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

Report on Audit of Standalone Financial Statements

Opinion

1. We have audited the standalone financial statements of **PRAGATI FINSERV PRIVATE LIMITED** ('the Company'), which comprise the Balance Sheet as at March 31, 2022, and the Statement of Profit and Loss for the period February 25, 2021 to March 31, 2022, Statement of Changes in Equity and Cash Flow Statement for the said period and notes to financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022 and its profit/loss and its cash flows for the period February 25, 2021 to March 31, 2022.

Basis for Opinion

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

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

4. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and

VAITHISVARAN & CO LLP AAF-8642 HYDERABAD Chartered Accountants

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

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

   - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal financial controls.

VAITHISVARAN & CO LLP AAF-8642 HYDERABAD Chartered Accountants

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

6. As required by the Companies (Auditor's Report) Order, 2020 issued by the Government of India in terms of Section 143 (11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.

7. As required by section 143 (3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

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

VAITHISVARAN & CO LLP AAF-8642 HYDERABAD Chartered Accountants

A Limited Liability Partnership with LLP identity No. AAF-8642
6-3-663/C, Officer's Colony, Punjagutta, Hyderabad – 500 082, India. ✉: hyd@vaithisvaran.com ⊕: www.vaithisvaran.com
Regd. Off.: 4th flr, Vikas Mantra Towers, Old No.120, New No. 249, RK Mutt Road, Mandaveli, Chennai – 600 028. Branches at: Hyderabad, Bangalore and Bhubaneshwar.

(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 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 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, 2022 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 financial statements is not applicable as the company is a private company with turnover less than Rs.50 Crores as per last audited financial statement and aggregate borrowings from banks or financial institutions or anybody corporate at any point of time during the financial year less than Rs. 25 Crore;

(h) We do not have any qualification, reservation or adverse remark relating the maintenance of accounts and other matters connected herewith.

8. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
   (a) The Company does not have pending litigations to disclose in its financial statements.

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

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

   (d)
      i. The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested by the company to or in any other person(s) or entity(ies) including foreign entity ("intermediaries"), with the understanding, whether recorded in writing or

VAITHISVARAN & CO LLP
AAF-8642
HYDERABAD
Chartered Accountants

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

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

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

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

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

For Vaithisvaran & Co LLP
Chartered Accountants

VAITHISVARAN & CO LLP
AAF-8642
HYDERABAD
Chartered Accountants

S. Shankar Raman
Partner
Membership No. 209163
Firm Regn No.04494S/S200037
Place: Hyderabad
Date: May 07, 2022

UDIN: 22209163AKXUJW6829

A Limited Liability Partnership with LLP identity No. AAF-8642
6-3-663/C, Officer's Colony, Punjagutta, Hyderabad – 500 082, India. ✉: hyd@vaithisvaran.com ⊕: www.vaithisvaran.com
Regd. Off.: 4th flr, Vikas Mantra Towers, Old No.120, New No. 249, RK Mutt Road, Mandaveli, Chennai – 600 028. Branches at: Hyderabad, Bangalore and Bhubaneshwar.

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

(Referred to in our report of even date)

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

i. In our opinion and according to the information and explanations given to us, in respect of its Property, Plant & Equipment and intangible assets:

   a.
      A. The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant & equipment;
      B. The company has maintained proper records showing full particulars of intangible assets;

   b. The Property, Plant & Equipment of the Company were physically verified during the period by the management. According to the information and explanations given to us no material discrepancies were noticed on such verification;

   c. According to information and explanations given to us the company does not have any Immovable Property (Land) as on the date of Balance Sheet;

   d. The company has not revalued its property, plant & equipment (including Right of Use assets) or intangible assets or both during the period;

   e. No proceeding have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act 1998 and rules made thereunder;

ii. In our opinion and according to the information and explanations given to us;
   a. The Company 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. In our opinion and according to the information and explanations given to us, during the period the company has not made any investments in or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms or limited liability

VAITHISVARAN & CO LLP AAF-8642 HYDERABAD Chartered Accountants

partnerships or any other parties or stood guarantee or provided any security to other entity and hence this para is not applicable.

iv. In our opinion and according to the information and explanations given to us, during the period the company has not made any investments in or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms or limited liability partnerships or any other parties or stood guarantee or provided any security to other entity hence compliance with provisions of section 185 and 186 of the Companies Act, 2013 are not required to be commented in this para.

v. The Company has not accepted deposits.

vi. To the best of our information, Central Government has not prescribed maintenance of Cost Records under Section 148 of The Companies Act, 2013 for any of the services rendered by the Company.

vii.

a. In respect of undisputed statutory dues including Employees Provident Fund, employee state insurance, Income-tax, Goods and Services tax, Service tax, duty of customs, cess and any other statutory dues with appropriate authorities, according to the information and explanations given to us, the Company has been generally regular in depositing with the appropriate authorities during the period.

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, 2022.

viii. In our opinion and according to the information and explanations given to us, being the first year of operation the aspect of any transaction not recorded in the books of accounts being surrendered or disclosed as income during the year in the tax assessment under the Income Tax Act, 1961 and if so, whether the previously unrecorded income has been properly recorded in the books of accounts during the year does not arise;

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

a. the company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders and hence no further details to be provided in clause a and b of this para;

VAITHISVARAN & CO LLP AAF-8642 HYDERABAD Chartered Accountants

b. as in 'a' above;

c. Term loans have been applied for the purpose for which the loans were obtained;

d. Funds raised on short term have not been used for long term purpose during the period;

e. During the period, the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures;

f. The company has not raised loans during the period on the pledge of securities held in its subsidiaries, joint ventures or associate companies;

x.

a. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the period. Accordingly, paragraph 3 (x) of the Order is not applicable.

b. The company has made preferential allotment or private placement of shares or convertible debenture during the period under review and the requirements of section 42 and section 62 of the Companies Act, 2013 have been complied with and the funds raised have been used for the purposes for which the funds were raised to the extent used and balance unutilised funds are maintained as deposit with scheduled banks and investment in debt funds.

xi. To the best of our knowledge and belief, and according to the information and explanations given to us,

a. there are no frauds noticed or reported by or on the Company by its officers or employees during the period;

b. No report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government;

c. the auditor has considered whistle-blower complaints, if any, received during the period under review by the company; further the company is in the process of implementing a whistle-blower mechanism;

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

VAITHISVARAN & CO LLP AAF-8642 HYDERABAD Chartered Accountants

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, Section 177 of the Act read with Rule 6 of Companies (Meetings of Board and its Powers) Rules, 2014 and Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014 is applicable from December 09, 2021. The transactions with related party were entered into by the company before this date and hence to this extent this para is not applicable for the period under review.

xiv. According to the information and explanations given to us

a. Provision of internal audit under section 138 of the Act are not applicable to the company and company does not have an internal audit system.

b. As internal audit is not applicable and company does not have an internal audit system; the statutory auditor considering the reports of the internal auditor for the period under audit is not appliable.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

xvi. According to the information and explanations given to us and based on our examination of the records of the Company;

a. the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 as per the principal business criteria of the Reserve Bank of India;

b. Company has not conducted any Non-Banking Financial or Housing Finance activity;

c. the company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India;

d. there is no CIC in the group and hence this para is not applicable;

xvii. Company has incurred cash loss of Rs. 3,81,51,754.44 during the period and being the first period of financial reporting cash losses in immediately preceding financial year is not applicable;

VAITHISVARAN & CO LLP AAF-8642

A Limited Liability Partnership with LLP identity No. AAF-8642
6-3-663/C, Officer's Colony, Punjagutta, Hyderabad – 500 082, India. ✉: hyd@vaithisvaran.com 🌐: www.vaithisvaran.com
Regd. Off.: 4th flr, Vikas Mantra Towers, Old No.120, New No. 249, RK Mutt Road, Mandaveli, Chennai – 600 028. Branches at: Hyderabad, Bangalore and Bhubaneshwar.

xviii. There is no resignation of the statutory auditors during the year. So, reporting whether the auditor has taken into consideration the issues, objections or concerns raised by the outgoing auditors is not applicable.

xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, the auditor's knowledge of the Board of Directors and management plans, the auditor is of the opinion that no material uncertainty exists as on the date of the audit report that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date;

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

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

For Vaithisvaran & Co LLP
Chartered Accountants

VAITHISVARAN & CO LLP AAF-8642 HYDERABAD Chartered Accountants

S. Shankar Raman
Partner
Membership No. 209163
Firm Regn No.04494S / S200037
Place: Hyderabad
Date: May 07, 2022

UDIN: 22209163AKXUJW6829

A Limited Liability Partnership with LLP identity No. AAF-8642
6-3-663/C, Officer's Colony, Punjagutta, Hyderabad – 500 082, India. ✉: hyd@vaithisvaran.com 🌐: www.vaithisvaran.com
Regd. Off.: 4th flr, Vikas Mantra Towers, Old No.120, New No. 249, RK Mutt Road, Mandaveli, Chennai – 600 028. Branches at: Hyderabad, Bangalore and Bhubaneshwar.

PRAGATI 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 on 31 March, 2022
All amounts are in Indian Rupees in Lakhs

Particulars	Note No.	Amount
I. Assets		
Non-Current Assets		
a. Plant, Property and Equipment	4	30.99
b. Other Intangible assets	4	2.87
c. Right to Use Asset	5	340.88
d. Financial Assets		
i. Other Financial Asset	6	38.07
e. Deferred Tax Asset	29	-
f. Other-Non Current Assets	7	9.33
Sub-total		***422.14***
Current Assets		
a. Financial Assets		
i. Investments	8	1512.84
ii. Cash and Cash Equivalent	9	186.83
iii. Bank balance other than i. above	10	353.64
iv. Others	11	1.64
b. Other Current Assets	12	25.06
Sub-total		***2080.01***
TOTAL ASSETS		**2502.15**
II. Equity and Liabilities		
Equity		
a. Equity Share Captital	13	2501.00
b. Other equity	14	(421.41)
Sub-total		***2079.59***
Liabilities		
Non Current Liabilities		
a. Financial Liabilities		
i. Borrowings	15	1.00
b. Provision	16	3.80
c. Other Non Current Liabilities	17	361.48
Sub-total		***366.28***
Current Liabilities		
a. Financial Liabilities		
i. Borrowings		0.00
ii. Trade Payables		0.00
iii. Other Financial Liabilities	18	16.66
b. Provision	19	0.00
c. Other Current Liabilities	20	39.62
Sub-total		***56.28***
TOTAL EQUITY and LIABILITIES		**2502.15**

Company Information, Basis of Preparation and Significant Accounting Policies	Notes 1 to 3
Notes to Accounts	Notes 4 to 31

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

VAITHISVARAN & CO LLP AAF-8642 HYDERABAD Chartered Accountants

S. Shankar Raman
Partner
M.No:209163
Firm Regn No: 004494S / 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

Sreejith Raj P
Company Secretary

Place: Hyderabad
Date: May 07, 2022

Place: Hyderabad
Date: May 07, 2022

Pragati Finserv Private Ltd. Hyderabad 500034

PRAGATI 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

Profit and Loss for the period 25 February, 2021 to 31 March, 2022

All amounts are in Indian Rupees in Lakhs

Particulars	Note No.	Amount
Continuing Operations		
I. Revenue from Operations		-
II. Other Income	21	19.31
III. Total Revenue (I+II)		**19.31**
Expenses		
a. Employee Benefit & Other Expenses	22	265.68
b. Financial Charges	23	56.70
c. Other Expenses	24	78.45
d. Depreciation and Amortisation	25	39.89
IV. Total Expenses (a+b+c+d)		**440.72**
V. Profit / (Loss) before exceptional items and tax (III - IV)		**-421.41**
VI. Exceptional Items		-
VII. Profit/(Loss) before tax (V - VI)		**-421.41**
VIII. Tax Expense (i+ii)		**0.00**
i. Current Tax		-
ii. Deferred Tax		0.00
IX. Profit / (Loss) after tax from continuing operations (VII - VIII)		**-421.41**
X. Discontinued Operations		-
i. Profit / (Loss) from discontinued operations		-
ii. Tax Expense of discontinued operations		-
XI. Profit / (Loss) for the period (IX + X)		**-421.41**
XII. Other Comprehensive Income		-
XIII. Earnings per share	26	
i. Basic (in Rupees) - face value Rs.10 per share		-6.00
ii. Diluted (in Rupees) - face value Rs.10 per share		-6.00

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

VAITHISVARAN & CO LLP * AAF-8642 HYDERABAD * Chartered Accountants

S.Shankar Raman
Partner
M.No:209163
Firm Regn No: 004494S/S200037

For and on behalf of the board 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

Sreejith Raj P
Company Secretary

Place: Hyderabad
Date: May 07, 2022

Pragati Finserv Private Limited Hyderabad 500034

Place: Hyderabad
Date: May 07, 2022

PRAGATI FINSERV PRIVATE LIMITED
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 period 25 February, 2021 to 31 March, 2022

All amounts are in Indian Rupees in Lakhs

Particulars	Amounts in INR
Cash flows from operating activities	
Profit before tax for the period	-421.41
Adjustments for:	
Finance costs recognised in profit or loss	56.70
Depreciation and amortisation of non-current assets	39.89
Operating profit before Working capital changes	**-324.82**
Movements in working capital	
Increase in trade and other receivables	-26.70
Increase/(Decrease) in trade and other payables	30.57
Increase/(decrease) in provisions	13.30
Net cash generated by operating activities (A)	**-307.65**
Cash flows from investing activities	
Payments for property, plant and equipment; intangible assets	-42.76
Rental Deposits	-38.07
Investment in Current Investment - debt funds - mutual funds	-1,512.84
Term deposit with scheduled banks	-353.64
Advance Payments for property, plant and equipment	-9.33
Net cash (used in)/generated by investing activities (B)	**-1,956.64**
Cash flows 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	-16.38
Repayment - Lease liability	-34.50
Net cash used in financing activities (C)	**2,451.12**
Net increase in cash and cash equivalents (A+B+C)	**186.83**
Cash and cash equivalents at the beginning of the period	**0.00**
Cash and cash equivalents at the end of the period	**186.83**

Notes to cash flow

Component of Cash and Cash Equivalent

- Balances with bank	
- in current account	186.83
- in deposit account	0.00
TOTAL	**186.83**

Cash flow statement is prepared under the 'indirect method' as set out in Ind AS-7 on statement of cash flows specified under section 133 of the Companies Act, 2013

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

VAITHISVARAN & CO LLP
AAF-8642
HYDERABAD
Chartered Accountants

S.Shankar Raman
Partner
M.No:209163
Firm Regn No: 004494S/S200037

Place: Hyderabad
Date: May 07, 2022

For and on behalf of the board 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

Sreejith Raj P
Company Secretary

Place: Hyderabad
Date: May 07, 2022

Pragati Finserv Private Limited
Hyderabad
500034

PRAGATI FINSERV PRIVATE LIMITED

All amounts are in Indian Rupees in Lakhs

Statement of changes in Equity for the period ended March 31, 2022

A. Equity Share Capital

Equity share capital of INR 10 each Issued, Subscribed and Fully paid

Particulars	Amount
Balance as at 25 February 2021	-
Changes in equity share capital during the period	2,501.00
Balance as at 31 Mar 2022	2,501.00

B. Other Equity

(Amounts in INR)

Particulars	Share Application Money Pending Allotment	Equity Component of Compound Financial Instruments	Reserve And Surplus			Items of Other Comprehensive Income				Total Other Equity attributable to Equity Holders of the Company
			General Reserve	Other Reserve	Retained Earnings	Debt (Or Equity instrument) through Other Comprehensive Income	Effective Apportion of Cash Flow Hedges	Other Components (Specify Nature)	Money received against share warrant	
Adjusted balances as at 25 February 2021										
Profit / (Loss) for the period	-	-	-	-	-421.41	-	-	-	-	-421.41
Changes in accouting policy or prior period errors	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	-	-	-	-	-	-	-	-
Other Comprehensive Income / (Loss)	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the Period	-	-	-	-	-421.41	-	-	-	-	-421.41
Dividend paid on Equity Shares	-	-	-	-	-	-	-	-	-	-
Dividend Distribution Tax	-	-	-	-	-	-	-	-	-	-
Transfers to Reserves	-	-	-	-	-	-	-	-	-	-
Transfer from retained earnings	-	-	-	-	-	-	-	-	-	-
Any other changes (to be specified)	-	-	-	-	-	-	-	-	-	-
As at 31 March 2022	-	-	-	-	**-421.41**	-	-	-	-	**-421.41**

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

VAITHISVARAN & CO LLP * Chartered Accountants * AAF-8642 HYDERABAD

S.Shankar Raman
Partner
M.No:209163
Firm Regn No: 004494S/S200037

Place: Hyderabad
Date: May 07, 2022

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

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

Place: Hyderabad
Date: May 07, 2022

Ashish Mehrotra
Chairman and
Non Executive Director
DIN: 07277318

Sreejith Raj P
Company Secretary

Pragati Finserv Private Limited * Hyderabad 500034

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

a. Standalone Financial Statements have been prepared in accordance with the accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) prescribed under the Section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended and relevant provisions of the Companies Act, 2013.

b. Accordingly, the Company had prepared these Standalone Financial Statements which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss for the period February 25, 2021 to March 31, 2022, the Statement of Cash Flows for the period February 25, 2021 to March 31, 2022 and the Statement of Changes in Equity for the said period ended and accounting policies and other explanatory information (together hereinafter referred to as 'Standalone Financial Statements' or 'financial statements').

c. Complete set of financial statements as specified in Ind AS 1 – 'Presentation of Financial Statements' were prepared for the period of February 25, 2021 to March 31, 2022.

d. The Standalone Financial Statements were prepared in accordance with Indian Accounting Standards (Ind AS), under the historical cost convention on the accrual basis as per the provisions of the Companies Act, 2013 ("the Act").

e. The standalone financial statement was prepared on the historical cost basis, except for certain financial assets and liabilities which is recorded on the basis of fair value.

f. 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

SATHISWARAN & CO LLP AAF-8642 HYDERABAD Chartered Accountants

Pragati Finserv Private Limited Hyderabad 500034

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.

d. Being the first period of the company and as the company awaiting regulatory approval for its main objects, the operating cycle for the company could not be assessed. Hence twelve months were considered for the purpose of classification of assets into Current or Non-Current.

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

VAITHISVARAN & CO LLP AAF-8642 HYDERABAD Chartered Accountants

Pragati FinServ Private Limited Hyderabad 500034

2.3 Estimation of uncertainties relating to global health pandemic from novel coronavirus 2019 (Covid-19):

a. The company has considered the possible effects that may result from the pandemic relating to Covid 19 on the carrying amount of loans and fair value of investments. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports, related information and economic forecasts. The impact of COVID-19 on the financial statements may differ from the estimated as at the date of approval of these standalone Financial Statements.

2.4 Comparative Figures of earlier period:

a. Comparative figures and corresponding figures of earlier period are not provided as this is the first financial report of the company.

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. Major shutdown and overhaul expenditure is capitalised as the activities undertaken improves the economic benefits expected to arise from the asset It includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy based on Ind AS 23 – Borrowing costs.

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 depreciation commences. Costs associated with the commissioning of an asset and any obligatory decommissioning costs are capitalised where the asset is available for use but incapable of operating at normal levels until a year of commissioning has been completed. Revenue generated from production during the trial period is capitalised. Property, plant and equipment except freehold land held for use in the production, supply 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 to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements on transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

VAITHISVARAN & CO LLP AAF-8642 HYDERABAD Chartered Accountants

Pragati FinServ Private Limited Hyderabad 500034

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 except in respect of following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Assets	Years
Furniture & Fixtures	10 years
Office & Electrical Equipment	5 to 10 years
Computers and accessories	3 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. Major overhaul costs are depreciated over the estimated life of the economic benefit derived from the overhaul. The carrying amount of the remaining previous overhaul cost is charged to the Statement of Profit and Loss if the next overhaul is undertaken earlier than the previously estimated life of the economic benefit.

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.

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.

VAITHISVARAN & CO LLP
AAF-8642
HYDERABAD
Chartered Accountants

Pragati FinServ Private Limited
Hyderabad
500034

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**
Computer Software	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.

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.

AAF-8642
HYDERABAD
Chartered Accountants

Hyderabad
500034

d. The company records investments in Alternate investment funds (AIF), mutual funds and treasury bills 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 classified.

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.

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.

VAITHISVARAN & CO LLP
AAF-8642
HYDERABAD
Chartered Accountants

Pragati Finserv Private Limited
Hyderabad
500034

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. During the period of February 25, 2021 to March 31, 2022 company did not have any income from its operating activities.
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.

3.10 Employee benefits

Employee benefits include salaries, wages, contribution to provident fund, gratuity, leave encashment towards un-availed leave, compensated absences, post-retirement medical benefits and other terminal benefits.

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.

AAF-8642 HYDERABAD

Hyderabad 500034

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.

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.

VAITHISVARAN & CO LLP AAF-8642 HYDERABAD Chartered Accountants

Pragati FinServ Private Limited Hyderabad 500034

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. 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.

b. Provision for current tax was not considered in the financial statement

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.

VAITHISVARAN & CO LLP AAF-8642 HYDERABAD Chartered Accountants

Pragati FinServ Private Limited Hyderabad 500034

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.

h. As per Para 26 of Ind AS 116, the lease payment shall be discounted using the interest 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. Discounting rate for calculating present value of the lease liability is considered as 14.25 % p.a.

i. The lease is for a period of three years, beginning in July 2021 upon completion of the lease term, it may be renewed at the option of the lessee for further 6 years on same terms and condition, further it's assumed for the purpose of lease calculation that there will be no vacation of premises for nine years.

3.14 Earnings per share

Basic earnings per share

a. Basic earnings per share is 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. Cash flows in foreign currencies are accounted at the actual rates of exchange prevailing at the dates of transactions.

VAITHISVARAN & CO LLP AAF-8642 HYDERABAD Chartered Accountants

Pragati FinServ Private Limited Hyderabad 500034

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.

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 will 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 benefit ts 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.

VAITHISVARAN & CO LLP AAF-8642 HYDERABAD Chartered Accountants

Pragati FinServ Private Limited Hyderabad 500034

PRAGATI FINSERV PRIVATE LIMITED
Notes to the Financial Statement for the period ended March 31, 2022
All amounts are in Indian Rupees in Lakhs
Note 4

Plant, Property and Equipment

Particulars	Furnitures and Fixtures	Computers and Accessories	Office Equipments	Electrical Equipments	Total
Cost					
As at 25 February 2021	-	-	-	-	-
Additions During the Period	13.33	20.26	5.66	0.51	39.76
Disposals During the Period	-	-	-	-	-
As at 31 March 2022	**13.33**	**20.26**	**5.66**	**0.51**	**39.76**
Accumulated Depreciation					
As at 25 February 2021	-	-	-	-	-
Depreciation for the Period	1.05	6.24	1.31	0	8.77
On Disposal / Discards	-	-	-	-	-
As at 31 March 2022	**1.05**	**6.24**	**1.31**	**0.17**	**8.77**
Net Carrying Value	**12.28**	**14.02**	**4.35**	**0.34**	**30.99**

Intangible Asset

Particulars	Computer Software	Total
Cost		
As at 25 February 2021	-	-
Additions During the Period	3.00	3.00
Disposals During the Period		-
As at 31 March 2022	**3.00**	**3.00**
Accumulated Depreciation		
As at 25 February 2021		-
Depreciation for the Period	0.13	0.13
On Disposal / Discards		-
As at 31 March 2022	**0.13**	**0.13**
Net Carrying Value	**2.87**	**2.87**

Intangibles under development NIL

VAITHISVARAN & CO LLP
AAF-8642
HYDERABAD
Chartered Accountants

Pragati Finserv Private Limited
Hyderabad
500034

PRAGATI FINSERV PRIVATE LIMITED
Notes to the Financial Statement for the period ended March 31, 2022
All amounts are in Indian Rupees in Lakhs

Note 5
Right to Use

Particulars	Office Premises
Gross Block Value	
As at 25 February 2021	-
Additions During the Period	371.87
Disposals	-
As at 31 Mar 2022	**371.87**
Accumulated Depreciation	
As at 25 February 2021	-
Depreciation During the Period	30.99
Disposals	-
As at 31 Mar 2022	**30.99**
Net Carrying Value	**340.88**

Note 6
Other Financial Asset

Particulars	As at 31 Mar 2022
Rental Deposits	38.07
Total	**38.07**

Note 7
Other non current asset

Particulars	As at 31 Mar 2022
Capital advances	9.33
Total	**9.33**

Note 8
Investments

Particulars	As at 31 Mar 2022
Investments in debt funds (mutual funds) - quoted	1,512.84
Total	**1,512.84**
Aggregate Value of quoted investments	1,512.84

Note 9
Cash and Cash Equivalents

Particulars	As at 31 Mar 2022
Balance with Scheduled banks	9.93
Deposit with Scheduled banks with maturity less than 3 months (including accrued interest)	176.90
Total	**186.83**

Note 10
Bank balance other than Cash and Cash equivalents

Particulars	As at 31 Mar 2022
Term deposits with Scheduled banks (including accrued interest)	353.64
Total	**353.64**

VAITHISVARAN & CO LLP
AAF-8642
HYDERABAD
Chartered Accountants

Pragati Finserv Private Limited
Hyderabad 500034

PRAGATI FINSERV PRIVATE LIMITED
Notes to the Financial Statement for the period ended March 31, 2022
All amounts are in Indian Rupees in Lakhs

Note 11
Other Financial Assets

Particulars	As at 31 Mar 2022
Other Receivables	1.64
Total	**1.64**

Note 12
Other Current Assets

Particulars	As at 31 Mar 2022
(i) Advances other than capital advances	
(a)Other advances	
1.GST Input	16.85
2.Balances with Income Tax Department	0.64
3.Prepaid Expenses	7.57
Total	**25.06**

Note 13
Share capital

Particulars	As at 31 Mar 2022
Authorised	
25,100,000 (Mar 31, 2022) Equity shares of INR 10 each	2,510.00
	2,510.00
Issued and Subscribed and paid up	
Equity shares	
25,010,000 (Mar 31, 2022) Equity shares of INR 10 each	2,501.00
	2,501.00

The company has only one class of shares.

a) Reconcilliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	Number of Shares
As at 25 February 2021	-
Add: Shares Issued during the Period	2,50,10,000
As at 31 Mar 2022	**2,50,10,000**

b) Details of share holders holding more than 5% shares in the company

Name of the Share Holder	No. of shares	% held
Equity shares		
Northern Arc Capital Limited	**2,25,34,010**	**90.10%**
Mr.Jagadish Babu Ramadugu	**24,75,990**	**9.90%**

Note 14
Other Equity

Particulars	As at 31 Mar 2022
(a) Employee stock option outstanding account	
As at 25 February 2021	-
Add: Employee compensation expense during the Period	-
Less: Transfer to securities premium on allotment of shares	-
As at 31 Mar 2022	-

Note 14.1

Employee Stock Option Plan 2021 (ESOP) has been approved by the Board at its meeting held on March 23, 2021 and by the members in the Extra Ordinary General Meeting held on May 07, 2021

Note 14.2
The Pragati Employee Stock Option Scheme 2021 - Scheme I :

The Pragati Employee Stock Option Scheme 2021- (Scheme I) is applicable to eligible employees of the company. The options will be exercised at Rs.10 per option and will vest over 5 years in the proportion 15.75 : 15.75 : 21 : 21 : 26.5 (allocated portion) on the basis of performance, subject to 30% of the allocated portion being defintive vesting.

During the period Feb 25, 2021 to Mar 31, 2022 - 1,61,93,182 options were granted to director Mr.Jagdish Babu Ramadugu at a valuation of Rs.5.93 per option and exercise price of Rs.10 per option. No employee compensation expense is recognised as the value per option is less than the exercise price.

(b) Retained Earnings

Particulars	As at 31 Mar 2022
As at 25 February 2021	-
Profit / (Loss) for the period	-421.41
As at 31 Mar 2022	**-421.41**

VAITHISVARAN & CO LLP
AAF-8642
HYDERABAD
Chartered Accountants

Pragati Finserv Private Limited
Hyderabad
500034

PRAGATI FINSERV PRIVATE LIMITED
Notes to the Financial Statement for the period ended March 31, 2022
All amounts are in Indian Rupees in Lakhs

Note 15
Borrowings

Particulars	As at 31 Mar 2022
Loan From Director	1.00
(refer note 28 below)	
Total	**1.00**

Note 16
Long-term Provision

Particulars	As at 31 Mar 2022
Gratuity Provision	1.19
Leave Encashment Provision	2.61
Total	**3.80**

Note 17
Other Non current Liability

Particulars	As at 31 Mar 2022
Lease Liability	361.48
Total	**361.48**

Note 18
Other Financial Liabilities

Particulars	As at 31 Mar 2022
Statutory Dues Payable	9.50
Creditors Payable	7.15
Total	**16.66**

Note 19
Short-term Provision

Particulars	As at 31 Mar 2022
Gratuity Provision	-
Total	-

Note 20
Other Current Liabilities

Particulars	As at 31 Mar 2022
Lease Liability	16.21
Salaries Payable	17.04
Employee Reimbursement Payables	6.37
Total	**39.62**

Note 21
Other income

Particulars	For the period ended 31 Mar 2022
Interest on Term Deposit	6.44
Other non operating income	12.87
Total	**19.31**

21.1 - Other non operating income includes accrued income on debt funds

VAITHISVARAN & CO LLP * AAF-8642 HYDERABAD * Chartered Accountants

Pragati Finserv Private Limited * Hyderabad 500034

PRAGATI FINSERV PRIVATE LIMITED
Notes to the Financial Statement for the period ended March 31, 2022
All amounts are in Indian Rupees in Lakhs

Note 22
Employee Benefit Expenses

Particulars	For the period ended 31 Mar 2022
Employer Labour Welfare Expenses	0.00
Employee share based payment expenses	-
ESI Expenses	0.12
PF Admin Charges	0.57
PF Expenses	12.87
Salaries and Wages	247.89
Staff Welfare	0.43
Gratuity Expense	1.19
Leave Encashment	2.61
Total	**265.68**

Defined Benefit Plan

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

Details of actuarial valuation of Gratuity as per Ind AS 19

A.Change in the present value of the defined benefit obligation are as follows:	As at 31 Mar 2022
Defined benefit obligation at the beginning of the Period	-
Current services cost	1.19
Interest Cost	-
Prior Service Cost - Vested Benefit	-
Benefits paid	-
Actuarial (gains)/losses on obligation	-
Defined benefit obligation at the period end	**1.19**

B.Amount recognised in balance sheet	As at 31 Mar 2022
Present value obligation at the end of the period	1.19
Fair value of plan assets	-
Net Liability recognised in the balance sheet	**1.19**

The Liability in respect of gratuity plan comprises of the following non-current and current portions

Particulars	As at 31 Mar 2022
Current	-
Non-Current	1.19
Total liability	**1.19**

C. Expenses recognised in the statement of Profit or Loss	For the period ended 31 Mar 2022
Current Service cost	1.19
Interest on obligation	-
Past service cost	-
Expected return on plan assets	-
Net Actuarial (gain) / Loss recognized in the period	-
Total included in the statement of Profit and loss	**1.19**

D. Assumption at balance sheet date	
Discount rate	6.91%
Salary escalation	5%
Mortality rate	100%
Withdrawal rate	3%

Notes

22.1 The estimates in future salary increases, considered in acturial valuation, takes acount of inflation,seniority in promotion and other factors, such as supply and demand in the employee market.

22.2 Discount rate is based on the prevailing market yeilds of Indian Government Bonds as at the balance sheet date for estimated term of the obligation

VAITHISVARAN & CO LLP
AAF-8642
HYDERABAD
Chartered Accountants

Pragati Finserv Private Limited
Hyderabad
500034

PRAGATI FINSERV PRIVATE LIMITED
Notes to the Financial Statement for the period ended March 31, 2022
All amounts are in Indian Rupees in Lakhs

Note 23
Financial Charges

Particulars	For the period ended 31 Mar 2022
Interest on Loan	16.38
Finance Cost- Lease	40.32
Interest on TDS	0.01
Total	**56.70**

Note 24
Other Expenses

Particulars	For the period ended 31 Mar 2022
Preliminary Expenses	26.05
ROC Charges	0.08
Professional Fee	1.96
Registration Charges	0.30
Audit Fee (Refer note 24.2)	1.75
Shop & Establishment Fee	0.09
Branding Expenses	4.75
Consultancy Charges	2.20
Consumables	0.39
Conveyance	0.21
Courier Charges	0.01
Electricity Charges	3.89
Telephone and Internet Charges	1.01
Office Maintenance Charges	4.88
NSDL Charges	0.19
Office Expenses	3.78
Proffessional Tax	0.03
Recruitment Expenses	1.20
Stamp Duty Charges	0.13
Toll Free Number Expenses	0.10
Subscription fees	0.56
Travel and Accomodation	13.24
Transporting Expenses	0.30
Technical Services Charges	5.00
Repairs and Maintenance	0.10
Web Host Charges	0.25
Building Maintenance	6.01
Total	**78.45**

Note 24.2
Payments to Auditor

Particulars	For the period ended 31 Mar 2022
Statutory audit (excl GST)	1.75
Certification Fees (excl GST)	0.50
TOTAL	**2.25**

VAITHISVARAN & CO LLP
AAF-8642
HYDERABAD
Chartered Accountants

Pragati Finserv Private Limited
Hyderabad
500034

PRAGATI FINSERV PRIVATE LIMITED
Notes to the Financial Statement for the period ended March 31, 2022
All amounts are in Indian Rupees in Lakhs

Note 25
Depreciation and Amortisation expenses

Particulars	For the period ended 31 Mar 2022
Depreciation on right of use asset	30.99
Depreciation of property, plant and equipment	8.90
Total	39.89

Note 26
Earning per share (EPS)

Particulars	For the period ended 31 Mar 2022
Profit After Tax (Amount in Rupees) for the period	-421.41
Weighted Average number of equity Shares for Basic earnings	70,27,543.86
Basic earnings per Share	-6.00
Weighted Average number of equity Shares for Diluted earnings	70,27,543.86
Diluted earnings per Share	-6.00
Face value of equity share	10.00

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

Note 27
Leases
The disclosures as required under IND AS 116 are as follows

(i) Measurement of lease liabilities

Particulars	As at 31 Mar 2022
Lease liabilty recognised	377.69

The company has considered weighted average rate of borrowings for discounting
The company has entered into leasing agreements for office premises.

(ii) Amounts recognised in the Balance sheet

Particulars	For the period ended 31 Mar 2022
(a) Right of use assets (net)	340.88
(b) Lease liabillities	-
Current	16.21
Non current	361.48
Total lease liability	377.69

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

Particulars	For the period ended 31 Mar 2022
(a) Depreciation charge for Right of use assets	30.99
(b) Interest expenses (Included in Finance cost)	40.32
Total of expense	71.31

(iv) Cash flows

Particulars	For the period ended 31 Mar 2022
The total cash outflows of lease	34.50

VAITHISVARAN & CO LLP AAF-8642 HYDERABAD Chartered Accountants

Pragati Finserv Private Limited Hyderabad 500034

PRAGATI FINSERV PRIVATE LIMITED
Notes to the Financial Statement for the period ended March 31, 2022
All amounts are in Indian Rupees in Lakhs

Note 28
Related Party disclosures

Nature of Relationship	Name of Related party
(i) Holding Company	Northern Arc Capital Limited
(ii) Key Managerial Personnel (KMP)	Mr.Jagadish Babu Ramadugu

A.Transactions during the period:

Particulars	For the period ended 31 Mar 2022
Northern Arc Capital Limited	
Equity share capital	2,253.40
Unsecured Loan availed	305.00
Unsecured Loan repaid	305.00
Interest expense	16.38
Reimbursement of expenses	13.69
Mr.Jagadish Babu Ramadugu	
Equity share capital	247.60
Reimbursement and other expenses	2.08
Loan from director	1.00

B.Balances as at period end:

Particulars	As at 31 Mar 2022
Northern Arc Capital Limited	
Equity share capital	2,253.40
Mr.Jagadish Babu Ramadugu	
Equity share capital	247.60
Loan from director	1.00

Note 29
Deferred Tax
Deferred tax component and computation

Particulars of Deferred Tax Liability component	As at 31 Mar 2022
a. Right to use asset	340.88
TOTAL - A	**340.88**

Particulars of Deferred Tax Asset component	As at 31 Mar 2022
a. Employee Benefit	3.80
b. Property Plant and Equipment and Intangibles - carrying value	0.29
c. Lease Liability	377.69
d. Accumulated Losses	380.64
TOTAL - B	**762.42**
Net Deferred Tax Asset component	**421.54**
Tax Rate Applied (under section 115BAA of Income Tax Act 1961)	22.88%
Deferred Tax Asset	**96.45**

29.1 The company has incurred cash loss during current year and in the opinion of the company, the profits in the immediate succeeding years may be inadequate to utilise the deferred tax assets. Hence, deferred tax asset is not recognised in the financial statement.

VAITHISVARAN & CO LLP
AAF-8642
HYDERABAD
Chartered Accountants

Pragati Finserv Private Limited
Hyderabad
500034

PRAGATI FINSERV PRIVATE LIMITED

Notes to the Financial Statement for the period ended March 31, 2022

All amounts are in Indian Rupees in Lakhs

Note 30 - Additional Regulatory Information

S.No	Name of the Ratio	Ratio Formula	Ratio Value
1	**Current ratio**	Current asset /Current Liabilities	36.96
2	**Debt -Equity ratio**	DER = Total Debt /Shareholder's Equity	0.00
3	**Debt Service coverage ratio**	DSCR = Earnings available for Debt Service / Debt Service	-4.64
4	**Return on Equity**	ROE = (NP after taxes - Preference dividend If any)/ Average Shareholder's Equity	-0.34
5	**Inventory Turnover Ratio**	ITR = Cost of goods sold OR sales/ Average Inventory	The Company does not hold any physical inventory
6	**Trade receivables turnover ratio** Average trade debtors = (Opening + Closing balance / 2)	TRTR = Net Credit Sales / Avg. Accounts Receivable	No Trade receivables as on 31st March 2022
7	**Trade payables turnover ratio**	TPTR = Net Credit Purchases / Average Trade Payables	No Trade Payables as on 31st March 2022
8	**Net capital turnover ratio**	NCTR = Net Sales / Working Capital	Principal revenue generation activity not yet commenced
9	**Net profit ratio**	NPR = Net Profit / Net Sales	Principal revenue generation activity not yet commenced
10	**Return on capital employed (ROCE)**	ROCE = Earning before interest and taxes / Capital Employed Capital Employed = Total Assets - Current Liabilites	-0.15
11	**Return on investment**	ROI = {MV(T1) – MV(T0) – Sum [C(t)]} / {MV(T0) + Sum [W(t) * C(t)]}	4.54%

Note 31: Corresponding figures for previous period or previous year is not provided as this is the first period of reporting.

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

VAITHISVARAN & CO LLP
AAF-8642
HYDERABAD
Chartered Accountants

S.Shankar Raman
Partner
M.No:209163
Firm Regn No: 004494S/S200037

Place: Hyderabad
Date: May 07, 2022

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

Sreejith Raj P
Company Secretary

Place: Hyderabad
Date: May 07, 2022

Pragati Finserv Private Limited
Hyderabad
500034

Ashish Mehrotra
Chairman and
Non Executive Director
DIN: 07277318