

## ANNUAL REPORT 2023-24

### Corporate Information

#### Board of Directors

S Jayaprakash Narayana Chowdary - Managing Director cum CFO  
S Srimannarayana- Managing Director  
S Lakshmi Narayana – Whole-time Director  
S Ratna Kumari – Whole-time Director  
Rakesh Bhutoria – Nominee Director  
Amarendra Sahoo – Independent Director  
N Rama Mohan Rao– Independent Director

#### Chief Operating Officer

Deepak Hanumanth

#### VP Finance & Accounts

Venkata Sivaram Chennareddy

#### Company Secretary

Amit Sharma

#### Statutory Auditors

##### M/s. J H S & Associates LLP

504, 5th Floor, Meadows, Sahara Plaza Complex,  
Andheri - Kurla Rd, J B Nagar, Andheri East,  
Mumbai, Maharashtra 400059

#### Registered Office

# 54-9-23, 100 Feet Road, Auto Nagar,  
Vijayawada, Krishna, AP - 520007.  
CIN: U65921AP1994PLC018605  
Ph No: 0866 6789901  
Website: [www.kanakadurgafinance.com](http://www.kanakadurgafinance.com)

#### Bankers

Union Bank of India  
ESAF Small Finance bank Limited  
AU Small Finance Bank Limited  
Fincare Small Finance Bank Limited  
The Federal Bank Limited  
HDFC Bank Limited  
DCB Bank Limited  
Bandhan Bank Limited  
IDFC First Bank Limited

#### Registrar & Share Transfer Agent

M/s. XL Softech Systems Limited  
3, Sagar Society, Road No.2, Banjara Hills,  
Hyderabad - 500 034.

#### Debenture Trustees

##### M/s. Catalyst Trusteeship Limited

Address: Windsor, 6th Floor, Office No: 604,  
CST Road, Kalina, Santacruz (East), Mumbai - 98

##### M/s. Beacon Trusteeship Limited

4C, Siddhivinayak Chambers, Opp MIG Cricket  
Club, Kala Nagar, Bandra, Mumbai-400051

##### M/s Vardhman Trusteeship Private Limited

The Capital, A Wing, 412A, Bandra Kurla Complex,  
Bandra (East) Mumbai 400 051

#### Other Financial Institutions

Northern Arc Capital Limited  
Manappuram Finance Limited  
Muthoot Capital Services Limited  
Muthoot Finance Limited  
Sundaram Finance Limited  
Vivriti Capital Limited  
Nabkisan Finance Limited  
Incred Financial services Limited  
MAS Financial Services Limited  
Nabsamruddhi Finance Limited  
Hinduja Leyland Finance Limited  
IKF Finance Limited  
Caspian Impact Investments Private Limited  
A.K. Capital Finance Limited  
Profectus Capital Private Limited  
STCI Finance Limited  
Electronica Finance Limited  
Oxyzo Financial Services Pvt Ltd  
Protium Finance Limited  
Kissandhan Agri Financial Services Pvt Ltd  
Tourism Finance Corporation of India Ltd  
JM Financial Products Limited  
Kisetsu Saison Finance (India) Pvt Ltd

## NOTICE OF THE 30<sup>TH</sup> ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the 30th Annual General Meeting of the Members of KANAKADURGA FINANCE LIMITED will be held on Saturday, 28 September, 2024 at 11:00 AM at # 54-9-23, 100 Feet Road, Auto Nagar, Vijayawada, Krishna, Andhra Pradesh, India, 520007 to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Financial Statements of the company for the period ended 31st March, 2024 together with Report of the Board of Directors and Auditors thereon:

2. To appoint a Director in place of Jayaprakash Narayana Chowdary Sandireddy (DIN-00538246) who retires by rotation at this Annual General Meeting and being eligible offers himself for reappointment:

**"RESOLVED THAT** Jayaprakash Narayana Chowdary Sandireddy, who retire by rotation in terms of Section 152 of Companies Act, 2013 and being eligible be and is hereby re-appointed as Director of the Company whose office shall be liable to retirement by rotation".

3. To appoint the Statutory Auditors and to fix their remuneration.

**"RESOLVED THAT** pursuant to the provisions of Section 139 and Section 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, as amended from time to time M/s Shridhar & Associates, Chartered Accountants FRN: 134427W, be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this 30th Annual General Meeting (AGM) till the conclusion of the 33rd Annual General Meeting of the Company to be held for the Financial year 2026-27, at such remuneration as may be fixed by the Board of Directors of the Company based on the recommendation of the Audit Committee."

### **SPECIAL BUSINESS:**

**4. Regularization of appointment of an additional independent director as an independent director of the company.**

**To consider and, if thought fit, to pass with or without modification the following Resolution as Ordinary Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 (the "Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act, Mr. Amarendra Sahoo, (DIN-06741280), who was appointed as an Additional Independent Director of the Company by the Board of Directors at its meeting held on 24.10.2023 in which additional Independent director appointed and whose term of office expires at the ensuing Annual General Meeting ('AGM') and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (Five) consecutive years commencing from 16.10.2023 for a term up to 15.10.2028."

**5. Reappointment of Mr. Jayaprakash Narayana Chowdary Sandireddy as Managing Director of the Company.**

**To consider and, if thought fit, to pass with or without modification the following Resolution as Ordinary Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) read with Schedule V to the Act (including any statutory modification or re-enactment thereof, for the time being in force), and subject to such approvals as may be necessary, consent of the members be and is hereby accorded for the reappointment of Mr. Jayaprakash Narayana Chowdary Sandireddy as Managing Director of

the Company for another term of two years w.e.f. 01.05.2024, upon the terms and conditions, set out in the Explanatory Statement annexed to the Notice convening this meeting, with the liberty to the Board of Directors to alter and vary such terms of appointment and remuneration so as to not exceed the limits specified in Schedule V to the Companies Act, 2013, as may be agreed to by the Board of Directors and Mr. Jayaprakash Narayana Chowdary Sandireddy.”

#### **6. Reappointment of Mr. Sandireddy Srimannarayana as Managing Director of the Company.**

**To consider and, if thought fit, to pass with or without modification the following Resolution as Ordinary Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) read with Schedule V to the Act (including any statutory modification or re-enactment thereof, for the time being in force), and subject to such approvals as may be necessary, consent of the members be and is hereby accorded for the reappointment of Mr. Sandireddy Srimannarayana as Managing Director of the Company for another term of two years w.e.f. 01.05.2024, upon the terms and conditions, set out in the Explanatory Statement annexed to the Notice convening this meeting, with the liberty to the Board of Directors to alter and vary such terms of appointment and remuneration so as to not exceed the limits specified in Schedule V to the Companies Act, 2013, as may be agreed to by the Board of Directors and Mr. Sandireddy Srimannarayana.”

#### **7. Reappointment of Mr. Lakshmi Narayana Sandireddy as Whole-time Director of the Company.**

**To consider and, if thought fit, to pass with or without modification the following Resolution as Ordinary Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) read with Schedule V to the Act (including any statutory modification or re-enactment thereof, for the time being in force), and subject to such approvals as may be necessary, consent of the members be and is hereby accorded for the reappointment of Mr. Lakshmi Narayana Sandireddy as Whole-time Director of the Company for another term of two years w.e.f. 01.05.2024, upon the terms and conditions, set out in the Explanatory Statement annexed to the Notice convening this meeting, with the liberty to the Board of Directors to alter and vary such terms of appointment and remuneration so as to not exceed the limits specified in Schedule V to the Companies Act, 2013, as may be agreed to by the Board of Directors and Mr. Lakshmi Narayana Sandireddy.”

#### **8. Reappointment of Mrs. Ratna Kumari Sandireddy as Whole-time Director of the Company.**

**To consider and, if thought fit, to pass with or without modification the following Resolution as Ordinary Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) read with Schedule V to the Act (including any statutory modification or re-enactment thereof, for the time being in force), and subject to such approvals as may be necessary, consent of the members be and is hereby accorded for the reappointment of Mrs. Ratna Kumari Sandireddy as Whole-time Director of the Company for another term of two years w.e.f. 01.05.2024, upon the terms and conditions, set out in the Explanatory Statement annexed to the Notice convening this meeting, with the liberty to the Board of Directors to alter and vary such terms of appointment and remuneration so as to not exceed the limits specified in Schedule V to the Companies Act, 2013, as may be agreed to by the Board of Directors and Mrs. Ratna Kumari Sandireddy.”

#### **9. Issuance of Non Convertible Debentures.**

**To consider and, if thought fit, to pass with or without modification the following Resolution as Ordinary Resolution:**

“**RESOLVED THAT** in supersession of the Special Resolution passed at the Annual General Meeting held on 29th September, 2023 and pursuant to the provisions of Section 42, 71 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and Companies

(Share Capital and Debentures) Rules, 2014 and subject to such other Regulations/Guidelines, approval of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee thereof which the Board may have constituted or hereinafter constitute to exercise its powers, including the powers conferred by this Resolution) for making offer(s) or invitation(s) to subscribe to listed/unlisted, Secured/Unsecured, Redeemable, market linked, and/or any other Non-Convertible Debentures including but not limited to Subordinated Debentures, bonds, commercial paper and / or other debt securities, on a private placement basis, in one or more tranches, during the period from 30th Annual General Meeting to 31st Annual General Meeting (AGM) for a sum as decided by the Board or its committee from time to time, not exceeding the overall borrowing limit approved under Section 180(1)(c) by the members of the Company".

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized and empowered to arrange or settle the terms and conditions on which all such moneys are to be borrowed from time to time, as to interest rate, tenor, repayment, security, or otherwise and listing, as it may deem expedient and to do all such acts, deeds, matters and things in connection therewith and incidental thereto as the Board in its absolute discretion deems fit, without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this Resolution".

By Order of the Board of Directors  
For KANAKADURGA FINANCE LIMITED

  
Amit Sharma  
Company Secretary



Date: 12/08/2024  
Place: Vijayawada

**NOTES:**

1. A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting. Proxy Form is attached with this notice separately.
2. Members are requested to notify immediately any change of address to the Company at its Registered Office, quoting their folio number.
3. Members are requested to bring their attendance slip attached along with their copy of Notice to the Meeting.
4. With reference to SS-2 for the easy convenience of recipients of notice, Route Map to the venue of the Annual General Meeting of the company is annexed separately.
5. The required Statutory Register maintained under the Companies Act, 2013 and all other documents referred to in the notice and explanatory statement, will be available for inspection by the members of the Company at Registered office of the Company during business hours 10:00 A.M. to 06:00 P.M. (except Saturday and Sunday) up to the date of Annual General Meeting and will also be available during the Annual General Meeting.

## **Explanatory Statement under section 102 of the Companies Act, 2013**

### **Item No.4 - Regularization of appointment of an additional independent director as an independent director of the company:**

The Board of Directors of your Company had appointed Mr. Amarendra Sahoo (DIN-06741280) as an Additional Independent Director w.e.f. 16.10.2023, in terms of Section 161 of the Companies Act, 2013. As per Section 161 of the Companies Act, 2013, Mr. Amarendra Sahoo shall hold office as an Additional Independent Director upto the ensuing Annual General Meeting.

#### **Brief Profile of Mr. Amarendra Sahoo**

He is having Doctorate from IIT Bombay and Post-Graduation from Duke University, USA. He worked with Reserve Bank of India (RBI) for more than 30 years in various designations and also worked for World Bank. Further he served as Nominee Director for various Banks in INDIA. Currently serving as Independent Director of the Company.

The Company has received from Mr. Amarendra Sahoo

- (i) Consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment and Qualification of Directors) Rules, 2014,
- (ii) Intimation in Form DIR-8 in terms of Rule 14 of the said Rules, to the effect that {he/she} is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, confirming {his/her} eligibility for such appointment, and
- (iii) A declaration to the effect that he meets the criteria of Independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Mr. Amarendra Sahoo as an Independent Director of the Company for a period of 2 (two) consecutive years commencing from 16.10.2023 for a term up to 15.10.2025 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. Further pursuant to said section, he will not be liable to retire by rotation.

In the opinion of the Board, Mr. Amarendra Sahoo fulfills the conditions specified in the Act and the Rules framed thereunder for appointment as Independent Director and he is independent of the management.

No director, key managerial personnel or their relatives, except Mr. Amarendra Sahoo, to whom the resolution relates, are interested or concerned in the resolution.

The Board of Directors commends the resolution as set out at Item No. 4 for approval of the members as an ordinary resolution.

**Item No.5 - Reappointment of Mr. Jayaprakash Narayana Chowdary Sandireddy as Managing Director of the Company:**

The board in its meeting held on 27.05.2024 approved the reappointment of Mr. Jayaprakash Narayana Chowdary Sandireddy as Managing Director for another term of two years. Pursuant to Section 196, 197, 203, and Schedule V of the Companies Act, 2013, the appointment of a Managing Director, terms and conditions of appointment and remuneration are required to be approved by shareholders at the next general meeting of the company held after the appointment.

The Board of Directors of the Company, recommends the reappointment of Mr. Jayaprakash Narayana Chowdary Sandireddy for another term of two years at the terms & remuneration as set out herein below, for approval of members.

<b>Name</b>	Mr. Jayaprakash Narayana Chowdary Sandireddy
<b>Designation</b>	Managing Director
<b>Salary inclusive of all allowances</b>	Not exceeding to INR 50 lakhs or as may be decided by the board of directors
<b>Retirement Benefits</b>	Company's Contribution towards Provident Fund, Gratuity as per the rules of the Company.
<b>Other benefits</b>	Free telephone facility at residence and use of the mobile facility. Reimbursement of expenses incurred for travelling boarding and lodging during business trips and all other expenses actually and properly incurred by them for the business of the Company. Medical Reimbursement of expenses actually incurred for self and family
<b>Minimum Remuneration</b>	Where in any financial year during the currency of tenure the company has no profits or its profits are inadequate the aforesaid remuneration or remuneration as maybe approved by the Board of Directors of the Company from time to time shall be paid as minimum remuneration."

Mr. Jayaprakash Narayana Chowdary and all the executive Directors of the Company being the relatives are interested in this resolution.

**Item No.6 - Reappointment of Mr. Sandireddy Srimannarayana as Managing Director of the Company:**

The board in its meeting held on 27.05.2024 approved the reappointment of Mr. Sandireddy Srimannarayana as Managing Director for another term of two years. Pursuant to Section 196, 197, 203, and Schedule V of the Companies Act, 2013, the appointment of a Managing Director, terms and conditions of appointment and remuneration are required to be approved by shareholders at the next general meeting of the company held after the appointment.

The Board of Directors of the Company, recommends the reappointment of Mr. Sandireddy Srimannarayana for another term of two years at the terms & remuneration as set out herein below, for approval of members.

<b>Name</b>	Mr. Sandireddy Srimannarayana
<b>Designation</b>	Managing Director
<b>Salary inclusive of all allowances</b>	Not exceeding to INR 50 lakhs or as may be decided by the board of directors
<b>Retirement Benefits</b>	Company's Contribution towards Provident Fund, Gratuity as per the rules of the Company.
<b>Other benefits</b>	Free telephone facility at residence and use of the mobile facility. Reimbursement of expenses incurred for travelling boarding and lodging during business trips and all other expenses actually and properly incurred by them for the business of the Company. Medical Reimbursement of expenses actually incurred for self and family
<b>Minimum Remuneration</b>	Where in any financial year during the currency of tenure the company has no profits or its profits are inadequate the aforesaid remuneration or remuneration as maybe approved by the Board of Directors of the Company from time to time shall be paid as minimum remuneration."

Mr. Sandireddy Srimannarayana and all the executive Directors of the Company being the relatives are interested in this resolution.

**Item No.7 - Reappointment of Mr. Lakshmi Narayana Sandireddy as Whole-time Director of the Company:**

The board in its meeting held on 27.05.2024 approved the reappointment of Mr. Lakshmi Narayana Sandireddy as Whole-time Director for another term of two years. Pursuant to Section 196, 197, 203, and Schedule V of the Companies Act, 2013, the appointment of a Whole-time Director, terms and conditions of appointment and remuneration are required to be approved by shareholders at the next general meeting of the company held after the appointment.

The Board of Directors of the Company, recommends the reappointment of Mr. Lakshmi Narayana Sandireddy for another term of two years at the terms & remuneration as set out herein below, for approval of members.

<b>Name</b>	Mr. Lakshmi Narayana Sandireddy
<b>Designation</b>	Whole-time Director
<b>Salary inclusive of all allowances</b>	Not exceeding to INR 50 lakhs or as may be decided by the board of directors
<b>Retirement Benefits</b>	Company's Contribution towards Provident Fund, Gratuity as per the rules of the Company.
<b>Other benefits</b>	Free telephone facility at residence and use of the mobile facility. Reimbursement of expenses incurred for travelling boarding and lodging during business trips and all other expenses actually and properly incurred by them for the business of the Company.



	Medical Reimbursement of expenses actually incurred for self and family
<b>Minimum Remuneration</b>	Where in any financial year during the currency of tenure the company has no profits or its profits are inadequate the aforesaid remuneration or remuneration as maybe approved by the Board of Directors of the Company from time to time shall be paid as minimum remuneration.”

Mr. Lakshmi Narayana Sandireddy and all the executive Directors of the Company being the relatives are interested in this resolution.

**Item No.8 - Reappointment of Mrs. Ratna Kumari Sandireddy as Whole-time Director of the Company:**

The board in its meeting held on 27.05.2024 approved the reappointment of Mrs. Ratna Kumari Sandireddy as Whole-time Director for another term of two years. Pursuant to Section 196, 197, 203, and Schedule V of the Companies Act, 2013, the appointment of a Whole-time Director, terms and conditions of appointment and remuneration are required to be approved by shareholders at the next general meeting of the company held after the appointment.

The Board of Directors of the Company, recommends the reappointment of Mrs. Ratna Kumari Sandireddy for another term of two years at the terms & remuneration as set out herein below, for approval of members.

<b>Name</b>	Mrs. Ratna Kumari Sandireddy
<b>Designation</b>	Whole-time Director
<b>Salary inclusive of all allowances</b>	Not exceeding to INR 50 lakhs or as may be decided by the board of directors
<b>Retirement Benefits</b>	Company's Contribution towards Provident Fund, Gratuity as per the rules of the Company.
<b>Other benefits</b>	Free telephone facility at residence and use of the mobile facility. Reimbursement of expenses incurred for travelling boarding and lodging during business trips and all other expenses actually and properly incurred by them for the business of the Company. Medical Reimbursement of expenses actually incurred for self and family
<b>Minimum Remuneration</b>	Where in any financial year during the currency of tenure the company has no profits or its profits are inadequate the aforesaid remuneration or remuneration as maybe approved by the Board of Directors of the Company from time to time shall be paid as minimum remuneration.”

Mrs. Ratna Kumari Sandireddy and all the executive Directors of the Company being the relatives are interested in this resolution.



**Item No. 9- Issue of Non- Convertible Debentures on private placement basis**

As per Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, a Company offering or making an invitation to subscribe to Debentures on a private placement basis, is required to obtain the prior approval of the Members by way of a Special Resolution. In the case of Non-Convertible Debentures however, such an approval can be obtained once in a year for all the offers and invitations for such NCD's if the amount of such offer or invitation exceeds the limit specified under clause (c) of Section 180(1). The Company seeks approval to issue debt instruments within the borrowing limit as the company will be in need of additional funds to augment its working capital requirements, since there is enough potential available for growth of business. The Company, during the year, is planning to raise funds by the issue of Debt Instruments on such terms and conditions as may be mutually agreed upon.

The Board recommends passing the Resolution as a Special Resolution.

None of the Directors and Key Managerial Personnel of the Company, or their relatives, are concerned or interested (financially or otherwise) except to the extent of their shareholding in this Resolution.

By Order of the Board of Directors  
For KANAKADURGA FINANCE LIMITED

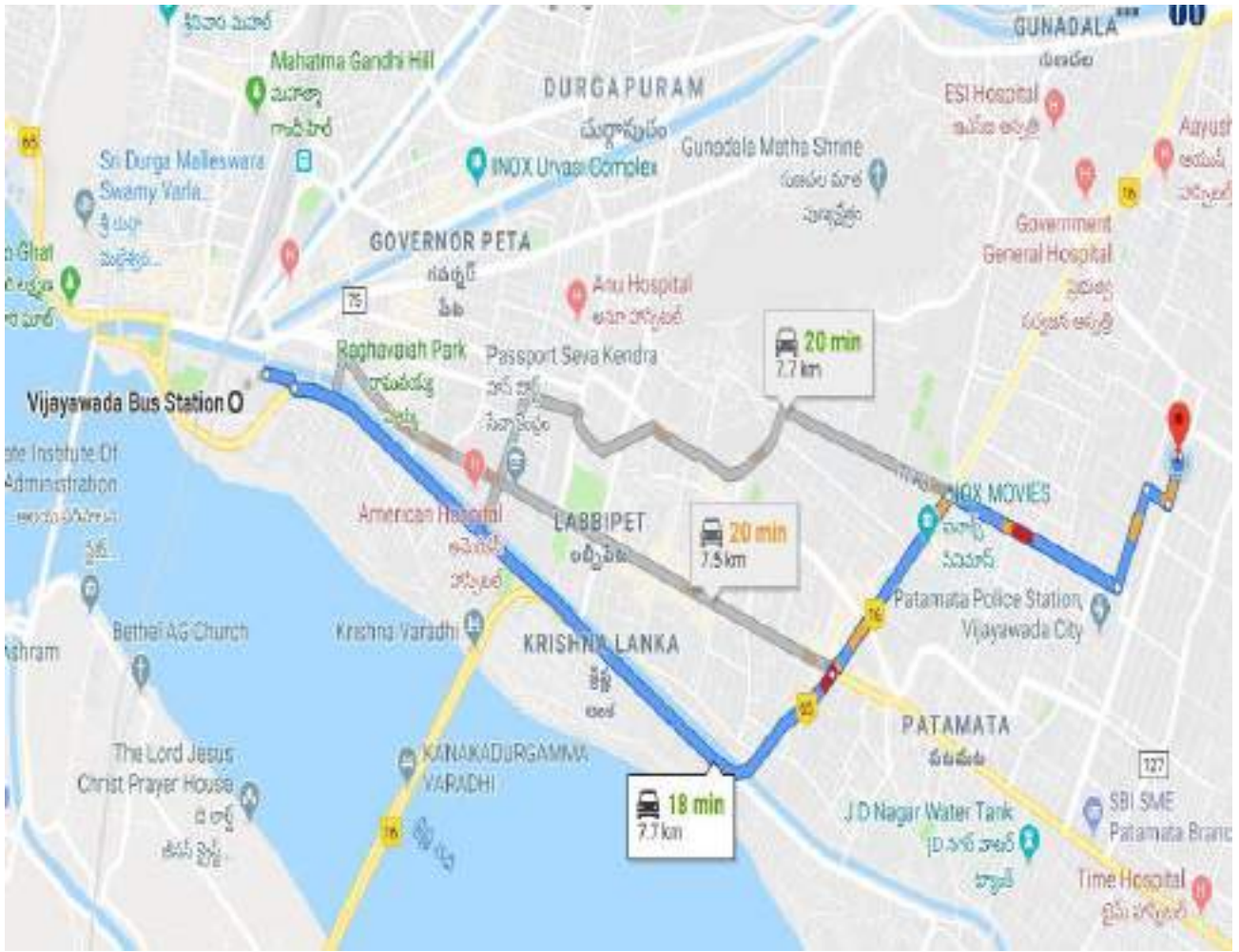
  
Amit Sharma  
Company Secretary



Date: 12/08/2024

Place: Vijayawada

**ROUTE MAP FOR ANNUAL GENERAL MEETING**





**Form No. MGT-11**  
**Proxy form**

*[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]*

CIN: U65921AP1994PLC018605

Name of the Company: KANAKADURGA FINANCE LIMITED

Registered office: # 54-9-23, 100 Feet Road, Auto Nagar, Vijayawada Krishna Andhra Pradesh 520007 India

Name of the Member(s):	
Registered address:	
Email address:-	
No. of shares held:-	
Folio No/ Client Id:-	
DP ID:-	

I/We, being the member of KANAKADURGA FINANCE LIMITED holding { } shares of the above named company, hereby appoint

Name:	
Address:	
Email address:-	
Signature:-	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at Annual General Meeting of the Company, to be held on the 28th day of September, 2024 at 11:00 AM at # 54-9-23, 100 Feet Road, Auto Nagar, Vijayawada Krishna Andhra Pradesh 520007 India and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

1. To receive, consider and adopt the audited Financial Statements of the company for the period ended 31st March, 2024 together with Report of the Board of Directors and Auditors thereon
2. To appoint a Director in place of Jayaprakash Narayana Chowdary Sandireddy who retires by rotation at this Annual General Meeting and being eligible offers himself for reappointment
3. To appoint the Statutory Auditors and to fix their remuneration
4. Regularization of appointment of an additional independent director Mr. Amarendra Sahoo as an independent director of the company
5. Reappointment of Mr. Jayaprakash Narayana Chowdary Sandireddy as Managing Director of the Company
6. Reappointment of Mr. Sandireddy Srimannarayana as Managing Director of the Company
7. Reappointment of Mr. Lakshmi Narayana Sandireddy as Whole-time Director of the Company
8. Reappointment of Mr. Lakshmi Narayana Sandireddy as Whole-time Director of the Company
9. Issuance of Non Convertible Debentures

Signed on this \_\_\_ day of \_\_\_\_\_

**Signature of Shareholder**

**Signature of Proxy holder(s)**



**Attendance Slip**

**30th Annual General Meeting, Saturday, 28th September, 2024 AT 11:00 AM**

Folio No. / DP ID Client ID No.	
Name of First named Member/Proxy/ Authorised Representative	
Name of Joint Member(s), if any:	
No. of shares held	

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company and hereby record my presence at the 30th Annual General Meeting of the Company on Saturday, 28 September, 2024 at 11:00 AM at # 54-9-23, 100 Feet Road, Auto Nagar, Vijayawada Krishna Andhra Pradesh 520007 India

**Member's/Proxy's name in Block Letters**

**Member's/Proxy's Signature**

Note(s): 1. Please sign this attendance slip and hand it over at the Attendance Verification Counter at the MEETING VENUE.

2. Only shareholders of the Company and/or their Proxy will be allowed to attend the Meeting.

## BOARD'S REPORT

To,  
The Members,  
**Kanakadurga Finance Limited**

Your Directors have immense pleasure to present 30<sup>th</sup> Annual Report on the business, operations and state of affairs of the Company together with the audited financial statement for the year ended 31<sup>st</sup> March, 2024:

### 1. Financial Highlights

The financial performance of your company for the year ending March 31, 2024 is summarized below:

(Amount in Lakhs)

Particulars	2023-24	2022-23
Revenue from Operations	12,636.07	11,756.35
Other Income	50.54	45.12
Profit before Interest, Depreciation, Other expenses & Tax	12,686.60	11,801.47
Finance Cost	5,979.08	5,556.24
Depreciation	454.37	354.02
Other expenses	5,287.42	5,366.66
<b>Net Profit before Tax</b>	<b>965.73</b>	<b>524.55</b>
Tax Expense	265.94	117.10
Deferred Tax	-10.53	37.78
<b>Net Profit after Tax</b>	<b>710.32</b>	<b>369.67</b>

### 2. State of the company affairs and future outlook

During the reporting period company's performance was satisfactory in terms of revenue generation as the same has generated total revenue of Rs. 12,636.07 lakhs which is Rs. 879.72 lakhs more than the last year's turnover. Company has generated other income of Rs. 50.54 lakhs during the year as compared to the other income generated in the previous year amounting Rs. 45.12 lakhs. Further, after meeting out all the administrative and other expenditures, the company has earned Net profit of Rs. 710.32 lakhs. The Net profit of the Company is increased by Rs. 340.65 lakhs in comparison to Net profit in Previous Financial year of Rs. 369.67 lakhs. The Board is taking the necessary steps to improve the performance of the Company and to have better working results in the coming years.

### 3. Assets Under Management (AUM)

The AUM (Managed Portfolio) grown by 17% and reached to Rs. 602 Crore as on March 31, 2024 as against Rs. 515 Crore in the previous Financial year.

### 4. Management Discussion Analysis

A report on Management Discussion Analysis is enclosed and is forming part of this report as **Annexure-A**.

## 5. Change in the Nature of the Business

During the period under review, the Company has not changed its line of business in such a way that amounts to commencement of any new business or discontinuance, sale or disposal of any of its existing businesses or hiving off any segment or division.

## 6. Material changes and commitments

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statement relates on the date of this report.

## 7. Transfer to reserves

Since the Company is a Non-Banking Financial Company ("NBFC") registered with Reserve Bank of India ("RBI"), therefore as required under section 45-IC of the Reserve Bank of India Act, 1934, the Company has transferred a sum of Rs. 142.06 lakhs to statutory reserves out of profits.

S. No.	Reserve Head	Opening Balance	Addition	Deduction	Closing Balance
1	Statutory Reserve	1402.84	142.06	0	1544.91

Further, your Board of Directors does not propose to transfer any amount to general reserves of the Company.

## 8. Dividend

The Board of Directors of the Company, after considering holistically the relevant circumstances has not recommended any dividend for the current financial year with a view to conserve the profits generated.

## 9. Transfer of unclaimed dividend to Investor Education and Protection Fund

There was no unclaimed/unpaid dividend, application money, debenture interest and interest on deposits as well as the principal amount of debentures and deposits, remaining unclaimed/ unpaid in relation to the Company hence the Company is not required to transfer any amount to Investor Education and Protection Fund (IEPF).

## 10. Deposits

Being a non-deposit taking Company, the Company has not accepted any deposits from the public within the meaning of the provisions of Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 and provisions of the Companies Act, 2013 ("the Act") are not applicable on the Company.

## 11. Share Capital

There has been no change in the share capital of the company during the year under review.

## 12. Resource Mix

The Company has diversified funding sources from Public Sector Banks, Private Sector Banks, Financial Institutions, Mutual Funds etc. During the year under review, the Company continued with its diverse methods of sourcing funds in addition to regular borrowings like Secured and Unsecured Debentures, Term Loans etc., and maintained prudential Asset Liability Match throughout the year.

## 13. Private Placement of Non-convertible Debentures

During the year under review, your Company issued Secured Non-Convertible Debentures ("NCDs") and raised an amount aggregating to Rs. 20 crores on a private placement basis. The NCDs are listed on the debt market segment of BSE Limited.

As specified in the respective offer documents, the funds raised from NCDs were utilized for various financing activities, onward lending, to repay existing indebtedness, working capital and general corporate purposes of the Company. Details of the end-use of funds were furnished to the Stock Exchange on a quarterly basis.

The brief details of NCDs issued on a private placement basis during the year 2023-24 are mentioned as under:

SL.no	ISIN	Date of Allotment	Coupon rate	Listed/unlisted	Maturity date	Issue size Rs. In Crores
1	INE104W07161	08.04.2023	13.50%	unlisted	31-03-2026	20.00

The Company has been regular in making payments of principal and interest on all the NCDs issued by the Company on a private placement basis.

#### 14. Directors & Key Managerial Personnel

During the current financial year the following changes have occurred in the constitution of directors of the company.

S. No.	Name	Designation	Appointment/Cessation /Change Designation	Date of appointment/cessation/change designation
1	Abhishek Girdharilal Poddar	Nominee Director	Cessation	19/06/2023
2	Rakesh Kumar Bhutoria	Nominee Director	Appointment	14/07/2023
3	Amarendra Sahoo	Additional Director	Appointment	16/08/2023

As per the Articles of Association of the Company Jayaprakash Narayana Chowdary Sandireddy Managing Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Composition of board of directors as on 31/03/2024 is as following:

S. No.	Name	Designation	DIN	Date of Appointment
1	Mr. Jayaprakash Narayana Chowdary Sandireddy	Managing Director	00538246	09/06/2003
2	Mr. Lakshmi Narayana Sandireddy	Wholetime Director	00538185	18/04/2014
3	Mr. Ratna Kumari Sandireddy	Wholetime Director	00538216	18/04/2014
4	Mr. Srimannarayana Sandireddy	Managing Director	00538273	21/07/2020



5	Mr. N. Rama Mohan Rao	Independent Director	08948428	04/11/2020
6	Mr. Jayaprakash Narayana Chowdary	CFO(KMP)	*****9192K	07/09/2021
7	Mr. Amit Sharma	Company Secretary	*****3150N	14/10/2022
8	Mr. Rakesh Kumar Bhutoria	Nominee Director	08449728	14/07/2023
9	Mr. Amarendra Sahoo	Independent Director	06741280	16/10/2023

### 15. Declaration by Independent Directors

The Board of Directors of the Company hereby confirms that all the Independent directors duly appointed by the Company have given the declaration and they meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

### 16. Fit and Proper Criteria

All the Directors of the Company have confirmed that they satisfy the "fit and proper" criteria as prescribed in Chapter XI of RBI Master Direction No. DNBR. PD. 008/ 03.10.119/2016-17 dated 1st September, 2016 and that they are not disqualified from being appointed/continuing as Directors in terms of Section 164(2) of the Act.

### 17. Board Evaluation

The Board adopted a formal mechanism for evaluating its performance as well as that of its Committees and individual Directors, including the Chairman of the Board. The exercise was carried out through a structure evaluation process covering various aspects of the Board functioning such as composition of the Board & committees, experience & competencies, performance of specific duties & obligations, contribution at the meetings and otherwise, independent judgment, governance issues etc.

### 18. Board Meetings

During the Financial Year, the Company held 5 board meetings of the Board of Directors as per Section 173 of Companies Act, 2013 which is summarized below. The provisions of the Companies Act, 2013 were adhered to while considering the time gap between the two meetings.

S. No.	Date of Meeting	Board Strength	No. of Directors Present
1	30/05/2023	7	7
2	14/07/2023	6	4
3	14/08/2023	7	7
4	14/11/2023	7	7
5	12/02/2024	7	7

## 19. Committees of the Board

The Committees of the Board focus on certain specific areas and make informed decisions in line with the delegated authority. As on 31st March, 2024, the Board has 6 Committees, namely:

Audit Committee  
Nomination and Remuneration Committee  
Corporate Social Responsibility Committee  
Finance Committee  
Asset Liability Management Committee  
Risk Management Committee

During the year under review, all recommendations made by the committees were accepted by the Board of Directors. Further, details of Board Committees along with their composition, terms of reference, meetings held during the year and attendance thereat are provided in "Report on Corporate Governance" forming part of the Annual Report.

## 20. Internal financial controls

The Company has a well-established internal financial control and risk management framework to ensure the highest standards of integrity and transparency in its operations and a strong corporate governance structure. Appropriate controls are in place to ensure:

- a) the orderly and efficient conduct of business, including adherence to policies;
- b) safeguarding of assets;
- c) prevention and detection of frauds/errors;
- d) accuracy and completeness of accounting records; and
- e) timely preparation of reliable financial information

The Board has adopted policies and procedures to ensure compliance and oversight to the implementation of its internal financial control and risk management framework.

## 21. Auditors

### ◆ Statutory Auditors & their Report

At the Meeting held on 30/09/2021, M/s JHS and Associates, Chartered Accountants (FRN: 133288W/W100099) were appointed as statutory auditors of the company to hold office till the conclusion of the Annual General Meeting to be held for the financial year 2024.

Company has received certificate from the Auditors to the effect they are not disqualified to continue as statutory auditors under the provisions of applicable laws.

There are no observations (including any qualification, reservation, adverse remark or disclaimer) of the Auditors in their Audit Report that may call for any explanation from the Directors. Further, the notes to accounts referred to in the Auditor's Report are self-explanatory.

### ◆ Cost Auditor

The Cost Audit pursuant to section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014 is not applicable to the company.

### ◆ Secretarial Auditor

According to the provision of section 204 of the Companies Act 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s RPR & Associates, Practising Company Secretary(ies), on 30/05/2023 to undertake the Secretarial Audit of the Company for the financial year ended 2024.

The Secretarial Audit Report Submitted by M/s RPR & Associates, for the financial year ended 2024 in the prescribed form MR-3 is annexed to the report.

The said secretarial audit report does not contain any qualification, reservation or adverse remark or disclaimer made by the Secretarial Auditor.

## **22. Particulars of loans, guarantees or investments**

Pursuant to section 186 of the Act, the company is exempted from the provisions related to loans made, guarantees given and securities provided.

## **23. Related Party Transactions**

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large and Approval of the Board of Directors and shareholders was obtained wherever required, Form No. AOC-2 is annexed as **Annexure –C**. Further the Related Party Transactions has been disclosed in Note No. 41 of Financial Statements of the Company.

## **24. Corporate Governance**

Your Company debt securities got listed with Bombay Stock Exchange. In due compliance of the SEBI (LODR) regulations, 2015 a report on the Corporate Governance along with a declaration by the Managing Director with regard to code of conduct to be presented to the members of the Company as such a report on Corporate Governance Report are is attached as part of this report vide **Annexure-B**

## **25. Corporate Social Responsibility Initiatives**

Your Company has always responded in a responsible manner to the growing needs of the communities in which it operates. During the year, your Company has, in consonance with the CSR policy of the Company, undertaken a number of initiatives that contribute to society at large, in the areas of health, education, environment and preservation of the country's rich culture and heritage.

The Annual Report on CSR Activities undertaken by the Company for the Financial Year 2023-24 is annexed with this report, vide **Annexure-D**

## **26. RBI Compliance**

The Company is in compliance with the applicable guidelines and framework issued by the RBI, as amended from time to time.

## **27. Secretarial Standards**

The Company has complied with the all applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

## **28. Disclosure under the 'Prevention of Sexual Harassment at Workplace Policy'**

The Company has in place a Policy for prevention of Sexual Harassment, in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set up to redress complaints.

All employees (permanent, contractual, temporary, trainees) are covered under this policy. No complaints were received during the financial year nor were any pending unresolved as on 31<sup>st</sup> March 2024.

## 29. Annual Return

In compliance to provisions of section 134 (3) (a) of the Companies Act, 2013 copy of the Annual Return referred to in sub section (3) of Section 92 of the Act as prepared in Form No. MGT 7 is placed on the website of the company, weblink of the same is <https://www.kanakadurgafinance.com/financialreport.html>.

## 30. Details of significant and material orders passed by the regulators

During the year under review, no significant and material orders were passed by the regulators, courts, or tribunals against the Company, impacting its going concern status or its future operations.

## 31. Information as per section 134 (3)(m) of the Companies Act, 2013 read with rule 8 of the Companies (Accounts) rules, 2014

Your Company has no activity relating to conservation of energy or technology absorption. During 2023-24 expenditure in foreign currencies and earnings in foreign currencies are Nil.

## 32. Risk Management

Pursuant to the provisions of Non-Banking Financial Company - Systemically Important Non Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, SEBI LODR and the Act, your Company has adopted a Risk Management policy which encompasses practices relating to identification, assessment, monitoring and mitigation of various risks to the business with its main objective to minimize negative impact on profitability and capital.

Your Company is exposed to various risks that are an inherent part of any financial service business which inter alia include the following:

**Credit Risk:** Credit Risk is defined as the "risk of failure of the counterparty in keeping up its commitments. It can be further described as, 'risk of default on a debt that may arise from a borrower failing to make required payments. In the first resort, the risk is that of the lender and includes lost principal and interest, disruption to cash flows, and increased collection costs'.

**Liquidity Risk:** The Company defines liquidity risk as the risk of incurring losses due to an inability to meet payment obligations in a timely manner when they become due. The Company categorises liquidity risk into funding liquidity risk, which occurs when payment obligations cannot be fulfilled, and market liquidity risk, which occurs when the Company is unable to sell or transform assets to generate liquidity/ cash without significant losses.

**Interest Rate Risk:** Interest Rate Risk has been defined as the risk where changes in market interest rates might adversely affect as the Company's financial condition. The immediate impact of changes in interest rates is on the Net Interest Income (NII). A long term impact of changing interest rates is on net worth as the economic value of assets, liabilities and off-balance sheet positions get affected due to variation in market interest rates. The interest rate risk when viewed from these two perspectives is known as 'earnings perspective' and 'economic value' perspective, respectively.

**Compliance Risk:** Compliance risk has been defined as "the risk of legal or regulatory sanctions, material financial loss, or loss to reputation a Company may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory organization standards, and codes of conduct as applicable

The Board has formed a Risk Management Committee to identify the risks impacting the business, formulate strategies/ policies aimed at risk mitigation as part of risk management. The Risk Management Committee (RMC), functions in line with the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and SEBI LODR.

The details of the Risk Management Framework and issues related thereto have been explained in the "Management Discussion and Analysis Report", forming part of this Annual Report.

### **33. Directors' Responsibility Statement**

Pursuant to Section 134(5) of the Companies Act, 2013 the Board of Directors of the Company confirms that-

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that 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 2023-24 and of the profit of the company for that period;
- (c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) The directors had prepared the annual accounts on a going concern basis; and
- (e) Company being unlisted sub clause (e) of section 134(5) is not applicable.
- (f) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **34. Vigil Mechanism / Whistle Blower Policy**

Pursuant to Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, the Board has adopted Whistle Blower Policy. This policy aims for conducting the affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior. A mechanism has been established for employees to report concerns about unethical behavior, actual or suspected fraud or violation of Code of Conduct and Ethics. The policy also provided adequate safeguards against the victimization of employees who avail of the mechanism and allows direct access to the Chairman of the Audit Committee in exceptional cases.

Your Company hereby affirms that during the year no Director / employee have been denied access to the Chairman of the Audit Committee and that no complaints were received.

### **35. Share Transfer Agency**

The Company has appointed M/s. XL Softech Systems Limited situated at Plot No-3, Sagar Society, Road No.2, Banjara Hills, Hyderabad-500 034, as its share transfer agency for handling both physical and electronic transfers.

### **36. Industrial Relations**

Industrial relations continued to be cordial throughout the year under review.

### **37. Details of Corporate Insolvency Resolution Process Initiated Under the Insolvency and Bankruptcy Code, 2016 (IBC)**

No corporate insolvency resolution process is initiated against your Company under Insolvency and Bankruptcy Code, 2016 (IBC).

### **38. Details of Failure to Implement any Corporate Action :**

During the year the Company has not failed to execute any corporate action.

### 39. Cautionary Statement

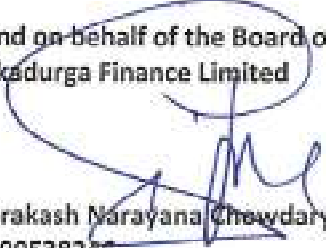
The statements contained in the Board's Report contain certain statements relating to the future and therefore are forward looking within the meaning of applicable laws and regulations.

Various factors such as economic conditions, changes in government regulations, tax regime, other statutes, market forces and other associated and incidental factors may however lead to variation in actual results.

### 40. Acknowledgment

Your Directors wish to express their grateful appreciation to the continued co-operation received from the Banks, Government Authorities, Customers, Vendors and Shareholders during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed service of the Executives, staff, and Workers of the Company.

For and on behalf of the Board of Directors  
Kanakadurga Finance Limited

  
Jayaprakash Narayana Chowdary Sandireddy  
DIN : 00538246  
Managing Director



  
Srimannarayana Sandireddy  
DIN : 00538273  
Managing Director

Date: 12/08/2024

Place: Vijayawada

## Management Discussion and Analysis

### OVERVIEW OF INDIAN ECONOMY FY 2023-24

The Indian economy has shown remarkable resilience and growth in the fiscal year 2023-24. The real GDP is projected to grow between 6.5–7% in 2024-25, with a significant recovery from the pandemic, marking a growth of 8.2% in FY24. The agriculture, industry, and services sectors have contributed shares of 17.7%, 27.6%, and 54.7% respectively to the overall GVA at current prices. Notably, the manufacturing sector and construction activities both registered a growth of 9.9% in FY24. Inflation has seen a decline, with retail inflation dropping to 5.4% in FY24 from 6.7% in FY23. The fiscal deficit of the Union government has also reduced from 6.4% of GDP in FY23 to 5.6% in FY24, and capital expenditure for FY24 stands at ₹9.5 lakh crore, marking an increase of 28.2% on a year-on-year basis. The banking sector has improved, with the Gross Non-Performing Assets (GNPA) ratio declining to 2.8% in March 2024, a 12-year low. Additionally, India's exports of services reached a new high of USD 341.1 billion in FY24, and forex reserves are sufficient to cover 11 months of projected imports. The female labor force participation rate has also seen a significant increase, mainly due to rising participation of rural women.

### COMMERCIAL VEHICLE AND PASSENGER VEHICLE INDUSTRY

The automotive industry is considered to be one of the major drivers of economic growth due to its linkages with multiple industries. The growth of this sector benefits commodity sector as vehicle manufacturing requires steel, aluminium, plastic, etc. It also holds importance for the NBFC/Banks in form of automobile financing. According to the data published by Society of Indian Automobile Manufacturers, during the Financial Year 2023-24, posted a satisfactory performance with domestic industry growing by 12.5% during the last Financial Year. Domestic Commercial Vehicle industry had a marginal growth to 0.97 million units and within that, some drop was experienced in LCVs and SCVs due to degrowth in CNG segment. The growth in Commercial vehicles was also impacted due to migration to higher tonnage trucks which created higher payload capacity, that is not reflected in the number of units. The year also demonstrated the sustainability commitments of the Auto Industry as it commenced producing vehicles which are material compliant to 20% Ethanol and witnessed growth of 90% in Electric Passenger Vehicles and 30% in Electric Two-Wheelers.

### Overview of Kanakadurga Finance Limited

The Company is registered with Reserve Bank of India and classified as "NBFC-ND-SI-AFC", engaged in the business of financing for income generating businesses (mainly Vehicle Financing and Lending against Gold). The target customer base is self-employed individuals from rural and semi-urban areas. We truly believe that we have created the products which serve the needs of self-employed individuals in India.

### Our Business

We have become an emerging tech-backed and digital-focused organization offering customized solutions to our customers suitable to their needs. We drive financial inclusion and aim to make capital easy and accessible to every Indian. We place high emphasis on customer experience and strive to offer quality service to all our customers. We have created a wide range of portfolio products and services to cater to the evolving needs of our customers.

With over 70% of our branches in rural and semi-urban areas, we have enhanced our focus on the unbanked and under banked customers at the bottom of the pyramid to drive financial inclusion. We primarily operate



in two business segments i.e. Vehicle and Gold Loans. Vehicles business is further divided into different segments viz. Commercial vehicle, Agriculture equipment, used Cars and two wheeler loans. Vehicles business comprises 75.00% of the total AUM.

The Gold business has also become one of the main focus areas, considering the market opportunities. The Company has been empowering the underserved rural and semi-urban market through hassle free, favorable financing option to initiate their entrepreneurial journey.

The Gold AUM for FY 2023-24 reached about 31.00% of total AUM.

### Business highlights

- ❖ The year fundraising was about Rs. 463 crore including Term Loan, NCDs and DA.
- ❖ Total revenue was increased to Rs. 126.86 crore in FY24 from Rs. 118.01 crore in FY23 i.e 7.62 % increased.
- ❖ Assets under Management (AUM) reached at Rs. 601.50 crore in FY24 as against Rs. 515.52 crore in FY23, an increase of 16.78%.
- ❖ Cost of Fund stood at 13.38% in FY24 against 13.30% in FY23.

### Financial and operational performance

Sr.No	Particulars	2023-24	2022-23
1	Total income (Rs in Crs)	126.86	118.01
3	Asset under management (Rs in Crs)	601.50	515.22
4	Securitization during the year (Rs in Crs)	110.96	87.56
5	Net worth (Rs in Crs)	118.75	111.58
6	Profit after tax (Rs in Crs)	7.10	3.70
7	Capital adequacy ratio (%)	21.74%	23.72%
8	Return on total assets (%)	1.14%	0.65%
9	Debt equity ratio	4.24	4.13
10	Net interest margin (%)	10.74%	11.80%
11	Return on equity (%)	6.17%	3.37%
12	Interest coverage ratio	1.24	1.10

### Capital Adequacy:

The Capital to Risk Assets Ratio of your company is 21.74% as on 31.03.2024, well above the minimum of 15% prescribed by the Reserve Bank of India, of which Tier I Capital constituted 21.49% and Tier II constituted 0.25%.

### Credit Rating:

Credit Analysis and Research Limited (CARE) has retained the long term bank loan facilities and Non Convertible Debentures at "BBB- Stable" signifying adequate degree of safety regarding timely payment of interest and principle.

### Human Resources

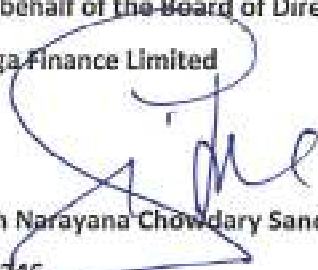
Your Company believes that its greatest assets are its people and Training is an investment in long term people development, for organizational excellence. During the year under review, your Company has taken

several new initiatives to ensure that the knowledge and wisdom gained over decades is handed down to the next generation of employees. A well balanced mix of domain knowledge and behavioral training was taken up towards talent transformation. These initiatives have paid rich dividends in the form of a strong group of in-house facilitators of domain knowledge and a highly motivated team of employees geared to fulfilling the needs of your Company's valued customers.

The Employee Strength as at 31<sup>st</sup> March, 2024 was 976.

For and on behalf of the Board of Directors

Kanakadurga Finance Limited



Jayaprakash Narayana Chowdary Sandireddy

DIN : 00538246

Managing Director



Srimannarayana Sandireddy

DIN : 00538273

Managing Director

Date: 12/08/2024

Place: Vijayawada

## Annexure-B

### Report on Corporate Governance

Kanakadurga Finance Limited has been following robust corporate governance practices since its inception. The strong edifice of the Company, started in 1994, is supported by the pillars of customer trust and employee loyalty. Your Company's approach to Corporate Governance is guided by the Kanakadurga way a set of values enshrined in the Company's culture by its founder Chairman, Sri S. Lakshmi Narayana.

Your Company continues to maintain the highest standards of integrity and transparency in operations, excellence in service to all stakeholders and strong Corporate Governance standards. We believe that a well informed and participative Board is necessary to ensure the highest standards of Corporate Governance. The Board oversees the Management's functions and safeguards the long term interests of our stakeholders. As of March 31, 2023 the Board comprised seven members, of which two members are Independent Directors.

#### Board of Directors

The Board has an optimum combination of Executive, Non-executive, and Independent Directors. We acknowledge that a well-performing Board structure is pertinent for success and growth of the business and thus ensured highest levels of corporate governance through transparency and effective communication flow. While Executive Directors are entrusted with the responsibility of overseeing the day-to-day operations of the Company and ensure effective execution of business plans, the Non Executive Directors bring independent perspective and strategic support.

The Board is committed to the multifarious aspects pertaining to business strategy, institutional risk, people, stakeholders, society and compliance and endeavors to meet the related obligations.

As on the end of March 2024, the Board comprises of 7 members, out of which four are Executive, one Non-Executive Nominee Director, two Independent Directors and one Executive Woman Director.

#### Board Meetings

During the year under review, five meetings of the Board of Directors were held on the following dates. 30<sup>th</sup> May, 2023, 14<sup>th</sup> July, 2023, 14<sup>th</sup> August, 2023, 14<sup>th</sup> November, 2023, and 12<sup>th</sup> February, 2024.

The details of attendance at Board Meetings and details of other Directorships, Committee Chairmanships / Memberships held by the Directors during the period from 1<sup>st</sup>April, 2023 to 31<sup>st</sup>March, 2024 are as follows:

	Name of the Member	Category	No. of Board Meetings entitled to attend	No of Board meetings attended	Attendance at the last AGM	No of other Director Ships	No of Committee Memberships
<b>Promoter Directors</b>							
1	S. Lakshmi Narayana	Promoter, Whole time Director	5	5	Yes	-	-
2	S. Ratna Kumari	Promoter, Whole time Director	5	5	Yes	1	-
3	S. Jayaprakash Narayana Chowdary	Promoter, Managing	5	5	Yes	1	2

		Director & CFO					
4	S. Srimannarayana	Promoter, Managing Director	5	5	Yes	1	2
<b>Non- Executive Directors</b>							
5	Abhishek Poddar (resigned 19.06.2023)	Non-executive Nominee Director	1	1	No	3	1
6	Amarendra Sahoo	Independent Director	5	4	Yes	4	2
7	N. Rama Mohan Rao	Independent Director	5	4	Yes	-	3
8	Rakesh Bhutoria (Appointed 14.07.2023)	Non-executive Nominee Director	3	3	Yes	2	1

\*Committee chairmanship and membership considered only Audit Committee, NRC and CSR Committee.

#### **Audit Committee**

The Audit Committee of the Company is constituted in line with the provisions of Section 177 of the Companies Act, 2013 read with Companies (Meeting of Board and its Powers) Rules, 2014 and the Committee comprises following Directors as its members:

S. No.	Name	Designation	No of Meetings Attended	Meeting Dates
1.	Mr. S. Srimannarayana	Chairman	4	30.05.2023
2.	Mr. Amarendra Sahoo	Member	4	14.08.2023
3.	Mr. N. Rama Mohan Rao	Member	4	14.11.2023 12.02.2024

#### **The terms of reference of the Audit Committee are broadly as under:**

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommend the appointment, remuneration and terms of appointment of auditors of the Company;
3. Reviewing, with the management, the quarter and annual financial statements and auditors' report thereon before submission to the board for approval, with particular reference to:
  - A. Matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section 3 of section 134 of the Act
  - B. Disclosure of any related party transactions
  - C. Qualifications in the draft audit report
4. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;

5. Review and monitor the auditors' independence and performance, and effectiveness of audit process;
6. Scrutiny of inter-corporate loans and investments;
7. Evaluation of internal financial controls and risk management systems;
8. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
9. Discussion with internal auditors of any significant findings and follow up there on;
10. Establish a vigil mechanism for directors and employees to report genuine concerns in such manner as may be prescribed;
11. Approval of appointment of CFO;

III. The Audit Committee invites executives, as it considers appropriate (particularly the head of the finance function), representatives of the statutory auditors and representatives of the internal auditors to be present at its meetings. The Company Secretary acts as the secretary to the Audit Committee.

### **Nomination and Remuneration Committee**

Company has constituted this Committee in compliance of the provisions of Section 178(3) of the Companies Act, 2013 read with Companies (Meeting of Board and its Powers) Rules, 2014. The Composition of the Nomination & Remuneration Committee and attendance of the members at Committee Meeting are as follows:

<b>S. No.</b>	<b>Name</b>	<b>Designation</b>	<b>No of Meetings Attended</b>	<b>Meeting Dates</b>
1	Mr. N.Ramamohan Rao	Chairman	1	14.07.2023
2	Mr. Amarendra Sahoo	Member	1	
3	Mr. Rakesh Bhutoria (w.e.f. 14.07.2023)	Member	-	

### **The broad terms of reference of the Nomination and Remuneration Committee are as under:**

1. Recommend to the board the set up and composition of the board and its committees. including the "formulation of the criteria for determining qualifications, positive attributes and independence of a director". The committee will consider periodically reviewing the composition of the board with the objective of achieving an optimum balance of size, skills, independence, knowledge, age, gender and experience.
2. Recommend to the board the appointment or reappointment of directors.
3. Devise a policy on board diversity.
4. On an annual basis, recommend to the board the remuneration payable to the directors and oversee the remuneration to executive team or key managerial personnel of the Company.
5. Provide guidelines for remuneration of directors on material subsidiaries.

### **Remuneration of Directors**

The Non-Executive Directors are remunerated by way of commission for each financial year as decided by the Board of Directors. The details of remuneration paid to the Non-Executive Directors and number of shares held by them are as follows:

Name of the Director	Sitting fee Rs. In Lakhs	Commission	Number of shares held	Relationship with other Directors
Mr. Amarendra Sahoo	2.60	-	-	-
Mr. N. Rama Mohan Rao	1.40	-	-	-

The Executive Directors of the Company are appointed on terms approved by the shareholders. Their remuneration comprises salary, allowances, commission and perquisites. The details of remuneration paid to the Executive Directors for the Financial Year 2023-24 are as follows.

Rs. In lakhs

Particulars	S. Jayaprakash Narayana Chowdary Managing Director cum CFO	S. Srimannarayana Managing Director	S. Lakshmi Narayana Whole-Time Director	S. Ratna Kumari Whole-Time Director
Salary and allowances	50.00	50.00	50.00	50.00
Commission	-	-	-	-
<b>Total</b>	<b>50.00</b>	<b>50.00</b>	<b>50.00</b>	<b>50.00</b>

#### Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee is a committee of the Board of Directors established in accordance with the Company's constitution and authorised by the Board to assist the Board and the Company in fulfilling its Corporate Social Responsibility ("CSR"). Further the Committee, recommends the amount of expenditure to be incurred on the identified CSR activities and related aspects.

S. No.	Name	Designation	No of Meetings Attended	Meeting Date(s)
1	Mr. S. Srimannarayana	Chairman	1	14.11.2023
2	Mr. S. Jayaprakash Narayana Chowdary	Member	1	
4	Mr. N. Ramamohan Rao	Member	1	

#### Risk Management Committee

The company has constituted Risk Management committee in accordance with RBI Guidelines on Risk Management System.

SL. No	Name of the member	Position	No of meetings entitled to attend	No of Meeting attended
1	Mr. S. Jayaprakash Narayana Chowdary	Chairman	2	2
2	Mr. S. Srimannarayana	Member	2	2
3	Mr. S. Lakshmi Narayana	Member	2	2
4	Mr. Deepak Hanumanth	Member	2	2

The Committee met 2 times during the FY: 2023-24  
Meeting dates were 23.05.2023 and 17.08.2023.

**Brief terms of reference:**

The Risk Committee is a committee of the Board, appointed to assist the Board in assessing the effectiveness of risk management practices followed by the Company through-

- ~ Oversight of Risk Policy
- ~ Review of changes to Company's risk profile
- ~ Oversight of the Credit Committee - performance, decisions and minutes of meetings
- ~ Oversight of Company's compliance to its stated risk appetite

**Asset Liability Management Committee (ALCO)**

The Asset Liability Committee was established by the Board of Directors of the Company for assisting the Board in oversight of the Company's liquidity and interest rate risk profiles. The Committee comprise of two Managing Directors.

SL. No	Name of the member	Position	No of meetings entitled to attend	No of Meeting attended
1	Mr. S. Jayaprakash Narayana Chowdary	Chairman	4	4
2	Mr. S. Srimannarayana	Member	4	4
3	Mr. S. Lakshmi Narayana	Member	4	4
4	Mr. Deepak Hanumanth	Member	4	4

The Committee met four times during the FY: 2023-24  
Meeting dates were 30.05.2023, 14.08.2023, 14.11.2023 and 12.02.2024.

**Finance Committee**

SL. No	Name of the Member	Position	No of meetings entitled to attend	No of Meetings attended
1	Mr. S. Lakshmi Narayana	Chairman	26	26
2	Mr. S. Srimannarayana	Member	26	26
3	Mr. S. Jayaprakash Narayana Chowdary	Member	26	26
4	Mrs. S. Ratna Kumari	Member	26	26

The Committee met twenty six (26) times during the year under review and accorded its approval to various proposals for availing financial assistance from other lenders and to approve issuance and allotment of non-convertible debentures by the Company.

**General Body Meetings**

Details relating to last three Annual General Meetings:

Year	Date	Time	Location	No of Special Resolutions passed
2023	29.09.2023	11.00 AM	54-9-23, 100 Feet Road, Auto Nagar, Vijayawada -520007	3
2022	30.09.2022	11.00 AM	54-9-23, 100 Feet Road, Auto Nagar, Vijayawada- 520007	5
2021	07.09.2021	11.00 AM	54-9-23, 100 Feet Road, Auto Nagar, Vijayawada- 520007	1



During the year under review there are no Extra ordinary general Meetings held.

### General Shareholder Information

#### Annual General Meeting

Date	Time	Mode
28.09.2024	11.00 am	Physical/Virtual

Financial Year -1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024

The company's NCDs are listed on: Bombay Stock Exchange Limited

The Company has paid the listing fees for the financial year 2024-25 to the above stock exchange.

#### Other Disclosures:

##### Adherence to Indian Accounting Standards

The Company has complied with the applicable Indian Accounting Standards (Ind-AS) notified by the Ministry of Corporate Affairs under Section 133 of the Companies Act, 2013. The financial statements for the year have been prepared in accordance with Schedule III to the Companies Act, 2013.

##### Risk Management and Internal control policies adopted by the Company

The Company has a well-defined Risk Management Framework in place. The Company has procedures to periodically place before the Audit Committee and the Board, the risk assessment and mitigation plans being followed by the Company.

##### Secretarial Standards

The Company has complied with the applicable provisions of secretarial standards issued by The Institute of Company Secretaries of India. For Investor Grievances, Company Secretary of the Company is the Compliance Officer for the purpose of the SEBI (LODR). There were no investor complaints pending as at March 31, 2024.

##### Dematerialization of Shares & Liquidity

Total Shares held in electronic mode as on 31st March, 2024– 100%.

##### Shareholding pattern as on 31.03.2024

Category	No of share holders	% of shares held
Promoters Individuals	6	47.34
Promoters others	2	23.83
FPI (Public)	1	28.83
Total	9	100.00

For your queries / grievances / complaints, please contact:

Mr. Amit Sharma, Company Secretary & Compliance Officer

Email: [cs@kanakadurgafinance.com](mailto:cs@kanakadurgafinance.com)

Ph No. 7032632555

For and on behalf of the Board of Directors  
Kanakadurga Finance Limited

  
Jayaprakash Narayana Chowdary Sandireddy  
DIN : 00538246  
Managing Director



  
Srimannarayana Sandireddy  
DIN : 00538273  
Managing Director

Date: 12/08//2024

Place: Vijayawada

**Form No. AOC-2**
**Annexure-C**

[Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto.

**1. Details of contracts or arrangements or transactions not at arm's length basis:**

Kanakadurga Finance Limited has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during financial year 2023-24

**2. Details of material contracts or arrangements or transactions at arm's length basis:**

The details of material contracts or arrangements or transactions at arm's length basis for the year ended 31<sup>st</sup> March, 2024 are as follows:

Name of related party	Nature of relationship	Duration of contract	Salient terms	Amount paid/ Received during the FY: 2022-23 Rs. In Lakhs	Amount outstanding as on 31.03.2023 Rs. in Lakhs
Mr. Sandireddy Lakshmi Narayana and Mrs. Ratna Kumari	Promoter Directors	2 years	Based on Approval of Board and Audit Committee	75.84 (paid as rent)	-

For and on behalf of the Board of Directors  
Kanakadurga Finance Limited

Jayaprakash Narayana Chowdary Sandireddy  
DIN : 00538246  
Managing Director



  
Srimannarayana Sandireddy  
DIN : 00538273  
Managing Director

Date: 12/08/2024  
Place: Vijayawada

**Annual Report on CSR Activities For Financial Year ended 31<sup>st</sup> March 2024**

1. Brief outline on CSR Policy of the Company.

The Company has its CSR Policy within broad scope laid down in Schedule VII to the Act, as projects /programmes / activities, excluding activities in its normal course of business.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Srimannarayana	Chairman / Managing Director	1	1
2	Mr. S. Jayaprakash Narayana Chowdary	Member/Managing Director cum CFO	1	1
3	Mr. Rama Mohan Rao Nannapaneni	Member /Independent Director	1	1

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company. <http://www.kanakadurgafinance.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). **Not Applicable**

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- **NIL**

6. Average net profit of the company as per section 135(5). **Rs. 7,40,19,131**

7. (a) Two percent of average net profit of the company as per section 135(5)- **Rs. 14,80,383**

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. **NIL**

(c) Amount required to be set off for the financial year, if any- **NIL**

(d) Total CSR obligation for the financial year (7a+7b-7c).- **Rs. 14,80,383**

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

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
15,83,249	Nil	Not Applicable	Not Applicable	Nil	Not Applicable

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
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.		Project duration.	Amount allocated for the project (in Rs.).	Amount spent in the current financial Year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State.	District.						Name	CSR Registration number.
	Total											

(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 Rs. In lakhs)	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State.	District.			Name.	CSR registration number.
1.	Health care activities like medical camps and medical treatment	Providing Health care	Yes	Guntur, Vijayawada, Andhra Pradesh		11.00	No	Global Helping Hands Inc	CSR00001626
2.	Health care activities like medical camps and medical treatment	Providing Health care	Yes	Guntur, Vijayawada, Andhra Pradesh		0.86	Yes	NA	NA
3.	Eradicating Hunger and poverty	Eradicating Hunger and poverty	Yes	Andhra Pradesh Krishna		0.30	No	Hare Krishna Movement	
4	Childcare	Child care	No	Delhi		0.24	No	SOS CHILDREN'S VILLAGES INDIA	CSR00000692
5	Promoting Sports and Culture	Sports and Culture	Yes	Andhra Pradesh Krishna		3.43	Yes	N. A	N. A
	<b>Total</b>					<b>15.83</b>			

(d) Amount spent in Administrative Overheads- **NIL**

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

(f) Total amount spent for the Financial Year (8b+8c+8d+8e)- **Rs. 15.83 Lakhs**

(g) Excess amount for set off, if any

Sl. No.	Particular	Amount (in Rs. In lakhs)
(i)	Two percent of average net profit of the company as per section 135(5)	<b>14.81</b>
(ii)	Total amount spent for the Financial Year	<b>15.83</b>

(iii)	Excess amount spent for the financial year {(ii)-(i)}	1.03
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years {(iii)-(iv)}	1.03

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

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.	
	Total						

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

(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.
	Total							

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- NIL

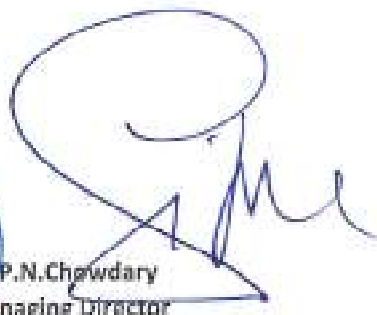
11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).  
NA

For and on behalf of the Board  
Kanakadurga Finance Limited



S. Srimannarayana  
Managing Director  
(DIN: 00538246)





S. P.N. Chowdary  
Managing Director  
(DIN: 00538273)

Date: 12.08.2024  
Place: Vijayawada



**Form No. MR-3**  
**Secretarial Audit Report**

**For the Financial Year ended on March 31, 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]

**To**

**The Members,**

**M/s. Kanakadurga Finance Limited**

CIN: U65921AP1994PLC018605

# 54-9-23, 100 Feet Road, Auto Nagar,

Vijayawada, Krishna Dist, Andhra Pradesh – 520007.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **“Kanakadurga Finance Limited”** (hereinafter called “the Company”). 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 Company’s 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, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company, during the audit period covering the financial year ended on March 31, 2024 (i.e. from April 01, 2023 to March 31, 2024) complied with the statutory provisions listed hereunder and also 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 March 31, 2024 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 (“SCRA”) and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- (v) Reserve Bank of India, Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016
- (vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (“SEBI Act”):

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Page 1 of 5

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (Not applicable to the Company during the audit period)
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (Not applicable to the Company during the audit period)
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (Not applicable to the Company during the audit period)
  - (d) The Securities Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; (Not applicable to the Company during the audit period)
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) (Amendment) Regulations, 2018 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2018; (Not applicable to the Company during the audit period) and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company during the audit period)
  - (i) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021.
- 
- (vii) The Employees Provident Fund and Miscellaneous Provisions Act, 1952;
  - (viii) Employees State Insurance Act, 1948;
  - (ix) Employers Liability Act, 1938;
  - (x) Equal Remuneration Act, 1976;
  - (xi) Factories Act, 1948;
  - (xii) Maternity Benefits Act, 1961;
  - (xiii) Minimum Wages Act, 1948;
  - (xiv) Negotiable Instruments Act, 1881;
  - (xv) Payment of Bonus Act, 1965;
  - (xvi) Payment of Gratuity Act, 1972;
  - (xvii) Payment of Wages Act, 1936 and other applicable labour laws;



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

- (i) Revised Secretarial Standards issued by the Institute of Company Secretaries of India(ICS);
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and listing agreement entered into by the Company with BSE Limited.

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

We further report that on examination of the relevant documents and records on test check basis and based on the information provided by the Company, its officers and authorized representatives during the conduct of the audit, and also on the review of compliance reports by respective department heads / Company Secretary of the Company, in our opinion, there exist adequate systems and processes and control mechanism in the Company to monitor and ensure compliance with applicable general laws.

The compliance by the Company of the applicable financial laws, labour laws, filing of periodical returns, maintenance of financial records and books of accounts have not been reviewed by us since the same have been subject to review by Statutory Auditors, Internal Auditors and other professionals.

We further report that the Board of Directors of the Company has been duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes took place on the Board during the year, has been made in compliance with the Act and rules made thereunder.

We further report that adequate notice was given to all directors to schedule the Board /Committee Meetings and agenda with detailed notes thereon were sent to all the directors in advance, and a system exists for seeking and obtaining further information and clarifications as may be required on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, all the decisions of the Board were without any dissent.

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

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We further report that, during the audit period, the Company had Issued and allotted 200 (Two Hundred only) Non-Convertible Debentures (NCDs) aggregating to Rs. 20,00,00,000/- (Rupees twenty crores only) on 19.04.2023. The details are as follows:

S.No	Particulars of securities	No of Securities	Face Value (Rs)	Amount in Rs.
1	13.50% Rated unlisted secured Redeemable NCDs	200	10,00,000	20,00,00,000
<b>Total</b>		<b>200</b>		<b>20,00,00,000</b>

**For RPR & ASSOCIATES**  
**Company Secretaries**

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**Place: Hyderabad**  
**Date: 12.08.2024**

**Y Ravi Prasada Reddy**  
**Proprietor**

**FCS No.5783, C P No. 5360**  
**Peer Review Certificate No. 1425/2021**

**UDIN: F005783F000958240**

*This Report is to be read with our letter of even date which is annexed as Annexure and forms part of this report.*

**ANNEXURE**

To  
The Members of  
**M/s. Kanakadurga Finance Limited**  
CIN: U65921AP1994PLC018605  
# 54-9-23, 100 Feet Road, Auto Nagar,  
Vijayawada, Krishna Dist, Andhra Pradesh – 520007.

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices followed by us provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the Management representations about the compliance of laws, rules and regulations and happening of events etc.,
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**Place: Hyderabad**  
**Date:12.08.2024**

**For RPR & ASSOCIATES**  
**Company Secretaries**

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Date: 2024.08.12  
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**Y Ravi Prasada Reddy**  
**Proprietor**

**FCS No.5783, C P No. 5360**  
**Peer Review Certificate No. 1425/2021**

## INDEPENDENT AUDITOR'S REPORT

To the Members of Kanakadurga Finance Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Kanakadurga Finance Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2024, and the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, and profit, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

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

#### 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 year ended March 31, 2024 (current period). These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Identification of Non - Performing Advances (NPA) and provisioning on advances

The Reserve Bank of India ("RBI") guidelines on Income Recognition and Asset Classification ("IRAC") prescribe the prudential norms for identification and classification of non - performing assets ("NPA") and the minimum provision required for such assets.

Refer Note 42 of the financial statements.

The NRFC is required to have Board approved policy as per IRAC guidelines for NPA identification and provision. Further, the company has policy on ECL to ensure compliance with Ind AS 109 requirements and basis of all assumptions for underlying inputs to ECL model.

The NBFC is also required to apply its judgement to determine the identification and provision required against NPAs by applying quantitative as well as qualitative factors. The risk of identification of NPAs is affected by factors like stress and liquidity concerns in certain sectors.



Head Office  
Ray Ellen,  
Cross Road,  
Andheri (W),  
Mumbai - 400 058  
Tel : +91 2005 1836

Mumbai Office  
B wing 4<sup>th</sup> Floor, Unit No. 406 to 410  
Navkar Chambers, A K Road,  
Marol Naka Metro Station,  
Mumbai - 400 059  
Tel : +91 80970 95060

Bengaluru Office  
Suite 2, 2nd Floor,  
Stepsmart Kundhalanahalli  
Bengaluru - 560037  
Tel : +91 75678 00067

Vadodara Office  
3rd Floor, TNW Business Centre,  
Above McDonald's, Near Manisha  
Cross Road, Old Pedra Road,  
Vadodara - 390 007  
Tel : +91 26 5233 3688 / 230 4800

Kolkata Office  
Suite No. 402, 4th Floor,  
Vardhan Complex,  
25A Camac Street,  
Kolkata - 700 016  
Tel : +91 98 3115 0209

Delhi Office  
106, DLF Centre,  
Savitri Cinema Complex,  
Greater Kailash - II,  
New Delhi 110048  
Tel : +91 11 41437282



The provision on NPA is estimated based on ageing and classification of NPAs, recovery estimates, nature of loan product, value of security and other qualitative factors and is subject to the minimum provisioning norms specified by RBI and approved policy of the Bank in this regard.

Additionally, the NBFC makes provisions on exposures that are not classified as NPAs including advances in certain sectors and identified advances or group advances that can potentially slip into NPA. These are classified as contingency provisions.

In line with COVID – 19 regulatory package, the NBFC has framed policies for providing moratorium as a relief measure to the borrowers.

Since the identification of NPAs and provisioning for advances require significant level of estimation and given its significance to the overall audit including possible observation by RBI which could result into disclosure in the financial statements, we have ascertained identification and provisioning for NPAs as a Key Audit Matter.

Our audit procedures in respect of this area included:

- Review of policy on ECL for impairment of financial assets.
- Understood the process of ECL computation and tested design and operating effectiveness of key controls around data extraction and validation.
- Evaluated the governance process and review controls over calculations of provision of non – performing advances, basis of provisioning in accordance with the Board approved policy.
- Selected the borrowers based on quantitative and qualitative risk factors for their assessment of appropriate classification as NPA including computation of overdue ageing to assess its correct classification and provision amount as per extant IRAC norms and Bank policy.

Performed other substantive procedures included and not limited to the following:

- Selected samples of performing loans and assessed independently as to whether those should be classified as NPA.
- For samples selected reviewed the collateral valuation, financial statements and other qualitative information.
- For selected samples assessed independently accounts that can potentially be classified as NPA and red flagged accounts.
- Performed inquiries with the credit and risk departments to ascertain if there were indicators of stress or an occurrence of an event of default in a particular loan account or any product category which needed to be considered as NPA.
- Held specific discussions with the management of the NBFC on sectors where there is perceived credit risk and the steps taken to mitigate the risks to identified sectors.
- Selected samples of standard accounts, default but standard accounts and overdue accounts and assessed compliance with RBI circular on COVID – 19 Regulatory Package.
- Assessed the adequacy of disclosures against the relevant accounting standards and RBI requirements relating to NPAs.

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. 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, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors 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:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

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

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

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

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
    - a. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
  - (d) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (e) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.





- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv.
- (1) The Management has represented that, to the best of it's knowledge and belief, 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) / entity(ies), including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the Intermediary has, 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;
- (2) The Management has represented that, to the best of it's knowledge and belief, no funds have been received by the Company from any person(s) / entity(ies), including foreign entities, that the company has 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;
- (3) Based on our audit procedures which we have considered reasonable and appropriate in the circumstances and according to the information and explanations provided to us by the Management in this regard, nothing has come to our notice that has caused us to believe that the representations made by the Management under sub-clause (1) and (2) contain any material misstatement.
- v. The Company has neither declared nor paid any dividend during the year.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the company with effect from April 1, 2023. For the periods where audit trail (edit log) facility was enabled and operated throughout the year for respective accounting software, we did not come across any instance of the audit trail feature being tampered with.
3. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Company to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

**For JHS & Associates LLP**

Chartered Accountants

ICAI Firm Registration No.133288W/W100099



Samad Dhanani

Partner

Membership No. 177200

UDIN. 24177200BKFGVY1909



Place: Mumbai

Date: 27.05.2024



**ANNEXURE B TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF KANAKADURGA FINANCE LIMITED FOR THE YEAR ENDED MARCH 31, 2024**

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

- i.
  - (a) A. The company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.  
  
B. The Company has maintained proper records showing full particulars of intangible assets.
  - (b) All the Property, Plant and Equipment have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) as disclosed in the financial statements are held in the name of the Company.
  - (d) According to the information and explanations given to us, the Company has not revalued its property, plant and Equipment (including Right of Use assets) and its intangible assets. Accordingly, the requirements under paragraph 3(i)(d) of the Order are not applicable to the Company.
  - (e) According to the information and explanations given to us, no proceeding has been initiated or pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder. Accordingly, the provisions stated in paragraph 3(i) (e) of the Order are not applicable to the Company.
- ii. The Company is involved in the business of rendering services. Accordingly, the provisions stated in paragraph 3(ii) (a) to (b) of the Order are not applicable to the Company.
- iii. According to the information explanation provided to us, the Company has not made any investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Hence, the requirements under paragraph 3(iii) of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the Company has not either directly or indirectly, granted any loan to any of its directors or to any other person in whom the director is interested, in accordance with the provisions of section 185 of the Act and the Company has not made investments through more than two layers of investment companies in accordance with the provisions of section 186 of the Act. Accordingly, provisions stated in paragraph 3(iv) of the Order are not applicable to the Company.
- v. In our opinion and according to the information and explanations given to us, there are no amounts outstanding which are in the nature of deposits as on March 31, 2024 and the Company has not accepted any deposits during the year.
- vi. The provisions of sub-section (1) of section 148 of the Act are not applicable to the Company as the Central Government of India has not specified the maintenance of cost records for any of the products of the Company. Accordingly, the provisions stated in paragraph 3 (vi) of the Order are not applicable to the Company.



- vii.
- (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. According to the information and explanations given to us and on the basis of our examination of records of the Company, an amount of Rs. 89,944/- & Rs. 34,127/- payable in respect of Professional Tax & ESI respectively were in arrears as at March 31, 2024 for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us and examination of records of the Company, the outstanding dues of income-tax, goods and service tax, customs duty, cess and any other statutory dues on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount of Rs.	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
Income Tax Act, 1961	Income Tax	10,77,561	AY 2017-18	Commissioner of Income Tax (Appeals)	None

- viii. According to the information and explanations given to us, there are no transactions which are not accounted in the books of account which have been surrendered or disclosed as income during the year in Tax Assessment of the Company. Also, there are no previously unrecorded income which has been now recorded in the books of account. Hence, the provision stated in paragraph 3(viii) of the Order is not applicable to the Company.

- ix.
- (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings or in payment of interest thereon to any lender.
- (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 willful defaulter by any bank or financial institution or government or any government authority.
- (c) In our opinion and according to the information explanation provided to us, money raised by way of term loans during the year have been applied for the purpose for which they were raised.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the company, we report that no funds raised on short-term basis have been used for long-term purposes by the company.
- (e) According to the information explanation given to us and on an overall examination of the financial statements of the Company, we report that the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its securities, joint ventures or associated companies.

- x
- (a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the provisions stated in paragraph 3 (x)(a) of the Order are not applicable to the Company.





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

xi. (a) During the course of our audit, examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company.

(b) We have not come across of any instance of material fraud by the Company or on the Company during the course of audit of the financial statement for the year ended March 31, 2024, accordingly the provisions stated in paragraph (xi)(b) of the Order is not applicable to the Company.

(c) As represented to us by the management, there are no whistle-blower complaints received by the Company during the course of audit. Accordingly, the provisions stated in paragraph (xi)(c) of the Order is not applicable to company.

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

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

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

(b) We have considered internal audit reports issued by internal auditors during our audit.

xv. According to the information and explanations given to us, in our opinion during the year the Company has not entered into non-cash transactions with directors or persons connected with its directors and hence, provisions of section 192 of the Act are not applicable to company. Accordingly, the provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.

xvi. (a) The Company is required to and has been registered under Section 45-IA of the Reserve Bank of India Act, 1934 as Non – Deposit accepting Non Banking Financial Company ('NBFC – ND').

(b) In our opinion, the Company has not conducted any Non-Banking Financial or Housing Finance activities without any valid Certificate of Registration from Reserve Bank of India. Hence, the reporting under paragraph clause 3 (xvi)(b) of the Order are not applicable to the Company

(c) The Company is not a Core investment Company (CIC) as defined in the regulations made by Reserve Bank of India. Hence, the reporting under paragraph clause 3 (xvi)(c) of the Order are not applicable to the Company.

(d) The Company does not have more than one CIC as a part of its group. Hence, the provisions stated in paragraph clause 3 (xvi)(d) of the Order are not applicable to the Company.



- xvii. According to the information explanation provided to us, the Company has not incurred cash losses in the current financial year and in the immediately preceding financial year. Hence, the provisions stated in paragraph clause 3 (xvii) of the Order are not applicable to the Company.
- xviii. There has been no resignation of the statutory auditors during the year. Hence, the provisions stated in paragraph clause 3 (xviii) of the Order are not applicable to the Company.
- xix. According to the information and explanations given to us and based on our examination of financial ratios, ageing and expected date of realisation of financial assets and payment of liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of audit report and the Company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future visibility of the Company. We further state that our reporting is based on the facts up to the date of 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. According to the information and explanations given to us, the provisions of section 135 of the Act have been complied with by the Company.
- xxi. According to the information and explanations given to us, the Company does not have any subsidiary / Associate/ Joint Venture. Accordingly, there is no preparation of consolidated financial statements. Accordingly, the provisions stated in paragraph clause 3 (xxi) of the Order are not applicable to the Company.

**For JHS & Associates LLP**

Chartered Accountants

ICAI Firm Registration No.133288W/W100099



Samad Dhanani

Partner

Membership No. 177200

UDIN: 24177200BKFGVY1909



Place: Mumbai

Date: 27.05.2024



## **ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF KANAKADURGA FINANCE LIMITED**

[Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

### **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 Kanakadurga Finance 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 with reference to financial statements 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) (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 internal financial controls with reference to 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 internal financial controls with reference to 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 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 financial statements.

#### **Meaning of Internal Financial Controls with Reference to Financial Statements**

A Company's internal financial control 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 control 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 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.

#### **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, 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 with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

**For JHS & Associates LLP**

Chartered Accountants

ICAI Firm Registration No.133288W/W100099



Samad Dhanani

Partner

Membership No. 177200

UDIN: 24177200BKFGVY1909



Place: Mumbai

Date: 27.05.2024

**KANAKADURGA FINANCE LIMITED**  
**Balance Sheet as at March 31, 2024**  
 (All amounts in INR Lakhs, unless otherwise stated)

Particulars	Note	As at	As at
		March 31, 2024	March 31, 2023
<b>ASSETS</b>			
<b>(1) Financial Assets</b>			
Cash and Cash Equivalent	3(i)	10,105.99	10,875.27
Bank Balance other than cash and cash equivalent	3(ii)	2.30	244.87
Loans	4	51,034.18	44,485.51
Other Financial Assets	5	1,070.12	1,180.42
		<u>62,212.59</u>	<u>56,786.08</u>
<b>(2) Non-Financial Assets</b>			
Current tax assets (Net)	6	7.18	97.90
Property, Plant and Equipment	8	1,526.81	1,577.45
Right to Use assets	8	912.28	913.85
Intangible assets	9	24.49	33.38
Other non-financial assets	10	217.25	238.45
		<u>2,688.00</u>	<u>2,861.04</u>
<b>Total Assets</b>		<u><b>64,900.59</b></u>	<u><b>59,650.10</b></u>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>(1) Financial Liabilities</b>			
Payables			
(i) Trade Payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
(ii) Other payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
Debt Securities	11	8,045.33	15,324.15
Borrowings (Other than Debt Securities)	12	42,677.26	30,045.24
Subordinated Liabilities	13	1,000.00	1,001.25
Other financial liabilities	14	2,520.21	1,992.59
		<u>52,848.79</u>	<u>48,363.23</u>
<b>(2) Non-Financial Liabilities</b>			
Provisions	15	20.21	16.06
Deferred tax liabilities (Net)	7	53.68	64.21
Other non-financial liabilities	16	102.88	58.59
		<u>176.78</u>	<u>138.87</u>
<b>(3) EQUITY</b>			
Equity Share capital	17	1,521.72	1,521.72
Other Equity	18	10,353.30	9,636.30
		<u>11,875.01</u>	<u>11,158.01</u>
<b>Total Liabilities and Equity</b>		<u><b>64,900.59</b></u>	<u><b>59,650.10</b></u>

Summary of significant accounting policies and  
 The accompanying notes are an integral part of the financial statements  
 As per our report of even date

For JHS & Associates LLP  
 Chartered Accountants  
 Firm Registration No.: 133288WW100090

*Saurabh*

Saurabh Dhanani  
 Partner  
 Membership No. 177200

Place: Mumbai  
 Date: 27-05-2024

For and on behalf of the Board of Directors of  
 KANAKADURGA FINANCE LIMITED  
 CIN: U05021AP1904PL0018005

*S.J.P. Narayana*

S.J.P. Narayana  
 Managing Director, Cash-CFO  
 DIN: 00538246

Place: Vijayawada  
 Date: 27-05-2024

*Anil Sharma*

Anil Sharma  
 Company Secretary  
 Membership no. A40735

Place: Vijayawada  
 Date: 27-05-2024

*S. Srimannarayana*

S. Srimannarayana  
 Managing Director  
 DIN: 00538273

Place: Vijayawada  
 Date: 27-05-2024





**KANAKADURGA FINANCE LIMITED**  
**Statement of Profit and Loss for the year ended March 31, 2024**  
 (All amounts in INR Lakhs, unless otherwise stated)

Particulars	Note	March 31, 2024	March 31, 2023
<b>Revenue from Operations</b>			
Interest Income	19	10,941.78	10,581.47
Fees and commission Income	20	1,894.30	1,174.88
<b>(I) Total Revenue from Operations</b>		<b>12,836.07</b>	<b>11,756.35</b>
<b>(II) Other Income</b>	21	<b>50.54</b>	<b>45.12</b>
<b>(III) Total Income (I+II)</b>		<b>12,886.60</b>	<b>11,801.47</b>
<b>Expenses</b>			
Finance Costs	22	5,979.00	5,556.24
Impairment on financial instruments	23	742.16	839.07
Employee Benefits Expenses	24	3,016.30	2,953.59
Depreciation, amortization and impairment	25	454.37	354.02
Others expenses	26	1,525.98	1,574.00
<b>(IV) Total Expenses</b>		<b>11,720.87</b>	<b>11,276.91</b>
<b>(V) Profit before tax (III -IV)</b>		<b>965.73</b>	<b>524.55</b>
<b>(VI) Tax Expense:</b>			
- Current tax		265.94	117.10
- Adjustments in respect of current income tax of previous year			
- Deferred Tax		(10.53)	37.78
<b>(VII) Profit for the period ( V-VI )</b>		<b>710.32</b>	<b>369.67</b>
<b>(VIII) Other Comprehensive Income</b>			
A) Items that will not be reclassified to profit or loss (specify items and amounts)			
(a) Remeasurements of the defined benefit plans		6.88	26.34
<b>Other Comprehensive Income</b>		<b>6.88</b>	<b>26.34</b>
<b>(IX) Total Comprehensive Income / (Loss) for the period (VII+VIII)</b>		<b>717.00</b>	<b>396.01</b>
<b>(X) Earnings per equity share</b>	33		
Basic (INR)		4.67	2.43
Diluted (INR)		4.67	2.43

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

As per our report of even date

For JHS & Associates LLP  
 Chartered Accountants  
 Firm Registration No.: 133268W/W100099

Samad Dhanani  
 Partner  
 Membership No. 177200

Place: Mumbai  
 Date: 27-05-2024

For and on behalf of the Board of Directors of  
 KANAKADURGA FINANCE LIMITED  
 CIN: U65921AP1004P010805

S.J.P Narayana  
 Managing Director cum CFO  
 DIN: 00538246

Place: Vijayawada  
 Date: 27-05-2024

Amit Sharma  
 Company Secretary  
 Membership no:A40735

Place: Vijayawada  
 Date: 27-05-2024

S.Srimannarayana  
 Managing Director  
 DIN: 00538273

Place: Vijayawada  
 Date: 27-05-2024





**KANAKADURGA FINANCE LIMITED**  
**Statement of cash flows for the year ended March 31, 2024**  
**(All amounts in INR Lakhs, unless otherwise stated)**

	Year ended March 31, 2024	Year ended March 31, 2023
<b>Cash flow from operating activities</b>		
Profit before tax	865.73	824.55
Adjustments for:		
Depreciation and amortization expenses	110.83	104.24
Amortization expense on intangibles	19.12	11.32
Depreciation on RCUA assets	329.42	238.46
(Gain)/ loss on sale of fixed assets	0.29	0.40
Impairment on financial instruments	(24.98)	42.08
Bad debts and Write offs	766.84	795.99
Finance cost incurred	8,979.08	8,500.34
<b>Operating Profit before working capital changes and adjustments for interest received, interest paid and dividend received</b>	<b>8,341.50</b>	<b>7,274.37</b>
<b>Changes in working capital</b>		
Decrease/(increase) in Loans	(7,312.51)	(5,740.00)
Decrease/(increase) in other financial assets	110.30	(740.32)
Decrease/(increase) in other non-financial assets	21.21	(117.18)
(Decrease)/increase in other financial liabilities	542.62	(433.69)
(Decrease)/increase in other non-financial liabilities	37.91	6.32
<b>Cash used in operations before adjustments for interest received, interest paid and dividend received</b>	<b>1,542.12</b>	<b>244.62</b>
<b>Cash generated from operations</b>	<b>1,542.12</b>	<b>244.62</b>
Income tax paid (including TDS receivable & IT Refund)	(256.78)	(69.94)
<b>Net cash flows generated from operating activities (A)</b>	<b>1,285.34</b>	<b>175.68</b>
<b>Cash flow from Investing activities</b>		
Purchase of property, plant and equipment	(82.67)	(111.58)
Purchase of intangible assets	(6.22)	(31.32)
Proceeds from sale of property, plant and equipment	1.87	9.57
<b>Net cash flow Used in investing activities (B)</b>	<b>(86.42)</b>	<b>(132.01)</b>
<b>Cash flow from Financing activities</b>		
Debt securities issued (including Subordinated debt)	1,079.28	4,820.38
Debt securities repaid (including Subordinated debt)	(10,659.42)	(7,824.55)
Borrowings other than debt securities taken	34,317.46	22,540.40
Borrowings other than debt securities repaid	(22,242.60)	(16,292.33)
Bank balance other than cash and cash equivalents	242.57	447.28
Finance Cost paid	(5,625.96)	(4,748.00)
<b>Net cash flow generated from/used in financing activities (C)</b>	<b>(7,888.20)</b>	<b>(813.00)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(766.28)</b>	<b>(770.83)</b>
Cash and cash equivalents at the beginning of the year	10,875.27	11,646.11
Cash and cash equivalents at the end of the year	<b>10,108.99</b>	<b>10,875.27</b>

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

Cash and cash equivalents	As at March 31, 2024	As at March 31, 2023
Balances with banks:		
On current accounts	8,188.65	6,254.24
Cash on hand	1,917.35	1,581.04
<b>Total</b>	<b>10,106.00</b>	<b>10,875.27</b>

The above cashflow statement has been prepared under the 'Indirect Method' as set out in Ind AS 'Statement of cashflows'.  
The accompanying notes are an integral part of the financial statements.

As per our report of even date  
**For JHS & Associates LLP**  
Chartered Accountants  
Firm Registration No. 137749N/100029

**Saurabh Chavhan**  
Partner  
Membership No. 177200

Place: Mumbai  
Date: 27-05-2024

For and on behalf of the Board of Directors of  
**KANAKADURGA FINANCE LIMITED**  
CIN: LA5921AP1854PLC63605

**S.J.P. Narayana**  
Managing Director Cum CEO  
DIN: 00508246

Place: Vijayawada  
Date: 27-05-2024

**S. Srimamaryana**  
Managing Director  
DIN: 00508273

Place: Vijayawada  
Date: 27-05-2024

**Anut Sharma**  
Company Secretary  
Membership no. A40755  
Place: Vijayawada  
Date: 27-05-2024



*Anut Sharma*



**KANAKADURGA FINANCE LIMITED**  
Statement of changes in equity for the year ended March 31, 2024  
(All amounts in Lakhs, unless otherwise stated)

	As at		As at	
	March 31, 2024	Amount	March 31, 2023	Amount
(A) Equity share capital	No. of shares	No. of shares	No. of shares	Amount
Equity shares of INR 10/- each issued, subscribed and fully paid				
Opening	152.17	1,521.72	152.17	1,521.72
Add: Issued during the year	-	-	-	-
Closing	152.17	1,521.72	152.17	1,521.72

(B) Other equity

Particulars	Reserve and surplus				Other Comprehensive Income	Total
	General Reserves	Securities Premium	Statutory Reserves	Retained Earnings		
Balance at the beginning of the reporting period	1.51	3,314.47	1,328.91	4,599.90	(4.51)	9,240.29
Profit or loss for the period	-	-	-	-	-	-
Other Comprehensive Income for the year	-	-	-	-	-	-
Changes in accounting policy/period errors	-	-	-	359.67	-	359.67
Transfer to Statutory reserves	-	-	-	-	-	-
Transfer to Other Comprehensive Income	-	-	73.93	(73.93)	-	-
Balance at the end of the reporting period	1.51	3,314.47	1,402.84	4,886.64	26.34	9,636.30

01 April 2023 to 31 March 2024

Particulars	Reserve and surplus				Other Comprehensive Income	Total
	General Reserves	Securities Premium	Statutory Reserves	Retained Earnings		
Balance at the beginning of the reporting period	1.51	3,314.47	1,492.04	4,805.64	21.83	9,636.30
Profit or loss for the period	-	-	-	710.32	-	710.32
Total Comprehensive Income for the year	-	-	-	-	-	-
Transfer to Statutory reserves	-	-	142.06	(142.06)	-	-
Balance at the end of the reporting period	1.51	3,314.47	1,544.91	5,453.90	28.52	10,353.30



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**KANAKADURGA FINANCE LIMITED**

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

		March 31, 2024	March 31, 2023
<b>3(i) Cash and Cash Equivalents</b>			
Cash on hand		1,917.35	1,581.04
Balance with bank in current accounts		6,467.00	8,776.42
Short term Deposits with the Banks		1,721.59	517.82
<b>Total</b>	<b>I</b>	<b>10,105.99</b>	<b>10,875.27</b>
<b>3(ii) Bank Balance other than cash and cash equivalent</b>			
Balances with banks to the extent held as margin money*		2.30	244.67
<b>Total other bank balances</b>	<b>II</b>	<b>2.30</b>	<b>244.87</b>
<b>Total Cash and bank balances</b>	<b>(I+II)</b>	<b>10,108.29</b>	<b>11,120.14</b>

\*Represent margin money deposits placed to avail Funds through NCD from banks, financial institutions and as cash collateral/bank guarantee in connection with securitisation transactions.

**4 Loans**

Particulars	March 31, 2024	March 31, 2023
<b>(A) Loans (at amortised cost)</b>		
(i) Gold loans	19,475.82	12,773.46
(ii) Vehicle loans	30,436.69	31,753.44
(iii) Term Loans	1,587.39	452.02
<b>Total (A) -Gross</b>	<b>51,499.90</b>	<b>44,978.91</b>
Less: Impairment loss allowance	(465.72)	(450.41)
<b>Total (A) - Net</b>	<b>51,034.18</b>	<b>44,488.51</b>
<b>(B) (i) Secured by tangible assets</b>		
(ii) Secured by intangible assets	51,499.90	44,978.91
(iii) Covered by Bank/Government Guarantees	-	-
(iv) Unsecured	-	-
<b>Total (B)-Gross</b>	<b>51,499.90</b>	<b>44,978.91</b>
Less: Impairment loss allowance	(465.72)	(450.41)
<b>Total (B)-Net</b>	<b>51,034.18</b>	<b>44,488.51</b>
<b>(C) (i) Loans in India</b>		
a) Public Sector	-	-
b) Others	51,499.90	44,978.91
<b>Total (Gross)</b>	<b>51,499.90</b>	<b>44,978.91</b>
Less: Impairment loss allowance	(465.72)	(450.41)
<b>Total (Net) - C (i)</b>	<b>51,034.18</b>	<b>44,488.51</b>
<b>(ii) Loans Outside India</b>		
Less: Impairment loss allowance	-	-
<b>Total (Net) - C (ii)</b>	<b>-</b>	<b>-</b>
<b>Total (Net) - C (i+ii)</b>	<b>51,034.18</b>	<b>44,488.51</b>

4.1 The table below discloses credit quality and the maximum exposure to credit risk based on the company's year and stage classification. The numbers presented are gross of impairment loss allowance.

Particulars	March 31, 2024	March 31, 2023
<b>Vehicle loans</b>	<b>30,436.69</b>	<b>31,753.44</b>
Stage I	26,005.81	28,018.10
Stage II	2,937.13	2,196.44
Stage III	1,493.75	1,539.90
<b>Gold loans</b>	<b>19,475.82</b>	<b>12,773.46</b>
Stage I	16,766.43	12,302.90
Stage II	689.39	471.10
Stage III	-	-
<b>SME loans</b>	<b>1,587.39</b>	<b>452.01</b>
Stage I	1,587.39	452.01
Stage II	-	-
Stage III	-	-
<b>TOTAL</b>	<b>51,499.90</b>	<b>44,978.91</b>



KANAKADURGA FINANCE LIMITED

Notes forming part of the Financial Statements for the Year ended March 31, 2024

4.2 Gross movement of loans for the Year ended March 31,2024:-

Particulars	Stage I	Stage II	Stage III
<b>Gross carrying amount as at April 1,2023</b>			
Vehicle loans	28018.10	2195.44	1539.90
SME loans	452.01	-	-
Gold loans	12,302.36	471.10	-
<b>New loans originated during the year</b>			
Vehicle loans	20,270.39	724.53	178.20
SME loans	1,587.39	-	-
Gold loans	18,786.43	689.39	-
<b>Inter-Stage Movements:</b>			
- Vehicle loans			
Transfers to Stage 1	175.81	(166.44)	(9.37)
Transfers to Stage 2	(1942.27)	2033.45	(91.18)
Transfers to Stage 3	(460.29)	(170.96)	631.25
- Gold loans			
Transfers to Stage 1	-	-	-
Transfers to Stage 2	0.00	0.00	0.00
Transfers to Stage 3	-	-	-
Interest on stage 3 loans	0.00	0.00	(162.80)
<b>Amounts written off</b>			
Vehicle loans	(509.81)	(133.92)	(210.62)
SME loans	-	-	-
Gold loans	-	-	-
<b>Assets derecognised or repaid(excluding write offs)</b>			
Vehicle loans	(19486.13)	(1544.97)	(441.63)
SME loans	(452.01)	-	-
Gold loans	(12302.35)	(471.10)	0.00
<b>Gross carrying amount as at March 31,2024</b>			
Vehicle loans	26,065.81	2,937.13	1,433.75
Gold loans	18,786.43	689.39	-
SME loans	1,587.39	-	-

4.3 Gross movement of loans for the Year ended March 31,2023:-

Particulars	Stage I	Stage II	Stage III
<b>Gross carrying amount as at April 1,2022</b>			
Vehicle loans	25586.86	3437.80	1496.34
SME loans	400.00	-	-
Gold loans	8,350.33	295.64	-
<b>New loans originated during the year</b>			
Vehicle loans	22,029.58	853.09	266.51
SME loans	452.01	-	-
Gold loans	12,300.58	471.10	-
<b>Inter-Stage Movements:</b>			
- Vehicle loans			
Transfers to Stage 1	349.57	(308.55)	(41.02)
Transfers to Stage 2	(1089.92)	1105.76	(15.84)
Transfers to Stage 3	(564.02)	(196.89)	750.92
- Gold loans			
Transfers to Stage 1	-	-	-
Transfers to Stage 2	0.00	0.00	0.00
Transfers to Stage 3	-	-	-
Interest on stage 3 loans	-	-	(46.27)
<b>Amounts written off</b>			
Vehicle loans	(447.46)	(240.50)	(156.02)
SME loans	-	-	-
Gold loans	-	-	-
<b>Assets derecognised or repaid(excluding write offs)</b>			
Vehicle loans	(17846.49)	(2455.26)	(724.73)
SME loans	(400.00)	-	-
Gold loans	(8348.55)	(295.64)	0.00
<b>Gross carrying amount as at March 31,2023</b>			
Vehicle loans	28018.10	2195.44	1539.90
Gold loans	12,302.36	471.10	-
SME loans	452.01	-	-





**KANAKADURGA FINANCE LIMITED**

Notes forming part of the Financial Statements for the year ended March 31, 2024

**4.4 ECL movement of term loans during the Nine months ended March 31,2024**

Particulars	Stage I	Stage II	Stage III
Gross carrying amount as at April 1,2023	194.14	41.44	254.83
New loans originated during the year	32.49	19.80	37.59
Inter-stage movements:			
Transfers to Stage 1	0.77	(0.77)	(0.01)
Transfers to Stage 2	(59.69)	62.19	(2.51)
Transfers to Stage 3	(109.55)	(37.74)	147.29
Amounts written off	(9.59)	(10.21)	(73.06)
Assets derecognised, repaid & Additional provision on opening Assets	11.97	12.27	(45.94)
Covid-19 Provision	-	-	-
Gross carrying amount as at March 31,2024	60.54	86.99	318.19

**4.5 ECL movement of term loans during the year ended March 31,2023**

Particulars	Stage I	Stage II	Stage III
Gross carrying amount as at April 1,2022	43.48	84.08	320.76
New loans originated during the year	141.26	8.53	26.91
Inter-stage movements:			
Transfers to Stage 1	7.73	(5.90)	(1.83)
Transfers to Stage 2	(20.74)	21.96	(1.22)
Transfers to Stage 3	(62.85)	(34.45)	97.31
Amounts written off	(1.51)	(14.69)	(80.69)
Assets derecognised, repaid & Additional provision on opening Assets	86.77	(17.87)	(105.45)
Covid-19 Provision	-	-	-
Gross carrying amount as at March 31,2023	194.14	41.44	254.83

**5 Other financial assets**

	March 31, 2024	March 31, 2023
Security deposits	164.53	159.92
Trade advances	78.94	179.71
Other receivables	107.96	93.78
Excess Interest Spread (EIS) on DA	718.69	747.04
<b>Total</b>	<b>1,070.12</b>	<b>1,180.42</b>

**6 Current tax assets**

	March 31, 2024	March 31, 2023
Advance income tax net of provisions	7.18	97.90
	<b>7.18</b>	<b>97.90</b>

**7 Deferred tax**

The major components of deferred tax Assets / (liabilities) arising on account of timing differences for the year ending March 31, 2024:

Particulars	Net balance March 31, 2023	Recognised in profit or loss	Net balance March 31, 2024
<b>Deferred tax assets</b>			
Impact of leases under Ind AS 116	44.62	(3.77)	48.39
EIR impact of financial assets and liabilities-Loans	0.94	0.89	0.05
Provision for Employee Benefits-Gratuity	4.04	(1.04)	5.09
Provision for Doubtful debts	117.26	0.05	117.21
<b>(A)</b>	<b>166.86</b>	<b>-3.88</b>	<b>170.75</b>
<b>Deferred tax liabilities</b>			
WDV of Fixed Assets	8.17	6.55	-0.46
Fair Value of Land	224.91	0.00	224.91
<b>(B)</b>	<b>231.08</b>	<b>6.55</b>	<b>224.43</b>
<b>Deferred tax assets (net) (A-B)</b>	<b>(64.21)</b>	<b>(10.53)</b>	<b>-53.68</b>

The major components of deferred tax Assets / (liabilities) arising on account of timing differences for the year ended March 31, 2023:

Particulars	Net balance March 31, 2022	Recognised in profit or loss	Net balance March 31, 2023
<b>Deferred tax assets</b>			
Impact of leases under Ind AS 116	58.51	13.89	44.62
EIR impact of financial assets and liabilities-Loans	9.19	8.24	0.94
Provision for Employee Benefits-Gratuity	9.12	5.08	4.04
Provision for Doubtful debts	112.83	(4.43)	117.26
<b>(A)</b>	<b>189.64</b>	<b>22.78</b>	<b>166.86</b>
<b>Deferred tax liabilities</b>			
WDV of Fixed Assets	-15.14	(21.31)	0
Fair Value of Land	224.91	0.00	224.91
EIR impact of financial assets and liabilities-Securitisations DA	8.31	6.31	-
<b>(B)</b>	<b>216.08</b>	<b>(15.00)</b>	<b>231.08</b>
<b>Deferred tax assets (net) (A-B)</b>	<b>-26.43</b>	<b>37.78</b>	<b>-64.21</b>



8. Investments, net and Investment Properties

	Cost of Investment	Buildings	Fleet and Equipment	Shareholdings	Equity Investments	Other Investments	Investments	Total	Share to Life Assets
As at March 31, 2022	134.46	107.89	113.82	291.21	433.88	137.94	133.42	2,127.83	1,000.31
Acquisition	-	-	-	40.28	-	13.71	-	119.26	203.84
Disposal	-	-	-	25.25	-	-	-	8.57	107.83
Adjustment	-	-	-	8.04	-	-	-	-	-
As at March 31, 2023	134.46	107.89	113.82	321.42	468.83	141.75	133.42	2,228.49	1,001.32
Acquisition	-	-	11.87	17.19	7.49	1.56	-	62.87	242.21
Disposal	-	-	8.14	1.83	5.46	1.80	7.14	16.24	42.37
Adjustment	-	-	-	-	8.83	-	-	11.65	-
As at March 31, 2024	134.46	107.89	125.64	333.34	490.21	148.49	144.03	2,272.37	1,028.17
Accumulated depreciation and impairment	-	-	-	-	-	-	-	-	-
As at March 31, 2022	-	14.38	22.74	249.65	124.12	75.83	63.28	555.58	630.01
Charge for the year	-	1.70	8.24	43.91	25.89	7.92	7.92	104.24	338.46
Disposal	-	-	-	7.97	6.71	-	-	8.68	-
Adjustment	-	-	-	-	-	-	-	-	-
As at March 31, 2023	-	16.08	30.98	261.56	156.72	83.75	71.28	651.14	868.47
Charge for the year	-	1.71	8.28	34.93	46.32	13.74	8.86	110.63	228.42
Disposal	-	-	6.14	1.63	3.97	1.85	6.75	14.28	-
Adjustment	-	-	-	-	2.75	-	-	0.28	-
As at March 31, 2024	-	17.79	45.11	298.14	211.62	114.62	76.38	747.07	1,216.89
Net Carrying amount as at March 31, 2022	134.46	93.51	91.08	41.56	313.73	61.91	63.14	1,572.02	1,000.31
Net Carrying amount as at March 31, 2023	134.46	96.51	108.83	88.85	299.31	43.03	36.34	1,577.45	913.86
Net Carrying amount as at March 31, 2024	134.46	89.98	113.27	41.72	278.59	31.79	27.65	1,526.81	872.28

On the above:  
 1. Land and Building for the Magalapuram site, being Clearing Work as on March 31, 2022 amounting to Rs. 497.91 Lakhs has been provided as a Collateral security against Clearing Work facility from Union Bank of India.  
 2. Fair value of Property, Plant and Equipment is the IFRS fair value of property plant and equipment. The fair value of the properties was determined using the market based method. The valuation performed by the valuer is based on active market prices. Appropriate adjustments to the fair value of the properties in the table above are based on the valuation performed by the valuer.  
 3. The fair value of the properties is based on the valuation performed by S. Siva Prasad, an accredited independent valuer who has valuation experience for similar properties. As a result of the valuation, an amount of INR 25.48 Lakhs has been charged to Other Equity under Reserve.

9. Other intangible assets

	Computer Software
Gross Carrying Amount:	133.18
As at March 31, 2022	133.18
Acquisition	31.02
Disposal	132.73
Adjustment	-
As at March 31, 2023	31.47
Acquisition	8.27
Disposal	-
Adjustment	-
As at March 31, 2024	39.74
Accumulated amortisation and impairment:	
As at March 31, 2022	105.48
Charge for the year	11.90
Disposal	100.73
Adjustment	-
As at March 31, 2023	16.67
Charge for the year	15.12
Disposal	-
Adjustment	-
As at March 31, 2024	31.79
Net Carrying amount as at March 31, 2022	27.70
Net Carrying amount as at March 31, 2023	14.80
Net Carrying amount as at March 31, 2024	8.95



10 Other non financial assets

	March 31, 2024	March 31, 2023
GST receivable	114.77	140.75
Prepaid expense	101.43	91.47
Other receivables	1.04	6.23
<b>Total</b>	<b>217.25</b>	<b>238.45</b>

11 Debt Securities

Particulars	March 31, 2024	March 31, 2023
<b>At Amortised Cost</b>		
(Redeemable non-convertible debentures - Secured)		
- Privately placed	6,645.33	15,324.15
- Public issue	-	-
(Redeemable non-convertible debentures - Unsecured)		
- Privately placed	-	-
- Public issue	-	-
<b>Total (A)</b>	<b>6,645.33</b>	<b>15,324.15</b>
Debt securities in India	6,645.33	15,324.15
Debt securities outside India	-	-
<b>Total (B)</b>	<b>6,645.33</b>	<b>15,324.15</b>

Nature of security

Debt Securities - (secured)

NCD's from banks, financial institutions and NBFCs are secured by an exclusive charge by way of hypothecation of specific loan receivable created out of the loan proceeds and cash collateral by way of fixed deposits and personal guarantees of the Directors.

Terms of repayment of Debt securities as on March 31, 2024

Original maturity loan	Interest rate	Due within 1 Year		Due within 2 to 5 Years		Total
		No. of Installments	Amount	No. of Installments	Amount	
Monthly repayment schedule	13.00%-14.00%	0	-	0	-	-
1-5 Years						
Quarterly repayment schedule	11.00%-12.00%	0	-	0	-	-
1-5 Years						
Half Yearly repayment schedule	12.00%-13.00%	1	583.33	0	-	583.33
1-5 Years	13.00%-14.00%	0	-	0	-	-
Bullet repayment schedule	10.00% -11.00%	1	2,000.00	0	-	2,000.00
	11.00% -12.00%	1	1,500.00	0	-	1,500.00
	12.00% -14.00%	1	2,000.00	0	-	2,000.00
1-5 Years						
<b>Total</b>		<b>4</b>	<b>6,083.33</b>	<b>0</b>	<b>-</b>	<b>6,083.33</b>
Add: Interest accrued but not due						805.58
Less: Unamortized Finance Cost						43.58
<b>Total Amortized Cost</b>						<b>6,645.33</b>

Terms of repayment of Debt securities as on March 31, 2023

Original maturity loan	Interest rate	Due within 1 Year		Due within 2 to 5 Years		Total
		No. of Installments	Amount	No. of Installments	Amount	
Monthly repayment schedule	13.00%-14.00%	12	749.94	0	0	749.94
1-5 Years						
Quarterly repayment schedule	11.00%-12.00%	3	749.95	0	-	749.95
1-5 Years						
Half Yearly repayment schedule	12.00%-13.00%	4	1,106.67	2	583.33	1,750.00
1-5 Years	13.00%-14.00%	0	-	0	-	-
Bullet repayment schedule	10.00% -11.00%	1	1,500.00	1	2,000.00	3,500.00
	11.00% -12.00%	2	5,000.00	1	1,500.00	6,500.00
	12.00% -14.00%	1	1,500.00	0	-	1,500.00
1-5 Years						
<b>Total</b>		<b>23</b>	<b>10,666.46</b>	<b>4</b>	<b>4,083.33</b>	<b>14,749.79</b>
Add: Interest accrued but not due						729.17
Less: Unamortized Finance Cost						154.11
<b>Total Amortized Cost</b>						<b>15,324.15</b>

12

Borrowing (Other than Debt Securities)

Particulars	March 31, 2024	March 31, 2023
<b>At Amortised Cost</b>		
(a) Term loans (Secured)		
(i) from banks	12,619.20	9,029.49
(ii) from financial institutions	27,603.33	16,341.79
(b) Loans repayable on demand (Secured)		
(i) from banks	2,454.74	4,381.01
(ii) from financial institutions	-	-
(c) Vehicle loans		
Accumulated liabilities with amortisation	0.60	202.95
<b>Total (A)</b>	<b>42,677.38</b>	<b>30,045.24</b>
Borrowings in India	42,677.38	30,045.24
Borrowings outside India	-	-
<b>Total (B)</b>	<b>42,677.38</b>	<b>30,045.24</b>



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**Term loans (secured)**

Term Loans from bank, financial institutions and NBFCs are secured by an exclusive charge by way of hypothecation of specific loan receivable created out of the loan proceeds and and

**Loans repayable on demand (Secured)**

These loans are secured against the first part passu charge on current assets, book debts and receivables including loans & advances of the Company as per the agreement. Further, the

**Terms of repayment of borrowings (other than debt) as on March 31, 2024**

Original maturity loan	Interest rate	Due within 1 Year		Due within 2 to 5 Years		Total
		No. of Installments	Amount	No. of Installments	Amount	
Monthly repayment schedule						
1-5 Years	8.00%-9.00%	-	-	-	-	-
	9.00%-11.00%	19	833.33	7	333.33	1,166.67
	11.01%-12.00%	64	2,564.32	47	2,274.79	4,839.10
	12.01%-13.00%	158	6,615.58	169	6,503.41	13,198.99
	13.01%-14.00%	400	12,222.54	188	4,698.48	17,221.03
	14.01%-15.00%	45	1,290.68	12	325.93	1,616.61
Quarterly repayment schedule						
1-5 Years	12.00%-13.00%	7	871.43	10.00	1,228.57	2,100.00
	13.01%-14.00%	2	250.00	-	-	250.00
Cash Credit (Yearly Renewal)	9.01%-10.00%	0	2,454.74	0	-	2,454.74
<b>Associated liabilities with securitisation</b>						
Monthly repayment schedule						
1-5 Years	10.00%-11.00%	-	-	-	-	-
	11.01%-12.50%	-	-	-	-	-
	12.51%-14.50%	-	-	-	-	-
<b>Total</b>		<b>695</b>	<b>27,102.82</b>	<b>433</b>	<b>15,744.51</b>	<b>42,847.33</b>
Add: Interest accrued but not due						150.60
Less: Unamortized Finance Cost						220.46
<b>Total Amortized Cost</b>						<b>42,677.36</b>

**Terms of repayment of borrowings (other than debt) as on March 31, 2023**

Original maturity loan	Interest rate	Due within 1 Year		Due within 2 to 5 Years		Total
		No. of Installments	Amount	No. of Installments	Amount	
Monthly repayment schedule						
1-5 Years	8.00%-9.00%	-	-	0	-	-
	9.00%-11.00%	24	833.33	27	857.93	1,691.26
	11.01%-12.00%	24	795.84	25	897.76	1,693.60
	12.01%-13.00%	49	1,601.44	41	1,458.74	3,259.18
	13.01%-14.00%	263	7,217.45	217	6,793.51	14,010.96
	14.01%-15.00%	66	2,545.85	52	1,368.61	3,914.46
Quarterly repayment schedule						
1-5 Years	12.00%-13.00%	1	167.00	-	-	167.00
	13.01%-14.00%	4	505.00	2.00	250.00	750.00
Cash Credit (Yearly Renewal)	9.01%-10.00%	0	4,381.01	0	-	4,381.01
<b>Associated liabilities with securitisation</b>						
Monthly repayment schedule						
1-5 Years	10.00%-11.00%	9	292.95	-	-	292.95
	11.01%-12.50%	-	-	-	-	-
	12.51%-14.50%	0	-	0	-	-
<b>Total</b>		<b>400</b>	<b>18,494.87</b>	<b>364</b>	<b>11,622.54</b>	<b>30,117.41</b>
Add: Interest accrued but not due						92.67
Less: Unamortized Finance Cost						164.04
<b>Total Amortized Cost</b>						<b>30,045.94</b>



*[Handwritten Signature]*





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**Subordinated Liabilities**

Particulars	March 31, 2024	March 31, 2023
<b>Unsecured at Amortised Cost</b>		
Subordinated debt instrument	1,000	1,001
<b>Total (A)</b>	<b>1,000</b>	<b>1,001</b>
Subordinated Liabilities in India	1,000	1,001
Subordinated Liabilities outside India	-	-
<b>Total (B)</b>	<b>1,000</b>	<b>1,001</b>
Total (B) to tally with (A)	-	-

**Terms of repayment of subordinated liabilities**

On December 29, 2018, the Company issued 1,00,00,000 Un-Secured, Non-Convertible Debentures (NCD's) at an issue price of INR 10/- (face value of INR 10 and at the Coupon rate

**Terms of repayment of Subordinate Liabilities as on March 31, 2024**

Original maturity loan	Interest rate	Due within 1 Year		Due within 2 to 5 Years		Total
		No. of installments	Amount	No. of installments	Amount	
Bullet repayment schedule						
1-5 Years	15.25%	1.00	1,000.00	1	-	1,000.00
<b>Total</b>		-	-	1	-	<b>1,000</b>
Add: Interest accrued but not due						-
Less: Unamortized Finance Cost						-
<b>Total Amortized Cost</b>						<b>1,000</b>

**Terms of repayment of Subordinate Liabilities as on March 31, 2023**

Original maturity loan	Interest rate	Due within 1 Year		Due within 2 to 5 Years		Total
		No. of installments	Amount	No. of installments	Amount	
Bullet repayment schedule						
1-5 Years	15.25%	1.00	1,000.00	1	-	1,000.00
<b>Total</b>		-	-	1	-	<b>1,000</b>
Add: Interest accrued but not due						3.25
Less: Unamortized Finance Cost						2.00
<b>Total Amortized Cost</b>						<b>1,001</b>

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**Other Financial Liabilities**

	March 31, 2024	March 31, 2023
Employee benefits payable	20.01	72.08
Lease liabilities	1,104.56	1,001.15
Others payables	617.83	333.36
Payables on account of Direct assignment transactions	783.60	486.02
<b>Total</b>	<b>2,526.21</b>	<b>1,892.59</b>

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**Provisions**

	March 31, 2024	March 31, 2023
Provision for gratuity	20.21	16.06
Others	-	-
<b>Total Provision</b>	<b>20.21</b>	<b>16.06</b>

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**Other Non - Financial Liabilities**

	March 31, 2024	March 31, 2023
Revenue received in advance	-	-
Statutory dues	102.88	58.59
Provision for Income Tax	-	-
<b>Total</b>	<b>102.88</b>	<b>58.59</b>



  
KANAKADURGA FINANCE LTD.  
VIJAYAWADA

		March 31, 2024		March 31, 2023	
<b>17</b>	<b>Equity Share capital</b> The NBFC has only one class of share capital having a par value of ₹ 10 per share, referred to herein as equity shares.				
	Authorized 1,80,00,000 (previous year 1,80,00,000) equity shares of INR 10 each	1,800		1,800	
	Issued, subscribed and paid up 1,52,17,163 (previous year 1,52,17,163) equity shares of INR 10 each fully paid	1,521.72		1,521.72	
	<b>Total</b>	<b>1,801.72</b>		<b>1,801.72</b>	
<b>(a)</b>	<b>Reconciliation of shares outstanding at the beginning and at the end of the year</b>	<b>March 31, 2024</b>		<b>March 31, 2023</b>	
		<b>Number of shares</b>	<b>Amount</b>	<b>Number of shares</b>	<b>Amount</b>
	Outstanding at the beginning of the year	152.17	1,521.72	152.17	1,521.72
	Add: Issued during the year	-	-	-	-
	Outstanding at the end of the year	152.17	1,521.72	152.17	1,521.72
<b>(b)</b>	<b>Rights, preferences and restrictions attached to shares</b>				
	The NBFC has only one class of equity shares having par value of INR 10 per share. Each shareholder is entitled to one vote per share held. The NBFC declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.				
	In the event of liquidation of the NBFC, the holders of equity shares will be entitled to receive remaining assets of the NBFC, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.				
<b>(c)</b>	<b>Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company</b>				
	<b>Name of the shareholder</b>	<b>March 31, 2024</b>		<b>March 31, 2023</b>	
		<b>Number of shares</b>	<b>% of holding in the class</b>	<b>Number of shares</b>	<b>% of holding in the class</b>
	Kanakadurga Financial Services Limited	22.31	14.66%	22.31	14.66%
	S.Lakshminarayana	8.93	6.52%	8.93	6.52%
	S.Hansa Kannaiah	8.56	6.52%	8.56	6.52%
	S.Jayashankar Narayana Chowdary	27.58	18.13%	27.58	18.13%
	S.Srinivasaravasa	27.58	18.13%	27.58	18.13%
	Suryan Tree Growth Capital II	43.88	28.83%	43.88	28.83%
	Kanakadurga Business Services	13.96	9.17%	13.96	9.17%
	As per records of the NBFC, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.				
<b>(d)</b>	No class of shares have been issued as bonus shares or for consideration other than cash by the NBFC during the period of five years immediately preceding the current year end.				
<b>(e)</b>	No class of shares have been bought back by the NBFC during the period of five years immediately preceding the current year end.				
<b>18</b>	<b>Other Equity</b>	<b>March 31, 2024</b>		<b>March 31, 2023</b>	
<b>(a)</b>	<b>General Reserve</b>				
	Opening balance	1.51		1.51	
	Add: Current year transfer from	-		-	
	Less: Utilization on account of / Transfer to	-		-	
	Closing balance	<b>1.51</b>		<b>1.51</b>	
<b>(b)</b>	<b>Securities Premium Account</b>				
	Opening balance	3,314.47		3,314.47	
	Add: Securities premium credited on share issue	-		-	
	Less: Premium utilized for various reasons	-		-	
	Closing balance	<b>3,314.47</b>		<b>3,314.47</b>	
<b>(c)</b>	<b>Statutory Reserve</b>				
	Opening balance	1,402.84		1,328.91	
	Add: Transferred during the year	142.06		73.93	
	Less: Utilization on account of / Transfer to	-		-	
	Closing balance	<b>1,544.91</b>		<b>1,402.84</b>	
<b>(d)</b>	<b>Surplus/(deficit) in the Statement of Profit and Loss</b>				
	Opening balance	4,025.94		4,599.90	
	Add: Net Profit/(Net Loss) for the current year	710.32		288.67	
	Less: Transfer to Statutory reserves	(142.05)		(73.93)	
	Closing balance	<b>4,483.30</b>		<b>4,695.44</b>	
<b>(e)</b>	<b>Other Comprehensive Income</b>				
	Opening Balance	21.82		-4.51	
	Add: Transfers during the year	6.68		26.34	
	Less: Adjustments during the year	-		-	
	Closing balance	<b>28.50</b>		<b>21.82</b>	
	<b>Total Reserves and surplus</b>	<b>16,253.38</b>		<b>16,031.26</b>	
	<b>Nature and purpose of reserve</b>				
	<b>a. Capital reserve</b> This reserve was created to record the excess carrying value of optionally convertible debentures provided through securities premium. The excess value is recorded by reversing the capital reserve with corresponding debit to debentures.				
	<b>b. Securities premium reserve</b> The securities premium reserve is used to record the premium received on issue of shares. The reserve can be utilized only for limited purpose such as issuance of bonus shares in accordance with provision of the Companies Act, 2013.				
	<b>c. Statutory reserve</b> Reserves created under Section 43C of The Reserve Bank of India Act, 1934				
	<b>d. Share based payment reserve</b> The share based payment reserve is used to recognise the grant date fair value of options issued to employees of the Company and its subsidiaries under stock option schemes of the Company.				
	<b>e. Retained earnings</b> Retained earnings represents surplus / accumulated earnings of the Company and are available for distribution to shareholders.				



**KANAKADURGA FINANCE LIMITED**

Notes forming part of the Financial Statements for the year ended March 31, 2024

(All amounts in INR Lakhs, unless otherwise stated)

<b>19 Interest Income</b>			
Particulars	March 31, 2024	March 31, 2023	
<b>On Financial Assets measured at Amortised Cost</b>			
Interest on Loans	10,757.71	10,391.16	
Interest on deposits with Banks/NBFC's	157.25	115.64	
Other interest Income	26.81	74.67	
<b>Total</b>	<b>10,941.76</b>	<b>10,581.47</b>	
<b>20 Fees and commission Income</b>			
Particulars	March 31, 2024	March 31, 2023	
Other fees and charges	1,604.30	1,174.88	
<b>Total</b>	<b>1,604.30</b>	<b>1,174.88</b>	
<b>21 Other Income</b>			
Particulars	March 31, 2024	March 31, 2023	
Net gain on derecognition of Vehicle loans	2.53	13.67	
Profit on sale of Fixed asset	-	10.31	
Miscellaneous income	48.00	21.14	
<b>Total</b>	<b>50.54</b>	<b>45.12</b>	
<b>22 Finance Cost</b>			
Particulars	March 31, 2024	March 31, 2023	
<b>On Financial Liabilities measured at Amortised Cost</b>			
Interest on debt securities	1,251.64	2,213.04	
Interest on borrowings	4,355.08	2,744.02	
Interest on Securitisation loan	7.12	188.57	
Interest on subordinated liabilities	181.84	153.34	
Interest on lease liabilities	133.59	151.27	
Other Finance cost	55.06	65.00	
Bank charges	23.74	40.98	
<b>Total</b>	<b>5,979.08</b>	<b>5,556.24</b>	
<b>23 Impairment on Financial Instruments</b>			
Particulars	March 31, 2024	March 31, 2023	
<b>On Financial Instruments measured at Amortised cost</b>			
Loans - Impairment expense	-24.69	42.09	
Bad debts and Write offs	766.84	766.99	
<b>Total</b>	<b>742.16</b>	<b>839.07</b>	
<b>24 Employee Benefit Expenses</b>			
Particulars	March 31, 2024	March 31, 2023	
Salaries and wages	2,895.63	2,805.86	
Contribution to provident and other funds	87.49	102.18	
Gratuity expense	20.14	21.16	
Staff welfare expenses	16.04	24.39	
<b>Total</b>	<b>3,019.30</b>	<b>2,953.59</b>	
<b>25 Depreciation and amortization expense</b>			
Particulars	March 31, 2024	March 31, 2023	
Depreciation on Property, Plant and Equipment (Refer note 6)	439.25	342.70	
Amortization and Impairment of intangible assets (Refer note 7)	15.12	11.32	
<b>Total Depreciation and amortization expense</b>	<b>454.37</b>	<b>354.02</b>	
<b>26 Other Expenses</b>			
Particulars	March 31, 2024	March 31, 2023	
Rent and energy costs	74.02	66.28	
Repairs and maintenance	122.75	164.90	
Office Maintenance	190.65	149.88	
Communication Costs	90.78	124.32	
Printing and stationery	27.63	30.47	
Rates and taxes	120.04	111.81	
Advertisement and publicity	18.00	27.72	
Business Promotion expenses	310.56	229.58	
Director's fees, allowances and expenses	4.00	4.00	
Auditor's fees and expenses	10.00	9.36	
Legal and Professional charges	197.00	222.42	
Loss On Sale of Fixed assets	0.28	-	
Travelling expenses	191.18	198.62	
Repossession charges	81.89	80.01	
Auction Facilitation charges	10.32	13.32	
Recovery charges	2.55	59.36	
Stamp charges	6.09	9.54	
Donations	0.69	0.37	
Other expenditure	51.52	44.08	
CSR Expenditure	15.83	16.99	
<b>Total</b>	<b>1,525.96</b>	<b>1,574.00</b>	





## KANAKADURGA FINANCE LIMITED

Notes forming part of the Financial Statements for the year ended March 31, 2024

(Amount in INR Lakhs, unless otherwise stated)

### 1 General Information

Kanakadurga Finance Limited (the "Company") is a public limited company and incorporated on October 24th, 1994, under the provisions of the Companies Act, 1956 applicable in India. Its registered and principal office of business is located at # 54-9-23, 100 feet road, Auto nagar, Vijayawada- 520 007. The Company is holding certificate of Registration ('CoR') and registered as a Systemically important non-deposit accepting Non-Banking Financial company ('NBFC-ND') as defined under section 45-IA of the Reserve Bank of India (RBI) Act, 1934 and classified as a Non-Banking Financial Company - Asset Finance Company ('NBFC-AFC') with effect from February 24th, 2015. The company is primarily engaged in the business of lending provides finances for Used Commercial vehicles, Two wheelers and Gold loans.

### 2 Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 2.1.A Basis of Preparation of Financial Statements

The Financial statements for the year ended March 31, 2024, have been prepared by the company in accordance with Indian Accounting standards ('Ind AS') notified by the ministry of Corporate Affairs, Government of India under Companies (Indian Accounting Standards) Rules 2015 and Companies (Indian Accounting Standards) (Amendment) Rules 2016, as amended from time to time, in this regard. The Financial statements have been prepared on accrual and going concern basis. Any Application guidance/ clarifications/ directions issued by RBI or other regulators are implemented as and when they are issued/applicable.

The Financial statements were approved by the Company's Board of Directors and authorised for issue in their meeting held on May 27, 2024 at Registered office.

#### 2.1.B Basis of measurement and presentation of financial statements

These Financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities that are measured at fair value (refer to accounting policies) such as financial instruments, plan assets of defined benefit plans. The methods used to measure fair value are discussed further in notes to financial statements.

The Balance Sheet, The Statement of Changes in Equity and Statement of Profit and Loss are presented in the format prescribed under Division III of Schedule III of the Act, as amended from time to time, for Non-Banking Financial Companies ('NBFCs') that are required to comply with Ind AS. The statement of Cash Flows has been presented as per the requirements of Ind AS-7 Statement of Cash flows.

#### 2.1.C Functional and presentation currency

These financial statements have been prepared in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest lakhs and two decimals thereof, except as stated otherwise.

#### 2.2.A Property, plant and equipment

##### i. Recognition and measurement

Property, Plant and Equipment (PPE) are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use. Income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in statement of profit and loss.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for and depreciated as separate items (major components) of property, plant and equipment.

Advances paid towards acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-financial assets and cost of assets not put to use before such date are disclosed under Capital work-in-progress.

##### ii. Subsequent expenditure

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to statement of Profit and Loss during the year in which they are incurred.

##### iii. Depreciation, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives in the manner prescribed in Schedule II of the Act and is generally recognised in the statement of profit and loss. Depreciation/ amortisation is charged on a pro-rata basis for assets acquired/sold during the year from/to the date of acquisition/sale. The Company has estimated 3% residual value at the end of the useful life for all block of assets.

Improvements to leasehold premises are amortised over the period of lease.



The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Changes in the expected useful life are accounted for by changing the depreciation period or methodology, as appropriate, and treated as changes in accounting estimates. Assets costing INR 5,000 or less are depreciated @ 100% in the year of put to use.

The estimated useful life of the assets are as follows:

Property, plant and equipment	Useful life (Years)
Plant & Machinery	5
Buildings	60
Furniture and Fixtures	10
Office Equipment	5
Vehicle	8
Computers	3

#### iv. De-recognition

Property, plant and equipment are de-recognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset is recognised in other income/expense in the statement of profit and loss in the year the asset is de-recognised.

### 2.2.B Intangible assets

#### i. Recognition and measurement

Intangible assets are stated at cost of acquisition less accumulated amortization and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

#### ii. Subsequent expenditure

Subsequent expenditure on an intangible asset after its purchase/completion is recognized as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

#### iii. Amortisation

Intangible assets comprise computer software which is amortized on a straight-line basis over the estimated useful economic life. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The estimated useful life of the intangible assets are as follows:

Intangible Assets	Useful life (Years)
Computer Software	3

Intangible assets with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

#### iv. De-recognition

Intangible assets are de-recognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset is recognised in other income/expense in the statement of profit and loss in the year the asset is de-recognised.

### 2.2.C Revenue recognition

#### Interest income on Loans

Interest income is recorded using effective interest rate (EIR) method for all financial assets measured at amortised cost.

EIR is the rate that exactly discounts the estimated future cash flows through the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset except for a credit impaired asset. If expectations regarding the cash flows on the financial assets are revised for the reasons other than the credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in Balance Sheet with an increase or decrease in the interest income. This adjustment is subsequently amortized through interest income in the Profit and Loss Account. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

The calculation of the effective interest rate includes transaction costs and fees (loan processing fees and other premiums or discounts) that are an integral part of the contract. Transaction costs include incremental costs that are directly attributable to the acquisition of financial asset.

#### Interest income on Fixed deposits

Interest on fixed deposits is recognised on a time proportion basis taking into account the amount outstanding and the applicable rate.





#### Fees and commission income

Other charges including application fees (Foreclosure charges, Field collection charges, cheque bouncing charges, etc.) are recognised on realization basis.

#### Income from direct assignment transactions

Gains arising out of direct assignment transactions comprise the difference between the interest on the loan portfolio and the applicable rate at which the direct assignment is entered into with the assignee, also known as the right of Excess Interest Spread (EIS). The future EIS basis the scheduled cash flows, on execution of the transaction, discounted at the applicable rate entered with the assignee is recorded upfront in statement of profit and loss.

Income from direct assignment transactions represents the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset de-recognised) and consideration received (including any new asset obtained less any new liability assumed).

Income from other support services is accounted on accrual basis.

#### 2.2.D Taxes

Income-tax expense comprises of current tax (i.e., amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Income-tax expense is recognised in the statement of profit and loss except to the extent that it relates to items recognised directly in equity or in OCI.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

#### Current Tax

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961, enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current tax assets and liabilities are offset only if, the Company:

- has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are reviewed at each reporting date and based on management's judgement, are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if the Company:

- has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

Goods and services tax paid on acquisition of assets or on incurring expenses

Expenses are recognised net of the goods and services tax paid, except:

- When the tax incurred on expenses is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the expense item.
- When receivables and payables are stated with the amount of tax included.
- The company does not avail input tax credit for the purchase of assets, the tax paid is recognised as part of the asset.
- The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

#### 2.2.E Provision and Contingencies

A provision is recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance cost.

A contract is considered as onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract.



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

#### 2.2.F Earnings per share

The Company reports basic and diluted earnings per share in accordance with Indian Accounting Standard 33 - "Earnings Per Share". Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Earnings considered in ascertaining the Company's earnings per share is the net profit or loss for the year after deducting preference dividends if any and any attributable tax the reto for the year.

The weighted average number of equity shares outstanding during the year and for all the years presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed by dividing the net profit after tax attributable to the equity shareholders for the year by weighted average number of equity shares considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all potential equity shares.

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

#### 2.2.G Leases

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) The contract involves the use of an identified asset
- (ii) The company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) The company has the right to direct the use of the asset.

##### The Company as a lessee

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the option to extend or terminate the lease before the end of the lease term. The right-of-use assets and lease liabilities include these options when it is reasonably certain that the option will be exercised.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

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 interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company considers incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprises of fixed payments, including in-substance fixed payments, amounts expected to be payable under a residual value guarantee and the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if Company changes its 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 statement of profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Company has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of less than or equal to 12 months with no purchase option and assets with low value leases. The Company recognises the lease payments associated with these leases as an expense in statement of profit and loss over the lease term. The related cash flows are classified as operating activities.

## 2.2.H Employee Benefits

### Defined Contribution plan

The company has a defined contribution plan for post-employment benefits in the form of Provident Fund. Under the Provident Fund Plan, The company contributes to a Government administered provident fund/ recognised provident fund on behalf of the employees. The company has no further obligation beyond making the contributions.

The company contributions to the above plan are charged to the Statement of Profit and Loss.

### Defined Benefit plan

The company provides for Gratuity to all employees. The benefit is in the form of lumpsum payments to vested employees on resignation, retirement, or death while in employment or on termination of employment of an amount equivalent to 15 days basic salary payable for each completed year of service as required under The Payment of Gratuity Act, 1972. Vesting occurs upon completion of five years of service.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to statement of profit and loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

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, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. Unused leave balance that accrues to employees as at the yearend is charged to the Statement of Profit and Loss on an undiscounted basis.

## 2.2.I Impairment of non-financial assets

The Company assesses at each year end whether there is any objective evidence that a non-financial asset or a group of non-financial assets is impaired. If any such indication exists, the Company estimates the asset's recoverable amount and the amount of impairment loss.

An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognized in Statement of Profit and Loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through Statement of Profit and Loss.

The recoverable amount of an asset or cash-generating unit (as defined below) is the higher of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash in flows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). An Asset or CGU whose carrying value exceeds its recoverable amount is considered impaired and is written down to its recoverable amount.

## 2.2.J Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.



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## 2.2.K Statement of Cash flows

Cash flows are reported using the indirect method, whereby profit / (loss) before exceptional items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

## 2.2.L Statutory Reserve

In accordance with section 45-IC of the RBI Act, 1934, the Company creates a reserve fund and transfers therein a sum not less than twenty per cent of its net profit every year as disclosed in the Statement of Profit and loss before any dividend is declared.

## 2.2.M Operating segments

The Company's main business is financing by way of loans for retail in India. The Company's operating segments consist of "Financing Activity". All other activities of the Company revolve around the main businesses. This in the context of Ind AS 108 - operating segments reporting are considered to constitute reportable segment. The Chief Operating Decision Maker (CODM) of the Company is the Managing Directors. Operating segment disclosures are consistent with the information reviewed by the CODM.

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the company's other components, and for which discrete financial information is available.

## 2.2.N Amendments to existing IND AS

The Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2024.

## 2.2.O 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 and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Recognised financial assets and financial liabilities are initially measured at transaction price, which equates fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

A financial asset and a financial liability are offset and presented on net basis in the balance sheet when there is a current legally enforceable right to set-off the recognised amounts and it is intended to either settle on net basis or to realise the asset and settle the liability simultaneously.

### Classification and measurement of financial assets

Based on the business model, the contractual characteristics of the financial assets and specific elections where appropriate, the Company classifies and measures financial assets in the following categories:

- Amortised cost
- Fair value through other comprehensive income ('FVOCI')
- Fair value through profit and loss ('FVTPL')



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A circular blue ink stamp for KANKADURGA FINANCE LTD. The outer ring contains the text "KANKADURGA FINANCE LTD" at the top and "VIJAYAWADA" at the bottom, separated by two stars. In the center, there is a stylized signature or logo.

#### Financial assets at amortised cost

Financial assets are measured at amortised cost using the effective interest rate (EIR) if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement and based on the assessment of the business model as asset held to collect contractual cash flows and SPPI, such financial assets are subsequently measured at amortised cost using effective interest rate ('EIR') method. Interest income and impairment expenses are recognised in statement of profit and loss. Any gain or loss on derecognition is also recognised in statement of profit and loss.

The EIR method is a method of calculating the amortised cost of a financial instrument and of allocating interest over the relevant period. The EIR is the rate that exactly discounts estimated future cash flows (including all fees paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Company records loans at amortised cost.

#### Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to sole payments of principal and interest on the principal amount outstanding and by selling financial assets.

Movements in the carrying amount of such financial assets are recognised in Other Comprehensive Income ('OCI'), except dividend income and interest income which is recognised in statement of profit and loss. Equity instruments at FVOCI are not subject to an impairment assessment.

#### Financial assets at fair value through profit or loss (FVTPL)

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

#### 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.

##### Financial Liabilities

Financial liabilities are measured at amortised cost. The carrying amounts are determined based on the EIR method. Interest expense is recognised in statement of profit and loss. Any gain or loss on de-recognition of financial liabilities is also recognised in statement of profit and loss.

##### Equity instruments

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

##### Reclassification

Financial assets and liabilities are not reclassified subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line or in the period the Company changes its business model for managing financial assets.

#### De-recognition of financial assets and financial liabilities

##### 1. Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset if, and only if, either:

- The Company has transferred its contractual rights to receive cash flows from the financial asset, or
- It retains the rights to the cash flows but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates





- The Company cannot sell or pledge the original asset other than as security to the eventual recipients
- The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset, or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

## ii. Financial Liabilities

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying value of the original financial liability and the new financial liability with modified terms is recognised in statement of profit and loss.

## Impairment of Financial Assets

The Company recognises impairment allowances for Expected Credit Loss (ECL) on all the financial assets that are not measured at FVTPL.

The ECL provision is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on financial assets that are possible within the 12 months after the reporting date.

The Company performs an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company categorises its loans into three stages as described below:

### For non-impaired financial instruments

**Stage 1** is comprised of all non-impaired financial instruments which have not experienced a significant increase in credit risk (SICR) since initial recognition. A 12-month ECL provision is made for stage 1 financial instruments. In assessing whether credit risk has increased significantly, the Company compares the risk of a default occurring on the financial instrument as at the reporting date, with the risk of a default occurring on the financial instrument as at the date of initial recognition.

**Stage 2** is comprised of all non-impaired financial instruments which have experienced a SICR since initial recognition. The Company recognises lifetime ECL for stage 2 financial instruments. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a SICR since initial recognition, then entities shall revert to recognizing 12 months of ECL.

### For impaired financial instruments

Financial instruments are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a loan or a portfolio of loans. The Company recognises lifetime ECL for impaired financial instruments.

## The calculation of ECLs

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

**Probability of Default (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 derecognized and is still in the portfolio. The concept of PD is further explained in Note 40- Risk Management.

**Exposure at Default** - The Exposure at Default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

**Loss Given Default** - 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.





#### Collateral valuation

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as movable and immovable assets, guarantees, etc. However, the fair value of collateral affects the calculation of ECLs. To the extent possible, the Company uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using other methodologies. Non-financial collateral, such as vehicles, is valued based on data provided by third parties or management judgements.

#### Collateral repossessed

In its normal course of business whenever default occurs, the Company may take possession of properties or other assets in its retail portfolio and generally disposes such assets through auction, to settle outstanding debt. As a result of this practice, assets under legal repossession processes are not recorded on the balance sheet.

#### Write-offs

Loans are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when it is determined that the customer does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries are netted off and shown in statement of profit and loss.

#### Determination of fair value

On initial recognition, all the financial instruments are measured at fair value. For subsequent measurement, the Company measures certain categories of financial instruments (as explained in Note 39- Fair Value Measurement) at fair value on 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 input and minimising the use of unobservable inputs.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

**Level 1 financial instruments** - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

**Level 2 financial instruments** - Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.

**Level 3 financial instruments** - Those that include one or more unobservable input that is significant to the measurement as whole. The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. No such instances of transfers between levels of the fair value hierarchy were recorded during the reporting period.

### 2.3 Significant Accounting Judgements, Estimates and Assumptions

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities (including contingent liabilities) at the date of the financial statements and the reported amounts of revenues and expenses for the reporting period. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements. Actual results could differ from these estimates. Any revisions to accounting estimates are recognized prospectively in the current and future periods.



Estimates and underlying assumptions are reviewed on an ongoing basis. Key sources of estimation of uncertainty at the date of financial statements, which may cause a material adjustment to the carrying amount of assets and liabilities within the next financial year are included in the following notes:

#### Business model assessment

Classification and measurement of financial assets depends on the results of the solely payments of principal and interest (SPPI) and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

#### Effective Interest Rate (EIR) method

The Company recognizes interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the financial instruments.

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life cycle of the instruments, as well as expected changes to other fee income/expense that are integral parts of the instrument.

#### Impairment of loans portfolio

The measurement of impairment losses on loan assets requires judgement, in estimating the amount and timing of future cash flows and recoverability of collateral values while determining the impairment losses and assessing a significant increase in credit risk.

The Company's Expected Credit Loss (ECL) calculation is the output of a complex model with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL model that are considered accounting judgements and estimates include:

- PD calculation includes historical data, benchmarking, assumptions, and expectations of future conditions.
- 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 expected credit loss and the qualitative assessment.
- The segmentation of financial assets when their ECL is assessed on a collective basis.
- Development of ECL models, including the various formulas and the choice of inputs.
- Determination of associations between macro economic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macro economic scenarios and their probability weightings, to derive the economic inputs into the ECL models

It is the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

The impairment loss on loans and advances is disclosed in more detail in Note 4-Loans and Note 40 - Risk Management.

#### Defined employee benefit assets and liabilities

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.

The principal assumptions are the discount and salary growth rate. The discount rate is based upon the market yields available on government bonds at the accounting date with a term that matches that of liabilities. Salary increase rate takes into account of inflation, seniority, promotion and other relevant factors on long term basis. For details refer Note 30.

#### Fair value measurement:

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.





## Operating leases

### Determination of lease term

IND AS 116 Leases requires lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease if the use of such option is reasonably certain. The Company makes assessment on the expected lease term on lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying to the Company's operations taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

### Discount rate for lease liability

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics. And discount rate of security deposits is generally based on the SBI deposit rate at the time of deposit.

### Determination of estimated useful lives of property, plant and equipment and intangible assets

Useful lives of property, plant and equipment are based on the life prescribed in Schedule II of the Act. In cases, where the useful lives are different from that prescribed in Schedule II, they are based on nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support

### Measurement of defined benefit obligations

The obligation arising from defined benefit plan is determined based on actuarial valuation. Key actuarial assumptions which form the basis of above valuation includes discount rate, trends in salary escalation, demographics, and life expectancy.

### Recognition of deferred tax assets

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, depreciation carry-forwards and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences and depreciation carry-forwards could be utilized.

### Recognition and measurement of provisions and contingencies

The recognition and measurement of provisions are based on the assessment of the probability of an outflow of resources, and on experience and circumstances known at the reporting date. The actual outflow of resources at future date may, therefore, vary from the amount included in other provisions

### Provisions and other contingent liabilities

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Company's business.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

The Company neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Company has determined that it cannot recognize deferred tax assets on the tax losses carried forward except for the unabsorbed depreciation.

### Impairment of non-financial assets

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.



**KANAKADURGA FINANCE LIMITED**

Notes forming part of the Financial Statements for the year ended 31st March, 2024

(All amounts in INR Lakhs, unless otherwise stated)

**27 Payment to the auditors:**

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
<b>As an Auditor:</b>		
- Audit fees	5.00	5.00
<b>For other Services:</b>		
- Limited review	2.50	2.50
- Certification services	1.00	1.00
Reimbursement of expenses	0.12	0.12
<b>Total</b>	<b>8.62</b>	<b>8.62</b>

**28 Corporate social responsibility:**

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
a) Gross amount required to be spent by the Company as per the provision of Section 135 of Companies Act 2013.	16.29	16.55
<b>b) Amount Spent during the year (paid)</b>		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	16.52	16.99
iii) Excess Spent in previous Financial Year		
<b>c) Amount Spent during the year (yet to paid in cash)</b>		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	-	-

**29 Tax expenses**

**(a) Amounts recognised in statement of profit and loss**

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
<b>Current tax expense</b>		
Current period	265.94	117.10
changes in estimated related to previous years	0.00	0.00
<b>Total current tax expense (A)</b>	<b>265.94</b>	<b>117.10</b>
<b>Deferred tax expense/(Income)</b>		
Decrease/(Increase) in deferred tax assets	(3.88)	22.78
(Decrease)/Increase in deferred tax liabilities	(6.65)	15.00
<b>Net Deferred tax expense/(Income) (B)</b>	<b>(10.53)</b>	<b>37.78</b>
<b>Total tax expense for the year (A+B)</b>	<b>255.41</b>	<b>154.88</b>

**(b) Reconciliation of effective tax rate**

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
	INR	INR
Profit before tax as per Statement of profit and loss (A)	965.73	524.55
Applicable income tax rate	25.17%	25.17%
Expected Income Tax Expense (B)	243.07	132.03
<b>Tax effect of:</b>		
CSR expenses	4.16	4.27
Income exempt from tax	-	0
Differential tax rate	-	0
Expenses/provisions not deductible in determining taxable profit	8.18	18.58
Adjustment related to tax of prior years	-	-
<b>Income tax expense</b>	<b>255.41</b>	<b>154.88</b>

The company has elected to exercise the option permitted under section 115BAA of income tax act, 1961, as introduced by the taxation Laws (Amendment) Ordinance, 2019. Accordingly, the company has recognised the provision for income tax for the year ended March 31, 2024 and re-measured its deferred tax assets basis the rate prescribed in the said section.



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**KANAKADURGA FINANCE LIMITED**

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

**30 Employee Benefits**

**a. Defined contribution plan - provident funds**

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

The Company recognised INR 87.49 lakhs for year ended March 31, 2024 and INR 102.18 lakhs for FY March 31, 2023 towards provident fund and ESI in the Statement of profit and loss.

**b. Defined Benefit Plan - Gratuity**

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

The following tables summarizes the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the Balance Sheet for the gratuity plan.

Particulars	As at March 31, 2024	As at March 31, 2023
Present value of obligation (A)	93.57	93.85
Fair Value of plan assets (B)	73.36	77.79
Present value of obligation (A- B)	20.21	16.06

**Expected future Cashflows of obligations (Valued on Undiscounted basis)**

Particulars	As at March 31, 2024	As at March 31, 2023
Obligation expected to be settled in the next 12 months	32.47	32.92
Obligation expected to be settled beyond next 12 months	61.10	60.93

**Movement in net defined benefit (asset) liability**

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

Particulars	Defined Benefit Obligation		Fair Value of plan assets		Net defined benefit (asset) liability	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Opening balance	93.85	96.37	77.78	68.13	16.07	28.24
Current service cost	18.27	18.71	-	-	18.27	18.71
Past service cost	-	-	-	-	-	-
Interest cost (income)/Investment Loss (income)	6.74	4.91	(4.71)	(3.27)	11.45	8.18
Defined benefit cost included in P&L	118.86	119.99	82.49	63.48	45.79	63.13
Other comprehensive income						
Remeasurement loss (gain) due to:						
Demographic assumptions	-	0.00	-	-	0.00	0.00
Financial assumption	0.05	(0.28)	-	-	0.05	(0.28)
Experience adjustments	(7.61)	(25.86)	-	-	(7.61)	(25.86)
Total remeasurements in OCI	(7.56)	(26.14)	-	-	(7.56)	(26.14)
Others						
Transfer in/(out)						
Contributions by employer	-	-	8.59	14.38	(8.59)	(14.38)
Benefits paid	(17.72)	-	(17.72)	-	-	-
Closing balance	93.57	93.85	73.36	77.78	29.64	22.61



*[Handwritten Signature]*





**Actuarial assumptions:**

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

Particulars	As at March 31, 2024	As at March 31, 2023
Discount rate	7.15%	7.17%
Salary escalation rate	9.00%	9.00%
Withdrawal/attrition rate (based on categories)	37.00%	37.00%
Mortality rate (as % of IALM (2012-14) Ult. Mortality Table)	100.00%	100.00%
Expected weighted average remaining working lives of employees	26.45 years	26.18 Years

**Notes:**

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

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

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

**Sensitivity analysis:**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	As at March 31, 2024		As at March 31, 2023	
	Increase	Decrease	Increase	Decrease
Salary escalation Rate (+/- 1%)	96.25	90.99	98.47	91.32
	2.90%	-2.80%	2.80%	-2.70%
Discount Rate (+/- 1%)	90.97	96.32	91.30	96.54
	-2.80%	2.90%	-2.70%	2.90%
Attrition Rate (+/- 1%)	85.22	110.47	86.88	108.09
	-8.90%	18.10%	-7.40%	15.20%

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

**Expected future contributions**

The Best Estimate Contribution for the Company during the next year would be NIL.

**Expected cash flow for following years:**

Expected cash flows over the next (valued on undiscounted basis)	Amount Rs.
1 year	32.48
2 to 5 years	62.51
6 to 10 years	19.14
More than 10 years	3.06

The weighted average duration (based on discounted cashflows) of the defined benefit obligation is 3 Years



**31 Earnings per equity share (EPS)**

Basic EPS is calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

Particulars	March 31, 2024	March 31, 2023
<b>A. Basic earnings per share</b>		
The calculation of profit attributable to equity shareholders and weighted average number equity shares outstanding for purpose of basic earnings per share calculations are as follows:		
(i) Profit for the year, attributable to equity shareholders	710.32	369.67
(ii) weighted average number of equity shares for basic EPS (in lakhs)	0.00	0.00
Opening balance	0.00	0.00
Effect of fresh equity shares issued	0.00	0.00
weighted average number of equity shares	152.17	152.17
(iii) Basic earnings per share	4.67	2.43
<b>B. Diluted earnings per share</b>		
The calculation of profit attributable to equity shareholders and weighted average number equity shares outstanding for purpose of diluted earnings per share calculations are as follows:		
(i) Profit for the year, attributable to equity shareholders	710.32	369.67
(ii) weighted average number of equity shares for diluted EPS (in lakhs)	0.00	0.00
Opening balance	0.00	0.00
Effect of fresh equity shares issued	0.00	0.00
weighted average number of equity shares	152.17	152.17
(iii) Diluted earnings per share	4.67	2.43

**32 Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Promoters of the Company. The Company operates only in one Business Segment i.e. lending, since the nature of the loans are exposed to similar risks and return profiles, hence they are collectively operating under a single segment. Accordingly the Company does not have any reportable Segments as per Indian Accounting Standard 108 "Operating Segments".

**33 Transfer of financial assets**

Transfer of financial assets that are not derecognised in their entirety

**(i) Securitizations:**

The Company has transferred its receivables through securitization agreement with a first loss default guarantee (FLOG) such as corporate guarantee, cash collateral, subscription to subordinated Pass through certificates (PTCs) etc.. The Company has also agreed to provide servicing assistance to the transferee pursuant to the terms of servicing agreement.

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 and recognises an associated liability for the consideration received.

The Company had no ability to use these assets during the tenure of the receivables in view of the legal transfer pursuant to securitisation agreement.

The table below outlines the carrying amounts and fair values of all financial assets transferred that are not derecognised in their entirety and associated liabilities.

Particulars	March 31, 2024	March 31, 2023
Carrying amount of transferred assets measured at amortised cost	-	843.11
Carrying amount of associated liabilities	-	292.95

The carrying amount of above assets and liabilities is a reasonable approximation of their fair values.

Transfer of financial assets which qualify for derecognition in their entirety

**(i) Assignment transaction**

The Company has sold loans and advances measured at amortized cost under assignment deals, as a source of finance. As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the buyer, the assets have been derecognised from the Company's balance sheet.

The gain arising on such transaction are recorded upfront by discounting the future cash flows accruing in the form of differential interest on such assigned loan to their present values.

The table below summarises the carrying amount of the Excess Interest Spread (EIS) receivable on above transaction which are derecognised

Particulars	March 31, 2024	March 31, 2023
Carrying amount of EIS receivable	718.69	747.04





## KANAKADURGA FINANCE LIMITED

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

## 34. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

Particulars	March 31, 2024			March 31, 2023		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>ASSETS</b>						
Financial assets						
Cash and cash equivalents	10,105.99	-	10,105.99	10,875.27	-	10,875.27
Bank balance other than cash and cash equivalents	2.30	-	2.30	244.87	-	244.87
Receivables						
(i) Trade receivables	78.94	-	78.94	179.71	-	179.71
Loans	32,881.75	18,150.43	51,034.18	28,900.55	15,587.96	44,488.51
Other Financial assets	678.76	312.43	991.18	993.9	406.81	1,000.71
Subtotal	43,749.74	18,462.86	62,212.59	40,794.30	15,994.77	56,789.07
Non-financial assets						
Current Tax assets(Net)	7.18	-	7.18	97.90	-	97.90
Property, plant and equipment	-	1,526.81	1,526.81	-	1,577.45	1,577.45
Right to use Assets	-	912.28	912.28	-	913.85	913.85
Other intangible assets	-	24.49	24.49	-	33.38	33.38
Other non-financial assets	149.77	67.49	217.25	177.67	60.78	238.45
Subtotal	156.94	2,531.06	2,688.01	275.57	2,585.46	2,861.03
<b>Total assets</b>	<b>43,906.67</b>	<b>20,993.92</b>	<b>64,900.60</b>	<b>41,069.87</b>	<b>18,580.23</b>	<b>59,650.10</b>
<b>LIABILITIES AND EQUITY</b>						
<b>LIABILITIES</b>						
Financial liabilities						
Payables						
(i) Trade payables						
(i) total outstanding dues of creditors of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-
(ii) Other payables						
(i) total outstanding dues of creditors of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than:						
Debt securities	4,653.30	1,992.03	6,645.33	11,666.71	3,657.44	15,324.15
Borrowings (other than Debt securities)	27,046.66	15,630.60	42,677.26	18,506.43	11,538.81	30,045.24
Subordinated Liabilities	1,000.00	-	1,000.00	1,001.25	-	1,001.25
Other Financial liabilities	1,727.08	799.14	2,526.21	1,041.86	940.73	1,982.59
Sub total	34,427.03	18,421.77	52,848.80	32,216.25	16,136.98	48,353.23
Non-Financial liabilities						
Current tax liabilities(Net)	-	-	-	-	-	-
Provisions	20.21	-	20.21	16.06	-	16.06
Deferred tax liabilities(Net)	-	53.68	53.68	-	64.21	64.21
Other non-financial liabilities	102.88	-	102.88	58.99	-	58.99
Sub total	123.09	53.68	176.78	74.65	64.21	138.87
<b>EQUITY</b>						
<b>Total liabilities</b>	<b>34,550.13</b>	<b>18,475.44</b>	<b>64,900.60</b>	<b>32,290.90</b>	<b>16,201.19</b>	<b>59,650.10</b>




## KANAKADURGA FINANCE LIMITED

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

## 35 Changes in liabilities arising from financing activities

Particulars	April 1, 2023	Additions	Repayments	Others*	March 31, 2024
Subordinated Liabilities	1,001.25	-	1.25	-	1,000.00
Debt Securities	15,324.15	1,979.35	11,263.75	605.58	6,645.33
Borrowing (Other than Debt Securities)	25,664.23	34,317.46	19,909.76	150.60	40,222.53
Cash Credit (Yearly Renewal)	4,381.01	-	1,926.27	-	2,454.74
<b>Total</b>	<b>46,370.64</b>	<b>36,296.81</b>	<b>33,101.04</b>	<b>756.17</b>	<b>50,322.59</b>

Particulars	April 1, 2022	Additions	Repayments	Others*	March 31, 2023
Subordinated Liabilities	1,041.60	-	43.60	3.25	1,001.25
Debt Securities	17,549.79	4,869.74	7,824.55	729.17	15,324.15
Borrowing (Other than Debt Securities)	19,267.62	22,545.40	16,262.33	113.54	25,664.23
Cash Credit (Yearly Renewal)	4,385.84	-	4.83	-	4,381.01
<b>Total</b>	<b>42,244.85</b>	<b>27,415.14</b>	<b>24,135.31</b>	<b>845.96</b>	<b>46,370.64</b>

\* Interest Accrued but not due

## 36 Contingent liabilities and commitments

Particulars	March 31, 2024	March 31, 2023
Claims against the Company not acknowledged as debt **	10.78	10.78
<b>Total</b>	<b>10.78</b>	<b>10.78</b>

\*\* During the Previous Financial year 2019-2020, the Company received a demand for income tax aggregating to INR 17.38 Lakhs for the Assessment year 2017-18. Of which the company had agreed and paid INR 6.6 Lakhs. The Company is in appeal with CIT (A).

In the ordinary course of business, the Company faces claims and assertions by various parties. The Company assesses such claims and assertions and monitors the legal environment on an ongoing basis, with the assistance of external legal counsel, wherever necessary. The Company records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the Company provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable. The Company believes that the outcome of these proceedings will not have a materially adverse effect on the Company's financial position and results of Operations.

The Company doesn't have any commitments for the Period ended March 31, 2024.



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**KANAKADURGA FINANCE LIMITED**

Notes forming part of the Financial Statements for the year ended 31st March, 2024

(All amounts in INR Lakhs, unless otherwise stated)

**37 Leases**

The Company's lease asset primarily consist of leases for office premises. At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee.

Following are the changes in the carrying value of right of

Particulars	March 31, 2024	March 31, 2023
Opening	913.85	1,036.30
Additions	342.21	303.84
Deletion	15.37	187.83
Depreciation	328.41	238.46
Closing Balance	912.28	913.85

The following is the movement in lease liabilities :

Particulars	March 31, 2024	March 31, 2023
Balance at the beginning	1,091.15	1,268.77
Additions	342.21	303.84
Finance cost accrued during the period	133.59	151.27
Payment of lease liabilities	462.39	632.73
Balance at the end	1,104.56	1,091.15

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Particulars	March 31, 2024	March 31, 2023
Less than 3 months	72.04	61.34
Over 3 months & upto 6 months	64.63	66.38
Over 6 months & upto 1 year	115.07	135.66
Over 1 year & upto 3 years	376.32	359.07
Over 3 years	476.50	468.70

The following are the amounts recognised in statement of profit or loss:

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Depreciation expense of right-of-use assets	328.41	238.46
Interest expense on lease liabilities	133.59	151.27
Expense relating to short-term leases	(0.97)	(0.11)
Total amount recognised in profit or loss	461.02	389.62

**Future Commitments:**

Particulars	March 31, 2024
Future undiscounted lease payments for which the leases have not yet commenced	-

**Extension / Termination Options:**

Some of the leases contain extension and termination options. Such options are taken into account in the determination of the lease term only if extension or non-termination can be assumed with reasonable certainty. On this basis, there were no such amounts included in the measurement of lease liabilities as at March 31, 2024.





### 38 Capital Management

The Company's capital management strategy is to effectively determine, raise and deploy capital so as to create value for its shareholders. The same is done through a mix of either equity and/or convertible and/or combination of short term /long term debt as may be appropriate. The Company determines the amount of capital required on the basis of operations, capital expenditure and strategic investment plans. The capital structure is monitored on the basis of net debt to equity and maturity profile of overall debt portfolio of the Company.

The Company is subject to the capital adequacy requirements of the Reserve Bank of India (RBI), as per RBI, NBFCs are required to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of its aggregate risk weighted assets. Further, the total of Tier II capital cannot exceed 100% of Tier I capital at any point of time. The capital management process of the Company ensures to maintain the minimum CRAR at all the times.

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements or its regulators and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

#### Regulatory Capital

The below regulatory capital is computed in accordance with Master Direction DNBR, PD. 008/03,10.119/2016-17 dated September 1, 2016 issued by Reserve Bank of India.

Particulars	March 31, 2024	March 31, 2023
Capital Funds		
Net owned funds(Tier capital)	11,749.10	10,971.15
Tier II capital	138.00	138.66
Total capital funds	11,887.10	11,109.81
Total risk weighted assets/ exposures	54,682.43	46,835.78
% of capital funds to risk weighted assets exposures:		
Tier I capital	21.49%	23.42%
Tier II capital	0.25%	0.30%
Total capital Funds	21.74%	23.72%

No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

### 39 Fair Value Measurement:

#### A. Valuation Principles

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

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

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

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



#### B. Fair value of financial instrument not measured at fair value:

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

Financial Instruments measured at amortised cost	Level	Carrying value		Fair value	
		March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
<b>Financial Assets</b>					
Cash and cash equivalents	1	10,105.99	10,875.27	10,105.99	10,875.27
Bank Balance other than cash and cash equivalents	1	2.30	244.87	2.30	244.87
Trade receivables	3	78.94	179.71	78.94	179.71
Loans	3	51,034.18	44,488.51	51,197.24	44,878.93
Rent and utility deposits	3	164.53	159.92	164.53	159.92
Other financial assets	3	107.96	93.76	107.96	93.76
EIS receivable	3	718.69	747.04	718.69	747.04
<b>Total Assets</b>		<b>62,212.59</b>	<b>56,789.06</b>	<b>62,375.65</b>	<b>57,179.48</b>
<b>Financial Liabilities</b>					
Debt securities	3	6,645.33	15,324.15	6,688.91	15,478.96
Borrowings(other than debt securities)	3	40,222.53	25,664.23	40,542.99	25,829.07
Cash credit	3	2,454.74	4,381.01	2,454.74	4,381.01
Subordinated Liabilities	3	1,000.00	1,001.25	1,000.00	1,001.25
Other financial liabilities	3	2,526.21	1,982.59	2,526.21	1,982.59
<b>Total Liabilities</b>		<b>52,848.79</b>	<b>48,353.23</b>	<b>53,212.83</b>	<b>48,672.88</b>

#### Valuation Methodologies of Financial Instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables and, as such, may differ from the techniques and assumptions explained in notes.

#### Short Term Financial Assets and Liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts are a reasonable approximation of their fair value. Such instruments include: cash and cash equivalents, bank balance other than cash and cash equivalents, trade receivables, rent and utility deposits and other financial liabilities.

#### Loans and advances to customers

The fair values of loans are estimated by discounted cash flow models based on contractual cash flows using actual or estimated yields.

#### Borrowings other than debt securities, Debt securities and Subordinated liabilities

The fair value of issued debt is estimated by a discounted cash flow model incorporating the Company's own credit risk.

#### EIS receivable

EIS receivable is calculated by discounting the contractual future cash flows. The carrying value closely approximates its fair value.

#### 40.1 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 established the Risk Management Committee. The Risk Management committee of Board exercises supervisory power in connection with the risk management of the Company, developing and monitoring risk management policies, monitoring of the exposures, reviewing adequacy of risk management process, ensuring compliance with the statutory/regulatory framework of the risk management process."

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 and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations

Management believes that an effective Risk Management Process is the key to sustained operations, thereby protecting value for all stakeholders, identifying and mitigating and continuously monitoring risks to business, achieving business objectives, improving governance processes and preparing for unplanned circumstances.





Management ensures effective Risk Management by implementing following steps:

- 1 Adheres to procedures described in various policies approved by the Board from time to time by implementing adequate financial controls.
- 2 Communicates various policies to the stakeholders through suitable training and communication and periodical review of its relevance in changing business atmosphere.
- 3 Identifies risks and promotes proactive approach for treating such risks.
- 4 Allocates adequate and timely resources to mitigate, manage and minimize the risks and their adverse impact on outcomes.
- 5 Strives towards strengthening the Risk Management System through continuous learning and improvement.
- 6 Complies with all relevant laws and regulations across the areas of operations of the Company.
- 7 Optimizes risk situations to manage adverse exposure on deliverables and bring them in line with acceptable risk appetite of the Company in consonance with business objectives.
- 8 Engages Internal Auditors to periodically review various aspects of the internal control systems. The reports of the internal auditors are reviewed by the Audit Committee.
- 9 The Company has implemented adequate internal financial controls.
- 10 The Company has a Board approved ALM Policy.

Risk is an integral part of the Company's business and sound risk management is critical to the success. As a financial intermediary, the Company is exposed to risks that are particular to its lending and the environment within which it operates and primarily includes credit, liquidity and market risks. The Board of Directors of the Company are responsible for the overall risk management approach and for approving the risk management strategies and principles. The Company has a risk management policy which covers all the risk associated with its assets and liabilities.

#### 40.2 Introduction and Risk Profile

##### Risk management and mitigation

The Company's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment, as necessary.

The Company's policy is to measure and monitor the overall risk-bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

It is the Company's policy to ensure that a robust risk awareness is embedded in its organisational risk culture. Employees are expected to take ownership and be accountable for the risks the Company is exposed to that they decide to take on. The Company's continuous training and development emphasises that employees are made aware of the Company's risk appetite and they are supported in their roles and responsibilities to monitor and keep their exposure to risk.

The Company is generally exposed to credit risk, liquidity risk, market risk, prepayment risk and operational risk.

#### 40.3 Credit Risk

Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical concentrations, and by monitoring exposures in relation to such limits. Credit risk is monitored by the credit department of the Company. It is their responsibility to review and manage credit risk. Credit risk consists of line credit managers who are responsible for their business lines and manage specific portfolios and experts who support both the line credit manager, as well as the business with tools like credit risk systems, policies, models and reporting. The credit quality review process aims to allow the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

##### Impairment assessment

The references below show where the Company's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the summary of significant accounting policies.

##### Definition of default and cure

The Company considers a financial instrument of Stage 3 (credit-impaired) for Expected Credit Loss (ECL) calculations as defaulted i.e in all cases when the borrower becomes more than 3 months past due on its contractual payments.

The staging criteria used by the Company is as below:

Loans months past due	Stage
Up to 2 months	Stage 1
Between 2 months to 3 months	Stage 2
More than 3 months	Stage 3



It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the due amount has been paid. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

**Exposure at default (EAD)**

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 months ECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

**Probability of default (PD)**

The Probability of Default is an estimate of the likelihood of default over a given time horizon. To calculate the ECL for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12month ECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments. The Company uses historical information wherever available to determine PD.

Stage	PD
Stage - I (Nil Arrears)	0.23%
Stage - I (Up to 1 Month)	2.08%
Stage - I (1 to 2 Months)	3.67%
Stage - II	13.57%
Stage - III	100%

**Loss given Default (LGD)**

LGD is the estimated loss that the Company might bear if the borrower defaults. The Company determines its recovery (net present value) by analyzing the recovery trends, borrower rating, collateral value and expected proceeds from sale of asset. LGD Rate i.e., 21% in the Vehicle finance segment and NIL in Gold finance segment have been computed internally based on the discounted recoveries in defaulted accounts that are closed/ written off/ repossessed and upgraded during the year. When estimating ECLs on a collective basis, the Company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

**Significant increase in credit risk**

The Company continuously monitors all assets subject to ECLs in order to determine whether an instrument or a portfolio of instruments is subject to 12-month ECL or lifetime ECL. The Company assesses whether there has been an event which could cause a significantly increase in the credit risk of the underlying asset or the customers' ability to pay and accordingly change the 12-month ECL to a lifetime ECL. If contractual payments are more than 60 days past due, the credit risk is deemed to have increased significantly since initial recognition.

**Concentration of Credit Risk**

Company's loan portfolio is predominantly to finance commercial vehicle loans. The Company manages concentration of risk primarily by geographical region. The following tables show the region-wise concentrations of net terms loans.

STATE	March 31,2024	March 31,2023
Andhra Pradesh	30,904.84	25,321.18
GUJARAT	7,774.76	6,087.25
Karnataka	6,274.38	7,786.86
PONDICHERRY UT	429.57	79.74
TAMILNADU	2,224.24	2,160.96
TELANGANA	3,892.11	3,542.91
<b>Total</b>	<b>51,499.90</b>	<b>44,978.91</b>





**Quantitative Information of Collateral**

Net value of total term loans to value of collateral is as follows:

As at March 31,2024	Loan to Value			
	Up to 50%	51% - 75%	Above 75%	Total
Cars & MUV	356.93	2,783.87	3,023.19	6,163.99
Commercial Vehicles	901.89	5,885.08	7,931.06	14,718.03
Construction Equipment	0.00	589.07	0.00	589.07
SME	1,587.39	0.00	0.00	1,587.39
Three-Wheeler	27.45	514.28	313.72	855.45
Tractor	43.28	457.03	348.05	848.35
Two-wheeler	92.98	1,578.67	5,590.15	7,261.79
Gold Loans	136.56	19,335.28	3.98	19,475.82
<b>Total</b>	<b>3,146.48</b>	<b>31,143.27</b>	<b>17,210.15</b>	<b>51,499.90</b>

As at March 31,2023	Loan to Value			
	Up to 50%	51% - 75%	Above 75%	Total
Cars & MUV	344.86	2,284.52	2,004.86	4,634.24
Commercial Vehicles	680.88	5,434.53	4,659.67	10,775.08
Construction Equipment	68.18	285.20	342.18	695.56
SME	452.02	0.00	0.00	452.02
Three-Wheeler	47.57	797.82	817.25	1,662.65
Tractor	71.72	710.29	291.10	1,073.11
Two-wheeler	247.80	3,321.99	9,343.02	12,912.80
Gold Loans	93.73	12,672.36	7.36	12,773.46
<b>Total</b>	<b>2,006.76</b>	<b>25,506.71</b>	<b>17,465.44</b>	<b>44,978.91</b>







40.6. Prepayment risk

Prepayment risk is the risk that the Company will incur a financial loss because its customers and counterparties repay or request repayment earlier or later than expected, such as fixed rate loans like mortgages when interest rates fall.

40.7. Operational and business risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

41. Related Party Disclosures

a. Name of related party and nature of relationship:

(A) Subsidiaries – NIL

(B) Key Managerial Personnel

Name Designation

Mr. S. Lakshmi Narayana

Mr. S. Ratin Kumar

Mr. J. Jayaprakash Narayana

Mr. S. Sriramamoyana

Mr. Rakesh Kumar Bhutoria

Mr. Anandhra Sahoo

Mr. N. Rama Mohan Rao

Ms. S. N. Suvachala

Mr. Anil Sharma

Whole Time Director

Whole Time Director

Managing Director

Managing Director cum CFO

Nominee Director (Non Executive)

Independent Director

Independent Director since 04.11.2020

Resigned as full time Company Secretary during FY 22-23

Onboarded as full time Company Secretary during FY 22-23

(C) Enterprises owned or significantly influenced by key Managerial personnel or their relatives

1. M/s. Kanakadurga Financial Services Private Limited

2. M/s. Kanakadurga Business Services

b. Related Party transactions during the year:

Name of the Related party	Nature of Transaction	March 31, 2024	March 31, 2023	Outstanding as on March 31, 2024
S. Lakshmi Narayana	Rent paid	37.92	37.92	NIL
	Remuneration paid	49.44	50.00	NIL
S. Ratin Kumar	Rent paid	37.92	37.92	NIL
	Remuneration paid	50.00	50.00	NIL
J. Jayaprakash Narayana Choudhary	Remuneration paid	50.00	50.00	NIL
S. Sriramamoyana	Remuneration paid	50.00	50.00	NIL
Rakesh Kumar Bhutoria	Sitting fee	-	-	NIL
Anandhra Sahoo	Sitting Fee	2.60	2.60	NIL
J. Venkateswarlu	Sitting fee	-	-	NIL
N. Rama Mohan Rao	Sitting fee	1.40	1.40	NIL
ASEE SHARMA	Salary paid	8.54	4.01	NIL
S. N. Suvachala	Salary paid	-	8.20	NIL

As the provision for gratuity is made for the Company as a whole, the amount pertaining to the Key Management Personnel is not specifically identified and hence is not included above.

(i) Transaction values are excluding taxes and duties.

(ii) Name of the related parties and nature of their relationships where control exists have been disclosed irrespective of whether or not there have been transactions with the Company. In other cases, disclosures have been made only when there have been transactions with these parties.

(iii) Related parties as defined under clause 9 of the Ind AS 24 'Related party disclosures' have been identified based on representations made by key managerial personnel and information available with the Company. All above transactions are in the ordinary course of business.

42. Disclosure pursuant to Reserve Bank of India notification DOR/NBFC/CC/PO/IN/109/22/55/106/2019-20 dated 13th March 2020 Implementation of Helium Accounting.

A comparison between provision required under IRACF and impairment allowances under Ind AS 109:

As at March 31, 2024

Asset Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross carrying Amount as per Ind AS	Less Allowances as required under Ind AS 109	Net Carrying Amount	Provision required as per IRACF norms*	Difference between Ind AS 109 provisions and IRACF norms
1	2	3	4	5=(3-4)	6	7=(6-5)
<b>Performing Assets</b>						
Standard	Stage 1	46,282.50	39.48	46,243.02	112.95	(63.47)
	Stage 2	3,356.36	78.85	3,277.51	7.77	71.08
<b>Subtotal for performing Assets</b>		<b>49,638.86</b>	<b>118.33</b>	<b>49,520.54</b>	<b>120.72</b>	<b>17.40</b>
<b>Non-Performing Assets (NPA)</b>						
Substandard	Stage 1	158.54	1.06	157.48	15.52	(14.46)
	Stage 2	238.40	6.06	232.33	26.46	(18.39)
	Stage 3	852.42	215.85	636.57	101.28	134.17
Doubtful upto 1 year	Stage 1	1.58	0.01	1.57	0.31	(0.31)
	Stage 2	1.57	0.08	1.49	0.55	(0.47)
	Stage 3	339.58	72.92	266.65	75.19	(2.26)
Doubtful: 1 to 3 years	Stage 1	131.52	27.61	103.91	39.93	(12.32)
Doubtful: more than 3 years	Stage 1	10.03	2.00	8.03	4.77	(2.77)
Loss	Stage 1	-	-	-	-	0.00
<b>Subtotal for NPA</b>		<b>1,831.04</b>	<b>327.40</b>	<b>1,503.64</b>	<b>264.01</b>	<b>63.38</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 IRACF norms	Stage 1	-	-	-	-	0.00
	Stage 2	-	-	-	-	0.00
	Stage 3	-	-	-	-	0.00
<b>Subtotal for other items</b>						
	Stage 1	46,438.62	60.54	46,378.08	112.95	(51.47)
	Stage 2	2,626.53	86.99	2,539.54	7.77	71.08
	Stage 3	1,433.75	318.19	1,115.56	264.01	63.38
<b>TOTAL</b>		<b>51,499.90</b>	<b>467.72</b>	<b>51,032.18</b>	<b>387.73</b>	<b>65.37</b>

\* Provision required as per IRACF norms is excluding provision on interest income from Stage 3 loans.



**43 RBI Disclosures**

The following additional information is disclosed in the terms of Master Direction - Non-Banking Financial Company - Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Direction, 2016 issued vide Master Direction DBR. No. 008/03.10.119/2016-17 dated September 01, 2016 as amended.

**43.1 Capital to Risk Asset Ratio (CRAR)**

Particulars	March 31, 2024	March 31, 2023
CRAR (%)	21.74%	23.72%
CRAR - Tier I Capital (%)	21.49%	23.42%
CRAR - Tier II Capital (%)	0.25%	0.30%
Amount of subordinated debt raised as Tier - II Capital	-	200
Amount raised by issue of perpetual debt instruments	-	-

**43.2 Investments**

The company doesnot have any investments as at March 31, 2024.

**43.3 Derivatives**

The Company doesnot enter into any derivative transactions during the year ended March 31, 2024.

**43.4 Securitisation**

Particulars	March 31, 2024	March 31, 2023
(i) No. of SPVs sponsored by the NBFC for securitisation transactions	-	2
(ii) Total amount of securitised assets as per books of the SPVs sponsored	-	1,095.07
(iii) Total amount of exposure retained by the NBFC towards the SBB as on balance sheet date	-	-
(a) Off-balance sheet exposures towards credit enhancements	-	-
(b) On-balance sheet exposures towards credit enhancements	-	270.64
(iv) Amount of exposures to securitisation transaction other than MRF	-	-
(a) Off-balance sheet exposures towards credit enhancements	-	-
(i) Exposure to own securitisation	-	-
(ii) Exposure to third party securitisation	-	-
(b) On-balance sheet exposures towards credit enhancements	-	-
(i) Exposure to own securitisation	-	106.89
(ii) Exposure to third party securitisation	-	-

**43.5 Details of financial assets sold to securitisation / reconstruction company.**

The Company has not sold any financial assets to Securitisation / Reconstruction companies in the current and previous year.

**43.6 Details of Assignment Transactions undertaken by NBFCs**

The Company has done assignment transaction during the year and previous year as below:

Direct Assignment Name	Assignee Name	Month/Year	Amount	Assignee Share	Assignor Share
Ogyns 12-2022 1W & CV IPEFI	Hinduja Loyal Finance Limited	December, 2022	1,445.21	1,100.00	345.21
Kanakadurga Finance Limited ACSL_03_2023	Southcoast capital services limited	March, 2023	1,180.53	1,047.87	132.66
RFL ICFL CV DA March 2023-Indostar	Indostar Capital Finance Limited	March, 2023	2,071.15	1,864.04	207.11
RFL ICFL CV DA June 2023-Indostar	Indostar Capital Finance Limited	June, 2023	1,702.94	1,517.14	185.80
RFL ICFL 2W DA Sep-2023-Indostar	Indostar Capital Finance Limited	Sep, 2023	2,596.99	2,317.29	279.70
RFL ICFL CV DA Sep-2023-Indostar	Indostar Capital Finance Limited	Sep, 2023	1,938.17	1,744.15	194.02
RFL ICFL CV 2W DA-MARCH2024-Indostar	Indostar Capital Finance Limited	March, 2024	2,834.91	2,531.24	303.67
Secm 3 2024 2W&CV(HLF)	Hinduja Loyal Finance Limited	March, 2024	1,644.98	1,480.49	164.50

**43.7 Details of credit impaired assets purchased / sold**

The Company has not purchased / sold non-performing financial assets in the current and previous year.

**43.8 Exposure to Real estate sector**

The Company has no exposure to the real estate sector directly or indirectly in the current and previous year.

**43.9 Exposure to Capital Market**

The Company has no exposure to the capital market directly or indirectly in the current and previous year.

**43.10 Financing of Parent Company Product**

This disclosure is not applicable as the Company does not have any holding / parent company.

**43.11 Single Borrower Limit / Group Borrower Limit**

The Company has not lent / invested / lent and invested in any borrower / group of borrower in excess of limits prescribed by the RBI.

**43.12 Unsecured Advances**

As confirmed by the Management, the Company has no unsecured advances given against rights, licenses, authorizations etc. during the year and for previous year.

**43.13 Registration from Other Financial Sector Regulators**

Company has obtained registration under Goods and Service Tax Act, 2017 for various States as below

State	GSTR
Telangana	16AAACR9147F22E
Andhra Pradesh	17AAACR9147F12B
Gujarath	14AAACR9147F12K
Karnataka	29AAACR9147F229
Tamilnadu	33AAACR9147F22E
Pondicherry	34AAACR9147F12J



43.14 Penalty  
No penalties were imposed by RBI and other regulators during current and previous year.

43.15 Credit Rating

Particulars	March 31, 2024		March 31, 2023	
	Rating	Outlook	Rating	Outlook
Rating Agency Name	CARE			
Long Term Bank Facilities	BBB	Stable	BBB	Stable
Non-Convertible Debentures	BBB	Stable	BBB	Stable

43.16 Provisions

Particulars	March 31, 2024	March 31, 2023
1. Provisions towards loans	(24.69)	42.09
2. Provisions towards income tax	265.94	117.70

43.17 Draw down from Reserves:

There has been no draw down from reserves during the year ended March 31, 2024 (March 31, 2023: Nil)

43.18 Concentration of Loans

Particulars	March 31, 2024	March 31, 2023
Total Loans of twenty largest borrowers	3,034.77	245.33
Percentage of Loans to twenty largest borrowers to total advances of the NBFC	5.88%	0.35%

43.19 Concentration of Assets (including off-balance sheet exposures)

Particulars	March 31, 2024	March 31, 2023
Total Exposure to twenty largest borrowers / customers	3,147.31	231.61
Percentage of exposure to twenty largest borrowers / customers to total exposure of the NBFC on borrowers / customers	6.05%	0.52%

43.20 Concentration of credit impaired loans

Particulars	March 31, 2024	March 31, 2023
Total Exposure to top ten credit impaired accounts	120.27	90.79

43.21 Sector wise credit impaired Assets under Ind AS

Particulars	March 31, 2024	March 31, 2023
Auto Loans	6.05%	5.39%
Gold Loans	-	-
Entity as a whole	3.59%	4.16%

43.22 Movement of Credit Impaired Loans under Ind AS

Particulars	March 31, 2024	March 31, 2023
(i) Net impaired loss allowance to Net loans (₹)	2.98%	3.57%
(ii) Movement of Credit Impaired Loans under Ind-AS (₹/Cr)		
(a) Opening Balance	1,671.12	1,456.14
(b) (Deletions)/Addition during the year	(20.08)	274.78
(c) Closing balance	1,651.04	1,730.92
(iii) Movement of Net Impaired loss		
(a) Opening Balance	1,551.43	1,175.58
(b) (Deletions)/Addition during the year	(27.79)	375.85
(c) Closing balance	1,523.64	1,551.43
(iv) Movement of Impairment loss allowance on credit impaired loans		
(a) Opening Balance	119.44	220.76
(b) (Deletion)/Addition during the year	7.21	(1.02)
(c) Closing balance	127.65	219.74

43.23 Overseas Assets

The Company does not have any joint venture or subsidiary abroad; hence this disclosure is not applicable.

43.24 Off Balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

The Company has not sponsored any off-Balance Sheet SPV.

43.25 Customer Complaints

Particulars	March 31, 2024	March 31, 2023
(a) No. of complaints pending at the beginning of the year	0	0
(b) No. of complaints received during the year	6	2
(c) No. of complaints redressed during the year	6	2
(d) No. of complaints pending at the end of the year	0	0

43.26 As required by the RBI circular no DNDE.PD.CE. No. 256 /03.10.042 / 2011-12 dated March 2, 2012 the details of frauds noticed / reported are as below:

Particulars	March 31, 2024	March 31, 2023
Amount involved	-	18.41
Amount Recovered	-	-
Amount Written off/provided	-	-
Balance	-	18.41

43.27 Deals to micro, small and medium enterprises

There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprises Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises.

For the year ended March 31, 2024, no vendor / supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.





## 43.2B Asset liability management

## Maturity pattern of asset and liabilities- As at March 31, 2024

Pattern	1 day to 30-31 days (One month)	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 years	Total
<b>Liabilities</b>									
Capital and Reserves	-	-	-	-	-	-	-	11,875.01	11,875.01
Bank Borrowings	2,454.74	-	-	-	-	-	-	-	2,454.74
Term loans from banks	636.16	643.97	644.27	2,045.97	3,447.45	5,201.37	-	-	12,619.20
Term loans from financial institutions	1,540.06	1,581.97	1,614.25	4,702.81	7,735.00	10,235.58	203.65	-	27,603.33
NCD	1,194.22	1,013.32	3,445.76	-	-	1,992.03	-	-	7,645.33
Payables on account of Securitisation transactions	-	-	-	-	-	-	-	-	-
Current Liabilities & Provisions	932.66	585.37	23.39	119.78	188.98	376.32	261.99	214.51	2,702.99
<b>Total Liabilities</b>	<b>6,757.83</b>	<b>3,824.64</b>	<b>5,727.67</b>	<b>6,868.56</b>	<b>11,371.43</b>	<b>17,795.30</b>	<b>465.64</b>	<b>12,089.52</b>	<b>64,900.59</b>
<b>Assets</b>									
Loans & Advances	1,893.05	4,558.25	6,202.25	8,545.56	11,684.64	17,656.52	493.91	-	51,034.18
Other receivables	115.82	-	-	-	33.95	28.43	39.06	-	217.25
Fixed Assets & ROUA	-	-	-	-	-	-	-	2,463.58	2,463.58
Cash & bank balances	10,105.99	-	-	-	-	-	-	-	10,105.99
Balances with banks to the extent held as margin money	-	-	-	-	2.30	-	-	-	2.30
Other assets	193.98	63.30	66.10	214.51	226.97	236.95	75.48	-	1,077.29
<b>Total Assets</b>	<b>12,308.84</b>	<b>4,621.55</b>	<b>6,268.34</b>	<b>8,760.07</b>	<b>11,947.86</b>	<b>17,921.89</b>	<b>608.45</b>	<b>2,463.58</b>	<b>64,900.59</b>
Mismatch	5,551.01	796.92	540.67	1,891.51	576.43	126.59	142.82	(9625.95)	-
Cumulative Mismatch	5,551.01	6,347.93	6,888.60	8,780.11	9,356.54	9,483.13	9,625.95	-	-

## Maturity pattern of asset and liabilities- As at March 31, 2023

Pattern	1 day to 30-31 days (One month)	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 years	Total
<b>Liabilities</b>									
Capital and Reserves	-	-	-	-	-	-	-	11,158.01	11,158.01
Bank Borrowings	4,381.01	-	-	-	-	-	-	-	4,381.01
Term loans from banks	358.69	408.47	409.34	1,234.18	2,346.53	4,272.28	-	-	9,029.49
Term loans from financial institutions	770.31	893.53	854.66	2,328.92	4,227.85	7,266.52	-	-	16,341.79
NCD	62.51	2,395.89	4,062.51	2,937.57	3,209.49	3,657.44	-	-	16,325.40
Payables on account of Securitisation transactions	131.00	41.00	26.10	78.00	16.84	-	-	-	292.94
Current Liabilities & Provisions	355.74	123.29	82.67	493.14	61.67	198.60	350.00	456.35	2,121.46
<b>Total Liabilities</b>	<b>6,059.25</b>	<b>3,862.18</b>	<b>5,435.28</b>	<b>7,071.80</b>	<b>9,862.38</b>	<b>15,394.84</b>	<b>350.00</b>	<b>11,614.36</b>	<b>59,650.10</b>
<b>Assets</b>									
Loans & Advances	2,015.58	4,047.72	5,464.28	7,476.22	9,896.75	15,201.84	386.12	-	44,488.51
Other receivables	146.99	-	-	-	30.67	60.79	-	-	238.45
Fixed Assets & ROUA	-	-	-	-	-	-	-	2,524.68	2,524.68
Cash & bank balances	10,875.27	-	-	-	-	-	-	-	10,875.27
Balances with banks to the extent held as margin money	53.87	-	125.75	-	65.25	-	-	-	244.87
Other assets	309.71	48.80	44.50	125.94	342.57	206.33	200.48	-	1,278.32
<b>Total Assets</b>	<b>13,401.42</b>	<b>4,096.51</b>	<b>5,634.52</b>	<b>7,602.16</b>	<b>10,335.24</b>	<b>15,468.96</b>	<b>586.60</b>	<b>2,524.68</b>	<b>59,650.10</b>
Mismatch	7,342.17	234.33	199.25	530.36	472.86	74.12	236.60	(9089.68)	-
Cumulative Mismatch	7,342.17	7,576.50	7,775.75	8,306.11	8,778.97	8,853.08	9,089.68	-	-



Signature of the authorized signatory of Kanakadurga Finance Ltd.



**KANAKADURGA FINANCE LIMITED**

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

43.29 Disclosure on liquidity risk under RBI circular no. RBI/2019-20/89 DOR.NBFC(PD) CC.No. 102/03.10.001/2019-20 dated November 04,2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and core Investment Companies as on March 31,2024.

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

No. of Significant Counterparties	Amount	% of total Deposits	% of Total Liabilities*
41	50,322.59	NA	94.90%

ii) Top 20 large deposits - Not Applicable

iii) Top 10 Borrowings

Amount #	% of Total Liabilities
24,905.64	46.97%

iv) Funding Concentration based on significant instrument/product

Name of the instrument	Amount #	% of Total Liabilities*
Term Loan	40,222.52	75.85%
Non convertible Debentures	7,645.33	14.42%
Working capital/Short term facilities	2,454.74	4.63%
Total	50,322.59	94.90%

v) Stock Ratios

Particulars	March 31, 2024
NCDs (Original Maturity < 1 year) to Total Liabilities	10.62%
NCDs (Original Maturity < 1 year) to Total Assets	8.68%
Other Short Term Liabilities to Total Liabilities	54.50%
Other Short Term Liabilities to Total Assets	44.52%

vi) Institutional set-up for liquidity risk management:

The Company has an Asset Liability Management Committee (ALCO), a management level committee to handle liquidity risk management. The ALCO meetings are held at periodic intervals. At the apex level, the Risk Management Committee (RMC), a sub-committee of the Board of Directors of the Company, oversees the liquidity risk management. The RMC subsequently updates the Board of Directors on the same. # Amount does not include accrued but not paid interest on borrowing and amortisation of processing fees. \* Total Liabilities does not include Net Worth.

43.30 Schedule to the Balance sheet of a Non-Deposit taking Non-Banking Financial company (as required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit accepting or holding) Companies prudential norms (Reserve Bank) directions, 2015)

Particulars	Amount outstanding March 31, 2024	Amount overdue
<b>Liabilities side:</b>		
1 Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		-
(a) Debentures: Secured	6,645.33	-
Other than falling within the meaning of public deposits*		-
(b) Deferred credits	-	-
(c) Term loans from bank	12,619.20	-
(d) Inter-corporate loans and borrowing	27,603.11	-
(e) Commercial paper	-	-
(f) Other loans		-
Loan from:		-
i) Directors	-	-
ii) Shareholders	-	-
iii) CC limit from bank	2,454.74	-
iv) Unsecured loan from bank and institution	1,000.00	-



Assets side:		Amount outstanding
2	Break-up of loans and advances including bills receivables (other than those included in (4) provision on NPA:	
	(a) Secured	91,034.18
	(b) Unsecured	Nil
3	Break up of leased assets and stock on hire and other assets counting towards AFC activities	
	(i) Lease assets including lease rentals under sundry debtors	
	(a) Financial lease	Nil
	(b) Operating lease	Nil
	(ii) Stock on hire including hire charges under sundry debtors:	
	(a) Assets on hire	Nil
	(b) Repossessed assets	Nil
	(iii) Other loans counting towards AFC activities	Nil
	(a) Loans where assets have been repossessed	Nil
	(b) Loans other than (a) above	Nil
4	Break-up of investments:	
	Current investments:	
	1. Quoted:	
	(i) Shares:	Nil
	a) Equity	Nil
	b) Preference	Nil
	(ii) Debentures and bonds	Nil
	(iii) Units of mutual funds	Nil
	(iv) Government securities	Nil
	(v) Others	Nil
	2. Unquoted:	
	(i) Shares:	Nil
	a) Equity	Nil
	b) Preference	Nil
	(ii) Debentures and bonds	Nil
	(iii) Units of mutual funds	Nil
	(iv) Government securities	Nil
	(v) Others	Nil
	Long term investments:	
	1. Quoted:	
	(i) Shares:	Nil
	a) Equity	Nil
	b) Preference	Nil
	(ii) Debentures and bonds	Nil
	(iii) Units of mutual funds	Nil
	(iv) Government securities	Nil
	(v) Others	Nil
	2. Unquoted:	
	(i) Shares:	Nil
	a) Equity	Nil
	b) Preference	Nil
	(ii) Debentures and bonds	Nil
	(iii) Units of mutual funds	Nil
	(iv) Government securities	Nil
	(v) Others (pass through certificates)	Nil

5. Borrower group-wise classification of assets finances as in (3) and (4) above:			
Category	Amount net of provisions **		
	Secured	Unsecured	Total
1) Related parties			
(a) Subsidiaries			
(b) Companies in the same group	Nil	Nil	Nil
(c) Other related parties			
2) Other than related parties**			
Total			





6. Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):		
Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1) Related parties	Nil	Nil
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2) Other than related parties**	-	-
<b>Total</b>	-	-
** As per Ind As		
*** Provision distributed on gross amount of assets financed		
7. Other information		
Particulars	Amount	
I) Gross non-performing assets	-	
(a) Related parties	-	
(b) Other than related parties	1,851.04	
II) Net non-performing assets	-	
(a) Related parties	-	
(b) Other than related parties	1,523.64	
III) Assets acquired in satisfaction of debt	-	

43.31 During the year, to relieve COVID-19 pandemic related stress, the Company has invoked resolution plans for eligible borrowers based on the parameters laid down in accordance with the resolution policy approved by the Board of Directors of the Company and in accordance with the guidelines issued by the RBI on 6 Aug 2020.

a) Disclosure pursuant to RBI notification - RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated 06 Aug, 2020

(Amount in Rs. in lakhs)

S.No	Type of borrower	(A)	(B)	(C)	(D)
		Number of accounts where resolution plan has been implemented under this window	Exposure to accounts mentioned at (A) before implementation of the plan	Of (B), aggregate amount of debt that was converted into other securities	Additional funding sanctioned, if any, including between invocation of the plan and implementation
1	Personal Loans	-	-	-	-
2	Corporate persons	-	-	-	-
3	MSMEs	-	-	-	-
4	Others	-	-	-	-

b) Disclosure pursuant to RBI notification - RBI/2020-21/17 DOR.No.BP.BC/3/21.04.048/2020-21 dated 06 Aug, 2020

(Amount in Rs. in lakhs)

Type of borrower	Number of accounts where resolution plan has been implemented under this window	Exposure to accounts mentioned at (A) before implementation of the plan
MSMEs	-	-

43.32 Details of the Auctions conducted with respect to Gold Loan

The Auction details of gold Jewellery taken as a security from the customers against loan given are as follows.

(Amount in Rs. in lakhs)

Year	Auction accounts	Settlement amount	Sale amount	Profit/Loss
2023-2024	265	163.3	163.3	-
2022-2023	107	53.25	53.28	0.03

Note: Company confirms that none of its sister concerns participated in the above auctions.

43.33 Liquidity coverage ratio

Ratio	As at	As at
	March 31, 2024	March 31, 2023
Cash & bank balances	10,105.99	10,875.27
Liabilities to be repaid in over 30 days	4,107.42	2,765.94
Liquid asset coverage ratio	235%	393%



**44 Pursuant to The Taxation Laws (Amendment) Ordinance 2019, promulgated on 20 September 2019, the Company**

Intends to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 to compute income tax at the revised rate (i.e. 25.17%) from the previous financial year

**45 Event after reporting date**

There have been no events after the reporting date that require disclosure in these financial statements.

**46 Regulation 54 of the SEBI(Listing obligations and Disclosure Requirements) Regulations, 2015, as amended**

Pursuant to Regulation 54 of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015, we would like to state that all secured listed Non-Convertible Debentures of the Company are secured by first and exclusive charge on receivables of the Company by way of hypothecation to the extent of minimum 100% times of the amount outstanding.

**47 Other Statutory Information**

- i. The Company do not have any investment property.
- ii. The Company do not have any benami property, where any proceeding has been initiated or pending against the group for holding any benami property.
- iii. Title deed of the Immovable Properties are held in name of the Company, further the Company have not revalued its Property, Plant and Equipment and intangible assets (including Right-of-Use Assets) during the financial year.
- iv. The Company do not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period for borrowings.
- v. The Company, being a Non-Banking Financial Company ("NBFC") registered with the Reserve Bank of India as a systematically important NBFC, the provisions of section 2(87) read with Companies (restriction on number of layers) Rules 2017 are not applicable.
- vi. The quarterly statement of current assets submitted to banks/ financial institutions which are provided as security against the borrowings are in agreement with the books of account.
- vii. There have been no significant events after the reporting date require disclosure in these financial statements.
- viii. The Company have not entered any transactions with companies that were struck off under Section 248 of the Companies Act, 2013 or Section 560 of the Companies Act, 1956.
- ix. The Company have not traded or invested in crypto currency or virtual Currency during the financial year.
- x. The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding that the intermediary shall:
  - a) 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
  - b) Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.The Company have not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
  - a) 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
  - b) Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.
- xi. The Company have not 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).
- xii. During the year, no scheme of arrangements in relation to the Company have been approved by the competent authority in terms of Sections 230 to 237 of the Companies Act, 2013. Accordingly, aforesaid disclosure are not applicable to the Company.
- xiii. The Company have not advanced or loaned to promoter, director, KMP &amp; related party.
- xiv. The Company is not declared wilful defaulter by any bank or financial institution or other lenders.
- xv. Pursuant to RBI circular dated November 12, 2021, "Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances - clarifications", the Company have taken necessary steps and complied with the provisions of the circular for regulatory reporting, as applicable. The financial Statements for the quarter and year ended March 31, 2024, are prepared in accordance with the applicable Ind-As guidelines and the RBI Circular dated March 13, 2020 - "Implementation of Indian Accounting Standards".

**48 Previous year's information have been regrouped/reclassified wherever necessary to correspond with current period's classification/disclosure.**

For JHS & Associates LLP  
Chartered Accountants  
ICAI Firm Registration  
No.:133288W/100099



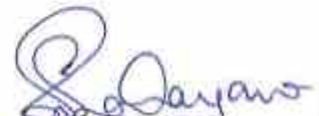
Samad Dhanani  
Partner  
Membership No. 177700  
Place: Mumbai  
Date: 27-05-2024



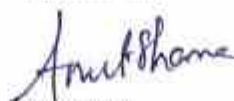
For and on behalf of the Board of Directors of  
KANAKADURGA FINANCE LIMITED  
CIN: U65921AP1994PLC098605



S. J.P. Narayana  
Managing Director Cum CFO  
DIR: U65921A  
Place: Vijayawada  
Date: 27-05-2024



S. Srimannarayana  
Managing Director  
DIR: U65921A  
Place: Vijayawada  
Date: 27-05-2024



Amit Sharma  
Company Secretary  
Membership no: 440715  
Place: Vijayawada  
Date: 27-05-2024

