PROFECTUS CAPITAL PRIVATE LIMITED

SIXTH ANNUAL REPORT 2022-23

PROFECTUS CAPITAL

CORPORATE INFORMATION

BOARD OF DIRECTORS:

Mr. Asanka Rodrigo
Non- Executive Director
Mr. Hossameldin Aboumoussa
Non- Executive Director
Mr. Sudarshan Sampathkumar
Non- Executive Independent Director
Mr. Pratik Jain
Non- Executive Director
Mr. K V Srinivasan
Whole-Time Director

CHIEF EXECUTIVE OFFICER:
Mr. K V Srinivasan

CHIEF FINANCIAL OFFICER:
Mr. Sandip Parikh

COMPANY SECRETARY & COMPLIANCE OFFICER:
Mr. Nitin Pangarkar

STATUTORY AUDITORS:
M/s. Batliboi & Purohit
Chartered Accountants
(FRN: 101048W)

INTERNAL AUDITORS:
M/s. Aneja Associates
Chartered Accountants

SECRETARIAL AUDITORS:
M/s. Pradeep Purwar & Associates
Company Secretaries

PROFECTUS CAPITAL PRIVATE LIMITED
CIN - U65999MH2017PTC295967

REGISTERED & CORPORATE OFFICE:
B-17, 4th Floor, Art Guild House, Phoenix Market City, Kurla West, Mumbai 400070, Maharashtra

Tel No:+91 22 4919 4400
Fax No:+91 22 4919 4455
Email: compliance@profectuscapital.com

RATING AGENCIES:
CARE Ratings
CRISIL Ratings Limited

REGISTRAR:
(*Electronic connectivity only)*
Purva Sharegistry (India) Private Limited
Unit no. 9, Shiv Shakti Ind. Estt.
J.R. Boricha Marg,
Lower Parel (East),
Mumbai 400 011.
Tel: 91-22-2301 2518 / 6761
Website: www.purvashare.com
Contact Person: Mr. Rajesh Shah

SIXTH ANNUAL GENERAL MEETING
Date & Venue:
Thursday, 24th August 2023 at the registered office of the Company at B-17, 4th Floor, Art Guild House, Phoenix Marketcity Mall, Kurla (W), Mumbai- 400070

BANKS & FINANCIAL INSTITUTIONS: **Public Sector Banks:** Bank of Baroda State Bank of India UCO Bank **Private Sector Banks:** Axis Bank Limited Bandhan Bank Limited CSB Bank Limited DCB Bank Limited Dhanlaxmi Bank Limited ICICI Bank Limited IDFC First Bank Limited IndusInd Bank Limited Kotak Mahindra Bank Limited Karur Vysya Bank Limited RBL Bank Limited The Federal Bank Limited YES Bank Limited **Small Finance Banks:** AU Small Finance Bank Limited Equitas Small Finance Bank Limited Suryoday Small Finance Bank Limited Ujjivan Small Finance Bank Utkarsh Small Finance Bank Limited **Financial Institutions:** Nabsamruddhi Finance Limited Nabkisan Finance Limited Small Industries Development Bank of India **Non-Banking Financial Institutions** Aditya Birla Finance Limited Bajaj Finance Limited Hinduja Leyland Finance Limited MAS Financial Services Limited Tata Capital Financial Services Limited	**DEBENTURE TRUSTEE:** **Beacon Trusteeship Limited** 4 C & D, Siddhivinayak Chambers, Opp. MIG Cricket Club, Bandra (East), Mumbai 400051 Tel: 022-26558759 Website: https://beacontrustee.co.in Email Id: compliance@beacontrustee.co.in Contact Person: Mr. Kaustubh Kulkarni

DIRECTORS' REPORT

Dear Members

Your directors take pleasure in presenting the Sixth Annual Report of the Company together with the audited financial statements for the year ended March 31, 2023.

STATE OF COMPANY'S AFFAIRS AND FINANCIAL PERFORMANCE

Your Company has shown continuous growth in its asset under management (AUM) and profitability over the years. The AUM of the Company crossed a milestone of Rs.2500 crore for the financial year ended March 31, 2023 with profit after tax (PAT) stood at Rs.29.92 crore. The asset quality metric remains healthy with gross NPAs at 0.78%. Your Company continues to focus on providing Term Loans and Working Capital facilities to Micro, Small and Medium Enterprises (MSMEs) working in the identified eleven Industry-Geographic clusters.

In February 2023, the Company received the additional Certificate of Registration (CoR) from Reserved Bank of India under the Factoring Regulations Act, 2011. This will facilitate the Company to participate in a wider spectrum of transactions in the supply chain financing space. The Company plans to offer their customers timely and efficient factoring services to improve their working capital management, boost their businesses, and receive short-term finance to fund operations.

During the year under review, the Company *inter alia* raised funds through capital market by issuing listed Non-Convertible Debentures (NCDs) on a private placement basis. The Company got its NCDs listed on the National Stock Exchange (NSE) in June 2022. Further, the Company has been successful in diversifying its lender base and established relationship with 28 lenders including public sector banks, private sector banks, NBFCs and Small Finance Banks. Actis, anchor investor continued its equity support during the financial year.

CRISIL Ratings revised its outlook on credit rating of your company to "CRISIL A-/Positive" from "CRISIL A-/Stable" during the year 2022-23 driven by the expectation of continued improvement in profitability, supported by steady scale-up of business. The rating agency articulated that the ratings continue to reflect the healthy capitalisation levels and the experience of the senior management team of the Company.

Your Company operates from 28 locations with branches in states of Maharashtra (Mumbai, Pune, Kolhapur, Nagpur, Nashik) Gujarat (Ahmedabad, Surat, Rajkot, Vadodara , Vapi) Madhya Pradesh (Indore, Bhopal), Rajasthan (Jaipur), Delhi, Haryana (Panchkula, Gurugram), West Bengal (Kolkata), Telangana (Hyderabad), Andhra Pradesh (Vijayawada, Vishakhapatnam), Tamil Nadu (Coimbatore, Chennai, Madurai, Salem),Karnataka (Bengaluru), Assam (Guwahati), Chhattisgarh (Raipur) and Punjab (Ludhiana).

The investment in new branches, people management, Information Technology expected to create leverage in gaining scale and profitability in near future.

PROFECTUS CAPITAL

FINANCIAL SUMMARY / HIGHLIGHTS:

The financial highlights for the financial year under review is as under:

(Amount in Rs. Lakh)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Total Income	27,306	16,167
Total Expenditure	23,305	15,018
Profit / (Loss) Before Tax	**4,001**	**1,149**
Less- Provision for tax	1,008	366
Profit / (Loss) after tax (A)	**2,993**	**783**
Other Comprehensive income after tax (B)	-61	5
Total Comprehensive income/ (Loss) of the Company (A+B)	**2,932**	**788**

DIVIDEND

Your directors do not recommend declaration of any dividend for the year under review in view of the need to conserve capital for expansion of the Company's lending operations.

AMOUNT CARRIED TO RESERVES

The Company has transferred Rs.598.65 Lakh to statutory reserves in compliance with Section 45-IC of the Reserve Bank of India Act, 1934 during the year ended March 31, 2023.

SUBSIDIARY / ASSOCIATE / JOINT VENTURE COMPANIES

The Company does not have any subsidiary, joint venture and associate company; accordingly, disclosures required to be made under Rule 8(1) and Rule 8(5)(iv) of the Companies (Accounts) Rules, 2014 relating to subsidiary, joint venture and associate companies are not applicable to the Company.

SHARE CAPITAL

The Authorised share capital of the Company is Rs.1000,00,00,000/- divided into 98,00,00,000 equity shares of Rs.10 each and 2,00,00,000 preference shares of Rs.10 each.

During the year under review, the Company raised further equity capital of Rs.270,00,00,000/- by issuance of 12,02,83,019 equity shares, on rights basis, to Actis PC Investment (Mauritius) Limited, the shareholder of the Company.

The issued, subscribed and paid-up capital of the Company as on March 31, 2023 was Rs.7,36,99,96,860 /- divided into 73,69,99,686 equity shares of Rs.10/- each and Rs.13,29,99,000/- divided into 1,32,99,900 Preference Shares of Rs.10 each.

DEBENTURES

During the year under review, the Company issued Non-Convertible Debentures on a private placement basis to the identified investors, as under:

- 30,000 rated, secured, senior, unlisted, transferable, redeemable, non-convertible debentures having a face value of Rs.10,000 each at an aggregate value of Rs.30,00,00,000 (Rupees Thirty Crore) to MAS Financial Services Limited on June 10, 2022; and

- 400 rated, listed, secured, redeemable non-convertible debentures having a face value of Rs.10,00,000 each at an aggregate value of Rs.40,00,00,000 (Rupees Forty Crore) to Nippon Life India Trustee Limited – A/C Nippon India Hybrid Bond Fund and Nippon Life India Trustee Limited – A/C Nippon India Credit Risk Fund on June 15, 2022.

The Company also issued the Non- Convertible Debenture post closure of the financial year, as under:

- 3,500 rated, listed, secured, redeemable, non-convertible debentures having a face value of Rs.1,00,000 each at an aggregate value of Rs.35,00,00,000 (Rupees Thirty-Five Crore) to Nippon Life India Trustee Ltd-A/C Nippon India Credit Risk Fund, Nippon Life India Trustee Ltd-A/C Nippon India Fixed Horizon Fund XIV - SR5, and Morgan Stanley India Primary Dealer Private Limited on April 12, 2023.

- 1,450 senior, secured, listed, rated, redeemable, non-convertible debentures of a face value of Rs.1,00,000 each, aggregating up to Rs. 14,50,00,000 (Rupees Fourteen Crore Fifty Lakh) to TRUSTMF Fixed Maturity Plan – SERIES II, Trust Investment Advisors Private Limited and Morgan Stanley India Primary Dealer Private Limited on May 19, 2023.

LISTING ON STOCK EXCHANGE

During the year under review, the Company has listed its Non-Convertible Debentures, issued on a private placement basis, on the National Stock Exchange (NSE) in compliance with the applicable SEBI regulations. The Company has also adhered to its obligations under the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, payment of Annual listing fees and other applicable rules and regulations.

CAPITAL ADEQUACY

The Company continues to maintain a healthy capital adequacy ratio of 43.24% against the regulatory requirement of 15% as on March 31, 2023

BORROWINGS / CREDIT RATINGS

During the year under review, the Company raised credit facilities amounting to Rs.1,310.34 crore which includes term loans, NCD, securitisation, cash credit and other facilities. The Company expanded its borrowing relationship to 28 lending institutions as on March 31, 2023, from 22 lending institutions as on March 31, 2022.

The total outstanding borrowings was Rs.1,791.82 crore as on March 31, 2023 (Rs. 848.89 crore as on March 31, 2022). The debt-to-equity ratio stood at 1.7 as on March 31, 2023.

During the year under review, the outlook on credit rating of the Company was upgraded from "CRISIL A-/Stable" to "CRISIL A-/Positive" (pronounced as 'CRISIL Single A Minus with Positive Outlook') by CRISIL Ratings. The Company has the following credit ratings as on March 31, 2023:

Sl. No.	Credit Facility	Rated Amt. (INR Cr)	Credit Rating	Rating Agency
1	Bank Facilities	1,000	CRISIL A- / Positive & CRISIL A1	CRISIL Ratings Ltd.
2	Non-Convertible Debentures	40	CRISIL A- / Positive	
3	Bank Facilities	500	CARE A- / Stable	CARE Ratings Ltd.
4	Non-Convertible Debentures	30	CARE A- / Stable	
5	Bank Facilities	300	IND A- / Stable	India Ratings and Research Pvt. Ltd.

Further, at the request of the Company, India Rating & Research Pvt Ltd has affirmed and withdrawn bank loan rating (IND A-/Stable) of the Company w.e.f. May 19, 2023.

RESERVE BANK OF INDIA (RBI) GUIDELINES

The Company complies in all material respects, with the prudential norms relating to income recognition, asset classification and provisioning for bad and doubtful debts and other matters, specified in directions/ guidelines issued by Reserve Bank of India, from time to time as applicable to the Company.

The Company adheres to the Master Directions - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued vide notification no. RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 and other guidelines as applicable to the systemically important non-deposit taking NBFCs, as amended from time to time.

You Company also complied with the notifications, circular, guidelines etc on the Scale Based Regulation (SBR)- a revised Regulatory Framework for NBFCs as amended from time to time and applicable to the Company.

PARTICULARS OF DEPOSITS

During the year under review, your Company, being a Non-Deposit Accepting or Holding Non-Banking Financial Company, has neither invited nor accepted any deposits from the public and shall not accept any deposits from the public without obtaining prior approval of the Reserve Bank of India.

Accordingly, the disclosure requirements under Rule 8(5)(v) and (vi) of the Companies (Accounts) Rules, 2014 are not applicable to the Company.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

In terms of Section 186(11) of the Companies Act, 2013 as amended from time to time and rules made thereunder, loans made, guarantees given or securities provided by the Company are exempt from the compliance with the requirements of Section 186 of the Companies Act, 2013.

Pursuant to Section 134(3)(g) of the Act, the particulars of investments made under Section 186 of the Act is provided in note no. 6 to the financial statements.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the financial year ended March 31, 2023, there were no related party transaction(s) entered into by the Company pursuant to Section 188 of the Act. The policy on related party transactions is available on the Company's website: https://www.profectuscapital.com.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

The composition of Board of Directors of your Company complies with the applicable provisions of the Companies Act, 2013 and other applicable laws. During the year under review, no change in the Directors of your Company. Your Board consisted of five directors as on March 31, 2023 viz. Mr. K V Srinivasan (DIN: 01827316), Whole-Time Director; Mr. Asanka Rodrigo (DIN: 03010463), Mr. Pratik Jain (DIN: 05347739), Mr. Hossameldin Aboumoussa (DIN: 08999601) as Non-Executive Directors and Mr. Sudarshan Sampathkumar (DIN: 01875316) as Non- Executive Independent Director.

All the Directors meet the fit and proper criteria stipulated under the Master Directions - Non-Banking Financial Company – Systemically Important Non- Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

There has been no change in the Key Managerial Personnel of your Company during the year under review. The Key Managerial Personnel include Mr. K V Srinivasan, Chief Executive Officer & Whole-time Director, Mr. Sandip Parikh, Chief Financial Officer and Mr. Nitin Pangarkar, Company Secretary.

All Directors of the Company being non-rotational Directors as per the Articles of Association, none is liable to retire at the ensuing Annual General Meeting of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 134(3)(c) read with Section 134(5) of the Act, your Directors hereby confirm that:

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

b) appropriate accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit/ loss of the Company for that period;

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

d) the annual accounts have been prepared on a going concern basis; and

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

CORPORATE GOVERNANCE REPORT

The Corporate Governance Report for the financial year 2022-23 as stipulated in the Section II(A) – Corporate governance of RBI Circular dated April 19, 2022 on Disclosure in Financial Statements – Notes to Accounts of NBFCs read with RBI Circular dated October 22, 2021 on Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs, forms part of the Annual Report as Annexure II.

INDIAN ACCOUNTING STANDARDS (IND AS)

The Company has prepared these financials to comply in all material respect with the Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013, as amended, relevant provisions of the Companies Act 2013, various regulatory guidelines to the extent relevant and applicable to the Company and in accordance with the generally accepted accounting principles in India.

COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND GENERAL MEETINGS

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and General Meetings.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL STATEMENTS

The Company has designed suitable processes 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. Company's internal financial control over financial reporting includes those policies and procedures that:

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Your directors confirm that the Company has an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting are operating effectively.

STATUTORY AUDITORS

The Company has complied the circular No. DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021 issued by Reserve Bank of India covering guidelines for Appointment of Statutory Auditors (SAs) of Commercial banks, (excluding RRBs), UCBs and NBFCs (including HFCs) which inter alia provides for the appointment of Statutory Auditors for a continuous period of three years.

M/s. Batliboi & Purohit, Chartered Accountants (FRN: 101048W) were appointed as statutory auditors of the Company for the term of three years for the financial years 2021-22 to 2023-24 and to hold the office till the conclusion of the 7^{th} Annual General Meeting of the Company.

During the year under review, there were no qualifications, reservation or adverse remark or disclaimer made by the statutory auditors in their reports.

SECRETARIAL AUDITORS

During the year under review, M/s. Pradeep Purwar & Associates, Practising Company Secretaries (COP No. 5918) were appointed as the Secretarial Auditors of the Company to conduct Secretarial Auditor for the financial year 2022-23. The Secretarial Auditors have conducted secretarial audit in accordance with provisions of Section 204 of the Companies Act, 2013 and issued a Secretarial Audit Report for FY 2022-23, a copy of same is attached as Annexure to this report.

The report does not contain any qualification or reservation or any adverse remarks and is self-explanatory.

INTERNAL AUDITORS

During the year under review, M/s. Aneja Associates, Chartered Accountants were appointed as Internal Auditors of the Company for the financial year 2022-23.

M/s. Aneja Associates, Internal Auditors presented their Report(s) for financial year 2022-23 to the Audit Committee.

COST RECORDS

The Company is not engaged in any business prescribed under Section 148(1) of the Companies Act, 2013 and therefore, the Company is not required to prepare and maintain cost records as specified thereunder.

PARTICULARS OF EMPLOYEES AND RELATED INFORMATION

The information regarding employee remuneration as required pursuant to Rule 5(2) and Rule 5(3) of the (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is not provided as the same is not applicable to the Company.

EMPLOYEE STOCK OPTION SCHEME

The Company has formulated an employee stock option scheme namely, PCPL Employee Stock Option Plan 2018 to align the efforts of the employee towards the long-term value creation in the organisation and to give them opportunity to participate and gain from the Company's performance, thereby, acting as a retention tool.

During the year under review, the Company has granted 5,100 options to the eligible employees in terms of PCPL Employee Stock Option Plan 2018. No stock options are granted to any Key Managerial Personnel of the Company for the period under review.

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

Your Company, being a non-banking financial company, the operations of Company are not energy intensive and thus, do not require adoption of any specific technology. However, the Company is making continuous efforts to conserve energy by adoption of innovative measures to reduce wastage and optimize consumption.

Hence, the Information as required to be given under Section 134(3)(m) read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is not provided in this Report.

The foreign exchange earnings and outgo stood at Rs. Nil and Rs.8,77,824 respectively during the year under review.

VIGIL MECHANISM POLICY

The Company, pursuant to the provisions of section 177 (9) of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, has established a vigil mechanism for its directors and employees to report the genuine concerns.

The Company has adopted a Vigil Mechanism Policy which provides a channel to the employees and Directors to raise and report serious irregularities, malpractices, unethical behaviour and actual or suspected fraud etc. in the Company. The mechanism also provides adequate safeguards against the victimization of employees and Directors, who avail the said mechanism to report concerns.

During the year under review, there were no incidents reported under the Vigil Mechanism Policy.

The details of establishment of Vigil Mechanism are disclosed on the Company's website: https://www.profectuscapital.com/vigil-mechanism-policy/

EXTRACT OF ANNUAL RETURN

Pursuant to the requirements under Section 92(3) and Section 134(3) of the Act read with Rule 12 of Companies (Management and Administration) Rules, 2014, a copy of annual return of the Company is available on the Company's website: https://www.profectuscapital.com/annual-return/

RISK MANAGEMENT

Risk Management is an integral part of the Company's business strategy. Risk Management at the Company includes risk identification, risk assessment, risk measurement and risk mitigation with its main objective to minimise negative impact on profitability and capital. The Company is exposed to various risks that are an inherent part of any financial service business.

The risk management framework is steered by the Board through the Risk Management Committee (RMC) and Asset Liability Committee (ALCO) for enabling liquidity. Risk Management at the Company covers Credit Risk, Market Risk, Operational Risk, Fraud Risk and other risks.

Credit Risk: Credit risk is a risk of loss due to failure of a borrower to meet the contractual obligation of repaying debt as per agreed terms. Credit risk is managed by using a set of credit norms and policies of the company. Company has a structured and standardised credit approval process including customer selection criteria, comprehensive credit risk assessment, which encompasses analysis of relevant quantitative and qualitative information to ascertain the credit worthiness of the borrower.

Market Risk: Market risk is the possibility of loss arising from changes in the value of a financial instrument due to changes in market variables such as interest rates, exchange rates and other asset prices. The company's exposure to market risk is a function of asset liability management and interest rate sensitivity assessment. The company can be exposed to interest rate risk and liquidity risk, if the same are not managed properly. The Asset Liability Management Committee (ALCO) reviews market-related trends and risks and adopts various strategies related to assets and liabilities, in line with the company's risk management framework.

Operational Risk: Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, or systems, or from external events. The operational risks of the company are managed through comprehensive internal control systems and procedures and key back up processes. The company has established risk control self-assessment to identify process lapses by way of exception reporting. This enables the management to evaluate key areas of operational risks and the process to adequately mitigate them on an ongoing basis.

Interest Rate Risk: The Company largely depends on resources raised from the banking system and market instruments to carry on their operations. They are therefore significantly vulnerable to interest rate movements in the market. The funding strategies adopted by the company ensure diversified resources raising options to minimise cost and maximise stability of funds.

REPORTING OF FRAUD

The Auditors of the Company have not reported any fraud as specified under the second proviso of Section 143(12) of the Companies Act, 2013.

SIGNIFICANT OR MATERIAL ORDERS PASSED BY THE REGULATORS

During the year under review, there were no significant or material orders passed by the regulators or courts or tribunals, which may impact the going concern status of the Company and its operations in the future.

DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016

There was no application made or proceeding initiated or pending under the Insolvency and Bankruptcy Code, 2016 against your Company during the year under review and as on date.

CORPORATE SOCIAL RESPONSIBILITY

Your Company has complied with its Corporate Social Responsibility obligations under Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014. The Annual Report on the CSR activities of the Company in the prescribed format is an annexed as **Annexure I** to the Board Report. The CSR policy of the Company is available on the website of the Company- www.profectuscapital.com.

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

The Company is committed to creating a safe and conducive work environment that enables employees to work without fear of prejudice, gender bias and sexual harassment. The Company believes that all employees, including other persons who have been dealing with the company, have the right to be treated with respect and dignity. Sexual harassment in any form is an offence and is therefore punishable.

The Company has formulated a code of conduct for prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. Further, the Company has duly constituted Employee Protection Committee at the Company and branch level to function as the Internal Complaints Committee (ICC) as defined under the Sexual Harassment at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year under review, no case of sexual harassment was reported at any of the workplaces of the Company.

TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at March 31, 2023.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT

Except as mentioned in this report, there are no material changes and commitments affecting the financial position of the Company between the end of the financial period and the date of this Report.

ACKNOWLEDGEMENT

The Board takes this opportunity to record its sincere appreciation for the dedicated services rendered by employees at all levels. We would like to express our grateful appreciation for the assistance and support

extended by all government authorities, regulatory authorities, stakeholders, bankers, suppliers, consultants, auditors and other business associates. Your involvement as shareholders is also greatly valued.

Your directors look forward to your continuing support.

for **PROFECTUS CAPITAL PRIVATE LIMITED**

Sd/-	Sd/-
K V SRINIVASAN	**PRATIK JAIN**
WHOLE-TIME DIRECTOR & CEO	**DIRECTOR**
DIN: 01827316	DIN: 05347739

Date: May 22, 2023
Place: Mumbai

ANNEXURE I

Annual Report on CSR activities for the Financial Year 2022-23

1. **Brief outline of the CSR policy of the Company:**

Profectus Capital Private Limited (**"PCPL"**) (NBFC NDSI) incorporated under the Companies Act, 2013 and registered with Reserve Bank of India. The Company has adopted this Corporate Social Responsibility Policy accordance with the Section 135 of the Companies Act, 2013 and rules made thereunder. The Company, through its CSR projects, will lay down guidelines and mechanism for undertaking social, economic and environmental useful programmes for welfare & sustainable development of the community at large and over a period of time enhance the quality of life and economic wellbeing of the local populace.

Objective of the Company to develop a long-term vision and strategy for PCPL CSR objectives and deliver sustainable impact and elevate the quality of life of the most marginalized communities in areas where PCPL intervenes through its CSR initiatives, to promote projects that are sustainable and create a long-term change in alignment with PCPL philosophy address the most deserving cause or beneficiaries.

2. **Composition of the CSR Committee:**

Sr. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Sudarshan Sampathkumar	Independent Director	1	1
2	Mr. Pratik Jain	Non- Executive Director	1	1
3	Mr. K V Srinivasan	Whole- Time Director and CEO	1	1

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company**:**
   https://www.profectuscapital.com/corporate-social-responsibility-policy/

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

   As the Company is not having average CSR obligation of ten crore rupees or more in pursuance of sub section (5) of section 135 of the Act, in the three immediately preceding financial years, an impact assessment is not applicable on the Company.

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

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set-off for the financial year, if any (in Rs)
1	**Not Applicable**		

6. (a) Average net profit of the company as per section 135(5)– **Rs. 667 Lakh**

7. (a) Two percent of average net profit of the company as per section 135(5)- **Rs.13.33 Lakh**
   (b) Surplus arising out of the CSR projects or programmes or activities of the previous FY -**NA**
   (c) Amount required to be set off for the financial year, if any - **NA**
   (d) Total CSR obligation for the financial year (a+b-c) – **Rs 13.33 Lakh**

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

Total Amount Spent for the Financial Year. (in Rs. Lakhs)	Amount Unspent (Rupees in Lakhs)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
15.00	NIL	NIL	NIL	NIL	NIL

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
S N.	Name of Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No)	Location of the project	Project duration	Amount allocated for the project (in lakhs`)	Amount spent in the current financial Year (in lakhs)	Amount transferred to Unspent CSR Account for the project as per Section 135(6)	Mode of Implementation - Direct (Yes/ No)	Mode of Implementation - Through Implementing Agency

								(in Lakhs)			
				State	District					Name	CSR Registration number
Not Applicable											

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	**Name of the Project**	**Item from the list of activities in schedule VII to the Act**	**Local area (Yes/ No)**	**Location of the project**		**Amount spent for the project (in Lakhs`)**	**Mode of implementation Direct (Yes/No)**	**Mode of implementation Through implementing agency**	
				State	**District**			**Name**	**CSR Registration number**
1.	STEP (School Transformation and Empowerment Project)	(ii)	Yes	Punjab & Karnataka	All district in Punjab and Tumkur in Karnataka	15.00	No	Mantra Social Services	CSR00000796

(d) Amount spent in Administrative Overheads: **Nil**

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

(f) Total amount spent for the financial year (8b+8C+8d+8e): **Rs 15.00 Lakh**

(g) Excess amount for set off, if any: **Yes**

Sl. No.	Particular	Amount (Rupees in Lakhs)
(i)	Two percent of average net profit of the company as per section 135(5)	**13.33**
(ii)	Total amount spent for the Financial Year	**15.00**
(iii)	Excess amount spent for the financial year [(ii)-(i)]	**1.67**
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	**-**
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	**1.67**

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

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

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration	Total amount allocated for the project (in Rs.).	Amount spent on the project in the reporting Financial Year (in Rs).	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed /Ongoing.
1	**Not Applicable**							

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year – (asset-wise details)**- Not Applicable**

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

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

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

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

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): **Not Applicable**

for **Profectus Capital Private Limited**

Sd/-	Sd/-
K V Srinivasan	**Sudarshan Sampathkumar**
Whole time Direct & CEO	**Chairperson, CSR Committee**
DIN: 01827316	DIN: 01875316

Date: May 22, 2023
Place: Mumbai

ANNEXURE II

CORPORATE GOVERNANCE REPORT

The Board of the Company is an apex body, which oversees overall functioning, provides a strategic, direction, guidance, leadership and owns the fiduciary responsibility to ensure that your company's actions and objectives are aligned in creating long term value for its stakeholders. The Board helps the Company in adhering high Corporate Governance practice.

1) Composition of the Board:

The Board is comprised of 5 (five) directors of the Company. During the year under review, five (5) meetings were held on May 10, 2022, May 31, 2022, August 8, 2022, November 7, 2022 and February 13, 2023.

Sl. No.	Name of Director	Director since	Capacity (i.e. Executive / Non-Executive / Chairman / Promoter nominee/ Independent)	DIN	Number of Board Meetings		No. of other Directorships	Remuneration			No. of shares held in and convertible instruments held in the NBFC
					Held	Attended		Salary and other compensation	Sitting Fee	Commission	
1.	Mr. K V Srinivasan	09/06/2017	Whole-Time Director & CEO	01827316	5	5	1	3,03,21,365	Nil	Nil	Nil
2	Mr. Asanka Rodrigo	22/06/2018	Non-Executive Director	03010463	5	5	Nil	Nil	Nil	Nil	Nil
3	Mr. Pratik Jain	23/02/2018	Non-Executive Director	05347739	5	5	Nil	Nil	Nil	Nil	Nil
4	Mr. Sudarshan Sampathkumar	22/01/2020	Non-Executive Independent Director	01875316	5	4	1	Nil	9,00,000	Nil	Nil
5	Mr. Hossameldin Aboumoussa	28/06/2021	Non-Executive Director	08999601	5	5	2	Nil	Nil	Nil	Nil

Note- Mr. Asanka Rodrigo, Mr. Pratik Jain and Mr. Hossameldin Aboumoussa are representatives of Actis, the shareholder of the Company holding 100% share capital of the Company.

Details of change in composition of the Board during the current and previous financial year:

The are no changes which took place in the composition of the Board of the Company during the current financial year viz., 2022-23 and changes which took place during previous financial year viz., 2021-22, the details of the same are provided below:

Sl. No.	Name of Director	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Nature of change (resignation, appointment)	Effective date
1.	Mr. Karthik Srinivasan	Non- Executive Director	Resignation	29/06/2021
2.	Mr. Hossameldin Aboumoussa	Non- Executive Director	Appointment	28/06/2021

Where an independent director resigns before expiry of his/ her term, the reasons for resignation as given by him/her shall be disclosed.

No such instance during the financial year under review and hence the said section is not applicable.

2) Committees of the Board and their composition:

The Board of the Company has constituted various Board committees in compliance with the extant rules and regulations applicable to the Company. The requisite details of the Committees including the composition and summerised terms of reference, pursuant to Section II (A) - Corporate governance of RBI Circular dated April 19, 2022 on Disclosure in Financial Statements - Notes to Accounts of NBFCs read with RBI Circular dated October 22, 2021 on Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs are given below:

a) Audit Committee

The Board of the Company has constituted Audit Committee in accordance with provisions of the Master Directions - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. The Audit Committee is comprised of 3 (three) directors of the Company. During the year under review, four (4) meetings were held on May 31, 2022, August 8, 2022, November 7, 2022 and February 13, 2023. The details regarding meetings are as under:

Sl. No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Mr. Sudarshan Sampathkumar	22/01/2020	Non- Executive Independent Director	4	3	Nil
2	Mr. Pratik Jain	03/05/2018	Non- Executive Director	4	4	Nil
3	Mr. Hossameldin Aboumoussa	28/06/2021	Non- Executive Director	4	4	Nil

The summary of terms of reference of Audit Committee includes the following:

- To give recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- To review and monitor the auditor's independence and performance, and effectiveness of audit process;
- To examine the financial statement and the auditors' report thereon;
- To approval or any subsequent modification of transactions of the Company with related parties;
- To scrutiny of inter-corporate loans and investments;
- To valuation of undertakings or assets of the Company, wherever it is necessary;
- To evaluate the internal financial controls and risk management systems;
- To monitor the end use of funds raised through public offers and related matters; and
- Any other responsibility as may be assigned by the Board from time to time;

b) Nomination and Remuneration Committee

The Board of the Company has constituted Nomination and Remuneration Committee in accordance with provisions of the Master Directions - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. The Nomination and Remuneration Committee is comprised of 3 (three) directors of the Company. During the year under review, one (1) meeting was held on May 24, 2022.

Sl. No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Mr. Asanka Rodrigo	22/06/2018	Non- Executive Director	1	1	Nil
2	Mr. Pratik Jain	03/05/2018	Non- Executive Director	1	1	Nil
3	Mr. Hossameldin Aboumoussa	28/06/2021	Non- Executive Director	1	1	Nil

The summary of terms of reference of NRC Committee includes the following:

- To identify person who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in the Nomination and Remuneration Policy;
- To review implementation and compliance of the evaluation mechanism/process;
- To recommend the Board, the appointment and removal of Directors and Senior Management;
- To recommend the Board a policy relating to remuneration for Directors, Key Managerial Personnel and other employees;
- To review Nomination & Remuneration Policy, Fit & Proper Criteria Policy and such other Polices on annual (to be determined) basis and recommendation of modification, if any, to the Board;
- To implement and monitor the implementation of the ESOP Schemes of the Company; any
- To perform such other functions as entrusted to it by the Board of the Company and by the law from time to time;

c) **Corporate Social Responsibility Committee:**

The Board of the Company has constituted Corporate Social Responsibility Committee in accordance with the provisions of the Companies Act, 2013 and rules made thereunder. The Corporate Social Responsibility Committee comprised of 3 (three) directors of the Company. During the year under review, one (1) meeting was held on March 17, 2023.

Sl. No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Mr. Sudarshan Sampathkumar	08/08/2022	Non- Executive Independent Director	1	1	Nil
2	Mr. K V Srinivasan	08/08/2022	Whole-Time Director & CEO	1	1	Nil
2	Mr. Pratik Jain	08/08/2022	Non- Executive Director	1	1	Nil

The summary of terms of reference of CSR includes the following:

- To formulate and recommend to the Board, a CSR Policy which shall indicate the activities required to be undertaken by the Company, in areas or subject, specified in Schedule VII of the Act;
- To monitor the CSR Policy of the Company from time to time and an annual action plan in pursuance of its CSR policy;
- To recommend to the Board, the Company's Annual Report on CSR Activities, for inclusion in the Report of the Board of Directors of the Company;
- To establish regular and transparent communication channels in which stakeholders can learn of our programmes and performance in a transparent way;
- To put in place and monitor programmes and policies that support a high level of business performance that values honesty, partnership and fairness in relationships with all stakeholders; and
- To work across the Company to embed CSR within the strategic decision making, operations, procurement, stakeholder (including employees) engagement programmes;

d) **Risk Management Committee**

The Board of the Company has constituted Risk Management Committee in accordance with provisions of the Master Directions - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. The Risk Management Committee ("RMC") is comprised of 2 (two) directors & 3 (three) officials of the Company. During the year under review, two (2) meetings were held on May 27, 2022 and November 4, 2022.

Sl. No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Mr. Pratik Jain	11/07/2021	Non- Executive Director	2	2	Nil
2	Mr. K V Srinivasan	22/01/2020	Whole-Time Director & CEO	2	2	Nil
3	Mr. Sandip Parikh	22/01/2020	Chief Financial Officer	2	2	Nil
4	Mr. Nimesh Parikh	22/01/2020	Chief Risk Officer	2	2	Nil
5	Mr. Vitthal Naik	22/01/2020	Chief Technology Officer	2	2	Nil

The summary of terms of reference of RMC includes the following:

- To monitor the adherence to the risk policy and guidelines and reviewing the overall risk management system considering changes in external and internal environment within which the Company operates
- To monitor on overall process of evaluation and assessment, progress of evaluation of control effectiveness, key control deficiencies observed and counter measures to address these. Monitoring would also include significant changes in assessment of key risks or new risks identified if any.
- Review and approve modifications to existing policies, procedures, and other risk parameters on a periodic (at least annual) basis.

e) Asset Liability Committee

The Board of the Company has constituted Asset Liability Committee (“ALCO”) in accordance with provisions of the Master Directions - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. The Asset Liability Committee comprised of 1 (one) director & 2 (two) Officials of the Company. During the year under review, four (4) meetings were held on May 11, 2022, August 5, 2022, October 28, 2022 and February 8, 2023.

Sl. No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Mr. K V Srinivasan	22/01/2020	Whole-Time Director & CEO	4	4	Nil
2	Mr. Sandip Parikh	22/01/2020	Chief Financial Officer	4	3	Nil
3	Mr. Nimesh Parikh	22/01/2020	Chief Risk Officer	4	3	Nil

The summary of terms of reference of Asset Liability Committee includes the following:

- To ensure the adherence to the liquidity and interest rate risk limits set;
- To decide the desired maturity profile and mix of incremental assets and liabilities, source and mix of liabilities or sale of assets, balance sheet management and hedging strategies;
- To strategic management of interest rate, liquidity and Market risks;
- To consider and reviewing assumptions for classification of components of assets and liabilities for different time buckets and consider and review internal limits;
- To monitor liquidity profile of the Company and to act on early warning indicators of liquidity crisis, maturity profile of outstanding and incremental assets and liabilities;
- To monitor strategy on composition of liabilities and assets;
- To Constituting sub-committees/ ALCO support group as may be required and review the functioning of the same and in addition to monitoring the risk levels of the Company, the ALCO shall review the results of and progress in implementation of the decisions made in the previous meetings.

f) IT Strategy Committee

The Board has constituted IT Strategy Committee pursuant to the provisions of the Master Direction - Information Technology Framework for the NBFC Sector. The IT strategy Committee comprised of 3 (three) directors & 3 (three) officials of the Company. During the year under review, two (2) IT meetings were held on August 5, 2022 and February 3, 2023. The Chairman of the IT Strategy Committee is a Non- Executive Independent Director and CTO/ CIO are part of the Committee.

Sl. No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Mr. Sudarshan Sampathkumar	22/01/2020	Non- Executive Independent Director	2	1	Nil
2	Mr. K V Srinivasan	22/01/2020	Whole-Time Director & CEO	2	2	Nil
3	Mr. Pratik Jain	2/09/2021	Non- Executive Director	2	2	Nil
4	Mr. Vitthal Naik	22/01/2020	Chief Technology Officer			Nil
5	Mr. Sandip Parikh	22/01/2020	Chief Financial Officer	2	2	Nil
6	Mr. Nimesh Parikh	22/01/2020	Chief Risk Officer	2	2	Nil

The summary of terms of reference of IT Strategy committee includes the following:

- To ensure that the management has put an effective strategic planning process in place, IT organizational structure complements the business model and its direction;

- To ratifying that the business strategy is indeed aligned with IT strategy, ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
- To ensure IT investments represent a balance of risks and benefits and that budgets are acceptable;
- To monitor the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
- To Ensure proper balance of IT investments for sustaining growth and becoming aware about exposure towards IT risks and controls, confirm that whether IT or business architecture is to be designed, to derive the maximum business value from IT;
- To oversee the aggregate funding of IT and ascertaining if the management has resources to ensure the proper management of IT risks; and
- To review IT performance measurement and contribution of IT to businesses (i.e., delivering the promised value) and mapping of long-range IT strategy needs to short-range plans regularly, for achievability.

g) Borrowing Committee

The Borrowing Committee comprised of 2 (two) directors of the Company. During the year under review, three (3) meetings were held on June 9, 2022, June 10, 2022 and June 15, 2022.

Sl. No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Mr. Pratik Jain	31/05/2022	Non- Executive Director	3	3	Nil
2	Mr. K V Srinivasan	31/05/2022	Whole-Time Director & CEO	3	3	Nil

The summary of terms of reference of Borrowing Committee includes the following:

- To exercise all powers / functions to borrow money by way of financial / loan or credit facilities within the limits approved by the Board from time to time and take any action as may be deemed necessary in this regard;
- To exercise all powers / functions to borrow money by way of issue and allotment of debentures / bonds / similar securities within the limits approved by the Board from time to time and take any action as may be deemed necessary in this regard, including
    (i) to consider and approve the particular terms of each issue of debentures within the overall limits of prescribed by the Board and the members of the Company from time to time;
    (ii) to consider and approve any terms or modifications for each issue of debentures and;
    (iii) to direct any officers of the Company to do such things and to take such actions as the Company is entitled to do or take (as the case may be) in terms of the resolutions set out herein;
- To identifying the investors to whom the signed, addressed to and serially numbered private placement offer cum application letter ("PPOA") shall be issued to and issue the PPOA to such investors;

- To allot debt securities including the debentures pursuant to the provisions of the Companies Act, 2013 and any other applicable regulations for the time being in force;
- To approve opening and operation of accounts with banks pursuant to the terms of borrowings / statutory requirements including the Companies Act, 2013 and rules made thereunder;
- To review banking arrangements and cash management;
- To give guarantees / issue letters of comfort / providing security within the limits approved by the Board;
- To delegate authorities from time to time to the executives / authorised persons to implement the Borrowing Committee's decisions; and
- To carry out any other function as is mandated/ required by the Board from time to time and/or enforced by any statutory notification, amendment or modification as may be applicable.

h) Allotment Committee

The Allotment Committee comprised of 2 (two) directors of the Company. During the year under review, two (2) meetings were held on June 01, 2022 and March 27, 2023.

Sl. No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Mr. Pratik Jain	24/09/2018	Non- Executive Director	2	2	Nil
2	Mr. K V Srinivasan	24/09/2018	Whole-Time Director & CEO	2	2	Nil

The summary of terms of reference of Allotment Committee includes the following:

- To take all necessary steps for allotment of shares, issue of share certificates.
- To perform such other functions as entrusted to it by the Board of the Company and by the law from time to time.

3) General Body Meetings

The details of the general meetings held during the financial year under review are given below:

Sl. No.	Type of Meeting (Annual/ Extra-Ordinary)	Date and Place	Special/ Ordinary resolutions passed
1.	Extraordinary General Meeting	**Date** – June 2, 2022 **Place** – B-17, 4th Floor, Art Guild House, Phoenix Market City,	To approve and issue non-convertible debentures (NCD) on a private placement basis

		Kurla West, Mumbai 400070, Maharashtra	for an aggregate amount up to Rs.200 Crore.
2.	Annual General Meeting	**Date** – September 26, 2022 **Place** - B-17, 4th Floor, Art Guild House, Phoenix Market City, Kurla West, Mumbai 400070, Maharashtra	An ordinary resolution was passed to approve & adopt Audited Financial Statements of the Company for the financial year ended March 31, 2022, together with the reports of the board of directors and the auditors thereon

4) Details of non-compliance with requirements of Companies Act, 2013:

There were no default/non-compliance with requirement of Companies Act, 2013 including accounting and secretarial standards during the financial year under review.

5) Details of penalties and strictures:

During the financial year under review, there were no penalties or stricture imposed on the Company by the Reserve Bank of India or any other statutory authority.

Form No. MR-3
SECRETARIAL AUDIT REPORT
For the Financial Year ended 31st March, 2023
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

UDIN: F005769E000347761

To,
The Members,
Profectus Capital Private Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Profectus Capital Private Limited (U65999MH2017PTC295967)** (hereinafter called 'the Company'), a company incorporated under the Companies Act, 2013 and registered with the Reserve Bank of India as non-deposit taking systemically Important NBFC. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2023 according to the provisions of:

(i) The Companies Act, 2013 ('the Act') and the rules made thereunder, as amended;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and rule made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder, as amended and to the extend applicable;

(iv) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client;

(v) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, ~~Overseas Direct Investment and External Commercial Borrowings;~~

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **Not applicable**

(b) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **Not applicable**

(e) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; **Not applicable**

(f) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; **Not applicable**

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **Not applicable**

(a) The following Master Directions prescribed by Reserve Bank of India (RBI) as applicable to Systematically Important NBFCs from time to time including:

(a) Master Direction - Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016;
(b) Master Direction - Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India;

(ii) The Listing Agreements entered into by the Company with Stock Exchange(s);

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, and Standards etc. as mentioned above, to the extent applicable.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Director.
Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance in most cases and consents for convening the meetings at a shorter notice were obtained in a few instances and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the Minutes, all decision were unanimously approved by the Directors and there were no dissenting members' views which were required to be captured and recorded as part of the minutes.

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

We further report that during the audit period, the Company, in compliance with the applicable rules and regulations, has made:

1. Allotment of 7,50,00,000 Equity Shares of Rs. 10/- each on rights issue basis to the existing shareholders of the Company (Actis PC Investment (Mauritius) Limited) on 1st June 2022.
2. Allotment of 30,000 rated, secured, senior, unlisted, transferable, redeemable, non-convertible debentures of Rs.10,000/- each at par on private placement basis to MAS Financial Services Limited on 10th June 2022.
3. Allotment of 400 rated, listed, secured, redeemable,non-convertible debentures of Rs. 10,00,000/- each at par on private placement basis to Nippon Life India Trustee Limited – A/C Nippon India Hybrid Bond Fund and Nippon Life India Trustee Limited – A/C Nippon India Credit Risk Fund on 15th June 2022, which were listed on the National Stock Exchange of India with effect from 20th June, 2022.
4. Allotment of 4,52,83,019 Equity Shares of Rs. 10/- each on rights issue basis to the existing shareholders of the Company (Actis PC Investment (Mauritius) Limited) on 27th March 2023.

For Pradeep Purwar & Associates
Company Secretaries
[Unique Identification No.: S2003MH071600]
[PR: 599/2019]

PRADEEP KUMAR PURWAR
Digitally signed by PRADEEP KUMAR PURWAR
Date: 2023.05.22 12:42:48 +05'30'

Pradeep Kumar Purwar
Proprietor
FCS No. 5769
CoP No. 5918

Place: Thane
Date: 22nd May 2023

INDEPENDENT AUDITOR'S REPORT

To the Members of PROFECTUS CAPITAL PRIVATE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Profectus Capital Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). 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 independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

BATLIBOI & PUROHIT ★ Mumbai ★ CHARTERED ACCOUNTANTS

National Insurance Building, 2nd Floor, 204, Dr. D. N. Road, Fort, Mumbai - 400 001, India.
Tel.: +91-22-2207 7942 / 2201 4930 • Email: auditteam@bnpindia.in

Key audit matter	How our audit addressed the key audit matter
1. Computation of Expected Credit Loss on Loan Assets	
Ind AS 109 requires the Company to provide for impairment of its loan assets (financial instruments) using the Excepted Credit Losses (ECL) approach. ECL involves an estimation of probability-weighted loss on financial instruments over their life, considering reasonable and supporting information about past events, current conditions and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances. In the process, a significant degree of judgement has been applied by the management for: a) unbiased, probability weighted outcome under various scenarios; b) time value of money; c) impact arising from forward looking macro-economic factors; and d) availability of reasonable and supportable information without undue costs. Applying these principle involves significant estimation in various aspects, such as: a) grouping of borrowers based on homogeneity by using appropriate statistical techniques; b) staging of loans and estimation of behavioural life; c) determining macro-economic factors impacting credit quality of receivables; d) estimation of losses for loan products with no/minimal historical defaults. In view of the high degree of management's judgement involved in estimation of ECL, it is a key audit matter..	• We read and assessed the Company's accounting policies for impairment of financial assets and their compliance with Ind AS 109 and the governance framework approved by the board of directors pursuant to Reserve Bank of India ("RBI") guidelines issued on March 13, 2020. • Tested the assumptions used by the Company for staging of loan portfolio into various categories and default buckets for determining the Probability of Default (PD) and Loss Given Default (LGD) rates. • Assessed the criteria for staging of loans based on their past-due status. Tested samples of performing (Stage 1) loans to assess whether any loss indicators were present requiring them to be classified under stage 2 or 3 as per Ind AS 109. • Tested the arithmetical accuracy of computation of ECL provision performed by the Company. • Assessed the disclosures included in the Ind AS financial statements in respect of expected credit losses with the requirements of Ind AS 107 and 109.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, 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.

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional 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 financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

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

BATLIBOI & PUROHIT ★ Mumbai ★ CHARTERED ACCOUNTANTS

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

2. As required by Section 143(3) of the Act, based on our audit we report that:

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

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

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account.

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

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

BATLIBOI & PUROHIT ★ Mumbai ★ CHARTERED ACCOUNTANTS

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 unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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

In our opinion and to the best of our information and according to the explanations given to us, the provisions of section 197 of the Act are not applicable to the Company.

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

i. The Company does not have any pending litigation which would impact its financial position as at March 31, 2023.

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

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2023.

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

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

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

v. The Company has not declared or paid any dividend during the year.

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vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

For BATLIBOI & PUROHIT
Chartered Accountants
ICAI Firm Reg. No.101048W

Janak Mehta
Partner
Membership No. 116976

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

Place : Mumbai
Date : May 22, 2023
ICAI UDIN: 23116976BGXTWV1235

Annexure - A to the Independent Auditors' Report
(Referred to under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of **Profectus Capital Private Limited** of even date)

i In respect of the Company's Property, Plant and Equipment and Intangible Assets:

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

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

(b) The property, plant and equipment were physically verified during the year by the management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the property, plant and equipment at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not have ownership of any immovable property.

(d) The Company has not revalued any of its Property, Plant and Equipment (including Right of Use assets) or intangible assets during the year. Accordingly, paragraph 3(i)(d) of the Order is not applicable.

(e) According to the information and explanations given to us, no proceedings have been initiated, or were pending, during the year against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

ii (a) The Company does not have any inventory and hence reporting under clause 3(ii)(a) of the Order is not applicable.

(b) During the year, the Company had existing sanctioned working capital limits in excess of five crore rupees, in aggregate, from various banks on the basis of security of its current assets. The quarterly statements filed by the Company with such banks were in agreement with unaudited books of account of the Company as at the respective quarters ended June 30, 2022, September 30, 2022, December 31, 2022 and March 31, 2023.

iii The Company has made investments, granted secured loans to other parties, during the year, in respect of which:

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(a) The Company's principal business is to give loans therefore reporting under Clause 3(iii)(a) of the Order is not applicable.

(b) In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of loans, and investments made during the year, prima facie, are not prejudicial to the Company's interest.

(c) In respect of the loans/advances in the nature of loan, the schedule of repayment of principal and payment of interest has been stipulated by the Company. Considering that the Company is a Non-Banking Financial Company engaged in the business of granting loans, the entity-wise details of the amount, due date for payment and extent of delay (that has been suggested in the Guidance Note on CARO 2020 issued by the Institute of Chartered Accountants of India for reporting under this clause) have not been reported since it is not practicable to furnish such details owing to the voluminous nature of the data generated in the normal course of Company's business. Further except for the instances where there are delays or defaults in repayment of principal and/or interest and in respect of which the Company has recognised necessary provisions in accordance with the principles of Ind AS and the guidelines issued by the RBI for Income Recognition and Asset Classification (which has been disclosed by the Company in Note 41 to the financial statements), the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest, as applicable.

(d) In respect of loans/advances in nature of loans, the total amount overdue for more than 90 days as at March 31, 2023 is Rs 1,976 Lakhs. In such instances, in our opinion, based on information and explanation provided to us, reasonable steps have been taken by the Company for the recovery of the principal amounts and the interest thereon. Refer 41 in the financial statements for details of number of cases and the amount of principal and interest overdue as at March 31, 2023.

(e) The Company's principal business is to give Loans therefore reporting under Clause 3(iii)(e) of the Order is not applicable.

(f) The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause 3(iii)(f) is not applicable.

iv In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

v According to information and explanations given to us, the Company has not accepted any deposits from the public in accordance with the provisions of section 73 to 76 or any relevant provisions of the Act and rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable.

vi The maintenance of cost records has not been specified by the Central Government under subsection (1) of section 148 of the Companies Act, 2013 for the business activities carried out by the Company. Hence, reporting under clause 3(vi) of the Order is not applicable to the Company.

vii In Respect of Statutory Dues:

(a) According to the information and explanations given to us and on the basis of our examination of the records, the Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Goods and Services tax, income tax and other material statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, goods and service tax, cess and other material statutory dues were in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.

(b) According to information and explanations given to us, there are no dues of provident fund, income tax, sales-tax, wealth tax, goods and service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.

viii According to the information and explanations given to us, no transactions have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which was not recorded in the books of account. Accordingly, paragraph 3(viii) of the Order is not applicable.

ix (a) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of loans to banks or financial institutions and dues to debenture holders or in the payment of interest thereon to any lender. There were no outstanding loans from government during the year.

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

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

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

(e) According to the information and explanations given to us and based on the audit procedures performed by us, the Company does not have any subsidiaries, joint ventures or associate companies. Accordingly, paragraph 3(ix)(e) of the Order is not applicable.

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(f) According to the information and explanations given to us and based on the audit procedures performed by us, the Company does not have any subsidiaries, joint ventures or associate companies. Accordingly, paragraph 3(ix)(f) of the Order is not applicable.

x (a) According to the information and explanations given to us and based on the audit procedures performed by us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, paragraph 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partly or optionally) during the year. Accordingly, paragraph 3(x)(b) of the Order is not applicable.

xi (a) According to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

(b) According to the information and explanations given to us, in our opinion and based on the audit procedures performed by us, no report under sub-section (12) of section 143 of the Companies Act in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was filed with the Central Government during the year or upto the date of the Report.

(c) As represented to us by the management, no whistle blower complaints were received by the Company during the year.

xii In our opinion and according to the information and explanations given to us, the Company is not a 'nidhi' company and it has not accepted any deposits. Accordingly, paragraph 3(xii)(a), paragraph 3(xii)(b) and paragraph 3(xii)(c) of the Order is not applicable.

xiii According to the information and explanations given to us and based on the audit procedures performed by us, the Company is in compliance with sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

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

(b) We have considered the internal audit reports of the Company issued upto the date of this Report, for the period under audit.

xv According to the information and explanations given to us and based on the audit procedures performed by us, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, provisions of section 192 of the Act and paragraph 3(xv) of the Order is not applicable.

xvi (a) According to the information and explanations given to us, the Company has registered, as required, under section 45-IA of the Reserve Bank of India Act, 1934.

BATLIBOI & PUROHIT ★ Mumbai ★ CHARTERED ACCOUNTANTS

(b) According to the information and explanations given to us and based on audit procedures performed by us, the Company has not conducted any Non-Banking Financial activities during the year without a valid certificate of registration (CoR) from the RBI. Further as represented by the Management, the Company has not engaged in Housing Finance Activities.

(c) In our opinion and 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 Reserve Bank of India. Accordingly, paragraph 3(xvi)(c) of the Order is not applicable.

(d) According to the information and explanations given to us, the Group (as defined in the Core Investment Companies (Reserve Bank) Direction 2016) does not have any Core Investment Companies (CICs).

xvii According to the information and explanations given to us and based on the audit procedures performed by us, the Company has not incurred cash losses in the current financial year and in the preceding year.

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

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

xx (a) According to the information and explanations given to us and based on audit procedures performed by us, the Company did not have any unspent amount in terms of Section 135 of the Act during the year. Accordingly, second proviso to sub-section (5) of section 135 of the said Act and paragraph 3(xx)(a) of the Order is not applicable.

BATLIBOI & PUROHIT ★ Mumbai ★ CHARTERED ACCOUNTANTS

(b) According to the information and explanations given to us and based on audit procedures performed by us, the Company did not have any ongoing project in terms of Section 135 of the Act during the year. Accordingly, provision of sub-section (6) of section 135 of the said Act and paragraph 3(xx)(b) of the Order is not applicable.

For BATLIBOI & PUROHIT
Chartered Accountants
ICAI Firm Reg. No.101048W

Janak Mehta
Partner
Membership No. 116976

Place: Mumbai
Date: May 22, 2023
ICAI UDIN: 23116976BGXTWV1235

Annexure - B to the Auditors' Report

(referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of the Company of even date)

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

We have audited the Internal Financial Controls over financial reporting of **Profectus Capital Private Limited** ("the Company") as of March 31, 2023 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining Internal Financial Controls based on the Internal Control over Financial Reporting criteria established by the Company considering the essential components of Internal Control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the Internal Financial Controls system over Financial Reporting and their operating effectiveness. Our audit of Internal Financial Controls over Financial Reporting included obtaining an understanding of Internal Financial Controls over Financial Reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of Internal Control based on the assessed risk. The procedures selected depend on the Auditor's Judgment, including the assessment of the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's Internal Financial Controls system over Financial Reporting.

BATLIBOI & PUROHIT * Mumbai * CHARTERED ACCOUNTANTS

Meaning of Internal Financial Controls over Financial Reporting

A company's Internal Financial Control over Financial Reporting is a process designed to provide reasonable assurance regarding the reliability of Financial Reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted Accounting Principles. A company's Internal Financial Control over Financial Reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 Over Financial Reporting

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

Opinion

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

For BATLIBOI & PUROHIT
Chartered Accountants
ICAI Firm Reg. No.101048W

Janak Mehta
Partner
Membership No. 116976

BATLIBOI & PUROHIT
Mumbai
CHARTERED ACCOUNTANTS

Place: Mumbai
Date: May 22, 2023
ICAI UDIN: 23116976BGXTWV1235

Profectus Capital Private Limited

Balance Sheet

as at March 31, 2023

Amount in Rs. Lakhs

Sr. No.	Particulars	Notes	As at March 31, 2023	As at March 31, 2022
	ASSETS			
I.	**FINANCIAL ASSETS**			
(a)	Cash and Cash Equivalents	3	**12,502**	7,504
(b)	Bank Balances other than (a) above	4	**24,016**	724
(c)	Loans	5	**2,45,343**	1,51,184
(d)	Investments	6	**15,568**	8,891
(e)	Other Financial assets	7	**251**	241
	Total Financial Assets		**2,97,680**	**1,68,544**
II.	**NON-FINANCIAL ASSETS**			
(a)	Current tax assets (net)	8	**100**	169
(b)	Deferred tax assets (net)	9	**298**	223
(c)	Property, Plant and Equipment	10	**1,371**	768
(d)	Other Intangible assets	10	**137**	190
(e)	Other Non-Financial assets	11	**373**	439
	Total Non-Financial Assets		**2,279**	**1,789**
	TOTAL ASSETS		**2,99,959**	**1,70,333**
	LIABILITIES AND EQUITY			
I.	**FINANCIAL LIABILITIES**			
(a)	Payables			
	(i) Trade Payables	12		
	- Total outstanding dues of micro enterprise and small enterprise		**52**	-
	- Total outstanding dues of creditors other than micro enterprise and small enterprise		**813**	653
(b)	Debt Securities	13	**5,809**	-
(c)	Borrowings other than Debt Securities	14	**1,73,373**	84,889
(d)	Other Financial Liabilities	15	**8,751**	5,342
	Total Financial Liabilities		**1,88,798**	**90,884**
II.	**NON-FINANCIAL LIABILITIES**			
(a)	Current Tax Liabilities (Net)	16	**304**	113
(b)	Provisions	17	**1,154**	888
(c)	Other Non-Financial Liabilities	18	**3,081**	1,757
	Total Non-Financial Liabilities		**4,539**	**2,758**
III.	**EQUITY**			
(a)	Equity Share Capital	19	**73,700**	61,672
(b)	Other Equity	20	**32,922**	15,019
	Total Equity		**1,06,622**	**76,691**
	TOTAL LIABILITIES AND EQUITY		**2,99,959**	**1,70,333**

Significant Accounting Policies *1 & 2*

The accompanying notes form an integral part of the financial statements

As per our report of even date

For Batliboi & Purohit
Chartered Accountants
Firm's Registration No: 101048W

Janak Mehta
Partner
Membership No.: 116976

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

Place: Mumbai
Date : 22 May, 2023

For and on behalf of the Board of Directors of Profectus Capital Private Limited

K V Srinivasan
Whole Time Director & Chief Executive Officer
DIN: 01827316

Pratik Jain
Director
DIN: 05347739

Sandip Parikh
Chief Financial Officer

Nitin Pangarkar
Company Secretary

Profectus Capital Private Limited

Statement of Profit and Loss

for the year ended March 31, 2023

Amount in Rs. Lakhs

Sr. No.	Particulars	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
I.	**Revenue from Operations**			
(a)	Interest Income	21	**26,245**	15,300
(b)	Fee and Commission Income	22	**819**	475
(c)	Net gain on fair value changes	23	**214**	372
	Total Revenue from Operations		**27,278**	**16,147**
II.	**Other Income**	24	**28**	20
III.	**Total Income (I + II)**		**27,306**	**16,167**
IV.	**Expenses**			
(a)	Finance Costs	25	**10,862**	5,686
(c)	Impairment of Financial Instruments	26	**994**	614
(d)	Employee benefit expenses	27	**7,815**	6,059
(e)	Depreciation, amortisation and impairment	10	**540**	419
(f)	Other expenses	28	**3,094**	2,240
	Total Expenses		**23,305**	**15,018**
V.	**Profit before exceptional items and tax (III-IV)**		**4,001**	**1,149**
VI.	**Exceptional items**		**-**	**-**
VII.	**Profit before tax (V-VI)**		**4,001**	**1,149**
VIII .	**Tax Expense**			
(a)	Current tax		**1,076**	273
(b)	Deferred tax (credit)/charge		**(68)**	93
	Net tax expense		**1,008**	**366**
IX.	**Profit for the year (VII-VIII)**		**2,993**	**783**
X.	**Other Comprehensive Income**			
	A (i) Items that will not be reclassified to profit and loss			
	Remeasurement gain/(loss) on defined benefit plan		**(54)**	12
	(ii) Income tax relating to items that will not be reclassified		**14**	(3)
	Subtotal (A)		**(40)**	9
	B (i) Items that will be reclassified to profit and loss			
	- Fair Valuation of Investments		**(28)**	(5)
	(ii) Income tax relating to items that will be reclassified to		**7**	1
	Subtotal (B)		**(21)**	(4)
	Other Comprehensive Income (A+B)		**(61)**	**5**
XI .	**Total Comprehensive Income for the year (IX + X)**		**2,932**	**788**
XII.	**Earning Per Equity Share**	29		
	(Face value of Rs. 10 each fully paid up)			
	Basic (In Rupees)		**0.44**	0.14
	Diluted (In Rupees)		**0.43**	0.13

Significant Accounting Policies *1 & 2*

The accompanying notes form an integral part of the financial statements

As per our report of even date

For Batliboi & Purohit
Chartered Accountants
Firm's Registration No: 101048W

Janak Mehta
Partner
Membership No.: 116976

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

Place: Mumbai
Date : 22 May, 2023

For and on behalf of the Board of Directors of Profectus Capital Private Limited

K V Srinivasan
Whole Time Director & Chief Executive Officer
DIN: 01827316

Pratik Jain
Director
DIN: 05347739

Sandip Parikh
Chief Financial Officer

Nitin Pangarkar
Company Secretary

Profectus Capital Private Limited

Statement of Cash Flow

for the year ended March 31, 2023

Amount in Rs. Lakhs

Particulars	For the year ended March 31, 2023		For the year ended March 31, 2022	
A. Cash Flow from Operating Activities				
Net Profit Before Tax		4,001		1,149
Adjusted for				
Depreciation and Amortisation	540		419	
Impairment on Financial Assets	694		526	
Bad debt written off	291		92	
Provision for Gratuity	64		57	
Impairment for Investments	9		(4)	
Amortised Processing fees and DSA commission	(478)		(282)	
Amortised Finance Cost	322		285	
IndAS adjustment for security deposit	88		63	
Interest Expenses	10,107		5,095	
Interest on Loans	(23,309)		(13,602)	
Interest on Fixed deposits / investments	(2,113)		(1,456)	
(Profit)/Loss on Sale of Current Investments (Net)	(214)		(372)	
		(13,999)		(9,179)
Operating (Loss)/Profit before Working Capital Changes		(9,998)		(8,030)
Adjusted for				
Other assets	(94,943)		(63,353)	
Other liabilities and provisions	5,397		3,602	
		(89,546)		(59,751)
Cash Used in Operation		(99,544)		(67,781)
Taxes Paid	(803)		39	
Interest Received	23,309		13,602	
Interest Paid	(10,107)		(5,095)	
		12,399		8,545
Net Cash from / (used in) Operating Activities		(87,145)		(59,236)
B. Cash Flow from Investing Activities				
Purchase of Fixed Asset		(200)		(187)
(Purchase)/Sale of Current Investments (Net)		(6,455)		12,916
(Investment) / Maturity of Fixed deposits (Net)		(23,292)		(571)
Interest on Fixed deposits / investments		2,113		1,456
Net Cash generated from / (used in) Investing Activities		(27,834)		13,614
C. Cash Flow from Financing Activities				
Proceeds from issue of Equity Shares		26,999		10,090
Proceeds from Term Loans		88,775		69,050
Repayments of Term Loans		(22,606)		(28,624)
Proceeds from CC / OD facilities (Net)		21,901		-
Proceeds from Debentures		7,000		-
Repayments of Debentures		(1,214)		-
Payment of Lease Liability		(878)		(190)
Net Cash generated from / (used in) Financing Activities		1,19,977		50,326
Net increase / (decrease) in Cash and Cash Equivalents (A + B + C)		4,998		4,704
Opening Balance of Cash and Cash Equivalents		7,504		2,800
Closing Balance of Cash and Cash Equivalents (Refer Note 3)		12,502		7,504

Disclosure pursuant to Ind AS 7 "Statement of Cash Flows"

Changes in Liabilities arising from financing activities

Particulars	April 1, 2022	Cashflows	Others	March 31, 2023
Borrowings	84,889	93,856	437	1,79,182

Particulars	April 1, 2021	Cashflows	Others	March 31, 2022
Borrowings	44,316	40,426	147	84,889

Other column includes the effect of amortisation of borrowing cost and interest accrued on borrowings

As per our report of even date

For Batliboi & Purohit
Chartered Accountants
Firm's Registration No: 101048W

Janak Mehta
Partner
Membership No.: 116976

BATLIBOI & PUROHIT
Mumbai
CHARTERED ACCOUNTANTS

Place: Mumbai
Date : 22 May, 2023

For and on behalf of the Board of Directors of Profectus Capital Private Limited

K V Srinivasan
Whole Time Director & Chief Executive Officer
DIN: 01827316

Pratik Jain
Director
DIN: 05347739

Sandip Parikh
Chief Financial Officer

Nitin Pangaykar
Company Secretary

Profectus Capital Private Limited

Statement of Changes in Equity

for the year ended March 31, 2023

Amount in Rs. Lakhs

Equity Share Capital

Particulars	Note	Rs in Lakhs
Balance as at March 31, 2021	19	**56,672**
Changes in equity share capital during the year		5,000
Balance as at March 31, 2022		**61,672**
Changes in equity share capital during the year		12,028
Balance as at March 31, 2023		**73,700**

Other Equity

Particulars	Reserves and Surplus				Other	Total
	Statutory Reserve	Securities Premium Reserve	Retained Earnings	Share based payment reserve*	Fair Valuation of Investments at FVOCI	
Balance as at March 31, 2021	**213**	**8,869**	**- 1,237**	**1,270**	**26**	**9,141**
Profit for the year	-	-	783	-	-	783
Share issue expenses	-	-	-	-	-	-
Additional Shared based payment units	-	-	-	60	-	60
Premium on shares issued during the year	-	5,030	-	-	-	5,030
Share issue expenses	-	-	-	-	-	-
Other comprehensive income for the year	-	-	9	-	- 4	5
Transferred to / (from)	157	-	- 157	-	-	-
Balance as at March 31, 2022	**370**	**13,899**	**- 602**	**1,330**	**22**	**15,019**
Profit for the year	-	-	2,993	-	-	2,993
Share issue expenses	-	-	-	-	-	-
Additional Shared based payment units	-	-	-	-	-	-
Premium on shares issued during the year	-	14,971	-	-	-	14,971
Share issue expenses	-	-	-	-	-	-
Other comprehensive income for the year	-	-	- 40	-	- 21	- 61
Transferred to / (from)	599	-	- 599	-	-	-
Balance as at March 31, 2023	**969**	**28,870**	**1,752**	**1,330**	**1**	**32,922**

*Refer Note 32 on Share Based Payments.

As per our report of even date

For Batliboi & Purohit
Chartered Accountants
Firm's Registration No: 101048W

Janak Mehta
Partner
Membership No.: 116976

BATLIBOI & PUROHIT
Mumbai
CHARTERED ACCOUNTANTS

Place: Mumbai
Date : 22 May, 2023

For and on behalf of the Board of Directors of Profectus Capital Private Limited

K V Srinivasan
Whole Time Director & Chief Executive Officer
DIN: 01827316

Pratik Jain
Director
DIN: 05347739

Sandip Parikh
Chief Financial Officer

Nitin Pangarkar
Company Secretary

Profectus Capital Private Limited

1. **CORPORATE INFORMATION**

Profectus Capital Private Limited ('the Company'), was incorporated on June 9, 2017 with the Registrar of Companies ('RoC'), Mumbai, Maharashtra. Subsequently, on September 25, 2017 the Company was registered as a Non-Banking Financial Company (NBFC)without accepting public deposits, as defined under Section 45-IA of the Reserve Bank of India Act, 1934. The Company is principally engaged in lending activities and related activities. The Company crossed the asset size of Rs. 500 crores on November 29, 2019 and informed RBI for their record updation on December 2,2019. RBI made note of the same and officially added the Company as a NBFC-ND-SI in their list published in February 2020. The Company is a subsidiary of ACTIS PC Investment (Mauritius) Limited and the ultimate holding Company is Actis Global 4 LP.

The Company's registered office is at B-17, 4^{th} Floor, Art Guild House, Phoenix Market City, Kurla West, Mumbai – 400070.

2. **SIGNIFICANT ACCOUNTING POLICIES**

(A) BASIS OF PREPARATION AND MEASUREMENT

The financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.
The financial statements are authorised for issue by the Board of Directors of the Company at their meeting held on May 22, 2023.
The financial statements have been prepared on going concern basis in accordance with accounting principles generally accepted in India. Further, the financial statements have been prepared on historical cost basis except for certain financial assets and financial liabilities and share based payments which are measured at fair values as explained in relevant accounting policies.
The Company presents its financial statements to comply with Division III of Schedule III to the Companies Act, 2013 (which provides general instructions for the preparation of financial statements of a non-banking financial company (NBFC to comply with Ind AS) and other applicable guidelines issued by Reserve Bank of India ('RBI') Financial assets and financial liabilities are generally reported gross in the balance sheet.

(B) SIGNIFICANT ACCOUNTING POLICIES

1. **Presentation of Financial Statements**

They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all the following circumstances:
- The normal course of business
- The event of default

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(B) SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

1. Presentation of Financial Statements *(Continued)*

1.1 Functional and Presentation Currency

The financial statements are presented in Indian Rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates. All amounts are rounded-off to the nearest lakhs, unless otherwise indicated.

1.2 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial recognition and measurement

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

Subsequent Measurement

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

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments and equity instruments, mutual funds at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

BATLIBOI & PUROHIT
Mumbai
CHARTERED ACCOUNTANTS

Profectus Capital Private Limited

Notes to the Financial Statements *(Continued)*
for the year ended March 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(B) SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

1. Presentation of Financial Statements *(Continued)*

1.2 Financial Instruments *(Continued)*

Debt instruments at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent Solely Payments of Principal and Interest (SPPI).

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value.

Fair value movements are recognised in the other comprehensive income (OCI). However, the Company recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instruments at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortized cost or as FVTOCI, is classified at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

Equity investments at FVOCI

Equity investments are measured at fair value. Equity instruments which are held for trading are classified as at

FVTPL. For equity instruments other than held for trading, the Company has irrevocable option to present in OCI subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

Where the Company classifies equity instruments as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

BATLIBOI & PUROHIT
Mumbai
CHARTERED ACCOUNTANTS

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(B) SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

1. Presentation of Financial Statements *(Continued)*

1.2 Financial Instruments *(Continued)*

Impairment of financial assets

The Company recognises loss allowances for Expected Credit Losses (ECLs) on the following financial instruments that are not measured at FVTPL:

- Loans and advances to customers
- Debt investment securities
- Undrawn loan commitments

ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument,(referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition (and consequently for credit impaired financial assets). For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR. For undrawn loan commitments, the ECL is the difference between the present value of the difference between the contractual cash flows that are due to the Company if the holder of the commitment draws down the loan and the cash flows that the Company expects to receive if the loan is drawn down.

Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Company considers the following as constituting an event of default:

- the borrower is past due more than 90 days on any material credit obligation to the Company; or
- If one facility of borrower is Stage 3, all the facilities of that borrower are to be treated as Stage 3.

BATLIBOI & PUROHIT
Mumbai
CHARTERED ACCOUNTANTS

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(B) SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

1. Presentation of Financial Statements *(Continued)*

1.2 Financial Instruments *(Continued)*

The definition of default is appropriately tailored to reflect different characteristics of different types of assets. When assessing if the borrower is unlikely to pay its credit obligation, the Company takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. The Company uses a variety of sources of information to assess default which are either developed internally or obtained from external sources. The definition of default is applied consistently to all financial instruments unless information becomes available that demonstrates that another default definition is more appropriate for a particular financial instrument.

Significant increase in credit risk

The Company monitors all financial assets, undrawn loan commitments that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Company will measure the loss allowance based on lifetime rather than 12-month ECL. The Company's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result, the Company monitors all financial assets, undrawn loan commitments that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. Loan accounts which meet the SICR criteria will be classified as Stage 3 even though they have not breached the backstop indicator conditions. The Company does not have a policy for purchasing credit impaired assets.

Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. The Company renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default.

BATLIBOI & PUROHIT
Mumbai
CHARTERED ACCOUNTANTS

2. SIGNIFICANT ACCOUNTING POLICIES ***(Continued)***

(B) SIGNIFICANT ACCOUNTING POLICIES ***(Continued)***

1. Presentation of Financial Statements ***(Continued)***

1.2 Financial Instruments ***(Continued)***

Modification and derecognition of financial assets (Continued)

A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness). Such accounts are classified as stage 2 or stage 3 immediately upon such modification in the terms of the contract.

Not all changes in terms of loans are considered as renegotiation and changes in terms of a class of obligors that are not overdue is not considered as renegotiation and is not subjected to deterioration in staging.

The Company derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in the Statement of Profit and Loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to the Statement of Profit and Loss.

BATLIBOI & PUROHIT
Mumbai
CHARTERED ACCOUNTANTS

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(B) SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

1. Presentation of Financial Statements *(Continued)*

1.2 Financial Instruments *(Continued)*

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in the Statement of Profit and Loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to the Statement of Profit and Loss

Write off

Loans and debt securities are written off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Write-off constitutes a derecognition event. The Company may apply enforcement activities to financial assets written off. Recoveries resulting from the Company's enforcement activities will be adjusted against impairment loss.

Presentation of allowance for ECL in the Statement of Balance Sheet

Loss allowances for ECL are presented in the Statement of Balance Sheet as follows:

- for financial asset measured at amortised cost: as a deduction from the gross carrying amount of the assets;

for debt instruments measured at FVTOCI: no loss allowance is recognised in the Statement of Balance Sheet as the carrying amount is at fair value.

Financial Liabilities and Equity Instruments

Classification as Debt or Equity

Debt and equity instruments, issued by the Company, are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

BATLIBOI & PUROHIT
Mumbai
CHARTERED ACCOUNTANTS

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(B) SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

1. Presentation of Financial Statements *(Continued)*

1.2 Financial Instruments *(Continued)*

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial Liabilities

Financial liabilities are classified, at initial recognition:

- at fair value through profit or loss,
- Loans and borrowings,
- Payables, or

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings and payables, are recognised net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

Derecognition of Financial Liabilities

The Company de-recognises financial liabilities when and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in Statement of Profit and Loss.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

BATLIBOI & PUROHIT
Mumbai
CHARTERED ACCOUNTANTS

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(B) SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

1. Presentation of Financial Statements *(Continued)*

1.3 Fair Value Measurement

The Company measures financial instruments, such as investments (other than equity investments in Subsidiaries, Joint Ventures and Associates) and derivatives at fair values at each Balance Sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability, or In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

All assets and liabilities (for which fair value is measured or disclosed in the financial statements) are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

1.4 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank including fixed deposit with original maturity period of three months or less and short-term highly liquid investments with an original maturity of three months or less which are subject to insignificant risk of changes in value.

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Profectus Capital Private Limited

2. SIGNIFICANT ACCOUNTING POLICIES ***(Continued)***

(B) SIGNIFICANT ACCOUNTING POLICIES ***(Continued)***

1. Presentation of Financial Statements ***(Continued)***

1.5 Property, Plant and Equipment (PPE) and Depreciation

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property plant and equipment recognised as at 1st April 2019 measured as per the previous GAAP, and use that carrying value as the deemed cost of the property, plant and equipment.

Property, plant and equipment are stated at acquisition or construction cost less accumulated depreciation and impairment loss. Cost comprises the purchase price and any attributable cost of bringing the asset to its location and working condition for its intended use, including relevant borrowing costs and any expected costs of decommissioning. If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE. The cost of an item of PPE is recognised as an asset if, and only if, it is probable that the economic benefits associated with the item will flow to the Company in future periods and the cost of the item can be measured reliably. Expenditure incurred after the PPE have been put into operations, such as repair and maintenance expenses are charged to the Statement of Profit and Loss during the period in which they are incurred.

Depreciation on tangible fixed assets is provided on Straight Line Method using the rates arrived at based on the useful lives as specified in the Schedule II of the Companies Act, 2013. The Company has used the following useful life to provide depreciation on its Property Plant and Equipment.

Sl. No.	Class of Assets	Estimated Useful Life
1	Computers	3 years
2	Furniture & Fixtures	10 years
3	Office Equipment	5 years
4	Vehicles	8 years

The estimated useful lives and residual values of the Property Plant and Equipment are reviewed at the end of each financial year. Property Plant and Equipment, individually costing less than Rupees five thousand, are fully depreciated in the year on purchase. Depreciation on the Property Plant and Equipment added/disposed off/discarded during the year is provided from/upto the date when added/disposed off/discarded. Gains or losses arising from the retirement or disposal of Property Plant and Equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

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CHARTERED ACCOUNTANTS

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(B) SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

1. Presentation of Financial Statements *(Continued)*

1.6 Intangible assets and amortisation

On transition to Ind AS, the Company has elected to continue with the carrying value of all its Intangible Assets recognised as at 1st April 2019 measured as per the previous GAAP and use that carrying value as the deemed cost of the Intangible assets.

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net off tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Direct expenses and administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible asset.

Intangible assets are amortised on straight line basis over the estimated useful life of 5 years. The method of amortisation and useful life are reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are recognised in profit or loss when the asset is derecognised.

1.7 Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. Recoverable amount is higher of an asset's net selling price and its value in use. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than it's carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the reporting date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed, and the asset is reflected at the recoverable amount.

BATLIBOI & PUROHIT ★ Mumbai ★ CHARTERED ACCOUNTANTS

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(B) SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

1. Presentation of Financial Statements *(Continued)*

1.8 Leases

The Company as a lessee, recognises the right-of-use asset and lease liability at the lease commencement date. Initially the right-of-use asset is measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an
estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or a change in the estimate of the amount expected to be payable under a residual value guarantee, or a change in the assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The right-of-use asset is measured by applying cost model i.e. right-of-use asset at cost less accumulated depreciation /impairment losses (Refer note no 31 for impairment).

The right-of-use assets are depreciated from the date of commencement of the lease on a straight-line basis over the lease term. Carrying amount of lease liability is increased by interest on lease liability and reduced by lease payments made.

Lease payments associated with following leases are recognised as expense on straight-line basis:

- Low value leases; and
- Leases which are short term

On Transition to Ind AS, the Company has applied modified retrospective approach and measured right of use assets equal to lease liability.

1.9 Employee benefits

Short-term Employee benefits

Liabilities for salaries and wages, including non-monetary benefits and accumulating leave balance in respect of employees' services up to the end of the reporting period, are recognised as liabilities (and expensed) and are measured at the amounts expected to be paid when the liabilities are settled. The Company also recognises a liability and records an expense for bonuses (including performance-linked bonuses) where contractually obliged or where there is a past practice that has created a constructive obligation.

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2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(B) SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

1. Presentation of Financial Statements *(Continued)*

1.9 Employee benefits *(Continued)*

Defined Contribution Plan

The Company makes defined contributions to employee provident fund and employee pension schemes administered by government organisations set up under the applicable statute.

Defined Benefit Plan

The obligation in respect of defined benefit plans, which covers Gratuity, which is provided for on the basis of an actuarial valuation at the end of each financial year. Gratuity is funded with an approved trust.

In respect of Gratuity being Post Retirement benefits, re-measurements, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the Balance Sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to Statement of Profit and Loss. Past service costs are recognised in the Statement of Profit and Loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restricting costs

The Company recognises the following changes in the net defined benefit obligation under employee benefit expenses in the Statement of Profit and Loss:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements); and
- net interest expense or income;

The present value of the defined benefit plan liability is calculated using a discount rate, which is determined by reference to market yields at the end of the reporting period on government bonds. The retirement benefit obligation recognised in the Balance Sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in the future contribution to the plans.

Other Long-Term Benefits

The expected costs of other long-term employee benefits such as long-term service incentive plan benefits (not being share based payments) are accrued over the period of employment using the same accounting methodology as used for defined benefit plans. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the Statement of Profit and Loss in the period in which they arise.

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Profectus Capital Private Limited

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(B) SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

1. Presentation of Financial Statements *(Continued)*

1.10 Employee Share based payments

Employees (including members of the senior management) of the company receive remuneration in the form of share-based payment transactions, where employees render services as consideration of equity instruments (equity-settled transactions) Such transactions are accounted under the requirements of Ind AS 102.

Equity settled transaction

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. Such costs are then recognized, together with a corresponding increase in share-based payment reserves in equity , over the period in which the performance and/or service conditions are fulfilled in employee benefit expense.

1.11 Foreign Currency Transactions

In preparing the financial statements of the Company, transactions in foreign currencies, are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the rate prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognised in the Statement of Profit and Loss in the year in which they arise.

1.12 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

a) Interest income is accounted for all financial instruments measured at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset. Interest income on all trading assets and financial assets mandatorily required to be measured at FVTPL is recognised using the contractual interest rate in net gain on fair value changes.

b) Other operational revenue represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

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2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(B) SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

1. Presentation of Financial Statements *(Continued)*

1.13 Borrowing costs

Borrowing cost attributable to acquisition and construction of qualifying assets are capitalised as a part of the cost of such assets up to the date when such assets are ready for its intended use.

Other borrowing costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

1.14 Provision for Current and Deferred Tax

Current tax is measured on the basis of estimated taxable income for the current accounting period in accordance with the applicable tax rates and the provisions of the Income-tax Act, 1961 and the rules framed thereunder.

Deferred tax is recognised using the Balance Sheet approach on the temporary differences between the carrying amounts of assets and liabilities in the financial statements and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset, if there is a legally enforceable right to offset current tax liabilities and assets, and these relate to income taxes levied by the same tax authority and are intended to settle current tax liabilities and assets on a net basis or such tax assets and liabilities will be realised simultaneously.

In the event of unabsorbed depreciation or carry forward of losses under tax laws, deferred tax assets are recognised to the extent that it is probable that sufficient future taxable income will be available to realise such assets.

1.14 Provision for Current and Deferred Tax *(Continued)*

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Current and deferred tax are recognised in Statement of Profit and Loss, except when the same relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax relating to such items are also recognised in other comprehensive income or directly in equity respectively.

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Profectus Capital Private Limited

Notes to the Financial Statements *(Continued)*
for the year ended March 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(B) SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

1. Presentation of Financial Statements *(Continued)*

1.15 Provisions and Contingent Liabilities

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

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. A present obligation that arises from past events, where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability.

Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Claims against the Company, where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

1.16 Statement of Cash Flows

Statement of Cash flows are reported using the indirect method, whereby the net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The statement of cash flows from operating, investing and financing activities of the Company are segregated.

1.17 Earning per Share

The Basic EPS is computed by dividing the profit after tax for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted EPS, profit after tax for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

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CHARTERED ACCOUNTANTS

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(B) SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

1. Presentation of Financial Statements *(Continued)*

1.18 Significant Accounting Judgements, Estimates and Assumptions

The preparation of financial statements, in conformity, with the Ind AS requires judgments, estimates and assumptions to be made, that affect the reported amounts of assets and liabilities on the date of the financial statements, the reported amounts of revenues and expenses during the reporting period and the disclosures relating to contingent liabilities as of the date of the financial statements. 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 outcomes different from the estimates. Difference between actual results and estimates are recognised in the period in which the results are known or materialise. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in the current and future periods.

The Company has developed various accounting estimates in these Financial Statements based on forecasts of economic conditions which reflect expectations and assumptions as at 31 March 2023 about future events that the Management believe are reasonable in the circumstances. There is a considerable degree of judgement involved in preparing forecasts. The underlying assumptions are also subject to uncertainties which are often outside the control of the Company. Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these financial statements.

The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses, fair value measurement, and recoverable amount assessments of non-financial assets.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilised.

Business Model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

a) the stated policies and objectives for the portfolio and the operation of those policies in practice

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2. SIGNIFICANT ACCOUNTING POLICIES ***(Continued)***

(B) SIGNIFICANT ACCOUNTING POLICIES ***(Continued)***

1. Presentation of Financial Statements ***(Continued)***

1.18 Significant Accounting Judgements, Estimates and Assumptions ***(Continued)***

b) how the performance of the portfolio is evaluated and reported to the Company's management;

c) the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

d) the frequency, volume and timing of sales of financial assets, the reasons for such sales and expectation about future sales activity.

e) 'How managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Company determines whether newly recognized financial assets are part of an existing business model or whether they reflect a new business model. The Company will reassess its business models each reporting period to determine whether the business models have changed since the preceding period.

Useful Lives of Property, Plant and Equipment

The Company uses its technical expertise along with historical and industry trends for determining the economic life of an asset/component of an asset. The useful lives are reviewed by the management periodically and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the remaining useful life of the assets.

Measurement of Defined Benefit Obligation

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future.

These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Fair Value Measurement of Financial Instruments

When the fair value of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair values are measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable market where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgment include consideration of input such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

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2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(B) SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

1. Presentation of Financial Statements *(Continued)*

1.18 Significant Accounting Judgements, Estimates and Assumptions *(Continued)*

Share-Based Payments

The Company measures the cost of equity-settled transactions with employees using Discounted Cash Flow (DCF) model to determine the fair value of the liability incurred on the grant date. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

Impairment of Financial assets

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

a) The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life time ECL basis and the qualitative assessment.
b) Development of ECL models, including the various formulas and the choice of inputs.
c) Determination of associations between macroeconomic scenarios and economic inputs.
d) Collateral values and the effect on PDs, EADs and LGDs.
e) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

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2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(B) SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

1. Presentation of Financial Statements *(Continued)*

1.19 New standards or amendments to the existing standards and other pronouncements:

New Standards issued or amendments to the existing standard but not yet effective

On March 31, 2023, Ministry of Corporate Affairs ('MCA') issued the Companies (Indian Accounting Standards) Amendment Rules, 2023 ('the Rules'), applicable for annual reporting periods beginning on or after April 01, 2023, which are as below:

Ind AS 1 – Presentation of Financial Statements:

Entities are required to disclose its 'material accounting policy information' instead of its 'significant accounting policies'. Guidance has been added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material. The amendments also clarify that –

a. accounting policy information may be material because of its nature, even if the related amounts are immaterial;

b. accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and

c. if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

These amendments are not expected to have a material impact on the financial statements of the Company and the management will evaluate the disclosures requirements for the subsequent annual financial reporting.

Ind AS 8 – Accounting policies, Changes in Accounting estimates and Error:

The definition of 'change in accounting estimates' is replaced with a definition of 'accounting estimates'. As per the new definition accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The amendments have also added explanation for treatment and recognition of changes in accounting estimates.

These amendments are not expected to have a material impact on the financial statements of the Company.

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PROFECTUS CAPITAL PRIVATE LIMITED

2. SIGNIFICANT ACCOUNTING POLICIES ***(Continued)***

(B) SIGNIFICANT ACCOUNTING POLICIES ***(Continued)***

1. Presentation of Financial Statements ***(Continued)***

1.19 New standards or amendments to the existing standards and other pronouncements ***(Continued)*****:**

Ind AS 12 – Income taxes:

Transactions which give rise to equal taxable and deductible temporary differences (at time of the transaction) have been added to exceptions to the initial recognition exemption provided in the Ind AS 12. The amendments also apply to taxable and deductible temporary differences associated with right-of-use assets and lease liabilities, and decommissioning obligations and corresponding amounts recognised as assets at the beginning of the earliest comparative period presented and requires recognition of the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The Company is in the process of evaluating the impact of these amendments, however, these amendments are not expected to have a material impact on the financial statements of the Company as the Company already recognised the deferred taxes associated with right-of-use assets and lease liabilities that are already aligned with the proposed amendments.

Ind AS 101 – Amendments pertaining to other Ind AS [i.e. Ind AS 34 - Interim Financial Reporting: First Time Adoption of Indian Accounting Standards, Ind AS 102 – Share-based Payments, Ind AS 103 – Business Combinations, Ind AS 107 – Financial Instruments Disclosures, Ind AS 109 – Financial Instruments and Ind AS 115 – Revenue from Contracts with Customers] contained the said Rules are in the nature of either certain corrections of errors or consequential cross reference in respect of the above mentioned amendments and do not have impact on accounting principles.

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Profectus Capital Private Limited

Notes to the Financial Statements *(Continued)*
for the year ended March 31, 2023

Amount in Rs. Lakhs

3 Cash and Cash Equivalents

Particulars	As at March 31, 2023	As at March 31, 2022
Cash on hand	1	1
Balance with Banks in Current Accounts(of the nature of cash and cash equivalents)	-	7,503
Fixed Deposits with banks (with original maturity less than 3 months)	12,501	-
Total	12,502	7,504

4 Bank Balances Other Than Above

Particulars	As at March 31, 2023	As at March 31, 2022
Bank Balance other than covered above		
Fixed Deposits with banks (with original maturity more than 3 months)	24,016	724
Total	24,016	724

Note: Out of the fixed deposits mentioned in note 4, the fixed deposits amounting to Rs. 0.79 lakh (March 31, 2022: Rs. 0.72 lakh) is lien marked as security against the Corporate Credit Card and Rs. 23,808 lakh (March 31, 2022: Rs. 702 lakh) is lien marked as security against borrowing facilities.

5 Loans

Particulars	As at March 31, 2023	As at March 31, 2022
At Amortised cost :		
(a) Bills purchased and bills discounted	15,980	3,644
(b) Term Loans	2,31,022	1,48,511
Total (A) - Gross	2,47,002	1,52,155
Less : Impairment loss allowance	1,659	971
Total (B) - Net	2,45,343	1,51,184
Break-up of Loans - Security wise		
(a) Secured - Tangible	2,44,962	1,48,962
(b) Covered by Central Government Guarantee	2,040	3,193
(c) Unsecured	-	-
Total (A) - Gross	2,47,002	1,52,155
Less : Impairment loss allowance	1,659	971
Total (B) - Net	2,45,343	1,51,184
Break-up of Loans - Sector wise		
(a) Public Sector	-	-
(b) Others		
(i) Retail	1,84,150	1,07,549
(ii) Corporates	62,852	44,606
Total (A) - Gross	2,47,002	1,52,155
Less : Impairment loss allowance	1,659	971
Total (B) - Net	2,45,343	1,51,184

Note: All loans have been sourced and disbursed in India.
There is no loan asset measured at FVOCI or FVTPL or designated at FVTPL.

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

Profectus Capital Private Limited

Notes to the Financial Statements *(Continued)*
for the year ended March 31, 2023

Amount in Rs. Lakhs

6 **Investments**

Particulars	As at March 31, 2023	As at March 31, 2022
(A) Investments at Fair Value through Other Comprehensive Income		
(a) Debt Securities (Quoted)	10,585	7,443
Less : Allowance for impairment	2	20
Total (A)	10,583	7,423
(B) Investments at Amortised cost		
(a) Pass through certificates	2,198	624
(b) Debt Securities	2,666	644
Total (B) - Gross	4,864	1,268
Less : Allowance for impairment	33	6
Total (B) - Net	4,831	1,262
(C) Investments at Fair Value through Profit and Loss		
(a) Investment in Security Receipts (Unquoted)	154	206
	154	206
Total Investments (A) + (B) + (C)	15,568	8,891

Note : All investments have been made in India

7 **Other Financial Assets**

Particulars	As at March 31, 2023	As at March 31, 2022
(a) Security Deposit	251	216
(b) Charges Receivable from Customer	0	25
Total	251	241

8 **Current Tax Assets (net)**

Particulars	As at March 31, 2023	As at March 31, 2022
Tax deducted at source / Advance Tax	373	213
Less : Provision for Tax	273	44
	100	169

9 **Deferred Tax Assets (net)**

Particulars	As at March 31, 2023	As at March 31, 2022
a) Deferred Tax Asset		
Disallowance under the Income Tax Act, 1961	11	11
Measurement of financial assets and financial liabilities at amortized cost	9	-
Impact on account of lease accounting as per Ind AS 116	15	14
Income from financial assets based on Effective interest rate	40	308
Measurement of financial assets at FVOCI	7	-
Expected credit loss on financial instruments	422	254
Total	504	588
b) Deferred Tax Liability		
Depreciation on Fixed Assets	2	18
Unamortised Expenditure	204	347
Total	206	365
Net Deferred Tax Asset (a) - (b)	298	223

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Profectus Capital Private Limited

Notes to the Financial Statements *(Continued)*
for the year ended March 31, 2023

Amount in Rs. Lakhs

10 **Property, Plant and Equipment**

S.No.	Particulars	Gross Carrying Amount As at April 1, 2022	Addition	Deduction	As at March 31, 2023	Accumulated Depreciation As at April 1, 2022	Depreciation/ Amortisation	Deduction	As at March 31, 2023	Net Carrying Amount As at March 31, 2023	As at March 31, 2022
(i)	**Tangible Assets**										
1	Furniture and Fixtures	46	66	-	112	9	10	-	19	93	37
2	Computers	246	77	10	313	143	62	10	201	112	97
3	Office Equipment	0	1	-	1	0	0	-	0	1	0
4	Motor Vehicle	5	6	-	11	1	1	-	2	9	3
5	ROU lease Asset	1,262	878	-	2,140	631	353	-	984	1,156	631
	Total	1,559	1,028	10	2,577	790	426	10	1,206	1,371	768
(ii)	**Intangible Assets**										
1	Computer Software	493	60	-	553	303	113	-	416	137	190
	Total	493	60	-	553	303	113	-	416	137	190

S.No.	Particulars	Gross Carrying Amount As at April 1, 2021	Addition	Deduction	As at March 31, 2022	Accumulated Depreciation As at April 1, 2021	Depreciation/ Amortisation	Deduction	As at March 31, 2022	Net Carrying Amount As at March 31, 2022	As at March 31, 2021
(i)	**Tangible Assets**										
1	Furniture and Fixtures	30	17	-	46	6	3	-	9	38	24
2	Computers	167	79	-	246	89	60	-	149	97	78
3	Office Equipment	0	0	-	0	0	0	-	0	0	0
4	Motor Vehicle	5	-	-	5	1	1	-	1	3	4
5	ROU lease Asset	1,071	190	-	1,262	374	258	-	631	631	698
	Total	1,273	285	-	1,559	470	321	-	790	769	804
(ii)	**Intangible Assets**										
1	Computer Software	402	92	-	493	206	97	-	303	190	196
	Total	402	92	-	493	206	97	-	303	190	196

a. For Depreciation policy refer accounting policy no. 1.5 and 1.6

b. Title deeds of Immovable Properties not held in name of the Company:
There is no immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) whose title deed is not held in the name of the company.

c. CWIP ageing and Completion schedule:
The Company does not have any CWIP as at March 31, 2023 and March 31, 2022 and hence disclosure of CWIP ageing schedule and CWIP completion schedule is not applicable.

d. Benami properties:
No proceedings have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

e. Intangible assets under development ageing and Completion schedule:
The Company does not have any intangible assets under development as at March 31, 2023 and March 31, 2022 and hence disclosure of CWIP ageing schedule and CWIP completion schedule is not applicable.

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Profectus Capital Private Limited

Notes to the Financial Statements *(Continued)*
for the year ended March 31, 2023

Amount in Rs. Lakhs

11 Other Non - Financial Assets

Particulars	As at March 31, 2023	As at March 31, 2022
(a) Capital advances	-	29
(b) Prepaid Expense	149	134
(c) Sundry Advances	20	54
(d) GST Credit available	204	222
Total	373	439

12 Trade Payables

Particulars	As at March 31, 2023	As at March 31, 2022
Other Payables*		
(a) Total outstanding dues of micro enterprise and small enterprise	52	-
(b) Total outstanding dues of creditors other than micro enterprise and small enterprise	813	653
Total	865	653

*Refer Note 59 for ageing schedule

13 Debt Securities

Particulars	As at March 31, 2023	As at March 31, 2022
At Amortised Cost		
Non Convertible Debentures	5,809	-
Total	5,809	-
Debt Securities in India	5,809	-
Debt Securities outside India	-	-
Total	5,809	-
Secured	5,809	-
Unsecured	-	-
Total	5,809	-

Note

a) Loans mentioned above, has been fully secured by first exclusive charge (floating) over loan receivables and book debts of the Company.

b) The Company has not defaulted on any of its debt securities repayments till date.

c) All the above borrowings have been borrowed in India.

d) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

e) Funds borrowed have been utilised for the purpose for which they were sanctioned.

f) Quarterly returns or statements of current assets filed by the Company with debenture trustees are in agreement with the books of accounts.

g) Funds raised on short term basis have not been utilised for long term purpose.

Terms of repayment of borrowings and rate of Interest

As per terms of agreements Debt Securities in India aggregating Rs. 5,809 lakh (March 31, 2022: Rs. Nil) are repayable at maturity ranging between 30 and 36 months from the date of respective debenture. Rate of interest payable on debt securities varies between 9.57% to 11.60% (March 31, 2022 : Nil).

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

Amount in Rs. Lakhs

14 Borrowings other than Debt Securities

Particulars	As at March 31, 2023	As at March 31, 2022
At Amortised Cost		
(a) Term Loans (Secured)		
(i) From Banks	**1,06,625**	66,243
(ii) Others	**25,996**	16,911
(b) WDCL Loans (Secured)		
(i) From Banks	**4,752**	1,735
(c) Bank Cash Credit (Secured)	**1,939**	-
(d) Bank Overdraft Facilities (Secured)	**19,962**	-
(e) Borrowing under Securitisation	**14,099**	-
Total (a+b+c+d+e)	**1,73,373**	84,889

Note

a) Loans mentioned above, has been fully secured by first exclusive charge (floating) over loan receivables and book debts of the Company.

b) The Company has not defaulted on any of its term loan repayments till date.

c) All the above borrowings have been borrowed in India.

d) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

e) Funds borrowed have been utilised for the purpose for which they were sanctioned.

f) Quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts.

g) Funds raised on short term basis have not been utilised for long term purpose.

Terms of repayment of borrowings and rate of Interest

As per terms of agreements loan from banks aggregating Rs. 1,11,377 lakh (March 31, 2022: Rs. 67,978 lakh) are repayable at maturity ranging between 3 and 60 months from the date of respective loan. Rate of interest payable on term loans varies between 7.60 % to 13.00% (March 31, 2022 : 7.00 % to 11.77%).

As per terms of agreements loan from others aggregating Rs. 25,996 lakh (March 31, 2022: Rs. 16,911 lakh) are repayable at maturity ranging between 36 and 48 months from the date of respective loan. Rate of interest payable on term loans varies between 9.25 % to 11.65% (March 31, 2022 : 9.25 % to 11.25%).

As per terms of agreements borrowings under securitisation aggregating Rs. 14,099 lakh (March 31, 2022: Rs. Nil) are repayable at maturity ranging between 90 and 123 months from the date of respective loan. Rate of interest payable on term loans varies between 9.45 % to 9.50% (March 31, 2022 : Nil).

15 Other Financial Liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
(a) Collateral from Customer	**4,288**	2,317
(b) Lease Liability	**1,213**	687
(c) Other expenses	**72**	115
(d) Book overdraft	**3,178**	2,223
Total	**8,751**	5,342

16 Current Tax Liabilities (Net)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for Tax	**1,107**	273
Less : Tax deducted at source / Advance Tax	**803**	160
	304	113

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Profectus Capital Private Limited

Notes to the Financial Statements *(Continued)*
for the year ended March 31, 2023

Amount in Rs. Lakhs

17 Provisions

Particulars	As at March 31, 2023	As at March 31, 2022
(a) Employee benefits	1,080	832
(b) Gratuity	56	45
(c) Provisions for Off- Balance sheet Exposure	18	11
Total	**1,154**	**888**

18 Other Non-Financial Liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
(a) Statutory dues	246	141
(b) Income received in advance	1,028	597
(c) Deferred Income on Collateral Deposits from Customers	1,807	1,019
Total	**3,081**	**1,757**

19 Share Capital

Particulars	As at March 31, 2023	As at March 31, 2022
Authorised		
98,00,00,000 Equity Shares of Rs. 10 each	98,000	98,000
2,00,00,000 Preference Shares of Rs. 10 each	2,000	2,000
Total	1,00,000	1,00,000
Issued, Subscribed and Paid-up		
73,69,99,686 Equity Shares of Rs. 10 each	73,700	61,672
(March, 2022: 61,67,16,667 Equity Shares of Rs. 10 each)		
Total	**73,700**	**61,672**

Reconciliation of Equity Shares

	No Of Shares	Rs. In Lakhs
Opening balance as on April 1, 2021	56,67,16,667	56,672
Issued during the year	5,00,00,000	5,000
Closing balance as on March 31,2022	61,67,16,667	61,672
Issued during the year	12,02,83,019	12,028
Closing balance as on March 31,2023	73,69,99,686	73,700

Rights, Preferences and Restrictions :

Voting Rights :
The Company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amount exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

Details of shares held by ACTIS PC Investment (Mauritius) Limited (shareholder holding more than 5% of the aggregate shares of the Company)

	No Of Shares	Percentage
Opening balance as on April 1, 2021	56,67,16,167	100%
Issued during the year	5,00,00,000	-
Closing balance as on March 31,2022	61,67,16,167	100%
Issued during the year	12,02,83,019	-
Closing balance as on March 31,2023	73,69,99,186	100%

No shares were bought back by the Company during the year.
No shares were allotted by the Company as fully paid up pursuant to any contract without payment being received.
No shares were allotted as fully paid up by way of bonus shares.

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Amount in Rs. Lakhs

20 Other Equity

Particulars	As at March 31, 2023	As at March 31, 2022
(a) Security Premium Account	**28,870**	13,899
(b) Statutory Reserve	**969**	370
(c) Other Comprehensive Income		
- Fair Valuation of Investments	**1**	22
(d) Surplus in Statement of Profit and Loss	**1,752**	(602)
(e) Share Based Payment Reserve	**1,330**	1,330
	32,922	15,019

Nature and Purpose of Reserves

Name of Reserve	Nature and Purpose of Reserve
(a) Security Premium account	Premium received upon issuance of equity shares
(b) Statutory Reserve	Every year the Company transfers a of sum of not less than twenty per cent of net profit of that year as disclosed in the statement of profit and loss to its Statutory Reserve pursuant to Section 45-IC of the RBI Act, 1934
(c) Other Comprehensive Income	Created on account of items measured through other comprehensive income
(d) Surplus in Statement of Profit and Loss	Created out of accretion of profits
(e) Share based payment reserve (Refer note no. 32 for further details)	Created out of contributions received for CCPS and OCPS from the beneficiaries

21 Interest Income

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
(A) Financial Assets measured at amortised cost		
(a) Loans	**23,787**	13,602
(b) Investments in PTC	**112**	37
(c) Investments in Debt securities	**145**	-
Others		
(a) Fixed Deposits	**786**	36
(b) Security Deposit	**15**	13
(c) Interest Income on Fair Valuation of Collateral Deposit from Customers	**331**	230
Total (A)	**25,176**	13,918
Financial Assets measured at FVOCI		
(a) Investment in Debt securities	**1,069**	1,382
Total (B)	**1,069**	1,382
Total (A) + (B)	**26,245**	15,300

22 Fee and Commission Income

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
On Financial assets measured at Amortized cost		
(a) Foreclosure charges	**664**	358
(b) Others	**155**	117
Total	**819**	475

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Profectus Capital Private Limited

Notes to the Financial Statements *(Continued)*
for the year ended March 31, 2023

Amount in Rs. Lakhs

23 Net gain/loss on fair value changes

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Net gain on financial instruments at fair value through profit or loss		
- Mutual fund investments	165	168
Net gain on financial instruments at FVOCI		
- Debt securities	49	204
Total Net gain/(loss) on fair value changes	214	372
Fair value changes		
- Realised	214	372
- Unrealised	-	-
Total	214	372

24 Other Income

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Interest on Income tax refund	22	15
Bad Debts recovery	2	-
Miscellaneous income	4	5
Total	28	20

25 Finance Costs

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
At amortised cost		
Interest on borrowings other debt securities	9,705	5,380
Interest debt securities	560	-
Interest on lease liability	102	76
Interest on Collateral Deposit from Customers	331	230
Others (Securitisation Borrowing)	164	-
Total	10,862	5,686

26 Impairment on Financial Instruments

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
(a) Write off / Bad debts	291	92
(b) Impairment Loss Allowance -		
- on Loans	688	519
- on Undrawn Commitments	6	7
- on Investments at amortised cost	27	4
(c) Investments (at FVOCI)	(18)	(8)
Total	994	614

27 Employee Benefits Expense

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Payments to and Provision for Employees		
- Salaries and Wages	7,329	5,726
- Gratuity expenses	64	57
- Contribution to Provident and other Funds	301	249
- Staff Welfare expenses	121	27
Total	7,815	6,059

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Notes to the Financial Statements *(Continued)*
for the year ended March 31, 2023

Amount in Rs. Lakhs

28 Other Expenses

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Auditor's Remuneration	33	23
Bank Charges	22	13
Credit Assessment Cost	400	311
IT expenses	725	530
Rent	133	92
Repairs & Maintenance-Others	70	50
Corporate Social Responsibility expenses (Refer Note 58)	15	-
Contractual Services	385	405
Rates and Taxes	24	33
Directors' Sitting Fees	10	10
Rating Fees	54	56
Legal & Professional Fees	409	257
Collection Cost	15	7
Printing and Stationary	154	102
Postage,Telegram & Telephone	33	27
Travel & Conveyance	503	242
Miscellaneous Expenses	109	85
	3,094	2,240

(a) Auditor's Remuneration :

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Statutory Audit Fees (excluding taxes)	25	18
Tax Audit Fees	4	4
Other Services	3	1
Out of pocket expenses	1	-
Total	33	23

(b) Expenditure in foreign currency

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Consultancy	9	9
Total	9	9

There are no unhedged foreign currency transactions as at the year end.

29 Earnings per Share (EPS):

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Profit after Tax	2,993	783
Net profit attributable to equity shareholders	2,993	783
Weighted average number of equity shares (Nos.)	6,798	5,673
Diluted Weighted average number of equity shares (Nos.)	6,931	5,804
Basic earnings per share of face value Rs. 10 each (In Rupees)	0.44	0.14
Diluted earnings per share of face value Rs. 10 each (In Rupees)*	0.43	0.13

* Diluted equity shares has CCPS and OCPS conversion in the ration of 1:1

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Notes to the Financial Statements *(Continued)*
for the year ended March 31, 2023

Amount in Rs. Lakhs

30 Disclosure pursuant to Ind AS 12 'Income Taxes'

(i) Tax Expenses recognised in the Statement of Profit and Loss

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current tax:		
In respect of current year	1,076	273
In respect of prior years		
Deferred Tax:		
Deferred tax relating to origination and reversal of temporary differences	- 68	93
Total Income Tax recognised in profit or loss		
Current tax	1,076	273
Deferred tax	- 68	93
Total Income Tax recognised in profit or loss	**1,008**	**366**

(ii) Income Tax recognised in Other comprehensive income

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Income tax related to items recognised in Other comprehensive income		
Remeasurement gain/(loss) on defined benefit plan	14	- 3
Fair Valuation of Investments measured at FVOCI	-	-
Total Income tax recognised in Other comprehensive income	**14**	**- 3**

(iii) Reconciliation of effective tax rate :
The reconciliation of estimated income tax expense at tax rate to income tax expense reported in profit or loss is as follows :

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit before Tax	4,001	1,149
Enacted income tax rate (%)	25.17%	25.17%
Income tax expense calculated at applicable income tax rate	1,007	289
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Expenses that are not deductible for tax purposes	1,090	710
Deductions available under income tax	- 1,082	- 689
Other Income	61	99
Adjustment against b/f losses	-	- 135
Income Tax expense recognised in profit and loss	1,076	273
Deferred Tax recognised in profit and loss	- 68	93
Tax recognised in profit and loss	**1,008**	**366**
Actual effective income tax rate (%)	**25.20%**	**31.83%**

(iv) Movement in Deferred Tax
Movement in Deferred Tax Asset/(Liabilities) for the year ended 31st March, 2023:

Particulars	As on 31st March, 2022	Recognised in the Statement of Profit or Loss	Recognised in OCI	As on 31st March, 2023
a. Impact on account of lease accounting as per Ind AS 116	14	12	-	26
b. Fair value gain/(loss) on investments carried at FVOCI	-	0	7	7
c. Income from financial assets based on Effective interest rate	55	- 15	-	40
d. Income from financial liabilities based on Effective interest rare	- 94	- 110	-	- 204
e. Expected credit loss on financial instruments	254	177	-	431
f. Gratuity Expenses	11	- 11	-	-
g. Depreciation on Fixed Assets	- 18	16	-	- 2
Total	**222**	**68**	**7**	**298**

Movement in Deferred Tax Asset/(Liabilities) for the year ended 31st March, 2022:

Particulars	As on April 1, 2021	Recognised in the Statement of Profit or Loss	Recognised in OCI	As on 31st March, 2022
a. Impact on account of lease accounting as per Ind AS 116	28	- 13	-	14
b. Measurement of financial assets and financial liabilities at amortized cost	- 6	6	-	-
c. Fair value gain/(loss) on investments carried at FVOCI	- 10	9	1	-
d. Income from financial assets based on Effective interest rate	224	- 170	-	55
e. Income from financial liabilities based on Effective interest rare	3	- 97	-	- 94
f. Expected credit loss on financial instruments	2	255	- 3	254
g. Gratuity expenses	-	11	-	11
h. Business Losses c/f	488	- 488	-	-
i. Provision for Assets	10	- 10	-	-
j. Depreciation on Fixed Assets	- 421	403	-	- 18
Total	**318**	**- 93**	**- 2**	**223**

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Notes to the Financial Statements *(Continued)*
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Amount in Rs. Lakhs

31 Employee benefits

Defined Contribution Plan - Provident Fund (PF) Contribution

The Company makes contributions towards PF, in respect of qualifying employees. The amount recognised as an expense and included in Note 27 "Employee Benefits" under the head "Contribution to Provident and Other Funds" are as under.

The employees of the Company are members of a retirement contribution plan operated by the government. The Company is required to contribute a specified percentage of payroll cost to the retirement contribution scheme to fund the benefits. The only obligation of the Company with respect to the plan is to make the specified contributions.

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Employer's Contribution to Provident Fund	301	249

Defined Benefit Plan - Gratuity

The Company has a defined benefit gratuity plan, under which every employee who has completed atleast five years of service gets a gratuity on departure @15 days of last drawn basic salary for each completed year of service.

The plan is of a final salary defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. The actuarial risks associated are:

Interest Rate Risk:

The risk of government security yields falling due to which the corresponding discount rate used for valuing liabilities falls. Such a fall in discount rate will in a larger value placed on the future benefit cash flows whilst computing the liability and thereby requiring higher accounting provisioning.

Longevity Risks:

Longevity risks arises when the quantum of benefits payable under the plan is based on how long the employee lives post cessation of service with the The gratuity plan provides tne benefit in a lump sum form and since the benefit is not payable as an annuity for the rest of the lives of the employees, there is no longevity risks.

Salary Risks:

The gratuity benefits under the plan are related to the employee's last drawn salary. Consequently, any unusual rise in future salary of the employee raises the quantum of benefit payable by the company, which results in a higher liability for the company and is therefore a plan risk for the company.

The estimates of the future salary increases, considered in actuarial valuation, include inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The discount rate is based on the prevailing market yield on government securities as at the balance sheet date for the estimated average remaining service.

The disclosure as required by Indian Accounting Standard (Ind AS) -19 "Employee Benefits" is as under.
The mortality rate is based on the Indian Assured Lives Mortality 2012-14 (Urban) table.

Particulars	As at 31st March 2023	As at 31st March 2022
I. Assumption		
Interest / Discount Rate	7.29%	5.66%
Rate of increase in compensation	7.65%	8.00%
Expected average remaining service	3	3
II. Reconciliation of net defined benefit (asset)/liability		
(a) Reconciliation of present value of defined benefit obligation		
Opening Defined Benefit Obligation	173	118
Interest Cost	10	8
Current Service Cost	61	56
Transfer in of liability	-	-
Past Service Cost (vested benefits)	-	-
Actuarial (Gains) / Losses	53	-9
Benefits Paid	-	-
Closing Defined Benefit Obligation	297	173
(b) Reconciliation of present value of plan asset		
Fair value of plan assets at the beginning of year	128	109
Transfer in of Funds	-	-
Interest Income	7	7
Contributions	107	9
Benefits paid	-	-
Return on Plan Assets excluding Interest Income	-1	3
Fair value of plan assets at the end of year	241	128
(c) Reconciliation of net defined benefit (asset)/liability	-	-
Present value of Obligation as at the end of year	297	173
Fair value of plan assets as at the end of year	241	128
Funded status	-56	-45
Recognised in Balance Sheet - (Asset) / Liability	-56	-45

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31 Employee benefits *(Continued)*

Particulars	As at 31st March 2023	As at 31st March 2022
III. Actuarial (Gain)/Loss on Obligation		
Due to Demographic Assumption	32	- 45
Due to Financial Assumption	- 46	13
Due to Experience	67	23
Net Actuarial (Gain)/ Loss on Obligation	53	- 9
IV. Actual Return on Plan Assets		
Actual Interest Income	6	10
Expected Interest Income	7	7
Return on Plan Assets excluding Interest Income	- 1	3
V. Net Interest		
Interest Expense	10	8
Interest Income	- 7	- 7
Net Interest Exp/(Income)	3	1
VI. Expenses Recognised in Profit and Loss account under Employee benefit expenses		
Current Service Cost	61	55
Net Interest Exp/(Income)	3	1
Past Service Cost (vested benefits)	-	-
Expenses recognised in Profit and Loss Account	64	57
VII. Remeasurements recognised in Other Comprehensive Income		
Net Actuarial (Gain)/ Loss on Obligation	53	- 9
Return on Plan Assets excluding Interest Income	-	-
Total Actuarial (Gain)/ Loss recognised in OCI	53	- 9
VIII. Others		
Weighted average duration of defined benefit Obligation	3	6

Sensitivity analysis :

Sensitivity analysis for significant actuarial Assumptions, showing how the defined benefit Obligation would be affected, considering increase/decrease of 100 basis points as at 31-03-23 is as below :

Particulars	As at 31st March 2023	As at 31st March 2022
Change in rate of Discount Rate + 100 basis points	- 19.34	- 7.10
Change in rate of Discount Rate- 100 basis points	21.90	7.68
Change in rate of Salary Escalation Rate + 100 basis points	21.60	7.43
Change in rate of Salary Escalation Rate - 100 basis points	- 19.45	- 7.02
Change in rate of Attrition Rate + 100 basis points	- 2.41	- 3.78
Change in rate of Attrition Rate - 100 basis points	2.49	3.88

The Expected Payout as at 31st March 2023 are as under:

Particulars	As at 31st March 2023	As at 31st March 2022
Year 1	14	1
Year 2	18	29
Year 3	60	30
Year 4	20	40
Year 5	19	23
Year 6 to Year 10	135	70
Sum of Years 11 and above	288	33

Movements in the fair value of the plan assets are as follows.

Particulars	As at 31st March 2023	As at 31st March 2022
Opening fair value of plan assets	128	109
Interest income	7	7
Remeasurement gain/(loss)	-	-
Return on plan assets (excluding amounts included in net interest expense)	- 1	3
Contributions from the employer	107	9
Closing fair value of plan assets	241	128

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for the year ended March 31, 2023

Amount in Rs. Lakhs

32 Share Based Payments

The Company has issued the Share Based Payment (SBP) Plan to its Key Managerial Personnel (KMP) under Contributory as well as Management Incentive Plan.

As a part of the plan, the Company has allotted Convertible preference shares (Series A, Series B and Series C) in lieu of Share Based Payment which are convertible into equity shares at the time of liquidation/other exit events in accordance with terms and conditions as stated in the agreement. These instruments are held by a trust which acquires and holds the same for the benefit of Key Management Personnel (beneficiaries) and the units of which are issued to the beneficiaries.
In accordance with Ind AS 102, in case of Share Based Payments with employees, the fair value of equity instrument granted is determined and the difference between the fair value and consideration received is recognised as an expense in the statement of profit and loss. In case of Share based payment made by the company, the fair value of the Plan is equal to the consideration received by the company.

A. Contributory Incentive Plan

Terms of 0.001% Optionally Convertible Preference Shares (OCPS) :

Under the CIP Plan, the Company has issued 0.001% Optionally Convertible Preference Shares which are held by the trust for the benefit of Key Managerial Personnel. These preference shares are bifurcated into Series A Preference Shares and Series B Preference Shares having face value of Rs. 10 each.

Series A Preference Shares are issued in consideration for transaction price of Rs. 1085 lakhs. received from the KMP through a trust. The transaction price represents the fair value as on the date of issue of these Preference Shares. The preference Shares will be converted into Equity Shares as on the date of liquidation/exit event in the ratio of 1:1.

Series B Preference Shares are issued annually for a period of 3 years from the date of formation of the Trust. Series B Preference Shares are issued in consideration for transaction price of Rs. 90 lakhs (FY 21-22), 75 lakhs (FY 20-21) and 104 lakhs (FY 2019-20) received from the KMP through a trust. The transaction price represents the fair value as on the date of issue of these Preference Shares. The preference Shares will be converted into Equity Shares as on the date of liquidation/exit event in the ratio of 1:1.
These instruments are vested immediately at the time of its issue by the Company.

B. Management Incentive Plan

Terms of 0.001% Compulsory Convertible Preference Shares (CCPS) :

Under the MIP Plan, the company has issued Compulsorily Convertible Preference Shares (Series C Preference Shares) which are held by the trust for the benefit of Key Managerial Personnel. These Preference shares have a face value of Rs. 10 each.

Series C Preference Shares are issued in consideration for transaction price of Rs. 21 lakhs received from the KMP through the trust. The transaction price represents the fair value as on the date of issue of these Preference Shares. The preference Shares will be converted into variable number of Equity Shares as on the date of liquidation/exit event. The number of equity shares to be issued is based on the terms of the Trust.
These instruments are vested based on the vesting schedule mentioned in the agreement. Refer table below on Description of Share Based Payment.

The amounts of CCPS and OCPS are as follows :

Particulars	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Series A Preference Shares	**1,085**	1,085	1,085
Series B Preference Shares	**224**	224	164
Optionally Convertible Preference Shares	**1,309**	**1,309**	**1,249**
Series C Preference Shares	**21**	21	21
Compulsorily Convertible Preference Shares	**21**	21	21
Total Preference Shares	**1,330**	**1,330**	**1,270**

C. Description of Share Based Payment

Particulars	Series A	Series B	Series C*
i. Vesting Conditions	Immediate Vesting	Immediate Vesting	10% at the end of each of 12 months & 24 months and 20% at the end of each of 36 months, 48 months & 60 months.
ii. Method of Settlement	Equity Settled	Equity Settled	Equity Settled

* In the event of Liquidation/exit event, there will be accelerated vesting of all the remaining unvested units.

D. Summary of Share Based Payments

The following are the details of vested units in case of MIP Plan (Series C):

Particulars	March 2023	March 2022
Total vested units at the beginning of the year	**60%**	40%
Granted during the year	-	-
Vested during the year	**20%**	20%
Exercised during the year	-	-
Lapsed during the year	-	-
Total vested units at the end of the year	**80%**	60%

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33 Disclosure Pursuant to Ind AS 116 "Leases"

The Company has entered into various lease arrangements for its Office premises and branches. These arrangements are for tenures ranging between 1 to 5 years and are renewable by mutual consent within the parties. Leases for which the lease term is less than 12 months are considered as short term leases.

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

Particulars	Buildings	Total
As at 1 April 2021	**698**	**698**
Additions	190	190
Deletions	-	-
Depreciation expense	- 257	- 257
As at 31 March 2022	**631**	**631**
Additions	878	878
Deletions	-	-
Depreciation expense	- 353	- 353
As at 31 March 2023	**1,156**	**1,156**

Set out below are the carrying amounts of lease liabilities (included in other financial liabilities) recognised and the movements during the period :

Particulars	Total
As at 1 April 2021	**738**
Additions	214
Deletions	- 23
Accretion of Interest	76
Payments	- 317
As at 31 March 2022	**687**
Additions	853
Deletions	-
Accretion of Interest	102
Payments	- 429
As at 31 March 2023	**1,213**

Amounts recognized in the statement of Profit and loss :

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Depreciation on Right of use assets	353	257
Interest expense on lease liabilities	102	76
Expense relating to Short-term leases	133	92
Impact on the statement of profit and loss for the period	**588**	**425**

Maturity analysis of Lease Liabilities:

Particulars	As at 31 March 2023	As at 31 March 2022
Not later than 1 year	289	257
Later than 1 year and not later than 5 years	924	425
Later than 5 years	-	5
Total	**1,213**	**687**

34 Disclosure of Related party transactions pursuant to (Ind AS – 24) and Companies act 2013 "Related Party Disclosures"

(i) List of Related Parties and relationship:

Name of the related party	Nature of relationship
1. Actis Global 4 LP	Ultimate Holding Company
2. ACTIS PC Investment (Mauritius) Limited	Holding Company
3. Mr. K.V Srinivasan	Key Managerial Personnel - Whole Time Director & CEO
4. Mr. Sandip Parikh	Key Managerial Personnel - CFO
5. Mr. Nitin Pangarkar	Key Managerial Personnel - CS

31st March 2023

Name of the related party	Nature of transaction	FY 2022-23	FY 2021-22
1. ACTIS PC Investment (Mauritius) Limited	Equity Share Capital issued	73,700	61,672
2. Key Managerial Personnel:	Salary	518	619
	Share Based Payments	923	923

Note:

a. The above related party transactions are at Arms Length Price.

b. The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends. The above figures do not include provisions for gratuity and premium paid for group health insurance, as separate actuarial valuation / premium paid are not available.

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Notes to the Financial Statements *(Continued)*
for the year ended March 31, 2023

Amount in Rs. Lakhs

35 Financial Instruments - Accounting classifications and fair value measurements

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following section summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. For example listed financial instruments that have quoted market

Level 2: The fair value of financial instruments that are not traded in an active market (for example traded bonds over-the- counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable the instrument is included in level 2.

Level 3: Category includes financial assets and liabilities measured using valuation techniques based on non-market observable inputs. This means that fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by price from observable current market transactions in the same instrument nor are they based on available market data. However, the fair value measurement objective remains the same, that is, to estimate an exit price from the perspective of the Company. The main asset classes in this category are unlisted equity investments as well as unlisted

The following table shows the categories of Financial Instruments :

As at March 31, 2023		Carrying Amount		
	FVTPL	Amortised Cost	FVOCI	Total
Financial Assets				
Cash and Cash Equivalents	-	12,502	-	12,502
Bank Balances other than Cash & Cash Equivalent stated above	-	24,016	-	24,016
Loans	-	2,45,343	-	2,45,343
Investments	154	4,831	10,583	15,568
Other Financial assets		251	-	251
Total	**154**	**2,86,943**	**10,583**	**2,97,680**
Financial liabilities				
Trade Payables	-	865	-	865
Debt Securities	-	5,809		5,809
Borrowings other than Debt Securities	-	1,73,373	-	1,73,373
Other Financial Liabilities	-	8,751	-	8,751
Total	**-**	**1,88,798**	**-**	**1,88,798**

As at March 31, 2022		Carrying Amount		
	FVTPL	Amortised Cost	FVOCI	Total
Financial Assets				
Cash and Cash Equivalents	-	7,504	-	7,504
Bank Balances other than Cash & Cash Equivalent stated above	-	724	-	724
Loans	-	1,51,184	-	1,51,184
Investments:	206	1,262	7,423	8,891
Other Financial assets	-	241	-	241
Total	**206**	**1,60,915**	**7,423**	**1,68,544**
Financial liabilities				
Trade Payables	-	653	-	653
Borrowings other than Debt Securities	-	84,889	-	84,889
Other Financial Liabilities	-	5,342	-	5,342
Total	**-**	**90,884**	**-**	**90,884**

The following table summarizes financial assets and financial liabilities measured at fair value:

As at March 31, 2023		Fair value hierarchy		
	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial Assets at FVTPL				
Investment in Security Receipts	-	154	-	154
Financial Assets at FVOCI				
Debt Securities	10,585	-	-	10,585
Total Financial Assets	**10,585**	**154**	**-**	**10,739**

As at March 31, 2022		Fair value hierarchy		
31st March 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets				
Financial Assets at FVTPL				
Investment in Security Receipts	-	206	-	206
Financial Assets at FVOCI				
Debt Securities	7,443	-	-	7,443
Total Financial Assets	**7,443**	**206**	**-**	**7,649**

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Mumbai
Chartered Accountants

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Notes to the Financial Statements *(Continued)*
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35 Financial Instruments - Accounting classifications and fair value measurements *(Continued)*

The following table summarizes disclosure of financial assets and financial liabilities measured at amortised cost:

As at 31st March 2023	Carrying Amount	Fair Value	Fair Value hierarchy
Financial Assets			
Financial Assets at Amortised Cost			
Loans	2,45,343	2,47,159	Level 3
Investments	4,831	4,864	Level 3
Other Financial Assets	251	251	Level 3
Total Financial Assets	2,50,425	2,52,274	
Financial liabilities			
Trade Payables	865	865	Level 3
Debt Securities	5,809	5,832	Level 3
Borrowings other than Debt Securities	1,73,373	1,74,160	Level 3
Other Financial Liabilities	8,751	8,751	Level 3
Total Financial Liabilities	1,88,798	1,89,608	

As at March 31, 2022	Carrying Amount	Fair Value	Fair Value hierarchy
Financial Assets			
Financial Assets at Amortised Cost			
Loans	1,51,184	1,52,372	Level 3
Investments	1,262	1,268	Level 3
Other Financial Assets	241	241	Level 3
Total Financial Assets	1,52,687	1,53,881	
Financial liabilities			
Trade Payables	653	653	Level 3
Borrowings other than Debt Securities	84,889	85,263	Level 3
Other Financial Liabilities	5,342	5,342	Level 3
Total Financial Liabilities	90,684	91,258	

Valuation technique

The carrying value of cash and cash equivalents, other bank balances, other financial assets, Pass through certificates trade payables and other financial liabilities are considered to be approximately equal to the fair value

Portfolio loans - The fair value is determined by discounting the aggregate future cash flows (both principal and interest cash flows) with weighted average IRR for the remaining tenure.

Borrowings - The interest rates on borrowings are based on floating rates reflecting current market pricing, the carrying value of these loans approximate fair values

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Amount in Rs. Lakhs

36 Maturity Analysis of Assets & Liabilities

	As at March 31, 2023			As at March 31, 2022		
	Within 12 Months	After 12 months	Total	Within 12 Months	After 12 months	Total
Assets						
Financial Assets						
Cash and Cash Equivalents	12,502	-	12,502	7,504	-	7,504
Bank Balances other than (a) above	307	23,709	24,016	466	258	724
Loans	79,636	1,65,707	2,45,343	47,654	1,03,530	1,51,184
Investments	13,882	1,686	15,568	8,578	313	8,891
Other Financial assets	44	207	251	92	149	241
Non-Financial Assets						
Current tax assets (net)	-	100	100	-	169	169
Deferred tax assets (net)	-	298	298	-	223	223
Property, Plant and Equipment	-	215	215	-	137	137
Right of use assets	325	831	1,156	0	631	631
Other Intangible assets	-	137	137	-	190	190
Other Non-Financial assets	366	7	373	439	-	439
Total Assets	**1,07,062**	**1,92,897**	**2,99,959**	**64,733**	**1,05,600**	**1,70,333**
LIABILITIES						
Financial Liabilities						
Trade Payables	865	-	865	653	-	653
Debt Securities	2,609	3,200	5,809	-	-	-
Borrowings other than Debt Securities	66,173	1,07,200	1,73,373	31,535	53,354	84,889
Other Financial Liabilities	3,989	4,762	8,751	2,518	2,824	5,342
Non-Financial Liabilities						
Current Tax Liabilities (Net)	-	304	304	-	113	113
Provisions	1,154	-	1,154	888	-	888
Other non-financial liabilities	27	3,054	3,081	970	787	1,757
Total Liabilities	**74,817**	**1,18,520**	**1,93,337**	**36,564**	**57,079**	**93,642**
Net	**32,245**	**74,377**	**1,06,622**	**28,169**	**48,521**	**76,691**

37 Capital Management

The Company's capital management objectives are

- to ensure the Company's ability to continue as a going concern
- to comply with externally imposed capital requirement
- to provide an adequate return to shareholders
- to maintain the Capital Adequacy ratio as prescribed by RBI

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure the Company may adjust the amount of dividends paid to shareholders return capital to shareholders issue new shares or sell assets to reduce debt.

Particulars	As at March 31, 2023	As at March 31, 2022
Debt	1,82,360	84,889
Less: Cash and other bank balances	36,518	8,228
Net Debt	1,45,842	76,661
Net equity	1,06,622	76,690
Net debt to equity ratio	1.37	1.00
Capital Adequacy Ratio	43.24%	48.23%

Note: The above debt does not include book overdraft

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Notes to the Financial Statements *(Continued)*
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Amount in Rs. Lakhs

38 Financial Risk Management

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has constituted the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The Company's risk management commitee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions.

The Company has exposure to the following risks arising from its business operations :

i) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty fails to meet an obligation under a contract. Lending activities account for most of the Company's credit risk. Other sources of credit risk also exist in loans and transaction settlements. Credit risk is measured as the amount that could be lost if a customer or counterparty fails to make repayments. The maximum exposure to credit risk in case of all the financial instruments is restricted to their respective carrying amount.

Credit Risk is monitored through stringent credit appraisal, counter party limits ands internal risk ranges of the borrowers. Exposure to credit risk is managed through regular analysis of the ability of all the customers and counterparties to meet interest and capital repayment obligations and by changing lending limits where appropriate.

Company primarily offers loans secured by collateral in the nature of residential, commercial and industrial property and in some cases are backed by machinery/equipment as well as financial collateral in the nature of security deposits. In order to mitigate credit risk, Company also seeks collateral appropriate to the product segment.

The main types of collateral obtained are as follows:

School Funding Program and Enterprise Mortgage Loans Portfolio are secured against Financial collateral and Property. Machine Equipment Loan portfolio is secured against Financial collateral and Machinery/Equipment. Microfinance Term Loan portfolio is secured against Financial collateral and Financial receivables

The table represents categories of collaterals available against the loan exposures :

	As at March 31, 2023	As at March 31, 2022
- Categories of Collateral Available		
a) Financial Collateral	6,523	3,348
b) Real Estate (Commercial/Residential/Industrial Property)	2,68,177	2,20,919
c) Machinery and Equipment	65,807	55,202
d) Receivables	56,158	39,054
Total	**3,96,665**	**3,18,523**

The table represents categories of collaterals available against the loan exposures that are credit impaired :

	As at March 31, 2023	As at March 31, 2022
- Categories of Collateral Available		
a) Financial Collateral	50	182
b) Real Estate (Commercial/Residential/Industrial Property)	1,715	17,572
c) Machinery and Equipment	491	1,581
d) Receivables	344	522
Total	**2,600**	**19,857**

a) Maximum exposure to the Credit risk

This table below shows the Company's maximum exposure to the credit risk.

Particulars	As at March 31, 2023	As at March 31, 2022
Financial Assets at amortised cost - Loans & Advances (Gross)	2,47,002	1,52,155
Less : Impairment loss allowances	1,659	971
Financial Assets at amortised cost - Loans & Advances (Net)	2,45,343	1,51,184
Financial Assets at amortised cost - Investments (Gross)	4,864	1,268
Less : Impairment loss allowances	33	6
Financial Assets at amortised cost - Investments (Net)	4,831	1,262
Financial Assets at amortised cost - FVOCI (Gross)	10,585	7,443
Less : Impairment loss allowances	2	20
Financial Assets at amortised cost - FVOCI (Net)	10,583	7,423
Total	**2,60,757**	**1,59,869**

Credit risk on Cash and Cash equivalents is considered to be Nil as these are generally held with leading banks.

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Amount in Rs. Lakhs

38 Financial Risk Management *(Continued)*

b) Credit quality analysis

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. The credit quality of Loans and advances measured at amortised cost is primarily assessed by the Days Past Due (DPD) status.

Inputs, assumptions and techniques used for estimating impairment :

Definition of Default

In assessing the impairment of financial assets under the expected credit loss model, the Company defines default when a loan obligation is 90 days past due and credit impaired.

Assessment of significant increase in credit risk

When determining whether the risk of default has increased significantly since initial recognition, the Company considers the DPD status of the loans. Credit risk is deemed to have increased significantly when an asset is more than 30 days past due (DPD).

Calculation of expected credit losses

Profectus Capital has calculated ECL using three main components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD). ECL is calculated by multiplying the PD, LGD and EAD. For stage 1 assets, the 12 month ECL is calculated. For assets in stage 2 and 3, Lifetime ECL is calculated using the lifetime PD.

The key elements in calculation of ECL are defined as follows :

PD - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. 12 month PD estimation process is done based on historical internal data wherever available. For portfolios where enough historical internal data is not available, entity has resorted to proxies based on peer comparison. While arriving at the PD, the entity also ensures that the factors that affects the macro economic trends are considered to a reasonable extent, wherever necessary. In case of assets where there is a significant increase in credit risk, lifetime PD has been applied which is computed based on survival analysis. For credit impaired assets, a PD of 100% has been applied.

EAD - The Exposure at Default represents the gross carrying amount of financial assests at reporting date which includes principal outstanding and interest accrued on reporting date and expected drawdown on committed facility.

LGD - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The LGD is determined based on fair valuation of collaterals and other relevant factors.

Forward Looking Economic Inputs

The Company incorporates forward looking information into qualitative and quantitative assessments of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on the consideration of a variety of external actual and forecast information, the Company forms a 'base case' view of the future direction of relevant economic variables such as GDP and Consumer Price Index (CPI), as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. The base case represents a most likely outcome while the other scenarios represent more optimistic and more pessimistic outcomes.

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

Particulars	As at March 31, 2023	As at March 31, 2022
Gross Stage 1 (DPD< 30 days) Performing asset and 12 month ECL	2,39,753	1,43,712
Less : Impairment loss allowance	1,087	607
Net Stage 1 Assets	2,38,666	1,43,105
ECL Prov. Coverage	0.45%	0.42%
Gross Stage 2 (30>DPD< 90 days) Under performing assets increase in credit risk and Lifetime ECL	5,273	7,261
Less : Impairment loss allowance	99	160
Net Stage 2 Assets	5,174	7,101
ECL Prov. Coverage	1.89%	2.21%
Gross Stage 3 (DPD>90) Non-performing assets credit impaired and lifetime ECL	1,976	1,182
Less : Impairment loss allowance	473	203
Net Stage 3 Assets	1,503	979
ECL Prov. Coverage	23.94%	17.17%
Total Loans & Advances	2,47,002	1,52,155
Less : Impairment loss allowance	1,659	971
Net Loans & Advances	2,45,343	1,51,185
ECL Provision Coverage	0.67%	0.64%

Note : The Company treats all loans with DPD 0-30 days as stage I assets. Since the PD and LGD applied is same for a 0 DPD asset and an asset with DPD 1-30, the Company has not shown the same seperately

The following table sets out information about the credit quality of Investments

Particulars	As at March 31, 2023	As at March 31, 2022
Investments (Investment Grade):		
Gross Investments	15,449	8,711
Less : Impairment loss allowance	35	26
Net Investments	15,414	8,685
ECL Provision Coverage	0.23%	0.30%

Write-offs still under enforcement activity

The contractual amount outstanding on loans and advances that were written off during the year ended March 2023, and are still subject to enforcement activity was Rs.Nil lakhs.

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Amount in Rs. Lakhs

38 **Financial Risk Management** ***(Continued)***

c) Movement in Gross Exposures and credit impairment for loans and advances

The Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of Financial Assets measured at amortised cost or FVTOCI. Company follows a 'three-stage' model for impairment based on changes in credit quality since initial recognition. Please refer to the accounting policy for details.

	Movement in Gross Exposure to Loans & Advances				Movement in ECL			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross Carrying Amount as at 1st April 2021 (Opening Balance)	**85,415**	**3,210**	**194**	**88,819**	**361**	**69**	**24**	**454**
Add / (Less) :	-	-	-	-	-	-	-	-
- Changes arising due to movement from lifetime ECL to 12 month ECL :	-	-	-	-	-	-	-	-
a) Changes arising due to movement from lifetime ECL where credit risk was increased significantly but not credit impaired to 12 month ECL for financial assets	247	- 247	-	-	4	- 4	-	-
b) Changes arising due to movement from lifetime ECL where credit risk was increased significantly and credit impaired to 12 month ECL for financial assets	-	-	-	-	-	-	-	-
- Changes arising due to movement from 12 month ECL to lifetime ECL :	-	-	-	-	-	-	-	-
a) Changes arising due to movement from 12month ECL to lifetime ECL for financial assets where credit risk has increased significantly but not credit impaired	- 5,488	5,488	-	-	- 21	21	-	-
b) Changes arising due to movement from 12month ECL to lifetime ECL for financial assets where credit risk has increased significantly and credit impaired	- 174	- 890	1,064	-	- 1	- 15	16	- 1
- Assets originated or purchased	1,02,429	221		1,02,650	435	5		440
- Assets derecognised during the year	- 22,026	- 32	- 106	- 22,164	- 90	- 0	- 11	- 101
- Net Amount recovered during the year	- 16,691	- 489	30	- 17,150	- 82	- 8	- 0	- 90
- Unwinding of discount	-	-	-	-	-	-	-	-
- Changes in Risk Parameters (eg: PD and LGD)	-	-	-	-	1	94	174	269
Gross Carrying Amount as at 31st March 2022 (Closing Balance)	**1,43,712**	**7,261**	**1,182**	**1,52,155**	**608**	**160**	**203**	**971**
Gross Carrying Amount as at 1st April 2022 (Opening Balance)	1,43,712	7,261	1,182	1,52,155	608	160	203	971
Add / (Less) :	-	-	-	-	-	-	-	-
- Changes arising due to movement from lifetime ECL to 12 month ECL :	-	-	-	-	-	-	-	-
a) Changes arising due to movement from lifetime ECL where credit risk was increased significantly but not credit impaired to 12 month ECL for financial assets	4,251	- 4,251	-	-	96	- 96	-	-
b) Changes arising due to movement from lifetime ECL where credit risk was increased significantly and credit impaired to 12 month ECL for financial assets	200	-	- 200	-	25	-	- 25	-
- Changes arising due to movement from 12 month ECL to lifetime ECL :	-	-	-	-	-	-	-	-
a) Changes arising due to movement from 12month ECL to lifetime ECL for financial assets where credit risk has increased significantly but not credit impaired	- 3,677	3,677	-	-	- 15	15	-	-
b) Changes arising due to movement from 12month ECL to lifetime ECL for financial assets where credit risk has increased significantly and credit impaired	- 588	- 458	1,046	-	- 2	- 10	13	- 1
- Assets originated or purchased	1,69,949	446	298	1,70,693	811	3	128	942
- Assets derecognised during the year	- 44,704	- 719	- 350	- 45,773	- 147	- 15	- 115	- 277
- Net Amount recovered during the year	- 29,390	- 683	-	- 30,073	- 176	- 8	- 3	- 187
- Unwinding of discount	-	-	-	-	-	-	-	-
- Changes in Risk Parameters (eg: PD and LGD)	-	-	-	-	- 113	52	272	211
Balance as at March 31, 2023	**2,39,753**	**5,273**	**1,976**	**2,47,002**	**1,087**	**99**	**473**	**1,659**

BATLIBOI & PUROHIT * CHARTERED ACCOUNTANTS * Mumbai

Amount in Rs. Lakhs

38 **Financial Risk Management** ***(Continued)***

c) **Movement in Gross Exposures and credit impairment for Investments** ***(Continued)***
The Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of Financial Assets measured at amortised cost or FVTOCI. Company follows a 'three-stage' model for impairment based on changes in credit quality since initial recognition. Please refer to the accounting policy for details.

	Movement in Gross Exposure to Investments				Movement in ECL			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross Carrying Amount as at 1st April 2021 (Opening Balance)	**21,219**	-	-	**21,219**	**30**	-	-	**30**
Add / (Less) :	-	-	-	-	-	-	-	-
- Changes arising due to movement from lifetime ECL to 12 month ECL :	-	-	-	-	-	-	-	-
a) Changes arising due to movement from lifetime ECL where credit risk was increased significantly but not credit impaired to 12 month ECL for financial assets	-	-	-	-	-	-	-	-
b) Changes arising due to movement from lifetime ECL where credit risk was increased significantly and credit impaired to 12 month ECL for financial assets	-	-	-	-	-	-	-	-
- Changes arising due to movement from 12 month ECL to lifetime ECL :	-	-	-	-	-	-	-	-
a) Changes arising due to movement from 12month ECL to lifetime ECL for financial assets where credit risk has increased significantly but not credit impaired	-	-	-	-	-	-	-	-
b) Changes arising due to movement from 12month ECL to lifetime ECL for financial assets where credit risk has increased significantly and credit impaired	-	-	-	-	-	-	-	-
- Assets originated or purchased	6,905	-	-	6,905	14	-	-	14
- Assets derecognised during the year	- 18,621	-	-	- 18,621	- 15	-	-	- 15
- Net Amount recovered during the year	- 792	-	-	- 792	- 3	-	-	- 3
- Changes in Risk Parameters (eg: PD and LGD)	-	-	-	-	-	-	-	-
Gross Carrying Amount as at 31st March 2022 (Closing Balance)	**8,711**	-	-	**8,711**	**26**	-	-	**26**
Gross Carrying Amount as at 1st April 2022 (Opening Balance)	8,711	-	-	8,711	26	-	-	26
Add / (Less) :	-	-	-	-	-	-	-	-
- Changes arising due to movement from lifetime ECL to 12 month ECL :	-	-	-	-	-	-	-	-
a) Changes arising due to movement from lifetime ECL where credit risk was increased significantly but not credit impaired to 12 month ECL for financial assets	-	-	-	-	-	-	-	-
b) Changes arising due to movement from lifetime ECL where credit risk was increased significantly and credit impaired to 12 month ECL for financial assets	-	-	-	-	-	-	-	-
- Changes arising due to movement from 12 month ECL to lifetime ECL :	-	-	-	-	-	-	-	-
a) Changes arising due to movement from 12month ECL to lifetime ECL for financial assets where credit risk has increased significantly but not credit impaired	-	-	-	-	-	-	-	-
b) Changes arising due to movement from 12month ECL to lifetime ECL for financial assets where credit risk has increased significantly and credit impaired	-	-	-	-	-	-	-	-
- Assets originated or purchased	15,449	-	-	15,449	35	-	-	35
- Assets derecognised during the year	- 8,711	-	-	- 8,711	- 26	-	-	- 26
- Net Amount recovered during the year	-	-	-	-	-	-	-	-
- Changes in Risk Parameters (eg: PD and LGD)	-	-	-	-	- 0	-	-	- 0
Balance as at March 31, 2023	**15,449**	-	-	**15,449**	**35**	-	-	**35**

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Profectus Capital Private Limited

Notes to the Financial Statements *(Continued)*
for the year ended March 31, 2023

Amount in Rs. Lakhs

38 Financial Risk Management *(Continued)*

c) Movement in Gross Exposures and credit impairment for Undrawn Commitment of Loans and Advances *(Continued)*

	Movement in Undrawn Committment of Loans & Advances				Movement in ECL			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross Carrying Amount as at 1st April 2021 (Opening Balance)	1,558	6	-	1,563	5	-	-	5
Add / (Less) :	-	-	-	-	-	-	-	-
- Changes arising due to movement from lifetime ECL to 12 month ECL :	-	-	-	-	-	-	-	-
a) Changes arising due to movement from lifetime ECL where credit risk was increased significantly but not credit impaired to 12 month ECL for financial assets	-	-	-	-	-	-	-	-
b) Changes arising due to movement from lifetime ECL where credit risk was increased significantly and credit impaired to 12 month ECL for financial assets	-	-	-	-	-	-	-	-
- Changes arising due to movement from 12 month ECL to lifetime ECL :	-	-	-	-	-	-	-	-
a) Changes arising due to movement from 12month ECL to lifetime ECL for financial assets where credit risk has increased significantly but not credit impaired	- 63	63	-	-	- 0	0	-	-
b) Changes arising due to movement from 12month ECL to lifetime ECL for financial assets where credit risk has increased significantly and credit impaired	- 14	- 5	19	-	-	-	-	-
- Assets originated or purchased	3,625	2	-	3,627	13	0	-	13
- Assets derecognised during the year	- 901	- 0	-	- 901	- 4	- 0	-	- 4
- Net Amount recovered during the year	- 1,765	- 24	3	- 1,786	- 7	- 1	0	- 7
- Changes in Risk Parameters (eg: PD and LGD)	-	-	-	-	1	1	2	4
Gross Carrying Amount as at 31st March 2022 (Closing Balance)	**2,440**	**41**	**22**	**2,503**	**8**	**1**	**2**	**11**
Gross Carrying Amount as at 1st April 2022 (Opening Balance)	2,440	41	22	2,503	8	1	2	11
Add / (Less) :	-	-	-	-	-	-	-	-
- Changes arising due to movement from lifetime ECL to 12 month ECL :	-	-	-	-	-	-	-	-
a) Changes arising due to movement from lifetime ECL where credit risk was increased significantly but not credit impaired to 12 month ECL for financial assets	0	- 0	-	-	0	- 0	-	-
b) Changes arising due to movement from lifetime ECL where credit risk was increased significantly and credit impaired to 12 month ECL for financial assets	-	-	-	-	-	-	-	-
- Changes arising due to movement from 12 month ECL to lifetime ECL :	-	-	-	-	-	-	-	-
a) Changes arising due to movement from 12month ECL to lifetime ECL for financial assets where credit risk has increased significantly but not credit impaired	- 3	3	-	-	- 0	0	-	-
b) Changes arising due to movement from 12month ECL to lifetime ECL for financial assets where credit risk has increased significantly and credit impaired	-	-	-	-	-	-	-	-
- Assets originated or purchased	6,758	-	-	6,758	27	-	-	27
- Assets derecognised during the year	- 1,710	- 41	- 22	- 1,773	- 7	- 1	- 2	- 10
- Net Amount recovered during the year	- 2,902	3	-	- 2,899	- 11	0	-	- 11
- Changes in Risk Parameters (eg: PD and LGD)	-	-	-	-	0	0	-	0
Balance as at March 31, 2023	**4,583**	**6**	**0**	**4,589**	**17**	**0**	**-**	**17**

Profectus Capital Private Limited

Notes to the Financial Statements *(Continued)*
for the year ended March 31, 2023

Amcunt in Rs. Lakhs

38 Financial Risk Management *(Continued)*

d) Collateral and other credit enhancements

Company would generally have its credit exposures backed by securities, either primary or secondary collateral. Lending Policy of the Company prescribes Asset cover norms and collateral guidelines for its various product offering. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty and product offered.
Company grants loans against collateral of real estate including commercial and residential properties.
As collateral is a source of mitigating credit risk, assessment of the condition of the securities and their value is undertaken on regular basis. There were no significant changes in the collateral policy of the company during the Financial Year 2022-2023.

e) Credit Concentration

The Company's loan portfolio is primarily concentrated as detailed below :

Particulars	As at March 31, 2023	As at March 31, 2022
Real Estate	0%	0%
Others	100%	100%

Note : The Loan against property loans disbursed by the Company are working capital loans with collateral as property. Since the repayments for the loans are from the business income of the borrower and not from the property, the same are not treated as real estate exposures.

ii) Liquidity Risk

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

Company has in place an Asset-Liability Management Committee (ALCO) which functions as the operational unit for managing the Balance Sheet within the performance and risk parameters laid down by the Board and Risk Committee of the Board. ALCO reviews Asset Liability strategy and Balance Sheet management in relation to asset and liability profile. ALCO ensures that the objectives of liquidity management are met by monitoring the gaps in the various time buckets, deciding on the source and mix of liabilities, setting the maturity profile of the incremental assets and liabilities etc.

Key principles adopted in the Company's approach to managing liquidity risk include:
a) Monitoring the Company's liquidity position on a regular basis, using a combination of contractual and behavioural modelling of balance sheet and cash flow information.
b) Maintaining a high quality liquid asset portfolio or maintaining undrawn bank lines.
c) Operating a prudent funding strategy which ensures appropriate diversification and limits maturity concentrations.

The Company's principal sources of liquidity are cash and cash equivalents, liquid asset portfolio like Investments in quoted debt securities and the cash flow that is generated from operation.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include interest accrued till the reporting date.

As at	Contractual cash flows				
March 31, 2023	Upto 1 year	1-2 years	2-3 years	More than 3 years	Total
Debt Securities	2,632	2,200	1,000	0	5,832
Borrowings other than Debt Securities	66,961	66,855	26,580	13,763	1,74,159
Trade and Other Payables	865	-	-	-	865
Other Financial Liabilities	3,988	1,096	1,300	2,367	8,751
Total	**74,446**	**70,151**	**28,880**	**16,130**	**1,89,607**

As at	Contractual cash flows				
March 31, 2022	Upto 1 year	1-2 years	2-3 years	More than 3 years	Total
Borrowings other than Debt Securities	31,535	27,364	18,557	7,433	84,889
Trade and Other Payables	653	-	-	-	653
Other Financial Liabilities	2,793	645	895	2,027	6,360
Total	**34,981**	**28,009**	**19,452**	**9,460**	**91,902**

iii) Market Risk

Market risk represents the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

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Profectus Capital Private Limited

Notes to the Financial Statements *(Continued)*
for the year ended March 31, 2023

Amount in Rs. Lakhs

38 Financial Risk Management *(Continued)*

iv) Interest rate risk

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. At March 31, 2023, the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates. The Company's investments in fixed deposits all pay fixed interest rates.

Particulars	As at March 31, 2023	As at March 31, 2022
Variable rate Assets		
Loans	1,68,174	1,48,962
Variable rate Liabilities		
Borrowings (other than debt securities)	1,64,883	84,889
Fixed rate Liabilities		
Borrowings (other than debt securities)	8,490	-
Total Borrowings	**1,73,373**	**84,889**

Sensitivity

The sensitivity of the statement of profit and loss is the effect of the changes in market interest rates on Borrowings(other than debt securities) Below is the sensitivity of profit and loss in interest rates.

Interest rate	As at March 31, 2023	As at March 31, 2022
Loans		
Interest rates – increase by 0.50%	841	745
Interest rates – decrease by 0.50%	- 841	- 745
Borrowings (other than debt securities)		
Interest rates – increase by 0.50%	- 824	- 424
Interest rates – decrease by 0.50%	824	424

** Holding all other variables constant*

Interest rate risk is managed primarily by monitoring the sensitivity of expected net interest income ('NII') under varying interest rate scenarios. This monitoring is undertaken by ALCO on regular basis. The sensitivities shown are indicative and based on simplified scenarios.

39 Operating Segment

There is no separate reportable segment as per Ind AS 108 on 'Operating Segments' in respect of the Company. The Company operates in a single segment only. There are no operations outside India and hence there is no external revenue or assets which require disclosure.

No revenue from transactions with a single external customer amounted to 10% or more of the Company's total revenue in year ended 31 March 2023 or 31 March 2022.

Since the business operations of the Company are primarily concentrated in India, the Company is considered to operate only in the domestic segment and therefore there is no reportable geographic segment.

40 Contingent Liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Commitments		
i) Estimated amount of contracts remaining to be executed on capital account (net of advances)	-	-
ii) Undrawn Committed Credit lines	12,800	6,830
Total	**12,800**	**6,830**

The Company has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

The Company does not have any litigations or cases filed against the Company.

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Profectus Capital Private Limited

Notes to the Financial Statements *(Continued)*
for the year ended March 31, 2023

Amount in Rs. Lakhs

41 Disclosure Pursuant to RBI Notification no RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	(5=3-4)	6	(7=4-6)
Performing assets						
Standard	Stage 1	2,39,753	1,087	2,38,666	963	124
	Stage 2	5,273	99	5,174	51	48
Subtotal		**2,45,026**	**1,186**	**2,43,839**	**1,014**	**172**
Non-Performing Assets (NPA)						
Substandard	Stage 3	1,350	260	1,090	285	- 25
Doubtful - up to 1 year	Stage 3	626	213	413	272	- 59
1 to 3 years	Stage 3	-	-	-		-
More than 3 years	Stage 3	-	-	-		-
Subtotal for doubtful		626	213	413	272	- 59
Loss		-	-	-	-	-
Subtotal for NPA		**1,976**	**473**	**1,503**	**557**	**- 84**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	4,583	17	4,566	-	17
	Stage 2	6	0	6	-	0
	Stage 3	-	-	-	-	-
Subtotal		**4,589**	**17**	**4,572**	**-**	**17**
Total	**Stage 1**	2,44,336	1,104	2,43,232	963	141
	Stage 2	5,279	99	5,180	51	48
	Stage 3	1,976	473	1,503	557	- 84
	Total	**2,51,591**	**1,576**	**2,49,914**	**1,571**	**105**

Note :

1) Since the total impairment allowances under Ind AS 109 is higher than the total provisioning required under IRACP (including standard asset provisioning) as at 31 March 2023, no amount is required to be transferred to 'Impairment Reserve'. The gross carrying amount of asset as per Ind AS 109 and Loss allowances (Provisions) thereon includes interest accrual on net carrying value of stage - 3 assets as permitted under Ind AS 109. While, the provisions required as per IRACP norms does not include any such interest as interest accrual on NPAs is not permitted under IRACP norms.

   The balance in the 'Impairment Reserve' (as and when created) shall not be reckoned for regulatory capital. Further, no withdrawals shall be permitted from this reserve without prior permission from the Department of Supervision, RBI.

2) As at 31 March 2023, there are no loan accounts that are past due beyond 90 days but not treated as impaired, i.e. all 90+ ageing loan accounts have been classified as Stage-3 and no dispensation is considered in stage-3 classification.

3) The below table provides the count and amount of loan outstanding as on March 31, 2023

Stage	Count	Value
Stage 1	4,401	2,39,753
Stage 2	91	5,273
Stage 3	45	1,976

3) The Company at present does not have a Board approved policy in place for sale / transfer of financial assets classified under amortised cost.

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Notes to the Financial Statements *(Continued)*
for the year ended March 31, 2023

Amount in Rs. Lakhs

42 Disclosure related to Schedule to the balance sheet of the Company, as required by Annex IV of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 issued by the Reserve Bank of India ("RBI") vide their Notification No. RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016 (the "Notification")

	Particulars	Amount Outstanding		Amount Overdue	
		As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
	Liabilities Side				
(1)	**Loans and advances availed by the non banking financials company inclusive of interest accrued thereon but not paid :**				
a)	Debentures				
	i) Secured	5,809	-	-	-
	ii) Unsecured	-	-	-	-
	(Other than falling within the meaning of public deposits)				
b)	Deferred Credits	-	-	-	-
c)	Term Loans	1,32,621	83,154	-	-
d)	Inter-corporate Loans and Borrowing	-	-	-	-
e)	Commercial Paper	-	-	-	-
f)	Public Deposits	-	-	-	-
g)	Other Loans	40,752	1,735	-	-
(2)	**Break up of (1)(f) above (Outstanding Public Deposits inclusive of interest accrued thereon but not paid)**				
a)	In the form of unsecured debentures	-	-	-	-
b)	In the form of partly secured debentures	-	-	-	-
c)	Other Public Deposits	-	-	-	-

	Particulars	Amount Outstanding	
		As at March 31, 2023	As at March 31, 2022
	Assets Side :		
(3)	**Break up of loans and advances including bills receivable other than those included in (4) below (Gross Amount)**		
a)	Secured	2,47,002	1,52,155
b)	Unsecured	-	-
		2,47,002	1,52,155

	Particulars	Amount Outstanding	
		As at March 31, 2023	As at March 31, 2022
(4)	**Break up of leased assets and stock on hire and other assets counting towards AFC activities:**		
(i)	Lease assets including lease rentals under sundry debtors:		
	a) Financial lease	-	-
	b) Operating lease	-	-
(ii)	Stock on hire including hire charges under sundry debtors		
	a) Assets on Hire	-	-
	b) Repossessed Assets	-	-
(iii)	Other loans counting towards AFC activities		
	a) Loans where assets have been repossessed	-	-
	b) Loans other than (a) above	-	-

	Particulars	Amount Outstanding	
		As at March 31, 2023	As at March 31, 2022
(5)	**Break up of investments :**		
a)	**Current investments**		
1)	Quoted		
i)	Shares		
	a) Equity (stock-in trade)	-	-
	b) Preference	-	-
ii)	Debentures and bonds	13,251	8,087
iii)	Units of Mutual fund	-	-
iv)	Government securities	-	-
v)	Others	-	-

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Amount in Rs. Lakhs

42 **Disclosure related to Schedule to the balance sheet of the Company, as required by Annex IV of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 issued by the Reserve Bank of India ("RBI") vide their Notification No. RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016 (the "Notification") *(Continued)***

	Particulars	Amount Outstanding As at March 31, 2023	Amount Outstanding As at March 31, 2022
(5)	**Break up of investments :**		
2)	Unquoted		
i)	Shares	-	-
	a) Equity (stock-in trade)	-	-
	b) Preference	-	-
ii)	Debentures and bonds	-	-
iii)	Units of Mutual fund	-	-
iv)	Government securities	-	-
v)	Others (Pass through certificates)	629	504
b)	**Long term investments**		
1)	Quoted		
i)	Shares		
	a) Equity	-	-
	b) Preference	-	-
ii)	Debentures and bonds	-	-
iii)	Units of Mutual fund	-	-
iv)	Government securities	-	-
v)	Others		
2)	Unquoted		
i)	Shares		
	a) Equity	-	-
	b) Preference	-	-
ii)	Debentures and bonds	-	-
iii)	Units of Mutual fund	-	-
iv)	Government securities	-	-
v)	Others (Pass through certificates)	1,723	326
	Total Investments	**15,603**	**8,917**

(6) Borrower group-wise classification of assets financed as in (3) and (4) above: (Net of Provision)

	Particulars	Secured As at March 31, 2023	Secured As at March 31, 2022	Unsecured As at March 31, 2023	Unsecured As at March 31, 2022	Total As at March 31, 2023	Total As at March 31, 2022
a)	Related parties						
1)	Subsidiaries	-	-	-	-	-	-
2)	Companies in the same group	-	-	-	-	-	-
3)	Other related parties	-	-	-	-	-	-
b)	Other than related parties	2,45,343	1,51,184	-	-	2,45,343	1,51,184
	Total	**2,45,343**	**1,51,184**	**-**	**-**	**2,45,343**	**1,51,184**

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted excluding stock in trade)

	Particulars	Market value / Fair Value or NAV As at March 31, 2023	Market value / Fair Value or NAV As at March 31, 2022	Book Value (Net of provisions) As at March 31, 2023	Book Value (Net of provisions) As at March 31, 2022
a)	Related parties				
1)	Subsidiaries				
2)	Companies in the same group	-	-	-	-
3)	Other related parties	-	-	-	-
b)	Other than related parties	15,603	8,917	15,568	8,891
	Total	**15,603**	**8,917**	**15,568**	**8,891**

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Notes to the Financial Statements *(Continued)*
for the year ended March 31, 2023

Amount in Rs. Lakhs

43 Related party disclosures :

A. List of Related Parties and their relationship:

i) **Ultimate Holding Company**

Actis Global 4 LP

ii) **Holding Company**

ACTIS PC Investment (Mauritius) Limited

ACTIS PC (Mauritius) Limited

ii) **Directors**

Mr. K V Srinivasan

Mr. Pratik Jain

Mr. Asanka Haren Edirimuni Rodrigo

Mr. Sudarshan Sampathkumar

Mr. Hossameldin Abdelhamid Mohamed Aboumoussa

iv) **Key Managerial Person**

Mr. K V Srinivasan - Whole Time Director & CEO

Mr. Sandip Parikh - CFO

Mr. Nitin Pangarkar - CS

B. Transactions during the year and closing balances as on balance sheet date with related parties:

Particulars	Holding Company	Key Managerial Person
Equity Share Capital		
a) Opening balance as on April 1, 2022	61,672	-
b) Issued during the year	12,028	-
	(5,000)	-
c) Balance as at March 31, 2023	73,700	-
	(61,672)	
Share Based Payments		
K V Srinivasan		740
		(740)
Sandip Parikh		184
		(184)
Salary Paid		
K V Srinivasan		303
		(410)
Sandip Parikh		191
		(191)
Nitin Pangarkar		24
		(18)

Notes :

1. The above disclosed transactions entered during the period of existence of related party relationship. The balances and transactions are not disclosed before existence of related party relationship and after cessation of related party relationship.
2. Figures in bracket () denotes previous year numbers.

44 Capital to Risk Assets Ratio (CRAR)

Particulars	As at March 31, 2023	As at March 31, 2022
CRAR (%)	43.24%	48.23%
CRAR - Tier I Capital (%)	42.25%	46.89%
CRAR - Tier II Capital (%)	0.99%	1.34%
Amount of subordinated debt raised as Tier-II capital	-	-
Amount raised by issue of Perpetual Debt Instruments	-	-

BATLIBOI & PUROHIT ★ Mumbai ★ CHARTERED ACCOUNTANTS

Profectus Capital Private Limited

Notes to the Financial Statements *(Continued)*
for the year ended March 31, 2023

Amount in Rs. Lakhs

45 Asset Liability Management - Maturity pattern of certain items of Assets and Liablities

Particulars	Liabilities			Assets		
	Borrowings from Banks	Market Borrowings	Foreign Currency Borrowings	Advances	Investments	Foreign Currency Assets
1 day to 7 days	5,375	302	-	4,585	6	-
	(185)	(147)		(3,830)	-	
8 to 14 days	229		-	2,287	-	-
	(63)	-		(1,236)	-	
15 days to 30/31 days	1,488	630	-	8,115	10,880	-
	(1,393)	(372)		(6,682)	(7,472)	
Over 1 month to 2 months	2,923	926	-	14,025	563	-
	(1,518)	(507)		(11,081)	(24)	
Over 2 months to 3 months	6,836	2,501	-	14,292	234	-
	(2,853)	(509)		(2,703)	(638)	
Over 3 months to 6 months	11,441	3,338	-	14,454	1,049	-
	(6,303)	(1,724)		(8,198)	(73)	
Over 6 months to 1 year	26,229	6,526	-	21,877	1,150	-
	(12,747)	(3,213)		(14,129)	(381)	
Over 1 year to 3 years	79,607	17,028	-	59,756	1,567	-
	(35,543)	(10,378)		(41,372)	(329)	
Over 3 years to 5 years	11,533	619	-	44,025	154	-
	(7,433)	-		(28,726)	-	
Over 5 years	1,651	-	-	63,586	-	-
	-	-	-	(34,198)	-	
Total	**1,47,312**	**31,870**	**-**	**2,47,002**	**15,603**	**-**
Total (Previous year)	**(68,038)**	**(16,851)**	**-**	**(1,52,155)**	**(8,917)**	**-**

Note: The Company has liquidity in the form of Fixed deposits and undrawn credit facilities which can be used at any time interval.

46 Disclosure on Liquidity Risk

i) Funding Concentration based on significant counterparty (both deposits and borrowings)

Sr. No	Number of Significant Counterparties	Amount (in lakhs)	% of Total Deposits	% of Total Liabilities
1	30	1,76,190	-	58.74%

ii) Top 20 large deposits - This is not appliacble to the Company as we are a non deposit taking NBFC

		Amount (in lakhs)	% of Total Borrowings
iii)	Top 10 Borrowings	66,052	37.49%

iv) Funding Concentration based on significant instrument / product

Sr. No	Name of Instrument/ Product	Amount (in lakhs)	% of Total Liabilities
1	Long Term Loans	1,32,621	44.21%
2	Working Capital Demand Loans	4,752	1.58%
3	Overdraft against Fixed Deposits	19,962	6.65%
4	Cash Credit Facility	1,939	0.65%
5	Non - Convertible Debentures	5,809	1.94%
6	Secured Borrowings (Securitised Pool)	14,099	4.70%

v) Stock ratios are not applicable to the Company as, we have not issued any Commercial Paper or Non-Convertible Debentures having original maturity of less than 1 yea

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Mumbai
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Profectus Capital Private Limited

Notes to the Financial Statements *(Continued)*
for the year ended March 31, 2023

Amount in Rs. Lakhs

47 Ratings assigned by credit rating agencies and migration of ratings during the year

Name of Rating Agency	Care Ratings
Rating Assigned	CARE A-/Stable (Previous year :CARE A-/Stable)
Rating Assigned for	Long term Bank loans and Non Convertible Debentures
Name of Rating Agency	CRISIL
Rating Assigned	CRISIL A-/Stable & CRISIL A1 (Previous year :CRISIL A-/Stable & CRISIL A1)
Rating Assigned for	Long term Bank loans and Non Convertible Debentures
Name of Rating Agency	India Ratings & Research Private Limited
Rating Assigned	IND A-/Stable (Previous year : IND A-/Stable)
Rating Assigned for	Long term Bank loans and Non Convertible Debentures

48 Investments

Particulars	2022-23	2021-22
Value of Investments		
i) Gross Value of Investments		
a) In India	15,603	8,917
b) Outside India	-	-
ii) Provisions for Depreciation		
a) In India	35	26
b) Outside India	-	-
iii) Net Value of Investments		
a) In India	15,568	8,891
b) Outside India	-	-
Movement of Provisions held towards depreciation on investments		
i) Opening Balance	26	30
ii) Add: Provisions made during the year	35	26
iii) Less: Write off / Write back of excess provision during the year	26	30
iv) Closing Balance	35	26

49 Exposures

Particulars	2022-23	2021-22
1) Exposure to Real estate sector		
Direct Exposure		
i) Residential Mortgage		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. Exposure would also include non-fund based (NFB) limits.	-	-
ii) Commercial Real Estate		
Lending secured by mortgages on commercial real estate (office buildings, retail space, multipurpose commercial premises, multifamily residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB)	-	-
iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a) Residential	-	-
b) Commercial Real Estate	-	-
Indirect Exposure		
i) Fund based and non-fund-based exposures on National Housing Bank and Housing Finance Companies	-	-
Total Exposure to Real Estate Sector	-	-

Note : The Loan against property loans disbursed by the Company are working capital loans with collateral as property. Since the repayments for the loans are from the business income of the borrower and not from the property, the same are not treated as real estate exposures.

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Notes to the Financial Statements *(Continued)*
for the year ended March 31, 2023

Amount in Rs. Lakhs

49 Exposures *(Continued)*

Particulars	2022-23	2021-22
2) Exposure to Capital Market		
i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual	-	-
iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the	-	-
v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market	-	-
vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
vii) bridge loans to companies against expected equity flows / issues;	-	-
viii) Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
ix) Financing to stockbrokers for margin trading	-	-
viii) All exposures to Alternative Investment Funds: (i) Category I (ii) Category II (iii) Category III	-	-
Total Exposure to Capital Market	-	-

50 Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	2022-23	2021-22
i) Provisions for depreciation on Investment	9	-4
ii) Provision towards NPA*	270	180
iii) Provision made towards Income tax	1,076	273
iv) Other Provision and Contingencies (with details)	-	-
iv) Provision for Standard Assets*	424	344

* The company follows ECL provisioning and hence stage 1 and stage 2 assets are considered in Provision for Standard Assets and stage 3 assets are considered in Provision towards NPA. Except provision for income tax, other amounts have been included under Impairment of Financial instruments in the Statement of Profit and loss Account.

51 Concentration of Deposits, Advances, Exposures and NPAs

1) Concentration of Advances

Particulars	2022-23	2021-22
Total Advances to twenty largest borrowers	18,275	14,367
Percentage of Advances to twenty largest borrowers to Total Advances of the applicable NBFC	7%	9%

2) Concentration of Exposures*

Particulars	2022-23	2021-22
Total Exposure to twenty largest borrowers / customers	20,278	14,313
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the applicable NBFC on borrowers / customers	8%	9%

* Investment in bonds are not included in exposure as the Company holds the same not for Long term Investment but for Liquidity purposes

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Profectus Capital Private Limited

Notes to the Financial Statements *(Continued)*
for the year ended March 31, 2023

Amount in Rs. Lakhs

51 Concentration of Deposits, Advances, Exposures and NPAs *(Continued)*

3) Concentration of NPAs

Particulars	2022-23	2021-22
Total Exposure to top four NPA accounts	888	557

4) Sector-wise NPAs

Sector	2022-23			2021-22		
	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs (₹ crore)	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs (₹ crore)	Percentage of Gross NPAs to total exposure in that sector
Agriculture and Allied Activities	802	-	0.00%	-	-	0.00%
Industry	1,04,207	480	0.46%	53,524	466	0.87%
Services	1,54,950	1,496	0.97%	98,631	716	0.73%
Personal Loans	-	-	0.00%	-	-	0.00%
Other Loans	-	-	0.00%	-		0.00%

52 Movement of NPAs

Particulars	2022-23	2021-22
i) Net NPAs to Net Advances (%)	0.61%	0.65%
ii) Movements of NPAs (Gross)		
a) Opening Balance	1,182	193
b) Additions during the year	1,344	1,094
c) Reductions during the year	550	106
d) Closing balance	1,976	1,182
iii) Movements of NPAs (Net)		
a) Opening Balance	979	170
b) Additions during the year	934	903
c) Reductions during the year	410	95
d) Closing balance	1,503	979
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening Balance	203	23
b) Provisions made during the year	410	190
c) Write-off / write back of excess provisions	140	11
d) Closing balance	473	203

53 Disclosure pursuant to Reserve Bank of India notification RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated August 06, 2020 pertaining to Resolution Framework for COVID-19-related Stress

Type of Borrower	Number of borrowers where resolution plan has been implemented under this window	Value of accounts restructured under this scheme
MSME	3	340

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Profectus Capital Private Limited

Notes to the Financial Statements *(Continued)*
for the year ended March 31, 2023

Amount in Rs. Lakhs

54 Disclosure pursuant to Reserve Bank of India notification R3I/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021 pertaining to Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021

Sr No	Particulars	From NBFC'S
i.	Aggregate Principal outstanding of loans Acquired (In Lakhs)	2,474
ii.	Aggregate consideration paid (In Lakhs)	2,474
iv.	Weighted average balance matuirty of loans (In years)	25
v.	Weighted average holding period of Loans (In years)	17
vi.	Retention of beneficial ecoonomic interest (In %)	1
vii.	Coverage of Tangible security coverage (In %)	2
viii.	Rating-wise distribution of rates loans (In Lakhs)	NA

55 Disclosure pursuant to Reserve Bank of India notification RBI/DOR/2021-22/85 DOR.STR.REC.53/21.04.177/2021-22 dated 24 September 2021 for Non-STC Securitisation Transactions.

Sr. No	Particulars	2022-23	2021-22
1	No of SPEs holding assets for securitisation transactions originated by the originator	2	-
2	Total amount of securitised assets as per books of the SPEs	14,462	-
3	Total amount of exposures retained by the originator to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	First Loss	-	-
	Others	-	-
	b) On-balance sheet exposures		
	First Loss	1,240	-
	Others	348	-
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitisations		
	First Loss	-	-
	Others	-	-
	ii) Exposure to third party securitisations		
	First Loss	-	-
	Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitisations		
	First Loss	-	-
	Others	-	-
	ii) Exposure to third party securitisations		
	First Loss	-	-
	Others	-	-
5	Sale consideration received for the securitised assets	15,167	-
	and gain/loss on sale on account ofsecuritisation	-	-
6	Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc.	-	-
7	Performance of facility provided. Please provide separately for each facility viz. Credit enhancement, liquidity support, servicing agent etc. Mention percent in bracket as of total value of facility provided.		
	a) Amount paid	-	-
	b) Repayment received	-	-
	c) Outstanding amount	1,240	-
8	Average default rate of portfolios observed in the past	3.58%	-
9	Amount and number of additional/top up loan given on same underlying asset.		
	a) Amount	-	-
	b) Number	-	-
10	Investor complaints		
	a) Directly/Indirectly received	-	-
	b) Directly/indirectly received	-	-

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Profectus Capital Private Limited

Notes to the Financial Statements *(Continued)*
for the year ended March 31, 2023

Amount in Rs. Lakhs

56 Transferred financial assets that are not derecognised in their entirety

A. Securitisation

The Company has transferred certain pools of loan receivables backed by underlying assets by entering into securitisation transactions with the Special Purpose Vehicle Trusts (SPV Trust) sponsored by commercial banks for consideration received in cash at the inception of the transaction.

The Company, being Originator of these loan receivables, also acts as Servicer with a responsibility of collection of receivables from its borrowers and depositing the same in Collection and Payout Account maintained by the SPV Trust for making scheduled payouts to the investors in Pass Through Certificates (PTCs) issued by the SPV Trust. These securitisation transactions also requires the Company to provide for first loss credit enhancement in various forms, cash collateral, subscription to subordinated PTCs etc. as credit support in the event of shortfall in collections from underlying loan contracts. By virtue of existence of credit enhancement, the Company is exposed to credit risk, being the expected losses that will be incurred on the transferred loan receivables to the extent of the credit enhancement provided.

In view of the above, the Company has retained substantially all the risks and rewards of ownership of the financial asset and thereby does not meet the derecognition criteria as set out in Ind AS 109. Consideration received in this transaction is presented as 'Borrowing under Securitisation' under Note 14 (e).

The details of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities:

Particulars	2022-23	2021-22
Carrying amount of transferred assets measured at amortised cost	14,061	-
Carrying amount of associated liabilities (Debt securities -measured at amortised cost)	14,099	-
Fair value of assets	14,462	-
Fair value of associated liabilities	14,462	-
Net position at Fair Value	-	-

57 Customer Complaints

Sr. No	Particulars	2022-23	2021-22
	Complaints received by the NBFC from its customers		
i)	No. of complaints pending at the beginning of the year	1	-
ii)	No. of complaints received during the year	5	8
iii)	No. of complaints redressed during the year	6	7
	iii) (a) Of which, number of complaints rejected by the NBFC	-	-
iv)	No. of complaints pending at the end of the year	-	1
	Maintainable complaints received by the NBFC from Office of Ombudsman		
v)	Number of maintainable complaints received by the NBFC from Office of Ombudsman	8	2
	v) (a) Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	5	2
	v) (b) Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsma	3	-
	v) (c) Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	-	-
vi)	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

Profectus Capital Private Limited

Notes to the Financial Statements *(Continued)*
for the year ended March 31, 2023

Amount in Rs. Lakhs

57 Customer Complaints *(Continued)*

Top 5 grounds of complaints received by the NBFCs from customers

	Grounds of Complaints (ie complaint 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	Of 5, number of complaints pending beyond 30 days
	Current Year					
1	Delay in issuing Foreclosure statement	1	6	500%	-	-
2	Mis-selling / false promise by Sales manager		2	-50%	-	-
3	Rude behaviour by Collections team		1	100%	-	-
4	Others		4	33%	-	-
	Previous Year					
1	Delay in issuing Foreclosure statement	-	1	100%	1	-
2	Mis-selling / false promise by Sales manager		4	300%	-	-
3	Others		3	50%	-	-
4	Processing fees refund for reject case		2	100%	-	-

58 Corporate Social Responsibility

	Particulars	2022-23	2021-22
a.	amount required to be spent by the company during the year,	13	-
b.	amount of expenditure incurred,	15	-
c.	shortfall at the end of the year,	-	-
d.	total of previous years shortfall,	-	-
e.	reason for shortfall,	-	-
f.	nature of CSR activities,	(Refer Note ** below)	-
g.	details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure	NIL	-
h.	where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately.	-	-

The average profit before tax of the Group for the last three financial years was Rs. 666.83 lakhs, basis which the Group was required to spend 13.34 lakhs towards Corporate Social Responsibility (CSR) activities for the current financial year.

** The Company spent Rs.15 lakhs towards the CSR expenditure through Mantra Social Services, a CSR company registered under the Companies Act, 2013 ('Implementing Agency') with the approval of the Board of Directors of the Company. The CSR amount was spent on the education transformation program including school leadership development program, teacher professional development and community participation across the states of UP, Punjab and Bihar. The activity shall result in a better outcome for children such as enrolment, literacy and numeracy scores etc.

59 Trade payables aging schedule - March 31, 2023

Sr No	Particulars		outstanding for following periods from due date of payment				
		Not due	<1 year	1-2 years	2-3 years	>3 years	Total
i	MSME	-	52	-	-	-	52
ii	Others	-	765	-	-	-	765
iii	Disputed dues -MSME	-	-	-	-	-	-
iv	Disputed dues - Others	-	-	-	-	-	-
v	Unbilled	-	48	-	-	-	48

Trade payables aging schedule - March 31, 2022

Sr No	Particulars		outstanding for following periods from due date of payment				
		Not due	<1 year	1-2 years	2-3 years	>3 years	Total
i	MSME	-	-	-	-	-	-
ii	Others	-	452	-	-	-	452
iii	Disputed dues -MSME	-	-	-	-	-	-
iv	Disputed dues - Others	-	-	-	-	-	-
v	Unbilled	-	201	-	-	-	201

Note: During the financial year 2022-23, there were no payments made to MSMEs beyond 45 days, hence there was no liability of delayed interest on the same.

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Profectus Capital Private Limited

Notes to the Financial Statements *(Continued)*
for the year ended March 31, 2023

Amount in Rs. Lakhs

60 The Company has not exceeded the prudential exposure limits for single borrower limit and group borrower limit.

61 The Company has not granted any unsecured loans where the underlying collateral is in the form of intangible securities like charge over the rights, licenses, authority etc.

62 None of the regulators have imposed any penalties on the Company during the financial year 2022-23 (2021-22 : Nil).

63 **Relatioship with struck off companies:**
The company does not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

64 **Registration and Satisfcation of Charges :**
Registration and satisafction of charges were performed as per the terms of sanction within the due dates during the year ended March 31, 2023 and March 31, 2022 respectively.

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

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

66 Registration obtained from other financial sector regulators : None

67 Details of financing of parent Company products : None

68 Draw down from reserves : None

69 There are no Overseas Assets

70 There are no Off-balance Sheet SPVs sponsored by the Company which are required to be consolidated as per accounting norms

71 During the current and previous year, the Company has not entered into any derivative contract and at the year-end there is no outstanding derivative contract. Therefore, disclosures pertaining to derivatives are not applicable.

72 During the current and previous year, the Company has not entered into any sale of financial assets by way of assignment nor purchased or sold any Non-performing asset. Therefore, disclosures pertaining to it are not applicable.

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

74 The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961

75 The Company has not made any Loans or Advances in the nature of loans that are granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person, that are:
(a) repayable on demand or
(b) without specifying any terms or period of repayment

76 There have been no events after the reporting date that require disclosure in these financial statements.

77 There were no frauds reported during the year.

78 The Previous Year's figures have been regrouped / rearranged wherever necessary to make them comparable to current year.

As per our report of even date

For Batliboi & Purohit
Chartered Accountants
Firm's Registration No: 101048W

Janak Mehta
Partner
Membership No.: 116976

BATLIBOI & PUROHIT
Mumbai
CHARTERED ACCOUNTANTS

Place: Mumbai
Date : 22 May, 2023

For and on behalf of the Board of Directors of
Profectus Capital Private Limited

K V Srinivasan
Whole Time Director & Chief Executive Officer
DIN: 01827316

Pratik Jain
Director
DIN: 05347739

Sandip Parikh
Chief Financial Officer

Nitin Pangarkar
Company Secretary