

## INDEPENDENT AUDITOR'S REPORT

To the Members of Clix Capital Services Private Limited

Report on the Audit of the Standalone Ind AS Financial Statements

### Opinion

We have audited the accompanying standalone Ind AS financial statements of **Clix Capital Services Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the standalone Ind AS financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "standalone Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 accounting principles generally accepted in India including the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, of the state of affairs of the Company as at March 31, 2022, its loss (including other comprehensive income), its changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with 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 Standalone Ind AS 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 standalone Ind AS financial statements under the provisions of the Act and 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 on the standalone Ind AS financial statements.

### Emphasis of Matter

We draw attention to the following matters in the notes to the standalone Ind AS financial statements:

- a) Note 40.2.3 to the standalone Ind AS financial statements, which explains the management's evaluation of the financial impact due to COVID-19 pandemic. The assessment of the impact is highly subjective and dependent upon the circumstances as they evolve.
- b) Note 62 to the standalone Ind AS financial statement, which explains that the figures of standalone financial statements for the year ended March 31, 2021 have been restated by the Management to give effect of the amalgamation of Clix Finance India Private Limited, one of



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its wholly-owned subsidiary company, into the Company with effect from April 1, 2021, the appointed date pursuant to approval of the scheme of amalgamation by Reserve Bank of India and the Central Government (Regional Director - MCA) on July 20, 2021 and March 25, 2022 respectively; in accordance with the accounting treatment prescribed in Appendix C to Ind AS 103. The restated figures for the aforesaid year end have not been subject to audit.

Our opinion is not modified in respect of these matters.

## Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
<b>Impairment of Financial assets</b> (as described in Note 7.3 of the standalone Ind AS financial statements)	
<p>The Company's impairment provision for financial assets is based on the expected credit loss (ECL) approach laid down under 'Ind AS 109 Financial Instruments'. ECL involves an estimation of probability-weighted loss on the financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of its financial assets (loans and advances). In the process, a significant degree of judgement has been applied by the management in respect of following matters:</p> <ol style="list-style-type: none"> <li>Defining thresholds for significant increase in credit risk ('SICR') and 'default'.</li> <li>Grouping of loans under homogenous pools to determine probability of default on a collective basis and calculation of past default rates.</li> <li>Estimation of management overlay for macro-economic factors which could impact the credit quality of the loans.</li> </ol> <p>Considering the evolving nature of the COVID-19 pandemic, which has continued to impact the Company's business operations, resulting in higher loan losses, the Company has considered management overlay as part of its ECL, to reflect among other things the</p>	<ul style="list-style-type: none"> <li>Our audit procedures included considering the Company's accounting policies for impairment of financial instruments and assessing compliance with the policies in terms of Ind AS 109 and the governance framework approved by the Board of Directors pursuant to various Reserve Bank of India guidelines.</li> <li>Read and assessed the Company's policy with respect to one-time restructuring offered to customers pursuant to the "Resolution Framework 2.0 for COVID-19-related Stress of Micro, Small and Medium Enterprises" issued by RBI on May 5, 2021 and tested the implementation of such policy on a sample basis.</li> <li>Assessed the assumptions used by the Company for grouping and staging of loan portfolio into various categories and default buckets and their appropriateness for determining the probability of default (PD) and loss-given default (LGD) rates.</li> <li>Tested controls for staging of loans based on their past-due status. Also tested samples of stage 1 and Stage 2 loans to assess whether any loss indicators were present requiring them to be classified under higher stages.</li> <li>Assessed the additional considerations applied by the management for staging of</li> </ul>



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<p>increased risk of deterioration in macro-economic factors.</p> <p>Given the unique nature of the pandemic and the extent of its economic impact which depends on future developments including governmental and regulatory measures and the Company's responses thereto, the actual credit loss can be different than that being estimated.</p> <p>In view of the high degree of management's judgement involved in estimation of impairment allowance it is considered as a key audit matter.</p>	<p>loans as SICR or default categories in view of Company's policy on one-time restructuring.</p> <ul style="list-style-type: none"><li>• Tested samples of the input data used for determining the PD and LGD rates and agreed the data with the underlying books of account and records.</li><li>• Tested assumptions used by the management in determining the overlay for macro-economic factors (including COVID-19 pandemic).</li><li>• Tested the arithmetical accuracy of computation of ECL provision performed by the Company.</li><li>• Verified the disclosures made in the Ind AS financial statements in respect of ECL as required under Ind AS 107 and 109.</li></ul>
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## Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the standalone Ind AS financial statements, consolidated Ind AS financial statements and our auditor's report thereon. The Director's report is expected to be made available to us after the date of this auditor's report.

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

When we read the Director's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## Responsibilities of Management and Those Charged with Governance for the Standalone Ind AS 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 standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including Ind AS prescribed under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of



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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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

## **Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS 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 this standalone Ind AS 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 standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements 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 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 standalone Ind AS 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.



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

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

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

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

## Other Matter

The audit of standalone Ind AS financial statements for the year ended March 31, 2021 was carried out and reported by the Company's predecessor auditors' M/s. S.R. Batliboi & Associates LLP, vide their unmodified audit report dated June 04, 2021, whose report has been furnished to us by the management and which has been relied upon by us for the purpose of our audit of the standalone Ind AS financial statements.

As explained in note 62 to the standalone Ind AS financial statement and point b) of the Emphasis of Matter paragraph above, these audited figures have however, been restated by the Management to give effect of the amalgamation of Clix Finance India Private Limited, one of its wholly-owned subsidiary company, into the Company with effect from April 1, 2021. The restated standalone Ind AS financial statements for the aforesaid year has been approved by the Company's Board of Directors but have not been subject to audit.

Our report is not modified in respect of this matter.

## 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 section 143(11) of the Act, we report in "Annexure 1", 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;



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- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the books of account;
- d. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Ind AS prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;
- e. On the basis of the written representations received from the directors as on March 31, 2022, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of section 164(2) of the Act;
- f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure 2";
- g. With respect to the other matter to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, section 197 of the Act related to the managerial remuneration is not applicable.

- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements - Refer Note 34 on Contingent Liabilities to the standalone Ind AS financial statements;
  - (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) (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;



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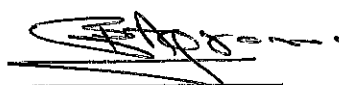
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- (iv) (b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (iv) (c) Based on the audit procedures that are considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- (v) The Company has not declared nor paid any dividend during the year. Hence, reporting the compliance with section 123 of the Act is not applicable.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No.103523W / W100048



Kunj B. Agrawal

Partner

Membership No.: 095829

UDIN: 22095829AJLDG3161

Place: New Delhi

Date: May 30,2022



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## ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section in the Independent Auditor's Report of even date to the members of Clix Capital Services Private Limited ("the Company") on the standalone Ind AS financial statements for the year ended March 31, 2022]

Based on the audit procedures performed for the purpose of reporting a true and fair view on the standalone Ind AS financial statements of the Company and taking into consideration the information, explanations and written representation given to us by the management and the books of account and other records examined by us in the normal course of audit, we report that:

- (i)
- (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.
- (a) (B) The Company has maintained proper records showing full particulars of Intangible Assets.
- (b) The Company has a program of physical verification of Property, Plant and Equipment once in a two years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, all Property, Plant and Equipment were physically verified by the management during the year. No Material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of lessee), disclosed in the standalone Ind AS financial statements are held in the name of the Company, except for the details given below:-

Description of property	Gross carrying value (Rs. in Lakhs)	Held in name of	Whether promoter, director or their relative or employee	Period held	Reason for not being held in name of Company
Buildings: Residential Flat	501	K.C. Sheth (HUF)	No	1 year	Property repossessed as per the court decree order against receivables and held for sale.

- (d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) and/or Intangible Assets during the year. Accordingly, reporting under clause (i)(d) of paragraph 3 of the Order is not applicable.
- (e) No proceedings have been initiated or are pending against the Company as at March 31, 2022 for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The Company is in the business of non-banking financial services consequently, does not hold any inventory. Therefore, reporting under clause (ii)(a) of paragraph 3 of the Order is not applicable.





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(b) The Company has been sanctioned working capital limits in excess of five crore rupees during the year, in aggregate from banks and financial institutions, on the basis of security of current assets. The quarterly returns/statements filed by the Company with such banks and financial institutions are in agreement with the books of account of the Company.

(iii)

- (a) The Company's principal business is to give loans and therefore, reporting under clause (iii)(a) and (e) of paragraph 3 of the Order are not applicable.
- (b) The investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided by the Company during the year are not, prima facie, prejudicial to the interest of the Company.
- (c) In respect of loans and advances in the nature of loans granted by the Company, we report that the schedule of repayment of principal and payment of interest has been stipulated and the repayments/receipts of principal and interest are regular except for certain instances as below:

Outstanding of overdue loans as on March 31, 2022

Particulars - Days Past Due	Overdue (Including interest) (Rs. in Lakhs)	No. of Cases
1-30	20,528	11,113
31-90	21,148	6,562
More than 90	17,609	4,806
<b>Total</b>	<b>59,285</b>	<b>22,481</b>

- (d) In respect of the aforesaid loans and advances in the nature of loans, the details of amount which is overdue for more than ninety days is as below:

No. of Cases	Overdue ( Including interest) (Rs. in Lakhs)	Remarks
4,806	17,609	Reasonable steps have been taken by the Company for recovery of the principal and interest.

- (e) The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.
- (iv) The provisions of section 185 of the Act are not applicable to the Company as the Company has not provided any loans to directors or to any other person in whom the director is interested. Further, the provisions of section 186 [except for sub section (1)] of the Act are not applicable to the Company, being an NBFC, as it is engaged in the business of providing loans. The Company has complied with the provisions of section 186(1) of the Act.
- (v) The Company is a Non-Banking Finance Company registered with the Reserve Bank of India to which the provisions of sections 73 to 76 of the Act and the relevant rules made there under are not applicable. Accordingly, reporting under clause (v) of paragraph 3 of the Order is not applicable.



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- (vi) The Central Government has not prescribed the maintenance of cost records for any of the products of the Company under sub-section (1) of section 148 of the Act and the rules framed there under.
- (vii) (a) The Company is generally regular in depositing with the appropriate authorities, undisputed statutory dues including Goods and Services tax (GST), provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues applicable to it.

No undisputed amounts payable in respect of GST, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (b) The dues outstanding with respect to GST, provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax and cess, on account of any dispute, are as follows:

Statement of Disputed Dues

Name of the statute	Nature of the dues	Amount (Rs. in Lakhs)*	Period to which the amount relates	Forum where dispute is pending
Finance Act 1994	Service tax dues	2,650.64	FY 2003-04 to 2007-08	Customs, Excise and Service Tax Appellate Tribunal
Maharashtra VAT Act, 2002	Value Added Tax	588.51	FY 2005-06 to 2007-08	Joint Commissioner of Sales Tax (Appeal)
Kerala VAT Act, 2003	Value Added Tax	1.90	FY 2005-06	Inspecting Assistant Commissioner, Ernakulum
Finance Act 1994	Service tax dues	1333.69	FY 2006-07 to 2010-11	Customs, Excise and Service Tax Appellate Tribunal
Central Sales Tax Act, 1956	Sales Tax	2.38	FY 2011-2012	The commercial tax officer, T Nagar Assessment Circle Tamil Nadu
Delhi Sales Tax Act, 1975	Sales Tax	1.84	FY 2003-2004	Joint Commissioner of Sales Tax (Delhi)
Delhi Value Added Tax, 2004	Value Added Tax	47.38	FY 2012-13 to 2013-14	Objection Hearing Authority, DVAT
Gujarat Value Added Tax, 2003	Value Added Tax	21.58	FY 2008-2009	Assistant Commissioner of State Tax (Assessing authority)
Karnataka VAT Act, 2003	Value Added Tax	15.48	FY 2008-2009	Karnataka High Court
Karnataka VAT Act, 2003	Value Added Tax	25.84	FY 2007-2008	Assistant Commissioner of Commercial Taxes
Kerala General Sales Tax Act, 1963	Sales Tax	6.07	FY 2002-03 and 2003-04	Assistant Commissioner



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Maharashtra VAT Act, 2002	Value Added Tax	1.12	FY 2014-15	Joint Commissioner (Appeals), MVAT
Tamil Nadu General Sales Tax Act, 1969	Sales Tax	5.82	FY 2003- 2004	Appellate Assistant Commissioner (CT), Tamil Nadu
Telangana VAT Act	Value Added Tax	39.89	FY 2014-15 to 2017-18	Commissioner (Appeals)
West Bengal Sales Tax Act, 1994	Sales Tax	0.91	FY 2000- 2001	Commercial Tax Officer, West Bengal

\*Above amount are net of amount paid under protest, wherever paid.

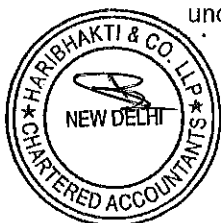
- (viii) We have not come across any transaction which were previously not recorded in the books of account of the Company that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- (ix)
- (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
- (c) Pending utilization of the term loan for the purpose for which they were obtained, the funds were temporarily placed in liquid investments but were ultimately utilized for the purpose for which they were obtained.
- (d) On an overall examination of the standalone Ind AS financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) On an overall examination of the standalone Ind AS financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary as defined under the Act.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiary, as defined under the Act.
- (x) (a) The Company has not raised money by way of initial public issue offer / further public offer (including debt instruments) during the year. Therefore, reporting under clause (x)(a) of paragraph 3 of the Order is not applicable.
- (b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Therefore, reporting under clause (x)(b) of paragraph 3 of the Order is not applicable.
- (xi)(a) During the course of our 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, no material fraud by the Company or on the Company has been noticed or reported during the course of our audit except 2 instances of customer frauds noticed by the management aggregating to Rs. 164 lakhs which have duly been reported to the RBI.
- (b) No report under section 143(12) of the Act has been filed with the Central Government by the auditors of the Company in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014, during the year or upto the date of this report.



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- (c) There are no whistle blower complaints received by the Company during the year and upto the date of this report.
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, reporting under clause (xii) of paragraph 3 of the Order is not applicable.
- (xiii) All transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and the details have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.
- (xiv) (a) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the Internal Audit Reports of the Company issued till date, for the period under audit.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with them during the year and hence, provisions of section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and the registration has been obtained by the Company.
- (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without having a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (c) The Company is not a Core Investment Company (CIC) as defined in Core Investment Companies (Reserve Bank) Directions, 2016 ("Directions") by the Reserve Bank of India. Accordingly, reporting under clause (xvi)(c) and (d) of paragraph 3 of the Order are not applicable.
- (xvii) The Company has not incurred cash losses in the current and the immediately preceding financial year.
- (xviii) There has been resignation of the statutory auditors during the year, however no issues, objections or concerns were raised by the outgoing auditors.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone Ind AS financial statements and our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which cause us to believe that any material uncertainty exists as on the date of this audit report and that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) There are no unspent amount towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Act in compliance with second proviso to section 135(5) of the said Act. Hence, reporting under clause (xx) of paragraph 3 of the Order is not applicable.



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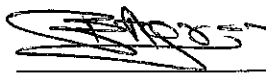
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- (b) In respect of ongoing projects, the Company has transferred the unspent Corporate Social Responsibility (CSR) amount to a Special Account, within a period of 30 days from the end of the financial year in compliance with section 135(6) of the said Act.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 103523W / W100048



Kunj B. Agrawal

Partner

Membership No.: 095829

UDIN: 22095829AJXLDG3161

Place: New Delhi

Date: May 30, 2022



# HARIBHAKTI & CO. LLP

Chartered Accountants

## ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section in our Independent Auditor's Report of even date to the members of Clix Capital Services Private Limited on the standalone Ind AS financial statements for the year ended March 31, 2022]

**Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to financial statements of Clix Capital Services Private Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the standalone Ind AS 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of 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 specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to 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 controls 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



# HARIBHAKTI & CO. LLP

Chartered Accountants

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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls with reference to Financial Statements

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

## Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note issued by the ICAI.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No.103523W / W100048



Kunj B. Agrawal

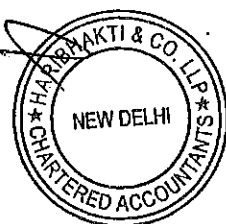
Partner

Membership No.: 095829

UDIN: 22095829AJXLDG3161

Place: New Delhi

Date: May 30,2022



**Clx Capital Services Private Limited**  
**Balance Sheet as at 31 March 2022**  
*(All amount in INR lacs, except for share data unless stated otherwise)*

Particulars	Notes	As at 31 March 2022	As at 31 March 2021
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	6A	25,190	10,847
Bank balance other than included in above	6B	17,633	12,330
Loans	7	3,33,603	3,78,867
Investments	8	45,769	51,516
Other financial assets	9	2,025	5,225
<b>Non-financial assets</b>			
Current tax assets (net)		6,039	5,059
Deferred tax assets (net)	29	17,839	14,830
Property, plant and equipment	10A	5,404	10,517
Intangible assets under development	11A	793	478
Goodwill	10B	36,768	36,768
Other intangible assets	10B	2,251	3,345
Right-of-use assets	11B	593	1,436
Other non-financial assets	12	4,314	4,054
<b>Assets held for sale</b>		<b>505</b>	<b>511</b>
<b>Total assets</b>		<b>4,98,726</b>	<b>5,35,783</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Financial liabilities</b>			
<b>Payables</b>			
13			
i) Trade payables			
a) Total outstanding dues of micro enterprises & small enterprises			
b) Total outstanding dues of creditors other than micro enterprises & small enterprises			
ii) Other payables			
a) Total outstanding dues of micro enterprises & small enterprises			
b) Total outstanding dues of creditors other than micro enterprises & small enterprises			
Debt securities	14	74,663	1,37,384
Borrowings (other than debt securities)	15	1,91,676	1,61,596
Lease liabilities	11C	795	1,749
Other financial liabilities	16	10,855	10,374
<b>Non financial liabilities</b>			
Provisions	17	3,359	3,173
Other non-financial liabilities	18	2,602	2,123
<b>Total liabilities</b>		<b>2,98,925</b>	<b>3,27,144</b>
<b>Equity</b>			
Equity share capital	19	1,43,599	1,43,599
Other equity	20	56,202	65,040
<b>Total equity</b>		<b>1,99,801</b>	<b>2,08,639</b>
<b>Total liabilities and equity</b>		<b>4,98,726</b>	<b>5,35,783</b>

Significant accounting policies 3

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For Haribhakti & Co. LLP  
ICAI Firm Registration No. 103523W/W100048  
Chartered Accountants

For and on behalf of the Board of Directors  
Clx Capital Services Private Limited

Kunj B. Agrawal  
Partner  
Membership No.: 095829



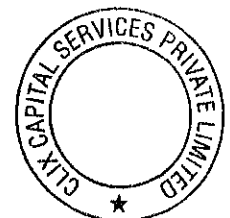
Rakesh Kaul  
Chief Executive Officer  
DIN: 03386665

Rashmi Mohanty  
CFO and Whole Time Director  
DIN: 07072541

Place: New Delhi  
Date: 30 May 2022

Ashish K Paanday  
Company Secretary  
Membership No: A23155

Place: Gurugram  
Date: 30 May 2022





**Clx Capital Services Private Limited**  
**Statement of Profit and loss for the year ended 31 March 2022**  
*(All amount in INR lacs, except for share data unless stated otherwise)*

Particulars	Notes	Year ended 31 March 2022	Year ended 31 March 2021
<b>Revenue from operations</b>			
Interest Income	21	53,884	66,666
Rental Income		3,456	6,438
Fees and commission Income	22	3,394	2,693
Net gain on fair value changes	23	2,893	533
Net gain on de-recognition of financial instruments under amortised cost category		125	908
<b>Total revenue from operations</b>		<b>63,752</b>	<b>77,238</b>
Other Income	24	2,598	4,276
<b>Total income</b>		<b>66,350</b>	<b>81,514</b>
<b>Expenses</b>			
Finance costs	25	28,216	33,911
Fees and commission expense		501	339
Impairment on financial Instruments	25	28,552	23,394
Employee benefit expenses	27	7,846	9,037
Depreciation and amortization	10A, 10B & 11B	4,918	7,406
Other expenses	28	8,675	5,839
<b>Total expenses</b>		<b>78,708</b>	<b>79,926</b>
<b>Profit/(loss) before tax</b>		<b>(12,358)</b>	<b>1,588</b>
Tax expense:	29		
(1) Current tax		-	2,821
(2) Current tax for earlier years		(5)	-
(3) Deferred Tax		(3,022)	(2,173)
<b>Profit/ (loss) for the year</b>		<b>(9,331)</b>	<b>940</b>
<b>Other comprehensive income</b>			
<b>a. Items that will not be reclassified to profit or loss</b>			
Remeasurements of defined benefit liability		51	65
Income tax relating to Items that will not be reclassified to profit or loss		(13)	(16)
<b>b. Items that will be reclassified to profit or loss</b>			
		-	-
<b>Other Comprehensive Income</b>		<b>38</b>	<b>49</b>
<b>Total comprehensive income for the year</b>		<b>(9,293)</b>	<b>989</b>
Earnings per equity share	30		
Basic (INR)		(0.65)	0.07
Diluted (INR)		(0.65)	0.07
Nominal value per share (INR)		10.00	10.00
Significant accounting policies	3		

The accompanying notes are an integral part of the financial statements  
As per our report of even date

For Haribhakti & Co. LLP  
ICAI Firm Registration No. 103523W/W100048  
Chartered Accountants

For and on behalf of the Board of Directors  
Clx Capital Services Private Limited

Kunj B. Agrawal  
Partner  
Membership No.: 095829



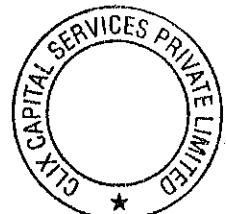
Rakesh Kaul  
Chief Executive Officer  
DIN: 03386665

Rashmi Mohanty  
CFO and Whole Time Director  
DIN: 07072541

Place: New Delhi  
Date: 30 May 2022

Ashish K Paanday  
Company Secretary  
Membership No: A23155

Place: Gurugram  
Date: 30 May 2022



CLX Capital Services Private Limited  
Statement of changes in equity for the year ended 31st March 2022  
(All amount in INR lacs, except for share data unless stated otherwise)

a. Equity Share Capital

(i) Current reporting period	Changes in Equity Share Capital due to prior period errors	Capital due to prior period errors Restated balance as at 1 April 2021	Changes in share capital during the current year	Balance as at 31 March 2022
				1,43,599

(ii) Previous reporting period

Balance as at 1 April 2020	Changes in Equity Share Capital due to prior period errors	Capital due to prior period errors Restated balance as at 1 April 2020	Changes in share capital during the previous year	Balance as at 31 March 2021
				1,43,299

b. Other Equity

	Capital reserve created pursuant to merger	Capital reserve	Capital redemption reserve pursuant to buy back of shares	Reserves and surplus			Total
				Statutory reserve	Share based payment reserve	Retained earning	
Balance at 1 April 2021	4,000	121	11,880	23,015	654	10,304	65,040
Profit for the year	-	-	-	-	(9,331)	-	(9,331)
Re-measurements of the defined benefit plans for the year	-	-	-	-	-	38	38
Total comprehensive income for the year	-	-	-	-	-	(9,293)	(9,293)
Share based payments	-	-	-	-	455	-	455
Transfer out of reserves	-	-	-	-	-	-	-
Balance at 31 March 2022	4,000	121	11,880	23,015	1,109	10,304	56,202

	Capital reserve created pursuant to merger	Capital reserve	Capital redemption reserve pursuant to buy back of shares	Reserves and surplus			Total
				Statutory reserve	Share based payment reserve	Retained earning	
Balance at 1 April 2020	4,000	121	11,880	22,836	663	8,145	61,901
Profit for the period	-	-	-	-	-	940	940
Re-measurements of the defined benefit plans for the year	-	-	-	-	-	49	49
Total comprehensive income for the year	-	-	-	-	-	989	989
Share based payments	-	-	-	-	(9)	-	(9)
Transfer out of reserves	-	-	-	179	-	(179)	2,159
Balance at 31 March 2021	4,000	121	11,880	23,015	654	10,304	65,040

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

For Haribhakti & Co. LLP  
ICAI Firm Registration No. 109323W/W/100048  
Chartered Accountants

*Konj B. Agrawal*  
Partner  
Membership No.: 095829



Place: New Delhi  
Date: 30 May 2022

For and on behalf of the Board of Directors  
CLX Capital Services Private Limited

*Rakesh Kaul*  
Rakesh Kaul  
Chief Executive Officer  
DIN: 03386665

*Rashmi Mohanty*  
Rashmi Mohanty  
CFO and Whole Time Director  
DIN: 07072541

*Ashish K Pandey*  
Ashish K Pandey  
Company Secretary  
Membership No: A23155



Place: Gurugram  
Date: 30 May 2022

**Clix Capital Services Private Limited**  
**Standalone Cash Flow Statement for the year ended 31 March 22**  
*(All amount in INR lacs, except for share data unless stated otherwise)*

(INR In lacs)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
<b>Cash flows from financing activities</b>		
Proceeds from issuance of equity share capital	-	5,000
Proceeds from term loan	81,926	67,406
Repayment of term loan	(64,199)	(1,13,106)
Proceeds from Borrowing against Securitised Portfolio	45,975	35,329
Repayment of Borrowing against Securitised Portfolio	(34,721)	(12,302)
Proceeds from commercial papers	14,278	-
Repayment of commercial papers	(7,168)	-
Proceeds from Non Convertible Debentures	13,346	37,292
Repayment of Non Convertible Debentures	(83,176)	(59,208)
Net decrease of Lease liability	(954)	(1,359)
<b>Net Cash used in financing activities</b>	<b>(34,693)</b>	<b>(40,948)</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>13,245</b>	<b>(27,280)</b>
Cash and cash equivalents at the beginning of the period	9,885	37,165
<b>Cash and cash equivalents at the end of the year</b>	<b>23,130</b>	<b>9,885</b>

**Notes :**

**Components of cash and cash equivalents balance include:**

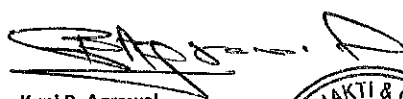
Balances with banks:


- Current accounts
- In deposits with original Maturity of less than three months
- Bank overdraft

**Cash and cash equivalents at the end of the year**

14,190	9,897
11,000	950
(2,060)	(962)
<b>23,130</b>	<b>9,885</b>


For Haribhakti & Co. LLP  
 ICAI Firm Registration No. 103523W/W100048  
 Chartered Accountants


  
**Kunj B. Agrawal**  
 Partner  
 Membership No.: 095829




Place: New Delhi  
 Date: 30 May 2022

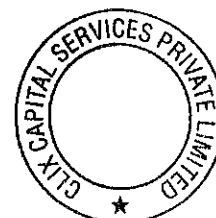
For and on behalf of the Board of Directors  
 Clix Capital Services Private Limited

  
**Rakesh Kaul**  
 Chief Executive Officer  
 DIN: 03386665

  
**Rashmi Mchanty**  
 CFO and Whole Time Director  
 DIN: 07072541

  
**Ashhish R Paanday**  
 Company Secretary  
 Membership No: A23155

Place: Gurugram  
 Date: 30 May 2022



**Clix Capital Services Private Limited**  
**Notes to Standalone Financial Statements for the year ended 31 March 2022**  
(All amount in INR Lacs, except for share data unless stated otherwise)

**1. Corporate information**

Clix Capital Services Private Limited ('CCSPL') ('the Company') is a private limited company domiciled in India and incorporated on 11 February 1994 under the provisions of Companies Act, 1956 with CIN-U65929DL1994PTC116256. The Company is Non-Banking Finance Company ('NBFC') "Systemically Important Non-Deposit Taking Company" registered with the Reserve Bank of India ('RBI') with Registration No. B-14.02950. The Company is primarily engaged in Micro, Small and Medium enterprise (MSME), Consumer and Commercial lending. The Company does not accept deposits from the public. The Company's registered office is at 4th floor, Kailash Building, Kasturba Gandhi Marg, Connaught Place New Delhi.

During the current financial year, the Board of Directors of the Company, in its meeting dated 04 June 2021, had approved a scheme of amalgamation ("the Scheme") with Clix Finance India Private Limited, one of its wholly owned subsidiary company into the Company. The Scheme has been approved by the Central Government (Regional Director, Northern Region) on 25 March 2022 with effect from 01 April 2021 ("Appointed Date") and pursuant to the Scheme, the Company has filed the said Order of Central Government (Regional Director, Northern region) approving the scheme of Amalgamation with the Registrar on 01 April 2022 ("Effective Date"). The said amalgamation has been accounted for as per the requirements of Appendix C to Ind AS 103 "Business Combination" also refer note 62.

**2 (i) Basis of preparation**

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act, the Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 ('the NBFC Master Directions') and notification for implementation of Indian Accounting Standards vide circular RBI/2019-20/170 DOR(NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 ('RBI Notification for implementation of Ind AS') issued by RBI and other applicable RBI circulars/notifications.

**(ii) Basis of measurement**

The financial statements have been prepared on a historical cost basis, except for financial assets held for trading and financial assets and liabilities designated at fair value through profit or loss (FVTPL), all of which have been measured at fair value. The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lakhs, except when otherwise indicated.

**(iii) Presentation of financial statements**

The Company presents its balance sheet in order of liquidity. Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, the Company has unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- A. The normal course of business
- B. The event of default
- C. The event of insolvency or bankruptcy of the Company and/or its counterparties.

**3. Significant accounting policies**

**3.1 Use of estimates**

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effect are disclosed in the notes to the financial statements.

Also, refer note 4 for significant accounting judgements, estimates and assumptions used by Company.

**3.2 Cash and cash equivalents**

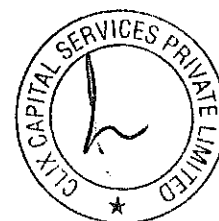
Cash and cash equivalents comprise cash balances on hand, cash balances in bank, other demand deposits with banks and highly liquid investments with maturity period of three months or less from the date of investment.

**3.3 Recognition of income and expense**

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable.

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115:

**Step 1: Identify contract(s) with a customer:** A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.



## Clix Capital Services Private Limited

### Notes to Standalone Financial Statements for the year ended 31 March 2022

(All amount in INR Lacs, except for share data unless stated otherwise)

**Step 2:** Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

**Step 3:** Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

**Step 4:** Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

**Step 5:** Recognise revenue when (or as) the Company satisfies a performance obligation

#### a) Interest and similar income

Interest income, for all financial instruments measured either at amortised cost or at fair value through other comprehensive income, is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or shorter period, where appropriate, to the gross carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable and are an integral part of the EIR, but not future credit losses.

#### b) Foreclosure charges and other fees

Foreclosure charges and other fees which include cheque bounce charges, penal fee, legal charges and prepayment charges etc. are recognised as income when there is certainty regarding the receipt of payment.

#### c) Dividend Income

Dividend income is recognized when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when shareholders approve the dividend.

#### d) Lease rental income

Lease rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in rental income in the statement of profit and loss, unless the increase is in line with expected general inflation, in which case lease income is recognised based on contractual terms.

#### e) Debt advisory fees

Revenue from contract with customer is recognised point in time when performance obligation is satisfied (when the trade is executed). These include debt advisory fees which are charged per transaction executed.

### 3.4 Foreign currency

The Company's financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Income and expenses in foreign currencies are initially recorded by the Company at the exchange rates prevailing on the date of the transaction.

Foreign currency denominated monetary assets and liabilities are translated at the functional currency spot rates of exchange at the reporting date and exchange gains and losses arising on settlement and restatement are recognized in the statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

### 3.5 Expenditure

Expenses are recognised on accrual basis and provisions are made for all known losses and liabilities. The Company has also entered into certain cost sharing arrangements for resources shared with other entities. The costs allocated to the Company under the cost sharing arrangements are included in the respective expenses. The costs allocated to other entities under the cost sharing arrangement are shown as amounts recoverable from the respective parties.



**a) Interest expense**

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to arrangers and other expenses such as external legal costs, provided these are incremental costs that are directly related to the issue of a financial liability.

**3.6 Property, plant and equipment (PPE) and Intangible assets**

**PPE**

PPE are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

**Intangible assets**

The Company's intangible assets mainly include the value of computer software. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

**3.7 Depreciation and amortization**

**Depreciation**

**(i) Owned assets**

- (a) Leasehold improvements are amortised over the lease term as stated in the lease agreement or useful life of the asset whichever is lower.
- (b) Depreciation on owned fixed assets is provided on straight line method at the rates, computed based on estimated useful life of those assets as prescribed under Schedule II to the Companies Act, 2013. Land is not depreciated.

The estimated useful lives are, as follows:

- Computers	3 years
- Office equipment	5 years
- Furniture and fixtures	10 years

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

**(ii) Assets given on operating lease**

Assets given on operating lease are depreciated to their residual value as estimated by the management, on a straight-line basis over the expected useful life of the asset or lease term, whichever is lower.

**(iii) Assets taken on finance lease**

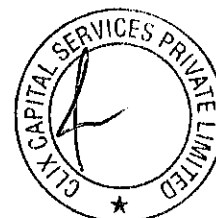
Assets taken on finance lease are being depreciated on the straight-line method to a residual value over the lease term or useful life, whichever is lower. In the opinion of the management, the aforesaid depreciation rates reflect the economic useful lives of the fixed assets.

**(iv) Computer software and Goodwill**

Computer software are amortised using the straight line method over the Management's estimate of useful life during which the benefits are expected to accrue. The useful lives of Computer software are reviewed at each financial year end and adjusted prospectively, if appropriate. The estimated useful life considered by the Company for Computer Software is 5 to 10 years. Goodwill is tested for impairment in accordance with Applicable Ind AS at each Balance Sheet date.

**(v) Intangible assets under development**

The Company recognises internally generated intangible assets when it is certain that the future economic benefit attributable to the use of such intangible assets are probable to flow to the Company and the expenditure incurred for development of such intangible assets can be measured reliably. The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by the Company.



### 3.8 Impairment of non-financial assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. 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 risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If such transactions can be identified, an appropriate valuation model is used.

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

### 3.9 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a 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 (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### 3.10 Contingent liabilities and assets

The Company does not recognize a contingent liability but discloses its existence in the financial statements. Contingent liability is disclosed in the case of:

- A present obligation arising from past events, when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation
- A present obligation arising from past events, when no reliable estimate is possible
- A possible obligation arising from past events, unless the probability of outflow of resources is remote

Contingent liabilities are reviewed at each balance sheet date.

Contingent assets are not recognised. A contingent asset is disclosed, as required by Ind AS 37, where an inflow of economic benefits is probable.

### 3.11 Retirement and other employee benefits

The Company's obligation towards various employee benefits has been recognised as follows:

#### Short-term employee benefits

All employee benefits payable/ available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus etc., are recognised in the Statement of Profit and Loss in the period in which the employee renders the related service.

#### Defined contribution plan

Provident fund is a defined contribution plan. The contribution towards provident fund has been deposited with Regional provident fund commissioner and is charged to the Statement of Profit and Loss.

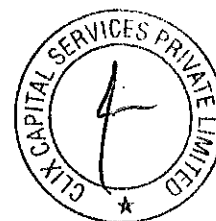
#### Defined benefit plan

The Company pays gratuity to employees who retire or resign after a minimum period of five years of continuous service. The Company makes contributions to its own Gratuity Trust. The gratuity trust invests the contribution in insurer managed scheme.

#### Other long-term benefits – Compensated absences

Entitlements to annual leave are recognised when they accrue to employees. Balance leaves, if any can be encashed at the time of retirement/ termination of employment. The Company determines the liability for such accumulated leave entitlements on the basis of actuarial valuation as at the year end.

The liability in respect of all defined benefit plans and other long term benefits is accrued in the books of account on the basis of actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method. The obligation is measured at the present value of estimated future cash flows.



**Clix Capital Services Private Limited**

**Notes to Standalone Financial Statements for the year ended 31 March 2022**

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Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability 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 profit or loss in subsequent periods.

**3.12 Taxes**

Tax expense comprises current and deferred tax.

**Current income tax**

Current income tax is measured at the amount expected to be paid to the taxation authorities in accordance with Income tax Act, 1961, Income Computation and Disclosure Standards and other applicable tax laws. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which during the specified period gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

**Deferred tax**

Deferred tax is recognised using the asset-liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

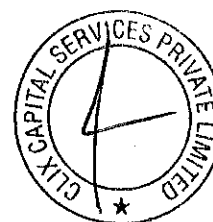
Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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





### 3.13 Earning per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to fully paid equity share during the reporting year.

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 shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### 3.14 Share based payments

Equity-settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in Statement of Profit and Loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the Share Based Payments Reserve.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

### 3.15 Financial Instruments

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

#### 3.15.1 Financial Assets

##### 3.15.1.1 Initial recognition and measurement

Financial assets, with the exception of loans and advances to customers, are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognised when funds are disbursed to the customer. The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention when acquiring them. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

##### 3.15.1.2 Classification and Subsequent measurement

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

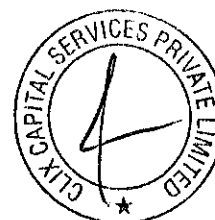
- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

##### 3.15.1.3 Debt instruments at amortised costs

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

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit and loss.



#### **3.15.1.4 Debt instruments at FVOCI**

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

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVOCI debt instrument is reported as interest income using the EIR method.

#### **3.15.1.5 Debt Instruments at FVTPL**

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

In addition, the company may elect to designate a debt instrument, which otherwise meets amortized cost or FVOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

#### **3.15.1.6 Equity Investments**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading classified as at FVTPL. For all other equity instrument the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

#### **3.15.2 Financial Liabilities**

##### **3.15.2.1 Initial recognition and measurement**

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading or it is designated as at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction cost.

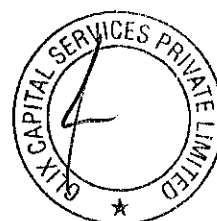
The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

##### **3.15.2.2 Classification and Subsequent measurement - Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. The category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss.



**Clix Capital Services Private Limited**

**Notes to Standalone Financial Statements for the year ended 31 March 2022**

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**3.15.2.3 Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

**3.15.3 Reclassification of financial assets and liabilities**

The company doesn't reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the company acquire disposes of, or terminates a business line. Financial liabilities are never reclassified.

**3.15.4 De recognition of financial assets and liabilities**

**3.15.4.1 Derecognition of financial assets due to substantial modification of terms and conditions**

The Company derecognises a financial asset, such as a loan to a customer, when the modification of terms and conditions have been renegotiated to the extent that substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

**3.15.4.2 Derecognition of financial assets other than due to substantial modification**

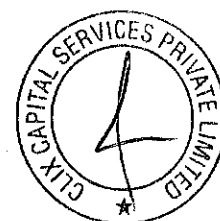
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial 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 or 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. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Company could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Company would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

#### **3.15.4.3 Financial Liabilities**

A financial liability is derecognised 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. The difference between the carrying value of the original financial liability and the consideration paid is recognised as profit or loss.

#### **3.16 Impairment of financial assets**

##### **3.16.1 Overview of the ECL principles**

The Company is recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts, (in this section all referred to as 'financial instruments'). Equity instruments are not subject to impairment under IND AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), 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 (12mECL).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on a collective basis.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition. This is further explained in Note 40.2.

Based on the above process, the Company groups its loans into Stage 1, Stage 2, and Stage 3, as described below:

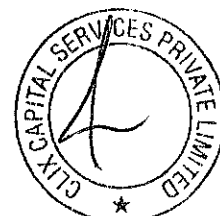
**Stage 1:** When loans are first recognised, the Company recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 or Stage 3.

**Stage 2:** When a loan has shown a significant increase in credit risk since origination, the company records an allowance for the LTECLs. Stage 2 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 3.

**Stage 3:** Loans considered credit-impaired (as outlined in Note 7). The Company records an allowance for the LTECLs. For financial assets for which the company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

##### **3.16.2 The calculation of ECLs**

The Company calculates ECLs based on a probability-weighted scenarios and historical data to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.



The mechanism 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 derecognised and is still in the portfolio.
- **Exposure at Default (EAD)** - The Exposure at Default is an exposure at a default date.
- **Loss Given Default (LGD)** - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The maximum period for which the credit losses are determined is the expected life of a financial instrument.

The mechanism of the ECL method are summarised below:

**Stage 1:** The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a EAD and multiplied by the expected LGD.

**Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanism are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument.

**Stage 3:** For loans considered credit-impaired (as outlined in Note 7), the Company recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

### 3.16.3 Forward looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and the market it operates in. On a periodic basis the Company analyses if there is any relationship between key economic trends like GDP, unemployment rates, benchmark rates set by the Reserve Bank of India, inflation etc with the estimate of PD, LGD determined by the Company based on its internal data. While the internal estimates of PD, LGD rates by the Company may not be always reflective of such relationships, temporary overlays, if any, are embedded in the methodology to reflect such macro-economic trends reasonably.

### 3.16.4 Collateral repossessed

The company's policy is to sell repossessed asset. Non financial asset repossessed are transferred to asset held for sale at fair value less cost to sell or principal outstanding whichever is less, at repossession date.

### 3.16.5 Write-offs

Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to profit and loss account.

### 3.17 Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date using valuation techniques.

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

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

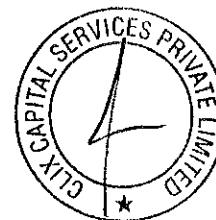
The principal or the most advantageous market must be accessible by the Company.

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

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

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

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



- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

### **3.18 Dividend**

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

### **3.19 Transfer Pricing**

The Company has established a comprehensive system for maintenance of information and documents as required by the transfer pricing legislation under Section 92-92F of the Income Tax Act, 1961. The Company ensures that its transactions are at arm's length so that the aforesaid legislation do not have any impact on the financial statements particularly on the amount of tax expense and that of provision for taxation.

### **3.20 Investment in Subsidiaries**

Investment in subsidiaries is recognised at cost and are not adjusted to fair value at the end of each reporting period. Cost of investment represents amount paid for acquisition of the said investment. The Company assesses at the end of each reporting period, if there are any indications that the said investment may be impaired. If so, the Company estimates the recoverable value/amount of the investment and provides for impairment, if any i.e. the deficit in the recoverable value over cost.

### **3.21 Leases**

#### **Measurement of Lease Liability**

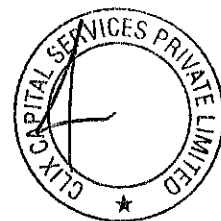
At the time of initial recognition, the Company measures lease liability as present value of all lease payments discounted using the Company's incremental cost of borrowing rate. Subsequently, the lease liability is

- (i) Increased by interest on lease liability; and
- (ii) Reduced by lease payments made;

#### **Measurement of Right-of-Use asset**

At the time of initial recognition, the Company measures 'Right-of-Use assets' which comprises of amount of initial recognition of lease liability, initial direct cost and cost of dismantling and restoration. Subsequently, 'Right-of-Use assets' are measured using cost model i.e. at cost less any accumulated depreciation and any accumulated impairment losses adjusted for any re-measurement of the lease liability specified in Ind AS 116 'Leases'.

Depreciation on 'Right-of-Use assets' is provided on straight line basis over the lease period.



### **3.22 Business Combination**

A Common control business combination, involving entities or business in which all of the combining entities or businesses are ultimately controlled by the same party parties both before and after the business combination and where control is not transitory, is accounted for in accordance with Appendix C to Ind AS 103 "Business Combination".

Business combinations involving entities or business under common control are accounted for using the pooling of interest method as follows:

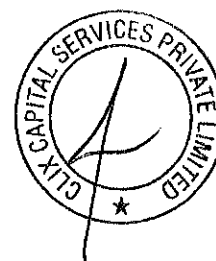
- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- No adjustments are made to reflect fair values, or recognize new assets or liabilities. Adjustments are made only to harmonize significant accounting policies.
- The financial information in the financial statements in respect of prior period are restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination.
- The identity of the reserves are preserved and appear in the financial statements of the transferee in same form in which they appeared in the financial statements of the transferor.

The difference between the amount of investment in the Equity shares of the Transferor Company appearing the books of account of the Transferee Company and the amount of issued, subscribed and paid up share capital standing credited in the books of accounts of the Transferor Company and reserve as on the date of acquiring control in the books of accounts of the Transferor Company shall be accounted in accordance with Appendix C of Ind AS -103 read with ICAI ITFG clarification Bulletin 9 and is presented separately in the financials.

### **3.23 Asset held for sale**

Non-current assets are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and the sale is highly probable and expected to qualify for recognition as a completed sale within one year from the date of classification. They are measured at lower of their carrying amount and fair value less costs to sell.

Non-current assets are not depreciated while they are classified as held for sale and are presented separately from other assets in the balance sheet.



## **Clix Capital Services Private Limited**

### **Notes to Standalone Financial Statements for the year ended 31 March 2022**

*(All amount in INR Lacs, except for share data unless stated otherwise)*

#### **4. Significant accounting judgements, estimates and assumptions**

##### **4.1 Business model assessment**

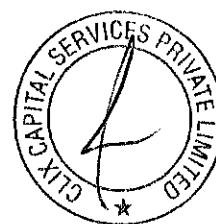
Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how financial assets of the Company are managed together to achieve a particular business objective. This assessment includes 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. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. 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.

##### **4.2 Fair value of financial instruments**

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), correlation and volatility.

##### **4.3 Effective Interest Rate (EIR) method**

The company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / borrowings taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.





## **Clix Capital Services Private Limited**

### **Notes to Standalone Financial Statements for the year ended 31 March 2022**

*(All amount in INR Lacs, except for share data unless stated otherwise)*

#### **4.4 Impairment loss on financial asset**

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Company's internal model, which assigns PDs.
- 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 LTECL basis 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 macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs.
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.
- Recognition of the potential impact of COVID-19 in the Company's collective provision as outlined in Note 7

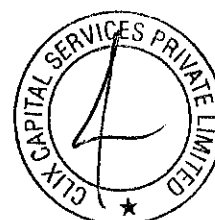
It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

#### **4.5 Defined employee benefit assets and liabilities**

The cost of the defined benefit gratuity plan and other post-employment benefits 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 escalations 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.

#### **4.6 Share based payments**

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.



## **Clix Capital Services Private Limited**

### **Notes to Standalone Financial Statements for the year ended 31 March 2022**

*(All amount in INR Lacs, except for share data unless stated otherwise)*

#### **4.7 Provisions and other contingent liabilities**

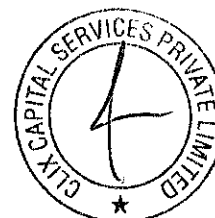
The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Company's business.

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.

#### **4.8 Leases**

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease. 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.



**Clix Capital Services Private Limited**

**Notes to Standalone Financial Statements for the year ended 31 March 2022**

*(All amount in INR Lacs, except for share data unless stated otherwise)*

**5 Recent Indian Accounting Standards / Pronouncements issued but not yet effective**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022, as below:

**a) Ind AS 103 – Reference to Conceptual Framework**

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements

**b) Ind AS 16 – Proceeds before intended use**

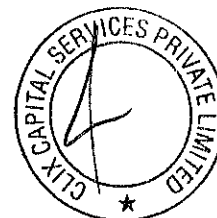
The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements

**c) Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract**

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

**d) Ind AS 109 - Annual Improvements to Ind AS (2021)**

The amendment clarifies which fee an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.



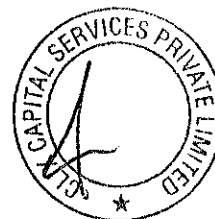
**Clix Capital Services Private Limited****Notes to Standalone Financial Statements for the year ended 31 March 2022***(All amount in INR lacs, except for share data unless stated otherwise)*

	As at 31 March 2022	As at 31 March 2021
<b>Note 6A: Cash and cash equivalents</b>		
Balance with banks in current accounts	14,190	9,897
In deposits with original maturity of less than three months	11,000	950
	<u>25,190</u>	<u>10,847</u>
<b>Note 6B: Bank balance other than above</b>		
Earmarked balances with bank*	17,633	12,330
	<u>17,633</u>	<u>12,330</u>
<b>Total</b>	<u>42,823</u>	<u>23,177</u>

\* Earmarked balances with bank are held as Margin money/ are under lien. The Company has the complete beneficial interest on the income earned from these deposits.

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

	As at 31 March 2022	As at 31 March 2021
Balance with banks in current accounts	14,190	9,897
In deposits with original maturity of less than three months	11,000	950
Bank Overdraft	(2,060)	(962)
	<u>23,130</u>	<u>9,885</u>



**Clix Capital Services Private Limited**  
**Notes to Standalone Financial Statements for the year ended 31 March 2022**  
(All amount in INR lacs, except for share data unless stated otherwise)

	As at 31 March 2022	As at 31 March 2021
<b>Note 7: Loans</b>		
<i>In India</i>		
<i>At Amortised cost</i>		
Term loans	3,37,864	3,81,462
Finance lease receivables	7,136	10,344
Inter-corporate loan	11,000	10,500
<b>Total (A) Gross</b>	<b>3,56,000</b>	<b>4,02,306</b>
Less: Impairment loss allowance	22,397	23,439
<b>Total (A) Net</b>	<b>3,33,603</b>	<b>3,78,867</b>
Secured *	1,23,438	1,83,351
Unsecured#	2,32,562	2,18,955
<b>Total (B) Gross</b>	<b>3,56,000</b>	<b>4,02,306</b>
Less: Impairment loss allowance	22,397	23,439
<b>Total (B) Net</b>	<b>3,33,603</b>	<b>3,78,867</b>
<b>Loans in India</b>		
Public sector	-	-
Others	3,56,000	4,02,306
<b>Total (C) Gross</b>	<b>3,56,000</b>	<b>4,02,306</b>
Less: Impairment loss allowance	22,397	23,439
<b>Total (C) Net</b>	<b>3,33,603</b>	<b>3,78,867</b>

\* Secured by tangible assets (hypothecation of equipment's, plant and machinery, vehicles, equitable mortgage of immovable property, pledge of securities, trade receivables, etc.)

# Unsecured loans includes loan assets amounting to INR 16,581 (PY: 10,634) which are also backed by guarantee by government under various schemes

(i) Loans and receivables are non-derivative financial assets which generate a fixed or variable interest income for the Company. The carrying value may be affected by changes in the credit risk of the counterparties.

(ii) No Loans or Advances are granted to promoters, directors, KMPs and the related parties either severally or jointly with any other person, that are:

- (a) repayable on demand or
- (b) without specifying any terms or period of repayment

**(iii) Finance lease receivable**

Assets given under finance lease have been recognised as receivables at an amount equal to the net investment in lease. Reconciliation between the total gross investment in leases and the present value of minimum lease payments receivable as at 31 March 2022 and 31 March 2021 is as follows:

Particulars	As at 31 March 2022	As at 31 March 2021
Present value of minimum lease payments receivable	6,050	9,572
Add: Un-guaranteed residual values accruing to the benefit of the lessor	1,239	1,311
Add: Unearned finance income	1,083	2,291
<b>Gross investment in finance lease</b>	<b>8,372</b>	<b>13,174</b>

