-** | **-** | **-** |

**B. AMOUNTS ARISING FROM ECL**

**i. Inputs, assumptions and techniques used for estimating impairment:**

**Inputs considered in the ECL model:**

The Company applies various approaches to determine if there has been a significant increase in credit risk. In determining whether credit risk has increased significantly since initial recognition, the Company uses days past due information and forecast information to assess deterioration in credit quality of a financial asset.

The company categorises Financial assets into stages based on the days past due status.

- Stage 1: 0-30 days past due
- Stage 2: 31- 90 days past due
- Stage 3: More than 90 days past due

The Company has used simplified approach to provide expected credit loss on trade receivables as prescribed by Ind AS 109 which permits use of lifetime expected credit loss provision for all trade receivables. The Company has historic credit loss data to compute ECL.

**Assumption considered in the ECL model:**

- "Loss given default" (LGD) is an estimate of loss from a transaction given that a default occurs.
- Probability of default (PD) is defined as the probability of whether the borrowers will default on their obligations in the future. For assets which are in Stage 1, a 12 month PD is required. For Stage 2 assets a lifetime PD is required while Stage 3 assets are considered to have a 100% PD.
- "Exposure at default" (EAD) represents the expected exposure in the event of a default and is the gross carrying amount in case of the financial assets held by the Company.

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to the financial statement for the year ended 31st March, 2024

**Forward looking information:**

The Company incorporates forward looking information into both assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on the consideration of a variety of external actual and forecast information, the Company forms a 'base case' view of the future direction of relevant economic variables such as domestic credit growth, change in gross fixed investments etc. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. The base case represents a most likely outcome while the other scenarios represent more optimistic and more pessimistic outcomes.

**Assessment of significant increase in credit risk:**

The credit risk on a financial asset of the Company are assumed to have increased significantly since initial recognition when contractual payments are more than 30 days past due. Accordingly the financial assets shall be classified as Stage 2, if on the reporting date, it has been 30 days past due.

## II. IMPAIRMENT LOSS ALLOWANCE

The following table shows reconciliations from the opening to the closing balance of the loss allowances and write offs:

(Amount in lakh)

| Particulars | 12-month ECL | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | Purchased credit impaired | Total |
|---|---|---|---|---|---|
| **Trade receivables** | | | | | |
| Balance as at 31st March, 2022 | 0.56 | - | - | - | - |
| Net remeasurement of loss allowance | | | | | |
| New financial assets originated during the year | (1.20) | - | - | - | - |
| Financial assets that have been derecognised during the period | (0.56) | - | - | - | - |
| Balance as at 31st March, 2023 | (1.20) | - | - | - | - |
| Net remeasurement of loss allowance | | | | | |
| New financial assets originated during the year | (1.61) | - | - | - | - |
| Financial assets that have been derecognised during the period | 1.20 | - | - | - | - |
| Balance as at 31st March, 2024 | (1.61) | - | - | - | - |

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(Amount in lakh)

| | 12-month ECL | Lifetime ECL not credit-impaired | Lifetime ECL credit-impaired | Total |
|---|---|---|---|---|
| **Loans** | | | | |
| **Balance as at 31st March, 2022** | 2.08 | 121.73 | 1,964.29 | 2,088.10 |
| Transfer to/from 12 month ECL | - | - | - | - |
| Transfer to/from Lifetime ECL not credit impaired | - | - | - | - |
| Transfer to/from Lifetime ECL credit impaired | - | - | - | - |
| Net remeasurement of loss allowance | - | - | - | - |
| New financial assets originated during the year | - | - | - | - |
| Financial assets that have been derecognised during the period | (2.08) | (121.73) | (1,964.29) | (2,088.10) |
| Write-offs | - | - | - | - |
| **Balance as at 31st March, 2023** | **-** | **-** | **-** | **-** |
| Transfer to/from 12 month ECL | - | - | - | - |
| Transfer to/from Lifetime ECL not credit impaired | - | - | - | - |
| Transfer to/from Lifetime ECL credit impaired | - | - | - | - |
| Net remeasurement of loss allowance | - | - | - | - |
| New financial assets originated during the year | - | - | - | - |
| Financial assets that have been derecognised during the period | - | - | - | - |
| Write-offs | - | - | - | - |
| **Balance as at 31st March, 2024** | **-** | **-** | **-** | **-** |

(Amount in lakh)

| | Investments | Security deposit, employee loans | Bank Balance | Other financial assets |
|---|---|---|---|---|
| **Balance as at 31st March, 2022** | 0.40 | 5.69 | 4.42 | 0.07 |
| Net remeasurement of loss allowance | 0.58 | 2.53 | 4.27 | 0.00 |
| **Balance as at 31st March, 2023** | **0.98** | **8.22** | **8.69** | **0.07** |
| **Balance as at 31st March, 2023** | 0.98 | 8.22 | 8.69 | 0.07 |
| Net remeasurement of loss allowance | 1.06 | 2.39 | 8.86 | (0.00) |
| **Balance as at 31st March, 2024** | **2.04** | **10.61** | **17.55** | **0.07** |

**III. LIQUIDITY RISK**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

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**MATURITY PROFILE OF FINANCIAL LIABILITIES**

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

| Sr. No. | Particulars | Carrying amount | Total | Less than 1 month | 1-3 months | 3 months-1 year | 1-5 years | More than 5 years |
|---|---|---|---|---|---|---|---|---|
| | **As at 31st March, 2024** | | | | | | | |
| | **Financial liabilities** | | | | | | | |
| 1 | Trade Payables | 1,981.29 | 1,981.29 | 464.41 | 14.92 | 1,501.96 | - | - |
| 2 | Other Financial Liabilities | 352.36 | 352.36 | 0.33 | 74.78 | 77.94 | 178.35 | 20.96 |
| | **Carrying Amount** | **2,333.65** | **2,333.65** | **464.74** | **89.71** | **1,579.89** | **178.35** | **20.96** |

(Amount in lakh)

| Sr. No. | Particulars | Carrying amount | Total | Less than 1 month | 1-3 months | 3 months-1 year | 1-5 years | More than 5 years |
|---|---|---|---|---|---|---|---|---|
| | **As at 31st March, 2023** | | | | | | | |
| | **Financial liabilities** | | | | | | | |
| 1 | Trade Payables | 1,334.90 | 1,334.90 | 185.04 | 40.55 | 1,109.31 | - | - |
| 2 | Other Financial Liabilities | 1,559.22 | 1,559.22 | 1,163.10 | 30.53 | 61.22 | 276.50 | 27.86 |
| | **Carrying Amount** | **2,894.12** | **2,894.12** | **1,348.14** | **71.09** | **1,170.53** | **276.50** | **27.86** |

**IV. 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 prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Company does not have any exposure to currency risk.

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates would adversely affect the Company's financial conditions. The same typically involves looking at Gap or mismatch over different time intervals as at a given date.

**Exposure to interest rate risk**

Company's interest rate risk arises from Investments and Fixed Deposits. The interest rate profile of the Company's interest bearing financial instruments as reported to the management of the Company is as follows.

(Amount in lakh)

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| **Fixed-rate instruments** | | |
| **Financial Assets (net of impairment loss allowance)** | | |
| Investment in Non Convertible Debentures | 9,998.00 | 4,999.03 |
| Fixed Deposits | 73,529.04 | 42,262.86 |
| **Total Net** | **83,527.04** | **47,261.89** |

**Fair value sensitivity analysis for fixed-rate instruments**

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

**Variable-rate instruments**

There are no financial instruments with variable rate.

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to the financial statement for the year ended 31st March, 2024

## NOTE 34 CAPITAL DISCLOSURE

For the purpose of the Company's capital management, capital includes issued capital and other equity reserves. The primary objective of the Company's Capital Management is to maximise shareholders value. The Company manages its capital structure and makes adjustments in the light of changes in economic environment. The Company is sufficiently capitalised and no changes were made in objectives, policies or processes for managing capital during the year ended 31st March, 2024 and 31st March, 2023.

The Company funds its operations through internal accruals and aims at maintaining a strong capital base to support the future growth of its businesses.

## NOTE 35 SEGMENT INFORMATION

An operating segment is a component of the Company that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. The Company is organised into one business unit and has single segment which is acting as a business correspondent to KMBL.

The Board of Directors are the Chief Operating Decision Maker ("CODM") of the company and evaluates the Company's performance. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statement.

The Company caters only to the domestic market where there are no differing risks and returns and hence, there are no reportable geographical segments.

**Information about major customers**

Revenue from one customer of the Company is ₹ 89,503.44 Lakh (PY: ₹ 52,300.91 lakh) which is more than 10 percent of the Company's total revenue.

## NOTE 36 REVENUE FROM CONTRACTS WITH CUSTOMERS

### A) THE COMPANY HAS RECOGNISED FOLLOWING AMOUNTS RELATING REVENUE IN THE STATEMENT OF PROFIT AND LOSS:

(Amount in lakh)

| Particulars | For the year ended 31st March, 2024 | For the year ended 31st March, 2023 |
|---|---|---|
| Revenue from contracts with customers | 93,079.06 | 54,579.11 |
| Revenue from other sources | 5,908.29 | 2,801.98 |
| Total Income | 98,987.35 | 57,381.09 |
| Impairment loss on receivables / (Reversal of impairment Loss) | 0.41 | 0.64 |

### B) DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

In the following table, revenue is disaggregated by primary geographical market, major service lines :

(Amount in lakh)

| Particulars | For the year ended 31st March, 2024 | For the year ended 31st March, 2023 |
|---|---|---|
| **Primary Geographical Market** | | |
| India | 93,079.06 | 54,579.11 |
| **Major services** | | |
| Business Correspondent | 90,171.05 | 52,356.34 |
| Insurance commission | 2,908.01 | 2,000.00 |
| **Total** | **93,079.06** | **54,356.34** |
| **Timing of revenue recognition** | | |
| Over a period of time | 90,171.05 | 52,356.34 |
| At a point in time | 2,908.01 | 2,000.00 |
| **Total** | **93,079.06** | **54,356.34** |

# Schedules

to the financial statement for the year ended 31st March, 2024

### C) CONTRACT BALANCES

i. The following table provides information about receivables from contracts with customers:

(Amount in lakh)

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| Trade Receivables (net of Impairment loss allowance) | 8,084.95 | 6,152.50 |

## NOTE 37 OFFSETTING

The company has not offset financial assets and financial liabilities during the yea

## NOTE 38 RATIO ANALYSIS

(Amount in lakh)

| Particulars | Numerator | Denominator | For the year ended 31st March, 2024 | For the year ended 31st March, 2023 | % of variance | Explanation for change in the ratio by more than 25% |
|---|---|---|---|---|---|---|
| **Liquidity ratio** | | | | | | |
| **Current ratio (times)** | Current assets | Current liabilities | 0.96 | 2.28 | -58% | The decrease in current ratio for FY24 is mainly due to decrese in current investmnet and Increase in the Provisions |
| **Solvency ratio** | | | | | | |
| Debt-Equity Ratio (times) | Total Debt | Shareholder's Equity | 0.00 | 0.01 | -52% | The decrease in debt equity ratio is mainly due to increase in profit after tax for FY24 which is transferred to retained earnings in FY24 |
| Debt Service Coverage Ratio (times) | Net Profit after taxes + Non-cash operating expenses like depreciation and other amortizations + Interest + other adjustments like loss on sale of Fixed assets etc. | Interest + Lease Payments + Principal Repayments | 355.25 | 266.86 | 33% | The increase in Debt Service Coverage ratio is mainly due to increase in profit after tax for FY24 |
| **Profitability ratio** | | | | | | |
| Net Profit Ratio (%) | Profit After Tax | Total Sales | 43.55% | 52.13% | -16% | The decrease in Net Profit Ratio (%) is mainly due to increase in provision during FY2023-24 |
| Return on Equity Ratio (%) | Profit After Tax - Preference Div. (if any) | Average Shareholder's Equity | 50.12% | 61.31% | -18% | |

# Schedules

to the financial statement for the year ended 31st March, 2024

| Particulars | Numerator | Denominator | For the year ended 31st March, 2024 | For the year ended 31st March, 2023 | % of variance | Explanation for change in the ratio by more than 25% |
|---|---|---|---|---|---|---|
| Return on Capital employed (%) | Earning before interest and tax | Tangible Net Worth + Total Debt + Deferred Tax Liability | 53.20% | 62.25% | -15% | |
| Return on Investment (%) | Return on investment | Average Investments | 9.97% | 7.99% | 25% | The increase in Return on Investment is mainly due to increase in investments for FY24 |
| **Utilization ratio** | | | | | | |
| Trade Receivables turnover ratio (times) | | | NA | NA | NA | NA |
| Inventory turnover ratio (times) | | | NA | NA | NA | NA |
| Trade payables turnover ratio (times) | | | NA | NA | NA | NA |
| Net capital turnover ratio (times) | | | NA | NA | NA | NA |

### NOTE 39 THE CODE ON SOCIAL SECURITY, 2020

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

**NOTE 40** The frauds detected in excess of ₹ 1Crore and considered for reporting under section 143(12) of the Companies Act, for the year amounted to ₹ 336.86 Lakh (PY:Nil)

### NOTE 41 OTHER REGULATORY AND STATUTORY INFORMATION

i. The Company has not entered transactions with Companies which are stuck off under section 248 of the Companies Act, 2013 or under section 560 of Companies Act, 1956.

ii. The Company has not been declared a wilful defaulter by any bank or financial institution or government or any government authority.

iii. The Company has complied with the number of layers as prescribed under clause (87) of section 2 of the Companies Act, 2013 read with the Companies (Restriction on Number of Layers) Rules, 2017.

iv. Compliance with approved Scheme(s) of Arrangements - Not Applicable as the Company has no Scheme of Arrangements that has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.

v. The company has not traded or invested in Crypto Currency or Virtual Currency during the financial year.

vi. There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

vii. The company does not have any borrowings from banks or financial institutions, accordingly does not have any charges on the basis of security of current assets.

# Schedules

to the financial statement for the year ended 31st March, 2024

## NOTE 42 THE FIGURES FOR THE CORRESPONDING PREVIOUS YEAR HAVE BEEN REGROUPED / RECLASSIFIED WHEREVER NECESSARY, TO MAKE THEM COMPARABLE.

(Amount in lakh)

| Particulars | Balance as at 31st March, 2023 as per previous year financial statements | Balance as at 31st March, 2023 as per current year financial statements | Difference | Reasons for regrouping / reclassification |
|---|---|---|---|---|
| **Other Non-Current Financial Assets** | 41,898.87 | 41,987.95 | (89.08) | Balances in escrow accounts with a lock in period of more than 1 year |
| **Bank balance other than cash and cash equivalents above** | 484.83 | 395.75 | 89.08 | |
| Non-Current Tax Assets (Net) | - | 295.93 | (295.93) | Classification of net advance tax balance as non-current |
| Current Tax Assets (Net) | 295.93 | - | 295.93 | |
| | | | | |
| Non-current liabilities | | | | |
| Provisions | - | 124.01 | (124.01) | Classification of provisions towards employee benefits related obligations |
| Current liabilities | | | | |
| Provisions | 4,285.66 | 4,192.06 | 93.60 | |
| Other current liabilities | 1,170.22 | 1,139.81 | 30.41 | |

**NOTE 43** The Board, duly taking into account all the relevant disclosures made, has approved these financial statements in its meeting held on Date: 23rd April, 2024.

In terms of our report attached.

**For Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm Registration Number: 117366W/W-100018

**Madhavi Kalva**
Partner
Membership Number: 213550
30th April, 2024
Place: Bengaluru

**For and on behalf of Board of Directors**
**BSS Microfinance Limited**

**Kumar S**
Executive Director
DIN: 06603865
23rd April, 2024
Place: Bengaluru

**Tapobrat Chaudhuri**
Director
DIN: 09291548
23rd April, 2024
Place: Bengaluru

**Suresh Batchu**
Chief Financial Officer
23rd April, 2024
Place: Bengaluru

**Kavitha P B**
Company Secretary
23rd April, 2024
Place: Bengaluru

BSS Microfinance

BSS Microfinance Limited
No. 11, 2nd Block, 2nd Stage, Outer Ring Road,
Near BDA Complex, Nagarabhavi Layout, Bangalore - 560072
Company Website: www.bssmfi.com
Kotak Mahindra Bank Website: www.kotak.com

**Connect with us**

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