Independent Auditor's Report

To the Members of Svasti Microfinance Private Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of Svasti Microfinance Private Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2024, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the 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 financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India including the Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended), of the state of affairs of the Company as at 31 March 2024, and its profit and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. 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 ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act 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 Financial Statements and Auditor's Report thereon

4. The Company's Board of Directors and management is responsible for the other information. Other information comprises the information included in the company's annual report but does not include the financial statements and our auditor's report thereon.

   Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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The Annual Report is not made available to us at the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

5. The accompanying financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate 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.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

8. 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 Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

9. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment 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. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has

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adequate internal financial controls with reference to financial statements and the operating effectiveness of such controls.

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

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

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

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

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

11. 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

12. Based on our audit, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to the Company since the Company is not a public company as defined under section 2(71) of the Act. Accordingly, reporting under section 197(16) is not applicable.

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

14. As required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, 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 purpose of our audit of the accompanying financial statements;

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

c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

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

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an modified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to Financial Statements.

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

   i. the Company, as detailed in note 37 to the financial statements, has disclosed the impact of pending litigation on its financial position as at 31 March 2024;

   ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2024;

   iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2024;

   iv.

      a) the management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person or entities, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

      b) the management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ('the 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

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('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

c) Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

v. the final preference dividend paid by the Company during the year ended 31 March 2024 in respect of such dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

vi. The Company, uses the following software(s) / database management system(s) and based on our examination, controls related to enabling audit trails, recording changes to logs, and changes to audit trail configurations in accordance with the regulations of Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 were not in place during the audit period.

- In-house loan management system "MERP" which is developed and managed by the company itself for maintaining the portfolio of Joint-Liability Group (JLG)

- "Qbrik" which is developed and managed by a third-party software service provider (Qbrik Information Technologies Private Limited), for maintaining the portfolio of Loans against property (LAP)

- HRMS management system "Spine" which is developed and managed by a third-party software service provider (YOTTA Data Services Private Limited)

For **V. Narayanan & Co.**
Chartered Accountants
Firm's Registration No.: 002398S

Vaidyanathan NA
Partner
Membership No.: 209256
UDIN: 24209256BKHKDS7374

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Place: Chennai

Date: 30 July 2024

Annexure A of the Independent Auditor's Report of even date to the members of Svasti Microfinance Private Limited on the financial statements for the year ended 31 March 2024.

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

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and the situation of property, plant and equipment.

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

(b) The Company has a regular program of physical verification of its property, plant and equipment under which the assets are physically verified each year which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. During the year, physical verification of fixed assets was done by the company but the reconciliation of the physical assets with the fixed asset register and tagging of assets with asset codes across all the branch offices as on the date of reporting has not been performed.

(c) The Company does not own any immovable property (including investment properties) (other than properties where the Company is the lessee and the lease agreements are duly executed in favor of the lessee). Accordingly, reporting under clause 3(i)(c) of the Order is not applicable to the Company.

(d) The Company has not revalued its Property, Plant and Equipment or intangible assets during the year.

(e) 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. Accordingly, reporting under clause 3(i)(e) of the Order is not applicable to the Company.

(ii) (a) The Company does not hold any inventory. Accordingly, reporting under clause 3(ii) of the Order is not applicable to the Company.

(b) Based on the information and explanations provided to us the Company does not have any working capital limits exceeding ₹5 crore that are sanctioned by banks based on the security of current assets. However, the Company has availed an overdraft facility against fixed deposits, the amount of which exceeds ₹5 crore. This specific facility does not warrant the submission of quarterly statements to the banks, since it is secured solely by the fixed deposits.

(iii) The Company has not made any investment 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 (LLPs) or any other parties during the year. Accordingly, reporting under clause 3(iii) of the Order is not applicable to the Company. However, the Company being an NBFC-MFI has granted Secured and unsecured loans to its customers.

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(a) The Company is a Non-Banking Finance Company, and its principal business is to give loans. Accordingly, reporting under clause 3(iii)(a) of the Order is not applicable to the Company.

(b) The company has not made any investments nor provided any guarantees/security. The company being a Non-Banking Finance Company and the principal business being to give loans, the terms and conditions of the grant of such loans and advances provided, in our opinion prima facie are not prejudicial to the company's interest. Accordingly, reporting under clause 3(iii)(b) of the Order is not applicable to the Company.

(c) In respect of loans and advances in the nature of loans, the schedule of repayment of principal and payment of interest has been stipulated and the repayments are generally regular. Having regard to the nature of the Company's business and the volume of information involved, it is not practicable to provide an itemized list of loan assets where delinquencies in the repayment of principal and interest have been identified.

(d) The total amount which is overdue for more than 90 days as at 31 March 2024 in respect of loans or advances in the nature of loans granted to such companies, firms, LLPs or other parties is as follows:

Particulars	Amount (₹)	No. of Cases
Principal	55,282,840	5258
Interest	45,208,397	5258
Total	100,491,237	5258

Reasonable steps have been taken by the Company for recovery of such principal amounts and interest.

(e) The Company is a Non-Banking Finance Company and its principal business is to give loans. Accordingly, reporting under clause 3(iii)(e) of the Order is not applicable to the Company.

(f) The company has granted loans or advances in the nature of loans that are repayable on demand. The aggregate amount, percentage thereof to the total loans granted, aggregate amount of loans granted to Promoters, related parties as defined in clause (76) of section 2 of the Companies Act, 2013 is as below:

Particulars	All Parties	Promoters	Related parties
Aggregate amounts of Loans/advances in nature of loans - Repayable on demand (A) - Agreement does not specify any terms or period of repayment (B)	2,00,00,000 -	2,00,00,000 -	- -
TOTAL (A+B)	2,00,00,000	2,00,00,000	-
Percentage of Loans/advances in nature of loans to the total loans	0.21%	0.21%	

(iv) The Company has not entered into any transaction covered under sections 185 and 186 of the Act. Accordingly, reporting under clause 3(iv) of the Order is not applicable to the Company.

(v) The provisions of the sections 73 to 76 and any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended), are not applicable to the Company being an non-banking financial company registered with the Reserve Bank of India ('the RBI'), and also the Company has not accepted any deposits from public or there is no amount which has been considered as deemed deposit within the meaning of sections 73 to 76 of the Act. Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company

(vi) The Central Government has not specified maintenance of cost records under sub-section (1) of section 148 of the Act, in respect of Company's products/business activity. Accordingly, reporting under clause 3(vi) of the Order is not applicable.

(vii)(a) In our opinion, and according to the information and explanations given to us, the Company is generally 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 other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed payable amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

Name of the statute	Nature of dues	Gross Amount (₹)	Amount paid under Protest (₹)	Period to which the amount relates	Forum where dispute is pending
Income tax act, 1961	Income tax	1,14,130	-	2016-17	In the process of correcting on the NSDL website
Income tax Act,1961	Income tax Demand and Interest	17,44,906	-	2022-23	
Income tax Act,1961	TDS Demand	8,43,020	-	2022-23	
Income tax Act,1961	TDS Demand	37,67,020	-	2023-24	

(viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been recorded in the books of accounts.

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(ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us including confirmations received from banks/ financial institution, representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or other lender.

(c) In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained.

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

(e) According to the information and explanations given to us, the Company does not have any subsidiaries, associates or joint ventures. Accordingly, reporting under clause 3(ix)(e) and clause 3(ix)(f) of the Order is not applicable to the Company.

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

(b) During the year, the Company has made private placement of shares. In our opinion and according to the information and explanations given to us, the Company has complied with the requirements of section 42 and section 62 of the Act and the Rules framed thereunder with respect to the same. Further, the amounts so raised have been utilized by the Company for the purposes for which these funds were raised.

(xi) (a) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the following fraud by the employees of the Company has been noticed or reported during the year.

Nature	Amount in lakhs
Cash Lost or Theft	86.07

(b) No report under section 143(12) of the Act has been filed with the Central Government for the period covered by our audit.

(c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.

(xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with section 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the financial statements, as required under Accounting Standard (AS) 18. Further,

V. NARAYANAN & CO. Old No.45 New No.58 Vallalar Street Periyakuppam, Tiruvallur 602 001 CHARTERED ACCOUNTANTS according to the information and explanations given to us, the Company is not required to constitute an audit committee under section 177 of the Act.

(xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as required under section 138 of the Act which is commensurate with the size and nature of its business.

(b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.

(xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them and accordingly, provisions of section 192 of the Act are not applicable to the Company.

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

(a) According to the information and explanations given to us, the Company has conducted Non-Banking Financial activities during the year under a valid Certificate of Registration (CoR) from the RBI as per the Reserve Bank of India Act, 1934.

(b) According to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the RBI. Accordingly, reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.

(c) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CIC.

(xvii) The Company has not incurred any cash loss in the current as well as the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly reporting under clause 3(xviii) of the order is not applicable to the company.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the plans of the Board of Directors and management 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 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.

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(xx) According to the information and explanations given to us, the Company does not have any unspent amount in respect of any ongoing or other than ongoing project as at the expiry of the financial year. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.

(xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

For V Narayanan & Co
Chartered Accountants
Firm's Registration No.: 002398S

Vaidyanathan N A
Partner
Membership No.: 209256
UDIN: 24209256BKHKDS7374

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Place: Chennai
Date: 30 July 2024

Annexure B to the Independent Auditor's Report of even date to the members of Svasti Microfinance Private Limited, on the financial statements for the year ended 31 March 2024

Independent Auditor's Report on the internal financial controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the financial statements of Svasti Microfinance Private Limited ('the Company') as at and for the year ended 31 March 2024, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

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

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's internal financial controls with reference to financial statements.

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Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Basis of Qualified opinion

According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the design/ operating effectiveness of the Company's IFCoFR as at 31 March 2024:

a) The Company did not have adequate appropriate internal control system surrounding earmarking of assets against its borrowings, maintenance of system logs for any change/ access to the data base, review of access control and front end reporting process for its book closure, which might potentially result in a material misstatement in the recognition of revenue, value of receivables under financing activities and its consequential impact on corresponding earnings and reserves and surplus including applicable disclosures in the Company's financial statements.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Qualified Opinion

In our opinion, except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company has, in all material respects, adequate internal financial controls over financial reporting as at 31 March 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by The Institute of Chartered Accountants of India.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company as at

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and for the year ended 31 March 2024, and these material weaknesses has not affected our opinion on the financial statements of the Company and we have issued an unmodified opinion on the financial statements.

For V. Narayanan & Co.,
Chartered Accountants
Firm's Registration No.: 002398S

Vaidyanathan NA
Partner
Membership No.: 209256
UDIN: 24209256BKHKDS7374

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Place: Chennai
Date: July 30, 2024

Svasti Microfinance Private Limited
CIN: U65922TN1995PTC030293
Balance Sheet as at March 31, 2024
(All amounts are in lakhs, unless otherwise stated)

Particulars	Notes	As at March 31, 2024	As at March 31, 2023
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	530.03	483.38
Reserves and surplus	3	21,935.61	16,368.16
		22,465.64	**16,851.54**
Non-current liabilities			
Long-term borrowings	4	39,628.47	33,618.34
Long-term provisions	5	431.40	517.96
		40,059.87	**34,136.30**
Current Liabilities			
Short-term borrowings	6	45,014.96	38,025.97
Trade payables			
• Total outstanding dues for micro and small enterprises		-	-
• Total outstanding dues for creditors other than micro and small enterprises	7	117.64	418.21
Other current liabilities	8	2,982.92	4,778.46
Short term provisions	5	3,669.00	1,478.50
		51,784.52	**44,701.14**
TOTAL LIABILITIES		**1,14,310.03**	**95,688.98**
ASSETS			
Non-Current Assets			
Property, Plant and Equipment and Intangible assets			
Property, Plant and Equipment	9	295.86	279.87
Intangible assets	10	165.91	231.12
Intangible assets under development	10	28.64	28.64
Deferred tax assets (net)		808.57	386.63
Loans and advances	11	436.61	387.33
Receivables under financing activities	12	25,869.86	21,469.69
Other non-current assets	13	2,818.14	3,794.04
		30,423.59	**26,577.32**
Current Assets			
Current investments	14	-	-
Receivable under financing activities	12	67,447.80	56,198.05
Cash and bank balances	15	12,259.55	8,641.29
Loans and advances	11	1,015.37	551.79
Other current assets	13	3,163.72	3,720.53
		83,886.44	**69,111.66**
TOTAL ASSETS		**1,14,310.03**	**95,688.98**
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

For M/s V Narayanan & Co.
Chartered Accountants
ICAI Firm registration number: 002398S

Vaidyanathan N A
Partner
Membership No: 209256

Place: Chennai
Date : July 30, 2024

V. NARAYANAN & CO. ★ CHARTERED ACCOUNTANTS ★ Old No.45, New No.58, Vallalar Street, Periyakuppam, Tiruvallur 602 001

For and on behalf of the Board of Directors of
Svasti Microfinance Private Limited

P Arunkumar
Whole-time Director & CEO

DIN: 01890656
Place: Mumbai
Date : July 30, 2024

B Narayanan
Whole-time Director & CFO

DIN: 01216715
Place: Mumbai
Date : July 30, 2024

Varsha Waghela
Company Secretary

Membership No: A-48689
Place: Mumbai
Date : July 30, 2024

SVASTI MICROFINANCE PRIVATE LIMITED ★ MUMBAI

Svasti Microfinance Private Limited
CIN: U65922TN1995PTC030293
Statement of Profit & Loss for the period ended March 31, 2024
(All amounts are in lakhs, unless otherwise stated)

Particulars	Notes	For the period ended March 31, 2024	For the period ended March 31, 2023
REVENUE			
Revenue from operations	16	25,355.41	16,395.34
Other operating income	17	3,200.60	1,571.63
Total Revenue (I)		**28,556.01**	**17,966.97**
EXPENSES			
Employee benefits expenses	18	7,172.55	5,407.94
Depreciation/ Amortization	9	151.80	158.58
Finance cost	19	11,101.54	7,586.65
Other expenses	20	1,866.41	1,509.94
Provision on receivables under financing activities and managed portfolio exposures	21	3,403.03	973.42
Total Expenses (II)		**23,695.33**	**15,636.53**
Profit/(loss) before tax (I-II)		**4,860.68**	**2,330.44**
Tax expense:			
Current tax		1,558.69	553.00
Adjustment of tax relating to earlier year		(23.32)	4.93
Deferred tax		(421.94)	14.75
Total tax expense		**1,113.43**	**572.68**
Profit after tax		**3,747.25**	**1,757.76**
Earnings per equity share (Face Value Rs.10)			
Basic		89.93	44.00
Diluted		73.40	38.45
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

For M/s V Narayanan & Co.
Chartered Accountants
ICAI Firm registration number: 002398S

Vaidyanathan N A
Partner
Membership No: 209256

Place: Chennai
Date : July 30, 2024

V. NARAYANAN & CO. ★ CHARTERED ACCOUNTANTS ★ Old No.45, New No.58, Vallalar Street, Periyakuppam, Tiruvallur 602 001

For and on behalf of the Board of Directors of Svasti Microfinance Private Limited

P Arunkumar
Whole-time Director & CEO
DIN: 01890656
Place: Mumbai
Date : July 30, 2024

B Narayanan
Whole-time Director & CFO
DIN: 01216715
Place: Mumbai
Date : July 30, 2024

Varsha Waghela
Company Secretary
Membership No: A-48689
Place: Mumbai
Date : July 30, 2024

SVASTI MICROFINANCE PRIVATE LIMITED ★ MUMBAI

Svasti Microfinance Private Limited
CIN: U65922TN1995PTC030293
Cash Flow statement for the period ended March 31, 2024
(All amounts are in lakhs, unless otherwise stated)

	Particulars	As at March 31, 2024	As at March 31, 2023
A	**Cash flow from operating activities**		
	Net Profit before Tax	4,860.68	2,330.44
	Adjustments for:		
	Depreciation and amortisation	151.80	158.58
	Interest income on term deposits with Banks and others	(538.31)	(253.94)
	Interest expenses on loan taken from banks and financial institutions	10,191.78	7,053.65
	Profit on sale of mutual funds	(90.08)	(5.53)
	Amortisation of processing fee on borrowings	662.65	370.78
	Provision towards Gratuity	151.53	51.45
	Provision towards other loans and advances/(Written off)	(155.13)	30.83
	Provision on receivables under financing activities and managed portfolio exposures	3,403.03	973.42
	Operating profit before working capital changes	**18,637.95**	**10,709.68**
	Movements in working capital		
	Decrease / (increase) Receivables under financing activities	(54,356.12)	(50,809.55)
	Decrease / (increase) Loans and advances	(369.54)	(318.46)
	Decrease / (increase) Other assets	692.23	(1,765.08)
	Increase / (decrease) Current liabilities	(2,353.07)	3,435.52
	Cash generated/(used in) in operations	**(37,748.55)**	**(38,747.89)**
	Direct taxes paid (net of refunds)	(1,275.72)	(545.70)
	Net cash flow from / (used in) operating activities (A)	**(39,024.27)**	**(39,293.59)**
B	**Cash Flows from Investing Activities**		
	Purchase of property, plant and equipment, including CWIP and capital advances	(102.58)	(172.39)
	Sale of property, plant and equipment	-	-
	Purchase of investments	(9,708.69)	(1,750.00)
	Proceeds from sale / maturity of Investment	9,798.77	1,755.51
	Investments in bank deposits (having original maturity of more than three months)	(1,127.36)	(1,431.86)
	Interest Received on term deposits with banks	462.82	158.22
	Net cash (used)/generated from in Investing activities (B)	**(677.04)**	**(1,440.52)**
C	**Cash Flow from Financing Activities**		
	Proceeds from issuance of preference share capital including securities premium and net of share issue expenses	2,300.00	1,650.00
	Share Issue Expenses	(70.00)	-
	Proceeds from long-term borrowings	58,185.00	48,851.25
	Repayment of long-term borrowings	(42,685.87)	(28,474.23)
	Proceeds from short-term borrowings	5,500.00	11,700.00
	Repayment of short-term borrowings	(8,000.00)	(10,200.00)
	Securitisation and Direct assignment proceeds	37,017.28	27,173.62
	Loan processing fees	(688.69)	(718.09)
	Dividend Paid	(363.15)	(371.70)
	Interest paid on borrowings	(9,944.36)	(6,634.29)
	Net cash flow from/ (used in) in financing activities (C)	**41,250.21**	**42,976.56**
D	**Net increase/(decrease) in cash and cash equivalents (A + B + C)**	**1,548.90**	**2,242.45**

V. NARAYANAN & CO. Old No.45, New No.56, Vallalar Street, Periyakuppam, Tiruvallur 602 001 CHARTERED ACCOUNTANTS

SVASTI MICROFINANCE PRIVATE LIMITED MUMBAI

Svasti Microfinance Private Limited
Cash Flow statement for the year ended March 31, 2024
(All amounts are in Indian Rupees, unless otherwise stated)

		Amount in Rs.
Particulars	**As at March 31, 2024**	**As at March 31, 2023**
Cash & Cash Equivalents at the beginning of the year	6,775.37	4,532.92
Cash & Cash Equivalents at the end of the year	8,324.26	6,775.37
Breakup of Cash and Cash Equivalents:		
Cash in hand	266.76	377.61
Bank Balances - In Current Accounts	8,057.50	6,397.76
	8,324.26	**6,775.37**

Summary of significant accounting policies
The accompanying notes are an integral part of the financial statements

As per our report of even date

For M/s V Narayanan & Co.
Chartered Accountants
ICAI Firm registration number: 002398S

Vaidyanathan N A
Partner
Membership No: 209256

Place: Chennai
Date : July 30, 2024

V. NARAYANAN & CO. Old No.45, New No.58, Vallalar Street, Periyakuppam, Tiruvallur 602 001 CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors of
Svasti Microfinance Private Limited

P Arunkumar
Whole-time Director
& CEO

DIN: 01890656
Place: Mumbai
Date : July 30, 2024

B Narayanan
Whole-time Director
& CFO

DIN: 01216715
Place: Mumbai
Date : July 30, 2024

Varsha Waghela
Company Secretary

Membership No: A-48689
Place: Mumbai
Date : July 30, 2024

SVASTI MICROFINANCE PRIVATE LIMITED MUMBAI

Svasti Microfinance Private Limited
Financial Statements as at and for the year ended March 31, 2024
Notes forming part of Financial Statements as at and for the year ended Mar 31, 2024
Note 1: Summary of Significant Accounting Policies

A. Background

Svasti Microfinance Private Limited ("the Company") (CIN U65922TN1995PTC030293) is a non-deposit taking non-banking finance company having Certificate of Registration number B-07-00625 issued on 18-Aug-2010 by Reserve Bank of India (RBI). The company has been reclassified from NBFC to NBFC-MFI effective 19-Apr-2017 pursuant to the application made for the same with RBI. The Company is having its registered office at 6, First Floor, First Street, Tiger Varadachari Road, Kalakshetra Colony, Besant Nagar, Chennai – 600 090,

The Company's main object is to carry on the business of microfinance, provide finance to the weaker section of society, promote and facilitate financial inclusion in the society by making credit/other financial services easily accessible to people or entities in low-income sections of society.

B. Summary of Significant Accounting Policies

i. Basis of preparation

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India. The Company has prepared these financial statements to comply in material respects with the Accounting Standards notified under Section 133 of the Companies Act, 2013 read together with the Companies (Accounting Standard) Amendment Rules, 2006 (as amended from time to time) to the extent applicable to non-banking finance companies read with circulars and guidelines issued by the Reserve Bank of India (RBI) (collectively referred to as Indian GAAP). The financial statements are prepared on accrual basis under the historical cost convention except for derivative financial instruments which have bene measured at fair value.

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

The Company follows prudential norms for income recognition, asset classification and provisioning as prescribed by Reserve Bank of India vide Master Direction – Reserve Bank of India (Non-Banking Financial Company– Scale Based Regulation) Directions, 2023. The Company is classified under the Middle Layer category.

ii. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

iii. Current / non-current classification of assets / liabilities

The Company has classified all its assets / liabilities into current / non-current portion based on the time frame of 12 months from the date of financial statements. Accordingly, assets/ liabilities expected to be realised/ settled within 12 months from the date of financial statements are classified as current and other assets/ liabilities are classified as non-current.

V. NARAYANAN & CO. Old No.45, New No.58, Vallalar Street, Periyakuppam, Tiruvallur 602 001 CHARTERED ACCOUNTANTS

SVASTI MICROFINANCE PRIVATE LIMITED MUMBAI

Note 1 Significant Accounting Policies (Contn.)

iv. Property, Plant and Equipment ("PPE")

PPE held for use are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses.

PPE is recognised when it is probable that future economic benefits associated with the item is expected to flow to the Company and the cost of the item can be measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment, if any. Cost includes professional fees related to the acquisition of PPE.

An item of property, plant and equipment is derecognised 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 the statement of profit and loss.

v. Depreciation on property, plant and equipment

Depreciation on property, plant and equipment is calculated on straight-line basis using the rates arrived at, based on the useful lives estimated by the management. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset. The company has used the following rates to provide depreciation on its property, plant and equipment.

Asset Head	Useful Life
Leasehold Improvement	Over the initial period of the lease or 5 years whichever is appropriate
Computers	5
Furniture and fixtures	10
Office Equipment	5

All fixed assets costing individually upto Rs. 5,000/- is fully depreciated by the Company in the year of its capitalisation. Depreciation on additions is charged proportionately from the date of acquisition / installation.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

vi Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost following initial recognition, Intangible assets are carried at cost less accumulated amortization and accumulated impairment loss, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight-line basis over the estimated useful economic life. The company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds ten years, the company amortizes the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

V. NARAYANAN & CO. Old No.45, New No.58, Vallalar Street, Periyakuppam, Tiruvallur 602 001 CHARTERED ACCOUNTANTS

SVASTI MICROFINANCE PRIVATE LIMITED MUMBAI

Note 1 Significant Accounting Policies (Contn.)

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Amortisation of the intangible assets (comprising of computer software) carried out based on the estimation of useful life of the asset as follows:

a) Software purchased from outside – Over 3 years

b) In-house developed software – Over 8 years

vii. **Impairment**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

viii. **Investments**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on individual investment basis. Long-term investments are carried at cost however for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

V. NARAYANAN & CO. Old No.45, New No.58, Vallalar Street, Periyakuppam Tiruvallur 602 001 CHARTERED ACCOUNTANTS

SVASTI MICROFINANCE PRIVATE LIMITED MUMBAI

Note 1 Significant Accounting Policies (Contn.)

ix. Asset classification and provisioning norms

Loans to customers ('Receivable under financing activities') are classified into 'Performing and Non-Performing' assets in terms of the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions,2023.

The Company makes provision for standard assets and non-performing assets as per. Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023.

Provision for standard assets in excess of the prudential norms, as estimated by the management, is categorized under Contingency provision on loan receivables and managed portfolio exposure. Provisions are recorded on restructured portfolio and other stressed portfolios based on relevant RBI guidelines.

All Loans and Advances are classified as standard, sub-standard, doubtful and loss assets in accordance with the existent Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions,2023

A) Joint liability Group ('JLG') loans

Asset Classification	Arrear Period
Standard Assets	Overdue for less than 90 days
Non-Performing Assets	Overdue for 90 days are more

B) Individual Loans ('Non-Microfinance loans')

Asset Classification	Arrear Period
Standard Assets	Overdue for less than 90 days
Non-Performing Assets	Overdue for 90 days are more
Substandard Assets	Asset which has been classified as non-performing asset for a period not exceeding 18 months
Doubtful Assets	Asset which has been classified as non-performing asset for a period exceeding 18 months

Loss Assets

Loss Assets are asset which has been identified as loss asset by the non-banking financial company or its internal or external auditor or by the Reserve Bank of India during the inspection of the non-banking financial company, to the extent it is not written off by the non-banking financial company; and asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non-availability of security or due to any fraudulent act or omission on the part of the borrower.

Loans are provided for as per the management estimates, subject to the minimum provision required as per the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions,2023

In case of JLG Loan portfolio, as per the current RBI provisioning norms, the aggregate loan provision is maintained higher of a) 1% of the outstanding loan portfolio or b) 50% of the aggregate loan installments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan installments which are overdue for 180 days or more.

In case of Individual loan as per the current RBI provisioning norm, the below loan provision is maintained by the company.

Asset Classification		Provisioning
Standard Assets	Overdue for less than 90 days	0.40%
Non-Performing Assets	Overdue for 90 days are more	
Substandard Assets	Asset which has been classified as non-performing asset for a period not exceeding 18 months	10%
Doubtful Assets	Asset which has been classified as non-performing asset for a period exceeding 18 months	100%

Note 1 Significant Accounting Policies (Contn.)

x. **Revenue Recognition**

Revenue is recognized to the extent that is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Interest income on loans given are recognized under internal rate of return method with reference to the contractual rate of interest and outstanding principal. Income or any other charges on non-performing assets is recognized only when realized. Any such income recognized before the asset became non-performing and remaining unrealized is reversed.

Revenues from loan documentation received in the nature of processing fees are recognized as income at the time of receipt.

Gains from securitization of portfolio under premium structure are accrued higher of the amortization of the principal value of the portfolio securitized during the year after provision of processing fees and servicing cost and on time proportion basis as per RBI directions.

Income from securitization of portfolio under PAR structure is the excess interest spread, computed as the difference between the interest portion of the cash flows from the underlying pool and the interest on the payout and recognized at the time of receipt.

Income from the commission from managed portfolio, facilitation fee and non-lending business fee is accounted on accrual basis, considering terms of the respective contract.

Interest income on Fixed Deposits with Banks and financial institutions ("FI") is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.

Profit/loss on sale of investments is recognised at the time of actual sale / redemption.

xi. **Employee benefits**

a) Short-term Employee Benefits:

Short term employee benefits including salaries, social security contributions, profit sharing and bonuses payable within twelve months after the end of the period in which the employees render the related services and non-monetary benefits (such as medical care) for current employees are estimated and measured on an un-discounted basis. The Policy of the Company does not allow the employees to and carry forward the leave for a period more than one year from the end of the financial year in which credited.

b) Long-term employee benefits

Defined Contribution Plan:

All eligible 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 stipulated percentage of the covered employee's salary. Contributions are made to Employees Provident Fund Organisation in respect of Provident Fund, Pension Fund and Employees Deposit Linked Insurance Scheme at the prescribed rates and are charged to Statement of Profit & Loss at actuals. The Company has no liability for future provident fund benefits other than its annual contribution

V. NARAYANAN & CO. Old No.45, New No.58, Vallalar Street, Periyakuppam, Tiruvallur 602 001 CHARTERED ACCOUNTANTS

SVASTI MICROFINANCE PRIVATE LIMITED MUMBAI

Note 1 Significant Accounting Policies (Contn.)

Defined Benefit Plan:

The Company provides for gratuity covering eligible employees under which a lumpsum payment is paid to vested employees at retirement, death, incapacitation or termination of employment, of an amount reckoned on the respective employee's salary and his tenor of employment with the Company. The Company accounts for its liability for future gratuity benefits based on actuarial valuation determined at each Balance Sheet date by an Independent Actuary using Projected Unit Credit Method. The Company makes annual contribution to separate schemes managed by Life Insurance Corporation of India. The Company recognises the net obligation of the gratuity plan in the Balance Sheet as an asset or liability, respectively in accordance with Accounting Standard 15, "Employee Benefits". Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss in the period in which they arise.

xii. **Lease (where Company is the lessee)**

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as expense in the statement of profit and loss on a straight-line basis over the lease term.

xiii. **Finance Costs**

The Company borrows from Banks and Financial Institutions for the purpose of on-lending to its microfinance clients. The costs associated with these borrowings are classified as Finance Costs. Finance Costs comprise Interest, Processing Fees, stamp duty and other charges directly related to borrowings. Interest is provided on the loan balance as per the terms and conditions of the loan transaction. Processing Fees, stamp duty and other charges are amortized on straight-line basis over the tenure of the loan.

xiv. **Earnings Per Share**

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

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

V. NARAYANAN & CO. Old No.45, New No.58, Vallalar Street, Periyakuppam, Tiruvallur 602 001 CHARTERED ACCOUNTANTS

SVASTI MICROFINANCE PRIVATE LIMITED MUMBAI

Note 1 Significant Accounting Policies (Contn.)

xv. Income Taxes & Deferred Taxes

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences of earlier years. Deferred tax is measured based using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.
At each reporting date, the company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

xvi. Goods and Services Input Tax Credit

Goods and Services tax input credit is recognised for in the books in the period in which the supply of goods or service received is recognised and when there is no uncertainty in availing/utilising the credits.

xvii. Foreign Currency transactions

a) All foreign currency transactions are recorded at the exchange rate prevailing at the date of transaction.
b) Foreign currency monetary items are reported using the exchange rate prevailing at the close of financial year.
c) change differences arising on the settlement of monetary items or on the restatement of Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in the previous financial statements, are recognized as income or expenses in the year in which they arise

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Note 1 Significant Accounting Policies (Contn.)

xviii. Provisions and Contingent Liabilities

A provision is recognized when an enterprise has a present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the reporting date. The estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

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

Contingent assets are neither recognized nor disclosed in the financial statements.

xix. Cash and Cash Equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

xx. Share issue Expense

Expense incurred in relation to issue of shares are being adjusted against securities premium.

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2 Share Capital

	As at March 31, 2024	As at March 31, 2023
Authorized Share Capital		
43,10,934 (Previous year: 48,10,934) Equity Shares of Rs.10/- each	431.09	481.09
732,263 (Previous year: 732,263) 0.01% Preference Shares of Rs.10/- each	73.23	73.23
11,86,803 (Previous year: 686,803) 12% Preference Shares of Rs.10/- each	118.68	68.68
Total	623.00	623.00

The Company on 21st September, 2023, has amended its Memorandum of Association by cancelling 5,00,000 (Five Lakh) Equity Shares of Rs. 10/- (Rupees Ten Only) each and concurrently creating 5,00,000 (Five Lakh) 12% Preference Shares of Rs. 10/- (Rupees Ten Only) each, pursuant to a resolution passed by the Members.

Additionally, on 21st September, 2023, the Company has reclassified its Authorised Share Capital of Rs. 6,23,00,000 (Rupees Six Crore Twenty Three Lakhs Only) divided into 48,10,934 (Forty Eight Lakhs Ten Thousand Nine Hundred and Thirty Four Only) Equity Shares of Rs. 10/- (Rupees Ten Only) each and 14,19,066 (Fourteen Lakhs Nineteen Thousand and Sixty Six Only) Preference Shares of Rs. 10/- (Rupees Ten Only) each to Authorised Share Capital of Rs. 6,23,00,000 (Rupees Six Crore Twenty Three Lakhs Only) divided into 43,10,934 (Forty Three Lakhs Ten Thousand Nine Hundred and Thirty Four Only) Equity Shares of Rs. 10/- (Rupees Ten Only) each and 19,19,066 (Nineteen Lakhs Nineteen Thousand and Sixty Six Only) Preference Shares of Rs. 10/- (Rupees Ten Only) each, pursuant to a special resolution passed by the Members in the Extra Ordinary General Meeting.

Issued, Subscribed and Fully Paid up Shares		
Equity Shares		
37,66,834 (Previous year 37,66,834) Equity Shares of Rs.10/- each with voting rights	376.68	376.68
732,263 (Previous year 732,263) 0.01% Compulsorily Convertible Preference Shares of Rs.10/- each.	73.23	73.23
801,217 (Previous year: 3,34,686) 12% Compulsorily Convertible Preference Shares of Rs.10/- each.	80.12	33.47
	530.03	483.38

2.1 Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year

Particulars	As at March 31, 2024		As at March 31, 2023	
	No of shares	Amount	No of shares	Amount
Equity Shares				
No. of shares at the beginning of the year	37,66,834.00	376.68	31,38,542.00	313.85
Shares allotted during the year	-	-	6,28,292.00	62.83
No. of shares at the end of the year	37,66,834.00	376.68	37,66,834.00	376.68
0.01% Compulsory Convertible Cumulative preference shares				
No. of shares at the beginning of the year	7,32,263.00	73.23	7,32,263.00	73.23
Shares allotted during the year	-	-	-	-
No. of shares at the end of the year	7,32,263.00	73.23	7,32,263.00	73.23
12% Compulsory Convertible Cumulative preference shares				
No. of shares at the beginning of the year	3,34,686.00	33.47	6,86,803.00	68.68
Share converted during the year	-	-	(6,86,803.00)	(68.68)
Shares allotted during the year	4,66,531.00	46.65	3,34,686.00	33.47
No. of shares at the end of the year	8,01,217.00	80.12	3,34,686.00	33.47

2.2 Terms / rights attached to equity shares

Equity shares have a face value of Rs. 10 per share. All these shares have the same rights and preferences with respect to the payment of dividend, repayment of capital and voting. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

2.3 Terms / rights attached to compulsorily convertible preference shares

0.01% Compulsorily Convertible Preference Shares

The Company in the earlier years issued 7,32,263 compulsorily convertible cumulative preference shares of face value Rs.10/- each allotted on a private placement basis. Key terms/rights of the instrument: (a) Prior and in preference to any dividend or distribution payable upon shares of any other class or series in the same fiscal year (b) the payment of dividend on cumulative basis (c)Voting rights as are exercisable by persons holding Equity Shares in the Company and shall be treated pari passu with the Equity Shares on all voting matters (d) Preference Shares are Compulsorily Convertible Shares as per the terms mentioned in the shareholding agreement (e) Shareholders have right to convert the Preference Shares in to equity shares either (i) prior to listing of the Equity Shares of the Company at the option of Shareholder; or (ii) upon expiry of 19 years and 11 months from the date of issuance of the CCPS or at any time as mandated by applicable law; or (iii) at the option of Shareholder at any time prior to the expiry of the aforesaid period of 19 years and 11 months.

12% Compulsorily Convertible Preference Shares

The Company in the year ended March 31, 2024 has issued 4,66,531 compulsorily convertible cumulative preference shares of face value Rs.10/- each allotted on a private placement basis. Key terms/rights of the instrument: (a) Prior and in preference to any dividend or distribution payable upon shares of any other class or series in the same fiscal year (b) the payment of dividend on cumulative basis (c)Preference Shares are Compulsorily Convertible Shares as per terms mentioned in the shareholding agreement (d)Voting rights as are exercisable by persons holding Equity Shares in the Company and shall be treated pari passu with the Equity Shares on all voting matters (e) Shareholders have right to convert the Preference Shares in to equity shares either (i) prior to listing of the Equity Shares of the Company at the option of Shareholder; or (ii) upon expiry of 19 years and 11 months from the date of issuance of the CCPS or at any time as mandated by applicable law; or (iii) at the option of Shareholder at any time prior to the expiry of the aforesaid period of 19 years and 11 months.

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(All amounts are in lakhs, unless otherwise stated)

2.4 Details of equity shares held by each shareholder holding more than 5% shares
Equity Shares of face value Rs. 10/- each

	As at March 31, 2024		As at March 31, 2023	
Name of the shareholders	**No of Shares held**	**% of Shares**	**No of Shares held**	**% of Shares**
Rising Sun Holdings Private Limited	7,46,769.59	19.82%	7,46,769.59	19.82%
Ahmedali Husain Nalwala	4,53,819.32	12.05%	4,53,819.32	12.05%
Andaman Finance and Investment Private Limited	3,76,200.17	9.99%	3,76,200.17	9.99%
Abler Nordic Fund III KS (Formerly Nordic Microfinance Initiative Fund III KS)	6,65,342.42	17.66%	6,65,342.42	17.66%
Svasti MSOP Trust	2,00,000.00	5.31%	2,00,000.00	5.31%

Preference Shares
0.01% Compulsory Convertible Cumulative preference shares

	As at March 31, 2024		As at March 31, 2023	
Name of the shareholders	**No of Shares held**	**% of Shares**	**No of Shares held**	**% of Shares**
Abler Nordic Fund III KS (Formerly Nordic Microfinance Initiative Fund III KS)	7,32,263.00	100.00%	7,32,263.00	100.00%

12% Compulsory Convertible Cumulative preference shares

	As at March 31, 2024		As at March 31, 2023	
Name of the shareholders	**No of Shares held**	**% of Shares**	**No of Shares held**	**% of Shares**
Abler Nordic Fund III KS (Formerly Nordic Microfinance Initiative Fund III KS)	3,24,544	40.51%	3,24,544	96.97%
Ahmedali Husain Nalwala	2,02,840	25.32%	-	-
Ramrod Advisors LLP	60,852	7.59%	-	-
Navin Dalmia	40,568	5.06%	-	-
Dilip Parekh	40,568	5.06%	-	-
R Shankari	40,568	5.06%	-	-

2.5 The Company in preceding 5 years has not bought back its shares or issued bonus shares or allotted any Equity shares as fully paid-up pursuant to contract without payment being received in cash.

2.6 Disclosure of Shareholding of Promoters
Equity Shares of face value Rs. 10/- each

Name of Promoters	Shares held by Promoters at the end of the year i.e. as on March 31, 2024	% of total Shares	% Change during the year
P Arunkumar	1,69,040	4.49%	-
B Narayanan	1,69,040	4.49%	-

Name of Promoters	Shares held by Promoters at the end of the year i.e. as on March 31, 2023	% of total Shares	% Change during the year
P Arunkumar	1,69,040	4.49%	-
B Narayanan	1,69,040	4.49%	-

3 Reserves and Surplus

	As at March 31, 2024	As at March 31, 2023
Securities Premium		
Balance as per the last financial statements	13,266.09	11,643.71
Add: Premium on issue of shares	2,253.35	1,622.38
Less: Utilized for allotment of Bonus Shares	-	-
Less: Preference share issue expenses	(70.00)	-
Closing Balance (A)	**15,449.44**	**13,266.09**
Statutory Reserve*		
Balance as per the last financial statements	726.90	374.90
Add: amount transferred from surplus balance in the statement of profit and loss	749.45	352.00
Closing Balance (B)	**1,476.35**	**726.90**
Cash Flow Hedge Reserve		
Opening Balance	-	(86.19)
Changes during the year	-	86.19
Closing Balance (C)	-	-
Surplus/ (deficit) in the statement of profit and loss		
Balance as per the last financial statements	2,375.17	1,341.12
Profit for the year	3,747.25	1,757.76
Less : Transferred to Statutory Reserve	(749.45)	(352.00)
Less: 0.01% CCPS dividend	(0.01)	(0.01)
Less: 12% CCPS dividend	(363.14)	(371.70)
Closing Balance (D)	**5,009.82**	**2,375.17**
Total	**21,935.61**	**16,368.16**

(*Statutory Reserve represents the Reserve Fund created under Section 45IC of the Reserve Bank of India Act, 1934)
There have been no instances of draw down from reserves by the Company during the current and previous year

(All amounts are in lakhs, unless otherwise stated)

4 Long Term Borrowings

		Long-term		Short Term	
		As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
A	**Redeemable Non-Convertible Debentures**				
	Rated, Taxable, Senior, Secured, Non-Convertible Debentures of repayable in monthly instalments (Refer Note A1)	12,853.98	10,342.56	6,202.62	5,659.54
	Subordinated debt - Unsecured (Refer Note A2)	1,500.00	1,500.00	-	-
		14,353.98	**11,842.56**	**6,202.62**	**5,659.54**
B	**Term Loans**				
	Indian rupee loan from Financial Institutions (Refer Note B1)	11,555.68	9,655.90	21,481.65	15,798.33
	Indian rupee loan from Banks (Refer Note B2)	10,468.81	8,869.88	16,330.69	12,568.10
	Subordinated debt - Unsecured	3,250.00	3,250.00	-	500.00
		25,274.49	**21,775.78**	**37,812.34**	**28,866.43**
	Total	**39,628.47**	**33,618.34**	**44,014.96**	**34,525.97**
	The above amount includes:				
	Secured Borrowings*	34,878.47	28,368.34		
	Unsecured Borrowings	4,750.00	5,250.00		
	Total	**39,628.47**	**33,618.34**		

* The borrowings are secured by exclusive charge on receivables under financing activities.

Note A1: Terms of Secured Debentures

Interest Rate / Repayment date	Date of Issue	No. of Debentures	As at 31 March 2024 Face Value	Outstanding
13.00% / 04-Dec-2026	28-Dec-2022	40,01,250	100	4,001.25
13.60% / 28-Sep-2026	11-Mar-2022	150	10,00,000	1,500.00
12.91% / 28-Jul-2026*	28-Jul-2023	43,050	10,000	4,305.00
14.00% / 07-Apr-2026^^	30-Sep-2023	2,000	1,00,000	1,847.00
14.50% / 31-Aug-2025^	23-Aug-2023	300	5,00,000	1,062.50
13.95% / 31-Jul-2025	31-Jul-2023	150	10,00,000	1,500.00
11.75% / 25-Mar-2025*	25-Mar-2022	4,48,170	500	2,240.85
13.20% / 07-Mar-2025^	10-Jun-2022	220	10,00,000	1,100.00
13.62% / 31-Oct-2024	30-Sep-2021	150	10,00,000	1,500.00
Total				**19,056.60**

Repayment terms: Bullet repayment on maturity except as otherwise mentioned
* 99.99% of the outstanding to be repaid on 25-Mar-25 & 28-Jul-26
^ Monthly repayment
^^First six Payments quarterly and remaining Monthly

Interest Rate / Repayment date	Date of Issue	No. of Debentures	As at 31 March 2023 Face Value	Outstanding
13.00% / 04-Dec-2026	28-Dec-2022	40,01,250	100	4,001.25
13.60% / 28-Sep-2026	11-Mar-2022	150	10,00,000	1,500.00
10.40% / 27-Jun-2025*	27-Jun-2022	2,310	1,00,000	2,310.00
11.75% / 25-Mar-2025	25-Mar-2022	4,48,170	500	2,240.85
13.20% / 07-Mar-2025^	10-Jun-2022	220	10,00,000	2,200.00
13.62% / 31-Oct-2024	30-Sep-2021	150	10,00,000	1,500.00
12.29% / 17-Dec-2023	17-Dec-2020	225	10,00,000	2,250.00
Total				**16,002.10**

Repayment terms: Bullet repayment on maturity except as otherwise mentioned
* 99.99% of the outstanding repaid on 27-Jun-2023
^ Monthly repayment
Note: All the debentures are secured by way of hypothecation of the identified receivables originated out of the borrowed funds on a first & exclusive charge basis. In addition, promoters directors have provided personal guarantees for borrowings having outstanding amount of Rs. Nil as on March 31, 2024.

Note A2: Terms of Subordinated debt (unsecured)

Rate of Interest	Date of Issue	Repayment Term	Balance Outstanding as at 31st March 2024	Date of Repayment
16% - 17%	31-Oct-2022	Bullet	1,500.00	31-Oct-28
14% - 15%	2-Sep-2022	Bullet	700.00	10-Apr-28
14% - 15%	2-Sep-2022	Bullet	200.00	10-Apr-28
14% - 15%	2-Sep-2022	Bullet	350.00	10-Apr-28
16% - 17%	14-Mar-2022	Bullet	1,500.00	15-Mar-27
14% - 15%	4-Sep-2018	Bullet	500.00	1-Sep-25
Total			**4,750.00**	

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Rate of Interest	Date of Issue	Repayment Term	Balance Outstanding as at 31st March 2023	Date of Repayment
16% - 17%	31-Oct-2022	Bullet	1,500.00	31-Oct-28
14% - 15%	2-Sep-2022	Bullet	700.00	10-Apr-28
14% - 15%	2-Sep-2022	Bullet	200.00	10-Apr-28
14% - 15%	2-Sep-2022	Bullet	350.00	10-Apr-28
16% - 17%	14-Mar-2022	Bullet	1,500.00	15-Mar-27
14% - 15%	4-Sep-2018	Bullet	500.00	1-Sep-25
14% - 15%	30-Mar-2017	Bullet	500.00	30-Mar-24
Total			5,250.00	

The Company has not issued any unsecured Debentures in FY 2023-24 and in FY 2022-23

Note B1: Terms of Secured Loans from Financial Institutions

Rate of Interest	Instalments Range	Amount Due within 1 year	Amount due within 1 to 3 years	Amount due beyond 3 years	Balance Outstanding as at 31 March 2024
4% to 7%	0	-	-	-	-
8% to 10%	11	600.00	1,200.00	-	1,800.00
10% to 12%	0	-	-	-	-
12% to 14%	2 to 25	12,798.50	8,427.99	-	21,226.49
14% to 16%	2 to 20	8,083.15	1,927.69		10,010.84
Total		21,481.65	11,555.68	-	33,037.33

Rate of Interest	Instalments Range	Amount Due within 1 year	Amount due within 1 to 3 years	Amount due beyond 3 years	Balance Outstanding as at 31 March 2023
4% to 7%	5	75.76	-	-	75.76
8% to 10%	15	600.00	1,200.00	600.00	2,400.00
10% to 12%	30	366.67	633.33	-	1,000.00
12% to 14%	1 to 24	10,491.27	2,933.99	-	13,425.26
14% to 16%	14 to 32	4,264.64	4,288.58	-	8,553.22
Total		15,798.34	9,055.90	600.00	25,454.24

All the loans are secured by way of hypothecation of the identified receivables originated out of the borrowed funds on a first & exclusive charge basis. In addition, Personal Guarantee of promoter directors has been provided on borrowings with outstanding of Rs.4,904.24 Lakhs as at March 31, 2024 respectively. (Previous Year : Rs.7,946.08 lakhs)

Note B2: Terms of Secured Loans from Banks

Rate of Interest	Instalments Range	Amount Due within 1 year	Amount due within 1 to 3 years	Amount due beyond 3 years	Balance Outstanding as at 31 March 2024
8% to 10%	-	0.00	0.00	-	0.00
10% to 12%	6 to 36	7,070.79	6,895.49	-	13,966.28
12% to 14%	1 to 24	8,274.20	3,573.33	-	11,847.53
14% to 16%	8	985.71	0.00	-	985.71
Total		16,330.70	10,468.82	-	26,799.52

Rate of Interest	Instalments Range	Amount Due within 1 year	Amount due within 1 to 3 years	Amount due beyond 3 years	Balance Outstanding as at 31 March 2023
8% to 10%	12 to 31	3,770.06	1,407.14	-	5,177.21
10% to 12%	2 to 32	3,305.78	3,078.08	-	6,383.85
12% to 14%	21 to 28	5,492.26	4,384.66	-	9,876.92
Total		12,568.10	8,869.88	-	21,437.98

Note: All the loans are secured by way of hypothecation of the identified receivables originated out of the borrowed funds on a first & exclusive charge basis. In addition, Personal Guarantee of promoters directors has been provided on borrowings with outstanding of 10,808.86 Lakhs as at March 31, 2024 respectively.(Previous Year : Rs.8,931.62 lakhs)

The company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken at the balance sheet date. The Company has not delayed the repayment of principal and interest. The Company is not declared as wilful defaulter by any bank or financial Institution or other lender.

5 Provisions

	Long-term		Short Term	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Provision for Income Tax (Net of income tax paid Rs 1,354.93 lakhs , Previous Year 47.96 lakhs)	-	-	258.14	10.31
Provision for employee benefits	431.40	289.41	-	-
Contingent Provision Against Standard Assets	-	-	-	
(i) Contingency provision on loan receivables and managed portfolio exposures	-	-	1,815.64	187.85
(ii) Provision on standard asset	-	130.91	547.47	342.65
(ii) Provision for standard restructured assets	-	-	388.87	682.12
Provision for Non-Performing Assets	-	97.64	658.88	255.57
Total	431.40	517.96	3,669.00	1,478.50

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(All amounts are in lakhs, unless otherwise stated)

6 Short Term Borrowings

	As at March 31, 2024	As at March 31, 2023
Commercial Papers	1,000.00	3,500.00
Current maturities of long-term borrowings	44,014.96	34,525.97
Total	**45,014.96**	**38,025.97**
The above amount includes:		
Secured Borrowings	44,014.96	34,025.97
Unsecured Borrowings	1,000.00	4,000.00
Total	**45,014.96**	**38,025.97**

7 Trade Payables

	As at March 31, 2024	As at March 31, 2023
- Micro and Small Enterprises (Refer Note 47)	-	-
- Other than Micro Enterprises and Small Enterprises	117.64	418.21
Total	**117.64**	**418.21**

8 Other Current Liabilities

	As at March 31, 2024	As at March 31, 2023
Statutory Liabilities	142.10	290.53
Employee benefit payable	249.39	209.98
Securitisation payable	1,472.07	3,167.38
Interest accrued but not due on borrowings	1,098.42	851.01
Miscellaneous payable	20.95	259.56
Total	**2,982.93**	**4,778.46**

11 Loans and Advances

	Non-Current		Current	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Loans & Advances to Related Parties (Unsecured) (Refer Note 25)				
Considered Good	200.00	200.00	-	-
Considered Doubtful	-	32.82	-	-
Less: Provision for Doubtful Advance	-	(32.82)	-	-
	200.00	200.00	-	-
Other loans and advances				
Advance to Employees				
Considered Good	-	-	49.14	40.17
Considered Doubtful	-	-	-	-
Less: Provision for Doubtful Advance	-	-	-	-
	-	-	49.14	40.17
Others				
Considered Good	-	-	655.46	222.53
Considered Doubtful	-	-	34.14	22.46
Less: Provision for Doubtful Advance	-	-	(34.14)	(22.46)
	-	-	655.46	222.53
Advance to Svasti MSOP Trust	0.60	0.60	-	-
Prepaid Expenses	236.01	186.73	310.77	289.09
Total	**436.61**	**387.33**	**1,015.37**	**551.79**

12 Receivables Under Financing Activities

	Non-Current		Current	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Unsecured and Considered Good	25,869.86	21,469.69	67,447.80	56,198.05
Unsecured and Considered Doubtful	-	-	-	-
Total	**25,869.86**	**21,469.69**	**67,447.80**	**56,198.05**

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Notes forming part of Financial Statements for the year ended March 31, 2024
(All amounts are in lakhs, unless otherwise stated)

Note 9 and note 10 - Property, Plant & Equipment and Intangible Assets

	Gross Block				Depreciation				Net Block	
Asset	As on 31-03-2023	Additions	Deletions	As on 31-03-2024	As on 31-03-2023	For the period*	Deletions	As on 31-03-2024	As on 31-03-2024	As on 31-03-2023
Tangible Assets (A)										
Leasehold Improvement	95.53	4.94	-	100.47	70.88	9.16	-	80.04	20.43	24.65
Furniture & Fixtures	129.61	7.23	-	136.84	55.86	16.24	-	72.10	64.74	73.75
Office Equipment	147.70	41.18	1.10	187.78	101.53	22.70	0.96	123.27	64.51	46.17
Computer	256.77	49.37	-	306.14	121.47	38.49	-	159.96	146.18	135.30
Vehicles	-	-	-	-	-	-	-	-	-	-
Tangible assets (A)	**629.61**	**102.72**	**1.10**	**731.23**	**349.74**	**86.59**	**0.96**	**435.37**	**295.86**	**279.87**
Intangible Assets (B)										
MERP	782.60	-	34.23	748.37	551.47	65.21	34.22	582.46	165.91	231.12
Intangible assets under Development (C)										
MERP (CWIP) #	28.64	-	-	28.64	-	-	-	-	28.64	28.64
Total (A+B + C) as on 31st March 2024	**1,440.84**	**102.72**	**35.33**	**1,508.24**	**901.21**	**151.80**	**35.18**	**1,017.84**	**490.41**	**539.63**
Total (A+B + C) as on 31st March 2023	**1,268.55**	**177.65**	**5.35**	**1,440.85**	**742.73**	**158.58**	**0.08**	**901.23**	**539.63**	**-**

Note
There is no change due to revaluation in the net carrying value of each class of Property, Plant and Equipment
The company doesn't have any immovable property The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property
The intangible assets under development are under work in progress for a period of more than 1 year but less than 2 years
*The depreciation includes assets amounting to Rs 7.00 lakhs which were fully depreciated / written off during the current year

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13 Other Assets

	Non-Current		Current	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Non current portion of term deposits with banks (Lien marked Rs.2,396.44 lakhs, Previous Year Rs.3,088.68 lakhs)	2,396.44	3,338.45	-	-
Security Deposits (Unsecured, considered good)	71.74	88.79	36.75	13.60
Unamortized processing fee on borrowings	273.34	278.37	471.77	440.71
Interest accrued on term deposits	-	-	290.10	214.60
Securitised Receivables - Collateral	-	-	1,315.73	1,861.71
Insurance Claim receivable				
Considered Good	-	-	411.01	378.18
Considered Doubtful		-	88.50	61.72
Less: Provision for claim receivable	-	-	(88.50)	(61.72)
	-	-	411.01	378.18
Commission on Managed Portfolio receivable				
Considered Good	-	-	20.81	1.37
Considered Doubtful	-	-	-	120.65
Less: Provision for doubtful receivable	-	-	-	(120.65)
	-	-	20.81	1.37
Trade receivables	-	-	455.22	534.34
GST Input Tax Credit	-	-	-	32.70
Income Tax paid and TDS(Net of Provision of Rs. 157.88 lakhs, Previous Year Rs. 711.11 lakhs)	76.62	88.43	-	-
Miscellaneous receivable	-	-	162.33	243.32
Total	**2,818.14**	**3,794.04**	**3,163.72**	**3,720.53**

14 Current Investment (Non-Trade, Unquoted) - valued at cost

	As at March 31, 2024	As at March 31, 2023
Investment in mutual fund units (MF)	-	-
Investment in alternative investment fund (AIF)	-	-
Total	-	-

There are no Investments and hence disclosures pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN. REC.No.45/03.10.119/2023-24 is not applicable

15 Cash and Bank Balances

	As at March 31, 2024	As at March 31, 2023
Cash and Cash Equivalents		
Cash in Hand	266.76	377.61
Balances with Banks		
- in Current and Overdraft Accounts	5,020.74	4,720.69
- in Short Term Deposit Accounts (original maturity of less than 3 months)	3,036.76	1,677.07
Total (A)	**8,324.26**	**6,775.37**
Other Balances with Banks		
Deposit Accounts (net of overdraft, Rs. Nil, Previous Year Rs.3,112.93 lakhs against Fixed Deposits) (Lien marked Rs.6,073.27 lakhs, Previous Year Rs.4,954.59 lakhs)	6,331.73	5,204.37
Less: Term Deposit maturing after one year	(2,396.44)	(3,338.45)
Total (B)	**3,935.29**	**1,865.92**
Total (A+B)	**12,259.55**	**8,641.29**

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Svasti Microfinance Private Limited
CIN: U65922TN1995PTC030293
Notes forming part of Financial Statements for the year ended March 31, 2024
(All amounts are in lakhs, unless otherwise stated)

16 Revenue from Operations

	For the period ended March 31, 2024	For the period ended March 31, 2023
Interest on receivables under financing activities	20,247.02	13,511.77
Commission From Managed Portfolio	84.93	19.54
Processing Fees on receivables under financing activities	1,579.01	1,464.65
Interest Income from Direct Assignment	2,045.22	324.83
Interest Income from securitisation	1,399.23	1,074.55
Total	**25,355.41**	**16,395.34**

17 Other operating income

	For the period ended March 31, 2024	For the period ended March 31, 2023
Profit on sale of Mutual Funds	90.08	5.53
Interest on Cash Collateral Deposits for borrowings from FIs and Banks*	538.31	253.94
Income from Non Lending Services	494.63	743.44
Income from Branding activities	2,057.07	546.06
Others	20.51	22.66
Total	**3,200.60**	**1,571.63**

*Interest is net off of Rs.30.11 lakhs towards interest on overdraft against fixed deposits.

18 Employee Benefits Expenses

	For the period ended March 31, 2024	For the period ended March 31, 2023
Salaries, wages and bonus	6,065.90	4,727.01
Employer's Contribution to Provident & Other Funds	372.75	293.40
Gratuity (Refer Note No.26)	151.53	51.45
Staff Welfare Expenses	582.37	336.08
Total	**7,172.55**	**5,407.94**

19 Finance Cost

	For the period ended March 31, 2024	For the period ended March 31, 2023
Interest Paid on loan taken from Banks & Financial Institutions	10,191.78	7,053.65
Amortisation of processing fee on borrowings	909.76	533.00
	11,101.54	**7,586.65**

20 Other Expenses

	For the period ended March 31, 2024	For the period ended March 31, 2023
Rent	390.56	357.54
Rates and taxes	87.36	87.15
Repairs and Maintenance	18.72	19.07
	54.47	43.96
Travel and Conveyance	167.35	131.82
Printing & Stationery	77.20	83.58
Professional and consultancy charges	432.73	348.93
Director Sitting Fees	12.00	6.00
Audit Fees	32.53	30.79
Corporate Social Responsibility Expenses	19.21	11.76
Information technology expenses	288.90	180.62
Write off of other assets	75.51	3.04
Communication expenses	74.22	70.32
Bank Charges	54.43	32.04
Other administrative expenses	81.22	103.31
Total	**1,866.41**	**1,509.94**

Audit fees		
Statutory audit	27.25	27.25
Tax audit	2.18	2.18
Certification fees	1.36	1.36
Out of pocket expenses	1.74	-
Total	**32.53**	**30.79**

21 Provision and write offs on receivables under financing activities and managed portfolio exposures

	For the period ended March 31, 2024	For the period ended March 31, 2023
Provision on standard asset for receivable under financing activity and managed portfolio	1,701.70	332.59
Provision for non-performing assets	305.67	(206.65)
Provision for restructuring assets	(293.25)	97.48
Bad-debts written off	1,688.91	750.00
	3,403.03	**973.42**

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22 Contingent liabilities

Rs. in lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
First loss credit enhancement on securitization and direct origination transactions	1,822.12	2,199.86
First loss guarantee of portfolio originated on behalf of NBFCs / Banks	1,043.69	3,214.52
In respect of matters relating to income tax	55.12	9.57
Total	**2,920.93**	**5,423.95**

Based on the assessment made by the management, no provision is required to be made for the above contingent liabilities.

23 Capital commitment (net of advances)

As at 31st March, 2024 Rs. Nil. (31-Mar-2023: Rs. Nil).

24 Segment Reporting

In the opinion of the management, there is only one reportable segment. i.e. microfinance services. Accordingly, no separate disclosure is required to be made under Accounting Standard 17, Segment Reporting.

25 Related Party Disclosures

A. List of Related Parties

Nature of Relationship	Party
Key Management Personnel	P Arunkumar, Whole-time Director and CEO
Key Management Personnel	B Narayanan, Whole-time Director and CFO & CTO
Entities having Significant Influence	Abler Nordic Fund III KS (Formerly Nordic Microfinance Initiative Fund III KS)
Entities in which key management personnel are interested	Svasti Foundation
Entities in which key management personnel are interested	Svasti Financial Services Private Limited

B. Transactions with Related Parties during the year (excluding directors remuneration*)

There were no related party transactions except the transactions disclosed under 'C'

C. Directors' Remuneration

Rs. in lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Executive Directors		
Arunkumar P	130.00	82.08
B Narayanan	130.00	82.08
Non-Executive Directors		
Sitting Fees	12.00	6.00

Note: The above remuneration is inclusive of provisions of Bonus of Rs. 40.00 lakhs (PY:- Rs.18.00 lakhs). However, the above does not include the accrued Gratuity.

D. Transactions

Rs. in lakhs

Nature of Transaction	Related Party	As At March 31, 2024	As At March 31, 2023
Subscription of 12% Compulsory Convertible Cumulative preference shares	Abler Nordic Fund III KS (Formerly Nordic Microfinance Initiative Fund III KS)	-	1,600
Conversion of 12% Compulsory Convertible Cumulative preference shares to equity Share	Abler Nordic Fund III KS (Formerly Nordic Microfinance Initiative Fund III KS)	-	1,500

E. Balances as at year end

Rs. in lakhs

Nature of Balance	Related Party	As At March 31, 2024	As At March 31, 2023
Receivable	Svasti Foundation*	-	31.62
Receivable	Svasti Financial Services Private Limited*	-	1.20
Receivable/(Payable)	B Narayanan	100.00	100.00
Receivable/(Payable)	P Arunkumar	100.00	100.00

* *The balances of Svasti Foundation & Svasti Financial Services Private Limited has been written off*

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26 Retirement Benefit

Contribution to employees' provident fund and employee's state insurance: Rs.351.98 lakhs (Previous year: Rs.277.34 lakhs)

(1) Description of the Gratuity Plan:

The Company provides for gratuity a defined benefit retirement plan covering eligible employees. Gratuity plan provides for a lump sum payment to employees on retirement, death, incapacitation, termination of employment, of amounts that are based on salaries and tenure of the employees. **' Gratuity liability is funded with Life Insurance Corporation of India (LIC)'**

(2) Amount recognized in the Balance Sheet and movements in net liability:

Rs. in lakhs

Particulars	As At March 31, 2024	As At March 31, 2023
Present Value of Funded Obligations	532.60	385.14
Fair Value of Plan Assets	101.20	95.73
Net Liability / (Asset) recognized in the Balance Sheet	**431.40**	**289.41**

The fair value of the plan assets does not include the Company's own financial instruments

(3) Expenses recognized in the Statement of Profit & Loss

Rs. in lakhs

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Current Service Cost	72.48	72.29
Interest on Defined Benefit Obligation	27.14	23.44
Expected Return on Plan Assets	(6.79)	(6.46)
Net Actuarial Losses/ (Gains) Recognized in the year	58.69	(37.82)
Past Service Cost	-	-
Other Charges	-	-
Total	**151.52**	**51.45**

(4)Reconciliation of Benefit Obligation & Plan assets for the period

Change in Defined Benefit Obligation

Rs. in lakhs

Particulars	As At March 31, 2024	As At March 31, 2023
Opening Defined Benefit Obligation	385.14	344.73
Current Service Cost	72.48	72.29
Interest Cost	27.14	23.44
Actuarial Losses /(Gain)	58.84	(40.36)
Past Service Cost	-	-
Actuarial Losses / (Gain) due to Curtailment	-	-
Liabilities Extinguished on Settlements	-	-
Liabilities Assumed on Acquisition / (Settled on Divestiture)	-	-
Exchange Difference on Foreign Plans	-	-
Benefits Paid	(11.00)	(14.96)
Closing Defined Benefit Obligation	**532.60**	**385.14**

Change in Fair Value of Assets

Rs. in lakhs

Particulars	As At March 31, 2024	As At March 31, 2023
Opening Fair Value of Plan Assets	95.73	94.25
Expected Return on Plan Assets	6.79	6.47
Actuarial Gain / (Losses)	0.15	(2.54)
Assets Distributed on Settlements	-	-
Contributions by Employer	9.53	12.51
Assets Acquired on Acquisition /(Distributed on Divestiture)	-	-
Exchange Difference on Foreign Plans	-	-
Benefits Paid	(11.00)	(14.96)
Closing Fair Value of Plan Assets	**101.20**	**95.73**

(5)Actuarial Assumptions at the Valuation date

Particulars	March 31, 2024	March 31, 2023
Discount Rate	6.95%	7.15%
Expected Rate of Return on Plan Assets*	6.95%	7.15%
Salary Escalation Rate	10.00%	10.00%

*This is based on expectation of the average long term rate of return expected on invesuments of the Fund during the estimated term of the obligations.

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(6) Descriptions of the Plan Assets

Category of Assets	2023-24	2022-23
Government of India Securities	0%	0%
Corporate Bonds	0%	0%
Special Deposit Scheme	0%	0%
Insurer Managed Funds	100%	100%
Others	0%	0%
Total	**100%**	**100%**

(7)Experience Adjustments **Rs. in lakhs**

Particulars	2023-24	2022-23
Experience (gain)/loss on obligation	17.80	(22.56)
Actuarial (gain)/loss on plan assets	0.15	(2.54)

Rs. in lakhs

Particulars	2021-22	2020-21	2019-20
Experience (gain)/loss on obligation	19.68	(4.86)	27.97
Actuarial (gain)/loss on plan assets	0.90	(1.71)	(0.61)

The company expects to contribute Rs. 12.51 lakhs (Previous year Rs. 15.00 lakhs) towards the gratuity fund in the next year.

(8) Current/Non current classification (Benefit Obligation) **Rs. in lakhs**

Particulars	As At March 31, 2024	As At March 31, 2023
Current	-	-
Non current	431.40	289.41
Total	**431.40**	**289.41**

27 **Operating Leases**

The Company has taken on operating lease premises for a period ranging from 11 months to 36 months which are non-cancelliable for the period as reflected in the agreement. The total lease payments for the current year, in respect of operating leases, included under rent, aggregates to Rs. 390.56 lakhs (nil capitalised) (P.Y.Rs. 357.54 lakhs (nil capitalised)

The future lease payments in respect of the non cancellable period referred above are as follows:

Rs. in lakhs

Particulars	**As at March 31, 2024**	**As at March 31, 2023**
Not later than one year	98.67	58.50
Later than one year but not later than five years	14.83	30.19
Later than 5 years	Nil	Nil

28 **Earnings per share**

Rs. in lakhs

Particulars	**As at March 31, 2024**	**As at March 31, 2023**
Net Profit After Tax	3,747.25	1,757.76
Less: dividend on convertible preference shares	(359.63)	(363.14)
Net profit/(loss) for calculation of basic EPS	**3,387.62**	**1,394.62**
Net profit as above	3,387.62	1,394.62
Add: dividend on convertible preference shares	359.63	363.14
Net profit/(loss) for calculation of diluted EPS	**3,747.25**	**1,757.76**
Weighted average number of equity shares in calculating basic EPS	37,66,834	31,69,526
Effect of dilution:		
Convertible preference shares	13,38,122	14,01,702
Weighted average number of equity shares in calculating diluted EPS	**51,04,956**	**45,71,228**
Earnings per share (Face value of Rs. 10 per share)		
- Basic	89.93	44.00
- Diluted	73.40	38.45

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29 Deferred Tax

Deferred Tax Asset Computation

Rs. in lakhs

Particulars	Deferred Tax Asset / Liability as on 1st April, 2023	Current year credit/ (charge)	Deferred Tax Asset / Liability as on 31st March, 2024
A. Deferred Tax Liability			
Difference between book and tax depreciation	(11.32)	7.49	(3.83)
Unamortized business expenses	(184.27)	(3.26)	(187.53)
Total (A)	**(195.59)**	**4.23**	**(191.36)**

Rs. in lakhs

Particulars	Deferred Tax Asset / Liability as on 1st April, 2023	Current year credit/ (charge)	Deferred Tax Asset / Liability as on 31st March, 2024
B. Deferred Tax Asset			
Unabsorbed business losses	-	-	-
Provision for employees benefit–leave encashment	-	-	-
Provision for employees benefit - gratuity, receivables	74.16	34.42	108.58
Provision for receivables	465.71	392.73	858.44
Provision for other loans and advances	42.35	(9.44)	32.91
Total(B)	**582.22**	**417.71**	**999.93**
Net Deferred Tax (Asset) /Liability (A-B)	**386.63**	**421.94**	**808.57**
Previous Year	401.38	(14.74)	386.64

30 Asset Classification & Provisioning:

The Company follows Prudential Norms of the Reserve Bank of India (RBI) with regard to classification in respect of all loans extended to its customers. The loans inclusive of unpaid interest, when the instalment is overdue for a period of three months or more or on which interest amount remained overdue for a period of 90 days or more is treated as Non-performing assets.

Classification of Loans and provision made for Standard / doubtful assets as at March 31, 2024:

Rs. in lakhs

	Gross loan	Provisions	Net loan Outstanding
	As At March 31, 2024	As At March 31, 2024	As At March 31, 2024
JLG (unsecured)			
Standard asset	87,257.10	2,733.70	84,523.40
Non-Performing asset	900.61	548.23	352.38
Total	**88,157.71**	**3,281.93**	**84,875.78**
Individual Loan			
Standard asset	4,568.34	18.27	4,550.07
Non-Performing asset	534.40	53.44	480.96
Doubtful asset	57.21	57.21	-
Total	**5,159.95**	**128.92**	**5,031.03**

Classification of Loans and provision made for Standard / doubtful assets as at March 31, 2023:

	Gross loan	Provisions	Net loan Outstanding
	As At March 31, 2023	As At March 31, 2023	As At March 31, 2023
JLG (unsecured)			
Standard asset	73,629.33	984.47	72,644.86
Non-Performing asset	521.07	381.55	139.52
Total	**74,150.40**	**1,366.02**	**72,784.38**
Individual Loan			
Standard asset	3,007.63	27.30	2,980.33
Non-Performing asset	458.77	252.48	206.29
Doubtful asset	50.94	50.94	-
Total	**3,517.34**	**330.72**	**3,186.62**

In line with circular on Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances –Clarifications (RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22) dt November 12, 2021, the Company has started reckoning DPD for all loan accounts on a day end basis instead of a month end basis from September 30, 2022 onwards. While DPD for all loan accounts is reckoned on a daily basis, the process is run in aggregate at the end of the month after all relevant reconciliations.

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Movement of Non Performing Loans	As At March 31, 2024	As At March 31, 2023
Opening Balance	1,030.78	1,102.04
Addition during the year	3,220.37	3,285.00
Reversal during the year	(1,070.01)	(2,606.26)
Write Off	(1,688.91)	(750.00)
Closing Balance	**1,492.23**	**1,030.78**

Movement of Loan provision

	As At March 31, 2024	As At March 31, 2023
Opening Balance	1,696.74	1,593.97
Addition during the year	3,403.03	309.42
Reversal during the year	(1,688.91)	(206.65)
Closing Balance	**3,410.86**	**1,696.74**

31 Securitization of Portfolio Receivables

The Company has participated in 4 (Previous Year : 9) transaction during the year involving securitization of portfolio receivables from loans seasoned for at least 3 months. The portfolio has been sold to a Special Purpose Vehicle (SPV) created for handling the securitization transaction.

Each transaction entered into by the Company involves a "True Sale", i.e., involving the assignment of the total pool to the Issuer Trust, assigning thereby all the rights, title and interest of the Company (as Originator) in the Receivables to the Trust. The assignment shall be to the end and intent that the Issuer Trust shall thereafter be deemed to be the full and absolute legal and beneficial owner of the Total Pool.

The exposure of the Company to the assigned receivables subsequent to the True Sale is restricted to the Credit Enhancement provided by the Company to the Trust. Such credit enhancement has been provided by way of cash collateral.

The Company is to act as a servicing agent responsible for collection of all cash flows from the underlying receivables and remittance to the SPV until the underlying is

repaid or the clean up call is exercised. The clean up call can be exercised by the company when not more than 10% of the pool principal from the pool remains unpaid.

The difference between the purchase consideration and the pool value after providing for processing fees and servicing cost has been considered as Gain from Securitization maximum of amounts arrived based on principal cash flow collected to total Principal cash flows or time proportion basis. The portion of the gains pertaining to principal cash flow to be recognised in the future shall be disclosed in "Gain from Securitization not accrued" under "Other Current Liabilities". Gains from securitization of portfolio under premium structure are accrued higher of the amortization of the principal value of the portfolio securitized during the year after provision of processing fees and servicing cost and on time proportion basis as per RBI directions. In case of PAR type of securitisation transactions the difference between the Pool value and the purchase consideration is accounted as Over collateralisation and is disclosed under "other current assets" or "other non current assets" as per the maturity period.

A) Disclosure as per RBI Guidelines — **Rs. in lakhs**

Particulars	As At March 31, 2024	As At March 31, 2023
a) No of active SPVs sponsored by the NBFC for securitisation transactions*	4	10
b) Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	9,277.96	20,814.21
c) Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		
i) Off-balance sheet exposures		
-First Loss	-	-
-Others	-	-
ii) On-balance sheet exposures		
-First Loss	919.83	1,597.79
-Others	1,315.73	1,861.71
d) Amount of exposures to securitisation transactions other than MRR		
1) Off-balance sheet exposures		
i) Exposure to own securitisations		
-First Loss	-	-
-Others	-	-
ii) Exposure to third party securitisations		
-First Loss	-	-
-Others	-	-
2) On-balance sheet exposures		
i) Exposure to own securitisations		
-First Loss	-	-
-Others	-	-
ii) Exposure to third party securitisations		
-First Loss	-	-
-Others	-	-

* All SPVs are domestic SPVs. The SPVs are know as 'Svasti-Hinduja-Lilly', 'Svasti-Aditya Birla Finance-Trinity', 'Svasti-Vivriti AMC-Lino' and Svasti-Kotak-Eccles'

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B) The summary of all securitization transactions done are as under:

Rs. in lakhs

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Purchase Consideration	8,174.41	18,954.50
Principal value of pool securitized	9,277.96	20,814.21
Gain from securitization recognized during the year	1,399.23	1,074.55
Gains from securitization to be recognized in future		
-Current	-	-
-Non Current	-	-
Service fee received	9.00	30.00
Cash Collateral provided as credit enhancement	919.83	1,597.79

C) The summary of all direct assignment transactions done are as under:

Rs. in lakhs

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
(i) Number of transactions	8	5
(ii) Aggregate amount of loan sold (including retention of economic interest)	32,047.63	12,763.17
(iii) Aggregate Consideration	28,842.87	11,486.86
(iv) Retention of beneficial economic interest by the originator	10.00%	10.00%
(v) Aggregate gain over net book value	-	-

D) Direct Origination:

The Company continues to originate / serve portfolio on behalf of 5 Financial Institution (FI) (Previous year 3 Financial Institution). The Company is responsible for originating and servicing the loans originated on behalf of the FI against which the Company receives consideration.

A summary of the direct origination transactions for the year are as under:

Rs. in lakhs

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Portfolio originated during the year	7,735.36	7,250.00
Income from portfolio originated during the year	109.14	90.63
Income from servicing of managed portfolio for the year	979.05	124.83

32 Disclosure on Margin Cap

Margin of the Company as on March 31, 2024 is 10.54% (Previous Year: 9.32%).

Rs. in lakhs

Particulars	March 31, 2024	March 31, 2023
Average interest charged on Loans (a)	25.14%	22.65%
Average interest expense on borrowings (b)	14.59%	13.33%
Net Interest Margin (a-b)	**10.55%**	**9.32%**

33 Disclosure on derivative instruments and unhedged foreign currency exposure

The Company does not have any derivatives exposure in the current and previous year

34 Earnings in foreign currency for the year ended 31st March, 2024:Nil (Previous year: Rs.4.36 lakhs)

35 Expenditure in foreign currency for the year ended 31st March, 2024: Rs.1,971.96 Lakhs (Previous year: Rs.1,499.33 Lakhs)

Rs. in lakhs

Particulars	March 31, 2024	March 31, 2023
Professional Fees	16.73	42.95
Software License Fees	129.78	49.98
Interest	1,561.13	1,050.74
Processing Fees	48.05	138.16
Dividend	216.26	217.50
Total	**1,971.95**	**1,499.33**

36 For the year ended 31 March 2024 the Company is not required to transfer any amount into the Investor Education & Protection Fund. (Previous year: NIL).

37 There are no pending litigations comprise of claims against the Company and proceedings pending with Tax Authorities other than those disclosed in Note 22.

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38 The Covid-19 pandemic has affected several countries across the world through FY20-FY22, including India. Consequent lockdowns and varying restrictions imposed by the government across several jurisdictions in which the Company operates, had led to significant disruptions and dislocations for individuals and businesses, impacting the Company's business operations, including lending and collection activities during the years ended March 31, 2020 through to March 31, 2022. In accordance with the Reserve bank of India (RBI) guidelines related to "Covid-19 regulatory package" dated March 27, 2020 and subsequent guidelines on EMI moratorium dated April 17, 2020 and May 23, 2020 the Company had offered moratorium to its customers based the eligibility for EMIs falling due between March 1, 2020 to August 31, 2020. The impact of COVID-19 pandemic including "second wave", on the Company's operations and financial metrics, including the Company's estimates of impairment of loans will depend on the future developments, which are highly uncertain. Management continues to monitor the evolving situation on an ongoing basis and management has considered events up to the date of these financial statements, to determine the financial implications including in respect of provisioning of assets under financing activities.

As at March 31, 2024, the Company carries provision more than the minimum required as per Income Recognition and asset classification norms and other circulars issued by RBI considering managements best estimate of possible potential losses. Given the dynamic and evolving nature of pandemic, these estimates are subject to uncertainty caused by the ongoing Covid-19 pandemic and related events.

39 Disclosures on restructured assets pursuant to the RBI Master direction circular RBI/DoR/2023-24/106 DoR.FIN.REC. No.45/03.10.119/2023-24

Rs. in lakhs

Particulars	Standard	Non performing	Total	Standard	Non performing	Total
Restructured Account at the beginning of the period						
Number of Accounts	25,102	2,351	27,453	38,503	-	38,503
Amount outstanding	3,835.31	331.76	4,167.07	5,669.58	-	5,669.58
Provision	682.12	331.76	1,013.88	584.64	-	584.64
Down gradations of restructured accounts during the period						
Number of Accounts	-	8,936	8,936	-	7,936	7,936
Amount outstanding	-	1,031.48	1,031.48	-	885.52	885.52
Provision						
Write-offs of restructured accounts during the period						
Number of Accounts	-	7,045	7,045	-	4,201	4,201
Amount outstanding	-	835.64	835.64	-	553.76	553.76
Provision						
Restructured Account at the end of the period						
Number of Accounts	18,931	1,477	20,408	25,102	2,351	27,453
Amount outstanding	2,430.46	195.84	2,626.31	3,835.31	331.76	4,167.07
Provision	388.87	195.84	584.72	682.12	331.76	1,013.88

Notes:-
There are no fresh restructuring during the year ended March 31, 2024 and March 31, 2023.
There are no accounts upgraded during the year ended March 31, 2024 and March 31, 2023.
There are no standard accounts required higher provisioning during the year ended March 31, 2024 and March 31, 2023.

40 Capital to Risk Assets Ratio (CRAR)

Particulars	As at March 31, 2024	As at March 31, 2023
CRAR %	22.31%	20.56%
CRAR- Tier I Capital %	19.86%	16.92%
CRAR- Tier II Capital %	2.45%	3.63%
Amount of Subordinate debt considered as Tier II Capital	2,900.00	3,850.00
Amount raised by issue of Perpetual Debt Instruments	-	-

41 Exposure to Real Estate Sector (direct and indirect) are as follows:-

The Company does not have any exposure to Real Estate Sector (direct and indirect) as on March 31, 2024. (Previous year:- Nil)

42 Corporate Social Responsibility (CSR)

Pursuant to Section 135 of Companies Act,2013, the company has incurred expenditure in respect of corporate social responsibility as follows:-

Rs. in lakhs

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Gross Amount required to be spent towards CSR u/s 135 (5) of Companies Act, 2013 (A)	19.06	11.61
Amount spent during the year (B)	-	
(a) Construction/ acquisition of asset	-	-
(b) Others	19.21	11.76
Excess/(shortfall) (A-B)	**0.15**	**0.15**

Notes:

None of the CSR projects undertaken by the Company has been fall under definition of "On-going Projects".

There is no amount required to be contributed to specified fund u/s 135(6).

43 Disclosure of Customer Complaints

A

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Number of Complaints pending at the beginning of the year	27	92
Number of Complaints received during the year	280	226
Number of Complaints redressed during the year	298	291
Number of Complaints pending at the end of the year	9	27

B **Top grounds of complaints received by the Company from its customers**

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Number of complaints pending beyond 30 days
For the year ended March 31,2024					
Insurance claim settlement	27.00	185.00	(0.54%)	6	1
Loan process	-	60.00	100%	1	Nil
Staff behaviour	-	21.00	110%	2	Nil
Credit bureau related	-	14.00	NA	-	Nil
For the year ended March 31,2023					
Insurance claim settlement	84.00	186.00	(38.61%)	27	Nil
Loan process	6.00	30.00	88%	-	Nil
Staff behaviour	2.00	10.00	100%	-	Nil
Credit bureau related	-	-	-	-	Nil

44 Details of penalties imposed by RBI and other regulators

No penalties have been imposed by RBI and other regulators on the Company during the financial year ended March 31, 2024 and March 31, 2023.

45 Qualifying Assets

The Company has maintained the qualifying asset percentage of 77.12% (PY: 77.49%) as at March 31, 2024, as specified in the Master Direction – Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022 (Updated as on July 25, 2022)

Master Direction RBI/DOR/2021-22/89

DoR.FIN.REC.95/03.10.038/2021-22 dated March 14,2022 and as amended from time to time.

Rs. in lakhs

	As at March 31, 2024	As at March 31, 2023
Total Assets (A)	1,14,310.03	95,688.98
Receivables under financing activities		
Gross portfolio	93,317.66	77,667.74
Less : Non-qualifying assets - individual loans (LAP)	-5,159.95	-3,517.34
Qualifying assets (B)	**88,157.71**	**74,150.40**
Qualifying assets / Net assets : (B) / (A)	**77.12%**	**77.49%**

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46 Maturity pattern of assets and liabilities

Maturity pattern of assets and liabilities as on March 31, 2024

Rs. in lakhs

Particulars	0 day to 7 days	8 days to 14 days	15 days to 30/31 days (One month)	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Liabilities											
Borrowings	529.96	263.97	1,790.82	3,796.47	4,933.58	11,000.28	22,699.88	36,878.47	2,750.00	-	84,643.43
Assets											
Cash & Bank	5,382.94	-	3,453.67	329.02	161.63	696.26	2,236.03	-	-	-	12,259.55
Investments			-	-	-	-	-	-	-	-	-
Loan Assets	1,126.26	3,241.16	2,214.13	6,541.11	6,241.03	17,033.70	31,050.40	25,828.33	39.90	1.63	93,317.66

Maturity pattern of assets and liabilities as on March 31, 2023

Particulars	0 day to 7 days	8 days to 14 days	15 days to 30/31 days (One month)	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Liabilities											
Borrowings	596.41	162.58	1,403.06	4,781.72	5,814.12	8,201.38	17,066.70	23,266.85	8,351.49	2,000.00	71,644.31
Assets											
Cash & Bank	5,098.29	-	-	1,625.91	17.60	417.27	1,482.22	-	-	-	8,641.29
Investments			-	-	-	-	-	-	-	-	-
Loan Assets	877.42	3,070.98	2,942.14	5,682.04	5,561.26	14,928.96	23,135.25	20,844.57	600.55	24.57	77,667.74

47 Trade Payable ageing

Rs. in lakhs

As at March 31, 2024

	Less than 6 months	Less than 6 months to 1 year	1 to 2 year	2 to 3 year	More than 3 years	Total
MSME	-	-	-	-	-	-
Others	112.25	3	2.08	-	-	117.64
Disputed MSME	-	-	-	-	-	-
Disputed Others	-	-	-	-	-	-
Total	112.25	3	2.08	-	-	117.64

As at March 31, 2023

	Less than 6 months	Less than 6 months to 1 year	1 to 2 year	2 to 3 year	More than 3 years	Total
MSME	-	-	-	-	-	-
Others	417.22	-	0.99	-	-	418.21
Disputed MSME	-	-	-	-	-	-
Disputed Others	-	-	-	-	-	-
Total	417.22	-	0.99	0.00	-	418.21

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48 Analytical Ratios

Particulars	Numerator	Denominator	As at March 31, 2024	As at March 31, 2023	Changes
Current Ratio	83,886.44	51,784.52	1.62	1.55	4.78%
Debt Equity Ratio #	84,643.43	22,465.64	3.77	4.25	(11.38%)
Debt Service Coverage Ratio^	19,507.78	53,230.25	0.37	0.24	50.28%
Return on Equity Ratio *^	3,747.25	22,465.64	16.68%	10.43%	59.91%
Return on Capital employed *^	19,507.78	1,06,914.53	18.25%	12.52%	45.71%
CRAR #	22,150.81	99,266.82	22.31%	20.56%	8.54%

* The ratio has increased due to increase in Business volumes

^ The ratio has increased due to increase in the Net Interest Margin due to increase in the lending rates

The ratio has decreased/ increased due to increase in equity on account of issue of shares and profit for the year.

49 Liquidity Risk

Disclosure on liquidity risk under RBI circular no. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 04, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies

Funding Concentration based on significant parties — Rs. in lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Number of Significant Parties	1	1
Amount of Borrowings	9,734.71	11,495.84
% of total liabilities	11.50%	16.05%

Top 10 Borrowings

Particulars	As at March 31, 2024	As at March 31, 2023
Amount of Total Borrowings	44,326.83	35,307.59
% of total borrowings	52.37%	49.28%

Funding Concentration

Particulars	As at March 31, 2024	% of Total Liabilities
Term Loan	59,836.84	65.15%
NCD	19,056.60	20.75%
Sub-debt	4,750.00	5.17%
Commercial Papers	1,000.00	1.09%

Particulars	As at March 31, 2023	% of Total Liabilities
Term Loan	46,892.21	59.48%
NCD	16,002.10	20.30%
Sub-debt	5,250.00	6.66%
Commercial Papers	3,500.00	4.44%

Stock Ratios

Particulars	As at March 31, 2024	As at March 31, 2023
Commercial paper as a % of total liabilities	1.18%	4.44%
Commercial paper as a % of total assets	0.87%	3.66%
Non-convertible debentures (original maturity of less than one year) as a % of total liabilities	Not Applicable	Not Applicable
Non-convertible debentures (original maturity of less than one year) as a % of public funds	Not Applicable	Not Applicable
Non-convertible debentures (original maturity of less than one year) as a % of total assets	Not Applicable	Not Applicable
Other short-term liabilities as a % of total liabilities	55.13%	52.26%
Other short-term liabilities as a % of public funds	59.67%	57.51%
Other short-term liabilities as a % of total assets	44.24%	43.06%

Institutional set-up for Liquidity Risk Management

The Company's Board of Directors has the overall responsibility of management of liquidity risk The Board decides the strategic policies and procedures of the Company to manage the liquidity risk.

The Company also has a Risk Management Committee, which is a sub-committee of the Board and is responsible for evaluating the overall risk faced by the Company including liquidity risk

Notes

1. A "Significant party" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 10% for other non-deposit taking NBFCs.
2. Total Liabilities has been computed as sum of all liabilities (Balance Sheet figure) less Equities and Reserves/Surplus.
3. "Public funds" shall include funds raised either directly or indirectly through public deposits, commercial paper, debentures, inter-corporate deposits and bank finance but excludes funds raised by issue of instruments compulsorily convertible into equity shares within a period not exceeding 10 years from the date of issue as defined in Regulatory Framework for Core Investment Companies issued vide Notification No. DNBS (PD) CC.No. 206/03.10.001/2010-11 dated January 5, 2011.
4. The amount stated in this disclosure is based on the audited financial statements for the year ended March 31, 2024.

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(All amounts are in lakhs, unless otherwise stated)

50 Divergence in Asset Classification and Provisioning

There was no instances of divergence in Assets Classification and Provisioning norms identified by RBI for the year ended March 31, 2024. (Previous year: Nil)

51 Information on instances of fraud

Instances of fraud reported during the year ended March 31,2024			
Nature of fraud	Number of fraud	Amount of fraud	Recovery*
Cash Embezzlement by employees	229	86.07	41.06

*Includes recoveries in respect of frauds reported in earlier years

Instances of fraud reported during the year ended March 31,2023			
Nature of fraud	Number of fraud	Amount of fraud	Recovery*
Cash Embezzlement by employees	55	13.20	5.49

*Includes recoveries in respect of frauds reported in earlier years

52 Sectoral exposure and Sector wise NPAs

Particulars	As at March 31, 2024			As at March 31, 2023		
Sectors	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
1. Agriculture and Allied Activities (A)	62,330.03	1,168.86	1.88%	49,840.31	582.26	1.17%
2. Industry (B)	-	-		-	-	
Production	30,255.91	350.34	1.16%	26,796.72	220.13	0.82%
Trade	27,808.34	889.33	3.20%	24,261.49	737.05	3.04%
Total (B)	**58,064.25**	**1,239.67**	**2.14%**	**51,058.21**	**957.18**	**1.87%**
3. Personal Loans ('C)						
Consumption loans	10,419.38	283.28	2.72%	5,027.49	106.21	2.11%
Total (A+B+C)	**1,30,813.66**	**2,691.81**	**2.06%**	**1,05,926.01**	**1,645.65**	**1.55%**

53 Capital Market Exposure

The Company does not have any exposure to capital market as on March 31, 2024 (March 31, 2023 : Nil)

54 Concentration of Advances, Exposures and NPAs

Particulars	As at March 31, 2024	As at March 31, 2023
(i) Concentration of Advances		
Total Advances of 20 largest borrowers /customers	127.45	126.92
Percentage of advances to twenty largest borrowers/customers to total advances	0.14%	0.16%
(ii) Concentration of Exposures		
Total exposure to twenty largest borrowers/ customers	136.51	133.32
Percentage of exposures to twenty largest borrowers/ customers to total exposure	0.15%	0.17%
(iii) Concentration of NPAs		
Total exposure to top four NPA accounts	21.63	28.89

55 Registration of charges or satisfaction with Registrar of Companies (ROC):

There are no charges or satisfaction yet to be registered with ROC beyond the statutory period as at March 31, 2024 except the following where no dues certificate has not been received from the lenders and pending for charge satisfaction:

Lenders Name	Charge Id	Date of Sanction	Amount	Date of Last Instalment
Indian Overseas Bank	10275824	04-Mar-11	50.00	03-Mar-12
Centrum Financial Services Limited	100146545	23-Nov-17	750.00	29-Jun-19
Caspian Impact Investments Private Limited	100243627	21-Jan-19	500.00	25-May-21
Capital Small Finance Bank Limited	100310908	07-Nov-19	1,000.00	02-Feb-22

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Svasti Microfinance Private Limited
Notes forming part of Financial Statements for the year ended March 31, 2024
(All amounts are in lakhs, unless otherwise stated)

56 Proposed Dividend

Accounting for dividend As per AS-4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated March 30, 2016, the Company does not account for proposed dividend (including tax) as a liability through appropriation from the Profit and Loss Account. The same is recognised in the year of actual payout post approval of shareholders

57 Statutory disclosure required as per Schedule III Division I of the Companies Act, 2013

(i) The Company does not have any transactions with struck-off companies under section 248 of the Companies Act, 2013

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

(iii) During the year, no scheme of arrangements in relation to the Company has been approved by the competent authority in terms of Section 230 to 237 of the Companies Act, 2013. Accordingly, aforesaid disclosure are not applicable, since there were no such transaction.

(iv) The Company does not have any transactions which were not recorded in the books of accounts, but offered as income during the year in the income tax assessment

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

58 Other disclosures

(i) **Details of financing of parent company products**
The Company does not have a parent company and accordingly disclosures is not required

(ii) **Details of Single Borrower Limit (SBL)/Group Borrower Limit (GBL) exceeded by the NBFC**
There are no instances of exceeding the single and group borrowing limit by the Company during the current and previous year

(iii) **Registration obtained from other financial sector regulators**
The company has not obtained any registration from other financial sector regulators

(iv) **Disclosure of intra group exposures**
The Company has no intra-group exposures for the current and previous year

(v) **Rating assigned by credit rating agencies**
The Company has 'Care BBB stable' and 'Acuite BBB+ stable' rating as on March 31, 2024. There has been no change in these credit rating during the year.

(vi) **Overseas assets**
The Company did not have any overseas assets during the current and previous year.

59 Comparatives
Previous year figures have been regrouped / reclassified wherever required to confirm with current year grouping / classification.

These notes are an integral part of the financial statements

As per our report of even date

For M/s V Narayanan & Co.
Chartered Accountants
ICAI Firm registration number: 002398S

Vaidyanathan N A
Partner
Membership No: 209256

Place: Chennai
Date : July 30, 2024

V. NARAYANAN & CO. Old No.45, New No.58, Vallalar Street, Periyakuppam, Tiruvallur 602 001 CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors of
Svasti Microfinance Private Limited

P Arunkumar	**B Narayanan**
Whole-time Director & CEO	Whole-time Director & CFO
DIN: 01890656	DIN: 01216715
Place: Mumbai	Place: Mumbai
Date : July 30, 2024	Date : July 30, 2024

Varsha Waghela
Company Secretary

Membership No: A-48689
Place: Mumbai
Date : July 30, 2024

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