

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PRAGATI FINSERV PRIVATE LIMITED**

Report on Audit of Standalone Ind AS financial statements

Opinion

1. We have audited the accompanying standalone Ind AS financial statements of **PRAGATI FINSERV PRIVATE LIMITED** ('the Company'), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flow for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the Ind AS and accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023 and its profit/loss, Total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Ind AS financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Standalone Ind AS financial statements and Auditor's Report Thereon

4. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Business update but does not include the standalone Ind AS financial statements and our auditor's report thereon. Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the standalone Ind AS financial statements,

Registered Office : Vikas Mantra Towers, 4th floor, Old No. 120, New No. 249,
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LLP identity No.
AAF-8642

our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained in the 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 Standalone Ind AS financial statements

5. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including Other comprehensive income, Changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the companies (Indian Accounting Standards) Rules, 2015, as amended. 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 implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility for the Audit of the Standalone Ind AS financial statements

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



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

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal financial controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Ind AS 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 standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone Ind AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone Ind AS 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 standalone Ind AS 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 that we identify during our audit.

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



Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2020 issued by the Government of India in terms of Section 143 (11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.
8. As required by section 143 (3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss, the statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) We do not have any observation or comment on the standalone Ind AS financial statements or matters which have any adverse effect on the functioning of the company.
 - (f) On the basis of written representations received from the Directors on March 31, 2023 and taken on record by the Board of Directors, we report that none of the Directors is disqualified from being appointed as a director in terms of Section 164(2) of the Act;
 - (g) In our opinion and according to the information and explanation given to us, during the current year, Internal financial controls with reference to standalone Ind AS financial statements is not applicable as the company is a private company with turnover less than Rs.50 Crores as per last audited financial statement and aggregate borrowings from banks or financial institutions or anybody corporate at any point of time during the financial year less than Rs. 25 Crore;
 - (h) We do not have any qualification, reservation or adverse remark relating the maintenance of accounts and other matters connected herewith.
9. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (a) The Company does not have pending litigations which would impact its financial position.
 - (b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - (c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - (d)
 - (i) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested by the company to or in any other person(s) or entity(ies) including foreign entity ("intermediaries"), with the understanding, whether



recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the security or the like on behalf of the ultimate beneficiaries;

- (ii) The management has represented, that to the best of its knowledge and belief, 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;

Based on such audit procedures that we have considered reasonable and appropriate in the circumstances nothing has come to our notice that has caused us to believe that the representations under sub-clause d(i) and d(ii) contain any material mis-statement.

- (e) The Company has neither declared nor paid any dividend during the year.
- (f) The reporting requirement on whether the remuneration paid by the company to its directors during the year is in accordance with the provisions of section 197(16) of the Act is not applicable since the company is a private limited company and accordingly the provisions of Section 197 of the Act is not applicable to the company.
- (g) As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

Place: Chennai
Date: May 05, 2023

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

Handwritten signature



R Venkatesh
Partner
Membership No. 203816
Udin: 23203816BGXSQM6973

ANNEXURE A

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in the Auditors report to the members of Pragati Finserv Private Limited
on the accounts for the year ended March 2023)

As required by the Companies (Auditor's Report) Order, 2020 issued by the Government of India in terms of Section 143(11) of the Companies Act, 2013, we report that:

(i) Property, Plant and Equipment (PPE)

- (a) In our opinion and according to the information and explanations given to us, in respect of its Property, Plant & Equipment and intangible assets:
- A. The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant & equipment;
 - B. The company has maintained proper records showing full particulars of intangible assets;
- (b) The Property, Plant & Equipment of the Company were physically verified during the period by the management. According to the information and explanations given to us no material discrepancies were noticed on such verification;
- (c) As per the financial statements of the company, the company does not hold any immovable property except lease hold property and the lease agreements are duly executed in the name of the company disclosed in the financial statements.
- (d) During the year, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or Intangible assets or both hence reporting on (a) whether the re-valuation was based on the valuation by a Registered Valuer; (b) amount of change and hence reporting under this clause is not applicable.
- (e) As per information and explanation furnished to us, no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder and hence reporting under this clause is not applicable.



(ii) Inventories

In our opinion and according to the information and explanations given to us;

- a. The Company does not hold any physical inventory. Hence provisions of 3(ii) of the Order are not applicable;
- b. The Company has not been sanctioned any working capital limits in excess of five crore rupees during the period, in aggregate, from banks or financial institutions on the basis of security of current assets;

(iii) Investments, Guarantee, Security, Loans or Advances by the Company

According to the information and explanations made available to us, the company has not, during the year made any investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties and hence reporting under clauses 3(iii)(a) to 3(iii)(f) of CARO 2020 is not applicable to the company.

(iv) Loan to Directors and Investment by the Company

According to the information and explanations made available to us, the company has not given any loans, made any investments, provided guarantees or issued security during the year requiring compliance of section 185 and section 186 of the Companies Act and hence reporting under clause 3(iv) of CARO 2020 is not applicable.

(v) Deposits

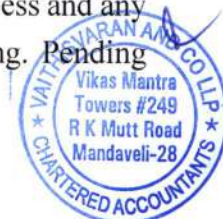
According to the information and explanations made available to us, the company has not accepted any deposits or amounts which are deemed to be deposits and hence reporting under clause 3(v) of CARO 2020 is not applicable.

(vi) Cost Records

According to the information and explanations made available to us, the maintenance of cost records has not been prescribed by the Central Government for the company.

(vii) Statutory Dues

- (a) The company has generally been regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities except for the following. Pending



Professional Tax Registration, an amount of Rs. 2322/- and Rs. 1100/- of undisputed dues towards remittance of Professional tax deductions in the states to Madhya Pradesh and Jharkhand respectively remains to be paid for more than six months as on 31 Mar 2023.

(b) According to information and explanation given to us and records of the company examined by us, the particulars in respect of Employees Provident Fund, employee state insurance, Income-tax, Goods and Services tax, Service tax, duty of customs, cess and any other statutory dues with appropriate authorities that have not been deposited with the appropriate authorities on account of pending disputes are Nil as at March 31, 2023.

(viii) Transactions not recorded in books and have been surrendered or disclosed as income during the year in income-tax assessments.

According to the information and explanations given to us and based on our examination of books of accounts, the company has not entered any transaction which is not recorded in books and have been surrendered or disclosed as income during the year in tax assessments under the Income Tax Act, 1961(43 of 1961). Hence reporting under clauses 3(viii) of CARO 2020 is not applicable.

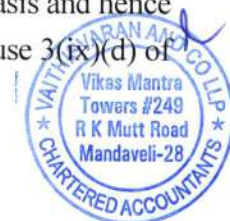
(ix) Repayment of Loans

(a) According to the information and explanations given to us and based on our examination of books of accounts, the company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender. Hence reporting under clauses 3(ix) of CARO 2020 is not applicable.

(b) According to the information and explanations given to us, the company is not declared as "willful defaulter" by any banks or financial institutions or other lenders and hence reporting under clauses 3(ix)(b) of CARO 2020 is not applicable.

(c) According to the information and explanations given to us and based on our examination of books of accounts, the company has not availed any term loans and hence reporting on whether the term loans were applied for the purpose of loan under clause 3(ix)(c) is not applicable.

(d) According to the information and explanations given to us and based on our examination of books of accounts, the company has not raised any funds on short term basis and hence reporting on whether such funds were utilized for long term basis under clause 3(ix)(d) of CARO 2020 is not applicable.



(e) According to the information and explanations given to us and based on our examination of books of accounts, the company does not have any subsidiaries, associates or joint ventures and hence reporting under clause 3(ix)(e) and (f) of CARO 2020 is not applicable.

(x) Utilization of Funds

(a) According to the information and explanations given to us and based on our examination of books of accounts, the company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of CARO 2020 is not applicable.

(b) According to the information and explanations given to us and based on our examination of books of accounts, the company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year and hence reporting under clauses 3(x)(b) of CARO 2020 is not applicable.

(xi) Reporting of Fraud

(a) According to the information and explanations given to us, no fraud by the company or any fraud on the company has been noticed or reported during the year and hence reporting under clause 3(xi)(a) of CARO 2020 is not applicable.

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government and hence reporting under clause 3(xi)(b) of CARO 2020 is not applicable.

(c) We are informed that no whistle blower complaints have been received during the year and hence reporting under clause 3(xi)(c) of CARO 2020 is not applicable.

(xii) Nidhi Company

The company is not a Nidhi Company and hence reporting under clause 3(xii)(a) to 3(xii)(c) of CARO 2020 is not applicable.

(xiii) Related Party Transactions

The company has entered into transactions with the related parties during the year and are in compliance with sections 177 and 188 of Companies Act, 2013 and the details have been disclosed in the financial statements as required by applicable accounting standards.



(xiv) Internal Audit

In our opinion and based on our examination, Provision of internal audit under section 138 of the Act are not applicable to the company. Hence reporting under clause 3(xiv) of CARO 2020 is not applicable.

(xv) Non-cash Transactions with directors or persons connected with him

According to the information and explanations given to us, in our opinion during the year the company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the company.

(xvi) Registration under Reserve Bank of India Act, 1934

(a) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and hence reporting under clause 3(xvi)(a) of CARO 2020 is not applicable.

(b) The company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934 and hence reporting under clause 3(xvi)(b) of CARO 2020 is not applicable.

(c) The company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India and hence reporting under clause 3(xvi)(c) of CARO 2020 is not applicable.

(d) According to the information and explanations given to us, in our opinion the Group does not have more than one Core Investment Company (CIC) and hence reporting under clause 3(xvi)(d) of CARO 2020 is not applicable.

(xvii) Cash Losses

The Company has incurred cash loss of Rs. 418.57 lakhs during the financial year and Rs.381.52 lakhs during the immediately preceding financial year.



(xviii) Resignation of Auditors

There has been no resignation of any statutory auditors during the year and hence reporting under clause 3(xviii) of CARO 2020 is not applicable.

(xix) Material Uncertainty

According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that 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 or otherwise 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) Schedule VII to the Companies Act, 2013

The provisions of section 135 of the Companies Act, 2013 are not applicable to the company and hence reporting under clauses 3(xx)(a) and 3(xx)(b) of CARO 2020 is not applicable.

(xxi) Modified opinion (CARO) in other Group Companies

Being standalone financials para (xxi) of the order is not applicable.

Place: Chennai
Date: May 05, 2023

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

R Venkatesh



R Venkatesh
Partner
Membership No. 203816
UDIN: 23203816BGXSQM6973

PRGATI FINSERV PRIVATE LIMITED

CIN: U65990TG2021PTC148992

8-2-624/A/1, 4th Floor, Meena Bazaar Towers, Road No. 10,
Avenue 4, Banjara Hills, Hyderabad, Telangana 500034, India

Balance Sheet as at 31 March 2023

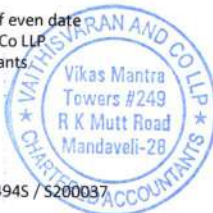
Particulars	Note No.	As at 31 March 2023	As at 31 March 2022
		Amount Rs. in lakhs	Amount Rs. in lakhs
I ASSETS			
1 Non-Current Assets			
(a) Property, Plant and Equipment	4(a)	161.37	30.99
(b) Intangible Assets	4(b)	148.83	2.87
(c) Right of Use	4(c)	313.85	340.88
(d) Financial assets		-	-
(i) Non-Current Investments	5	112.66	38.07
(ii) Other Non-Current Financial Assets	6	-	9.33
(e) Other non Current assets		-	-
2 Current Assets			
(a) Financial Assets			
(i) Current Investments	7	532.52	1,512.84
(ii) Trade Receivables	8	684.63	-
(iii) Cash and cash equivalents	9	384.09	186.83
(iv) Bank Balances other than cash and cash equivalents	10	711.67	353.64
(iv) Others		1.64	1.64
(b) Current tax assets (net)		321.73	0.64
(c) Other current Asset	11	53.46	24.42
Total Assets		3,426.45	2,502.15
II EQUITY AND LIABILITIES			
1 Equity			
(a) Equity share capital	12	2,501.00	2,501.00
(b) Other equity	13	(909.01)	(421.41)
LIABILITIES			
1 Non- Current Liabilities			
(a) Financial liabilities			
(i) Lease liabilities	14	352.80	361.48
(b) Long Term Provisions	15	438.97	3.80
2 Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	16	1.00	1.00
(ii) Trade Payables		-	-
(iii) Other Financial liabilities	17	848.49	46.78
(b) Provisions	18	38.56	-
(Current Tax Liabilities (Net)		-	-
(d) Other Current liabilities	19	154.64	9.50
Total Equity and Liabilities		3,426.45	2,502.15

Company Information, Basis of Preparation and Significant Accounting Policies
Notes to Accounts

Notes 1 to 3
Notes 4 to 36

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

R Venkatesh
Partner
M.No: 203816
Firm Regn No: 0044945 / S200037



For and on behalf of the board of directors of
Pragati Finserv Private Limited

Jagadish Babu Ramadugu
Managing Director and
Chief Executive officer
DIN : 01855121

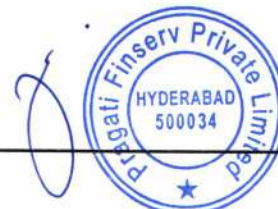
Ashish Mahotra
Chairman and
Non Executive Director
DIN: 07277318

Monika Gungur
Company Secretary

Monika Gungur
Company Secretary

Place: Chennai
Date: May 05, 2023

Place: Chennai
Date: May 05, 2023



PRGATI FINSERV PRIVATE LIMITED

CIN: U65990TG2021PTC148992

8-2-624/A/1, 4th Floor, Meena Bazaar Towers, Road No. 10,
Avenue 4, Banjara Hills, Hyderabad, Telangana 500034, India

Statement of Profit and Loss for the month ended 31 March 2023

Particulars	Note No.	For the Year ended 31 March 2023	For the period 25 February 2021 to 31 March 2022
		Amount Rs. in lakhs	Amount Rs. in lakhs
Revenue			
I Revenue from Operations	20	3,805.54	-
II Other Income	21	321.99	19.31
III Total Income (I + II)		4,127.53	19.31
IV Expenses			
Employee benefit expenses	23	3,211.60	265.68
Finance costs	22	54.18	56.70
Other expenses	24	1,152.81	78.45
Depreciation, amortization and impairment	25	171.55	39.89
Total Expenses (IV)		4,590.14	440.72
V (Loss) / Profit before Exceptional Items and tax (III - IV)		(462.61)	(421.41)
VI Exceptional item		-	-
VII (Loss) / Profit before tax (V- VI)		(462.61)	(421.41)
VIII Tax Expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
(3) Earlier years adjustments		-	-
Total Tax Expenses (VIII)		-	-
IX (Loss) / Profit for the year (VII- VIII)		(462.61)	(421.41)
X Other Comprehensive Income			
A (i) Items that will not be classified to profit or loss:			
Remeasurement gains and (losses) on defined benefit obligations (net)		(24.99)	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
Total Other Comprehensive Income / (Loss)		(24.99)	-
XI Total Comprehensive (Loss) / Income for the year (IX + X)		(487.60)	(421.41)
XII Earnings per equity share			
- Basic (Rs.)		(1.95)	(6.00)
- Diluted (Rs.)		(1.95)	(6.00)

See accompanying notes forming part of the financial statements

As per our report of even date

For Vaithisvaran & Co LLP

Chartered Accountants

R Venkatesh

R Venkatesh

Partner

M.No: 203816

Firm Regn No: 004494S / S200037



For and on behalf of the board of directors of
Pragati Finserv Private Limited

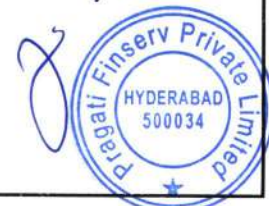
Jagadish Babu Ramadugu
Jagadish Babu Ramadugu
Managing Director and
Chief Executive officer
DIN : 01855121

Ashish Menrotra
Ashish Menrotra
Chairman and
Non Executive Director
DIN: 07277318

Monika Gurung
Monika Gurung
Company Secretary

Place: Chennai
Date: May 05, 2023

Place: Chennai
Date: May 05, 2023



PRGATI FINSERV PRIVATE LIMITED
 CIN: U65990TG2021PTC148992
 8-2-624/A/1, 4th Floor, Meena Bazaar Towers, Road No. 10,
 Avenue 4, Banjara Hills, Hyderabad, Telangana 500034, India

Cash Flow statement for the year ended March 31, 2023

Particulars	For the Year ended 31 March 2023	For the period 25 February 2021 to 31 March 2022
	Amount Rs. in lakhs	Amount Rs. in lakhs
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	(462.61)	(421.41)
Adjustments for:		
Depreciation, amortisation and impairment	171.55	39.89
Finance costs recognised in profit or loss	54.18	56.70
Interest income on deposits	(31.53)	(6.44)
Income on investments	(44.04)	(12.84)
Excess provision written back - Leave encashment	(127.51)	-
Operating Profit before Working Capital Changes	(439.96)	(344.10)
Movements in working capital		
Decrease / (Increase) in trade receivable	(684.63)	-
Decrease / (Increase) in Other Current assets	(29.04)	(26.70)
Decrease / (Increase) in Other Non-Current Financial Assets	(74.59)	(38.07)
(Decrease) / Increase in other financial liabilities	794.03	30.57
(Decrease) / Increase in provisions	576.25	3.80
(Decrease) / Increase in Other Current Liabilities	145.14	9.50
Cash generated from operations	287.20	(365.00)
Income tax paid (net of refunds)	(321.09)	-
Net cash generated by operating activities (A)	(33.89)	(365.00)
Cash flow from Investing Activities		
Purchase of property, plant and equipment	(166.61)	(42.76)
Purchase of intangible assets	(236.64)	-
Investment in Current Investment - debt funds - mutual funds	-	(1,500.00)
Proceeds from Redemption of Mutual Funds	1,024.36	-
Term deposit with scheduled banks	(358.03)	(353.64)
Interest income on deposits	31.53	6.44
Advance Payments for property, plant and equipment	9.33	(9.33)
Net cash (used in)/generated by investing activities (B)	303.94	(1,899.29)
Cash flow from Financing Activities		
Proceeds from issue of equity instruments of the Company	-	2,501.00
Proceeds from borrowings	-	306.00
Repayment of borrowings	-	(305.00)
Interest Paid	(54.18)	(16.38)
Repayment of lease liability	(18.61)	(34.50)
Net cash used in financing activities (C)	(72.79)	2,451.12
Net increase in cash and cash equivalents (A+B+C)	197.26	186.83
Cash and cash equivalents at the beginning of the year	186.83	-
Cash and Cash Equivalents at the end of the year	384.09	186.83
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per balance sheet	384.09	186.83
Less: Balances that does not meet the definition of Cash & Cash Equivalents as per Ind AS 7 Statement of Cash flows: Bank Overdraft	-	-
Cash and cash equivalents as per Ind AS 7 Statement of Cash flows	384.09	186.83

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

As per our report of even date

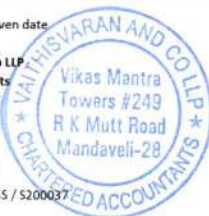
For Vaithisvaran & Co LLP

Chartered Accountants

R Venkatesh
Partner

M.No: 203816

Firm Regn No: 0044945 / 5200037



For and on behalf of the board of directors of
Pragati Finserv Private Limited

Jagadish Bahu Zamadugu
Managing Director and
Chief Executive Officer
DIN : 01855111

Ashish Mehta
Chairman and
Non Executive Director
DIN: 07277318

Monika Gurung
Company Secretary

Place: Chennai
Date: May 05, 2023

Place: Chennai
Date: May 05, 2023



PRGATI FINSERV PRIVATE LIMITED

CIN: U65990TG2021PTC148992

8-2-624/A/1, 4th Floor, Meena Bazaar Towers, Road No. 10,
Avenue 4, Banjara Hills, Hyderabad, Telangana 500034, India

Statement of Changes in Equity

1. Equity Share capital

Particulars	Amount Rs. In lakhs	
	As at 31 March 2023	As at 31 March 2022
Balance at the beginning of the year	2,501.00	-
Changes in equity share capital during the year	-	2,501.00
Balance at the end of the year	2,501.00	2,501.00

2. Other Equity

Particulars	Reserves and Surplus				Total
	Statutory Reserve	Securities Premium	Retained Earnings	Other Comprehensive Income	
Balances as at 25 February 2021	-	-	-	-	-
Profit for the year	-	-	(421.41)	-	(421.41)
Other comprehensive income for the year (net of tax)	-	-	-	-	-
Balance as at 31 March 2022	-	-	(421.41)	-	(421.41)
Profit for the year	-	-	(462.61)	-	(462.61)
Other comprehensive income for the year (net of tax)	-	-	-	(24.99)	(24.99)
Balance as at 31 March 2023	-	-	(884.02)	(24.99)	(909.01)

See accompanying notes forming part of the financial statements

As per our report of even date

For Vaithisvaran & Co LLP,
Chartered Accountants

R Venkatesh
Partner
M.No: 203816
Firm Regn No: 0044945 / 5200037



For and on behalf of the board of directors of
Pragati Finserv Private Limited

Jagadish Babu Ramadugu
Managing Director and
Chief Executive officer
DIN : 01855121

Ashish Mehrotra
Chairman and
Non Executive Director
DIN: 07277318

Monika Gurung
Company Secretary

Place: Chennai
Date: May 05, 2023



Place: Chennai
Date: May 05, 2023

COMPANY INFORMATION (Note 1), Basis of Preparation (Note 2) and SIGNIFICANT ACCOUNTING POLICIES (Note 3)

1 Corporate Information:

Pragati Finserv Private Limited (the "Company") was incorporated on February 25, 2021 vide CIN U65990TG2021PTC148992. The Company is having its Registered office at 8-2-624/A/1, 4th Floor, Meena Bazaar Towers, Road No. 10, Avenue 4, Banjara Hills, Hyderabad – 500 034. The Company proposes to carry on the business of a Non-Banking Financial Company – Micro Finance Institution (NBFC-MFI) subject to approval of Reserve Bank of India. The Company is a subsidiary of Northern Arc Capital Limited, a non-deposit taking Non-Banking Financial Company registered with Reserve Bank of India and having registered office at No. 1, Kanagam Village, 10th Floor IITM Research Park, Taramani Chennai – 600 113.

2 Basis for preparation

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

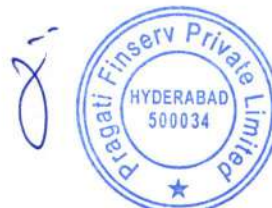
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and / or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Notes to Financial Statements of Pragati FinServ Private Limited – March 31, 2023



These financial statements are presented in Indian Rupees (INR), which is also the company's functional currency. All amounts have been rounded-off to the nearest lakhs (two decimals), unless otherwise indicated.

2.1 Current and Non – Current Classification:

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

2.1.1 Current:

- a. An asset is classified as current when it satisfies any of the following criteria:
 - i. it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle,
 - ii. it is held primarily for the purpose of being traded;
 - iii. It is expected to be realised within 12 months after the reporting date; or
 - iv. It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.
- b. A liability is classified as current when it satisfies any of the following criteria:
 - i. It is expected to be settled in the Company's normal operating cycle;
 - ii. It is held primarily for the purpose of being traded
 - iii. It is due to be settled within 12 months after the reporting date; or the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

2.1.2 Non-Current:

An asset or liability will be classified as non-current if it does not meet the criteria for a current asset / current liability.

2.1.3 Others:

- a. Deferred tax assets and liabilities are classified as non-current only
- b. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.
- c. Accounting policies have been consistently applied 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.

Notes to Financial Statements of Pragati FinServ Private Limited – March 31, 2023



2.2 Use of estimates and judgements

- a. The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.
- b. This note provides an overview of the areas where there is a higher degree of judgment or complexity. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation.
- c. The Areas involving higher degree of judgment or complexity are:
 - i. Useful life of Assets
 - ii. Current Tax Expense and Current Tax Payables
 - iii. Deferred tax assets for carried forward tax losses
 - iv. Provisions and other contingent liabilities
 - v. Estimates and judgments are regularly revisited. Estimates are based on historical experience and other factors, including futuristic reasonable information that may have a financial impact on the company.

2.3 Comparative Figures of earlier period:

- a. Comparative figures and corresponding figures of earlier period are provided as per requirements.

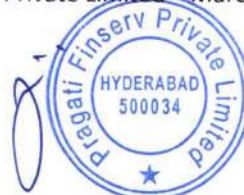
3 Significant accounting policies

A summary of the significant accounting policies applied in the preparation of the financial statements is given below. These accounting policies have been applied consistently to all the periods presented in the financial statements.

3.1 Property, plant and equipment

- a. The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets and any expected costs of decommissioning. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the year in which the costs are incurred.
- b. Such properties are classified to the appropriate categories of PPE when completed and ready for intended use. Assets in the course of construction are capitalised in the assets under construction account. At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment and

Notes to Financial Statements of Pragati FinServ Private Limited – March 31, 2023



depreciation commences. Property, plant and equipment except freehold land held for use in the supply of services or administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses, if any.

- c. The Company has elected not to recognize items with a purchase value of less than five thousand rupees as property, plant and equipment.

3.2 Subsequent expenditure and componentisation

- a. Parts of an item of PPE having different useful lives and significant value and subsequent expenditure on Property, Plant and Equipment arising on account of capital improvement or other factors are accounted for as separate components only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

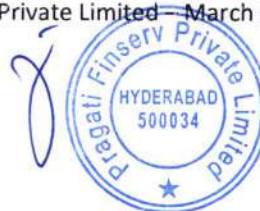
3.3 Depreciation and useful life

- a. Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using written down value method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Assets	Years
Furniture & Fixtures	10 years
Office & Electrical Equipment – UPS & Batteries	10 years
Office & Electrical Equipment - Others	5 years
Computers and accessories	3 years
Intangible Assets	5 years

- b. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.
- c. The Company reviews the residual value, useful lives and depreciation method annually and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Notes to Financial Statements of Pragati FinServ Private Limited – March 31, 2023



3.3.1 Derecognition

- a. An item of PPE is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in Statement of Profit and Loss.

3.4 Intangible Assets

3.4.1 Intangible assets

Intangible assets including those acquired by the company are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

3.4.2 Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

3.4.3 Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight-line method, and is included in depreciation and amortisation in statement of profit and loss.

Asset category

Estimated Useful life

Assembled workforce

5 years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

3.5 Financial assets and liabilities

- a. Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument.
- b. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through Statement of Profit and Loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in Statement of Profit and Loss.

3.5.1 Financial assets

- a. **Financial assets carried at amortised cost:** A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Notes to Financial Statements of Pragati FinServ Private Limited – March 31, 2023



- b. **Financial assets at fair value through other comprehensive income:** A financial asset is valued at FVOCI if it 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 give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. If the financial assets are held to sale and collect contractual cash flows, they are measured at FVOCI.
- c. **Financial assets at fair value through profit or loss (FVTPL):** A financial asset which is not classified in any of the above categories is measured at FVTPL. Subsequent changes in fair value are recognised in the statement of profit and loss.
- d. The company records investments in mutual funds at FVTPL.

3.5.2 Financial liability

- a. **Initial recognition and measurement:** All financial liabilities are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liability, which are not at fair valued through profit or loss, are adjusted to the fair value on initial recognition.
- b. **Subsequent measurement:** Financial liabilities are carried at amortized cost using the Effective Interest rate method.

3.5.3 Reclassification of financial assets and liabilities

- a. The company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the company acquires, disposes of, or terminates a business line.
- b. Financial liabilities are never reclassified.

3.5.4 Derecognition of financial assets and liabilities

A. Derecognition of financial assets due to substantial modification:

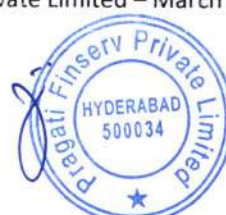
- a. The company derecognises a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new financial asset, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded.

B. Derecognition of financial assets other than due to substantial modification:

1. Financial assets:

- a. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expires or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.
- b. On derecognition of a financial asset in its entirety, the difference between the carrying amount (Measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit and loss as per IND AS 109.

Notes to Financial Statements of Pragati FinServ Private Limited – March 31, 2023



2. Financial liability:

- a. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit and loss.

3.6 Determination of fair value

- a. 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company has taken into account the characteristics of the asset or liability as if market participants would take those characteristics into account when pricing the asset or liability at the measurement date

3.7 Revenue Recognition:

- a. Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers.
- b. All items of other income are recognized on an accrual basis, where there is no uncertainty in the ultimate realisation/collection.

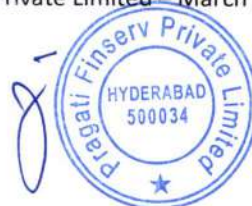
3.8 Expenditures:

- a. Expenditure incurred during the period was recognised on accrual basis net of the goods and service tax, except where credit for the input is not statutorily permitted

3.9 Borrowing costs

- a. Borrowing costs, general or specific, that are directly attributable to the acquisition or construction of qualifying assets is capitalized as part of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to the Statement of Profit and Loss.
- b. The Company determines the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the year less any interest income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets, to the extent that an entity borrows funds specifically for the purpose of obtaining a qualifying asset. In case if the Company borrows generally and uses the funds for obtaining a qualifying asset, borrowing costs eligible for capitalisation are determined by applying a capitalisation rate to the expenditures on that asset. Borrowing cost includes exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the finance cost.

Notes to Financial Statements of Pragati FinServ Private Limited – March 31, 2023



3.10 Employee benefits

Employee benefits include salaries, wages, contribution to provident fund, gratuity, leave encashment towards un-availed leave, compensated absences, group medical insurance, life insurance and accident insurance.

3.10.1 Post-employment benefits

Defined contribution plan

The Company's contribution to provident fund are considered as defined contribution plan and are charged as an expense as they fall due based on the amount of contribution required to be made and when the services are rendered by the employees.

Defined benefit plans

A. Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Notes to Financial Statements of Pragati FinServ Private Limited – March 31, 2023



3.10.2 Other long-term employee benefits

A. Compensated absences

The employees can carry forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

3.10.3 Short-term employee benefits

Wages and salaries, including non-monetary benefits that are expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

3.10.4 Stock based compensation

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the relate service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date, taking into consideration the exercise price.

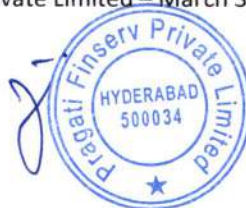
3.11 Cash and cash equivalents

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

3.12 Provisions

A provision is recognised if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

Notes to Financial Statements of Pragati FinServ Private Limited – March 31, 2023



3.13 Leases

- a. Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the company's incremental borrowing rate on commencement of the lease is used.
- b. Variable lease payments are included in the measurement of lease liability only if they depend on an index or rate and such variable lease payments are assumed to remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.
- c. On initial recognition, the carrying value of the lease liability also includes:
 - i. Amounts expected to be payable under any residual value guarantee;
 - ii. Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.
 - iii. Exercise price of any purchase option granted in favour of the company if it is reasonably certain to assess that option.
- d. Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:
 - i. Lease payments made at or before commencement of the lease
 - ii. Initial direct costs incurred and;
 - iii. The amount of any provision recognized where the company is contractually required to dismantle, remove or restore the leased asset.
- e. Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right of use assets are amortized on straight line basis over the remaining term of the lease or over the remaining economic life of the asset if, it is ascertained to be shorter than the lease term.
- f. When the company revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discounting rate. The carrying value of the lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right of use asset, with the revised carrying amount being amortized over the remaining lease term. If the carrying amount of the right of use asset is adjusted to zero, any further reduction is recognized in statement of profit and loss.
- g. For contracts that both convey a right to the company to use an identified asset and require services to be provided to the company by the lessor, the company has elected to account for the entire contract as a lease, i.e., it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

Notes to Financial Statements of Pragati FinServ Private Limited – March 31, 2023



- h. As per Para 26 of Ind AS 116, the lease payment shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

3.14 Earnings per share

Basic earnings per share

- a. Basic earnings per share are computed by dividing the net profit after tax by weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the year is adjusted for treasury shares, bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

Diluted earnings per share

- a. Diluted earnings per share is computed by dividing the profit after tax after considering the effect of interest and other financing costs or income (net of attributable taxes) associated with dilutive potential equity shares by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares including the treasury shares held by the Company to satisfy the exercise of the share options by the employees.

3.15 Cash flow statements

- a. Cash flow are reported using the indirect method, whereby profit after tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past and or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the company are segregated.

3.16 Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

3.16.1 Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

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

Notes to Financial Statements of Pragati FinServ Private Limited – March 31, 2023



3.16.2 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 corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax is not recognised for:

- Temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

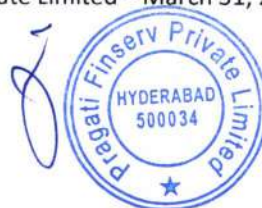
Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the company recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised.

Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively to be realised. Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by 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 if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Notes to Financial Statements of Pragati FinServ Private Limited – March 31, 2023



4 Property, Plant and equipment, Intangible assets and Right of Use assets

A. Current Year (1 April 2022 to 31 March 2023)

(Amount Rs. in Lakhs)													
S.No.	Description	Gross Block				Accumulated Depreciation and Amortisation					Net Block		
		Balance as at 1 April 2022	Additions	Disposals	Balance as at 31 March 2023	Balance as at 1 April 2022	For the year	Eliminated on Disposal of Assets	Impairment	Depreciation Adjustments	Balance as at 31 March 2023	Balance as at 31 March 2023	Balance as at 01 April 2022
4(a)	Property, plant and equipment												
	Computer	20.26	58.01	-	78.27	6.24	20.76	-	-	-	27.00	51.27	14.02
	Electrical Equipment	0.51	-	-	0.51	0.17	0.15	-	-	-	0.32	0.19	0.34
	Furniture & Fixtures	13.33	99.44	-	112.77	1.05	12.54	-	-	0.13	13.72	99.05	12.28
	Office Equipments	5.66	9.16	-	14.82	1.31	2.65	-	-	-	3.96	10.86	4.35
	Total 4(a)	39.76	166.61	-	206.37	8.77	36.10	-	-	0.13	45.00	161.37	30.99
4(b)	Intangible Assets												
	Computer Software	3.00	-	-	3.00	0.13	1.29	-	-	-	1.43	1.57	2.87
	Assembled Workforces	-	236.64	-	236.64	-	39.44	-	49.94	-	89.38	147.26	-
4(c)	Right of Use- Lease hold Building	371.87	17.62	-	389.49	30.99	44.65	-	-	-	75.64	313.85	340.88
	Total 4(b) and 4 (c)	374.87	254.26	-	629.13	31.12	85.38	-	49.94	-	166.45	462.68	343.75
	Grand Total	414.63	420.87	-	835.50	39.89	121.48	-	49.94	0.13	211.45	624.05	374.83

B. Previous year (1 April 2021 to 31 March 2022)

(Amount Rs. in Lakhs)													
S.No.	Description	Gross Block				Accumulated Depreciation and Amortisation					Net Block		
		Balance as at 01 April 2021	Additions	Disposals	Balance as at 31 March 2022	Balance as at 01 April 2021	For the year	Eliminated on Disposal of Assets	Impairment	Depreciation Adjustments	Balance as at 31 March 2022	Balance as at 31 March 2022	Balance as at 1 April 2021
4(a)	Property, plant and equipment												
	Computer	-	20.26	-	20.26	-	6.24	-	-	-	6.24	14.02	-
	Electrical Equipment	-	0.51	-	0.51	-	0.17	-	-	-	0.17	0.34	-
	Furniture & Fixtures	-	13.33	-	13.33	-	1.05	-	-	-	1.05	12.28	-
	Office Equipments	-	5.66	-	5.66	-	1.31	-	-	-	1.31	4.35	-
	Total 4(a)	-	39.76	-	39.76	-	8.77	-	-	-	8.77	30.99	-
4(b)	Intangible Assets												
	Computer Software	-	3.00	-	3.00	-	0.13	-	-	-	0.13	2.87	-
	Assembled Workforces	-	-	-	-	-	-	-	-	-	-	-	-
4(c)	Right of Use- Lease hold Building	-	371.87	-	371.87	-	30.99	-	-	-	30.99	340.88	-
	Total 4(b) and 4 (c)	-	374.87	-	374.87	-	31.12	-	-	-	31.12	343.75	-
	Grand Total	-	414.63	-	414.63	-	39.89	-	-	-	39.89	374.74	-



5 Other financial assets (At amortised cost)

Particulars	As at 31 March 2023	As at 31 March 2022
	Amount Rs. in lakhs	Amount Rs. in lakhs
(a) Security deposits (Rental Deposits)	112.66	38.07
Total	112.66	38.07

6 Other non current asset

Particulars	As at 31 March 2023	As at 31 March 2022
	Amount Rs. in lakhs	Amount Rs. in lakhs
Capital Advance	-	9.33
Total	-	9.33

7 Investment

Particulars	As at 31 March 2023	As at 31 March 2022
	Amount Rs. in lakhs	Amount Rs. in lakhs
Investments in Debt Mutual funds- quoted [Refer Note no. 32(b)]	532.52	1,512.84
Total	532.52	1,512.84

8 Trade Receivables

Particulars	As at 31 March 2023	As at 31 March 2022
	Amount Rs. in lakhs	Amount Rs. in lakhs
Unsecured considered good	684.63	-
Secured considered good	-	-
Doubtful	-	-
Total	684.63	-

9 Cash and cash equivalents

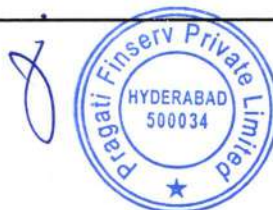
Particulars	As at 31 March 2023	As at 31 March 2022
	Amount Rs. in lakhs	Amount Rs. in lakhs
(a) Cash on hand	0.32	-
(b) Balances with Banks		
- In Current Accounts	383.77	9.93
- In Deposit Accounts (with original maturity of three months or less)	-	176.90
Total	384.09	186.83

10 Bank Balances other than Cash and cash equivalents

Particulars	As at 31 March 2023	As at 31 March 2022
	Amount Rs. in lakhs	Amount Rs. in lakhs
Balances with Banks		
- In Deposit Accounts - Free of Lien (original maturity more than 3 months)	711.67	353.64
Total	711.67	353.64

11 Other Current Assets

Particulars	As at 31 March 2023	As at 31 March 2022
	Amount Rs. in lakhs	Amount Rs. in lakhs
GST Input	3.44	16.85
Advance to Vendors	2.18	-
Prepaid Expenses	26.91	7.57
Prepaid Expenses_ ROU	10.83	-
Others	10.10	-
Total	53.46	24.42



12 Equity Share Capital

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number of shares	Amount Rs. In lakhs	Number of shares	Amount Rs. In lakhs
(a) Authorised Equity shares of Rs.10/- each	2,51,00,000	2,510.00	2,51,00,000	2,510.00
TOTAL	2,51,00,000	2,510.00	2,51,00,000	2,510.00
(b) Issued , Subscribed and Fully Paid Up Equity shares of Rs.10/- each	2,50,10,000	2,501.00	2,50,10,000	2,501.00
TOTAL	2,50,10,000	2,501.00	2,50,10,000	2,501.00

Notes:

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:

Equity Shares	As at 31 March 2023		As at 31 March 2022	
	Number of shares	Amount Rs. In lakhs	Number of shares	Amount Rs. In lakhs
At the beginning of the year	2,50,10,000	2,501.00	2,50,10,000	2,510.00
Issued during the year	-	-	-	-
Outstanding at the end of the year	2,50,10,000	2,501.00	2,50,10,000	2,510.00

(ii) Details of shares held by the holding company:

Class of shares / Name of shareholder	As at 31 March 2023		As at 31 March 2022	
	No of shares held	% holding in the class	No of shares held	% holding in the class of shares
Equity Shares of Rs. 10 each				
Northern Arc Capital Limited	2,25,34,010	90.10%	2,25,34,010	90.10%
Mr.Jagadish Babu Ramadugu	24,75,990	9.90%	24,75,990	9.90%

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March 2023		As at 31 March 2022	
	No of shares held	% holding in the class	No of shares held	% holding in the class of shares
Equity Shares of Rs. 10 each				
Northern Arc Capital Limited	2,25,34,010	90.10%	2,25,34,010	90.10%
Mr.Jagadish Babu Ramadugu	24,75,990	9.90%	24,75,990	9.90%

(iv) The Company has only one class of equity shares having a par value of Rs.10. Each holder is entitled to one vote per equity share. Dividends are paid in Indian Rupees.



PRGATI FINSERV PRIVATE LIMITED

Notes to financial statements for the year ended 31st March 2023

13 Other Equity

Particulars	As at 31 March 2023	As at 31 March 2022
	Amount Rs. in lakhs	Amount Rs. in lakhs
(a) Surplus in Statement of Profit and Loss	(884.02)	(421.41)
(b) Other Comprehensive Income (OCI)	(24.99)	-
(c) Securities Premium	-	-
(d) Employee stock option outstanding account	-	-
Total	(909.01)	(421.41)

Particulars	As at 31 March 2023	As at 31 March 2022
	Amount Rs. in lakhs	Amount Rs. in lakhs
(a) Surplus in Statement of Profit and Loss		
Opening Balance	(421.41)	-
Add:(Loss)/ Profit for the year	(462.61)	(421.41)
Less:Transfer to Statutory Reserve	-	-
Closing Balance	(884.02)	(421.41)
(b) Other Comprehensive Income (OCI)		
Opening Balance	-	-
Add: Profit / (Loss) for the Year	(24.99)	-
Less:Transfer to Statutory Reserve	-	-
Closing Balance	(24.99)	-
(c) Securities Premium		
Opening Balance	-	-
Add: Profit / (Loss) for the Year	-	-
Less:Transfer to Statutory Reserve	-	-
Closing Balance	-	-
(d) Employee stock option outstanding account [Refer Note no. 13.1]		
Opening Balance	-	-
Add: Employee compensation expense during the Period	-	-
Less: Transfer to securities premium on allotment of shares	-	-
Closing Balance	-	-
TOTAL (a+b+c+d)	(909.01)	(421.41)



PRGATI FINSERV PRIVATE LIMITED

Notes to financial statements for the year ended 31st March 2023

13.1 The Company offers equity based option plans to its selected employees through the Company's stock option plan introduced in 2021.

A Description of share based payments

Pragati Employee Stock Option Scheme 2021 - Scheme I [ESOP 2021 - Scheme 1]

The Company introduced an Employee Stock Option Scheme 2021 - Scheme I, which was approved by the Pragati Finserv Private Limited shareholders with an intention to provide equity settled incentive to high performing employees of the Company.

The options granted on 7th May 2021 will be exercised at Rs.10 per option and will vest over 5 years in the proportion of 15.75 : 15.75 : 21 : 21 : 26.5 (allocated portion) on the basis of performance, subject to 30% of the allocated portion being definitive vesting. It shall be exercised within the period mentioned in the grant letter. It shall be settled by way of equity shares of the company.

The options granted on 2nd August 2022 will be exercised at Rs.10 per option and will vest over 4 years in the proportion of 31.5 : 21 : 21 : 26.5 (allocated portion) on the basis of performance, subject to 30% of the allocated portion being definitive vesting. It shall be exercised within the period mentioned in the grant letter. It shall be settled by way of equity shares of the company.

No modification has been made to the plan during the reporting period.

B Summary of share based payments

Particulars	ESOP 2021 - Scheme 1	
	2022-23 (In Nos.)	2021-22 (In Nos.)
Outstanding balance at the beginning of the period	1,61,93,182	-
Options granted	42,50,000	1,61,93,182
Options vested	(25,50,426)	-
Options exercised	-	-
Options forfeited	-	-
Options expired	-	-
Options lapsed	(5,00,000)	-
Options outstanding at the end of the period	1,73,92,756	1,61,93,182
Options exercisable at the end of the period	25,50,426	-
For share options exercised:		
Weighted average exercise price at date of exercise	N.A.	N.A.
Money realized by exercise of options (in actual rupees)	-	-
For share options outstanding:		
Range of exercise prices	10	10
Average remaining contractual life of options (years)	5.06	6.1
Modification of plans	N.A.	N.A.
Incremental fair value on modification	N.A.	N.A.

C Valuation of stock options

Particulars	ESOP 2021 - Scheme 1 Grant date - 7th May 2021 16,19,13,182 shares	ESOP 2021 - Scheme 1 Grant date - 2nd August 2022 42,50,000 shares
	Share price	10
Exercise Price	10	10
Fair value of option	5.21	5.61
Valuation model used	Blackscholes model	Blackscholes model
Expected Volatility	0.55	0.55
Basis of determination of expected volatility	Median historical volatility of comparable companies	Median historical volatility of comparable companies
Contractual Option Life (years)	4.31	5.06
Expected dividends	0	0
Risk free interest rate	7.13%	7.14%
Vesting Dates	15.75% in FY 2022-23; 15.75% in FY 2023-24; 21.00% in FY 2024-25; 21.00% in FY 2025-26; 26.50% in FY 2026-27	31.50% in FY 2023-24; 21.00% in FY 2024-25; 21.00% in FY 2025-26; 26.50% in FY 2026-27
Valuation of incremental fair value on modification	N.A	N.A

D Options granted and inputs used for measurement of fair value of options, for the key managerial employees and other senior employees

Name of the Employee	ESOP 2021 - Scheme 1			
	As at 31.03.2023		As at 31.03.2022	
	KMP (In Nos.)	Others (In Nos.)	KMP (In Nos.)	Others (In Nos.)
Options Granted	1,61,93,182	42,50,000	1,61,93,182	-
Options Vested	25,50,426	-	-	-
Options yet to vest	1,36,42,756	37,50,000	1,61,93,182	-
Options Exercised	-	-	-	-

E Impact on Statement of profit and loss and balance sheet for such share-based payments - NIL



14 Other Non Current Liability

Particulars	As at 31 March 2023	As at 31 March 2022
	Amount Rs. in lakhs	Amount Rs. in lakhs
Lease Liability	352.80	361.48
Total	352.80	361.48

15 Long term Provisions

Particulars	As at 31 March 2023	As at 31 March 2022
	Amount Rs. in lakhs	Amount Rs. in lakhs
For Employee Benefits		
For gratuity	358.05	1.19
For leave encashment and availment	80.92	2.61
Others	-	-
Total	438.97	3.80

16 Borrowings

Particulars	As at 31 March 2023	As at 31 March 2022
	Amount Rs. in lakhs	Amount Rs. in lakhs
Loans from related parties		
Loan From Director - Unsecured (Above loan is interest free and repayable on demand)	1.00	1.00
Total	1.00	1.00

17 Other Financial Liability

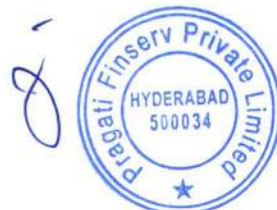
Particulars	As at 31 March 2023	As at 31 March 2022
	Amount Rs. in lakhs	Amount Rs. in lakhs
	23.89	16.21
Sundry Creditors-		
MSME Creditors (Refer Note 29)	19.97	-
Others	34.88	7.16
Salaries Payable	105.59	17.04
Rent Payable	21.87	-
Employee Reimbursement Payables	2.07	6.37
Payables to Northern Arc capital Limited	588.87	-
Others	51.35	-
Sub Total	848.49	46.78

18 Short-Term Provisions

Particulars	As at 31 March 2023	As at 31 March 2022
	Amount Rs. in lakhs	Amount Rs. in lakhs
For Employee Benefits		
For gratuity	31.76	-
For leave encashment and availment	6.80	-
Grand Total	38.56	-

19 Other Current Liability

Particulars	As at 31 March 2023	As at 31 March 2022
	Amount Rs. in lakhs	Amount Rs. in lakhs
Statutory Dues Payable	154.64	9.50
Grand Total	154.64	9.50



PRGATI FINSERV PRIVATE LIMITED

Notes to financial statements for the year ended 31st March 2023

20 Revenue from operation

Particulars	For the Year ended 31 March 2023	For the period 25 February 2021 to 31
	Amount Rs. In lakhs	Amount Rs. In lakhs
(a) Business Correspondent Service Fees	3,805.54	-
	3,805.54	-

21 Other Income

Particulars	For the Year ended 31 March 2023	For the period 25 February 2021 to 31 March 2022
	Amount Rs. In lakhs	Amount Rs. In lakhs
(a) Interest on FD	31.53	6.44
(b) Manpower Supply Services	44.75	-
(c) Web Advertising Services	58.93	-
(d) Short Term Gains on Investments (Income)	28.70	12.84
(e) Profit on Sale of Investments	15.34	-
(f) Excess provision written back - Leave encashment	127.51	-
(g) Others	15.23	0.03
Total	321.99	19.31

22 Finance Cost

Particulars	For the Year ended 31 March 2023	For the period 25 February 2021 to 31 March 2022
	Amount Rs. In lakhs	Amount Rs. In lakhs
Interest on Loan	-	16.38
Finance Charges on Lease	54.18	40.32
	54.18	56.70



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PRGATI FISERV PRIVATE LIMITED

Notes to financial statements for the year ended 31st March 2023

23 Employee Benefit Expenses

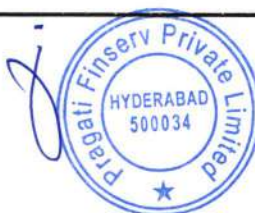
Particulars	For the Year ended 31 March 2023	For the period 25 February 2021 to 31 March 2022
	Amount Rs. In lakhs	Amount Rs. In lakhs
Salaries , Bonus	2,825.97	247.89
Contribution to Provident Fund and other funds	210.25	13.56
Staff Welfare Expenses	104.19	0.43
Gratuity Expenses	71.19	1.19
Leave encashment and availment	-	2.61
Total	3,211.60	265.68

24 Other expenses

Particulars	For the Year ended 31 March 2023	For the period 25 February 2021 to 31 March 2022
	Amount Rs. In lakhs	Amount Rs. In lakhs
Preliminary Expenses	-	26.05
Professional Fee	20.29	4.16
Audit Fee (Refer note 28)	2.75	1.75
Conveyance	5.09	0.21
Courier Charges	4.89	0.01
Electricity Charges	39.30	3.89
Telephone and Internet Charges	23.05	1.12
Office Maintenance Charges	83.75	14.76
Travel and Accomodation	471.11	13.54
Technical Services Charges	101.34	5.81
Rates and Taxes	1.42	0.81
Miscellines expenses	21.23	6.34
Printing & Stationary	65.64	-
Rent	229.84	-
Bank Charges	57.89	-
Insurance Expenses	25.22	-
Total	1,152.81	78.45

25 Depreciation, amortization and impairment

Particulars	For the Year ended 31 March 2023	For the period 25 February 2021 to 31 March 2022
	Amount Rs. In lakhs	Amount Rs. In lakhs
Depreciation on property, plant and equipment	36.23	8.77
Depreciation on right of use asset	44.65	30.99
Depreciation of intangible assets	1.29	0.13
Amortization of intangible assets	39.44	-
Impairment of intangible assets	49.94	-
Total	171.55	39.89



PRGATI FINSERV PRIVATE LIMITED

Notes to financial statements for the year ended 31st March 2023

26 Earnings per share

Particulars	For the Year ended 31 March 2023	For the period 25 February 2021 to 31 March 2022
	Amount Rs. In lakhs	Amount Rs. In lakhs
Profit for the year	(487.60)	(421.41)
Weighted average number of equity shares used in calculating basic earnings per share	2,50,10,000	70,27,544
Effect of potential dilutive Equity Shares on account of unexercised employee stock options	-	-
Weighted average number of equity shares and potential equity shares used in calculating diluted earnings per share	2,50,10,000	70,27,544
Basic earnings per share	-1.95	-6.00
Diluted earnings per share	-1.95	-6.00

26.1 As the ESOP value is less than the exercise price, the potential ordinary shares are not considered as dilutive.

27 Contingent Liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
	Amount Rs. In lakhs	Amount Rs. In lakhs
Contingent Liabilities	-	-
Total	-	-

28 Payment to Auditors

Particulars	For the Year ended 31 March 2023	For the period 25 February 2021 to 31 March 2022
	Amount Rs. In lakhs	Amount Rs. In lakhs
Payment to the auditor as:		
Statutory audit (excl GST)	2.00	1.75
Tax audit (excl GST)	0.75	-
Certification Fees (excl GST)	0.50	0.50
Total	3.25	2.25

29 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Based on and to the extent of information received by the Company from the suppliers during the year regarding their status under the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act), the relevant particulars for the years ended 31 March 2023 and 31 March 2022 are furnished below:

Particulars	For the Year ended 31 March 2023	For the period 25 February 2021 to 31 March 2022
	Amount Rs. In lakhs	Amount Rs. In lakhs
Principal amount remaining unpaid to any supplier as at the end of the accounting year.	19.97	-
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year.	-	-
The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
The amount of interest due and payable for the year.	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid.	-	-

Note:

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management.



30 Employee Benefits

a. Defined contribution plan - provident funds

In accordance with Employees' Provident Fund and Miscellaneous Provisions Act, 1952, employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which, both the employee and the Company contribute monthly at a determined rate. These contributions are made to a recognized provident fund administered by Regional Provident Fund Commissioner. The employees contribute 12% of their basic salary and the Company contributes an equal amount.

The Company recognised INR 210.25 lakhs (PY: INR 13.56 lakhs) for year ended March 31, 2023, for provident fund and other contributions in the Statement of profit and loss.

b. Defined Benefit Plan - Gratuity

The Company has a defined benefit gratuity plan (unfunded). Every employee who has completed five years or more of service is eligible for gratuity on cessation of employment and it is computed at 15 days salary (last drawn salary) for each completed year of service subject to limit of INR 20 lakhs as per The Payment of Gratuity Act, 1972.

The following tables summarizes the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the Balance Sheet for the gratuity plan. The calculation of company's obligation under the plan is performed annually by a qualified actuary using projected units credit method.

Details of actuarial valuation of gratuity pursuant to the Ind as 19	As at March 31, 2023	As at March 31, 2022
	Amount Rs. In lakhs	Amount Rs. In lakhs
A. Changes in present value of obligations		
Present value of obligations at the beginning of the year	1.19	-
Current service cost	62.59	1.16
Interest cost	13.58	0.03
Benefit paid	(79.76)	-
Actuarial (gain) loss recognised in the other comprehensive income		
- Changes in demographic Assumptions		
- Changes in financial assumptions		
- Experience adjustment		
Present value of obligations at the end of the year	392.20	-
	389.80	1.19
B. Changes in plan assets		
Fair value of plan assets in the beginning of the year	-	-
Expected return on plan assets	-	-
Actuarial gains/(loss)	-	-
Employer contributions	-	-
Benefits paid	79.76	-
Fair value of plan assets in the end of the year	(79.76)	-
	-	-
C. Actual return on plan assets		
Expected return on plan assets	-	-
Actuarial gain/(loss) on plan assets	-	-
Actual return on plan assets	-	-
D. Reconciliation of present obligation and the fair value of plan assets		
Change in projected benefit obligation		
Present value of obligations at the end of the year		
Fair value of plan assets	389.81	1.19
Net liability recognised in balance sheet	389.81	1.19
The liability in gratuity plan comprises of the following non-current and current portions		
Current	31.76	-
Non-current	358.05	1.19
E. Expenses recognised in statement of profit and loss and other comprehensive income		
Current service cost	62.59	1.16
Interest on obligation	13.58	0.03
Past service cost	-	-
Expected return on plan assets	-	-
Net actuarial loss recognised in the current year	-	-
[Major portion of this relates to work force acquired from Holding company - Northern Arc Capital Limited]		
	392.20	-
Total included in statement of profit and loss and other comprehensive income	468.37	1.19

Actuarial assumptions:

The following were the principal actuarial assumptions at the reporting date:

Particulars	As at March 31, 2023	As at March 31, 2022
	Discount rate	7.33%
Salary escalation rate	5.00%	5.00%
Withdrawal/attrition rate (based on categories)	9.00%	9.00%
Age Valuation Rate		
18-30	2.00%	5.00%
31-40	6.00%	3.00%
41 and above	6.00%	1.00%
Mortality rate (as % of IALM (2012-14) Ult. Mortality Table)	100.00%	100.00%
Disability rate	0.00%	0.00%
Expected weighted average remaining working lives of employees	28.00 years	25.00 years

Notes:

a) The discount rate indicated above reflects the estimated timing and currency of benefit payments. It is based on the yields / rates available on applicable bonds as on the current valuation date.

b) The salary growth rate indicated above is the Company's best estimate of an increase in salary of the employees in future years, determined considering the general trend in inflation, seniority, promotions, past experience and other relevant factors such as demand and supply in employment market, etc.

c) Attrition rate indicated above represents the Company's best estimate of employee turnover in future (other than on account of retirement, death or disablement) determined considering various factors such as nature of business, retention policy, industry factors, past experience, etc.

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.

Particulars	As at March 31, 2023		As at March 31, 2022	
	Decrease	Increase	Decrease	Increase
Discount Rate (1% movement)	419.17	363.92	1.27	1.12
Salary Growth Rate (1% movement)	330.50	461.38	1.10	1.29
Attrition Rate (50% movement)	322.37	440.94	0.78	1.58
Mortality Rate (10% movement)	378.40	400.80	1.16	1.22

The Sensitivity is performed on the defined benefit obligation at the respective valuation date by modifying one parameter whilst retaining other parameters constant. There are no changes from the previous year to the methods and assumptions underlying the sensitivity analyses.

Expected future contributions

The Best Estimate Contribution for the Company during the next year would be INR Nil

Expected cash flow for following years:

	Maturity Profile of Defined Benefit Obligations	
	Amount Rs. In lakhs	
Year 1		-
Year 2 to 5		42.30
Year 6 to 10		65.02
More than 10 Year		829.79

The weighted average duration of the defined benefit obligation is 8.03



31 Leases

The disclosures as required under IND AS 116 are as follows

The Company has taken head office premises under cancellable operating lease. The tenor of the lease is 3 years with a lock in period of 30 Months and Lease may be renewed at the sole option of the lessee for further term of 3 Years on the same terms and conditions.

The Company has taken Zonal office premises under cancellable operating lease. The tenor of the lease is 3 years with a lock in period of 12 Months and Lease may be renewed for a further period on mutually agreed terms agreed upon by the parties. The lessor and lessee has option to terminate the lease on giving 3 months' notice after the Lock in period of 12 months.

(i) Movement in the carrying value of right of use asset

Particulars	As at 31 March 2023	As at 31 March 2022
	Amount Rs. In lakhs	Amount Rs. In lakhs
Opening balance	340.88	-
Additions during the year	17.62	371.87
Depreciation	44.65	30.99
Derecognition on termination of lease		
Closing balance	313.85	340.88

(i) Movement in lease liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
	Amount Rs. In lakhs	Amount Rs. In lakhs
Opening balance	377.69	-
Additions during the year	17.62	371.87
Interest on lease liabilities	54.18	40.32
Rent payment	72.80	34.50
Derecognition on termination of lease		
Closing balance	376.69	377.69

(ii) Amounts recognised in the Balance sheet

Particulars	For the Year ended 31 March 2023	For the period 25 February 2021 to 31 March 2022
	Amount Rs. In lakhs	Amount Rs. In lakhs
(a) Right of use assets (net)	313.85	340.88
(b) Lease liabilities		
Current	23.89	16.21
Non current	352.80	361.48
Total	376.69	377.69

(iii) Amounts recognised in the Statement of Profit and Loss

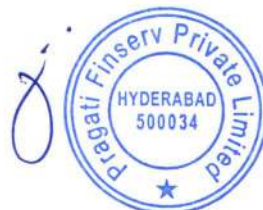
Particulars	For the Year ended 31 March 2023	For the period 25 February 2021 to 31 March 2022
	Amount Rs. In lakhs	Amount Rs. In lakhs
(a) Depreciation charge for Right of use assets	44.65	30.99
(b) Interest expenses (Included in Finance cost)	54.18	40.32
Total	98.83	71.31

(iv) Cash flows

Particulars	For the Year ended 31 March 2023	For the period 25 February 2021 to 31 March 2022
	Amount Rs. In lakhs	Amount Rs. In lakhs
The total cash outflows of lease	18.61	34.50
Total	18.61	34.50

(v) Maturity analysis of undiscounted lease liabilities

Particulars	For the Year ended 31 March 2023	For the Year ended 31 March 2022
	Amount Rs. In lakhs	Amount Rs. In lakhs
Not later than one year	23.85	16.21
Later than one year and not later than 5 years	178.10	128.15
Later than 5 years	174.75	233.33
Lease liabilities are recognised at weighted average incremental borrowing rate of %	14.25%	14.25%



32 Related Party Transactions

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

A. Names of Related Parties

Nature of Relationship	Name of Related party
(i) Holding Company	Northern Arc Capital Limited
(ii) Key Managerial Personnel (KMP)	Jagadish Babu Ramadugu Monika Gurung
(iii) Director	Ashish Mehrotra Vijay Chakravarthi Nallan

B. Transactions during the year with related parties	For the Year ended 31 March 2023		For the Year ended 31 March 2022	
	Amount Rs. In lakhs			
	Amount Rs. In lakhs		Amount Rs. In lakhs	
Nature of transactions	Holding company	Key Managerial persons	Holding company	Key Managerial persons
Equity share capital	-	-	2,253.40	247.60
Servicer Fee & Other income receivables	3,850.29	-	-	-
Assembled Work force transefer received	236.63	-	-	-
Unsecured Loan availed	-	-	305.00	-
Unsecured Loan repaid	-	-	305.00	-
Interest expense	-	-	16.38	-
Reimbursement of expenses	104.76	-	13.69	-
Remuneration Paid	-	89.77	-	-
Reimbursement and other expenses	-	4.13	-	2.08
Loan from director	-	-	-	1.00
Share based payment				
- Options Granted				1,619.32
- Options Vested		255.04		
- Options Lapsed				

C. Balances as at period end	For the Year ended 31 March 2023		For the Year ended 31 March 2022	
	Amount Rs. In lakhs			
	Amount Rs. In lakhs		Amount Rs. In lakhs	
Nature of transactions	Holding company	Key Managerial persons	Holding company	Key Managerial persons
Equity share capital	2,253.40	247.60	2,253.40	247.60
Servicer Fee & Other income receivables	649.23	-	-	-
Collections Payables	448.29	-	-	-
Other Payables	148.79	-	-	-
Reimbursement of expenses	-	1.17	-	-
Loan from director	-	1.00	1.00	1.00
Share based payment				
- Options Granted		1,619.32		1,619.32
- Options Vested		255.04		-
- Options yet to vest		1,364.28		1,619.32

D. Provisions for doubtful debts related to the amount of outstanding balances - Nil.

E. Expense recognised during the period in respect of bad or doubtful debts due from related parties - Nil.



33 Fair Value Measurement:

A. Valuation Principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques:

Level 1 - Valuation technique using quoted market price: financial instruments with quoted prices for identical instruments in active markets that Company can access at the measurement date.

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

Level 3 - Valuation technique with significant unobservable inputs: Those that include one or more unobservable input that is significant to the measurement as whole.

B. Fair value of financial instrument measured at fair value:

Particulars	Level	Carrying value		Fair value	
		For the Year ended 31 March 2023	For the Year ended 31 March 2022	For the Year ended 31 March 2023	For the Year ended 31 March 2022
		Amount Rs. In lakhs		Amount Rs. In lakhs	
Investments					
-Mutual funds	1	532.52	1512.84	532.52	1,512.84
Security deposits (Rental Deposits)	3	112.66	39.71	112.66	39.71
		645.18	1,552.55	645.18	1,552.55

C. Fair value of financial instrument not measured at fair value:

The table below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

Particulars	Level	Carrying value		Fair value	
		For the Year ended 31 March 2023	For the period 25 February 2021 to 31 March 2022	For the Year ended 31 March 2023	For the period 25 February 2021 to 31 March 2022
		Amount Rs. In lakhs		Amount Rs. In lakhs	
Financial Assets					
Cash and cash equivalents	1	384.09	186.83	384.09	186.83
Bank Balance other than cash and cash equivalents	1	711.67	353.64	711.67	353.64
Trade receivables	3	684.63	-	684.63	-
		1,780.39	540.47	1,780.39	540.47
Financial Liabilities					
Borrowings (other than debt securities)	3	1.00	1.00	1.00	1.00
Other financial liabilities	3	1,201.29	408.26	1,201.29	408.26
Total Financial liabilities		1,202.29	409.26	1,202.29	409.26

The fair value of the financial assets and liabilities are at the amount that would be received to sell an asset and paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying amounts of trade receivables, cash and cash equivalents, other bank balances, other financial assets, current borrowings and other current financial liabilities are a reasonable approximation of their fair values.

The estimated fair value amounts as at 31st March, 2023 have been measured as at that date. As such, the fair values of these financial instruments subsequent to reporting date may be different than the amounts reported at each year-end.

Investments carried at fair value are generally based on market price quotations.

There were no transfers between Level 1, Level 2 and Level 3 during the year.

34 Capital Risk Management:

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 March 31, 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.

35 Segment Information:

The Group is in the business of authorised Business Correspondent to Northern Arc Capital Limited which is the only reportable operating segment. Hence, separate disclosure requirements of Ind AS -108 " Segment Reporting" are not applicable.



PRGATI FINSERV PRIVATE LIMITED
 CIN: U6590TG2021PTC148992
 8-2-624/A/1, 4th Floor, Meena Bazaar Towers, Road No. 10,
 Avenue 4, Banjara Hills, Hyderabad, Telangana 500034, India

Variation of more than 25% of previous year needs explanation

Note 36 - Additional Regulatory Information

S.No	Name of the Ratio	Ratio Formula	For the Year ended 31 March 2023	For the Year ended 31 March 2022	Explanation for change in the ratio by more than 25%
1	Current ratio	Current asset /Current Liabilities	2.58	36.96	The decrease in current ratio for FY23 is mainly due to increase in current liabilities and statutory dues payables.
2	Debt -Equity ratio	DER = Total Debt /Shareholder's Equity	0.001	0.0005	The increase in debt equity ratio is mainly due to loss for FY23 which is transferred to retained earnings in FY23
3	Debt Service coverage ratio	DSCR = Earnings available for Debt Service / Debt Service	-4.37	-4.64	The increase in Debt Service Coverage ratio is mainly due to increase in revenue for the FY 23
4	Return on Equity	ROE = (NP after taxes - Preference dividend If any)/ Average Shareholder's Equity	-26.6%	-33.7%	Compared to FY 22, ROE has increased. Due to capital infusions in the second half of FY 22, ROE for FY 22 is lower.
5	Inventory Turnover Ratio	ITR = Cost of goods sold OR sales/ Average Inventory	NA	NA	
6	Trade receivables turnover ratio Average trade debtors = (Opening + Closing balance / 2)	TRTR = Net Credit Sales / Avg. Accounts Receivable	5.56	NA	Principal revenue generation activity not yet commenced in FY 22.
7	Trade payables turnover ratio	TPTR = Net Credit Purchases / Average Trade Payables	NA	NA	
8	Net capital turnover ratio	NCTR = Net Sales / Working Capital Average Working capital	2.31	NA	Principal revenue generation activity not yet commenced in FY 22.
9	Net profit ratio	NPR = Net Profit / Net Sales	-12.8%	NA	Principal revenue generation activity not yet commenced in FY 22.
10	Return on capital employed (ROCE)	ROCE = Earning before interest and taxes / Capital Employed	-29.1%	-14.9%	The decrease in ROCE is mainly due to loss for FY23 which is transferred to retained earnings in FY23
11	Return on investment	ROI = {MV(T1) - MV(T0) - Sum [C(t)]} / {MV(T0) + Sum [W(t) * C(t)]}	4.98%	4.54%	

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

R Venkatesh
 Partner
 M.No: 203816
 Firm Regn No: 0044945 / S200037



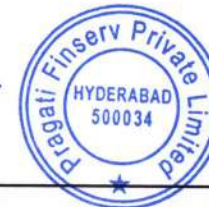
For and on behalf of the board of directors of
 Pragati Finserv Private Limited

Jagadish Babu Ramadugu
 Managing Director and
 Chief Executive officer
 DIN : 01855121

Ashish Mehrotra
 Chairman and
 Non Executive Director
 DIN: 07277318

Monika Gurung
 Company Secretary

Place: Chennai
 Date: May 05, 2023



Place: Chennai
 Date: May 05, 2023