



# PROFECTUS CAPITAL PRIVATE LIMITED

SEVENTH ANNUAL REPORT 2023-24

## 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 & CHIEF COMPLIANCE OFFICER:

Mr. Nitin Pangarkar

### STATUTORY AUDITORS:

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

&

M/s. S R Batliboi & Co. LLP  
Chartered Accountants  
(FRN. 301003E/ E300005)

### INTERNAL AUDITORS:

M/s. Aneja Associates  
Chartered Accountants

### SECRETARIAL AUDITORS:

M/s. Purwar & Purwar Associates LLP  
Company Secretaries

### PROFECTUS CAPITAL PRIVATE LIMITED

CIN - U65999MH2017PTC295967

### REGISTERED & CORPORATE OFFICE:

B-17, 4<sup>th</sup> 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:

*(Single point connectivity )*

### Purva Sharegistry (India) Private Limited

Unit no. 9, Shiv Shakti Industrial Estate,  
J.R. Boricha Marg, Lower Parel (East),  
Mumbai 400 011.

**Tel:** 91-22-4970 0138 /4961 4132

**Website:** www.purvashare.com

Contact Person: Mr. Rajesh Shah

### SEVENTH ANNUAL GENERAL MEETING

#### Date & Venue:

*Friday, September 27, 2024 at 3:00 p.m.  
the registered office of the Company at B-17, 4<sup>th</sup>  
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  
Indian Overseas 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  
Karnataka 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

**Multinational Bank**

DBS Bank Limited

**Non-Banking Financial Institutions**

Aditya Birla Finance Limited  
Bajaj Finance Limited  
Hinduja Leyland Finance Limited  
MAS Financial Services Limited  
Tata Capital Limited

**DEBENTURE TRUSTEE:****Beacon Trusteeship Limited**

7 A&B, Siddhivinayak Chambers, Gandhi Nager,  
Opp. MIG Cricket Club, Bandra (East), Mumbai  
400051.  
Tel: 022-26558759

Website: <https://beacontrustee.co.in>  
Email Id: [compliance@beacontrustee.co.in](mailto:compliance@beacontrustee.co.in)  
Contact Person: Mr. Kaustubh Kulkarni

## DIRECTORS' REPORT

Dear Members

Your directors take pleasure in presenting the Seventh (7<sup>th</sup>) Annual Report of the Company together with the audited financial statements for the year ended March 31, 2024.

### 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 ₹ 3,000 crore for the financial year ended March 31, 2024 (gross AUM of ₹ 3,070 as at 31 March 2024) with profit after tax (PAT) of ₹ 48 crore. The asset quality metric remains healthy with gross NPAs at 1.4%. 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 May 2024, the Company received the Certificate of Registration (CoR) from the Insurance Regulatory and Development Authority of India (IRDAI) to act as Corporate Agent (Composite). This registration shall be valid from 17-May-2024 to 16-May-2027. This will facilitate the Company to partner with Life, Health and General Insurance companies as Corporate Agent and to offer their insurance products to its customers along with the loan facilities.

During the year under review, the Company has been successful in further diversifying its lender base and established relationship with 35 lenders including public sector banks, private sector banks, NBFCs and Small Finance Banks. Actis, anchor investor continued its equity support during the financial year.

The external credit rating of the Company has been consistently upgraded over the last 5 years. In October 2023, CARE Ratings upgraded the long-term credit rating of the Company by 1 notch to 'CARE A/Stable' ("A" with Stable Outlook). CRISIL has an outstanding credit rating of 'CRISIL A- / Positive' ("A" Minus with Positive Outlook) for long term and 'CRISIL A1' for short term.

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.

## 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, 2024	For the year ended March 31, 2023
Total Income	40,282	27,306
Total Expenditure	33,829	23,305
<b>Profit / (Loss) Before Tax</b>	<b>6,453</b>	<b>4,001</b>
Less- Provision for tax	1,637	1,008
<b>Profit / (Loss) after tax (A)</b>	<b>4,816</b>	<b>2,993</b>
Other Comprehensive income after tax (B)	-10	-61
<b>Total Comprehensive income/ (Loss) of the Company (A+B)</b>	<b>4,806</b>	<b>2,932</b>

## 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.963.23 Lakh to statutory reserves in compliance with Section 45-IC of the Reserve Bank of India Act, 1934 during the year ended March 31, 2024.

## 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.

The issued, subscribed and paid-up capital of the Company as on March 31, 2024 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 listed Non-Convertible Debentures on a private placement basis to the identified investors, 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 further issued listed Non-Convertible Debentures, 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 39.22% against the regulatory requirement of 15% as on March 31, 2024

## BORROWINGS / CREDIT RATINGS

During the year under review, the Company raised credit facilities amounting to Rs.1,385.56 crore which includes term loans, NCD, securitisation, cash credit and other facilities. The Company expanded its borrowing relationship to 35 lending institutions as on March 31, 2024, from 28 lending institutions as on March 31, 2023.

The total outstanding borrowings was Rs.1,986.80 crore as on March 31, 2024 (Rs. 1791.82 crore as on March 31, 2023). The debt-to-equity ratio stood at 1.78 as on March 31, 2024.

During the year under review, the outlook on credit rating of the Company was upgraded from "CARE A-/Stable" to "CARE A/Stable" (pronounced as 'CARE Single A with Stable Outlook') by CARE Ratings Limited. The Company has the following credit ratings as on March 31, 2024:

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	89.5	CRISIL A- / Positive	
3	Bank Facilities	1000	CARE A/ Stable	CARE Ratings Ltd.
4	Non-Convertible Debentures	30	CARE A / Stable	

## **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.

Your Company is a non-deposit taking non-banking financial company registered with the Reserve Bank of India ("RBI") and classified as NBFC – Middle Layer under RBI 'Master Direction - Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023.

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/Master Direction- Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 issued vide notification no. RBI/DoR/2023-24/105 DoR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023 and other guidelines as applicable to the systemically important non-deposit taking 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, 2024, there were no related party transaction(s) entered into by the Company pursuant to Section 188 of the Act. Hence, prescribed Form AOC-2 and disclosure under Para A of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") does not form a part of this Report. 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 (5) directors as on March 31, 2024 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 Direction- Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023

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 & Chief Compliance Officer.

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.

There has been no pecuniary relationship or transactions of the non-executive directors vis-à-vis the Company during the period under review.

## **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 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](http://www.profectuscapital.com).

## **CORPORATE GOVERNANCE REPORT**

The Corporate Governance Report for the financial year 2023-24 as stipulated in the Section II of annexure VII - on Disclosure in Financial Statements - Notes to Accounts of NBFCs of Master Direction- Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, forms part of the Annual Report as **Annexure II**. The Corporate Governance Report contains Board Meeting held during the year 2023-24, Statutory Committee Details and other statutory details.

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The Management Discussion and Analysis Report for the financial year 2023-24. as stipulated in Annexure XXII- Indicative List of Balance Sheet Disclosure for NBFCs in Middle Layer and above of the Master Direction- Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, forms part of the Annual Report as **Annexure III**.

## **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 AUDITOR'S AND THEIR REPORT**

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<sup>th</sup> Annual General Meeting of the Company.

M/s. S R Batliboi & Co. LLP, Chartered Accountants (FRN. 301003E/ E300005) were appointed as statutory auditors of the Company for the term of three years for the financial years 2023-24 to 2025-26 and to hold the office till the conclusion of the 9<sup>th</sup> 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 AUDITOR'S AND THEIR REPORT**

During the year under review, M/s. Purwar & Purwar Associates LLP , Practising Company Secretaries (COP No. 5918) ( formally known as "M/s. Pradeep Purwar & Associates, Practising Company Secretaries") were appointed as the Secretarial Auditors of the Company to conduct Secretarial Auditor for the financial year 2023-24. 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 2023-24, a copy of same is enclosed as **Annexure IV** to this report.

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

### **INTERNAL AUDITOR'S AND THEIR REPORT**

The internal audit function provides an assurance to the Audit Committee/Board of Directors and the Senior Management on the quality and effectiveness of Company's internal controls, risk management and governance related systems and processes. During the year under review, M/s. Aneja Associates, Chartered Accountants were appointed as Internal Auditors of the Company for the financial year 2023-24.

M/s. Aneja Associates, Internal Auditors presented their Report(s) for financial year 2023-24 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.10,99,980 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.

## **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, 2024.

## **CHANGE IN NATURE OF BUSINESS**

There has been no change in the nature of business of the Company during the financial year ended March 31, 2024.

## **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.

## **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.

**ONE TIME SETTLEMENT**

There was no instance of one-time settlement with any Bank or Financial Institution during the year under review and as on date.

**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-

**K V SRINIVASAN**  
**WHOLE-TIME DIRECTOR & CEO**  
DIN: 01827316

Sd-

**PRATIK JAIN**  
**DIRECTOR**  
DIN: 05347739

Date: May 23, 2024

Place: Mumbai

**Annual Report on CSR activities for the Financial Year 2023-24**

**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:**

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

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/>

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

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

6. (a) Average net profit of the company as per section 135(5)– **Rs. 2003 Lakh**
7. (a) Two percent of average net profit of the company as per section 135(5)- **Rs.40.07 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. 40.07Lakh**
8. (a) CSR amount spent or unspent for the financial year: -

Total Amount Spent for the Financial Year. (in Rs. Lakh)	Amount Unspent (Rupees in Lakh)				
	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
40.10.00	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)	State	Location of the project	District	Project duration	Amount allocated for the project (in Lakh)	Amount spent in the current financial Year (in Lakh)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Lakh)	Mode of Implementation - Direct (Yes/ No)	Mode of Implementation - Through Implementing Agency	Name	CSR Registration number
<b>Not Applicable</b>														



(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 Lakh)	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	40.10.	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 40.10 Lakh**

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

Sl. No.	Particular	Amount (Rupees in Lakh)
(i)	Two percent of average net profit of the company as per section 135(5)	<b>40.07</b>
(ii)	Total amount spent for the Financial Year	<b>40.10</b>
(iii)	Excess amount spent for the financial year [(ii)-(i)]	<b>.03</b>
(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)]	<b>.03</b>

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.	<b>Not Applicable</b>						

(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.	<b>Not Applicable</b>							

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-  
**K V Srinivasan**  
**Whole time Direct & CEO**  
DIN: 01827316

Sd-  
**Sudarshan Sampathkumar**  
**Chairperson, CSR Committee**  
DIN: 01875316

Date: May 23, 2024  
Place: Mumbai

**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 4 (four) directors of the Company. During the year under review, four (4) meetings were held on May 22, 2023, July 27, 2023, October 31, 2023 and February 6, 2024.

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	4	4	1	-	Nil	Nil	Nil
2.	Mr. Asanka Rodrigo	22/06 /2018	Non-Executive Director	03010463	4	4	Nil	Nil	Nil	Nil	Nil
3.	Mr. Pratik Jain	23/02 /2018	Non-Executive Director	05347739	4	4	Nil	Nil	Nil	Nil	Nil
4.	Mr. Sudarshan Sampathkumar	22/01 /2020	Non-Executive Independent Director	01875316	4	4	1	Nil	10,00,000	Nil	Nil
5.	Mr. Hossameldin Aboumoussa	28/06 /2021	Non-Executive Director	08999601	4		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., 2023-24 and previous financial year viz., 2022-23.

**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 of annexure VII - on Disclosure in Financial Statements - Notes to Accounts of NBFCs of Master Direction- Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023are given below:

**a) Audit Committee**

The Board of the Company has constituted Audit Committee in accordance with provisions of the Master Direction- Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023. The Audit Committee is comprised of 3 (three) directors of the Company. During the year under review, four (4) meetings were held on May 22, 2023, July 27, 2023, October 31, 2023 and February 6, 2024. 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	4	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 Direction- Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023. 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 23, 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. 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 Policies 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.

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	Nil	Nil	Nil
2.	Mr. K V Srinivasan	08/08/2022	Whole-Time Director & CEO	Nil	Nil	Nil
3.	Mr. Pratik Jain	08/08/2022	Non- Executive Director	Nil	Nil	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 Direction- Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023. 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 15, 2023 and October 26, 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	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 Direction- Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023. 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 3, 2023, July 19, 2023, October 19, 2023 and January 29, 2024.

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	4	Nil
3.	Mr. Nimesh Parikh	22/01/2020	Chief Risk Officer	4	4	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 - Reserve Bank of India (Information Technology Governance, Risk, Controls and Assurance Practices) Directions, 2023. 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 July 21, 2023 and January 15, 2024. 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	2	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	2	2	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	0	Nil

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

- Ensure that the PCPL has put an effective IT strategic planning process in place;
- Guide in preparation of IT Strategy and ensure that the IT Strategy aligns with the overall strategy of the PCPL towards accomplishment of its business objectives;
- Satisfy itself that the IT Governance and Information Security Governance structure fosters accountability, is effective and efficient, has adequate skilled resources, well defined objectives and unambiguous responsibilities for each level in the organisation;
- Ensure that the PCPL has put in place processes for assessing and managing IT and cybersecurity risks;
- Ensure that the budgetary allocations for the IT function (including for IT security), cyber security are commensurate with the PCPL's IT maturity, digital depth, threat environment and industry standards and are utilised in a manner intended for meeting the stated objectives; and
- Review, at least on annual basis, the adequacy and effectiveness of the Business Continuity Planning and Disaster Recovery Management of the organisation.
- Approving IT strategy and policy documents
- Perform oversight functions over the IT Steering Committee (at a senior management level)
- Reviewing IT performance measurement and contribution of IT to businesses (i.e., delivering the promised value)
- Mapping of long-range IT strategy needs to short-range plans regularly, for achievability
- Offer advice, suggestions and improvements to improve business processes, techniques and IT infrastructure and evaluate new changes introduced by IT steering committee.



### g) Borrowing Committee

The Borrowing Committee comprised of 2 (two) directors of the Company.

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	Nil	Nil	Nil
2.	Mr. K V Srinivasan	31/05/2022	Whole-Time Director & CEO	Nil	Nil	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.

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	Nil	Nil	Nil
2.	Mr. K V Srinivasan	24/09/2018	Whole-Time Director & CEO	Nil	Nil	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	<b>Date</b> – April 5, 2023 <b>Place</b> – B-17, 4th Floor, Art Guild House, Phoenix Market City, Kurla West, Mumbai 400070, Maharashtra.	To approve and issue non-convertible debentures (NCD) on a private placement basis for an aggregate amount up to Rs.200 Crore.
2.	Extraordinary General Meeting	<b>Date</b> – June 8, 2023 <b>Place</b> – B-17, 4th Floor, Art Guild House, Phoenix Market City, Kurla West, Mumbai 400070, Maharashtra.	To approve and issue non-convertible debentures (NCD) on a private placement basis for an aggregate amount up to Rs.500 Crore.  To approve alteration of Article of Association of the Company.  To alter Memorandum of Association of the Company.

3.	Annual General Meeting	<b>Date</b> – August 24, 2023 <b>Place</b> - B-17, 4th Floor, Art Guild House, Phoenix Market City, Kurla West, Mumbai 400070, Maharashtra.	<p>An ordinary resolution was passed to approve &amp; adopt Audited Financial Statements of the Company for the financial year ended March 31, 2023, together with the reports of the board of directors and the auditors thereon</p> <p>An ordinary resolution was passed to approve appointment of M/s. S.R. Batliboi &amp; Co. LLP, Chartered Accountants as Statutory Auditors as the joint auditors of the Company and to fix their remuneration.</p>
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#### 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 Debenture Trustee:

The Company has appointed Beacon Trusteeship Limited as the debenture trustee acting for the benefit of the Debenture Holders.

**Address:** 7 A&B, Siddhivinayak Chambers, Gandhi Nager Opp. MIG Cricket Club, Bandra (East), Mumbai 400051.

**Website:** <https://beacontrustee.co.in>

**Email Id:** [compliance@beacontrustee.co.in](mailto:compliance@beacontrustee.co.in)

**Contact Person:** Mr. Kaustubh Kulkarni

**Tel:** 022-26558759

#### 6) 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.

## **Management Discussion & Analysis**

### **MACROECONOMIC OVERVIEW**

The Indian economy exhibited strong resilience during FY 2023-24, in the face of headwinds from prolonged geopolitical tensions and volatile global financial markets. The combination of a sustained anti-inflationary monetary policy stance and proactive supply management measures resulted in headline inflation remaining largely within the tolerance band. Monetary and credit conditions evolved in line with the monetary policy stance. Within the government commitment to prudent fiscal position, emphasis was laid on capital spending and infrastructure.

**India's Economic Resilience Amidst Global Challenges:** India's economy showed remarkable resilience in a dynamic year marked by uncertain global landscape with geopolitical tensions, alongside the national election activity. Despite challenges, the Indian economy expanded robustly in FY 2023-24, achieving a real GDP growth rate of 7.6 per cent<sup>1</sup>, up from 7.0 per cent the previous year. This marks the third consecutive year of growth at or above 7 per cent, underscoring its robust economic trajectory. Investment, particularly buoyed by government expenditure on infrastructure, drove domestic demand, as evidenced by a notable increase in gross fixed capital formation (GFCF) to 10.2 per cent<sup>1</sup> in FY 2023-24 from 6.6 per cent in FY 2022-23. Meanwhile, growth in private consumption demand moderated to 3.0 per cent<sup>1</sup>, down from 6.8 per cent in previous year.

**Inflation Trends and Monetary Policy:** Inflationary pressures moderated during FY 2023-24, influenced by calibrated monetary tightening, easing input costs and effective supply management measures. Headline inflation declined to 5.4 per cent<sup>1</sup> during FY 2023-24 from previous year's 6.7 per cent, largely driven by a decrease in core inflation (CPI excluding food and fuel) to 4.3 per cent<sup>1</sup> from 6.1 per cent. In light of the evolving growth and inflation dynamics, the Monetary Policy Committee (MPC) maintained the policy repo rate at 6.50 percent during FY 2023-24 and continued with a stance of withdrawal of accommodation, aimed at bringing inflation closer to the 4% target while supporting economic growth.

**Government Fiscal Performance:** The Central government successfully maintained the path of fiscal consolidation in 2023-24. The gross fiscal deficit improved to 5.9 percent<sup>1</sup> of GDP in FY 2023-24 from 6.4 percent in the previous year. This achievement was bolstered by disciplined revenue spending growth at 2.5 percent<sup>1</sup>, alongside robust double-digit growth in capital expenditure for the fourth consecutive year. Buoyant revenues played a pivotal role, with gross tax revenues reaching 11.7 percent of GDP<sup>1</sup> in FY 2023-24, marking their highest level since FY 2008-09, driven by strong income tax and GST collections.

**Global trade:** India's merchandise exports declined in FY 2023-24, largely influenced by the global downturn in trade volume amid uncertain global landscape with geopolitical tensions. During the year, merchandise exports contracted by 3.1 percent<sup>1</sup> in US dollar terms, accompanied by a 5.7 percent<sup>1</sup> decrease in imports. As a result, India's merchandise trade deficit narrowed to US\$ 238.3 billion<sup>1</sup> in 2023-24 from US\$ 264.9 billion in the previous year.

**Global capital flows:** Capital inflows remained robust in FY 2023-24, driven by strong economic growth and improving domestic macroeconomic conditions. Net foreign portfolio investment (FPI) flows reached US\$ 41.6 billion in FY 2023-24, marking the second highest level since FY 2014-15 (US\$ 45.1 billion). India received



**Outlook for 2024-25:** The outlook for the Indian economy remains bright, underpinned by a sustained strengthening of macroeconomic fundamentals, robust financial and corporate sectors and a resilient external sector. The government's continued thrust on capex while pursuing fiscal consolidation and consumer and business optimism augur well for investment and consumption demand. RBI estimates for real GDP growth for FY 2024-25 is projected at 7.0 per cent<sup>1</sup>, CPI inflation for FY 2024-25 is projected at 4.5 per cent<sup>1</sup>

## INDUSTRY OVERVIEW

**Banking Sector:** The banking sector in India continued its transformative journey, leveraging technology and regulatory reforms to expand access and efficiency.

Credit growth in FY24, for the Scheduled Commercial Banks (SCBs) retained a double-digit growth and credit expanded by 16.3 per cent<sup>1</sup> as on March 22, 2024 on top of 15.0 per cent in previous year. Private Banks growth accelerated to 19.2 per cent<sup>1</sup> as on March 22, 2024 from 17.8 per cent a year ago. Bank credit growth to non-banking financial companies (NBFCs) slowed to 15.3 per cent<sup>1</sup> year on year in March 2024, against 29.9 per cent<sup>1</sup> a year ago, partly driven by increase in risk weights for bank exposure to NBFCs in November 2023.

SCBs asset quality improved with gross non-performing assets (GNPA) ratio at a multi-year low of 2.8 per cent (vs. 3.9% as at March 2023)<sup>2</sup> and the net non-performing assets (NNPA) ratio at 0.6 per cent (vs. 1.0% as at March 2023)<sup>2</sup> at end-March 2024. The improvement in asset quality was coupled with significant milestone for the banking sector in terms of profitability also. For the first time, the banking sector's net profit crossed Rs 3 lakh crore<sup>7</sup> in FY24. The net profit of listed public and private sector banks rose 39% to Rs 3.1 lakh crore from Rs 2.2 lakh crore in FY 2022-23.

CRISIL expects credit growth for banks to remain healthy in 2025 at ~14%<sup>5</sup>.

**NBFC Lending:** Non-Banking Financial Companies (NBFCs) are a critical constituent of the Indian financial system and continued to play a critical role in credit intermediation to underserved segments of the economy, complementing the efforts of traditional banking and financial institutions. Regulatory enhancements aimed at strengthening governance and risk management frameworks further underscored the sector's commitment to sustainable growth and financial inclusion.

NBFCs continue to deliver healthy performance, with gross advances growing by 185 per cent during 2023-24, return on assets (RoA) at 3.3 per cent<sup>2</sup> and CRAR at 26.6 per cent<sup>2</sup> at end-March 2024. NBFCs have demonstrated sustainable improvement in asset quality with GNPA's declining from 6.3 per cent<sup>1</sup> of gross advances as on March 31, 2022 to 5.0 per cent<sup>1</sup> as on March 31, 2023 and further to 4.0 per cent<sup>2</sup> as on March 31, 2024. The improvement in asset quality is despite implementation of marking days-past-due (dpd) on a daily basis in September 2022.

CRISIL expects growth in assets under management for NBFCs to remain strong at 15-17%<sup>5</sup> in 2025, primarily driven by steady growth in secured segments while regulatory measures curtailing growth rate of the unsecured loan book.

**MSME Lending:** The MSME sector remains pivotal to the India economy, contributing over 30% to GDP and 40% to exports<sup>8</sup>. Considering the significance, increasing the flow of credit to the MSMEs has been a policy priority of the Reserve Bank and the Government of India. In Union Budget 2023-24, the government announced the revamping of credit guarantee scheme for micro and small enterprises with effect from April 1, 2023, with an infusion of ₹9,000 crore to the corpus to enable additional collateral-free guaranteed credit of ₹2 lakh crore. Besides, the limit on ceiling for guarantees has been enhanced from ₹2 crore to ₹5 crore. This supported the increase in bank credit to micro, small and medium enterprises (MSMEs) to remain robust at 19 per cent<sup>6</sup> in 2024.

CRISIL expects growth in the bank credit to MSME segment (~16% of overall credit) to continue at double-digit pace, estimated at ~15% in 2025. The growth in MSME segment is expected to be supported by a revival in downstream capex, the role of MSMEs in the central government's Atmanirbhar Bharat initiative and benefits accruing from the Productivity-Linked Incentive scheme. Also, with greater formalisation of the sector including improving digital public infrastructure, the addressable base of MSMEs for formal credit has been expanding continuously.

Profectus is poised suitably to take advantage of this multi-year opportunity and continue its commitment to be a trusted partner-in-growth to MSMEs.

## **COMPANY AND BUSINESS PERFORMANCE OVERVIEW**

In line with our strategic objectives, Profectus Capital has continued its steadfast commitment of delivering technology enabled tailored financial solutions to small and medium businesses and become their preferred partner-in-progress. The Company's differentiated approach to MSME lending, characterized by cluster-focus and prudent credit assessment, enabled us to navigate evolving market dynamics while maintaining robust asset quality.

In line with cluster-approach, your Company covers 28 key industrial 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 (Chennai, Madurai, Salem, Coimbatore), Karnataka (Bengaluru), Assam (Guwahati), Chhattisgarh (Raipur) and Punjab (Ludhiana).

Your Company crossed a significant milestone in FY 2023-24 with Assets under Management (AUM) crossed ₹ 3,000 crore (gross AUM of ₹ 3,070 crore as at 31 March 2024) with profit after tax (PAT) of ₹ 48 crore (60 per-cent y-o-y growth). In recognition of the performance, your Company was declared runner-up in mid layer NBFC class for the 'Outstanding Financial Performance' category at the 18th Annual Summit & Awards on Banking and Financial Sector Lending Companies by ASSOCHAM.

As we accelerate our growth and continue to expand across our focus markets, we continue to strengthen our team. During the year, we onboarded a mix of seasoned professionals and fresh candidates taking the overall team strength to 746 as at 31 March 2024 from 595 as at 31 March 2023.

Some of the key highlights of the business and performance in FY 2023-24 were:

#### **Asset Growth | Sustainable & Balanced Portfolio strategy:**

- Profectus Capital continued to uphold a strategy of sustainable growth with product diversification and geographic distribution, effectively managing risks within prudent thresholds. The Asset Under Management (AUM) of the Company showed a growth of 22% to ₹3,070 crore as on March 31, 2024 from ₹2,522 crore as on March 31, 2023.
- As of 31 March 2024, AUM is distributed amongst financing segments/solutions with contribution from Enterprise Mortgage Loan at 36%, School Funding at 24%, Equipment Funding at 17%, Supply Chain Finance at 13% and NBFC Funding at 10%.
- In terms of geographical diversification, the AUM exposure in top state is 21% and the exposure to the next five states is 47%.
- Cluster-focus is a cornerstone of Profectus portfolio growth and risk management. The AUM exposure to the largest cluster (Schools) is 24% and to the next five clusters (Engineering and Machine tools, Pharma and Healthcare, Printing and Packaging, Plastics and Chemicals, Home Textiles and Ready Made Garments) is 40%.

#### **Asset Quality | Persistent Emphasis on Risk Management:**

- At Profectus, a strong commitment to risk management is ingrained in the core values. We have continued to strengthen the risk management framework, ensuring optimal portfolio quality.
- Focus on risk management is evident in the healthy asset quality metrics maintained in a challenging economic environment with GNPA% and NNPA% at 1.38% and 0.96% at 31 March 2024.
- Maintaining a robust overall collection efficiency of 98% throughout FY 2023-24 underscores dedication to sound risk practices.

#### **Earnings & Profitability | Enhanced Operating Efficiency:**

- The total revenue for the Company increased by 47% to ₹403 crore for the year ended March 31, 2024 as compared to ₹273 crore for year ended March 31, 2023.
- Investments in the team and infrastructure in the initial phases of the Company combined with sustained focus on cost management continue to deliver improvements in operating efficiency.
- This is reflected in the reduction of cost-to-income ratio from 86% in FY 2021-22 to 70% in FY 2022-23 and further to 65% in FY 2023-24, underscoring potential for significant operating leverage with scale-up.
- The Company delivered significant improvement in profit metrics with profit after tax (PAT) increasing by 60% in FY 2023-24 to ₹48 crore from ₹30 crore in FY 2022-23.
- Return on Net Worth increased from 3.5% in FY 2022-23 to 4.4% in FY2023-24

#### **Capitalisation & Liquidity | Prudent Treasury Management:**

- Profectus has effectively managed asset liability management (ALM) through strategic initiatives such as raising long-term borrowings and maintaining a balanced mix of funding sources.
- The Company remains committed to diversifying the liability profile, as demonstrated by lender base of 30+ financial institutions including leading public sector banks, private sector banks, NBFCs and Small Finance Banks.



- Furthermore, the external credit rating of the Company has been consistently upgraded over the last 5 years. In October 2023, CARE Ratings upgraded the long-term credit rating of the Company to 'CARE A / Stable' ("A" with Stable Outlook). CRISIL has outstanding credit rating of 'CRISIL A- / Positive' ("A" Minus with Positive Outlook) for long term and 'CRISIL A1' for short term.
- The Company continued to maintain strong capitalisation levels with Capital Adequacy Ratio (CAR) at 39.5%, significantly higher than the minimum regulatory requirement of 15%. The Company's debt-equity ratio stood at 1.78 as on March 31, 2024.

### **Technology | Continued Technology Focus:**

- Technology continues to define Profectus identity as a digitally-forward organization.
- Company's focus remains on achieving robust performance at scale by providing requisite tools to every employee to assist in their individual performance, while maintaining strict compliance with all regulatory and IT security requirements.

### **OPPORTUNITIES AND THREATS**

Profectus is operating in dynamic and evolving financial services landscape and face range of opportunities and threats.

**Opportunities:** Micro, Small and Medium Enterprises (MSMEs) continue to be the backbone of India's growing economy, contributing approximately 30% to the GDP<sup>9</sup>. The outlook for MSMEs continue to be significantly promising underscored by their crucial role in the India's economy.

The positive outlook for MSMEs will continue to provide significant opportunity to NBFCs to enhance availability of formal credit to MSMEs driven by: (a.) significant underserved credit demand, (b.) continued emphasis of Government in promoting MSME by rolling out various schemes and initiatives and; (c.) increasing formalization of MSMEs enabled by initiatives like GST, Udyam registration, Account Aggregator, digital payments, etc. Profectus is poised and determined to tap into this opportunity and enable MSMEs to make their contribution towards India's target of USD 5 trillion economy.

**Threats:** Economic challenges due to uncertain geopolitical environment in terms of slowdown in global growth and inflationary pressures impacting cost of borrowing, liquidity and private investment pose as key potential threat.

### **RISKS AND CONCERNS**

As an NBFC specializing in MSME lending in the dynamic Indian Financial Services market, we recognize and actively manage various risks that could impact our operations and financial performance. Understanding these risks allows us to proactively mitigate them and enhance our resilience. Key risks and concerns include:

**1. Credit Risk:** The primary risk inherent in our business is credit risk, stemming from the possibility of borrower default due to factors such as economic downturns, industry-specific challenges, or individual financial distress. We mitigate this risk through stringent credit assessment & approval processes, ongoing monitoring of borrower financial health and diversification of our loan portfolio across products, sectors and geographies. We continuously monitor asset quality metrics such as Gross Non-Performing Assets and

regularly review our collection strategies to minimize delinquencies. The Board of Directors via the Risk Management Committee provides overall guidance and oversight for management of Credit Risk.

**2. Market & Liquidity Risk:** Given the volatile economic environment and regulatory changes, we face market risks including interest rate risk and liquidity risk. Fluctuations in interest rates can impact our borrowing costs and margins, while liquidity risk could arise from mismatches in cash flows. We manage these risks through prudent asset-liability management (ALM) practices, maintaining adequate liquidity buffers and remain compliant with the regulatory requirements. The Board of Directors via the Asset Liability Committee and the Borrowing Committee provides overall guidance and oversight for management of Market and Liquidity Risk.

**3. Capital Adequacy and Funding Risks:** Maintaining adequate capital levels to support our growth and regulatory requirements is essential. Funding risks, including access to diversified funding sources and cost of funds, are closely monitored. We optimize our capital structure through prudent financial planning and maintaining strong relationships with diversified pool of funding partners.

**4. Operational Risk:** Operational disruptions, including technological failures, cybersecurity threats and regulatory compliance failures, pose significant risks to our business continuity and reputation. We address these risks by investing in robust IT infrastructure, conducting regular audits and implementing stringent internal controls. The Core systems and platform are implemented on the cloud allowing scalability for Peak Load and High availability. Disaster Recovery is implemented to ensure contingency and continuity for all the critical applications. The Board of Directors has constituted an IT Strategy Committee to provide overall guidance and oversight.

**5. Regulatory and Compliance Risk:** The regulatory landscape in the financial sector, especially concerning NBFCs, continues to evolve. Non-compliance with regulatory requirements could lead to penalties, reputational damage and/or operational constraints. We stay compliant through continuous monitoring of regulatory changes, proactive engagement with regulators, independent audits and adherence to best practices in governance and compliance.

**6. Economic and Industry Risks:** The MSME sector is susceptible to broader economic trends and sector-specific challenges. Factors such as changes in government policies, industry downturns, or global economic shocks could impact the overall segments and creditworthiness of our borrowers. The senior management keeps an oversight on the macro-economic situation and adapt the strategies accordingly.

In conclusion, navigating these risks is integral to our operations and the current risk management framework is commensurate with our size, nature and operations. Our proactive approach to risk identification, assessment and mitigation enables us to mitigate uncertainties and capitalize on opportunities in the evolving MSME lending landscape in India. We also remain committed to continuously enhance our risk management framework, ensuring sustainable growth and delivering value to our stakeholders.

## **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

Effective internal control systems are foundational to our operations as an NBFC focused on MSME lending in India. These systems are designed to mitigate risks and ensure accuracy in financial reporting. We continuously evaluate and enhance our internal controls to maintain efficiency and compliance. Key aspects of our internal control framework include:

**1. Risk-Based Approach:** We adopt a risk-based approach to internal control, identifying and prioritizing areas of significant risk to our operations. This proactive stance allows us to implement controls tailored to specific risks associated with MSME lending.

**2. Control Environment:** A robust control environment is maintained through clear policies, procedures and guidelines that define roles, responsibilities and authorities across the organization. This framework promotes accountability and transparency in our operations.

**3. Training and Awareness:** Continuous training programs are conducted to enhance awareness among employees about the importance of internal controls and their roles in maintaining a strong control environment. This ensures that our workforce remains vigilant and compliant with internal policies.

**4. Internal Audit and Monitoring:** An independent internal audit firm is appointed to assess and improve the effectiveness of controls and processes; and compliance with policies, plans and statutory requirements. Their findings and recommendations are reviewed by the Audit Committee, guiding continuous improvements and corrective actions.

**5. Compliance and Regulatory Adherence:** We adhere strictly to regulatory requirements and industry standards. As per the provisions of the Companies Act 2013, our Company conducts secretarial audit performed by an independent Practicing Company Secretary. The Secretarial Audit Report for the fiscal year ending March 31, 2024, confirms that there were no qualifications, reservations, adverse remarks, or disclaimers.

**6. Technology and Information Security Controls:** Given the importance of technology in our operations, we invest in robust IT systems and infrastructure. Information security measures (e.g. access rights) are implemented to protect confidential data and mitigate cyber threats.

**7. Governance and Oversight:** The Board of Directors and senior management provide oversight and guidance on internal control matters. The senior management diligently reviews the findings and recommendations from internal auditors, statutory auditors, secretarial auditors and IT audit teams. This process ensures ongoing monitoring and enhancement of internal controls, keeping pace with our organization's growth trajectory, increasing operational complexity and evolving statutory requirements.

In conclusion, our internal control systems are designed to provide reasonable assurance regarding the achievement of operational objectives, reliability of financial reporting and compliance with laws and regulations. We are committed to ongoing enhancement of these systems to adapt to changing business dynamics, emerging trends and regulatory developments in the MSME lending sector.

## **PLANS FOR 2024-2025**

Looking forward, Profectus remains poised to capitalize on emerging opportunities within the MSME segment, underpinned by our unwavering focus on prudent risk management, regulatory compliance and sustainable growth.

In 2024-25 our strategic focus will be on consolidating and capitalising on the substantial investments made in people, processes, technology and distribution network; and continue to deliver on our vision to be the preferred partner-in-progress to small and medium businesses.

Our long-term mission is to provide sustainable and outstanding value to all stakeholders through innovative, values-driven, high quality service delivery and profitable business practices. With strong tailwinds and strategic elements in place, we are confident to deliver on our mission and create a world-class NBFC.

#### Source

1. Reserve Bank of India Annual Report 2023-24
2. Reserve Bank of India Financial Stability Report June 2024
3. All references to GDP data in this Report are based on the Second Advance Estimates of National Income 2023-24 released by the National Statistical Office on February 29, 2024, unless indicated otherwise
4. Das, Shaktikanta (2024), 'Welcome Address at the RBI@90 Commemoration Function', April 1, Mumbai. Available at: [https://www.rbi.org.in/Scripts/BS\\_SpeechesView.aspx?Id=1427](https://www.rbi.org.in/Scripts/BS_SpeechesView.aspx?Id=1427)
5. <https://bfsi.economictimes.indiatimes.com/news/industry/credit-quality-outlook-for-fy25-positive-tad-slower-for-banks-nbfcs-crisil/108936046>
6. <https://www.crisilratings.com/en/home/newsroom/press-releases/2024/05/bank-credit-growth-to-stay-healthy-but-slip-200-bps-to-14-percent.html>
7. <https://timesofindia.indiatimes.com/business/india-business/banking-sector-net-crosses-rs-3-lakh-crore-for-first-time-in-fy24/articleshow/110255010.cms>
8. <https://pib.gov.in/PressReleaselframePage.aspx?PRID=1946375>
9. <https://www.livemint.com/news/india/msmes-are-the-growth-engine-of-india-contribute-30-to-the-gdp-11663347449050.html>

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**For the Financial Year ended 31<sup>st</sup> March, 2024**

*[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: L2023MH013700**

**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 NBFCs-Middle Layer (NBFCs-ML). 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 31<sup>st</sup> March, 2024 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2024 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) 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;~~
- (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder, as amended and to the extend applicable;
- (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 (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client;
- (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **Not applicable**
- (c) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (d) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **Not applicable**
- (f) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; **Not applicable**
- (g) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
- (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; **Not applicable**
- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **Not applicable**
- (vi) The Master Directions prescribed by Reserve Bank of India (RBI) as applicable to the Company 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/ Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023;
  - (b) Master Direction - Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016 / Master Direction - Reserve Bank of India (Filing of Supervisory Returns) Directions – 2024;

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 has:

1. Allotted of 3,500 senior, secured, listed, rated, redeemable, non-convertible debentures of Rs. 1,00,000/- each at par on private placement basis on 12<sup>th</sup> April, 2023.
2. Allotted of 1450 senior, secured, listed, rated, redeemable, non-convertible debentures of Rs. 1,00,000/- each at par on private placement basis on 19<sup>th</sup> May, 2023.
3. Altered the Articles of Association pursuant to special resolution passed by the shareholders of the Company at the Extraordinary General Meeting of the members of the Company held on 8<sup>th</sup> June, 2023.
4. Amended Clause III (A) – main object clause of the Memorandum of Association pursuant to special resolution passed by the shareholders of the Company at the Extraordinary General Meeting of the members of the Company held on 8<sup>th</sup> June, 2023.
5. Appointed M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, Statutory Auditors, as the Joint Auditors of the Company pursuant to the provisions of the Companies Act, 2013 and rules made thereunder and RBI vide Circular Ref.No.DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021 and to fix their remuneration at the Annual General Meeting held on 24<sup>th</sup> August, 2023 for a period of three year (financial 2023-24 to financial 2025-26).

**For Purwar & Purwar Associates LLP**  
**Company Secretaries**  
**[Unique Identification Code: L2023MH013700]**  
**[PR: 3174/2023]**

**Pradeep Kumar Purwar**  
**Designated Partner**  
**FCS No. 5769**  
**CoP No. 5918**

**Place: Thane**  
**Date: 23 May 2023**

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## **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, 2024, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of material 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, as amended (“the Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### **Basis for Opinion**

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

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended March 31, 2024. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

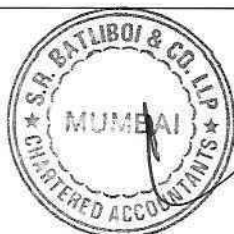
We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the





procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matters	How our audit addressed the key audit matter
<p><b>1. Impairment of loans (expected credit losses) (refer note 1.2, 1.18 and 8 to the financial statements)</b></p> <p>Indian Accounting Standard (Ind AS) 109 Financial Instruments requires the Company to provide for impairment of its loans using the expected credit loss (ECL) approach. ECL involves an estimation of probability weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions and other factors which could impact the credit quality of the Company's loans.</p> <p>In the process, a significant degree of judgement and estimates have been applied by the management for:</p> <ul style="list-style-type: none"> <li>Staging of loans (i.e. classification in 'significant increase in credit risk' ('SICR') and 'default' categories) based on past due status or qualitative assessment;</li> <li>Grouping of borrowers (retail loan portfolio) based on homogeneity for estimating probability of default ('PD'), loss given default ('LGD') and exposure at default ('EAD') on a collective basis;</li> <li>Estimation of losses for loan products with no/ minimal historical defaults;</li> <li>Determining macro-economic and other factors impacting credit quality of loans.</li> </ul> <p>In view of the high degree of management's judgement involved in estimation of ECL and the overall significance of the impairment loss allowance to the financial statements, it is considered as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Read and assessed the Company's accounting policy 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.</li> <li>• Evaluated reasonableness of management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around extraction, validation and computation of input data used.</li> <li>• 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.</li> <li>• 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 the requirements of Ind AS 109.</li> <li>• Involved internal specialist for testing of the ECL model and computation, including factors that affect the PD, LGD and EAD considering various forward looking, micro and macro-economic factors. Performed procedures to test the inputs used in the ECL computation, on a sample basis.</li> <li>• Tested assumptions used by the management in determining the overlay for macro-economic and other factors.</li> <li>• Tested the arithmetical accuracy of computation of ECL provision performed by the Company.</li> <li>• Assessed adequacy of disclosures included in the financial statements in respect of expected credit losses.</li> </ul>
<p><b>IT systems and controls</b></p>	
<p>The financial accounting and reporting systems of the Company are fundamentally reliant on IT systems and</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• The aspects covered in the assessment of IT General Controls comprised: (i) User Access Management; (ii) Program Change Management; (iii) Other</li> </ul>



Key audit matters	How our audit addressed the key audit matter
<p>IT controls to process significant transaction volumes.</p> <p>Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure accurate financial reporting. Any gaps in the IT control environment could result in a material misstatement of the financial accounting and reporting records.</p> <p>Therefore, due to the pervasive nature and complexity of the IT environment, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.</p>	<p>related ITGCs, including audit trail – to understand the design and test the operating effectiveness of such controls in respect of information systems that are important to financial reporting (“in-scope applications”).</p> <ul style="list-style-type: none"> <li>• Tested the changes that were made to the in-scope applications during the audit period to assess changes that have impact on financial reporting.</li> <li>• Tested the periodic review of access rights, inspected requests of changes to systems for appropriate approval and authorization.</li> <li>• Performed tests of controls (including other compensatory controls, wherever applicable) on the IT application controls and IT dependent manual controls in the system.</li> <li>• Tested the design and operating effectiveness of compensating controls, where deficiencies were identified and, where necessary, extended the scope of our substantive audit procedures.</li> </ul>

We have determined that there are no other key audit matters to communicate in our report.

### Other Information

The Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Directors report, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Company’s Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also



includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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.

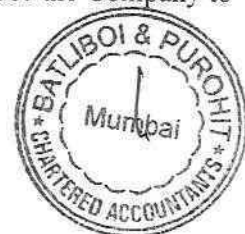
Those charged with governance are also responsible for overseeing the Company's financial reporting process.

### **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 skepticism throughout the audit. We also:

1. 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.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. 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.



5. 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 for the financial year ended March 31, 2024 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.

#### **Other Matter**

The financial statements of the Company for the year ended March 31, 2023, included in these financial statements, have been audited by one of the joint statutory auditor, Batliboi & Purohit, Chartered Accountants, who expressed an unmodified opinion on those statements vide their report dated May 22, 2023.

#### **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 of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  1. 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;
  2. 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 except for the matters stated in the paragraph 9.6. below on reporting under Rule 11(g);
  3. The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Statement of Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  4. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;



5. On the basis of the written representations received from the directors as on March 31, 2024 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act;
6. With respect to the adequacy of the internal financial controls with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
7. 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.;
8. The modification relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2.2. above on reporting under Section 143(3)(b) and paragraph 9.6. below on reporting under Rule 11(g);
9. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  1. The Company does not have any pending litigations which would impact its financial position;
  2. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  3. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  4. a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 65(i) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, 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, other than as disclosed in the note 65(ii) to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and  
  
c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to



believe that the representations under sub-clause (a) and (b) contain any material misstatement.

5. No dividend has been declared or paid during the year by the Company.
6. Based on our examination which included test checks, the Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software, except that audit trail feature was not maintained throughout the year for direct changes to data when using certain access rights, as described in note 76 to the financial statements. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with in respect of the accounting software.

**For S. R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm registration number: 301003E/E300005



per **Viren H. Mehta**  
Partner  
Membership No.: 048749



UDIN: 24048749BKFGYV1405

London  
May 23, 2024

**For Batliboi & Purohit**  
Chartered Accountants  
ICAI Firm registration number: 101048W



per **Janak Mehta**  
Partner  
Membership No.: 116976



UDIN: 24116976BKGWSV3247

Mumbai  
May 23, 2024

**Annexure 1 referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our Report of even date**

Re: Profectus Capital Private Limited

- (i) (a) 1. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.  
2. The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a regular programme of physical verification of its Property, Plant and Equipment by which all Property, Plant and Equipment are verified in a phased manner over a period of 3 years. In accordance with this programme, certain Property, Plant and Equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regards to the size of the Company and the nature of its assets.
- (c) 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), held by the Company and accordingly, the requirement to report on clause 3(i)(c) of the Order is not applicable to the Company.
- (d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2024.
- (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The Company’s business does not involve inventories and, accordingly, the requirement to report on clause 3(ii)(a) of the Order is not applicable to the Company.
- (b) As disclosed in note 14 to the financial statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks and financial institutions during the year on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the financial statements, the quarterly returns/statements filed by the Company with such banks and financial institutions are in agreement with the audited/ unaudited books of account of the Company.
- (iii) (a) The Company’s principal business is to give loans and is a registered NBFC, accordingly, reporting under clause (iii)(a) is not applicable to the Company.
- (b) During the year the investments made, security given and the terms and conditions of the grant of all loans and advances in the nature of loans, investments and guarantees to companies, firms, Limited Liability Partnerships or any other parties are not prejudicial to the Company's interest.
- (c) In respect of loans and advances in the nature of loans, the schedule of repayment of principal and payment of interest has been stipulated by the Company. Having regard to



the voluminous nature of loan transactions, it is not practicable to furnish entity-wise details of amount, due date for repayment or receipt and the extent of delay in this report (as suggested in the Guidance Note on CARO 2020, issued by the Institute of Chartered Accountants of India for reporting under this clause), in respect of loans and advances which were not repaid / paid when they were due or were repaid / paid with a delay, in the normal course of lending business. Further, except for 63 loans classified as credit impaired ('stage 3') with aggregate exposure of principal and interest of Rs. 43 crores, 126 loans where credit risk has increased significantly since initial recognition ('stage 2') with aggregate exposure of principal and interest of Rs. 80 crores and 124 loans where the credit risk has not increased significantly since initial recognition but have some overdue of up to 30 days ('stage 1') with aggregate exposure of principal and interest of Rs. 59 crores as at March 31, 2024, in respect of which the Company has disclosed asset classification / staging in Note 41 to the financial statements in accordance with Indian Accounting Standards (Ind AS) and the guidelines issued by the Reserve Bank of India, the parties in respect of 5,704 loans with aggregate exposure of principal and interest of Rs. 2,537 crore are repaying the principal amounts, as stipulated, and are also regular in payment of interest, as applicable.

- (d) In respect of loans and advances in the nature of loans, as disclosed in Note 41 to the financial statements, the total amount outstanding of loans classified as credit impaired ('stage 3') (including loans overdue for more than ninety days) as at March 31, 2024 is Rs. 43 crores (63 loans). In such instances, in our opinion, reasonable steps have been taken by the Company for recovery of the overdue amount of principal and interest.
- (e) The Company's principal business is to give loans and is a registered NBFC, accordingly, reporting under clause (iii)(e) 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 to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.
- (iv) There are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.
- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.
- (vi) The Company is not in the business of sale of any goods or provision of such services as prescribed. Accordingly, the requirement to report on clause 3(vi) of the Order is not applicable to the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, cess and other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax,





goods and service tax, cess and other material statutory dues were in arrears as at March 31, 2024 for a period of more than six months from the date they became payable.

As informed, provision of sales tax, wealth tax, value added tax, excise duty and custom duty are currently not applicable to the Company.

- (b) There are no dues of goods and services tax, provident fund, employees' state insurance, income tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess, and other statutory dues which have not been deposited on account of any dispute.
- (viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- (ix) (a) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender 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.
- (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) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.
- (f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(f) of the Order is not applicable to the Company.
- (x) (a) The Company has not raised any money during the year by way of initial public offer/further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares/fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) No fraud/material fraud by the Company or no fraud /material fraud on the Company has been noticed or reported during the year.



- (b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) (a) The Company is not a Nidhi company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a), (b) and (c) of the Order is not applicable to the Company.
- (xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.
- (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- (xvi) (a) The Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934)
- (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934
- (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) (c) of the Order is not applicable to the Company.
- (d) There are no other Companies part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.
- (xvii) The Company has not incurred cash losses in the current financial year or the previous financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios disclosed in note 44 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to



believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability 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) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. This matter has been disclosed in note 58 to the financial statements.
- (b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of with provisions of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note 58 to the financial statements.

**For S. R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm registration number: 301003E/E300005



per **Viren H. Mehta**

Partner

Membership No.: 048749



UDIN: 24048749BKFGYV1405

London

May 23, 2024

**For Batliboi & Purohit**

Chartered Accountants

ICAI Firm registration number: 101048W



per **Janak Mehta**

Partner

Membership No.: 116976



UDIN: 24116976BKGWSV3247

Mumbai

May 23, 2024

**ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF PROPECTUS CAPITAL PRIVATE LIMITED**

**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 with reference to financial statements of Profectus Capital Private Limited ("the Company") as of March 31, 2024 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 the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these financial statements 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, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

**Meaning of Internal Financial Controls With Reference to these Financial Statements**

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of



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

### **Inherent Limitations of Internal Financial Controls With Reference to Financial Statements**

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

### **Opinion**

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**For S. R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm registration number: 301003E/E300005



**per Viren H. Mehta**  
Partner  
Membership No.: 048749



UDIN: 24048749BKFGYV1405

London  
May 23, 2024

**For Batliboi & Purohit**  
Chartered Accountants  
ICAI Firm registration number: 101048W



**per Janak Mehta**  
Partner  
Membership No.: 116976



UDIN: 24116976BKGWSV3247

Mumbai  
May 23, 2024

# Profectus Capital Private Limited

## Balance Sheet

as at March 31, 2024

Amount in Rs. Lakhs

Sr. N°	Particulars	Notes	As at March 31, 2024	As at March 31, 2023
<b>ASSETS</b>				
I.	<b>FINANCIAL ASSETS</b>			
(a)	Cash and cash equivalents	3	11,718	12,502
(b)	Bank balances other than (a) above	4	31,486	24,016
(c)	Loans	5	2,69,221	2,45,326
(d)	Investments	6	8,292	15,568
(e)	Other financial assets	7	2,196	251
	<b>Total Financial Assets</b>		<b>3,22,913</b>	<b>2,97,663</b>
II.	<b>NON-FINANCIAL ASSETS</b>			
(a)	Current tax assets (net)	8	361	100
(b)	Deferred tax assets (net)	9	122	298
(c)	Property, plant and equipment	10	2,046	1,371
(d)	Intangible assets	10	111	137
(e)	Intangible assets under development	10A	35	-
(f)	Other non-financial assets	11	487	373
	<b>Total Non-Financial Assets</b>		<b>3,162</b>	<b>2,279</b>
	<b>TOTAL ASSETS</b>		<b>3,26,075</b>	<b>2,99,942</b>
<b>LIABILITIES AND EQUITY</b>				
I.	<b>FINANCIAL LIABILITIES</b>			
(a)	Payables			
	(i) Trade payables	12		
	- Total outstanding dues of micro enterprise and small enterprise		155	52
	- Total outstanding dues of creditors other than micro enterprise and small enterprise		738	813
(b)	Debt securities	13	28,461	19,908
(c)	Borrowings other than debt securities	14	1,70,259	1,59,274
(d)	Other financial liabilities	15	9,823	8,751
	<b>Total Financial Liabilities</b>		<b>2,09,436</b>	<b>1,88,790</b>
II.	<b>NON-FINANCIAL LIABILITIES</b>			
(a)	Current tax liabilities (Net)	16	56	304
(b)	Provisions	17	1,050	1,137
(c)	Other non-financial liabilities	18	4,106	3,081
	<b>Total Non-Financial Liabilities</b>		<b>5,212</b>	<b>4,522</b>
III.	<b>EQUITY</b>			
(a)	Equity share capital	19	73,700	73,700
(b)	Other equity	20	37,727	32,922
	<b>Total Equity</b>		<b>1,11,427</b>	<b>1,06,622</b>
	<b>TOTAL LIABILITIES AND EQUITY</b>		<b>3,26,075</b>	<b>2,99,942</b>

Material Accounting Policies

1 & 2

The accompanying notes form an integral part of the financial statements

As per our report of even date

For S R Batliboi & Co. LLP

Chartered Accountants

ICAI Firm's Registration Number: 301003E/E300005



per Viren H. Mehta  
Partner  
Membership No: 048749

Place: London  
Date: 23 May, 2024



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

For Batliboi & Purohit  
Chartered Accountants

ICAI Firm's Registration No: 101048W



per Janak Mehta  
Partner  
Membership No.: 116976

Place: Mumbai  
Date: 23 May, 2024



  
Sandip Parikh  
Chief Financial Officer

  
Nitin Parthasarathy  
Company Secretary



# Profectus Capital Private Limited

## Statement of Profit and Loss

for the year ended March 31, 2024

Amount In Rs. Lakhs				
Sr. No.	Particulars	Notes	For the year ended March 31, 2024	For the year ended March 31, 2023
I.	Revenue from Operations			
(a)	Interest Income	21	36,099	26,245
(b)	Gain/loss on derecognition of financial instruments at amortised cost	21	2,128	-
(c)	Fee and Commission Income	22	1,460	819
(d)	Net gain on fair value changes	23	506	214
	<b>Total Revenue from Operations</b>		<b>40,193</b>	<b>27,278</b>
II.	Other Income	24	76	28
III.	<b>Total Income (I + II)</b>		<b>40,269</b>	<b>27,306</b>
IV.	Expenses			
(a)	Finance Costs	25	18,260	10,862
(b)	Impairment of Financial Instruments	26	1,330	994
(c)	Employee benefit expenses	27	9,580	7,815
(d)	Depreciation and amortisation	10	577	540
(e)	Other expenses	28	4,073	3,094
	<b>Total Expenses</b>		<b>33,820</b>	<b>23,305</b>
V.	<b>Profit before tax (III-IV)</b>		<b>6,449</b>	<b>4,001</b>
VI.	Tax Expense			
(a)	Current tax		1,458	1,076
(b)	Deferred tax (credit)/charge		175	(68)
	<b>Net tax expense</b>		<b>1,633</b>	<b>1,008</b>
VII.	<b>Profit for the year (V-VI)</b>		<b>4,816</b>	<b>2,993</b>
VIII.	Other Comprehensive Income			
A	(i) Items that will not be reclassified to profit and loss			
	Remeasurement gain/(loss) on defined benefit plan		(14)	(54)
	(ii) Income tax relating to items that will not be reclassified to profit and loss		4	14
	Subtotal (A)		(10)	(40)
B	(i) Items that will be reclassified subsequently to profit and loss			
	- Fair Value of financial instruments through OCI		-	(28)
	(ii) Income tax relating to items that will be reclassified to profit and loss		-	7
	Subtotal (B)		-	(21)
	<b>Other Comprehensive Income for the year (net of income taxes) (A+B)</b>		<b>(10)</b>	<b>(61)</b>
IX.	<b>Total Comprehensive Income for the year (net of income taxes) (VII + VIII)</b>		<b>4,806</b>	<b>2,932</b>
X.	Earning Per Equity Share	29		
	(Face value of Rs. 10 each fully paid up)			
	Basic (In Rupees)		0.65	0.44
	Diluted (In Rupees)		0.64	0.43

Material Accounting Policies 1 & 2  
The accompanying notes form an integral part of the financial statements

As per our report of even date

For S R Batliboi & Co. LLP  
Chartered Accountants  
ICAI Firm's Registration Number: 301003E/E300005

  
per Viren H. Mehta  
Partner

Membership No: 048749

Place: London  
Date: 23 May, 2024



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

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

  
per Janak Mehta  
Partner

Membership No.: 116976

Place: Mumbai  
Date: 23 May, 2024



  
Sandip Parikh  
Chief Financial Officer

  
Nitin Pangarkar  
Company Secretary



# Profectus Capital Private Limited

## Statement of Cash Flow

for the year ended March 31, 2024

Amount in Rs. Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>A. Cash Flow from Operating Activities</b>		
Net Profit Before Tax	6,449	4,001
Adjusted for		
Depreciation and Amortisation (Refer Note 10)	577	540
Impairment on financial instruments	1,030	703
Bad debt written off	300	291
Provision for Gratuity	81	64
Amortised Processing fees and DSA commission	(200)	(478)
Amortised Finance Cost	605	322
Gain on derecognition of financial instrument at amortised cost	(2,128)	
IndAS adjustment for security deposit	144	88
Finance cost	17,010	10,107
Interest income on loans	(33,842)	(23,309)
Interest income on fixed deposits and investments	(3,684)	(2,113)
Net (gain)/loss on fair value changes	(506)	(214)
	(20,613)	(13,999)
<b>Operating (Loss)/Profit before Working Capital Changes</b>	<b>(14,164)</b>	<b>(9,998)</b>
Adjusted for		
Other financial assets	(24,842)	(95,090)
Other non financial assets	(124)	147
Other financial liabilities	271	3,623
Other non financial liabilities	938	1,774
	(23,757)	(89,546)
<b>Cash Used in Operation</b>	<b>(37,921)</b>	<b>(99,544)</b>
Taxes Paid	(1,967)	(803)
Interest Received	33,842	23,309
Interest Paid	(17,010)	(10,107)
	14,865	12,399
<b>Net Cash from / (used in) Operating Activities</b>	<b>(23,056)</b>	<b>(87,145)</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of property, plant and equipment	(217)	(200)
(Purchase)/Sale of Current investments (Net)	7,782	(6,455)
(Investment) / Maturity of Fixed deposits (Net)	(7,471)	(23,292)
Interest on Fixed deposits / investments	3,684	2,113
<b>Net Cash generated from / (used in) Investing Activities</b>	<b>3,778</b>	<b>(27,834)</b>
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from issue of Equity Shares		26,999
Proceeds from Term Loans	75,800	88,775
Repayments of Term Loans	(76,651)	(22,606)
Proceeds from CC / OD facilities (Net)	17,818	21,901
Proceeds from non convertible debentures	4,950	7,000
Repayments of non convertible debentures	(2,380)	(1,214)
Payment of Lease Liability (including interest)	(1,043)	(878)
<b>Net Cash generated from / (used in) Financing Activities</b>	<b>18,494</b>	<b>1,19,977</b>
<b>Net increase / (decrease) in Cash and Cash Equivalents (A + B + C)</b>	<b>(784)</b>	<b>4,928</b>
Opening Balance of Cash and Cash Equivalents	12,502	7,504
<b>Closing Balance of Cash and Cash Equivalents (Refer Note 3)</b>	<b>11,718</b>	<b>12,502</b>

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

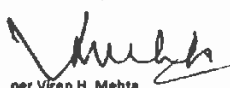
Changes in Liabilities arising from financing activities

Particulars	April 1, 2023	Cashflows	Others	March 31, 2024
<b>Borrowings</b>	1,79,182	19,315	223	1,98,720
Particulars	April 1, 2022	Cashflows	Others	March 31, 2023
<b>Borrowings</b>	84,889	93,856	437	1,79,182

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

As per our report of even date

For S R Batliboi & Co. LLP  
Chartered Accountants  
ICAI Firm's Registration Number: 301003E/E300005

  
per Viren H. Mehta  
Partner

Membership No: 048749

Place: London  
Date: 23 May, 2024

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

  
per Janak Mehta  
Partner

Membership No.: 116976

Place: Mumbai  
Date: 23 May, 2024

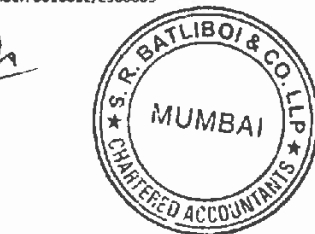
For and on behalf of the Board of Directors of  
Profectus Capital Private Limited

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

  
Nitin Jain  
Director  
DIN: 05347739

  
Sandip Parikh  
Chief Financial Officer

  
Nitin Pangarkar  
Company Secretary





# Profectus Capital Private Limited

## Statement of Changes in Equity

for the year ended March 31, 2024

Amount in Rs. Lakhs

### Sl. No. A. Issued, Subscribed & Fully Paid Equity Share Capital

Particulars	Note	Rs In Lakhs
Balance as at March 31, 2023	19	73,700
Changes in equity share capital during the year		-
Balance as at March 31, 2024		73,700
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

### Sl. No. B. Other Equity

Particulars	Reserves and Surplus				Other Comprehensive Income	Total
	Statutory Reserve	Securities Premium Reserve	Retained Earnings	Share based payment reserve*	Fair Valuation of Investments at FVOCI	
Balance as at March 31, 2023	969	28,870	1,752	1,330	1	32,922
Profit for the year	-	-	4,816	-	-	4,816
Other comprehensive income for the year	-	-	-10	-	-1	-11
Transferred to / (from)	964	-	-964	-	-	-
Balance as at March 31, 2024	1,933	28,870	5,594	1,330	-	37,727
Balance as at March 31, 2022	370	13,899	-602	1,330	22	15,019
Profit for the year	-	-	2,993	-	-	2,993
Premium on shares issued during the year	-	14,971	-	-	-	14,971
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 S R Batliboi & Co. LLP

Chartered Accountants

ICAI Firm's Registration Number: 301003E/E300005



per Viren H. Mehta  
Partner  
Membership No: 048749

Place: London  
Date: 23 May, 2024



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

  
KV Srinivasan  
Whole Time Director &  
Chief Executive Officer  
DIN: 01827316

  
Pratik Jain  
Director  
DIN: 05347739

For Batliboi & Purohit

Chartered Accountants

Firm's Registration No: 101048W



per Janak Mehta  
Partner  
Membership No.: 116976

Place: Mumbai  
Date: 23 May, 2024



  
Sandip Parikh  
Chief Financial Officer

  
Nitin Pandey  
Company Secretary



# Profectus Capital Private Limited

## Notes to the Financial Statements (Continued) for the year ended March 31, 2024

### 1. CORPORATE INFORMATION

Profectus Capital Private Limited ('the Company'), is a private limited company, domiciled in India, incorporated on June 9, 2017 with the Registrar of Companies ('RoC'), Mumbai, Maharashtra, under the provisions of Companies Act 2013. The Company is a non-deposit taking non-banking financial company ('NBFC') registered with Reserve Bank of India under Section 45-IA of the Reserve Bank of India Act, 1934 with effect from September 25, 2017. The Company is primarily engaged in lending and related activities. The Company is a subsidiary of ACTIS PC Investment (Mauritius) Limited and the Actis Global 4 LP is the ultimate holding company of Profectus Capital Private Limited.

The Company's registered office is at B-17, 4<sup>th</sup> Floor, Art Guild House, Phoenix Market City, Kurla West, Mumbai – 400070. The financial statements were approved for issue in accordance with a resolution of the Board of Directors of the Company at their meeting held on May 23, 2024.

### 2. MATERIAL 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 from time to time and presentation requirements of Division III of Schedule III to the Companies Act, 2013 and other applicable guidelines issued by Reserve Bank of India ("RBI").

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 share based payments which are measured at fair values as explained in relevant accounting policies

#### (B) MATERIAL ACCOUNTING POLICIES

##### 1. Presentation of Financial Statements

Financial assets and financial liabilities are generally reported gross in the balance sheet. 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
- The event of insolvency or bankruptcy of the company and / or its counterparties.

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented separately.



# Profectus Capital Private Limited

Notes to the Financial Statements (Continued)  
for the year ended March 31, 2024

2. MATERIAL ACCOUNTING POLICIES (Continued)  
(B) MATERIAL 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 (including financial instruments received in settlement of erstwhile loan assets) with the exception of loans, debt securities and deposits are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. Loans are recognised when fund transfer is initiated or disbursement cheque is issued to the customer. The Company recognises debt securities and deposits when funds are received by the Company.

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 or deducted from the fair value of the financial assets as appropriate. Transaction costs and revenues directly attributable to the acquisition of financial assets or financial liabilities measured at FVTPL are recognised immediately in the statement of profit and loss.

#### Subsequent Measurement

All recognised financial assets that are within the scope of Ind AS 109 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. 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 at fair value through profit or loss (FVTPL)
- Equity instruments designated 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.



# Profectus Capital Private Limited

Notes to the Financial Statements (Continued)  
for the year ended March 31, 2024

- 2. MATERIAL ACCOUNTING POLICIES (Continued)
- (B) MATERIAL ACCOUNTING POLICIES (Continued)
- 1. Presentation of Financial Statements (Continued)
- 1.2 Financial Instruments (Continued)

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.

### **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 Profit and Loss.

### **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 amortised 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.



# Profectus Capital Private Limited

Notes to the Financial Statements (Continued)  
for the year ended March 31, 2024

- 2. MATERIAL ACCOUNTING POLICIES (Continued)
- (B) MATERIAL 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 applicable financial assets held under amortised cost, debt instruments measured at FVOCI, and certain loan commitments as per the Board approved policy.

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.



# Profectus Capital Private Limited

Notes to the Financial Statements (Continued)  
for the year ended March 31, 2024

- 2. MATERIAL ACCOUNTING POLICIES (Continued)
- (B) MATERIAL 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.



# Profectus Capital Private Limited

**Notes to the Financial Statements (Continued)**  
for the year ended March 31, 2024

- 2. MATERIAL ACCOUNTING POLICIES (Continued)
- (B) MATERIAL 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.



# Profectus Capital Private Limited

Notes to the Financial Statements (Continued)  
for the year ended March 31, 2024

- 2. MATERIAL ACCOUNTING POLICIES (Continued)
- (B) MATERIAL 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**

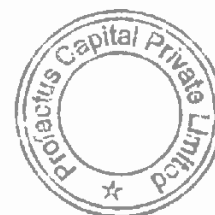
Loss allowances for ECL are presented in the Statement of Balance Sheet as follows:

- 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.





# Profectus Capital Private Limited

Notes to the Financial Statements (Continued)  
for the year ended March 31, 2024

- 2. MATERIAL ACCOUNTING POLICIES (Continued)
- (B) MATERIAL 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:

- Financial liabilities at amortized cost; and
- Financial liabilities at fair value through profit or loss

## **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.



# Profectus Capital Private Limited

Notes to the Financial Statements (Continued)  
for the year ended March 31, 2024

2. MATERIAL ACCOUNTING POLICIES (Continued)
- (B) MATERIAL ACCOUNTING POLICIES (Continued)
1. Presentation of Financial Statements (Continued)

## 1.3 Fair Value Measurement

The Company measures financial instruments (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.



# Profectus Capital Private Limited

Notes to the Financial Statements (Continued)  
for the year ended March 31, 2024

2. MATERIAL ACCOUNTING POLICIES (Continued)  
(B) MATERIAL 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 accumulated 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 property, plant and equipment 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, method of depreciation and residual values of the Property Plant and Equipment are reviewed at the end of each financial year and adjusted prospectively, if appropriate. 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/dropped off/dropped during the year is provided from/upto the date when added/dropped off/dropped. 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.



# Profectus Capital Private Limited

Notes to the Financial Statements *(Continued)*  
for the year ended March 31, 2024

## 2. MATERIAL ACCOUNTING POLICIES *(Continued)*

### (B) MATERIAL 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 losses. Direct expenses 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 its 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.



# Profectus Capital Private Limited

Notes to the Financial Statements (Continued)  
for the year ended March 31, 2024

- 2. MATERIAL ACCOUNTING POLICIES (Continued)
- (B) MATERIAL 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.



# Profectus Capital Private Limited

Notes to the Financial Statements (Continued)  
for the year ended March 31, 2024

2. MATERIAL ACCOUNTING POLICIES (Continued)
- (B) MATERIAL 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 contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

## **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

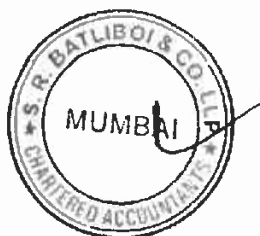
The Company recognises the following changes in the net defined benefit obligation under employee benefit expenses in the Statement of Profit and Loss:

- 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.



# Profectus Capital Private Limited

Notes to the Financial Statements (Continued)  
for the year ended March 31, 2024

- 2. MATERIAL ACCOUNTING POLICIES (Continued)
- (B) MATERIAL 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.

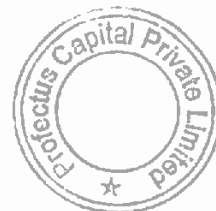
## 1.11 Foreign Currency Transactions

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.



# Profectus Capital Private Limited

Notes to the Financial Statements (Continued)  
for the year ended March 31, 2024

## 2. MATERIAL ACCOUNTING POLICIES (Continued)

### (B) MATERIAL ACCOUNTING POLICIES (Continued)

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

- 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. The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial instrument. If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through interest income in the statement of profit and loss. The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired, the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis 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) Interest income on deposits is recognised on a time proportionate basis using the effective interest rate.
- c) Fees and commission income such as guarantee commission, professional fee, service income etc. are recognised on an accrual basis in accordance with term of the contract with customer.
- d) Foreclosure charges are collected from loan customers for early payment/closure of loan and are recognised on realisation
- e) Other 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.
- f) Net gain on fair value changes: The Company designates certain financial assets for subsequent measurement at fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI). The Company recognises gains/loss on fair value change of financial assets measured at FVTPL and realised gains on derecognition of financial asset measured at FVTPL and FVOCI on net basis.
- g) All items of other income is recognized on an accrual basis, when there is no uncertainty in the ultimate realisation / collection.





# Profectus Capital Private Limited

**Notes to the Financial Statements (Continued)**  
for the year ended March 31, 2024

2. MATERIAL ACCOUNTING POLICIES (Continued)
- (B) MATERIAL 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 taxable income for the current accounting period in accordance with the tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date .

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.

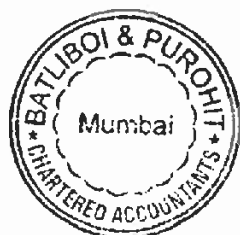
In the event of unabsorbed depreciation or carry forward of losses under tax laws, deferred tax assets are recognised to the extent that it is probable that sufficient future taxable income will be available to realise such assets.

## 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.



# Profectus Capital Private Limited

Notes to the Financial Statements (Continued)  
for the year ended March 31, 2024

2. MATERIAL ACCOUNTING POLICIES (Continued)
- (B) MATERIAL 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 ("EPS")

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.



# Profectus Capital Private Limited

Notes to the Financial Statements (Continued)  
for the year ended March 31, 2024

- 2. MATERIAL ACCOUNTING POLICIES (Continued)
- (B) MATERIAL 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 2024 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



# Profectus Capital Private Limited

Notes to the Financial Statements (Continued)  
for the year ended March 31, 2024

## 2. MATERIAL ACCOUNTING POLICIES (Continued)

### (B) MATERIAL 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 reassess its business models at 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**

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair 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 various 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



# Profectus Capital Private Limited

Notes to the Financial Statements (Continued)  
for the year ended March 31, 2024

2. MATERIAL ACCOUNTING POLICIES (Continued)

(B) MATERIAL ACCOUNTING POLICIES (Continued)

1. Presentation of Financial Statements (Continued)

1.18 Significant Accounting Judgements, Estimates and Assumptions (Continued)

and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

### **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.



# Profectus Capital Private Limited

## Notes to the Financial Statements (Continued) for the year ended March 31, 2024

### 2. MATERIAL ACCOUNTING POLICIES (Continued)

#### (B) MATERIAL ACCOUNTING POLICIES (Continued)

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

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

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated 31 March 2023 to amend the following Ind AS which are effective for annual periods beginning on or after 1 April 2023. The Company applied for the first-time these amendments.

###### i. Definition of Accounting Estimates - Amendments to Ind AS 8

The amendments clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Company's financial statements.

###### ii. Disclosure of Accounting Policies - Amendments to Ind AS 1

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

###### iii. Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases.

The Company previously recognised for deferred tax on leases on a net basis. As a result of these amendments, the Company has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. Since, these balances qualify for offset as per the requirements of paragraph 74 of Ind AS 12, there is no impact in the balance sheet. There was also no impact on the opening retained earnings as at 1 April 2022. Apart from these, consequential amendments and editorials have been made to other Ind AS like Ind AS 101, Ind AS 102, Ind AS 103, Ind AS 107, Ind AS 109, Ind AS 115 and Ind AS 34.

**New Standards issued or amendments to the existing standard but not yet effective:** There are no standards that are notified and not yet effective as on the date



# Profectus Capital Private Limited

## Notes to the Financial Statements (Continued) for the year ended March 31, 2024

Amount in Rs. Lakhs

### 3 Cash and Cash Equivalents (measured at amortised cost)

Particulars	As at	
	March 31, 2024	March 31, 2023
Cash on hand	1	1
Balance with Banks in Current Accounts	11,717	-
Fixed Deposits with banks (with original maturity of less than 3 months)	-	12,501
<b>Total</b>	<b>11,718</b>	<b>12,502</b>

### 4 Bank balances other than above (measured at amortised cost)

Particulars	As at	
	March 31, 2024	March 31, 2023
Fixed Deposits with banks (with original maturity of more than 3 months)	31,486	24,016
<b>Total</b>	<b>31,486</b>	<b>24,016</b>

Note: Out of the fixed deposits mentioned in note 4, fixed deposits amounting to Rs. 0.79 lakh (March 31, 2023: Rs. 0.79 lakh) is lien marked as security against the Corporate Credit Card and Rs. 30,980 lakh (March 31, 2023: Rs. 23,808 lakh) is lien marked as security against borrowing facilities.

### 5 Loans

Particulars	As at	
	March 31, 2024	March 31, 2023
<b>At Amortised cost :</b>		
(a) Bills purchased and bills discounted	20,246	15,980
(b) Term Loans	2,51,657	2,31,022
<b>Total (A) - Gross</b>	<b>2,71,903</b>	<b>2,47,002</b>
Less: Impairment loss allowance	2,682	1,676
<b>Total (B) - Net</b>	<b>2,69,221</b>	<b>2,45,326</b>
<b>Break-up of Loans - Security wise</b>		
(a) Secured - Tangible Assets	2,71,088	2,44,962
(b) Covered by Central Government Guarantee (ECLGS Loans)	815	2,040
(c) Unsecured	-	-
<b>Total (A) - Gross</b>	<b>2,71,903</b>	<b>2,47,002</b>
Less: Impairment loss allowance	2,682	1,676
<b>Total (B) - Net</b>	<b>2,69,221</b>	<b>2,45,326</b>
<b>Break-up of Loans - Sector wise</b>		
(a) Public Sector	-	-
(b) Others		
(i) Retail	1,74,956	1,84,150
(ii) Corporates	96,947	62,852
<b>Total (A) - Gross</b>	<b>2,71,903</b>	<b>2,47,002</b>
Less: Impairment loss allowance	2,682	1,676
<b>Total (B) - Net</b>	<b>2,69,221</b>	<b>2,45,326</b>

Note:

- All loans have been sourced and disbursed in India.
- There is no loan asset measured at FVOCI or FVTPL or designated at FVTPL.
- There were no loans given to directors, key management personnels or any other related party.
- Refer note no. 38 on "Financial risk management".



# Profectus Capital Private Limited

## Notes to the Financial Statements (Continued) for the year ended March 31, 2024

Amount in Rs. Lakhs

### 6 Investments

Particulars	As at March 31, 2024	As at March 31, 2023
(A) Investments at Fair Value through Other Comprehensive Income		
(a) Debt Securities (Quoted)	-	10,585
Less : Allowance for impairment		2
<b>Total (A)</b>	<b>-</b>	<b>10,583</b>
(B) Investments at Amortised cost		
(a) Pass through certificates	410	2,198
(b) Debt Securities (Quoted)	7,849	2,666
<b>Total (B) - Gross</b>	<b>8,259</b>	<b>4,864</b>
Less : Allowance for impairment	58	33
<b>Total (B) - Net</b>	<b>8,201</b>	<b>4,831</b>
(C) Investments at Fair Value through Profit and Loss		
(a) Investment in Security Receipts (Unquoted)	91	154
	<b>91</b>	<b>154</b>
<b>Total Investments (A) + (B) + (C)</b>	<b>8,292</b>	<b>15,568</b>

Note : All investments have been made in India

### 7 Other Financial Assets (at amortised cost)

Particulars	As at March 31, 2024	As at March 31, 2023
(a) Security Deposit	327	251
(b) Other financial assets	1,869	-
<b>Total</b>	<b>2,196</b>	<b>251</b>

### 8 Current Tax Assets (net)

Particulars	As at March 31, 2024	As at March 31, 2023
Tax deducted at source / Advance Tax	2,878	373
Less : Provision for Tax	2,517	273
<b>Total</b>	<b>361</b>	<b>100</b>

### 9 Deferred Tax Assets (net)

Particulars	As at March 31, 2024	As at March 31, 2023
<b>a) Deferred Tax Asset</b>		
Disallowance under the Income Tax Act, 1961	18	11
Measurement of financial assets and financial liabilities at amortised cost	15	9
Impact on account of lease accounting as per Ind AS 116	21	15
Income from financial assets based on Effective interest rate	116	40
Measurement of financial assets at FVOCI	9	7
Expected credit loss on financial instruments	675	422
<b>Total</b>	<b>854</b>	<b>504</b>
<b>b) Deferred Tax Liability</b>		
Depreciation on Fixed Assets	2	2
Unamortised Expenditure	260	204
Measurement of financial assets at FVOCI	-	-
EIS income for DA as per INDAs	470	-
<b>Total</b>	<b>732</b>	<b>206</b>
<b>Net Deferred Tax Asset (a) - (b)</b>	<b>122</b>	<b>298</b>





# Profectus Capital Private Limited

## Notes to the Financial Statements (Continued)

for the year ended March 31, 2024

Amount in Rs. Lakhs

### 10 Property, Plant & Equipment and Intangible assets

S.No.	Particulars	Gross Carrying Amount			Accumulated Depreciation and amortization			Net Carrying Amount			
		As at April 1, 2023	Addition	Deduction	As at March 31, 2024	As at April 1, 2023	Depreciation/ Amortisation	Deduction	As at March 31, 2024	As at March 31, 2024	As at March 31, 2023
<b>(i) Property, plant and equipment</b>											
1	Furniture and Fixtures	112	72	-	184	19	13	-	32	152	93
2	Computers	313	76	-	389	201	76	-	277	112	112
3	Office Equipment	1	0	-	1	0	0	-	0	1	1
4	Motor Vehicle	11	7	-	18	2	2	-	4	14	9
5	Right of use lease Asset	2,140	1,086	42	3,184	984	433	-	1,417	1,767	1,156
	<b>Total</b>	<b>2,577</b>	<b>1,241</b>	<b>42</b>	<b>3,776</b>	<b>1,206</b>	<b>524</b>	<b>-</b>	<b>1,730</b>	<b>2,046</b>	<b>1,371</b>
<b>(ii) Intangible Assets</b>											
1	Computer Software	553	27	-	580	416	53	-	469	111	137
	<b>Total</b>	<b>553</b>	<b>27</b>	<b>-</b>	<b>580</b>	<b>416</b>	<b>53</b>	<b>-</b>	<b>469</b>	<b>111</b>	<b>137</b>

S.No.	Particulars	Gross Carrying Amount			Accumulated Depreciation and amortization			Net Carrying Amount			
		As at April 1, 2022	Addition	Deduction	As at March 31, 2023	As at April 1, 2022	Depreciation/ Amortisation	Deduction	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
<b>(i) Tangible Assets</b>											
1	Furniture and fixtures	46	66	-	112	9	10	-	19	93	37
2	Computers	246	77	10	313	149	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	Right of use lease Asset	1,262	878	-	2,140	631	353	-	984	1,156	631
	<b>Total</b>	<b>1,559</b>	<b>1,028</b>	<b>10</b>	<b>2,577</b>	<b>790</b>	<b>426</b>	<b>10</b>	<b>1,206</b>	<b>1,371</b>	<b>768</b>
<b>(ii) Intangible Assets</b>											
1	Computer Software	493	60	-	553	303	113	-	416	137	190
	<b>Total</b>	<b>493</b>	<b>60</b>	<b>-</b>	<b>553</b>	<b>303</b>	<b>113</b>	<b>-</b>	<b>416</b>	<b>137</b>	<b>190</b>

### 10A Intangible assets under development as on March 31, 2024:

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	35	-	-	-	35

### Intangible assets under development as on March 31, 2023:

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	-	-	-	-

- For Depreciation and amortization policy refer accounting policy no. 15 and 16
- 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 held in the name of the company
- 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



# Profectus Capital Private Limited

## Notes to the Financial Statements (Continued) for the year ended March 31, 2024

Amount in Rs. Lakhs

### 11 Other Non - Financial Assets

Particulars	As at	As at
	March 31, 2024	March 31, 2023
(a) Prepaid Expense	193	149
(b) Sundry Advances	60	20
(c) GST Credit available	234	204
<b>Total</b>	<b>487</b>	<b>373</b>

### 12 Trade Payables

Particulars	As at	As at
	March 31, 2024	March 31, 2023
<b>Other Payables*</b>		
(a) Total outstanding dues of micro enterprise and small enterprise	155	52
(b) Total outstanding dues of creditors other than micro enterprise and small enterprise	738	813
<b>Total</b>	<b>893</b>	<b>865</b>

\*Refer note 59 for ageing schedule

### 13 Debt Securities

Particulars	As at	As at
	March 31, 2024	March 31, 2023
<b>At Amortised Cost</b>		
(a) Non Convertible Debentures	8,380	5,809
(b) Borrowing under Securitisation (from banks)	20,081	14,099
<b>Total</b>	<b>28,461</b>	<b>19,908</b>
Debt Securities in India	28,461	19,908
Debt Securities outside India	-	-
<b>Total</b>	<b>28,461</b>	<b>19,908</b>
Secured	28,461	19,908
Unsecured	-	-
<b>Total</b>	<b>28,461</b>	<b>19,908</b>

Note

- Borrowings mentioned above, has been fully secured by first exclusive charge (floating) over loan receivables and book debts of the Company.
- The Company has not defaulted on any of its debt securities repayments till date.
- The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
- Funds borrowed have been utilised for the purpose for which they were sanctioned.
- Quarterly returns or statements of current assets filed by the Company with debenture trustees are in agreement with the books of accounts
- 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. 8,380 lakh (March 31, 2023: Rs. 5,809 lakh) are repayable at maturity ranging between 30 and 38 months from the date of respective debenture. Rate of interest payable on debt securities varies between 9.57% to 11.60% (March 31, 2023 : between 9.57% to 11.60%).

As per terms of agreements borrowings under securitisation aggregating Rs. 20,081 lakh (March 31, 2023: Rs. 14,099 lakhs) are repayable at maturity ranging between 68 and 123 months (March 31, 2023: 90 and 123 months) from the date of respective debt securities. Rate of interest payable on debt securities varies between 8.50% to 9.70% (March 31, 2023 : 9.45% to 9.50%).



# Profectus Capital Private Limited

## Notes to the Financial Statements (Continued) for the year ended March 31, 2024

Amount in Rs. Lakhs

### 14 Borrowings other than Debt Securities

Particulars	As at	As at
	March 31, 2024	March 31, 2023
At Amortised Cost		
(a) Term Loans (Secured)		
(i) From Banks	1,21,409	1,06,625
(ii) Others	22,068	25,996
(b) WCDL Loans (Secured)		
(i) From Banks	8,963	4,752
(c) Bank Cash Credit (Secured)	-	1,939
(d) Bank Overdraft Facilities (Secured)	17,819	19,962
<b>Total (a+b+c+d)</b>	<b>1,70,259</b>	<b>1,59,274</b>

Note

- a) Borrowings 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 wilful 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. 1,30,372 lakh (March 31, 2023: Rs. 1,11,377 lakh) are repayable at maturity ranging between 3 and 63 months (March 31, 2023: 3 and 60 months) from the date of respective loan. Rate of interest payable on term loans varies between 7.95% to 12.15% (March 31, 2023 : 7.60 % to 13%).

As per terms of agreements loan from others aggregating Rs. 22,068 lakh (March 31, 2023: Rs. 25,996 lakh) are repayable at maturity ranging between 24 and 48 months (March 31, 2023: 36 and 48 months) from the date of respective loan. Rate of interest payable on term loans varies between 9.30% to 11.25% (March 31, 2023 : 9.25 % to 11.65%).

### 15 Other Financial Liabilities

Particulars	As at	As at
	March 31, 2024	March 31, 2023
(a) Collateral deposit from Customer	5,653	4,288
(b) Lease Liability	1,850	1,213
(c) Other expenses	813	72
(d) Book overdraft	-	3,178
(e) Other financial liabilities	1,507	-
<b>Total</b>	<b>9,823</b>	<b>8,751</b>

### 16 Current Tax Liabilities (Net)

Particulars	As at	As at
	March 31, 2024	March 31, 2023
Provision for Tax	318	1,107
Less : Tax deducted at source / Advance Tax	262	803
	<b>56</b>	<b>304</b>



# Profectus Capital Private Limited

## Notes to the Financial Statements (Continued) for the year ended March 31, 2024

Amount in Rs. Lakhs

### 17 Provisions

Particulars	As at	As at
	March 31, 2024	March 31, 2023
(a) Employee benefits	958	1,081
(b) Gratuity	92	56
<b>Total</b>	<b>1,050</b>	<b>1,137</b>

### 18 Other Non-Financial Liabilities

Particulars	As at	As at
	March 31, 2024	March 31, 2023
(a) Statutory dues	263	246
(b) Income received in advance	1,468	1,028
(c) Deferred Income on Collateral Deposits from Customers	2,375	1,807
<b>Total</b>	<b>4,106</b>	<b>3,081</b>

### 19 Share Capital

Particulars	As at	As at
	March 31, 2024	March 31, 2023
<b>Authorised</b>		
98,00,00,000 Equity Shares of Rs. 10 each (March 31, 2023: 98,00,00,000 Equity Shares of Rs. 10 each)	98,000	98,000
2,00,00,00,000 Preference Shares of Rs. 10 each (March 31, 2023: 2,00,00,00,000 Preference Shares of Rs. 10 each)	2,000	2,000
<b>Total</b>	<b>1,00,000</b>	<b>1,00,000</b>
<b>Issued, Subscribed and Paid-up</b>		
73,69,99,686 Equity Shares of Rs. 10 each (March 31, 2023: 73,69,99,686 Equity Shares of Rs. 10 each)	73,700	73,700
<b>Total</b>	<b>73,700</b>	<b>73,700</b>

#### Reconciliation of Equity Shares

	No Of Shares	Rs. In Lakhs
Opening balance as at April 1, 2022	61,67,16,667	61,672
Issued during the year	12,02,83,019	12,028
Closing balance as at March 31, 2023	73,69,99,686	73,700
Issued during the year	-	-
Closing balance as at March 31, 2024	<b>73,69,99,686</b>	<b>73,700</b>

#### 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 - Holding Company (shareholder holding more than 5% of the aggregate shares of the Company)

	No Of Shares	Percentage
Opening balance as at April 1, 2022	61,67,16,167	100%
Issued during the year	12,02,83,019	-
Closing balance as at March 31, 2023	73,69,99,186	100%
Issued during the year	-	-
Closing balance as at March 31, 2024	<b>73,69,99,186</b>	<b>100%</b>

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.



# Profectus Capital Private Limited

## Notes to the Financial Statements (Continued) for the year ended March 31, 2024

Amount in Rs. Lakhs

### 20 Other Equity

Particulars	As at	
	March 31, 2024	March 31, 2023
(a) Security Premium	28,870	28,870
(b) Statutory Reserve	1,933	969
(c) Other Comprehensive Income - Fair Valuation of Investments	-	1
(d) Surplus in Statement of Profit and Loss	5,594	1,752
(e) Share Based Payment Reserve	1,330	1,330
	<u>37,727</u>	<u>32,922</u>

#### Nature and Purpose of Reserves

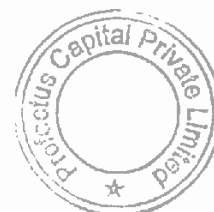
Name of Reserve	Nature and Purpose of Reserve
(a) Security Premium account	Premium received upon issuance of equity shares
(b) Statutory Reserve	Every year the Company transfers a of sum of not less than twenty per cent of net profit of that year as disclosed in the statement of profit and loss to its Statutory Reserve pursuant to Section 45-4C 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	
	March 31, 2024	March 31, 2023
(A) Financial Assets measured at amortised cost		
(a) Loans	31,914	23,787
(b) Investments in PTC	142	112
(c) Investments in Debt securities	701	145
Others		
(a) Fixed Deposits	1,928	786
(b) Security Deposit	16	15
(c) Fair Valuation of Collateral Deposit from Customers	484	331
<b>Total (A)</b>	<u>35,185</u>	<u>25,176</u>
(B) Financial Assets measured at FVOCI		
(a) Investment in Debt securities	914	1,069
<b>Total (B)</b>	<u>914</u>	<u>1,069</u>
<b>Total (A) + (B)</b>	<u>36,099</u>	<u>26,245</u>
(C) Gain/loss on derecognition of financial instruments at amortised cost	2,128	-
<b>Total (C)</b>	<u>2,128</u>	<u>-</u>

### 22 Fee and Commission Income

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
On Financial assets measured at Amortized cost		
(a) Foreclosure charges	1,190	664
(b) Others	270	155
<b>Total</b>	<u>1,460</u>	<u>819</u>



# Profectus Capital Private Limited

## Notes to the Financial Statements (Continued) for the year ended March 31, 2024

Amount in Rs. Lakhs

### 23 Net gain/loss on fair value changes

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Net gain on financial instruments at fair value through profit or loss		
- Mutual fund investments	416	165
Net gain on financial instruments at FVOCI		
- Debt securities	90	49
<b>Total Net gain/(loss) on fair value changes</b>	<b>506</b>	<b>214</b>
Fair value changes		
- Realised	506	214
- Unrealised	-	-
<b>Total</b>	<b>506</b>	<b>214</b>

### 24 Other Income

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest on Income tax refund	10	22
Bad Debts recovery	65	2
Miscellaneous income	1	4
<b>Total</b>	<b>76</b>	<b>28</b>

### 25 Finance Costs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
At amortised cost		
Interest on borrowings other than debt securities	14,915	9,705
Interest debt securities	967	560
Interest on lease liability	160	102
Interest on Collateral Deposit from Customers	484	331
Interest on Securitisation Borrowing	1,724	164
<b>Total</b>	<b>18,260</b>	<b>10,862</b>

### 26 Impairment on Financial Instruments

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
(a) Write off / Bad debts	300	291
(b) Impairment Loss Allowance at amortized cost -		
- on Loans	982	688
- on Undrawn Commitments	23	6
- on Investments at amortised cost	25	27
(c) Investments impairment loss allowance / (reversal) at FVOCI	(0)	(18)
<b>Total</b>	<b>1,330</b>	<b>994</b>

### 27 Employee Benefits Expense

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Payments to and Provision for Employees		
- Salaries and Wages	8,928	7,329
- Gratuity expenses (refer note 31)	81	64
- Contribution to Provident and other Funds	379	301
- Staff Welfare expenses	192	121
<b>Total</b>	<b>9,580</b>	<b>7,815</b>



# Profectus Capital Private Limited

## Notes to the Financial Statements (Continued) for the year ended March 31, 2024

Amount in Rs. Lakhs

### 28 Other Expenses

Particulars	For the year ended	For the year ended
	March 31, 2024	March 31, 2023
Auditor's Remuneration	118	33
Bank Charges	8	22
Credit Assessment Cost	401	400
IT expenses	871	725
Rent	145	133
Repairs & Maintenance-Others	69	70
Corporate Social Responsibility expenses (refer note 58)	40	15
Contractual Services	459	385
Rates and Taxes	42	24
Directors' Sitting Fees	11	10
Rating Fees	103	54
Legal & Professional Fees	452	409
Collection Cost	76	15
Printing and Stationary	158	154
Postage, Telegram & Telephone	56	33
Travel & Conveyance	932	503
Miscellaneous Expenses	132	109
	<b>4,073</b>	<b>3,094</b>

#### (a) Auditor's Remuneration :

Particulars	For the year ended	For the year ended
	March 31, 2024	March 31, 2023
Statutory Audit Fees (excluding taxes)	107	25
Tax Audit Fees	5	4
Other Services	5	3
Out of pocket expenses	1	1
<b>Total</b>	<b>118</b>	<b>33</b>

#### (b) Expenditure in foreign currency

Particulars	For the year ended	For the year ended
	March 31, 2024	March 31, 2023
Consultancy	11	9
<b>Total</b>	<b>11</b>	<b>9</b>

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

### 29 Earnings per Share (EPS):

Particulars	For the year ended	For the year ended
	March 31, 2024	March 31, 2023
Profit after Tax	4,816	2,993
Net profit attributable to equity shareholders	4,816	2,993
Weighted average number of equity shares (Nos. in lakh)	7,370	6,798
Diluted Weighted average number of equity shares (Nos. in lakh)	7,503	6,931
Basic earnings per share of face value Rs. 10 each (In Rupees)	0.65	0.44
Diluted earnings per share of face value Rs. 10 each (In Rupees)*	0.64	0.43

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



# Profectus Capital Private Limited

## Notes to the Financial Statements (Continued) for the year ended March 31, 2024

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, 2024	For the year ended March 31, 2023
<b>Current tax:</b>		
In respect of current year	1,458	1,076
<b>Deferred tax charge / (credit):</b>		
Deferred tax relating to origination and reversal of temporary differences	175	- 68
<b>Total Income Tax recognised in profit or loss</b>	<b>1,458</b>	<b>1,076</b>
<b>Current tax</b>	<b>1,458</b>	<b>1,076</b>
<b>Deferred tax charge / (credit)</b>	<b>175</b>	<b>- 68</b>
<b>Total Income Tax recognised in profit or loss</b>	<b>1,633</b>	<b>1,008</b>

#### (ii) Income Tax recognised in Other comprehensive income

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Income tax related to items recognised in Other comprehensive income		
Remeasurement gain/(loss) on defined benefit plan	4	14
<b>Total Income tax recognised in Other comprehensive income</b>	<b>4</b>	<b>14</b>

#### (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, 2024	For the year ended March 31, 2023
Profit before Tax	6,449	4,001
Enacted income tax rate (%)	25.17%	25.17%
Income tax expense calculated at applicable income tax rate	1,623	1,007
<b>Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:</b>		
Expenses that are not deductible for tax purposes	1,521	1,090
Deductions available under income tax	- 1,816	- 1,082
Other Income	130	61
<b>Income Tax expense recognised in profit and loss</b>	<b>1,458</b>	<b>1,076</b>
Deferred Tax recognised in profit and loss	175	- 68
<b>Tax recognised in profit and loss</b>	<b>1,633</b>	<b>1,008</b>
<b>Actual effective income tax rate (%)</b>	<b>25.32%</b>	<b>25.20%</b>

#### (iv) Movement In Deferred Tax

Movement in Deferred Tax Asset/(Liabilities) for the year ended 31st March, 2024:

Particulars	As on 31st March, 2023	Recognised in the Statement of Profit or Loss	Recognised in OCI	As on 31st March, 2024
a. Impact on account of lease accounting as per Ind AS 116	26	13	-	39
b. Fair value gain/(loss) on investments carried at FVOCI	7	2	-	9
c. Income from financial assets based on Effective Interest rate	40	76	-	116
d. Income from financial liabilities based on Effective interest rate	- 204	- 56	-	- 260
e. Expected credit loss on financial instruments	431	259	-	690
f. Others	-	470	-	- 470
g. Depreciation and amortization on property, plant and equipment	- 2	- 0	-	- 2
<b>Total</b>	<b>298</b>	<b>- 177</b>	<b>-</b>	<b>121</b>

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

Particulars	As on April 1, 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 rate	- 94	- 110	-	- 204
e. Expected credit loss on financial instruments	254	177	-	431
f. Business Losses c/f	11	- 11	-	-
g. Depreciation and amortization on property, plant and equipment	- 18	16	-	- 2
<b>Total</b>	<b>222</b>	<b>69</b>	<b>7</b>	<b>298</b>





# Profectus Capital Private Limited

## Notes to the Financial Statements (Continued) for the year ended March 31, 2024

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 March 31, 2024	For the year ended March 31, 2023
Employer's Contribution to Provident Fund	379	301

#### Defined Benefit Plan - Gratuity

The Company has a defined benefit gratuity plan, under which every employee who has completed at least 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 result 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 Company. The gratuity plan provides the 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 March 31, 2024	As at March 31, 2023
<b>I. Assumption</b>		
Interest / Discount Rate	7.16%	7.29%
Rate of Increase in compensation	7.65%	7.65%
Expected average remaining service	3	3
<b>II. Reconciliation of net defined benefit (asset)/liability</b>		
<i>(a) Reconciliation of present value of defined benefit obligation</i>		
Opening Defined Benefit Obligation	297	173
Interest Cost	22	10
Current Service Cost	74	61
Actuarial (Gains) / Losses	44	53
Benefits Paid	-10	-
<b>Closing Defined Benefit Obligation</b>	<b>427</b>	<b>297</b>
<i>(b) Reconciliation of fair value of plan asset</i>		
Fair value of plan assets at the beginning of year	241	128
Interest Income	18	7
Contributions	56	107
Benefits paid	-10	-
Return on Plan Assets excluding Interest Income	30	-1
<b>Fair value of plan assets at the end of year</b>	<b>335</b>	<b>241</b>
<i>(c) Reconciliation of net defined benefit (asset)/liability</i>		
Present value of Obligation as at the end of year	427	297
Fair value of plan assets as at the end of year	335	241
Funded status	92	-56
<b>Recognised in Balance Sheet - (Asset) / Liability</b>	<b>92</b>	<b>-56</b>



# Profectus Capital Private Limited

## Notes to the Financial Statements (Continued) for the year ended March 31, 2024

Amount in Rs. Lakhs

### 31 Employee benefits (Continued)

Particulars	As at	
	March 31, 2024	March 31, 2023
<b>III. Actuarial (Gain)/Loss on Obligation</b>		
Due to Demographic Assumption	- 14	32
Due to Financial Assumption	4	- 46
Due to Experience	54	67
<b>Net Actuarial (Gain)/ Loss on Obligation</b>	<b>44</b>	<b>53</b>
<b>IV. Actual Return on Plan Assets</b>		
Actual Interest Income	18	6
Expected Interest Income	12	- 7
<b>Return on Plan Assets excluding Interest Income</b>	<b>30</b>	<b>- 1</b>
<b>V. Net Interest</b>		
Interest Expense	22	10
Interest Income	- 18	- 7
<b>Net Interest Exp/(Income)</b>	<b>4</b>	<b>3</b>
<b>VI. Expenses Recognised in Profit and Loss account under Employee benefit expenses</b>		
Current Service Cost	74	61
Net Interest Exp/(Income)	4	3
Past Service Cost (vested benefits)	-	-
<b>Expenses recognised in Profit and Loss Account</b>	<b>78</b>	<b>64</b>
<b>VII. Remeasurements recognised in Other Comprehensive Income</b>		
Net Actuarial (Gain)/ Loss on Obligation	44	53
Return on Plan Assets excluding Interest Income	30	- 1
<b>Total Actuarial (Gain)/ Loss recognised in OCI</b>	<b>14</b>	<b>54</b>
<b>VIII. Others</b>		
Weighted average duration of defined benefit Obligation	8	8

#### 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 31-03-24 is as below

Particulars	As at	
	March 31, 2024	March 31, 2023
Change in rate of Discount Rate + 100 basis points	- 26	- 19
Change in rate of Discount Rate- 100 basis points	30	22
Change in rate of Salary Escalation Rate + 100 basis points	30	22
Change in rate of Salary Escalation Rate - 100 basis points	- 27	- 19
Change in rate of Attrition Rate + 100 basis points	- 3	- 2
Change in rate of Attrition Rate - 100 basis points	3	2

The Expected Payout as at 31st March 2024 are as under:

Particulars	As at	
	March 31, 2024	March 31, 2023
Year 1	72	14
Year 2	30	18
Year 3	29	60
Year 4	28	20
Year 5	66	19
Year 6 to Year 10	168	135
<b>Sum of Years 11 and above</b>	<b>384</b>	<b>288</b>

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

Particulars	As at	
	March 31, 2024	March 31, 2023
Opening fair value of plan assets	241	128
Interest income	18	7
Return on plan assets (excluding amounts included in net interest expense)	30	- 1
Contributions from the employer	56	107
Benefits paid	- 10	-
<b>Closing fair value of plan assets</b>	<b>335</b>	<b>241</b>



# Profectus Capital Private Limited

## Notes to the Financial Statements (Continued) for the year ended March 31, 2024

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	As at	As at
	March 31, 2024	March 31, 2023	March 31, 2022
Series A Preference Shares	1,085	1,085	1,085
Series B Preference Shares	224	224	224
Optionally Convertible Preference Shares	1,309	1,309	1,309
Series C Preference Shares	21	21	21
Compulsorily Convertible Preference Shares	21	21	21
<b>Total Preference Shares</b>	<b>1,330</b>	<b>1,330</b>	<b>1,330</b>

#### 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 2024	March 2023
Total vested units at the beginning of the year	80%	60%
Granted during the year	-	-
Vested during the year	20%	20%
Exercised during the year	-	-
Lapsed during the year	-	-
<b>Total vested units at the end of the year</b>	<b>100%</b>	<b>80%</b>



# Profectus Capital Private Limited

## Notes to the Financial Statements (Continued) for the year ended March 31, 2024

Amount in Rs. Lakhs

### 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 April 1, 2022	631	631
Additions	878	878
Deletions	-	-
Depreciation expense	- 353	- 353
As at March 31, 2023	1,156	1,156
Additions	1,086	1,086
Deletions	- 42	- 42
Depreciation expense	- 433	- 433
As at March 31, 2024	1,767	1,767

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 April 1, 2022	687
Additions	853
Deletions	-
Accretion of Interest	102
Payments	- 429
As at March 31, 2023	1,213
Additions	1,040
Deletions	- 29
Accretion of Interest	160
Payments	- 534
As at March 31, 2024	1,850

Amounts recognized in the statement of Profit and loss :

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Depreciation on Right of use assets	433	353
Interest expense on lease liabilities	160	102
Expense relating to Short-term leases	145	133
Impact on the statement of profit and loss for the period	738	588

Maturity analysis of Lease Liabilities:

Particulars	As at March 31, 2024	As at March 31, 2023
Not later than 1 year	416	288
Later than 1 year and not later than 5 years	1,434	925
Later than 5 years	-	-
Total	1,850	1,213

### 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 / balance	FY 2023-24	FY 2022-23
1. ACTIS PC Investment (Mauritius) Limited	Equity Share Capital issued	73,700	73,700
2. Key Managerial Personnel:	Salary	660	518
	Share Based Payments	923	923

Note:

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



# Profectus Capital Private Limited

## Notes to the Financial Statements (Continued) for the year ended March 31, 2024

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 price.

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 funds.

The following table shows the categories of Financial Instruments :

As at March 31, 2024	Carrying Amount			Total
	FVTPL	Amortised Cost	FVOCI	
<b>Financial Assets</b>				
Cash and Cash Equivalents	-	11,718	-	11,718
Bank Balances other than Cash & Cash Equivalent stated above	-	31,486	-	31,486
Loans	-	2,69,221	-	2,69,221
Investments	91	8,201	-	8,292
Other financial assets	-	2,196	-	2,196
<b>Total</b>	<b>91</b>	<b>3,22,822</b>	<b>-</b>	<b>3,22,913</b>
<b>Financial liabilities</b>				
Trade Payables	-	893	-	893
Debt Securities	-	28,461	-	28,461
Borrowings other than debt securities	-	1,70,259	-	1,70,259
Other financial liabilities	-	9,823	-	9,823
<b>Total</b>	<b>-</b>	<b>2,09,436</b>	<b>-</b>	<b>2,09,436</b>

As at March 31, 2023	Carrying Amount			Total
	FVTPL	Amortised Cost	FVOCI	
<b>Financial Assets</b>				
Cash and Cash Equivalents	-	12,502	-	12,502
Bank Balances other than Cash & Cash Equivalent stated above	-	24,016	-	24,016
Loans	-	2,45,326	-	2,45,326
Investments:	154	4,831	10,583	15,568
Other financial assets	-	251	-	251
<b>Total</b>	<b>154</b>	<b>2,86,926</b>	<b>10,583</b>	<b>2,97,663</b>
<b>Financial liabilities</b>				
Trade Payables	-	865	-	865
Debt Securities	-	19,908	-	19,908
Borrowings other than debt securities	-	1,59,274	-	1,59,274
Other financial liabilities	-	8,751	-	8,751
<b>Total</b>	<b>-</b>	<b>1,88,798</b>	<b>-</b>	<b>1,88,798</b>

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

As at March 31, 2024	Fair value hierarchy			Total
	Level 1	Level 2	Level 3	
<b>Financial Assets</b>				
<b>Financial Assets at FVTPL</b>				
Investment in Security Receipts	-	91	-	91
<b>Financial Assets at FVOCI</b>				
Debt Securities	-	-	-	-
<b>Total Financial Assets</b>	<b>-</b>	<b>91</b>	<b>-</b>	<b>91</b>

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



# Profectus Capital Private Limited

## Notes to the Financial Statements (Continued) for the year ended March 31, 2024

Amount in Rs. Lakhs

### 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 2024	Carrying Amount	Fair Value	Fair Value hierarchy
<b>Financial Assets</b>			
<b>Financial Assets at Amortised Cost</b>			
Loans	2,69,221	2,72,362	Level 3
Investments	8,201	8,259	Level 3
Other Financial Assets	2,196	2,196	Level 3
<b>Total Financial Assets</b>	<b>2,79,618</b>	<b>2,82,817</b>	
<b>Financial liabilities</b>			
Trade Payables	893	893	Level 3
Debt Securities	28,461	28,477	Level 3
Borrowings other than Debt Securities	1,70,259	1,71,276	Level 3
Other Financial Liabilities	9,823	9,823	Level 3
<b>Total Financial Liabilities</b>	<b>2,09,436</b>	<b>2,10,469</b>	

As at March 31, 2023	Carrying Amount	Fair Value	Fair Value hierarchy
<b>Financial Assets</b>			
<b>Financial Assets at Amortised Cost</b>			
Loans	2,45,326	2,47,159	Level 3
Investments	4,831	4,864	Level 3
Other Financial Assets	251	251	Level 3
<b>Total Financial Assets</b>	<b>2,50,408</b>	<b>2,52,274</b>	
<b>Financial liabilities</b>			
Trade Payables	865	865	Level 3
Debt Securities	19,908	19,932	Level 3
Borrowings other than Debt Securities	1,59,274	1,60,061	Level 3
Other Financial Liabilities	8,751	8,751	Level 3
<b>Total Financial Liabilities</b>	<b>1,88,798</b>	<b>1,89,609</b>	

#### 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 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 equals fair values



# Profectus Capital Private Limited

## Notes to the Financial Statements (Continued) for the year ended March 31, 2024

Amount in Rs. Lakhs

### 36 Maturity Analysis of Assets & Liabilities

	As at March 31, 2024			As at March 31, 2023		
	Within 12 Months	After 12 months	Total	Within 12 Months	After 12 months	Total
<b>Assets</b>						
<b>Financial Assets</b>						
Cash and cash equivalents	11,718	-	11,718	12,502	-	12,502
Bank balances other than (a) above	30,358	1,128	31,486	307	23,709	24,016
Loans	96,070	1,73,151	2,69,221	79,636	1,65,690	2,45,326
Investments	6,888	1,404	8,292	13,882	1,686	15,568
Other financial assets	28	2,168	2,196	44	207	251
<b>Non-Financial Assets</b>						
Current tax assets (net)	-	361	361	-	100	100
Deferred tax assets (net)	-	122	122	-	298	298
Property, plant and equipment	-	279	279	-	215	215
Right of use assets	477	1,290	1,767	325	831	1,156
Intangible assets	-	111	111	-	137	137
Intangible assets under development	35	-	35	-	-	-
Other non-financial assets	475	12	487	366	7	373
<b>Total Assets</b>	<b>1,46,049</b>	<b>1,80,026</b>	<b>3,26,075</b>	<b>1,07,062</b>	<b>1,92,880</b>	<b>2,99,943</b>
<b>LIABILITIES</b>						
<b>Financial Liabilities</b>						
Trade Payables	893	-	893	865	-	865
Debt Securities	2,200	26,261	28,461	6,855	13,053	19,908
Borrowings other than debt securities	96,202	74,057	1,70,259	61,927	97,347	1,59,274
Other financial liabilities	2,051	7,772	9,823	3,989	4,762	8,751
<b>Non-Financial Liabilities</b>						
Current Tax Liabilities (Net)	-	56	56	-	304	304
Provisions	1,049	-	1,050	1,081	56	1,137
Other non-financial liabilities	41	4,065	4,106	27	3,054	3,081
<b>Total Liabilities</b>	<b>1,02,436</b>	<b>1,12,211</b>	<b>2,14,648</b>	<b>74,744</b>	<b>1,18,576</b>	<b>1,93,320</b>
<b>Net</b>	<b>43,612</b>	<b>67,815</b>	<b>1,11,427</b>	<b>32,318</b>	<b>74,304</b>	<b>1,06,623</b>

### 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, 2024	March 31, 2023
Debt	1,98,720	1,82,360
Less: Cash and other bank balances	43,204	36,518
Net Debt	1,55,516	1,45,842
Net equity	1,11,427	1,06,622
Net debt to equity ratio	1.40	1.37
Capital Adequacy Ratio	39.54%	43.24%

Note: The above debt does not include book overdraft



# Profectus Capital Private Limited

## Notes to the Financial Statements (Continued) for the year ended March 31, 2024

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 committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

The 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 and 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, 2024	As at March 31, 2023
<b>- Categories of Collateral Available</b>		
a) Financial Collateral	8,543	6,523
b) Real Estate (Commercial/Residential/Industrial Property)	3,25,139	2,68,177
c) Machinery and Equipment	82,894	65,807
d) Receivables	74,934	56,158
<b>Total</b>	<b>4,91,510</b>	<b>3,96,665</b>

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

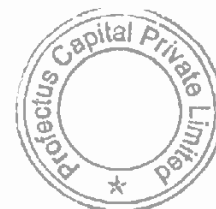
	As at March 31, 2024	As at March 31, 2023
<b>- Categories of Collateral Available</b>		
a) Financial Collateral	52	50
b) Real Estate (Commercial/Residential/Industrial Property)	3,062	1,715
c) Machinery and Equipment	1,117	491
d) Receivables	424	344
<b>Total</b>	<b>4,655</b>	<b>2,600</b>

#### 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, 2024	As at March 31, 2023
Financial Assets at amortised cost - Loans & Advances (Gross)	2,71,903	2,47,002
Less: Impairment loss allowances	2,682	1,676
<b>Financial Assets at amortised cost - Loans &amp; Advances (Net)</b>	<b>2,69,221</b>	<b>2,45,326</b>
Financial Assets at amortised cost - Investments (Gross)	8,259	4,864
Less: Impairment loss allowances	58	33
<b>Financial Assets at amortised cost - Investments (Net)</b>	<b>8,201</b>	<b>4,831</b>
Financial Assets at amortised cost - FVOCI (Gross)	-	10,585
Less: Impairment loss allowances	-	2
<b>Financial Assets at amortised cost - FVOCI (Net)</b>	<b>-</b>	<b>10,583</b>
<b>Total</b>	<b>2,77,422</b>	<b>2,60,740</b>

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





# Profectus Capital Private Limited

## Notes to the Financial Statements (Continued) for the year ended March 31, 2024

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 assets 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	As at
	March 31, 2024	March 31, 2023
<b>Gross Stage 1 (DPD&lt; 30 days) Performing asset and 12 month ECL</b>	<b>2,59,602</b>	<b>2,39,753</b>
Less : Impairment loss allowance	1,231	1,104
<b>Net Stage 1 Assets</b>	<b>2,58,371</b>	<b>2,38,649</b>
ECL Prov. Coverage	0.47%	0.46%
<b>Gross Stage 2 (30&gt;DPD&lt; 90 days) Under performing assets increase in credit risk and Lifetime ECL</b>	<b>7,975</b>	<b>5,273</b>
Less : Impairment loss allowance	119	99
<b>Net Stage 2 Assets</b>	<b>7,856</b>	<b>5,174</b>
ECL Prov. Coverage	1.50%	1.88%
<b>Gross Stage 3 (DPD&gt;90) Non-performing assets credit impaired and lifetime ECL</b>	<b>4,326</b>	<b>1,976</b>
Less : Impairment loss allowance	1,332	473
<b>Net Stage 3 Assets</b>	<b>2,994</b>	<b>1,503</b>
ECL Prov. Coverage	30.78%	23.94%
<b>Total Loans &amp; Advances</b>	<b>2,71,903</b>	<b>2,47,002</b>
Less : Impairment loss allowance	2,682	1,676
<b>Net Loans &amp; Advances</b>	<b>2,69,221</b>	<b>2,45,326</b>
ECL Provision Coverage	0.99%	0.68%

Note : The Company treats all loans with DPD 0-30 days as stage 1 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 separately

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

Particulars	As at	As at
	March 31, 2024	March 31, 2023
<b>Investments (Stage 1):</b>		
<b>Gross Investments</b>	<b>8,259</b>	<b>15,449</b>
Less : Impairment loss allowance	58	35
<b>Net Investments</b>	<b>8,201</b>	<b>15,414</b>
ECL Provision Coverage	0.70%	0.23%

#### Write-offs still under enforcement activity

The contractual amount outstanding on loans and advances that were written off during the year ended March 2024, and are still subject to enforcement activity was Rs.211.98 lakhs.



# Profectus Capital Private Limited

## Notes to the Financial Statements (Continued) for the year ended March 31, 2024

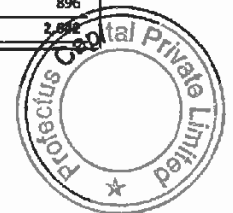
Amount in Rs Lakhs

### 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 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 12 month 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 12 month ECL to lifetime ECL for financial assets where credit risk has increased significantly and credit impaired	- 588	- 458	1,046	-	- 2	- 10	13	-
- 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
Gross Carrying Amount as at 31st March 2023 (Closing Balance)	2,39,753	5,273	1,976	2,47,002	1,087	99	473	1,659
Gross Carrying Amount as at 1st April 2023 (Opening Balance)	2,39,753	5,273	1,976	2,47,002	1,087	99	473	1,659
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	1,985	- 1,985	-	-	34	- 34	-	-
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	130	84	- 214	-	13	8	- 21	-
- Changes arising due to movement from 12 month ECL to lifetime ECL :								
a) Changes arising due to movement from 12 month ECL to lifetime ECL for financial assets where credit risk has increased significantly but not credit impaired	- 6,170	6,170	-	-	- 27	27	-	-
b) Changes arising due to movement from 12 month ECL to lifetime ECL for financial assets where credit risk has increased significantly and credit impaired	- 2,169	- 500	2,669	-	- 9	- 11	20	-
- Assets originated or purchased	1,78,446	1,020	166	1,79,632	956	19	16	991
- Assets derecognised during the year	- 86,492	- 1,158	- 406	- 88,056	- 382	- 22	- 167	- 571
- Net Amount recovered during the year	- 65,881	- 929	135	- 66,675	- 292	- 9	- 32	- 333
- Unwinding of discount	-	-	-	-	-	-	-	-
- Changes in Risk Parameters (eg: PD and LGD)	-	-	-	-	- 186	39	1,041	896
Balance as at March 31, 2024	2,59,602	7,975	4,326	2,71,903	1,194	116	1,332	2,642



# Profectus Capital Private Limited

## Notes to the Financial Statements (Continued)

for the year ended March 31, 2024

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 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)	-	-	-	-	-	-	-	-
Gross Carrying Amount as at 31st March 2023 (Closing Balance)	15,449	-	-	15,449	35	-	-	35
Gross Carrying Amount as at 1st April 2023 (Opening Balance)	15,449	-	-	15,449	35	-	-	35
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	8,259	-	-	8,259	58	-	-	58
- Assets derecognised during the year	-15,449	-	-	-15,449	-35	-	-	-35
- Net Amount recovered during the year	-	-	-	-	-	-	-	-
- Changes in Risk Parameters (eg: PD and LGD)	-	-	-	-	-	-	-	-
Balance as at March 31, 2024	8,259	-	-	8,259	58	-	-	58



# Profectus Capital Private Limited

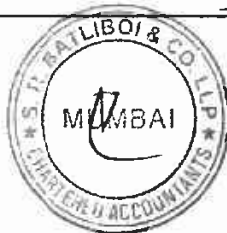
## Notes to the Financial Statements (Continued) for the year ended March 31, 2024

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 Commitment 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 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 12 month 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 12 month 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		-2,898	-11	0		-11
- Changes in Risk Parameters (eg: PD and LGD)	-				0	0		0
Gross Carrying Amount as at 31st March 2023 (Closing Balance)	4,584	5	0	4,589	17	0	-	17
Gross Carrying Amount as at 1st April 2023 (Opening Balance)	4,584	5	0	4,589	17	0	-	17
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 12 month ECL to lifetime ECL for financial assets where credit risk has increased significantly but not credit impaired	-101	101			0	0		
b) Changes arising due to movement from 12 month ECL to lifetime ECL for financial assets where credit risk has increased significantly and credit impaired								
- Assets originated or purchased	5,417	80		5,497	25	2	-	27
- Assets derecognised during the year	-2,540	-5		-2,545	-9	0	-	-9
- Net Amount recovered during the year	342			342	7		-	7
- Changes in Risk Parameters (eg: PD and LGD)					-3	1	-	-2
Balance as at March 31, 2024	7,702	181	0	7,883	37	3	-	40



# Profectus Capital Private Limited

## Notes to the Financial Statements (Continued) for the year ended March 31, 2024

Amount 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 2023-2024.

#### e) Credit Concentration

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

Particulars	As at	
	March 31, 2024	March 31, 2023
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.

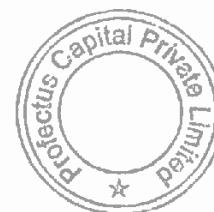
The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include interest accrued till the reporting date.

As at	Contractual cash flows				Total
	Upto 1 year	1-2 years	2-3 years	More than 3 years	
March 31, 2024					
Debt Securities	8,707	5,007	7,764	8,189	29,667
Borrowings other than debt securities	90,769	41,584	23,169	14,565	1,70,087
Trade and Other Payables	893	-	-	-	893
Other Financial Liabilities	2,050	1,340	1,419	1,131	5,940
<b>Total</b>	<b>1,02,419</b>	<b>47,931</b>	<b>32,352</b>	<b>23,885</b>	<b>2,06,587</b>

As at	Contractual cash flows				Total
	Upto 1 year	1-2 years	2-3 years	More than 3 years	
March 31, 2023					
Debt Securities	6,902	6,031	3,445	3,929	20,307
Borrowings other than debt securities	62,691	63,024	24,135	9,834	1,59,684
Trade and Other Payables	865	-	-	-	865
Other Financial Liabilities	3,988	1,096	1,300	2,367	8,751
<b>Total</b>	<b>74,446</b>	<b>70,151</b>	<b>28,880</b>	<b>16,130</b>	<b>1,89,607</b>

#### 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.



# Profectus Capital Private Limited

## Notes to the Financial Statements (Continued) for the year ended March 31, 2024

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, 2024, 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	As at
	March 31, 2024	March 31, 2023
<b>Variable rate Assets</b>		
Loans	1,57,888	1,68,174
<b>Variable rate Liabilities</b>		
Borrowings (other than debt securities)	1,63,051	1,50,784
<b>Fixed rate Liabilities</b>		
Borrowings (other than debt securities)	7,208	8,490
<b>Total Borrowings</b>	<b>1,70,259</b>	<b>1,59,274</b>

#### 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	As at
	March 31, 2024	March 31, 2023
<b>Loans</b>		
Interest rates – increase by 0.50%	789	841
Interest rates – decrease by 0.50%	-789	-841
<b>Borrowings (other than debt securities)</b>		
Interest rates – increase by 0.50%	-815	-754
Interest rates – decrease by 0.50%	815	754

\* 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 2024 or 31 March 2023.

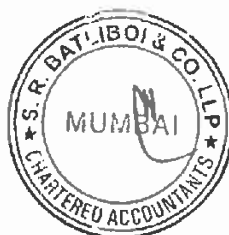
Since the business operations of the Company are primarily concentrated in India, the Company is considered to operate only in the domestic segment and therefore there is no reportable geographic segment.

### 40 Contingent Liabilities

Particulars	As at	As at
	March 31, 2024	March 31, 2023
<b>Commitments</b>		
i) Estimated amount of contracts remaining to be executed on capital account (net of advances)	-	-
ii) Undrawn Committed Credit lines	23,086	12,800
<b>Total</b>	<b>23,086</b>	<b>12,800</b>

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.



# Profectus Capital Private Limited

## Notes to the Financial Statements (Continued) for the year ended March 31, 2024

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)
<b>Performing assets</b>						
Standard	Stage 1	2,59,602	1,194	2,58,408	1,040	154
	Stage 2	7,975	116	7,859	32	84
<b>Subtotal</b>		<b>2,67,577</b>	<b>1,310</b>	<b>2,66,267</b>	<b>1,072</b>	<b>238</b>
<b>Non-Performing Assets (NPA)</b>						
Substandard	Stage 3	2,907	974	1,933	868	106
Doubtful - up to 1 year	Stage 3	932	184	748	394	- 210
1 to 3 years	Stage 3	487	174	313	338	- 164
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		1,419	358	1,061	732	- 374
Loss		-	-	-	-	-
<b>Subtotal for NPA</b>		<b>4,326</b>	<b>1,332</b>	<b>2,994</b>	<b>1,600</b>	<b>- 268</b>
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	7,702	37	7,665	-	37
	Stage 2	181	3	178	-	3
	Stage 3	-	-	-	-	-
<b>Subtotal</b>		<b>7,883</b>	<b>40</b>	<b>7,843</b>	<b>-</b>	<b>40</b>
<b>Total</b>	Stage 1	2,67,304	1,231	2,66,073	1,040	191
	Stage 2	8,156	119	8,037	32	87
	Stage 3	4,326	1,332	2,994	1,600	- 268
<b>Total</b>		<b>2,79,786</b>	<b>2,682</b>	<b>2,77,104</b>	<b>2,672</b>	<b>10</b>

#### 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 2024, 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 2024, 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, 2024

Stage	Count	Value
Stage 1	5,828	2,59,602
Stage 2	126	7,975
Stage 3	63	4,326
<b>Total</b>	<b>6,017</b>	<b>2,71,903</b>



# Profectus Capital Private Limited

## Notes to the Financial Statements (Continued) for the year ended March 31, 2024

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, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
<b>Liabilities Side</b>				
(1) Loans and advances availed by the non banking financials company inclusive of interest accrued thereon but not paid:				
a) Debentures				
i) Secured	28,461	19,908	-	-
ii) Unsecured (Other than falling within the meaning of public deposits)	-	-	-	-
b) Deferred Credits	-	-	-	-
c) Term Loans	1,43,477	1,32,621	-	-
d) Inter-corporate Loans and Borrowing	-	-	-	-
e) Commercial Paper	-	-	-	-
f) Public Deposits	-	-	-	-
g) Other Loans	26,784	26,654	-	-
(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, 2024	As at March 31, 2023
<b>Assets Side</b>		
(3) Break up of loans and advances including bills receivable other than those included in (4) below (Gross Amount)		
a) Secured	2,71,903	2,47,002
b) Unsecured	-	-
	<u>2,71,903</u>	<u>2,47,002</u>

Particulars	Amount Outstanding	
	As at March 31, 2024	As at March 31, 2023
<b>(4) Break up of leased assets and stock on hire and other assets counting towards AFC activities:</b>		
(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, 2024	As at March 31, 2023
<b>(5) Break up of Investments:</b>		
a) Current Investments		
i) Quoted	-	-
ii) Shares	-	-
a) Equity (stock in trade)	-	-
b) Preference	-	-
iii) Debentures and bonds	7,849	13,251
iv) Units of Mutual fund	-	-
v) Government securities	-	-
vi) Others	-	-





# Profectus Capital Private Limited

## Notes to the Financial Statements (Continued) for the year ended March 31, 2024

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, 2024	As at March 31, 2023
<b>(5) Break up of Investments :</b>		
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)	410	629
b) Long term investments		
i) Quoted		
ii) Shares		
a) Equity		
b) Preference		
iii) Debentures and bonds		
iv) Units of Mutual fund		
v) Government securities		
vi) 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)	91	1,724
<b>Total Investments</b>	<b>8,350</b>	<b>15,604</b>

Particulars	Secured				Unsecured				Total	
	As at		As at		As at		As at		As at	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023		
a) Related parties										
1) Subsidiaries										
2) Companies in the same group										
3) Other related parties										
b) Other than related parties	2,69,221	2,45,326					2,69,221	2,45,326		
<b>Total</b>	<b>2,69,221</b>	<b>2,45,326</b>					<b>2,69,221</b>	<b>2,45,326</b>		

Particulars	Market value / Fair Value or NAV		Book Value [Net of provisions]	
	As at		As at	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
a) Related parties				
1) Subsidiaries				
2) Companies in the same group				
3) Other related parties				
b) Other than related parties	8,350	15,604	8,292	15,568
<b>Total</b>	<b>8,350</b>	<b>15,604</b>	<b>8,292</b>	<b>15,568</b>



# Profectus Capital Private Limited

## Notes to the Financial Statements (Continued) for the year ended March 31, 2024

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
- iii) Directors  
Mr. K.V Srinivasan  
Mr. Pratik Jain  
Mr. Asanka Haren Edirimuni Rodrigo  
Mr. Sudarshan Sampathkumar  
Mr. Hossameidin 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:

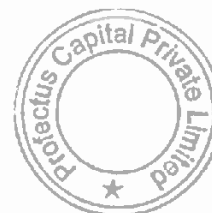
Particulars	Holding Company	Key Managerial Person
<b>Equity Share Capital</b>		
a) Opening balance as on April 1, 2023	73,700	
	(61,672)	
b) Issued during the year		
	(12,028)	
c) Balance as at March 31, 2024	73,700	
	(73,700)	
<b>Share Based Payments</b>		
K.V Srinivasan		740
		(740)
Sandip Parikh		183
		(183)
<b>Salary Paid</b>		
K.V Srinivasan		420
		(303)
Sandip Parikh		211
		(191)
Nitin Pangarkar		29
		(24)

#### Notes

- 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.
- Figures in bracket ( ) denotes previous year numbers

### 44 Capital to Risk Assets Ratio (CRAR)

Ratio	Numerator	Denominator	As at March 31, 2024	As at March 31, 2023	% Variance	Reason
CRAR (%)			39.54%	43.24%	-8.56%	
CRAR - Tier I Capital (%)	Net owned fund	Risk weighted assets	38.97%	42.25%	-7.76%	
CRAR - Tier II Capital (%)	Aggregate Tier II Capital	Risk weighted assets	0.57%	0.99%	-42.42%	Decrease in ratio due to increase in risk weighted assets
Amount of subordinated debt raised as Tier-II capital						
Amount raised by issue of Perpetual Debt Instruments						



# Profectus Capital Private Limited

## Notes to the Financial Statements (Continued) for the year ended March 31, 2024

Amount in Rs. Lakhs

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

Particulars	Liabilities			Assets		
	Borrowings from Banks	Market Borrowings	Foreign Currency Borrowings	Advances	Investments	Foreign Currency Assets
1 day to 7 days	18,719	521	-	3,768	61	-
	(5,375)	(302)	-	(4,585)	(6)	-
8 to 14 days	229	91	-	5,677	184	-
	(229)	-	-	(2,287)	-	-
15 days to 30/31 days	4,322	572	-	12,692	356	-
	(1,488)	(630)	-	(6,115)	(10,880)	-
Over 1 month to 2 months	4,224	960	-	21,318	250	-
	(2,923)	(926)	-	(14,025)	(563)	-
Over 2 months to 3 months	11,996	2,783	-	13,817	1,253	-
	(6,836)	(2,501)	-	(14,292)	(234)	-
Over 3 months to 6 months	14,859	3,737	-	15,016	2,125	-
	(11,441)	(3,338)	-	(14,454)	(1,049)	-
Over 6 months to 1 year	28,901	6,447	-	23,781	2,659	-
	(26,229)	(6,526)	-	(21,877)	(1,150)	-
Over 1 year to 3 years	62,343	15,184	-	66,085	1,371	-
	(79,607)	(17,028)	-	(59,756)	(1,567)	-
Over 3 years to 5 years	19,354	80	-	45,870	91	-
	(11,533)	(619)	-	(44,025)	(154)	-
Over 5 years	3,320	-	-	83,878	-	-
	(1,651)	-	-	(63,586)	-	-
Total	1,68,345	30,375	-	2,71,903	8,350	-
Total (Previous year)	(1,47,312)	(31,870)	-	(2,47,002)	(15,603)	-

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	33	1,98,720	-	60.94%

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

	Amount (in lakhs)	% of Total Borrowings
ii) Top 10 Borrowings	74,020	37.25%

#### iii) Funding Concentration based on significant instrument / product

Sr. No	Name of Instrument/ Product	Amount (in lakhs)	% of Total Liabilities
1	Long Term Loans	1,43,477	44.00%
2	Working Capital Demand Loans	8,963	2.75%
3	Overdraft against Fixed Deposits	17,819	5.46%
4	Cash Credit Facility	-	0.00%
5	Non - Convertible Debentures	8,380	2.57%
6	Secured Borrowings (Securitized Pool)	20,081	6.16%

#### iv) Disclosure for institutional setup for liquidity risk management are not applicable to the Company as, the company has not issued any Commercial Paper or Non-Convertible Debentures having original maturity of less than 1 year.



# Profectus Capital Private Limited

## Notes to the Financial Statements (Continued)

for the year ended March 31, 2024

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-/Positive & CRISIL A1 (Previous year :CRISIL A-/Stable & CRISIL A1)
Rating Assigned for	Long term Bank loans and Non Convertible Debentures

### 48 Investments

Particulars	2023-24	2022-23
<b>Value of Investments</b>		
i) Gross Value of Investments		
a) In India	8,350	15,604
b) Outside India	-	-
ii) Provisions for Depreciation		
a) In India	58	35
b) Outside India	-	-
iii) Net Value of Investments		
a) In India	8,292	15,569
b) Outside India	-	-
<b>Movement of Provisions held towards depreciation on investments</b>		
i) Opening Balance	35	26
ii) Add: Provisions made during the year	58	35
iii) Less: Write off / Write back of excess provision during the year	35	26
iv) Closing Balance	58	35

### 49 Exposures

Particulars	2023-24	2022-23
<b>1) Exposure to Real estate sector</b>		
<b>Direct Exposure</b>		
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-fundbased(NFB)limits	-	-
iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a) Residential	-	-
b) Commercial Real Estate	-	-
<b>Indirect Exposure</b>		
i) Fund based and non-fund-based exposures on National Housing Bank and Housing Finance Companies	-	-
<b>Total Exposure to Real Estate Sector</b>	-	-

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.



# Profectus Capital Private Limited

## Notes to the Financial Statements (Continued) for the year ended March 31, 2024

Amount in Rs. Lakhs

### 49 Exposures (Continued)

Particulars	2023-24	2022-23
<b>2) Exposure to Capital Market</b>		
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 funds;	+	+
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 advances;	+	+
v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	+	+
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	+	+
x) All exposures to Alternative Investment Funds:	+	+
(i) Category I		
(ii) Category II		
(iii) Category III		
<b>Total Exposure to Capital Market</b>	+	+

### 50 Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	2023-24	2022-23
i) Provisions for depreciation on investment	25	9
ii) Provision towards NPA*	458	270
iii) Provision made towards Income tax	1,458	1,076
iv) Other Provision and Contingencies (with details)	-	-
v) Provision for Standard Assets*	147	424

\* 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

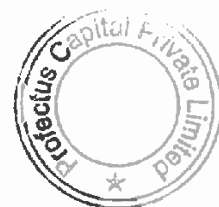
#### 1) Concentration of Advances

Particulars	2023-24	2022-23
Total Advances to twenty largest borrowers	18,207	18,275
Percentage of Advances to twenty largest borrowers to Total Advances of the applicable NBFC	7%	7%

#### 2) Concentration of Exposures\*

Particulars	2023-24	2022-23
Total Exposure to twenty largest borrowers / customers	18,299	20,278
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the applicable NBFC on borrowers / customers	7%	8%

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



# Profectus Capital Private Limited

## Notes to the Financial Statements (Continued) for the year ended March 31, 2024

Amount in Rs. Lakhs

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

#### 3) Concentration of NPAs

Particulars	2023-24	2022-23
Total Exposure to top four NPA accounts	1,735	888

#### 4) Sector-wise NPAs

Sector	2023-24			2022-23		
	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	42	-	0.00%	802	-	0.00%
Industry	1,14,454	1,725	1.51%	1,04,207	480	0.46%
Services	1,57,407	2,599	1.65%	1,54,950	1,496	0.97%
Personal Loans	-	-	0.00%	-	-	0.00%
Other Loans	-	-	0.00%	-	-	0.00%

### 52 Movement of NPAs

Particulars	2023-24	2022-23
i) Net NPAs to Net Advances (%)	1.11%	0.61%
ii) Movements of NPAs (Gross)		
a) Opening Balance	1,976	1,182
b) Additions during the year	2,970	1,344
c) Reductions during the year	620	550
d) Closing balance	4,327	1,976
iii) Movements of NPAs (Net)		
a) Opening Balance	1,503	979
b) Additions during the year	1,925	934
c) Reductions during the year	432	410
d) Closing balance	2,996	1,503
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening Balance	473	203
b) Provisions made during the year	1,045	410
c) Write-off / write back of excess provisions	188	140
d) Closing balance	1,330	473

### 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
Nil	Nil	Nil



# Profectus Capital Private Limited

## Notes to the Financial Statements (Continued) for the year ended March 31, 2024

Amount in Rs. Lakhs

54 Disclosure pursuant to Reserve Bank of India notification RBI/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	
		2023-24	2022-23
i	Aggregate Principal outstanding of loans Acquired (In Lakhs)	4,069	2,474
ii	Aggregate consideration paid (In Lakhs)	4,069	2,474
iv	Weighted average balance maturity of loans (In years)	5	25
v	Weighted average holding period of loans (In years)	2	17
vi	Retention of beneficial economic interest (In %)	20%	20%
vii	Coverage of Tangible security coverage (In %)	474%	169%
viii	Rating-wise distribution of rates loans (In Lakhs)	NA	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	2023-24	2022-23
1	No of SPEs holding assets for securitisation transactions originated by the originator	4	2
2	Total amount of securitised assets as per books of the SPEs	21,272	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	2,363	1,240
	Others	1,089	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 and gain/loss on sale on account of securitisation	33,138	15,167
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	2,363	1,240
8	Average default rate of portfolios observed in the past	3.20%	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	-	-



# Profectus Capital Private Limited

## Notes to the Financial Statements (Continued) for the year ended March 31, 2024

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	2023-24	2022-23
Carrying amount of transferred assets measured at amortised cost	19,901	14,061
Carrying amount of associated liabilities (Debt securities -measured at amortised cost)	20,081	14,099
Fair value of assets	21,272	14,462
Fair value of associated liabilities	21,272	14,462
Net position at Fair Value		

#### B. Transfer of Loans

Details of loans transferred / acquired during the year ended March 31, 2024, pursuant to RBI circular RBI/DOR/2021-22/86 / DOR STR REC.51/21 04 048/2021 22 dated September 24, 2021.

##### a) Details of loans not in default acquired through assignment is given below

Particulars	From NBFC (Amt in lacs)	
	2023-24	2022-23
Aggregate Principal outstanding of loans transferred (in lacs)	4069.39	2,474
Aggregate consideration received (in lacs)	4069.39	2,474
Weighted average maturity of loans (in years)	4.91	25
Weighted average holding period of Loans (in years)	2.30	17
Retention of beneficial economic interest (in %)	20%	20%
Coverage of Tangible security coverage (in %)	474%	169%
Rating-wise distribution of rates loans (in lacs)	NA	NA

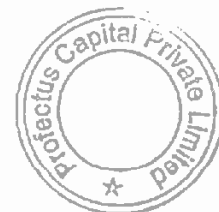
##### b) Details of loans not in default transferred through assignment is given below

Particulars	2023-24		2022-23	
	From NBFC (Amt in lacs)	From Banks (Amt in lacs)	From NBFC (Amt in lacs)	From Banks (Amt in lacs)
Aggregate Principal outstanding of loans transferred (in lacs)	10,249.40	20,717.89	-	-
Aggregate consideration received (in lacs)	10,249.40	20,717.89	-	-
Weighted average maturity of loans (in years)	8.82	8.34	-	-
Weighted average holding period of Loans (in years)	7.64	7.15	-	-
Retention of beneficial economic interest (in %)	5%	10%	-	-
Coverage of Tangible security coverage (in %)	185%	221%	-	-
Rating-wise distribution of rates loans (in lacs)	NA	NA	-	-

##### c) The Company has not acquired or sold any loan in default

### 57 Customer Complaints

Sr. No	Particulars	2023-24	2022-23
	<b>Complaints received by the NBFC from its customers</b>		
i)	No. of complaints pending at the beginning of the year	-	-
ii)	No. of complaints received during the year	30	5
iii)	No. of complaints redressed during the year	29	5
iii)	(a) Of which, number of complaints rejected by the NBFC	-	-
iv)	No. of complaints pending at the end of the year	1	-
	<b>Maintainable complaints received by the NBFC from Office of Ombudsman</b>		
v)	Number of maintainable complaints received by the NBFC from Office of Ombudsman	23	8
vi)	(a) Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	23	5
vi)	(b) Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	-	3
vi)	(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)	-	-





# Profectus Capital Private Limited

## Notes to the Financial Statements (Continued) for the year ended March 31, 2024

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
<b>Current Year</b>					
1 Delay in issuing Foreclosure statement	-	18	200%	1	-
2 Mis-selling / false promise by Sales manager	-	1	-50%	-	-
3 Waiver of Foreclosure Charges	-	4	100%	-	-
4 Refund of Processing fee	-	3	100%	-	-
5 Others	-	3	-25%	-	-
<b>Previous Year</b>					
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%	-	-

### 58 Corporate Social Responsibility

Particulars	2023-24	2022-23
a amount required to be spent by the company during the year,	40	13
b amount of expenditure incurred,	40	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	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 Company for the last three financial years was Rs. 2003.30 lakhs, basis which the Company was required to spend Rs. 40 lakhs towards Corporate Social Responsibility (CSR) activities for the current financial year.

\*\* The Company spent Rs.40 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, 2024

Sr	Particulars	Not due	outstanding for following periods from due date of payment				Total
			<1 year	1-2 years	2-3 years	>3 years	
i	MSME	-	155	-	-	-	155
ii	Others	-	738	-	-	-	738
iii	Disputed dues - MSME	-	-	-	-	-	-
iv	Disputed dues - Others	-	-	-	-	-	-
v	Unbilled	-	51	-	-	-	51

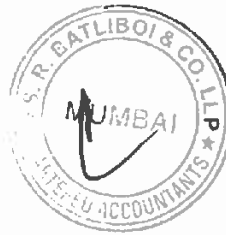
### Trade payables aging schedule - March 31, 2023

Sr	Particulars	Not due	outstanding for following periods from due date of payment				Total
			<1 year	1-2 years	2-3 years	>3 years	
i	MSME	-	52	-	-	-	52
ii	Others	-	813	-	-	-	813
iii	Disputed dues - MSME	-	-	-	-	-	-
iv	Disputed dues - Others	-	-	-	-	-	-
v	Unbilled	-	48	-	-	-	48

Note

(i) During the financial year 2023-24, there were no payments made to MSMEs beyond 45 days, hence there was no liability of delayed interest on the same.

(ii) Amount payable to related parties during the financial year 2023-24 Rs. Nil (2022-23: Rs. Nil).



# Profectus Capital Private Limited

## Notes to the Financial Statements (Continued) for the year ended March 31, 2024

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 2023-24 (2022-23 : Nil).
- 63 **Relationship 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 Satisfaction of Charges :**  
Registration and satisfaction of charges were performed as per the terms of sanction within the due dates during the year ended March 31, 2024 and March 31, 2023 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 current and previous financial years.
- 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 The accounting systems are equipped with a feature for recording an audit trail, and this functionality has been active throughout the year for all relevant transactions. Additionally, the Company has implemented a Privileged Access Management (PAM) tool to monitor back-end access and any direct database changes. During the previous year, privileged user rights were not accessed.
- 77 There have been no events after the reporting date that require disclosure in these financial statements.
- 78 There were no frauds reported during the current and financial years (Pursuant to Master Direction DNBS. PPD.01/66.1S.001/2016-17 dated September 29, 2016).
- 79 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

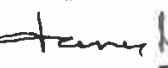
For S R Batliboi & Co. LLP  
Chartered Accountants  
ICAI Firm's Registration Number: 301003E/E300005

  
per Viren H. Mehta  
Partner

Membership No.: 048749

Place: London  
Date: 23 May, 2024

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

  
per Janak Mehta  
Partner


Membership No.: 116976

Place: Mumbai  
Date: 23 May, 2024

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  
CIN: U5347739



  
Sandip Parikh

Chief Financial Officer

  
Nitin Parmar

Company Secretary

